

## Directory as at 31 March 2022

### Trustees

CHAIRPERSON	Mr C T Sanders
DEPUTY CHAIRPERSON	Mrs S J Matthews
TRUSTEES	Mrs J M Bannon
	Mr D A McLean
	Mr R J Milner
	Mr M L Gower

### Secretary/Treasurer

Mrs K Heeringa  
PO Box 34  
Te Awamutu

### Bankers

Westpac  
Alexandra Street  
Te Awamutu

### Solicitors

Henry Brandts-Giesen  
Kensington Swan  
Auckland

### Accountants

gfa Chartered Accountants Ltd  
242 Bank Street  
Te Awamutu

### Auditors

Audit New Zealand  
Private Box 256  
Alexandra Street  
Hamilton

## Chairman's Report

To the Beneficiaries (Connected Consumers):

It is my privilege to report on the activities of the Waipa Networks Trust for the year ended 31 March 2022.

### Waipa Networks Trust

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

Under this collective form of ownership only the Trust can sell the shares. However, the advantage to you is that the Company is directed and controlled to benefit Connected Consumers.

Any surplus Trust funds can only be reinvested in the Company, distributed to Connected Consumers or used for energy efficiency projects.

This contrasts with a private ownership structure (as occurs in several larger power companies in New Zealand) in which a company is managed so as to maximise profits to pay high dividends to often out-of-the-region or even overseas shareholders.

Trust ownership of our network company therefore ensures the economic benefits and potential can stay in the region.

### Trust Functions

As the single shareholder, our Trust has some very important functions:

- 1 The Trust appoints the Directors and monitors their performance.
- 2 Each year the Trust determines with the Company a Statement of Corporate Intent that includes a three year projection of performance indicators.
- 3 At this time of the year the Trust reports, publicly, on the Company's previous year's performance, taking into account the Corporate Intent performance 'benchmarks' agreed to a year earlier.

Strategically, the Trustees have an important duty to act as a diligent shareholder.

Our role includes being fully aware of the strategic, long term, likely value of the Company to its shareholders.

Taking this into account, the Trustees can exercise voting powers in respect of any matters proposed by the Company that affect either the level of the shareholding or that propose modifications of the rights of shareholders. For example, the Trustees are required, at intervals of no more than five years, to prepare a report considering proposals and available options for the future ownership of shares; make decisions on merger proposals; and decide upon any other Company recommendations to alter the capital structure.

Other than these powers and duties, the Trustees have no power, authority or discretion to participate in the day to day management or operation of the Company.

## **Trustees of the Waipa Networks Trust**

The Trustees of Waipa Networks Trust at 31 March 2022 were Craig Sanders (Chairperson), Sarah Matthews (Deputy Chairperson), Judy Bannon, David McLean, Ray Milner, and Marcus Gower.

The triennial Election of Trustees took place in 2021. The next Election of Trustees is scheduled to take place in 2024.

## **Trust Performance 2021 - 22**

### **Annual Plan 2021 - 2022**

The Trust met all its objectives concerning accountability to its Beneficiaries and financial forecasts outlined in the Annual Plan for the 2021-2022 year.

### **Financial Review of the Trust**

The Financial Statements attached to this Report form part of, and should be read in conjunction with this Report.

The book value of the 7.2 million shares held by the Trustees at 31 March 2022 based on the shareholders funds value in the Financial Statements of Waipa Networks Ltd was \$182,086,686.

The audited Financial Statements of Waipa Networks Trust for the year ended 31 March 2022 are available for your inspection on the Trust website [www.waipanetworkstrust.co.nz](http://www.waipanetworkstrust.co.nz) and at the office of the Company (240 Harrison Drive, Te Awamutu).

### **Guidelines on Access for Beneficiaries to Meetings and Information**

The Trust in the 2015/16 year formally updated the above mentioned Guidelines, copies of which are available on our website or upon request to the Trust Secretary.

The Guidelines promote accountability by the Trust to its Beneficiaries and ensure that clear and transparent procedures are in place to enable Beneficiaries to attend Trust meetings, have access to Trust information, and access to a complaints process if they are unhappy.

### **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.

## Company Performance 2021/22

### Directors of Waipa Networks Ltd

Jonathan Kay retired by rotation and being eligible, offered himself for re-election. The Trustees re-appointed him to the Board.

The Directors of Waipa Networks Limited as at 31 March 2022 were Jonathan Kay (Chairperson), Mike Marr (Deputy Chairperson), Jonathan Cameron, Jennifer Kerr and Mark Stuart.

### 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 2022 the Company granted special discounts amounting to \$5,461,755 to Connected Consumers. Special discounts for the twenty one year period 1 April 2001 to 31 March 2022 amount to \$92,614,292.

### Performance Measures of Waipa Networks Limited

Under Section 44 of the Energy Companies Act 1992, the Company is required to report its performance against targets set out in the Statement of Corporate Intent for the year. The performance of the business for the year ended 31 March 2022 is as follows:

<b>Financial Performance</b>	<b>Target</b>	<b>Actual (2022)</b>	<b>Actual (2021)</b>
Profit before interest expenses and tax as a percentage of total assets	4.90%	3.64%	4.92%
Profit after tax as a percentage of equity	4.60%	3.92%	20.68%
Discounts Paid to Customers (\$m)	5.15	5.46	5.75
<b>Network Performance</b>			
SAIDI (average minutes per customer)	244	340	257
SAIFI (average interruptions per customer)	2.68	2.38	1.73
<b>People</b>			
Serious harm injuries	0	0	0

## Customer, Community and Environment

As we are a consumer owned entity we have included new measures that focus on how we connect and provide for stakeholders and how we monitor our overall impact on the environment.

Cambridge network resilience

The target for 2022 was to secure a site for the new Cambridge GXP. The site purchase was finalised in January 2022. While we have secured the site, WNL is actively seeking resource consent.

Deliver a community energy project

Due to Covid-19 restrictions during the financial year a planned event was unable to go ahead. It is the intent that this event should be realised in FY23.

Climate impact

While the measures for the Company's Carbon Footprint are still in development, WNL remain committed to the Toitū Enviromark certification. We have an opportunity to consider the carbon reduction programme offered by Toitū.

## **Acknowledgements**

I am once again in a fortunate position to report back to our Beneficiaries with the evidence of strong financial results.

The Covid-19 pandemic has continued to cause global social and economic disruption, however Waipa Networks Ltd has shown resilience in how they have managed 24/7 business and maintained supply through difficult circumstances.

The last triennial Election of Trustees took place in October 2021, and welcomed three new Trustees, Sarah Matthews, Marcus Gower and Ray Milner. Craig Sanders, Dave McLean and Judy Bannon were also welcomed back as Trustees in the election.

I would like to thank Andrew Bateman, Barbara Taranaki and Ashley Reid for their long service as previous Trustees. I would also like to extend my thanks to Sarah Matthews, our previous Secretary, as we welcome her as a Trustee. We look forward to her continued input with Waipa Networks Trust.

The Trust has this year re-appointed Jonathan Kay. We are once again in a fortunate position of having such a talented Board representing the Company.

We as a Trust would once again like to congratulate the Company Board and Staff on their achievements over the year.

On behalf of the Trustees, I would also like to thank Kayla Heeringa who started in the Secretary/Treasurer role in January 2022. Thank you to my fellow trustees for the privilege of being their Chairperson.

We look forward to working on projects to decrease our carbon footprint and help our connected consumers get the most out of energy efficiencies to help maximise savings, as well as continuing to work positively on behalf of you, our Beneficiaries.



**CRAIG SANDERS, CHAIRPERSON  
WAIPA NETWORKS TRUST**