

This Newsletter contains extracts of the 2016 Chairman's Report and the 2016/17 Annual Plan. A copy of the full documents can be obtained from our website www.waipanetworkstrust.co.nz or by contacting the Secretary on (021) 217 0655.

Waipa Networks Trust

The Trust holds on your behalf 7.2 million shares in Waipa Networks Limited.

Trustees of the Waipa Networks Trust

The Trustees of Waipa Networks Trust at 31 March 2016 were Messrs Craig Sanders (Chairman), Andrew Bateman (Deputy Chairman), Carl Rist (JP), Mrs J M Bannon, Mrs Barbara Taranaki (QSM, JP), and Mrs R C Tremewan.

The last triennial Election of Trustees took place in 2015. The next Election of Trustees is scheduled to take place in 2018.

Annual Plan 2016/2017

The Trust met all its objectives concerning accountability to its Beneficiaries and financial forecasts outlined in the Annual Plan for the 2015/16 year.

Financial Review of the Trust

The book value of the 7.2 million shares held by the Trustees at 31 March 2016 based on the shareholders funds value in the Financial Statements of Waipa Networks Ltd was \$107,458,397 (2015 \$102,405,055).

The movement in the Trust's cash flows over the year has been as follows:

	2015-2016 Actuals \$	2016-2017 Estimates \$
Bank & Term Deposits 01 April	3,450,856	3,381,968
Cash Receipts		
Interest Earned (net)	132,907	135,556
Cash Payments		
General Operating expenditure	151,593	196,619
Trustee Elections	50,202	0
Bank & term deposits 31 March	3,381,968	3,320,905

Dividend

The Trust's operation costs continue to be funded from investment earnings and reserves, with no dividend being sought from its wholly owned company Waipa Networks Ltd.

Objectives for the year

- 1) To see that Waipa Networks Limited adheres to its intentions and objectives as outlined in the Statement of Corporate Intent.
- 2) To keep Beneficiaries well informed on the activities of the Trust.

COMPANY PERFORMANCE 2015/16

Directors of Waipa Networks Ltd

The Directors of Waipa Networks Limited at 31 March 2016 were Messrs Richard Kadziolka (Chairman), Richard Francis (Deputy Chairman), Keith Goodall, Bob Western, Jeff Williams and Ms Diane Reed.

Special Discounts

The Trust, through the Statement of Corporate Intent, agreed to the Company introducing a discount/rebate regime commencing on 1 April 2001.

In the financial year ended 31 March 2016 the Company granted special discounts amounting to \$4,008,712 to Connected Consumers. Special

discounts for the fifteen year period 1 April 2001 to 31 March 2016 amount to \$62,164,905.

Second Supply Line to Te Awamutu

Excellent progress has been made on construction of the new Hangatiki – Te Awamutu 110kV line. The line is scheduled to be completed before the end of June and commissioned by Transpower over a period of days, entering service in early July. The project will be complete on time and within budget.

The completion of this project will allow Transpower to carry out substantial maintenance work on the Karapiro – Te Awamutu line requiring an eight-day outage. This work is being scheduled for the end of 2016.

(Extract from, Waipa Networks Ltd, 2016 Annual Report.)

Performance Measures of Waipa Networks Ltd

The performance of the business for the year ended 31 March 2016 is as follows:

Financial performance indicators	Target	Actual
Profit before interest expense and tax as a percentage of total assets	4.50%	4.62%
Profit after tax as a percentage of equity	4.50%	4.82%
Equity as a percentage of total assets	60.00%	67.55%
Efficiency performance measures:		
Maintenance costs per electricity customer	\$160	\$155
Operational expenditure per electricity customer	\$75	\$80
Energy delivery efficiency performance measures		
Loss ratio	6.50%	5.45%
Energy reliability performance measures		
Faults per 100km lines (11kV)	8.9	12.3
SAIDI (minutes per customer)	170	190
SAIFI (interruptions per customer)	2.43	2.25
Staff Safety		
Lost time work accidents per 100 employees*	0.0	7.2
Hours lost compared to hours worked per annum	0.00%	0.44%
Total hours lost per annum	0	459

Acknowledgements

I would firstly like to acknowledge the difficult few months that the Trust and Company have had with the loss of our colleagues; Carl Rist (Trustee) and Richard Kadziolka (Company Chairman). Although this happened after the financial year that we are reporting on, we wanted to recognise the massive contributions that both Carl and Richard have made to the organisation in their respective roles. They will both be missed by all of us here at the Company and Trust.

The Company financial performance continues to be strong and I am pleased that they have, once again, managed to maintain their position amongst the lowest lines charges in the country. I am very lucky to be able to report this to our beneficiaries year after year. Once again, the Trust would like to recognise the ongoing effort of the Company Board and Staff.

A significant achievement of the Company this year has also been the astonishing progress which has been made on the second line. This is due to be completed in June 2016 on time and within budget.

Other achievements of the Company this year

were the increase in their investment in Waikato Networks Ltd and the completion of an energy efficiency programme in schools. The Trust has continued to use our website to improve the availability of information. If you have not already had a look, please do so at www.waipanetworkstrust.co.nz

On behalf of the Trustees, I would like to thank Crowe Horwath for the use of their magnificent amenities and Sarah for another year of dedication to the Secretary/Treasurer role. Thank you to my fellow trustees for the privilege of being their Chairman.

We look forward to continue to work positively on behalf of you, our beneficiaries.

**CRAIG SANDERS
CHAIRMAN
WAIPA NETWORKS TRUST**



**PO Box 34
TE AWAMUTU**

Notice of Public Annual Meeting of Beneficiaries

Availability of the 2016 Chairman's Annual Report, Financial Statements, 2016-17 Annual Plan, and Waipa Networks Ltd Statement of Corporate Intent.

I hereby give notice that on Friday the 26th of August 2016, commencing at 10.15am, a Public Annual Meeting of Beneficiaries (Connected Consumers) will be held at The Homestead, Lauriston Park Retirement Village, 91 Coleridge Street, Cambridge.

At the meeting the Trustees will report on:

- The operation of Waipa Networks Trust for the year ended 31 March 2016.
- The Financial Statements of Waipa Networks Trust for the year ended 31 March 2016.
- The performance of Waipa Networks Limited for the year ended 31 March 2016.
- The compliance of Waipa Networks Limited with its Statement of Corporate Intent for the year ended 31 March 2016.
- The Annual Plan 2016/17 of Waipa Networks Trust.

At the meeting the Beneficiaries will be given the opportunity to:

- Appoint the Auditor for Waipa Networks Trust for the 2017 financial year.
- Speak on all matters being considered at the Annual Meeting.

Please note that the above named documents are available for public inspection on the Trust website or at the offices of Waipa Networks Limited at **240 Harrison Drive, Te Awamutu**. Alternatively, they can be obtained by contacting the Secretary on 021 217 0655.

SJ Davies, Secretary/Treasurer