

# 2024-2027

## STATEMENT OF CORPORATE INTENT

MAINPOWER NEW ZEALAND LIMITED



# DIRECTORY



## MainPower New Zealand Limited

### Board of Directors

Tony King	Chair
Graeme Abbot	Director
Janice Fredric	Director
Fraser Jonker	Director
Stephen Lewis	Director
Brian Wood	Director

### Executive Leadership Team

Andy Lester	Chief Executive
Sarah Barnes	Acting General Manager Commercial
Sarah Barnes	General Manager Finance and Information Technology
Peter Cairney	General Manager Service Delivery
Karen Cameron	General Manager Safety and Business Risk
Penny Kibblewhite	General Manager Customer and Corporate Relations
Sandra O'Donohue	General Manager People and Culture
Kevin Smith	Field Services Manager

### Address

172 Fernside Road, RD1, Kaiapoi 7691  
PO Box 346, Rangiora 7440  
Telephone: 0800 30 90 80  
mainpower.co.nz

## Shareholder

### MainPower Trust

The MainPower Trust manages the shareholding of MainPower New Zealand Limited and other assets for the benefit of Qualifying Customers.

### Trustees

Kevin Brookfield	Chair
Richard Allison	Deputy Chair
Jo Ashby	Trustee
Allan Berge	Trustee
Cameron Henderson	Trustee
Andrew Thompson	Trustee
Gary Walton	Trustee

### Address

c/o Ms K Hansell, Trust Secretary  
MainPower Trust  
PO Box 370, Rangiora 7440  
Telephone: (03) 313 8103  
Email: [info@mainpowertrust.co.nz](mailto:info@mainpowertrust.co.nz)  
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MainPower Offices, Rangiora



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**MANAAKI WHENUA,  
MANAAKI TANGATA,  
HAERE WHAKAMUA.**

**CARE FOR THE LAND,  
CARE FOR PEOPLE,  
GO FORWARD.**



# 1. INTRODUCTION

This Statement of Corporate Intent (“SCI”) is submitted to the MainPower Trust (the “Trust”) by the Board of MainPower New Zealand Limited (“MainPower”) (the “Board”).

This SCI is prepared in accordance with clause 37.3 of MainPower’s Constitution.

The SCI covers the activities of MainPower, its joint venture, Mt Cass Wind Farm Ltd and its subsidiaries, and sets out MainPower’s intentions and the objectives agreed between the Board and the Trustees for the Financial Year commencing 1 April 2024, and the two succeeding financial years.

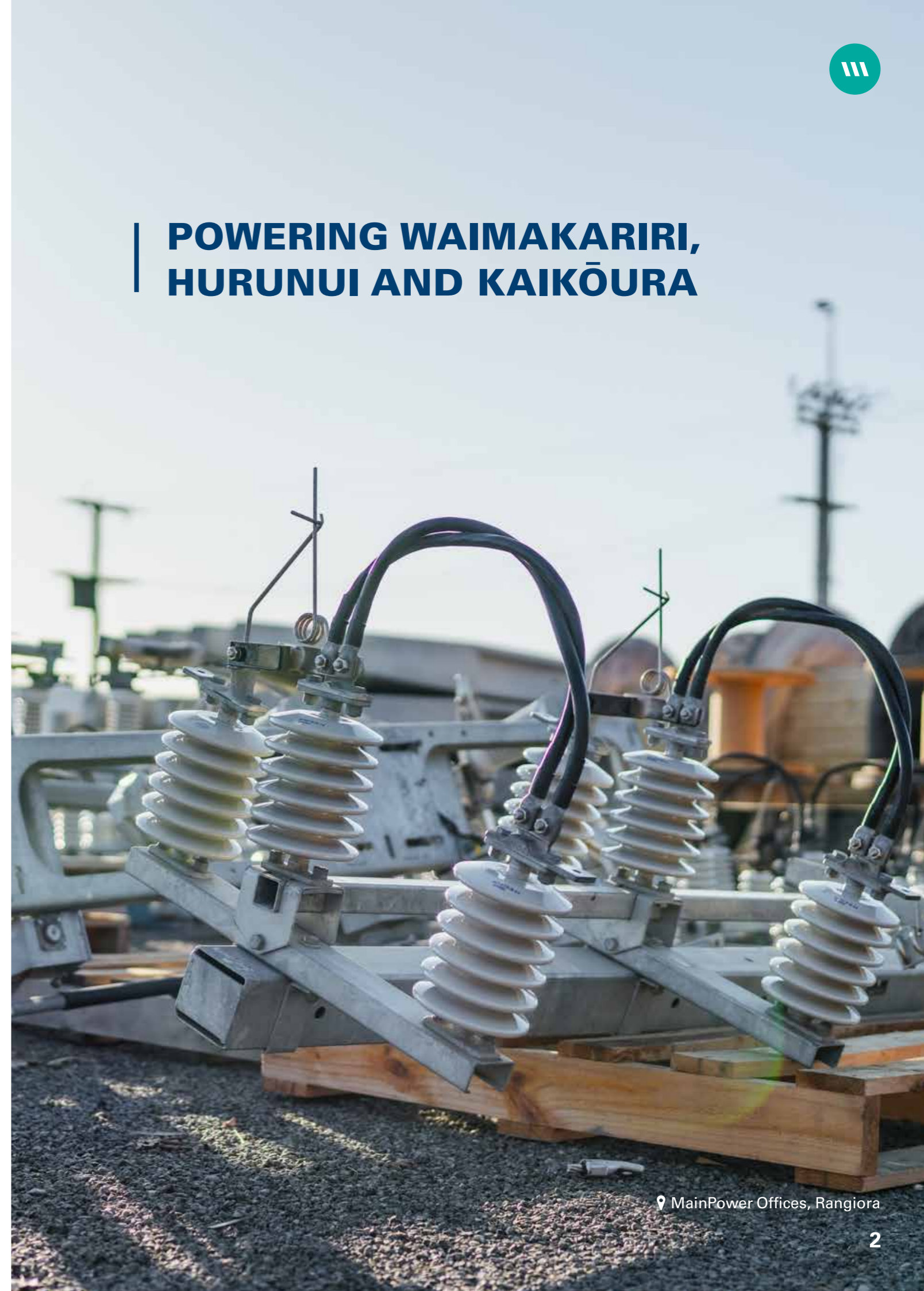
The following appendices are made available in support of the SCI:

- Corporate Governance Statement
- Statement of Accounting Policies

Clause 37.3 of MainPower’s Constitution requires the SCI to provide detail on the following:

- (a) the objectives of the group;
  - (b) the nature and scope of the activities to be undertaken;
  - (c) the ratio of consolidated Ordinary Shareholders’ funds to total assets, and definitions of those terms;
  - (d) the accounting policies;
  - (e) the performance targets and other measures (including the rate of return on Ordinary Shareholders’ funds after payment of tax) by which the performance of the group may be judged in relation to its objectives;
  - (f) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the Ordinary Shareholders;
  - (g) the kind of information to be provided to the Ordinary Shareholders by the group during the course of those Financial Years, including the information to be included in each half-yearly report;
  - (h) the procedures to be followed before any member of the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation;
- (i) the details of all transactions intended to be entered into between any member of the group and-
    - (i) any local authority that is a shareholder in any member of the group;
    - (ii) every company that, in relation to any member of the group, is a related company (as defined in section 2(3) of the Act);
    - (iii) every company in relation to which any member of the group is a related company (as so defined); and
    - (iv) every company that, in relation to any local authority that is a shareholder in any member of the group, would be a related company (as so defined) if the local authority were a company;
  - (j) an estimate of the amount and proportion of the Company’s electricity distribution network operating revenue that relates to the use of and connection to the Company’s electricity distribution network that is to be credited to Residential Qualifying Customers and to Other Qualifying Customers in the form of Rebates;
  - (k) an estimate of the amount and proportion of the Company’s electricity distribution network operating revenue that relates to the use of and connection to the Company’s electricity distribution network that is to be paid or credited to Non-Qualifying Customers in the form of Discounts;
  - (l) the Company’s health, well-being and safety initiatives;
  - (m) the Company’s initiatives to run its business in an environmentally sustainable way to help mitigate the impacts of climate change;
  - (n) such other matters as are agreed by the Ordinary Shareholders and the Company.

## POWERING WAIMAKARIRI, HURUNUI AND KAIKŌURA



## 2. LETTER OF EXPECTATIONS

### Community Benefit & Leadership

MainPower is a critical commercial operation within the Waimakariri, Hurunui and Kaikōura districts.

MainPower will be a good employer, fostering new staff and encouraging career paths in the electricity supply industry. The intention is to maintain a corporate culture that values each staff member's part in it and where everyone works to a common goal.

Safety remains a cornerstone of the MainPower brand. The Company should prioritise safety for all staff and extend this to all members of the wider community. The Trust expects that the results of the annual Health & Safety audit will continue to be communicated to the Trust.

### Financial Sustainability

In addition to maintaining financial performance in its core lines business, MainPower must also demonstrate a commitment to long-term financial sustainability in the face of evolving energy landscapes and regulatory frameworks.

The Trust's expectation is that the Company's financial performance relating to its core lines business remains above average when benchmarked against comparable lines companies. It is further expected that the Company will provide a summary of results against KPIs at least annually.

### Investment Strategy

The Trust appreciates the Board communicating their strategic direction. Regular joint meetings will assist the Trustees in assessing the SCI's alignment with those objectives.

The Trust looks forward to the Board continuing to provide updates on all matters pertaining to the Mt Cass Wind Farm project.

The Board should investigate and, if deemed appropriate, invest in opportunities for core and other related business expansion both within and beyond the Company's traditional area of operation.

The Board will, when making investment decisions, take into account the Trustees' obligations under Sections 30 and 59 of the Trusts Act 2019.

### Network Performance and Innovation

We expect the Board's ongoing focus to be the development and operation of the electricity network in the Waimakariri, Hurunui and Kaikōura districts.

Reliability of supply remains an essential priority from the Trust's perspective. The Board should ensure that this network performance remains above average, when benchmarked against comparable lines companies.

The Trust acknowledges that the energy industry continues to face rapid technological change, and that traditional methods of energy supply and usage will be increasingly impacted by new developments. Therefore, innovation across all aspects of the business remains essential and the Board is expected to evaluate any new opportunities.

The Trust expects that the Board will ensure customers are given appropriate attention and consideration. The level of customer satisfaction will be regularly monitored with a commitment to continuous improvement. The Trust further expects that the results of such monitoring will be provided to the Trust on a regular basis.

### Environmental

The Board will adopt responsible environmental practices and will provide its services in a manner that is consistent with the Company's commitment to sustainability.

The Trust thanks the Directors for their ongoing efforts and looks forward to continuing to work constructively and cooperatively with the MainPower Board.

Yours sincerely,

**Kevin Brookfield**  
Chairman  
MainPower Trust





# 3. STRATEGIC OBJECTIVES

**OUR VISION:**  
CREATE A SMARTER  
FUTURE TO DELIVER  
LOCAL VALUE.



Rangiora

### 3.1 Our purpose

MainPower New Zealand Limited (MainPower) is an electricity distribution business owned by a consumer trust (The MainPower Trust).

We are responsible for constructing, owning, operating, and maintaining the electricity distribution network in the North Canterbury region.

Our service area spans the Waimakariri, Hurunui, and Kaikōura districts, providing network services to more than 44,000 residential and business connections.

MainPower plays a crucial role in meeting the energy demands of local communities and contributes significantly to the development of a dynamic and thriving region.

### 3.2 Our changing role

The energy sector is undergoing a transformation. While MainPower remains committed to ensuring a safe and reliable supply of electricity to the region, the influence of emerging technologies and shifting customer preferences is changing how we plan and build our network and associated services. Customers are occupying an increasingly central role in the electricity industry, leveraging new innovations for greater choice and autonomy.

To safeguard the value of our existing assets and future-proof our organisation, MainPower recognises the importance of actively engaging in the industry's transformation. It is essential for MainPower to collaborate with our customers, positioning ourselves at the core of the evolving electricity landscape. Our changing role, combined with our community ownership, empowers us to innovate and achieve our company vision to *create a smarter future to deliver local value*. Through our proactive approach, we aim to align with the growing needs of the communities we serve, ensuring a positive return for our shareholders.

### 3.3 MPowered Future

MPowered Future is our strategy to tackle the evolving electricity sector. Our primary commitment remains the upkeep of the electricity distribution network in North Canterbury. The MPowered Future provides us with a clear strategic path to evaluate and respond to changing technologies and customer behaviour into the future, ensuring the delivery of value to both our consumers and the region.

### 3.4 Our vision

Our vision is to *create a smarter future to deliver local value*. This focuses our decisions and operations on being future focussed, while still ensuring that we make the best choices for our communities.

### 3.5 Our values

Everything we do at MainPower is built on our values. These values define who we are and give all employees a benchmark for the standards we strive to embody and maintain each day.

Work **TOGETHER**

Do what's **RIGHT**

Make it **HAPPEN**

Make it **BETTER**

### 3.6 The Golden Rules

MainPower's Golden Rules outline the high standard of safety that we live by across the business.

**REPORT INCIDENTS**

**CHECK IT IS SAFE TO WORK**

**GOLDEN RULES**  
AT MAINPOWER, I WILL ALWAYS

**KEEP THE PUBLIC SAFE**

**WORK WITHIN COMPETENCY LEVEL**

**APPLY CONTROLS**

## 4. MPOWERED FUTURE

New energy technology such as electric vehicles and solar is giving electricity consumers more choice and autonomy than ever before. The change from consumers simply receiving electricity to now occupying an increasingly central role in the electricity sector is fundamental to how we operate our network and plan for the future.

To position our business to be ready to not only meet these changes but to thrive in the shifting landscape they create, the MPowered Future strategy will ensure that rather than just reacting to change, MainPower is actively seeking opportunities to lead change and investigating new ways forward.

An MPowered Future will protect the value of our current assets and future-proof our organisation so that we may continue to provide a positive return for North Canterbury for years to come.

## 5. SUPPORTING OUR MPOWERED FUTURE

To deliver an MPowered Future, MainPower's core business must be resilient, agile and prepared for the future.

### 5.1 Our Customers

In a rapidly changing industry, MainPower must continue to focus on understanding and anticipating our customers' needs, while delivering a high-quality service in our day-to-day interactions.

MainPower's customer engagement programme helps to ensure that the views of the communities we serve inform our planning and business decision making processes, and that our service levels are continually improving in the eyes of our customers.

Customer satisfaction and experience is measured regularly to understand our customers, identify opportunities to improve our processes and the overall service experience. We also survey the wider community, our shareholders, to get feedback on issues important to them. These surveys include topics like future technologies, expectations of the network in relation to resilience and reliability, sponsorships, safety messaging, communications and the environment.

Customer engagement workshops are also carried out bi-annually, to gather feedback on a variety of topics related to the industry. These activities are supported by independent, external agencies to ensure the validity of the results.

MainPower continues to develop and further integrate the customer relationship management (CRM) database into business processes to ensure that customer feedback is recorded and managed appropriately. The further integration of the CRM with other business systems, will continue to drive improvements on response times and resolution options, as well as alerting us to areas the business could improve on.

In 2023, MainPower began using text messages (SMS) to inform customers about upcoming planned outages and unplanned outages. As well as supporting day-to-day operations, this new tool is proving to be especially useful during major events as we can communicate efficiently and effectively with large groups of people.

MainPower's customers are at the heart of everything we do. Continued efforts will be made to maintain positive relationships with the people of North Canterbury and deliver services that are valued and in line with their expectations. Through this work, MainPower connects with a broad range of community groups and stakeholders, forging strong ties within the community and strengthening our place as a positive part of the region we work in.

### 5.2 Community Leadership

MainPower plays a key role in the North Canterbury community, powering the homes, businesses and schools of the region. Our responsibility extends beyond providing a safe, secure supply of electricity; we also support our community with both long term and one-off sponsorship initiatives.

Through this work, MainPower connects with a broad range of community groups and stakeholders, forging strong ties within the community and strengthening our place as a positive part of the region we work in.

### 5.3 People and Culture

MainPower continues to foster a working environment in which all employees feel valued and invested in the future of the business.



### Investing in the future of our people

Learning and development conversations take place twice each year, giving each staff member the opportunity to reflect, explore career options and set goals for the future. From these conversations, training plans are created and opportunities for training, mentorship and career progression are identified.

### Attracting and retaining the best

Offering sought-after employee benefits is one way we attract and retain talented staff and maintain an enthusiastic and engaged workforce. MainPower continues to provide a range of employee benefits, from subsidised health insurance to a nine-day fortnight flexible working arrangement.

### Leadership

Our people also regularly participate in a range of industry groups and conferences, contributing their knowledge and expertise to the wider electricity sector. This is both a way to develop individual members of the MainPower team, and to ensure that the latest in industry best-practice, trends and technology is brought into the business.

In 2023, we began our second intake of our, 12-month, MainPower Accelerated Leadership Development Programme (ALDP) to support our MPowered Future strategy. To ensure we have a pipeline of future leaders across all areas of the business, the ALDP programme is designed to drive career development by providing individuals with support and a foundation for developing their leadership and management potential.

### 5.4 Managing our risk

MainPower remains focused on ensuring the safety of our people, customers and community as our highest priority. From tailgate talks at work sites, to our far-reaching advertising campaigns, safety is a deeply embedded part of our culture.

Our dedication to safety is supported by our Integrated Management System Policy, which combines and strengthens our commitment to health, safety, environment and quality (HSEQ).

In addition, our Risk Management Plan provides guidance on anticipating and proactively mitigating any risk.

### 5.5 Environmental Responsibility

MainPower takes an integrated approach to managing, delivering, and continually improving the environmental aspects of our business activities, services and products.

Using the United Nations Sustainable Goals as a foundation, we have identified three key areas where we believe we can make the most difference. They are; prosperity, people, and planet. These strategic areas form the basis of our Sustainability Management Plan.

A selection of the sustainable initiatives MainPower is committed to: Using the United Nations Sustainable Goals as a foundation, we have identified three key areas where we believe we can make the most difference. They are; prosperity, people, and planet. These strategic areas form the basis of our Sustainability Management Plan.

*A selection of the sustainable initiatives MainPower is committed to:*

- reducing waste
- reusable and refillable products
- rethinking how we do things (changing to more sustainable products)
- greener supply chain (through prequalification)
- enabling electrification (LV monitoring)
- supporting renewable energy (hydro, wind and solar)
- prioritising energy efficiency (installing LEDs)
- engaging with our community
- supporting inclusion, diversity, and equity
- reducing carbon emissions
- repurposing materials (e.g cable drums and power poles)

Our sustainability strategy considers the energy trilemma of finding balance between energy reliability, affordability and sustainability and its impact on everyday lives. We plan to achieve this by:

- reviewing the implications for the speed and direction of energy transition;
- being a low carbon energy enabler to drive innovation, economic recovery, and positive image; and
- accelerating digitalisation opportunities in energy and the new challenges of resilience.

# 6. PERFORMANCE

## 6.1 Financial Performance

The summaries of the expected financial performance and performance statistics for the 2023-2027 financial years for the MainPower Group (Group), and for MainPower New Zealand Limited (Parent) are provided in the tables on pages 10 and 11.

The Group comprises of MainPower New Zealand and its subsidiaries: MainPower Investments Limited, Kākāriki Power Limited, as well as the 50% joint venture investment in Mt Cass Wind Farm Limited (Mt Cass). Mt Cass has been classified as a joint venture from FY2024 to reflect the reduction in ownership from 100% to 50% during the FY2024. In addition, the financial impact of the investment in Mt Cass shows a reduction in profit during the construction period of the wind farm through FY2025 and FY2026 as the construction costs are incurred in advance of generation revenue. The Mt Cass contribution to the financial performance is shown separately in the tables under Financial performance and the Financial position.

The results for the Parent in the current and future years show the continued commitment in meeting the goals of our Asset Management Plan (AMP) through a programme of scheduled maintenance and capital expenditure on the network. The forecast uplift in capital expenditure for FY2025 and FY2026 is due to the replacement of three key substations, future-proofing the network as the current substations meet the maximum utilisation capacity for which they were built.

The summary forecast for the year ended March 2024 compared to the financial budget for that year and the audited financial performance for the year ended March 2023 are also reported.

## 6.2 Budget and Forecast

The FY2025 budget numbers were approved by the MainPower Board in December 2023. The FY2024, FY2026 and FY2027 forecast numbers have been prepared by management and are based on the latest available information from the business, and that received from Mt Cass.

Numbers presented have been prepared in accordance with relevant accounting standards where appropriate. Note that the 2023 actuals for the Group present Mt Cass as a 100% consolidated subsidiary whereas all other Group numbers from FY2024 onwards show Mt Cass as an equity-accounted joint venture reflecting the sell-down in FY2024.

The following assumptions have been made when presenting the financial budgets for FY2024-2025 and forecasts for subsequent years:

- Early works on the Mt Cass wind farm project is expected to be completed Q4 FY2024. MainPower is expected to make an equity contribution of approximately \$80m, mostly funded by debt.

- Rebates will continue to be credited throughout 2024-2027 at a cost of \$5m in 2023-2026 and increasing to \$7m by FY27 once Mt Cass is generating profits. This allows for a balance between returning value to the shareholders and being able to internally fund the AMP.
- Total network maintenance expenditure of \$8.5m has been budgeted for 2024-2025.
- Budgeted network capital expenditure of \$29.8m during the 2025 financial year is to be funded by way of operating cash flows \$25.7m and an increase in net borrowings \$4.1m for the Parent.
- In line with the Treasury Policy, MainPower recently completed the refinancing of its funding facilities resulting in a bilateral agreement with the incumbent lender Westpac, and bringing in CCB. Operational funding of up to \$100m has been secured with a further \$65m earmarked for potential investment in Mt Cass.
- All forecast costs and revenues are based on best estimates using judgments made at the time that they were prepared.

## 6.3 Service Performance

Service level performance measures our key asset management objectives and include:

- safety
- compliance
- quality of service -reliability
- quality of service -customer service
- risk management
- efficiency and effectiveness -asset utilisation
- efficiency and effectiveness -operational effectiveness
- efficiency and effectiveness -financial efficiency

Actual and planned service level performance is included in our Asset Management Plan, accessible at [mainpower.co.nz](http://mainpower.co.nz).

SAIDI, the average minutes a customer is without power during the year and SAIFI, the average number of supply interruptions per customer during the year, continues to be the two key measures of service performance.

Forecast performance is detailed in the table on page 12.

# FINANCE

## 6.3 Performance Statement Financial MainPower – Group

For the years ending 31 March.

	Actual* (audited) 2023 \$000	Budget* (not audited) 2024 \$000	Forecast* (not audited) 2024 \$000	Budget (not audited) 2025 \$000	Forecast (not audited) 2026 \$000	Forecast (not audited) 2027 \$000
<b>Financial performance</b>						
Operating Revenue	71,580	74,275	74,183	81,186	89,551	95,018
Rebates	(4,739)	(5,008)	(5,008)	(5,000)	(5,000)	(7,000)
Net Revenue	66,841	69,267	69,175	76,186	84,551	88,018
Mt Cass Net Profit / (Loss) Attributed to the Group	(223)	(444)	(250)	-	437	5,323
Profit before Tax	12,014	4,763	8,193	5,479	10,066	18,754
Taxation	(4,242)	(1,458)	(2,364)	(1,534)	(2,696)	(3,761)
Profit after Rebates, Tax, Dividends, and Discontinued Operations	7,772	3,305	5,829	3,945	7,370	14,993
Total Network Maintenance Expenditure	6,852	7,584	9,100	8,462	12,913	11,870
Total Network Capital Development Expenditure	27,230	25,193	29,275	29,781	39,611	39,406
<b>Financial position</b>						
Net Working Capital	28,958	15,301	22,600	8,056	8,505	8,354
Mt Cass Equity Investment (50% equity-accounted JV from FY24)	-	80,006	150	80,400	80,837	81,814
Mt Cass Assets (100% consolidated until FY2024)	11,648	-	-	-	-	-
Other Non-Current Assets	333,739	363,841	406,380	384,868	436,157	460,727
Total Assets	387,820	470,372	409,730	485,495	538,092	563,662
Debt for Mt Cass Equity Investment	-	(80,000)	-	(80,000)	(80,000)	(75,654)
Other Liabilities	(120,096)	(120,858)	(136,672)	(126,637)	(177,442)	(194,456)
Ordinary Shareholders' Funds (Equity)	267,724	269,514	273,058	278,858	280,650	293,552
Cash Flows from Operations	26,921	22,206	26,550	25,676	35,327	37,926
Cash Flows from Investing Activities	(33,124)	(30,343)	(38,100)	(34,334)	(46,513)	(39,783)
Cash Flows from Financing Activities	7,493	8,015	11,679	8,380	12,091	3,511
<b>Financial ratios</b>						
Profit before Tax / Equity	4.49	1.77	3.00	1.96	3.59	6.39
Profit after Tax / Total Assets	2.00	0.70	1.42	0.81	1.37	2.66
Profit after Tax / Equity	2.90	1.23	2.13	1.41	2.63	5.11
Ordinary Shareholder's Funds (Equity) / Total Assets	69.03	57.30	66.64	57.44	52.16	52.08

\*The Mt Cass SPV is 100% consolidated line-by-line in FY23 but is an equity-accounted joint venture from FY24 onwards therefore Group numbers for FY24 onwards only include share of Mt Cass net assets and profit after tax.



## 6.4 Performance Statement Financial (MainPower New Zealand Limited – Parent)

For the years ending 31 March.

	Actual (audited) 2023 \$000	Budget (not audited) 2024 \$000	Forecast (not audited) 2024 \$000	Budget (not audited) 2025 \$000	Forecast (not audited) 2026 \$000	Forecast (not audited) 2027 \$000
<b>Financial performance</b>						
Operating Revenue	71,508	74,275	74,183	81,186	89,551	95,018
Rebates	(4,739)	(5,008)	(5,008)	(5,000)	(5,000)	(7,000)
Net Revenue	66,769	69,267	69,175	76,186	84,551	88,018
Profit before Tax	12,479	5,207	8,443	5,479	9,629	13,431
Taxation	(4,546)	(1,458)	(2,364)	(1,534)	(2,696)	(3,761)
Profit after Rebates, Tax, Dividends, and Discontinued Operations	7,933	3,749	6,079	3,945	6,933	9,670
Interest Cost for Mt Cass Equity Investment (included above)	-	(4,000)	-	(5,200)	(4,919)	(3,622)
Total Network Maintenance Expenditure	6,852	7,584	9,100	8,462	12,913	11,870
Total Network Capital Development Expenditure	27,230	25,193	29,275	29,781	39,611	39,406
<b>Financial position</b>						
Net Working Capital	18,814	15,301	22,600	8,056	8,655	8,505
Mt Cass Equity Investment (JV)	800	80,450	400	80,400	80,400	76,054
Other Non-Current Assets	357,958	363,841	406,380	384,868	436,157	460,727
Total Assets	386,368	470,816	409,980	485,495	537,655	558,339
Debt for Mt Cass Equity Investment	-	(80,000)	-	(80,000)	(80,000)	(75,654)
Other Liabilities	(119,338)	(120,858)	(136,672)	(126,637)	(177,422)	(194,456)
Ordinary Shareholders' Funds (Equity)	267,030	269,958	273,308	278,858	280,213	288,229
Cash Flows from Operations	26,308	22,206	26,550	25,676	35,327	37,926
Cash Flows from Investing Activities	(33,693)	(30,343)	(38,100)	(34,334)	(46,513)	(39,783)
Cash Flows from Financing Activities	7,478	8,015	11,679	8,380	12,091	3,511
<b>Financial ratios</b>						
Profit before Tax / Equity	4.67	1.93	3.09	1.96	3.44	4.66
Profit after Tax / Total Assets	2.05	0.80	1.48	0.81	1.29	1.73
Profit after Tax / Ordinary Shareholder's Funds (Equity)	2.97	1.39	2.22	1.41	2.47	3.35
Ordinary Shareholder's Funds (Equity) / Total Assets	69.11	57.34	66.66	57.44	52.12	51.62

## 6.5 Performance Statement Customer<sup>1</sup> Service Statistics

For the year ending 31 March. These figures are based on network metrics.

	Actual (audited) 2022	Actual (audited) 2023	Forecast (not audited) 2024	Budget (not audited) 2025	Forecast (not audited) 2026
<b>Quality of Supply</b>					
SAIDI <sup>2</sup>	272.6	292.5	273.4	265.1	257.2
SAIFI <sup>3</sup>	2.38	2.13	2.07	2.01	1.96
<b>Network Performance</b>					
Total Line Service Customers (#)	43,131	44,109	44,912	45,715	46,518
Gigawatthours Delivered to Customers (GWhs)	624	620	636	645	653
Network Maximum Coincidental Demand (MW)	124	122	123	124	125
Circuit Length Lines (kms)	5,170	5,198	5,238	5,278	5,288
<b>Efficiency Performance</b>					
Capital Cost (per km)	\$ 5,533	\$ 5,161	\$ 4,809	\$ 5,642	\$ 6,893
Operating Cost (per km)	1,312	1,161	1,448	1,603	1,901
Capital Cost (per ICP)	663	608	561	651	784
Operating Cost (per ICP)	157	137	169	185	216

### Notes:

<sup>1</sup> Customer is defined as a person named in the records of the company as a person whose premises are connected to the company's distribution network and who is liable to the company for the payment of an amount in respect of the use of and connection to the company's distribution network.

<sup>2</sup> SAIDI = Average minutes a customer is without power during the year.

<sup>3</sup> SAIFI = Average supply interruptions per customer during the year.



## 7. OTHER MEASURES

### 7.1 Distributions to the MainPower Trust

The vesting and distributing by the MainPowerTrust of Redeemable Preference Shares to Qualifying Customers, in accordance with clause 4.11 and Schedule 8 of the Deed provides the Board with the opportunity to maintain its Rebate Scheme in favour of Qualifying Customers.

This Scheme will remain in place until such time as a Capital Distribution has occurred. The Board will not be recommending any dividend for the current financial year.

The 2024-2025 financial budget provides for \$5m to be credited to Qualifying Customers as Rebates and as discounts to customers connected to the former Kaiapoi Electricity network.

This represents approximately 6.9% of total distribution lines revenue.

### 7.2 Rebates and Discounts to Customers

The issue of Redeemable Preference Shares to Qualifying Customers in accordance with Clause 4.10 and Schedule 8 of the Deed gives the Board the opportunity to provide a Customer Rebate Scheme in favour of Qualifying Customers. The FY2024 and FY2025 financial budgets provide for \$5m to be credited to Qualifying Customers as rebates. The rebate is a percentage discount off the fixed charge and this benefit is allocated between customer groups to reflect the Trust Deed.

### 7.3 Acquisition of Shares in Other Companies

The acquisition of shares in other companies or organisations will only proceed where the Board concludes such an acquisition is in the best interests of MainPower.

The Board will consult the Trust in circumstances where an acquisition is considered to be significant.

The Board will be guided by the major transaction rule in MainPower's Constitution and the Companies Act 1993. A major transaction is defined as the acquisition of, or an agreement to acquire, whether contingent or not, assets equivalent in value to 25 percent or more of the assets of MainPower before the acquisition.

### 7.4 Return on Investment for the MainPower Regulatory Lines Business

The following information reflects the Return on Investment for the regulatory lines business, after deducting rebates from returns, calculated according to the Commerce Commission rules as applied to the Information Disclosure completed annually. Figures below therefore exclude non-regulated activity such as generation, and returns are measured against MainPower New Zealand Limited's Regulated Asset Base.

MainPower New Zealand Limited's Return on Investment for the year ended 31 March 2023 was 6.95%, above the Commerce Commission's 75th percentile estimate of 5.56%.

For the 2023-2024 financial year, the after-tax Return on Investment of the regulated lines business (after rebates) is expected to be 1.54%.

### 7.5 Return on Shareholders' Equity for the MainPower Group of Companies (Consolidated)

The Return on Equity for the Group for the financial year ended 31 March 2023, after rebates and taxation, was \$7.8m (2.9%). The Return on Equity for the Group, before rebates and after adjusting for 28% notional tax on rebates, was \$11.2m (4.2%).

The forecast Return on Equity for the Group for the financial year ending 31 March 2024, after rebates and taxation, is expected to be around \$5.8m (2.1%). The Return on Equity for the Group, before rebates and after adjusting for 28% notional tax on rebates, is expected to be around \$9.4m (3.5%).

### 7.6 Information to be Provided to Shareholders

The following information will be made available to the Trust and, where applicable, to other Shareholders:

- Annual Report
- Interim Report
- Statement of Corporate Intent
- Asset Management Plan
- Electricity Information Disclosures
- Any other information the Board considers should be in the public arena.

The Board will meet with Trustees on a regular basis throughout the year in order to update Trustees on the performance of the Group. The Board will also report to Trustees on significant operational matters, changes to MainPower New Zealand Limited's company structure and progress on current and new business initiatives.

# APPENDIX 1: CORPORATE GOVERNANCE STATEMENT

## 1. Role of the Board

The Board is responsible for the overall corporate governance of the MainPower Group (the Group). The Board guides and monitors the business and affairs of the Group on behalf of both the Ordinary Shareholder, the MainPower Trust, to whom it is primarily accountable, and the Preference Shareholders of the Company, i.e. the Qualifying Customers in the region.

The Board's primary objective is to satisfy the Ordinary Shareholders' wish of enhancing shareholder value through a commitment to customer service and regional prosperity. Customer service is measured in terms of both financial return and MainPower's ability to deliver excellence in electricity distribution system security and reliability, responsiveness to customers, quality and price competitiveness.

Regional prosperity is measured in terms of the Group's role in leading and/or supporting regional initiatives for economic development.

The Board aims to ensure that the Group is a good employer and corporate citizen.

## 2. Board Responsibilities

The Board acts on behalf of, and is accountable to, the Ordinary Shareholders. The Board seeks to identify the expectations of Ordinary Shareholders, as well as other legislative and ethical expectations and obligations. These expectations and obligations are set out in the Board Charter, which is reviewed annually.

In addition, the Board ensures areas of significant business risk are identified by management and that arrangements are in place to adequately manage these risks.

To this end the Board will:

- provide leadership in health and safety and will ensure that employee and public safety remain at the core of the organisation in order that it remains as an integral part of the Group's culture, its values and performance standards;
- continue to monitor all legislation and regulatory change impacting on health and safety requirements and compliance and will ensure that they are complied with;
- set the strategic direction of the Group in consultation with management, having particular regard to rate of return expectations, financial policy and the review of performance against strategic objectives;
- maintain an understanding of the electricity industry, and continue to monitor industry reform, security of supply, industry governance and Government intervention in order to identify the impact on the Group's business;
- monitor and understand the expectations and needs of the growing North Canterbury community;
- remain informed about the Group's affairs in order to exercise judgment about management and its procedures;
- identify risks and manage those risks by ensuring that the Group has implemented comprehensive systems of internal control together with appropriate monitoring of compliance activities;

- approve and foster a corporate culture which requires management and every employee to demonstrate the highest level of ethical behaviour;
- appoint, review the performance of, and set the remuneration of the Chief Executive;
- approve transactions relating to acquisitions and divestment, and capital expenditure above delegated authorities;
- approve operating and development budgets, review performance against these budgets, and monitor corrective actions by management;
- ensure the preparation of the Statement of Corporate Intent, Interim and Annual Reports;
- enhance relationships with all stakeholders.

## 3. Delegation

The Board delegates the day-to-day responsibility for the operation and administration of the Group to the Chief Executive.

The Chief Executive is responsible for ensuring the Group achieves its business objectives and values.

The Board ensures that the Chief Executive, and through them, the Executives are appropriately qualified, experienced and remunerated to discharge their responsibilities.

## 4. Codes and Standards

All Directors, Executives and staff of the Group are expected to act with integrity and to promote and enhance the Group's reputation with its various stakeholders.

Behavioural standards and accountabilities, the use of confidential information, trade practices, health, safety and environmental management are set out in a range of formal codes, policies and procedures. These are subject to regular independent review to ensure they remain current and appropriate.

## 5. Conflicts of Interest

All Directors and Executives are required to disclose any specific or general interests which could be in conflict with their obligations to the Group.

## 6. Board Review

The Board will undertake a self-assessment of its performance and the performance of individual Directors on at least a biennial basis. The result of this review will be made available to the Ordinary Shareholders.

## 7. Company Constitution

MainPower's Constitution sets out policies and procedures on the operations of the Board, including the appointment and removal of Directors. The Constitution specifies that the number of Directors will not at any time be more than eight nor less than four, and that one-third of the Directors will retire by rotation each year.

Non-Executive Directors of MainPower are appointed by the Ordinary Shareholder. The Board currently comprises six Non-Executive Directors.

The Directors of MainPower currently in office are:

Tony King, Chair

Graeme Abbot, Director

Janice Fredric, Director

Fraser Jonker, Director

Stephen Lewis, Director

Brian Wood, Director

## 8. Meetings

The Board meets ten times a year to review, monitor, and initiate action in respect of the health and safety, strategic direction, financial performance and compliance of the Group.

MainPower's business plan details matters which require Board consideration, including long-term strategic direction, operating and capital budgeting, statutory and risk management. In addition to the scheduled meetings, the Board meets several times each year to consider specific opportunities and other matters of importance to the Company. Annually the Board takes the opportunity to debate and review its long-term strategic direction.

## 9. Committees

The Board has three committees detailed below.

### 9.1 Safety, Health, Wellbeing and Environment (SHWE) Committee

The Board takes an integrated approach to managing health and safety. This is incorporated within the risk management framework. SHWE provides a concentrated focus on these high-priority areas, operating under a comprehensive charter that outlines the Committee's authority, membership, responsibilities, and activities approved by the Board.

The committee is made up of three board members being Mr S Lewis, Mr G Abbot and Chair, Mr T King. It is attended by the Chief Executive, General Manager of Safety and Business Risk and General Manager of People and Culture, with support from other Executives and Senior Managers, when required.

The Committee's responsibilities are to:

- review proactively the strategies, policies, initiatives, risk exposure, targets and performance of the Group, and where appropriate of its suppliers and contractors;
- monitor the resources applied by the Group to ensure compliance and drive improvement;
- monitor the demonstration of management commitment to these areas; and
- where appropriate, receive reviews and reports from independent external advisers.

### 9.2 Audit and Risk Committee

The Audit and Risk Committee operates under a comprehensive Charter, which outlines the Committee's authority, membership, responsibilities and activities approved by the Board.

The Charter is reviewed annually against best practice and emerging trends. The primary function of the Committee is to assist the Board in relation to the Group, with the proper and efficient discharge of its responsibilities, to exercise due care, diligence and skill in relation to the oversight of the:

- appointment and performance of the external auditors;
- integrity of external financial reporting;
- financial management and internal control systems;
- accounting policy and practice;
- risk management framework and the monitoring of compliance within that framework;
- related party transactions;
- compliance with applicable laws, regulations, standards and codes of practice;
- integrity of external regulatory reporting.

The activities of the Audit and Risk Committee are reported annually. From time to time, the Audit and Risk Committee, is attended by the Chief Executive and General Manager of Finance and IT. The General Manager of Safety and Business Risk, other Executives, Senior Managers and external auditors attend meetings when required.

The Audit and Risk Committee also monitors the independence of the auditor and approves and reviews those services provided by the auditor other than in its statutory audit role. In addition, the auditor provides details to the Audit and Risk Committee of any non-statutory audit services performed by the auditor provided to the MainPower Group.

Three Non-Executive Directors are appointed to the Audit and Risk Committee on an annual basis. Current membership of the Audit and Risk Committee is Ms J Fredric, Chair, Mr T King and Mr B Wood.

Following meetings of the Committee, the Chair reports all findings and recommendations to the Board.

### 9.3 Remuneration Committee

The Remuneration Committee's primary role is to advise the Board on performance reviews, remuneration policies and practices, and to make recommendations on remuneration packages and other terms of employment for Non-Executive Directors, Executive Directors and Executives which fairly reward individual performance in relation to their contribution to the Group's overall performance.

Three Non-Executive Directors are appointed to the Remuneration Committee on an annual basis.

# APPENDIX 1: CORPORATE GOVERNANCE STATEMENT (CONTINUED)

In order to retain and attract Directors and Executives of sufficient calibre to facilitate the efficient and effective governance and management of the Group's operations, the Remuneration Committee seeks advice of external advisers on remuneration practices.

Current membership of the Remuneration Committee is Ms J Fredric, Chair, Mr T King and Mr S Lewis.

It is attended by the Chief Executive and General Manager of People and Culture when appropriate.

## 10. Risk Management

The Board puts considerable emphasis on risk management, given the critical nature of this to the Group's operations, and continually monitors the operational, (including health and safety) and financial aspects of the Group's activities and the Group's exposure to risk. "Risk Management and Compliance" is a permanent item on the agenda of the monthly meeting of Directors.

An annual review of the level and appropriateness of the Group's insurance cover and regular reporting by management addressing the major areas of risk supports the Board's risk management process.

To fulfil its responsibility, management maintains appropriate accounting records and systems of internal control.

The Audit and Risk committee oversees the Governance internal audit programme to ensure the Group meets its statutory and legal requirements. The audit programme covers all levels of safety and business critical risks identified through the risk management framework.

MainPower has developed a comprehensive Business Continuity Plan. This Plan details the criteria and guidelines we apply to cope with a number of crisis scenarios. MainPower actively participates with Civil Defence and other relevant agencies in order to test the plan for effectiveness.

## 11. Non-Executive Directors' Fees

Fees for Non-Executive Directors are based on the nature of their work and responsibilities.

Independent professional advice on the level and structure of Non-Executive Directors' fees is made available to the Board on an annual basis. Any recommendation made to shareholders at the Annual Meeting on a change in Directors' fees is in accordance with this independent advice.

## 12. The Role of Shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs.

Each year, the Ordinary Shareholders of MainPower, the MainPower Trust, provides the company with a Letter of Expectations from which a Statement of Corporate Intent is developed between the Board and the MainPower Trust.

This Statement details the Group's intent with respect to:

- strategic objectives
- business activities
- non-core activities
- performance
- distributions to shareholders and rebates
- corporate governance

Information is also communicated to shareholders in the Annual Report, Interim Report, on MainPower's website, and at regular formal and informal meetings with the MainPower Trust. The Board encourages full participation of all shareholders at the Annual Meeting.

The Statement of Corporate Intent is subject to consultation between the Board and the Trust, prior to its adoption.

## 13. Customers

MainPower uses a number of communication channels to connect with its customers and the wider community. This includes the publication of Live Lines (advertorial) and related public safety messaging, regular customer surveys, focus group sessions and participation in sponsorships and other community-based initiatives.

The Company also fulfils its regulatory obligations with the publication of the Asset Management Plan, Annual and Interim Reports, Statement of Corporate Intent, Pricing Methodology and annual disclosures. This contributes to the fulfilment of the Group's corporate objectives in regard to community relations.

## 14. Subsidiary and Associate Companies

Each trading entity within the Group has a formally constituted Board of Directors. The MainPower Board receives frequent updates from each trading entity and monitors the performance of all trading entities within the Group.



# APPENDIX 2: ACCOUNTING POLICIES

## Statement of Compliance

MainPower New Zealand Limited (the Company) is a profit-oriented company incorporated in New Zealand under the Companies Act 1993. The Group consists of MainPower New Zealand Limited, its subsidiaries, and joint venture (the "Group").

MainPower New Zealand's parent and ultimate controlling entity is the MainPower Trust. These financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR') and other applicable financial reporting standards as appropriate for profit-oriented entities.

The Group has adopted External Reporting Board Standard A1 'Accounting Standards Framework (For-profit Entities Update)' ('XRB A1'). For the purposes of complying with GAAP, the Group is eligible to apply Tier 2 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime ('NZ IFRS RDR')) on the basis that it does not have public accountability and it is not a large for-profit public sector entity. The Group has elected to report in accordance with NZ IFRS RDR.

## Principal Activities of the Group

MainPower was established in accordance with the requirements of the Energy Companies Act 1992 and the Companies Act 1993. The Group owns and manages the electricity distribution network throughout the North Canterbury region.

## Basis of Financial Statement Preparation

These financial statements are presented in New Zealand dollars, rounded to the nearest thousand.

These financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments and property, plant and equipment. Cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies have been selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

## Critical Judgements, Estimates and Assumptions in Applying the Group's Accounting Policies

Preparing financial statements to conform with NZ IFRS RDR requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

In the process of applying the Group's accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognised in these financial statements.

The Group operates an extensive integrated electricity distribution network comprising large numbers of relatively minor individual network asset components. These components are replaced over time as part of an ongoing maintenance/refurbishment programme, consistent with the Group's approved network Asset Management Plan.

The Group invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on the basis of an estimation of usage, adjusted for the latest washed-up data available from the electricity wholesale market and certain metering data from electricity retailers. When determining line revenue, management recognises actual amounts billed during the financial period and, if material, makes an adjustment to recognise the estimated value of unread meters where applicable.

Other areas where judgement has been exercised in preparing these financial statements are in relation to assessing the level of any unrecoverable work in progress and calculating provisions for employee benefits and the carrying value of generation assets.

## Basis of Consolidation

### Subsidiaries

Subsidiaries are entities controlled by the Company.

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being MainPower New Zealand Limited and its subsidiaries. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities, and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired, exceeds the cost of acquisition, the difference is credited to profit or loss in the period of acquisition. The consolidated financial statements include the information and results of each subsidiary from the date on which the Group obtains control and until such time as the Group ceases to control the subsidiary. In preparing the consolidated financial statements, all intergroup balances and transactions, and unrealised profits arising within the Group are eliminated in full.

In dealing with acquisitions from entities under common control the assets and liabilities of the entity acquired is included at their pre-acquisition carrying amount. Equity of subsidiaries are shown separately in the consolidated Statement of Financial Position.

### Forecast Information

Forecast financial information has been prepared on the basis of assumptions as to future events reasonably expected to occur within the Group, including the Mt Cass Project, and have been compiled on the basis of existing accounting policies.





**mainpower**

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