

Statement of Corporate Intent

2022/23





Front page Photo

William Daniels & Ashley Baker completing hot stick training which is performed without gloves



Contents	
Our Purpose	6
Our Mission	9
Strategic Objectives	10
Our Focus	12
Our Beliefs	13
Our Strategic Intent	14
Company Overview	16
Commitment to our Shareholders	17
Key Assumptions	20
Performance Targets	20
• Income Statements	22
• Balance Sheet	23
• Statement of Cash Flows	25

This Statement of Corporate Intent (SCI) is submitted by the Board of Directors of Waipa Networks Limited, in accordance with section 39 of the Energy Companies Act 1992 (the Act), it sets out the Boards' overall intentions and objectives for Waipa Networks Limited for the year commencing 1 April 2022 and the following two financial years.

WAIPA NETWORKS

Trust



WAIPA NETWORKS



OUR PURPOSE

***Our purpose,
is to actively deliver
better energy
outcomes for our
community and
businesses***







OUR MISSION

*To improve the lives of our
connected customers
through existing and
emerging energy
solutions*



Repairs to HV line on Chamberlain Road

Photo Credit—Ayden Dunn

STRATEGIC OBJECTIVES

Purpose

Our role is to build, operate and maintain an electricity distribution network in a safe, reliable condition.

We form a part of the critical chain within the electricity supply industry that transmits and distributes electricity. This is an essential service and Waipa Networks is a utility as defined in the CDEM Act, 2002.

Maintaining a reliable network is instrumental to enabling our customers' lives and lifestyles through the delivery of electricity. We recognise that electricity delivery has now become a two-way service with the advent of cost-effective solar power.

Managing the network exposes our staff to high risks. The safety of the people who interact with the network is of paramount priority to us.

We want the best for people, and we want the best for our community. We want their businesses to thrive, their lives to be comfortable and their families to do better.

We have a long and proud history of managing the electricity network in the Waipa region, extending from the formation of the first power board in the country in Cambridge. We are very aware of the responsibility we hold to successfully manage Waipa Networks for our owners, who are the connected consumers, through their representatives, the Waipa Networks Trust.

The change in affordability and efficiency of technologies such as solar panels, electric vehicles and battery systems has heralded the advent of true distributed generation as was foretold by some industry advocates at the turn of the century. The growth in uptake of solar installations and conversion to electric vehicle models by the auto industry is forcing new thinking across the entire electricity industry.

This underpins a strategic direction targeted at establishing true energy communities with our connected customers and exploring the possibilities afforded by the changing technology landscape in our industry.

Our purpose, our aspiration is to actively deliver better energy outcomes for our community and businesses.

Objectives

- Deliver power safely all day every day
- Facilitating energy use not just a connection
- Building a sustainable business by establishing energy communities in the Waipa region
- Extend the availability of existing and new energy products to the broader community.



Lineman—Ben Parrott & trainee Calvin Hill completing a cross arm change on Kawhia Road

Photo Credit—Zak Ramsey

OUR FOCUS

Reliability

Efficiency

Safety

Energy
Future



Lineman—Paul Murray completing repairs to DDO's on Brunskill Road Whitehall

Photo Credit—Piri Bennett

OUR BELIEFS

Wellbeing

Everyone home safe every day

**Recognition
& learning**

*Recognition and acknowledgement of
our people and increasing employee
potential through learning*

Maintain

*Building and maintaining community
network assets and wealth*

Value

Our relationship with our shareholders

Improve

*Life improvement through energy and
network related business*

OUR STRATEGIC INTENT

Effective and efficient core business

+

Growing our Company



Line Mechanics—Zak Ramsey & Tony Bentley

COMPANY OVERVIEW

Ownership and Governance

Waipa Networks is wholly owned by Waipa Networks Trust (WNT) on behalf of Waipa Networks' electricity consumers. The Waipa Networks Ltd Board of Directors are appointed by the WNT.

Electricity Distribution Business

Electricity distribution businesses (EDB's) are an integral part of New Zealand's electrical infrastructure, forming the physical link between the transmission network and electricity consumers.

In New Zealand, the majority of electricity is generated in large power stations and transported through the National Grid, operated by Transpower, to Grid Exit Points (GXP's). At GXPs Transpower's infrastructure interconnects with that of the local electricity distribution business (EDB), and electricity is then distributed to end users.



In the future, the traditional electricity supply model will be enhanced as technology enables customers to have greater choice and flexibility by accessing electricity from the National Grid, as well as from local sources including distributed generation (for example, solar) and battery storage (both local and regional).

A more fluid, multi-dimensional landscape is envisaged whereby consumers are able to generate and use their own electricity, sell any excess to retailers or wholesalers, and continue to use the national grid supply as required.

Currently when taking a supply of electricity, customers deal with electricity retailers like Trustpower, Contact Energy, and Meridian Energy. The bill that customers receive includes the cost of the energy as well as a contribution to the cost of maintaining Waipa Networks and the National Grid.

Waipa Networks is in the business of providing a safe, reliable and cost –effective supply of electricity to its customers across the Waipa area from the townships of Cambridge and Te Awamutu to the coastal town of Kawhia and the surrounding farmland. The Company achieves this through the provision, operation and long-term management of its electricity distribution infrastructure, including overhead lines and underground cables, transformers and substations.

Waipa Networks currently supply electricity to over 28,000 consumers, which make Waipa the 16th largest electricity distributor in New Zealand.

During 2020 the Company successfully divested of its shareholding in Ultra-Fast Fibre. This transaction cleared all funding requirements for Waipa Networks. The balance of funds after debt was repaid, in the amount of \$65M, have been placed in a managed conservative investment fund. Before the company invests any of these funds in activities not relating to the core network business it will inform the Trust of its intentions.

COMMITMENT TO OUR SHAREHOLDER

Nature and Scope of Activities

The nature and scope of the activities of Waipa Networks:

	2022/23	2023/24	2024/25
Distribution (GWh)	399	411	424
Contracting Sales (\$,000)	2,201	2,234	2,268

Any major diversification of activities into new business areas will be subject to consultation with Shareholders.

Capital Ratio

To provide Waipa Networks with the capacity to grow and enhance value to the shareholders, whilst maintaining an efficient capital structure that minimises risk, the Company will maintain the ratio of consolidated shareholders' funds to total assets for each year at not less than fifty-five per cent (55%).

Shareholders funds comprise the total issued capital, the balance of undistributed profits and all revenue and capital reserves.

Total assets of Waipa Networks will comprise all the recorded tangible and intangible assets of the Company at their current value as defined in the statement of accounting policies.

Performance Targets

Waipa Networks measures its performance against a range of safety, operational, and financial performance targets. The performance targets that have been set for the period are detailed in at the end of this document.

Dividends

The policy on apportioning net profits to be distributed to Shareholders will be determined by the Board of Directors from time to time in accordance with future results and taking into account circumstances, particularly future capital requirements. No dividend payment will be made without the approval of the Trust (shareholders).

Discounts

Connected Consumers will continue to receive a discount on their line charges during the year to 31 March 2023. The level of discounts is forecast to be approximately \$5.1M in 2022/23. These discounts include a provision of \$400,000 for loss rental rebates received from Transpower in that year.

Actual discounts will vary with the whole of the loss rental rebate actually received from Transpower being returned to consumers in the discount paid.

Social and Community

Waipa Networks will operate in a manner which actively reflects the Company's sensitivity to our social, cultural and natural environment. The Company believes we are part of our community. A good relationship is therefore considered an essential element of the business. Waipa Networks will achieve this by:

- Maintaining a portfolio of sponsorships.
- Communicating with all stakeholders.
- Promoting our environmental policy.
- Maintaining public awareness of who we are and what we do.
- Being acknowledged as a good corporate citizen.
- Conducting opinion surveys of connected consumers.
- Providing value for money.

Waipa Networks will undertake consultation with the Shareholders on all social and cultural issues which the Board of Directors considers will significantly affect the greater community.

Information to be provided to shareholders

Within three months after the end of the first half of each financial year the Directors will deliver an unaudited half-yearly report to the Shareholders.

This will consist of:

1. A statement of financial position.
2. A statement of financial performance.
3. A statement of cash flows.
4. A report on activities.

Within three months after the end of each financial year Directors will deliver to Shareholders an annual report and audited financial statements which will consist of:

A Directors' report including:

1. A review of operations;
 - a) Measurement of performance in relation to objectives;
 - b) Recommendation in respect of dividend.
 - c) A statement of financial position.
2. A statement of financial performance.
3. A statement of cash flows.
4. The Auditor's report on the above statements which shall include an audit of the measurement of performance in relation to objectives.

Further Information

Waipa Networks will provide such additional information or reports to the Waipa Networks Trust as it may require in order to properly undertake its duties and to act as a diligent trustee shareholder as prescribed in the Trust Deed acting collectively in the best interests of the Trust Fund and of the Consumers as beneficiaries.

Accounting Policies

Waipa Networks accounting policies are consistent with generally accepted accounting practice ('GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards.

Waipa Networks Limited is a for profit company for the purposes of complying with GAAP.

Waipa Networks financial statements are prepared in accordance with the requirements of the Companies Act 1993 and Energy Companies Act 1992.

Procedures for the Subscription, Acquisition and Disposal of Shares

Directors will consider the subscription for, or acquisition of, shares, in any company only where it is consistent with the long-term commercial objectives of Waipa Networks.

If in the opinion of the Directors the subscription or acquisition of shares, or assets in new business ventures or subsidiary companies, is considered significant to the Company's level of operations it would be subject to consultation with the Shareholders.

KEY ASSUMPTIONS IN FINANCIAL FORECASTS

The 2022/2023 year is based on the Company budget. The key assumptions used in calculating the financial forecast for subsequent years for Waipa Networks Limited on the following pages are as follows:

2% growth in network sales volume per annum is assumed.

Revenue is based on prices effective from 1 April 2022. Future increases in electricity tariffs have been forecast to increase by inflation plus estimated ICP growth

Capital expenditure as per the Asset Management Plan and the Company 2022/2023 budget.

These assumptions were adopted in March 2022. No actual financial results are incorporated in the forecasts.

These forecasts will next be updated in the Statement of Corporate Intent for 2024. The forecasts will be reviewed and refined before adoption as budgets prior to the commencement of each of the respective years.

The information on which the Statement of Corporate Intent has been prepared is solely for the purposes of this document and may not be appropriate for other purposes.

The actual results achieved for the periods forecast could have material variations from the information presented, and the variations may be material.

The Company does not engage in related party internal transactions.

PERFORMANCE TARGETS

Performance targets for the year ending period March 2023 to March 2025 are provided to support continued business improvement.

SAIDI and SAIFI calculations aligned to Default Price Path Compliance regulations with minutes and interruptions per customer target from 2022 AMP

Asset Health Indicators (AHI) implemented as a measure that shows that long-term network condition is being preserved.

Key Performance Indicator	Target 2021/22	Actual 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
Financial					
We will generate a sustainable Return on Total Assets	3.81%	3.3%	3%	3%	2.5%
We will generate a sustainable Return on Equity	4.6%	3.73%	2.6%	3.2%	2.8%
We will meet all expectations under the Discount Policy	\$5.15m	\$5.4m	\$5.3m	\$5.5m	\$5.7m
Network Performance					
Reliability - SAIDI	244	340 <i>(Cyclone Dovi contributed 114 minutes)</i>	Planned 126.2 Unplanned 109.3	Planned 126.2 Unplanned 109.3	Planned 126.2 Unplanned 109.3
Reliability - SAIFI	2.68	2.38	Planned 0.48 Unplanned 1.73	Planned 0.48 Unplanned 1.73	Planned 0.48 Unplanned 1.73
Network sustainability	We will investigate a meaningful measure (or activity)	Asset Health Indicators (AHI) selected as a measure of network condition .	Volume of assets in need of replacement (H1) is <1%	(H1) is <1%	(H1) is <1%
Customer, Community and Environment					
Network resilience (GXP)	We will secure and consent a site for the new Cambridge GXP	Site secured. Concept design completed.	Consents approved Detailed design complete	Commence construction	Commission GXP
Deliver a community energy project	Deliver a community energy project	EcoBulb campaign postponed due to Covid-19	Deliver EcoBulb campaign	Deliver one community energy project	Deliver one community energy project
Climate Impact	We will develop Carbon Footprint measures for the Company.	Not Achieved	We will develop a dashboard of sustainable targets	Achieve reduction on targets	Achieve reduction on targets
Customer Satisfaction	We will measure how satisfied our customers are with the service we provide.	N/A	55%	55%	65%
People					
Nil serious harm injuries ¹	Nil	Nil	Nil	Nil	Nil
Reporting of Health & Safety events in Assura increases year on year.	Increased H&S reporting will lead to learning & improvements of our teams safety & performance	116	+ 10%	+ 10%	+ 10%

¹ Serious harm is defined as a notifiable event under the Health and Safety at Work Act guidelines published by WorkSafe NZ.



New Line for Te Pahu Cell Tower

