

# STATEMENT OF **CORPORATE** INTENT

2023

WAIPĀ   
NETWORKS



## INTRODUCTION

We're proud to present this Statement of Corporate Intent, which outlines the priorities that will drive our work programme for the financial year ending 31 March 2024 (FY24) and the two subsequent financial years FY25 and FY26.

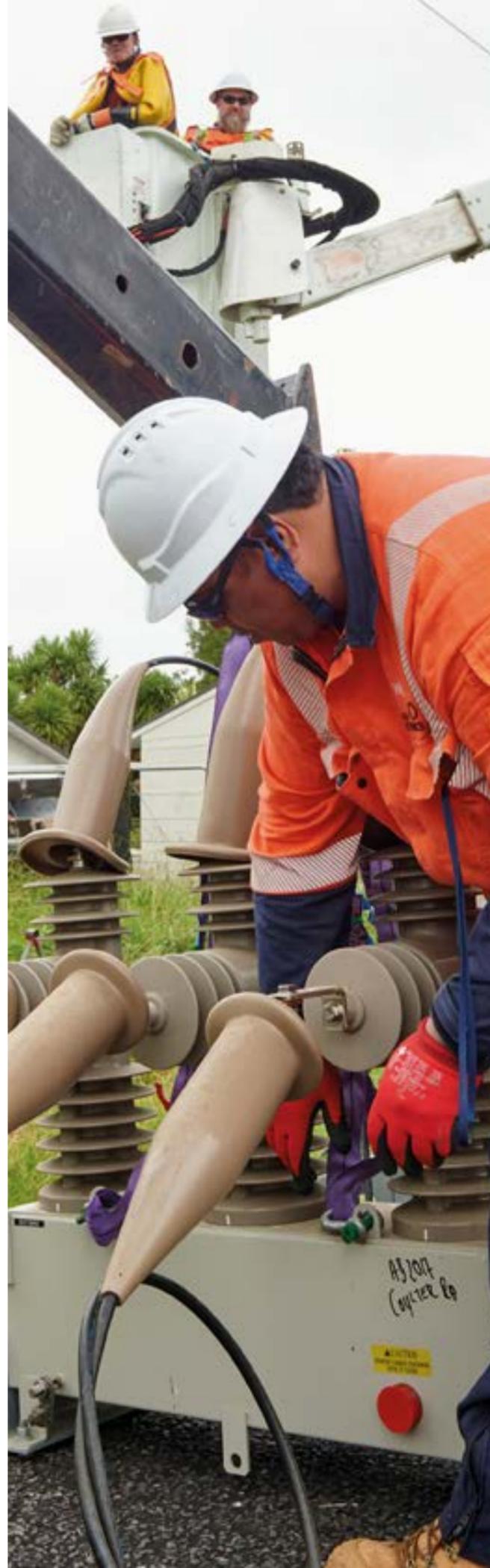
It contains the particular information required by Section 39 of the Energy Companies Act 1992 and includes or refers to other matters as agreed by the Company's Directors and the Shareholders.



# NATURE AND SCOPE OF ACTIVITIES

The nature and scope of our activities is outlined below, any major diversification of activities into new business areas will be subject to consultation with shareholders:

- The provision of providing a safe, reliable, and cost-effective supply of electricity to our customers across the Waipā region including the urban centres of Cambridge, Te Awamutu and Kāwhia and surrounding rural communities.
- Contracting services associated with the electricity industry and broader energy sector including private electrical contracting and vegetation management both in and outside our network area.
- Scope and assess future investment opportunities which align with our strengths, strategy and business activities.



# WHO WE ARE

Waipā Networks is wholly owned by Waipā Networks Trust on behalf of local electricity customers.

Waipā Networks is one of 27 Electricity Distribution Businesses (EDBs) in New Zealand, including 19 which, like us, are consumer-owned.

We form a part of the critical chain within the electricity supply industry that transmits and distributes electricity and we're one of the fastest growing electricity distribution businesses in Aotearoa-New Zealand.



# OUR PURPOSE

Together, we power our communities **success**

# OUR VALUES



## Manakitanga

We treat our team and our customers the way they wish to be treated.



## Kotahitanga

We believe WE is greater than I. We play for the good of the team.



## Tūturu

We speak our truth – doing what is right, not what is easy.



## Excellence

We're accountable for our actions and we hold ourselves and each other to a high performance standard.



## Challenge

We constantly strive to ensure the future success of our organisation and our communities.

# OUR FOCUS

In the coming year, we will be focusing our efforts on four key areas: performance; community; growth; sustainability.

Across each area, we will be guided by our purpose and our values.

More than anything else, we will be driven by our customers and our wider community.

We will better *understand* our customers.

We will better *enable* our customers.

We will better *support* our customers.

Putting the customer at the centre of our decision-making process will drive our priorities for the coming year. Our performance targets outlined in this document reflect our key areas of strategic focus outlined below.



## PERFORMANCE

We're committed to providing a safe, reliable and cost-effective network.

This means building resource and capability within the business while continuing to strengthen our safety culture.

We are prioritising investment in our IT systems and utilising technology to simplify customer-facing processes and requests.

The next 12 months will also see a strong focus on reviewing network condition and resetting our asset strategy in order to improve reliability. Our long-term plans must reflect the needs of our growing community and their increased dependence on electricity.

We will continue to improve our business performance through reducing waste, improving our service delivery and streamlining our core processes.



## GROWTH

We're one of the fastest growing electricity distribution businesses in Aotearoa-New Zealand.

We are developing a deeper understanding of our regional drivers, customer requirements and the demand for electricity in a decarbonised future. This will shape our future strategy and the way we deliver services in the future.

We will continue to actively seek partnerships with others in our sector. This includes working alongside Transpower to expedite the construction of a new sub-station.

As a customer owned organisation we will also explore new ways to provide benefit to our community while growing the value of the business.



## COMMUNITY

The coming year will see customers and our wider community at the very heart of our business.

As Aotearoa New Zealand moves toward a zero carbon future, it is important that all of our community benefits from this energy transition.

We actively build stronger, more resilient and deeper connections across our network – with social organisations, local businesses, mana whenua, sector partners and decision-makers.

There will be greater emphasis than ever before on energy hardship, to ensure those customers who need help most, can fairly and justly lower their power bills.

We will deliver more community-based initiatives, building on the success of distributing 65,000 LED light bulbs.



## SUSTAINABILITY

We're excited to continue our sustainability journey, acknowledging that our journey has just begun.

Being sustainable means being socially responsible, acting ethically, respecting mana whenua and protecting the environment and communities we serve and live in.

Next year, we'll be working hard to lower our environmental footprint while considering the social and cultural impacts of what we do, and how we do it. Will embrace Te Ao Māori and begin to integrate these principles within our business practices and culture.

It's doing those things – and doing them well – that will grow resilience in our business and support social equity.



# PERFORMANCE TARGETS

The following are the budgeted and projected performance targets for the next three years ending 31 March 2026. The financial projections have been prepared based on certain assumptions and are subject to changes in the economic and

regulatory environment in which the company operates and would be subject to further discussion with the Shareholder.

*\*Note: Total Reportable Injuries Frequency Rate (TRIFR) – is a new measure for FY24.*

Key Performance Indicators	Measure	Target 2022/23	Provisional 2022/23	Target 2023/24	Target 2024/25	Target 2025/26
<b>Financial</b>						
Return on Total Assets	Profit before share of profit on sale of associate, finance costs and tax / Total Assets	3.0%	2.11%	3.67%	3.29%	3.47%
	Profit before share of profit on sale of associate, finance costs and tax / Total Assets (excluding Milford income and investment)		3.42%	4.81%	4.18%	4.33%
Return on Equity (after discounts)	Profit after tax / Shareholders Funds	2.6%	1.45%	3.42%	3.63%	3.83%
	Profit after tax / Shareholders Funds (excluding Milford income and investment)		2.99%	4.99%	5.21%	5.41%
Ratio of Shareholders to Total Assets	Shareholders' funds comprise the total issued capital, the balance of undistributed profits and all revenue and capital reserves. Total Assets comprise all the recorded tangible and intangible assets of the Company at their current value	≥55%	77.50%	≥55%	≥55%	≥55%
EBITF \$	Earnings before Interest, Tax, and Financial adjustments for revaluation of investments	N/A	\$6.01m	\$9.24m	\$9.18m	\$10.33m
Distributions	Forecast Dividends to be paid to Shareholders	N/A	-	\$2,363K	406k**	313k**
	Forecast Discounts to be paid based on forecast volumes	\$5.3m	\$6.4m	\$5.1m***	\$5.3m***	\$5.5m***

\*\*Forecast based on CPI

\*\*\*Refer to page 9 – Discounts adjusted for LRR changes



# POLICIES AND COMPLIANCE

## Ratio of Shareholder Funds to Total Assets

To provide us with the capacity to grow and enhance value to our shareholders, whilst maintaining an efficient capital structure that minimises risk, we 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. Our total assets will comprise all the recorded tangible and intangible assets of the organisation at their current value as defined in the statement of accounting policies.

## 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 considering circumstances, particularly future capital requirements. No dividend payment will be made without the approval of the Trust (shareholders).

## Discounts

Customers will continue to receive a discount on their line charges during the year to 31 March 2024. The level of discount is forecast to be approximately \$5.1M in 2023/24. In prior years the discount has included the loss rental rebates received from Transpower but from 1 April 2023 the loss rental rebates are required to be distributed to the retailer as opposed to the connected customer. Actual discounts will vary as these are calculated based on the posted discount rate per tariff.

## 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.

Key Performance Indicators	Measure	Target 2022/23	Provisional 2022/23	Target 2023/24	Target 2024/25	Target 2025/26
<b>Network Performance</b>						
Reliability SAIDI – planned	Normalised Planned SAIDI minutes as per regulations	126.2	85	≤ 126.2	≤ 126.2	≤ 126.2
Reliability SAIDI – unplanned	Normalised Unplanned SAIDI minutes as per regulations	109.3	166.3	≤ 109.3	≤ 106.6	≤ 103.9
Reliability SAIFI – planned	Normalised Planned SAIFI minutes as per regulations	0.48	0.65	≤ 0.48	≤ 0.47	≤ 0.46
Reliability SAIFI – unplanned	Normalised Unplanned SAIFI minutes as per regulations	1.73	1.81	≤ 1.73	≤ 1.69	≤ 1.64
<b>Customer, Community and Environment</b>						
Sustainability: Community	Community projects implemented to help alleviate energy hardship and provide education on the efficient use of electricity	N/A	65,000 LED light bulbs distributed throughout the community	Complete a minimum of 500 energy assessments.	Complete a minimum of 750 energy assessments.	Complete a minimum of 1000 energy assessments.
Sustainability: Environmental	Environmental projects to raise our environmental awareness and actively reduce our environmental footprint	N/A	N/A	An environmental audit and improvement plan completed	Future targets will be derived from the environmental improvement plan	Future targets will be derived from the environmental improvement plan
Sustainability: Cultural	We are embracing Te Ao Māori and building relationship with mana whenua	N/A	N/A	Iwi engagement plan developed	Future targets will be derived from the iwi engagement plan	Future targets will be derived from the iwi engagement plan
Customer Satisfaction	We will improve our customer satisfaction results from FY23	55%	58%	≥62%	≥67%	≥72%
<b>People</b>						
No serious harm injuries	We will investigate the cause of any injury to mitigate or eliminate future risk	0	0	0	0	0
TRIFR rate	Total Reportable Injury Frequency Rate is declining	N/A* see page 7	4.1	<5.0	<4.5	<4.0

## Further Information

We will provide such additional information or reports to the Waipā Networks Trust as it may require 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

Our 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.

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

Our 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 Waipā 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.





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