



**Network
Waitaki**

ANNUAL REPORT • FY 2023



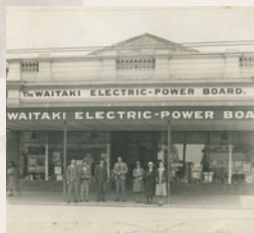
Powering our Community



NETWORK WAITAKI

TAKEN IN WESTON, CIRCA 1927.
BACK ROW: H.R. WISE, C.B. BUTCHER, B. DOIG,
L.V. MEYRICK AND F. BURBERY.
FRONT ROW: G. SHALDERS, S. KIDD, K. MILLAR,
A. NELSON AND D. JACKMAN.
Network Waitaki Archives

Network Waitaki 100 year Timeline



1923
Waitaki Electric
Power Board
established

1929-39

1,652
customers

1939-45

World War II



Cross Street Power
House ceases operating

1954

4,652
customers

1966

Electricity reaches
Totara Peak Station.
The Waitaki region is
now fully connected



Oamaru's power
supply begins to go
underground

1971

10,661
customers

1973

Big storm of August wipes
out power across much of
the district



Power Board's
Showroom hosts
demonstrations of new
appliances

1984





Waitaki Power is formed through corporatisation and Waitaki Power Trust established



Network management undertaken by Networks South, a joint venture with Alpine Energy



Approved contractor to Aurora



Waitaki celebrates 100 years' community ownership of the district's electricity network

1993

1999

2021

2023

11,646 customers



13,040 customers

1989

1998

2004

2022

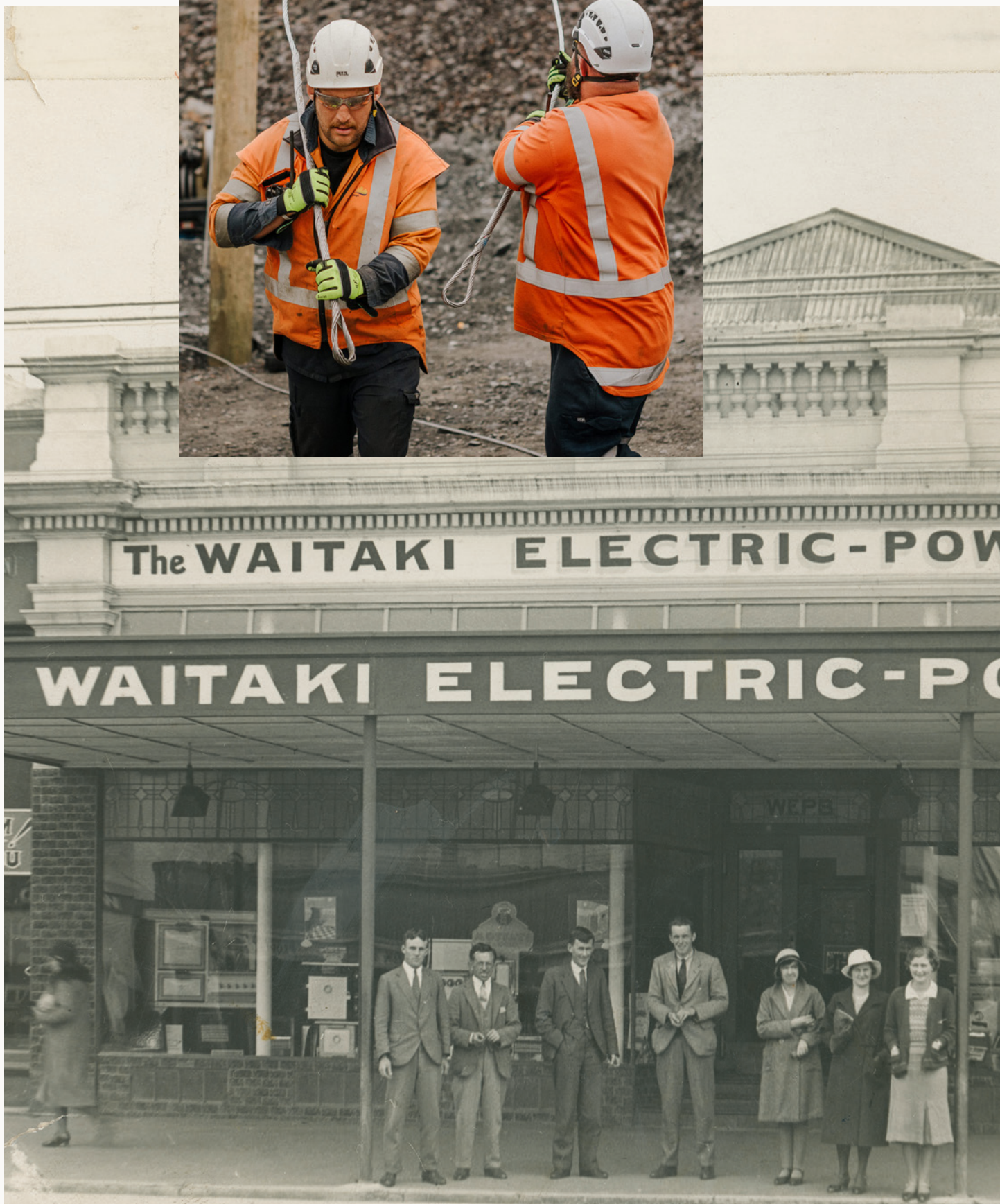
Board undertakes first contract at Macraes Gold Mine

Waitaki Power sells energy retail business and becomes Network Waitaki

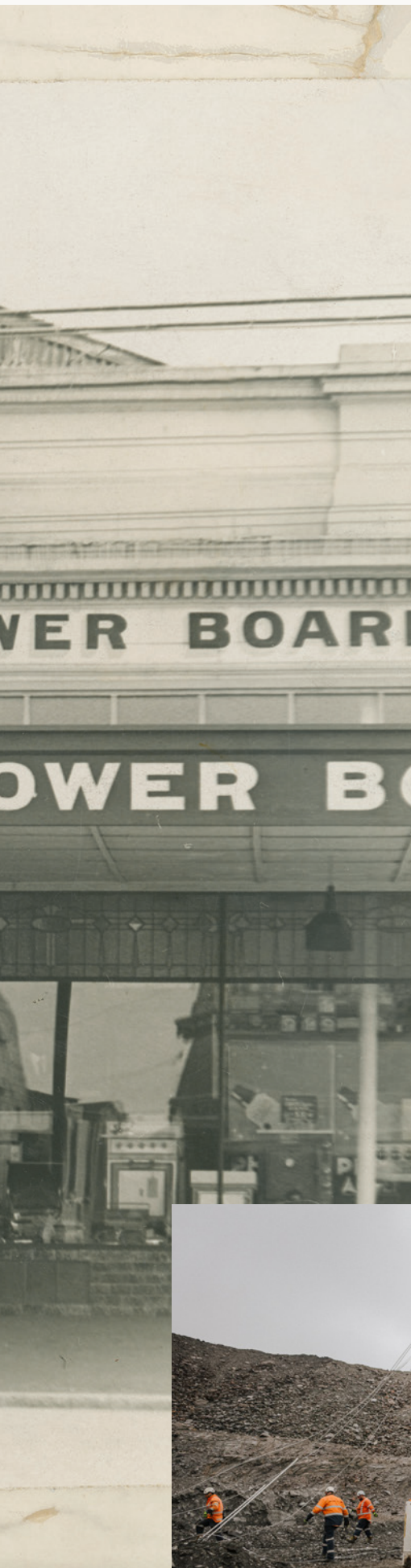
Return of local management to Oamaru

Opened Central Otago Contracting depot





AN EARLY (UNDATED) PHOTO OF THE POWER BOARD BUILDING AT 54 THAMES STREET.
PICTURED LEFT TO RIGHT: LES WEBB, JACK BOURKE, ALEX WALLACE, KEN SPOONER,
WIN REILLY, CLARICE HERRON AND MO-ANNIE MCLAREN.
Network Waitaki Archives

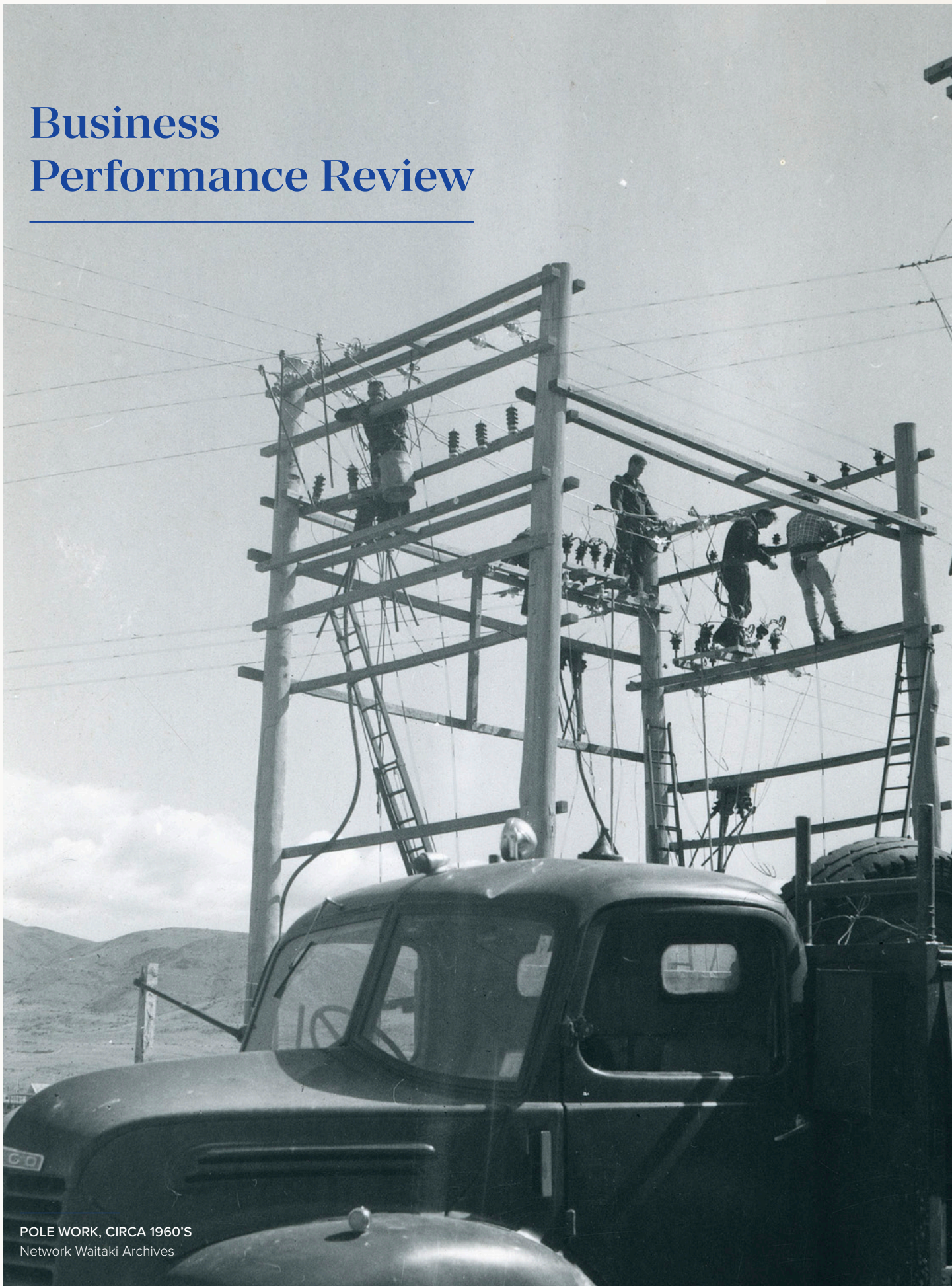


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Business Performance Review



POLE WORK, CIRCA 1960'S
Network Waitaki Archives

FINANCIAL

Revenue
\$33.0 MILLION

Net Profit	\$4.3 M
Capital expenditure	\$10.8 M
Total assets	\$136.8 M

COMMUNITY

\$1.0 MILLION
Discounts

Sponsorship	\$149,551
Organisations benefiting	43

Payments to local staff and suppliers

\$10.3 M

NETWORK PERFORMANCE

13,409
Connections

Maximum demand	65.0 MW
Energy volume	284.0 GWh
SAIDI	117.6 min.
SAIFI	1.37
System Length (km)	1,903
Number of Poles	21,606

HEALTH & SAFETY

389 Field safety interactions

LTIs	0
LTIFR*	0
TRIFR*	1.20

*per 200,000 hours worked

LTI: Lost Time Injury

LTIFR: Lost Time Injury Frequency Rate

TRIFR: Total Recordable Injury Frequency Rate

Chairman & Chief Executive Review

We are pleased to report on the performance of Network Waitaki for the year ended 31 March 2023. Overall, the Board and Management are very happy with the performance of the business despite facing a number of challenges through the year.

The past year has once again provided us with a challenging environment to operate in, as we continued to navigate the challenges of COVID, the extraordinary economic environment of sustained high inflation and a tight labour market. We have also seen a rapid change in the issues facing the electricity sector as our economy begins to decarbonise to meet our climate change goals which presents exciting opportunities for us. Despite these external influences on our business, the Board and Management are very happy with the performance of the business and are pleased to report on the performance of Network Waitaki for the year ended 31 March 2023.

We completed a refresh of our business strategy during 2022, which builds upon the strategy we adopted in 2020. Our focus remains on the strategic priorities of excellence in the core business, customer focus, enabling choice of energy solutions, collaboration and partnerships, and making smart investments for our future. This strategy remains incredibly relevant in the current environment where electrification and decarbonisation of the economy will see demand for electricity increase, as well as increasing the dependence our customers have on safe and reliable networks. We expect to see big shifts in the way our customers wish to use electricity networks and so preparing for that future is a priority for us – however it will require investment not only in the core network, but also in people, processes and systems. Making smart investments and seeking profitable diversified income streams will help to fund this future and make electricity more affordable for our connected customers.

Our top priority for the year was to keep our people safe and well, both at work and to minimise the effects of COVID, particularly with the Delta and Omicron variants present in our community during parts of 2022. We saw a big impact in the first half of 2022 with a large number of the team affected by COVID and winter illness, either personally or in their households. However, overall, the business responded well, nobody became seriously ill, and business operations continued through an effective risk management approach.



**Chris
Dennison**
Chairman



**Geoff
Douch**
Chief Executive



MEN AT WORK, EARLY 1900'S

Network Waitaki Archives



Overall safety performance saw an improvement compared to the previous year, with no serious harm to our people or the public, no lost time injuries, and only one minor recordable injury. Our performance against targets, our peers and industry averages was favourable, and reflects the commitment our leaders have to making sure people go home safely every day. We continue to work on our safety initiatives around critical risk management, health and wellbeing, and safety leadership in the field. A major focus in the past year has been on wellbeing, particularly mental health, and a number of initiatives are underway in this space including the introduction of the MATES programme. As part of our safety business plan we are working towards accreditation to the ISO 45001 Safety Management Systems standard.

We continued to develop our Senior Leadership Team capability, with the addition of a new role focused on developing our people and organisational capability. Gina Cavanagh joined us as People and Culture Manager in March 2023 with a focus on supporting the business recruit, develop and retain the best people in line with our goal of being an employer of choice. At the other end of the spectrum, at the end of the financial year we saw our GM Contracting, Derek McGee, retire from this position after 51 years of service to the Company, and over 30 years in senior roles associated with Contracting and works delivery. We wish him well and would like to acknowledge the huge contribution he made to the company and for his loyal and dedicated service.

Developing our talent and capability remains a top priority for us, especially in the current tight labour market. Across the business we had 21 new people join the team in the past year, and we now have 13 trainees in our Contracting team. We continued to support the Gateway programme with local high schools which saw two Gateway students gain work experience at Network Waitaki in 2022. To our pleasure, both have chosen careers in the electricity industry, with one joining us as a trainee line mechanic, and one receiving a scholarship to study a Diploma in Engineering. We awarded two scholarships to local students who are now undertaking tertiary study in electrical engineering and will join our Network team for holiday work experience.

We continued with a large programme of capital investment into the network, with over \$9.0 million spent on asset replacement, customer connections and system growth projects, and a further \$3.3 million spent on network maintenance. Unlike previous years which had notable large projects, our work programme this past year consisted of a large range of smaller projects, although preparations are well underway for major zone substation and subtransmission projects for the year ahead to support network growth and to accommodate decarbonisation loads.



Network performance showed an improvement compared to the previous year both in terms of the number of outages experienced by our customers, and lower total SAIDI (average duration) and SAIFI (average frequency), although unplanned outage impacts (as measured by SAIDI and SAIFI) were unfavourable to targets. Our total SAIDI was favourable to target, although total SAIFI was unfavourable to target as a result of two significant faults on our subtransmission network which impacted a large number of customers for a short duration. Projects have been put in place to address this through improved protection systems and changing the configuration of some key sub transmission circuits. Safety and reliability of the network through effective asset management is a priority area, and during the year we invested in additional people and systems to deliver on better asset management outcomes.

The Network team continued work towards ensuring the future capacity and security of supply into the region, with plans now well underway for a new Transpower Grid Exit Point, expected to be commissioned by early 2027. In the shorter term, major projects to enhance capacity and security at Otematata, as well as on the Waitaki Plains are in progress, including a new zone substation for the Awamoko area to be constructed in 2023. We have worked with a number of our larger electricity users to understand their plans for decarbonisation and adoption of new energy technologies such as solar PV, electrification of their fleets, and other initiatives relating to energy efficiency. These plans then feed into our network investment plans and our Asset Management Plan, which indicates investment levels for growth will increase significantly towards the end of the decade.

Total capital investment of \$10.8 million included investment in IT systems, property, plant, and equipment to enhance our current and future capability, bringing total asset value to \$136.8 million.

Our Contracting business continues to grow and make a greater contribution to the overall performance of the business. During the year we added additional capacity in both our field services and technical services areas, reflecting the growth and evolution of electricity networks and the need for new skills. We added internal capacity for traffic management services, reflecting the increased need and the reliance on effective traffic management to deliver our work safely. The absolute highlight of the year was the establishment of a new Contracting depot in Central Otago to service the Aurora Energy network, and to provide support on our own network when required – we welcomed new team members to the business and have recently added a trainee role to that team. External revenue from Contracting has grown by 25% to over \$5.0 million in the past year.

We were able to continue to share the benefits of local trust ownership with our customers and community and again brought forward the payment of our annual consumer discount, with \$1.0 million shared with our connected customers in December 2022. We chose to hold the discount at the same level as previous years to ensure we have sufficient cash available for the large forward programme of network capital investment, and to allow us to take advantage of business growth opportunities as they arise. It is a delicate balance between sharing short term benefits with our connected customers versus making long term investments that will deliver greater benefits over time.



Our community support activities included our annual sponsorship programme which shared \$149,500 with 43 organisations, our continued support of the Otago Rescue Helicopter and bringing some end of year cheer with the support of the district Christmas trees alongside Waitaki District Council. We also supported our connected customers with the introduction of the Health Homes Toolkit, as well as other energy safety and efficiency initiatives during the year.

Financially, we felt the effect of sustained high inflation on our operating costs, with input costs for a range of products and services increasing dramatically during the year, and far outpacing the network price increases we had applied in April 2022. The impact of COVID and winter illness led to an unfavourable first quarter result for our Contracting business where significant productivity was lost and unable to be caught up over the remainder of the year, although a strong pipeline of external works helped to close the gap. Overall, we managed to deliver net profit after tax of \$4.3 million which was ahead of our budget target, and slightly behind our result for the previous financial year.

We continued to enjoy a strong and positive relationship with our shareholder, the Waitaki Power Trust, and during the year they were satisfied with the performance of the company and the level of service we provide to our customers. The Trust held their triennial elections in 2022, with all Trustees retaining their positions, again a sign that our customers are satisfied with the performance and direction of the company.

There was consistency at Board level as well, with no changes to the Board and the Trust reappointing Michael de Buyzer and Jonathan Kay as directors for a further three years. This consistency has supported the focus on our strategic priorities as the Board and Management are well aligned.

The success of the past year was a result of the hard work of our people, whatever their role in the business, they all made a contribution to our performance. On behalf of the Board and Management we thank them for their efforts and contributing to the success of Network Waitaki.

The future for electricity in our region and across Aotearoa New Zealand is exciting, and we remain committed to powering our future.

Special Note from the Chair

As I will be retiring from the Board at the AGM in June, this will be my last annual review as Chair of Network Waitaki. I have really enjoyed my time on the Board over the last nine years and it has been a privilege to lead a very professional and enthusiastic Board and Management team that has seen the company grow and prosper over recent years. The electricity sector has a number of challenges and opportunities ahead and I am confident that Network Waitaki is in a strong position to meet these and continue to support the North Otago community.

Nga mihi



Chris Dennison
Chairman



Geoff Douch
Chief Executive



BEDFORD FAULT TRUCK, MARCH 1965

Stan Tully, Network Waitaki Archives





OUR VISION

Powering a vibrant Waitaki

OUR MISSION

Promoting regional growth and wellbeing through the provision of innovative and sustainable energy solutions for our customers

OUR STRATEGY

Our strategy is to be an innovative and sustainable energy solutions provider for our customers, which in addition to excellence in our core network and contracting business operations, is focused on leveraging our competencies in new markets. These new markets are both in providing additional services or solutions for existing Waitaki customers, and for customers outside our network area.

This reflects the environment we are operating in now where customer requirements and expectations are changing and there is a need to ensure we remain relevant and sustainable over the long term. The impacts of decarbonisation will see increased demand for electricity, changing electricity consumption patterns, and customers using our traditional network in new and different ways. These all present exciting future opportunities for us as a network operator as well as a service provider to the industry.

The ultimate goal of this strategy is to ensure we continue to have a successful and profitable business, that we remain relevant to our customers, and keep the price of lines charges in the Waitaki area reasonable.

While there is an exciting future for the energy sector and the opportunities to grow our business, our focus remains on excellence in our core network business, providing a safe and reliable supply of electricity to our customers and enabling them to participate in a low carbon energy future.

Health, Safety and Wellness

We care about our people – We make sure everyone goes home safe and well every day.

Our overall health and safety performance for the year showed an improvement from the previous year, both in terms of leading and lagging indicators, which were verified from our auditing and reviews of systems, and that nobody was seriously harmed as a result of our activities. Whilst no one was seriously harmed, we are aware of becoming complacent and so remain vigilant in managing our health and safety risks.

Visible safety leadership is a priority for us, and there were 389 field leadership interactions completed which exceeded the target of 335 and was up on the previous year result of 345 interactions.

There were no serious harm incidents to our people or members of the public, however there was one minor injury that resulted in alternative duties for 3 days for the team member. They have since made a good recovery and returned to normal duties.

Our Lost Time Injury Frequency Rate is zero and our Total recordable Injury Frequency Rate is 1.2 against a target of 2.4.

Our focus was on the management of our 8 critical safety risks, which are working with electricity, wellbeing, asset failure, working at height, dropped objects, mobile plant and equipment, traffic management and driving. Trend analysis of incidents relating to these critical safety risks identified areas for the business to focus on to ensure the gaps in controls were rectified.

Network Waitaki’s health and safety plan consists of five focus areas being risk management, health and safety leadership and capability, wellbeing, safety management systems, and public safety.

To manage critical risks, we conducted field assessments through collaboration with staff from across the business and used an external independent industry specialist to review critical risk controls. The external independent assessment again showed an improvement in performance against our health and safety critical controls and industry practice. We learned from audits, investigations, and industry insights to continuously improve our health and safety critical risk programme.

The health and safety leadership and capability improvement initiative were the development and implementation of the training and competency framework that aligns with the industry Common Competency Framework. The framework is applied to assess different iterations of competency and is used to maintain and improve staff skills and knowledge.

389 Field Leadership Interactions	
LTI	0
LTIFR*	0
TRIFR*	1.20
*per 200,000 hours worked	

LTI: Lost Time Injury
LTIFR: Lost Time Injury Frequency Rate
TRIFR: Total Recordable Injury Frequency Rate



LEFT: LINE BUILD 1992
Network Waitaki Archives

WORKMEN INSTALLING NEW LINES HIGH UP ON TYNE STREET Network Waitaki Archives



We worked with the South Canterbury MATES Coordinator to develop a bespoke MATES programme that supports mental health awareness and connects those at risk to appropriate professional resources. The programme fosters workplace communities and promotes positive wellbeing among our staff. This programme will be rolled out during 2023.

Our health and safety management systems were audited to the AS/NZS ISO 45001:2018 Occupational health and safety management systems standard. An internal audit (gap analysis) was completed in preparation for Stage 1 audit by Telarc. The Telarc Stage 1 audit was completed with a recommendation to progress for the Stage 2 certification assessment.

We also underwent a partial audit for the NZS7901:2008 and NZS7901:2014 Public Safety Management Systems standard, with the final audit scheduled for April 2023. We increased public safety awareness sessions for schools and emergency services, which were facilitated by our Trade Coach in conjunction with the health and safety team. The school safety programme was highly regarded by local schools, with requests from schools outside of the region for the awareness session.

Despite COVID remaining present within the community we were able to implement response plans that kept our people and community safe throughout the year.



Our People

Our people are the key to our success, we want to be recognised as an employer of choice with an objective to creating a work environment that attracts and retains the best employees in the industry.

This year our focus was to continue working on our values, in particular building our workforce sustainability in order to create a strong culture of well-being and inclusiveness. An important element to this has been the addition of the role of People and Culture Manager. This role will be a strategic partner to the Senior Leadership Team, responsible for developing key policies and framework around recruitment, retention, performance management, diversity and inclusion and engagement within schools and community groups supporting youth into industry career opportunities.

We were pleased to have successfully completed the first ever 'trainee bootcamp' which saw five new trainee line mechanics enter our field services team after completing a focused 10 week training programme to equip them with core skills and safety knowledge before joining operational crews. A large reason for the successful bootcamp was due to the new Trade Coach position, which was instrumental in providing leadership and mentorship to our young trainees.

We also concluded another successful scholarship program with two scholarships offered to school leavers in 2022. Both successful candidates were local year 13 students with one from St Kevin's College who is studying Electrical Engineering at Ara Institute in Christchurch and the other from Waitaki Boys High School who is studying towards a degree in Electrical Engineering at the University of Canterbury. As part of their scholarships both are undertaking work experience in the business during their semester breaks.

This year has seen a growth in employee numbers with a 17% increase on our permanent headcount from the previous year, this is due to a number of factors including an increase in trade and trainee roles, the establishment of the Central Otago contracting team and building capacity across the business to deliver on our strategy. Moving forward recruitment has become a key priority, we are currently working within a tight candidate market, and this has had a particular effect on being able to recruit skilled roles such as Line Mechanics, Arborists and Network Engineering/Project management roles.

A key focus within the People and Culture space will be around developing a recruitment strategy that will look at alternative methods to attracting skilled talent to our region and workplace. By better engagement with our various communities within the Waitaki region and looking at skilled workers from further afield we hope to bridge our current gaps in employment.

WORK TRUCK IN DISREPAIR, CIRCA 1950'S
Network Waitaki Archives





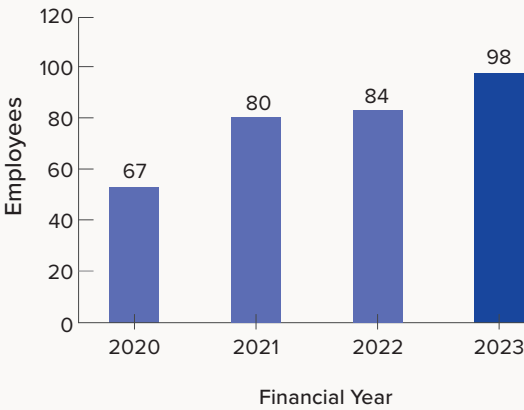
2022 saw the successful completion of our staff survey, with an overall average participation rate of 96% and an overall score of 71%. The survey was instrumental in gauging where our people saw the business across a number of different categories ranging from leadership, culture, wellbeing, communication and business processes. Following on from our staff survey we engaged with Kākāpō Consulting to conduct focus group workshops with selected staff to develop a deeper understanding of the feedback raised by the survey results. We are continuing to work through key actions identified to improve employee experience, and so that our annual staff surveys remain a meaningful process for all involved.

We continued to focus on developing our leadership across the organisation, with our leadership teams being involved in various development workshops around change management, strategy development and executive leadership. It has been great to see our leadership teams come together and further develop their capabilities with a continued focus on identifying our new potential leaders coming through the business. We are pleased to have seen a number of our staff be promoted into leadership roles during the year.

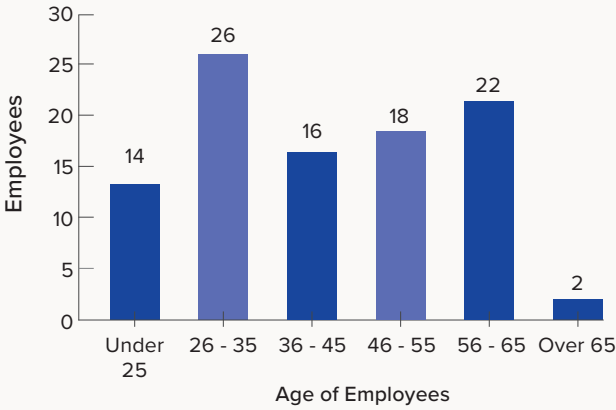




TOTAL EMPLOYEE NUMBERS



AGE RANGE OF EMPLOYEES

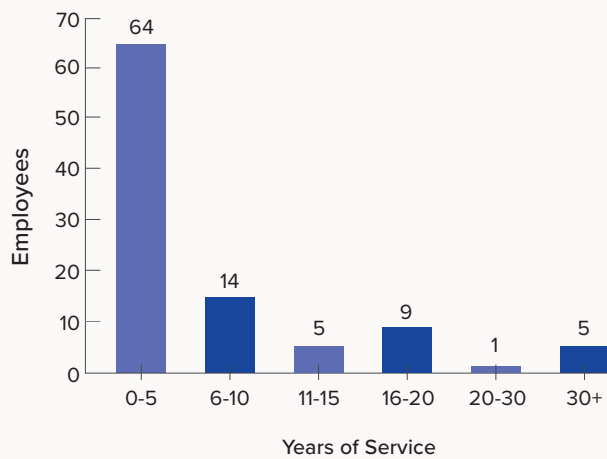




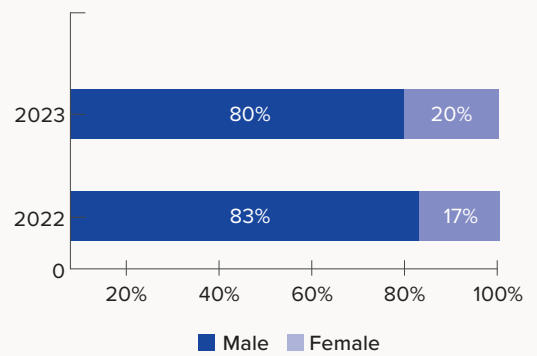
ABOVE LEFT TO RIGHT:
PAUL BROWN, LES TAVENDALE,
GRAHAM DAWE AND GRAHAM JONES,
CIRCA 1970'S
Network Waitaki Archives

NETWORK WAITAKI

LENGTH OF SERVICE



GENDER BALANCE MOVEMENT





Customer and Community

Network Waitaki is proud to be 100% locally owned by the Waitaki Power Trust and together we are dedicated to sharing the benefits of trust ownership with our customers and community.

POWERING OUR COMMUNITY

There were many community events that were continued to be impacted as a result of the ongoing restrictions, however Network Waitaki's commitment to supporting the wellbeing and growth of the community we have proudly served for the last 100 years is stronger than ever.

Trust ownership enables Network Waitaki to be fully engaged in promoting and supporting our community through a wide variety of initiatives and activities including the annual Community Sponsorship Programme.

In 2022, the Network Waitaki Sponsorship Programme attracted a large number of applications, for a wide range of projects, services and activities within our network relating to health care, maintenance/upgrading of facilities, disabled, the arts and education as well as initiatives focused on public safety and energy efficiencies. A total of 49 applications were received, with Grants paid to a diverse range of community groups totalling \$120,000, including five multi-year sponsorships.

Our silver sponsorship agreement with the Otago Rescue Helicopter Trust continued into its third year of a five-year agreement, offering access to much needed medical support for our community. As the year drew to a close, it was refreshing to see the return of some key community events such as the Network Waitaki sponsored Victorian Fete which this year celebrated our heritage.

Many families also braved the chilly temperatures to come along to the Light the Tree event that brought the community together in Oamaru to celebrate the festive season. Network Waitaki continues to support and contribute to the community Christmas trees located in Oamaru and Kurow each festive season as part of a five- year sponsorship agreement.



STAFF PICNIC EARLY 1900'S
Network Waitaki Archives

POWERING —OUR— COMMUNITY

WE LOVE OUR CUSTOMERS

Customers are at the heart of everything we do at Network Waitaki, and we are always looking for ways we can continue to support and improve the experience of our customers and community when engaging with Network Waitaki.

With the average New Zealand household spending around \$2,500 a year on energy and heating, and facing the increased pressure of rising energy costs, Network Waitaki developed a number of new initiatives to deliver the Stay Safe. Stay Warm. Save Power message to help our customers increase energy efficiency within the homes and be safe around electricity.

To help address these issues, Network Waitaki launched the Healthy Home Toolbox in partnership with Waitaki District Libraries to help improve energy efficiency of homes throughout the Waitaki region. The Healthy Home Toolbox has been made available to borrow free of charge from all the libraries throughout our region, and the interest prompted us to increase the number of toolboxes within the area to meet demand.

There was an early payment of \$1.0 million discount that was made to our connected customers in December/January. This was brought forward from last year's payment in January/February, helping to ease increased costs over the Christmas season.

Network Waitaki also supported our more rural customers during the 2022 South Island Dairy Event which brought over 450 farmers from all around the Waitaki region and the greater South Island to Oamaru for the two-day event. It provided an opportunity to engage with our rural customers regarding important topics such as safety around electricity on the farm as well as vegetation and tree trimming around power lines, areas that can potentially help them to save money and stay safe.

SWITCH ON TO SAFETY

It was the second year Network Waitaki had worked in partnership with Stronger Waitaki and Fire and Emergency New Zealand to host our Clued-Up Communities Free Expo. The family fun day was held at the Oamaru Fire Station, attracting a diverse range of community groups who helped deliver the message of staying safe, staying warm and saving power to a record number of young and old who came along to join in the fun.

Network Waitaki was also invited by some of the local rural schools to participate in their Farm Safety Day, which was aimed at teaching children from farming communities about health and safety on the farm. Our team shared our "Staying Safe with Zippy" activity book that shows young children how to be safe around electricity in the home, outdoors, on the farm by teaching them basic electricity safety lessons in a fun and engaging way.

SWITCH ON YOUR FUTURE

Our Switch on Your Future campaign works in collaboration with our region's intermediate and secondary schools providing students the opportunity to discover the many careers available to young people within the electricity industry. For example, it is not just about being a Line Mechanic, there are careers in Information Technology, Finance, Administration and Engineering that are offered as part of the Network Waitaki Scholarship Programme. The annual campaign includes on site work experience, careers events, and participation in the school's GATEWAY programme, offering students the chance to gain work experience at Network Waitaki's main office located in Oamaru, to talk first hand with our people about what they do, and discover how a career within a business and industry that is rich in its history and in the midst of exciting growth and development, can be an Employer of Choice for their future.

In 2022, Network Waitaki offered scholarships to two students studying Engineering, and assisted a number of young people with Grants to help them participate on the world stage, combat climate change and develop as our region's future leaders.



STAYING SAFE WITH ZIPPY ACTIVITY BOOK



WAITAKI POWER BOARD
DEMONSTRATOR JULIE SPEER IN
THE WEPB SHOWROOM, 1980.
Network Waitaki Archives

Network Performance

Energy volumes delivered for the year at 284.0 GWh were 37.3 GWh up from the 246.7 GWh in the previous year largely as a result of increased dry periods over the summer leading to increased irrigation demand. Whilst this reflects a more favourable revenue position than budgeted, the future revenue risk associated with having a large number of seasonal and weather dependent loads on the network continues to influence our decision to move towards a predominantly fixed pricing strategy.

The network performed well during the year with overall unplanned outage (fault) numbers favourable to our targets and showing an improvement on the previous year with 136 high voltage network faults compared to 152 in the previous year. However, a small number of events on our subtransmission lines impacted significantly on our unplanned reliability measures of SAIDI and SAIFI due to the large number of customers impacted. Our key reliability measures were a favourable SAIDI result of 117.6 minutes against target of 150 minutes (down from 166.9 minutes) and an unfavourable SAIFI result of 1.37 against target of 1.2 (down from 1.96).

The unfavourable SAIFI result was largely due to the impact of a relatively small number of unplanned (fault) outages that impacted on a significant number of our customers. The number of planned outages for network works was largely in line with target and reflected a large amount of activity on the network associated with proactive asset replacement, new connections, and large construction projects. We continue to analyse the contributing factors to the network performance results and look to continually refine and improve our asset management practices on the network. Our overall network performance remains favourable to our peers and industry averages and is one of the higher performing rural networks in the country.

2023 Highlight

Highlight for the year was the landing of our network development strategy to deal with the decarbonisation goals for both our region and our customers. This involved planning the installation of a new Transpower Grid Exit Point (GXP) for the region and the integration and upgrade of our sub-transmission overhead network into this GXP. We expect the new GXP to be commissioned by 2027 to meet increased demand forecasts.

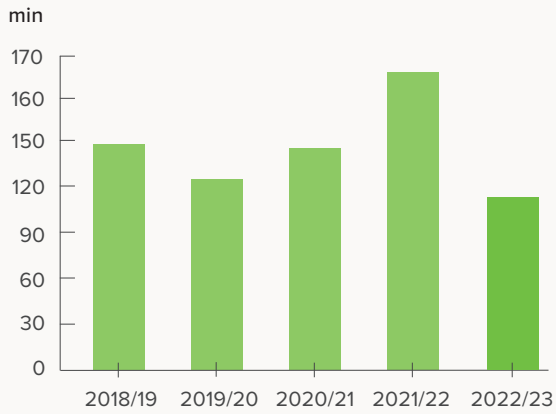
We have invested \$12.3M (\$9.0M capital expenditure, and \$3.3M operational expenditure) directly into maintaining and developing the network. This included capital works to improve the security and reliability of the network of our network, seismic upgrades to zone substations and the condition-based replacement of poles and conductors across the network.

To ensure we can continue to operate a safe and reliable network which meets our future customer needs, and to enhance our capability for managing and optimising future investments in the network, we have had a focus on developing our systems and capability. This includes significant investment and development to enhance people and asset management systems, and to align ourselves with recognised asset management standards. A key focus is improving our collection and analysis of data and network information, working in the digital space, and through the implementation of our Digital Utility roadmap which was developed in 2022.

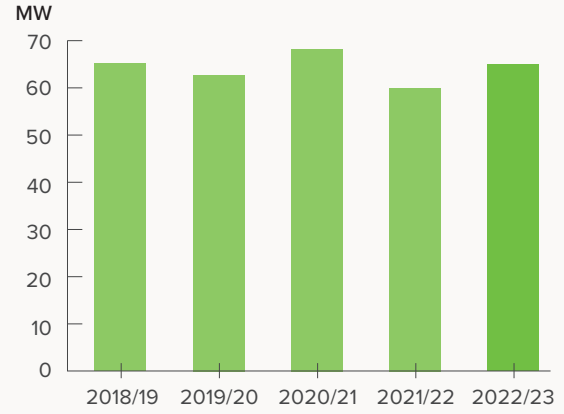


PUKEURI SUB STATION, CIRCA 1980'S
Network Waitaki Archives

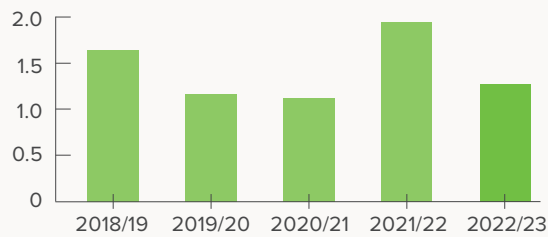
SAIDI RESULT – AVERAGE OUTAGE DURATION



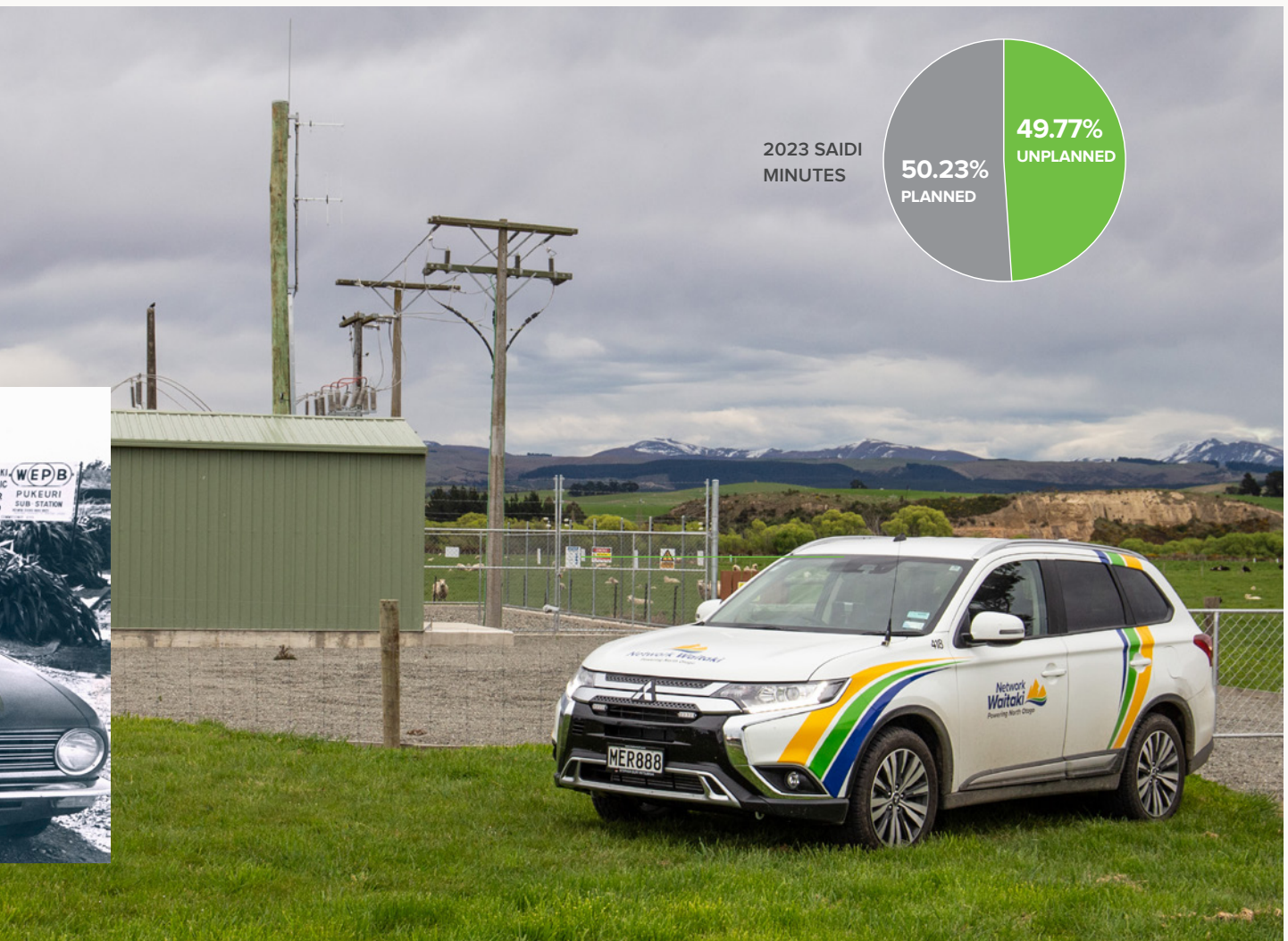
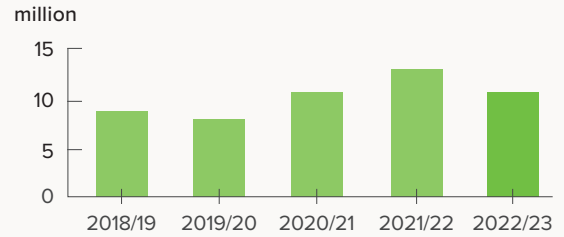
MAXIMUM DEMAND ON THE NETWORK



SAIFI RESULT – AVERAGE OUTAGE FREQUENCY



CAPITAL INVESTMENT IN NETWORK



Energy Technology

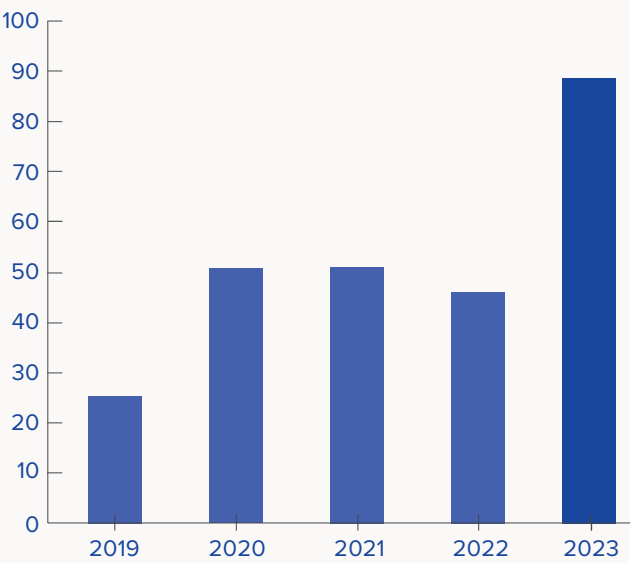
Electric Vehicle Charging

We own and operate a network of electric vehicle fast charging stations across our network area to promote and encourage the uptake of electric vehicles and to support New Zealand's aim to reduce carbon emissions. At present we have five chargers located in Oamaru, Hampden, Kurow and Omarama.

After two years of COVID affected travel, during the past year we have seen strong growth in the usage of our chargers. With continued growth in customer demand, we are looking to implement a strategy to enhance our EV charging fleet to meet the customer requirements and expectations.

We are continuing to work in conjunction with the EECA Low Emissions Vehicle fund to identify opportunities to enhance the customer experience by reducing congestion at EV charging sites. We are also looking to provide resiliency and redundancy at our Omarama site by installing a second charger in the next year. This is due to the site being viewed as a critical charging spot for travellers crossing the Lindis Pass between Central Otago, North Otago and Canterbury.

PUBLIC EV CHARGING (MWH DELIVERED)





THINK ELECTRIC DEMONSTRATION,
CIRCA 1980'S
Network Waitaki Archives

Fibre Network

Our fibre network performed well throughout the year and delivered revenue of \$449,870. This business unit remained profitable, and profits were in line with expectation.

Metering

We own and operate a fleet of revenue meters and customer side load control devices which are leased to energy retailers trading on our network. From this, we received revenue for metering of \$421,494 for the year.

Future View

We believe our network will provide a platform and be a key enabler for the decarbonisation of our region, across customers' homes and businesses, as well as transportation, and our strategy is to enable choice for our customers to connect and utilise their distributed energy resources as they wish.

We forecast that there will be a high growth of decarbonisation and irrigation load over the next 10 years along with increasing uptake of emerging technologies such as EVs, solar photovoltaic systems, and battery storage systems nearer the end of this period and increasing rapidly in the decade following.

Most of these technologies will be connected to our low voltage networks. Historically, demands on these networks have been predictable and stable over time and our low voltage networks have had very little in the way of monitoring. In order to quantify the impact of these emerging technologies we need to invest in systems that provide us useful data about the performance of our low voltage networks. This will allow us to monitor both the capacity and quality of supply at the level of our customers and predict and react to developing problems in a timely fashion.

Further to increased complexity on our LV networks, wider management of both the transmission grid and distribution networks will require collaboration between industry partners and the use of advanced distribution management systems (digital network twins) to provide overall end-end system optimised solutions for our customers.



Contracting Performance

Contracting had a good overall result achieved through safe and reliable programme delivery with completed projects having met the expectations of stakeholders providing desired outcomes. The beginning of the financial year was challenging with the ongoing impact of COVID and winter illness, however despite this, the Contracting business delivered a sound financial performance for the year delivering a total of \$11.7 million in work for our customers, with a 24.5% increase in external revenue from the previous financial year.

Central Otago has been identified as an area of opportunity in our growth strategy, through project delivery on Aurora Energy's network. In Mid-August 2022, we achieved the successful establishment of a Central Otago based depot and field team to assist in delivery of external projects, contributing in our capacity to tender for and successfully complete Aurora Energy projects. This has assisted in increasing 2023 external revenue from \$4.06M in the previous financial year to \$5.05M (and well ahead of our 2023 budget). External work provides our team variety of work and brings revenue into the business increasing our profits and contributing to the overall performance of the business.

Our capacity for internal and external project delivery has been strengthened through increasing staff resources within our Electrical Services team providing a range of maintenance and capital project delivery solutions for the Network and our external customers. The introduction of a new Technician role has provided vital capability in the protection and communications sector, preparing us for integration of new technologies into the electricity networks we serve.

To ensure the safety of our people, pedestrians and motorists, Temporary Traffic Management requirements on worksites have evolved significantly over the last few years and have become a specialised function in its own right. With the increased demand, and a shortfall of external contractor capacity, we established an internal Traffic Management team during the year to provide a safe and effective solution in working within road corridors, and to address constraints in operational flexibility when using external contractors.

The engagement and commitment of our team is the foundation for our continued success. In preparation for the future, we have increased the number of apprentice Line Mechanics in the team with five new appointments in Oamaru, and one in Central Otago, plus one new Electrician Apprentice in Electrical Services. Bringing our total number of apprentices across the trades of Line Mechanic, Electrical Fitter and Arborist in the Contracting group to 13, continuing a commitment in employing and training local talent.

Our contracting business has an exciting and challenging strategic plan and we strive to provide our ever-growing customer base with efficient, effective solutions delivered with exceptional service.

2023 Highlight

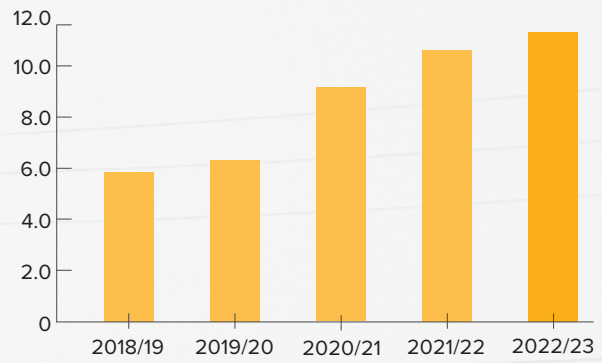
Our Contracting business has continued its growth strategy to not only deliver an enhanced programme for our own network, but also providing increased external revenue, built on strong external project delivery to our regional neighbours. Continuing to deliver strong professional, service-based relationships with these customers is key to our strategic success.



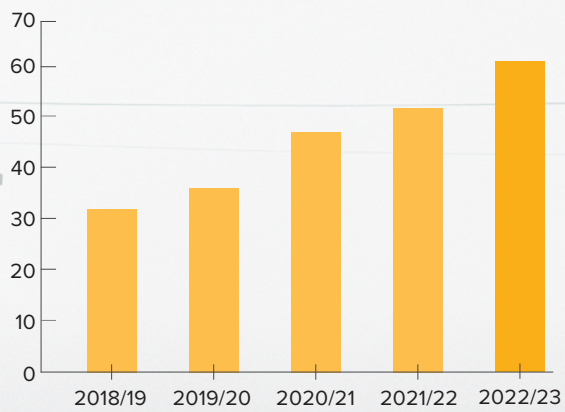
HIGH WIND DAMAGE, 220KV TOWERS 1963
Network Waitaki Archives

CONTRACTING TOTAL REVENUE

million

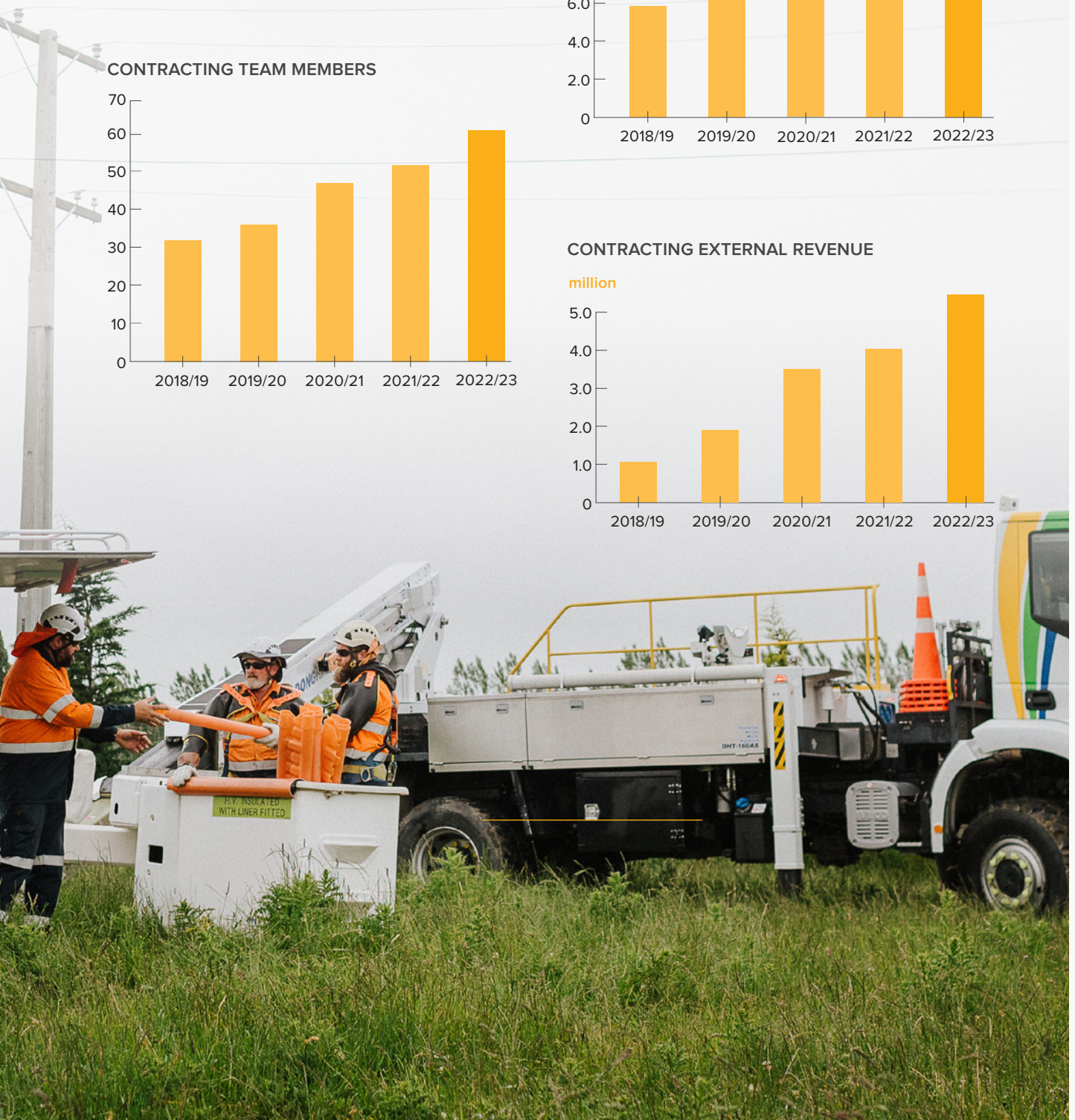
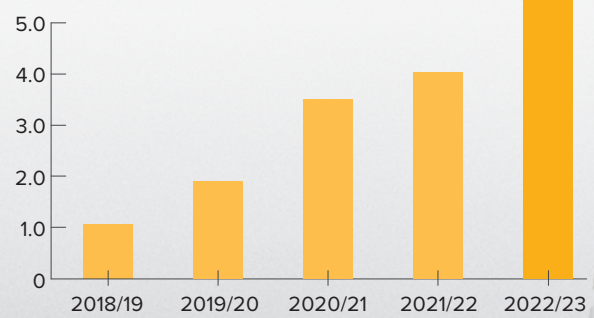


CONTRACTING TEAM MEMBERS



CONTRACTING EXTERNAL REVENUE

million



Financial Performance

Our financial performance for the year has exceeded our budget expectations, a great result showing the dedicated efforts of our team members' to achieve the Company's strategic goals.

Overall revenue was favourable to budget at \$33.0 million, up \$3.7 million on last year. Revenue growth against budget has been driven by increased contracting external revenue (\$1.0 million) up 24.5% on 2022 FY, increased line revenue with higher than budgeted energy volumes (\$0.4 million), and an increase in new connections (\$0.5 million).

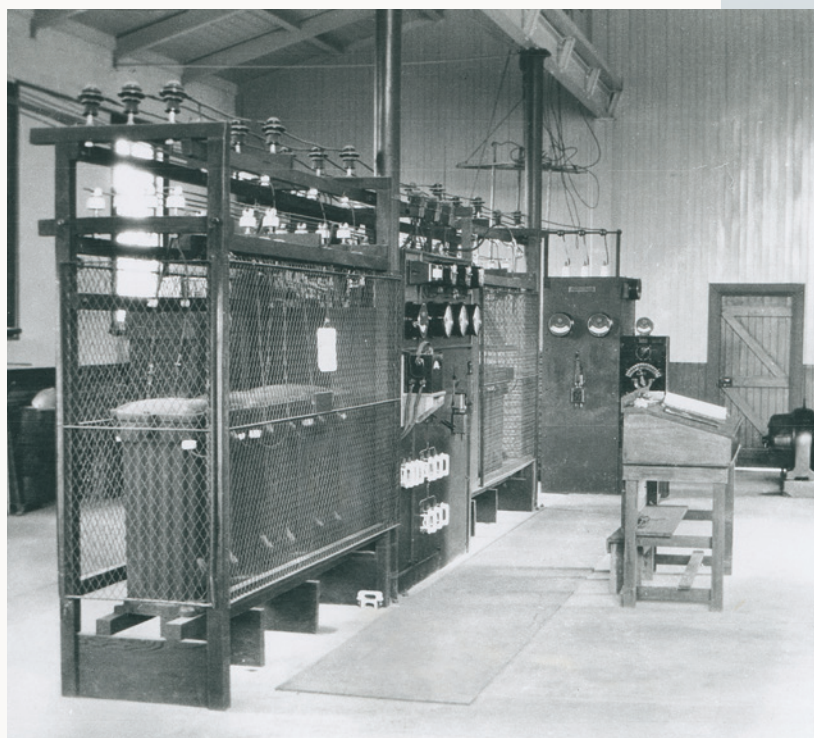
Growth in external contracting revenue has been achieved through the implementation of a new depot in Central Otago (outside the existing network region). As a result of this strategic move, we are proud to report that it has resulted in additional external revenue opportunities, demonstrating the benefits of expansion into neighbouring regions.

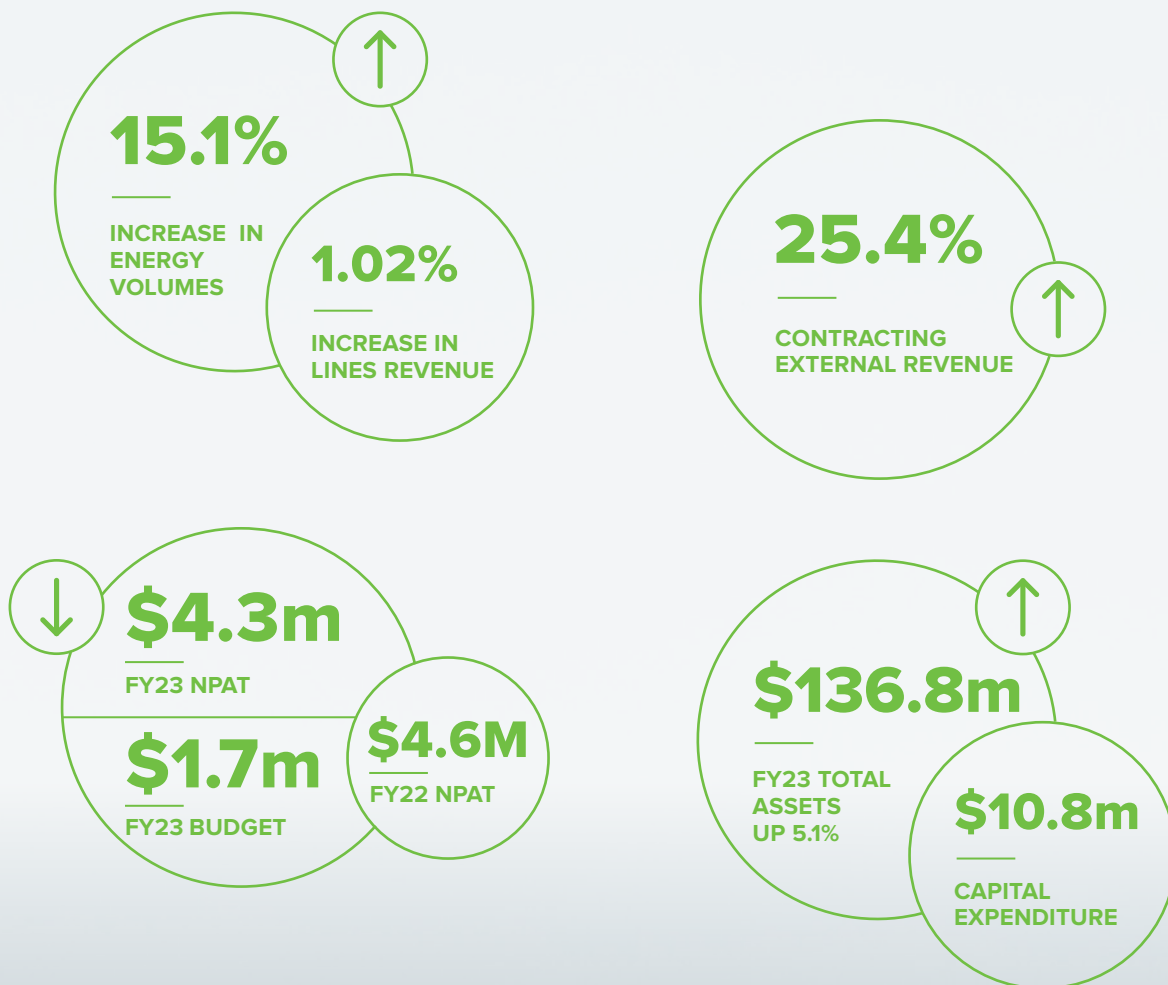
Like most businesses, we have not been immune to the impacts of extraordinary inflation pressures on our operating costs in this past year and combined with high levels of disruption from COVID earlier in the year, and delays through the supply chain, this has resulted in a profitability reduction from the previous year. However, investments made into employees, inventory and equipment have set us up to make sure that we are well placed to meet the demands of the industry going forward.

The resulting NPAT for 2023 was \$4.3 million up on the budgeted \$1.73 million outlined in our SCI. It should be noted that there was a \$1.25 million provision made for the sponsorship of the Waitaki Events Centre which was not requested to be paid as this project has been met with some delays. Even with this adjustment we have achieved a remarkable financial result which demonstrates our commitment to sustainable growth and our solid financial stability.

The financial performance has generated operating cashflows of \$7.7 million, down from \$9.9 million in 2022, enabling capital investment into plant, equipment and network assets totalling \$10.8 million to be completed whilst still maintaining cash reserves of \$3.0 million at year end.

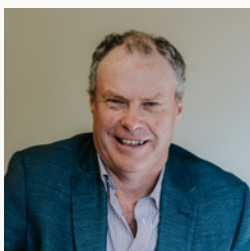
INSIDE THE CROSS STREET
POWER HOUSE, 1918
Network Waitaki Archives





Board of Directors

THAMES STREET
BUILDING, 1973
Network Waitaki Archives



Chris Dennison
BCom (Ag)
Chairman

Chris joined the Board in 2013 and was appointed Chair in 2017. Chris owns a family farming business at Hilderthorpe growing a range of arable crops as well as a dairy farm. In addition to a BCom (Ag) Chris is a graduate of the Rabobank Executive development programme.

Chris is a Chartered member of the Institute of Directors and has held governance positions with Ravensdown Fertilizer, Farmlands Cooperative, TracMap, and Lower Waitaki Irrigation as well as leadership roles within Federated Farmers and the Waitaki Irrigators collective.

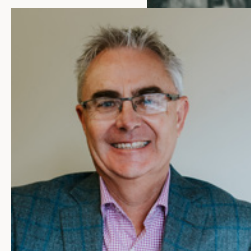


Chris Bailey
MSc, B PhD (Hons), Grad Cert ACE Mgmt, Dip Proj Mgmt
Director

Chris joined the Board in 2017. Chris is a leadership coach and professional director. Current governance roles include i.t.online, Cactus Outdoor, Albion Clothing, Queenstown Medical Centre, Millpond, GreenHalo and Quigley Contracting.

He has won awards in governance and business innovation and has previous Board experience in not-for-profits and digital start-ups.

Chris was an executive at High Performance Sport NZ and at Veterinary Enterprises Group.



Michael de Buyzer
LLB Notary Public
Director

Michael joined the Board in 2019. He has been a partner with Berry & Co, Lawyers, Oamaru (who have offices in Queenstown and Invercargill) for over 30 years.

Michael was a Director of Whitestone Contracting Limited from 2008 until 31 December 2021, serving the last 5 years as company Chair. Michael is a founding trustee of the Observatory Village Charitable Trust, the sole shareholder of the Observatory Village companies which have developed and operate North Otago's largest Aged Care Facility caring for 120 plus residents and has been the Trust Chair since 2019.

A former Director of the Highlanders Rugby Franchise and NZ Law Limited, Michael has extensive governance experience and a broad legal practice which incorporates provision of advice to a varied mix of commercial entities.



Jonathan Kay
BE (Chemical & Materials)
(Hons), ME, DipBus
Director

Jonathan joined the Board in 2019. Jonathan brings a wealth of experience in the energy sector, in particular the commercialisation of emerging technologies. He is currently Chair of Waipa Networks and a Director of Whitestone Contracting.

Prior to this he has held senior management positions at Vector, Unison Networks and Landis+Gyr.



Mike Underhill
BE (Electrical), MCom (Hons),
FENZ, AMP (Harvard)
Director

Mike joined the Board in 2018, and is the Chair of the Risk Committee. Mike has had extensive governance and management experience in the energy sector. He is currently a director of Electra and Chairs its Audit & Risk Committee. Mike also has multiple roles as Director of Wellington Water and Chair of their Major Projects Committee as well as Director of The Lines Company and Chair of their Company Regulatory and Asset Management Committee. Previously he has been a director of TransAlta NZ, Citipower, EECA and chaired the Security and Reliability Council of the Electricity Authority. Mike has also held CEO roles at EnergyDirect, WEL Networks, TransAlta NZ and EECA.

He has had national involvement in the deregulation and utilisation of Electricity, he was a member of the Electricity Industry Task Force and a director of the Transpower Establishment Board. Mike spent some years in Samoa with VSA and became the Chief Engineer of the EPC. Mike is passionate about energy efficiency and renewables and the potential they have for mitigating climate change.



Tony Wood
BCom CA
Director

Tony joined the Board in 2012 and is Chair of the Finance and Audit Committee. He is a Chartered Accountant operating a medium sized practice in Oamaru from which he is able to bring a wealth of both business and local knowledge to the Board.

He is active in the local community, past Chair of North Otago Search & Rescue and currently Section Leader for Amateur Radio Emergency Communications in North Otago.

Management Team



Geoff Douch
Chief Executive

Geoff was appointed as Network Waitaki's Chief Executive in April 2019. Prior to joining Network Waitaki, Geoff held senior management roles at Counties Power and Wellington Electricity, with responsibility for network management and operations. Previous experience includes commercial, engineering and project management roles within the electricity distribution sector.

He has a degree in Electrical Engineering, a Graduate Diploma in Business, has completed the Advanced Management Programme at the Melbourne Business School and is a Member of the Institute of Directors and the Institute of Engineering and Technology (UK). Geoff is currently the vice president of the Electricity Engineers Association.



Shane Watson
GM Network

Shane was appointed in October 2021 to the newly created role of General Manager Network. He is responsible for the strategic development and operational management of the electricity and fibre networks, metering, and energy technology assets to ensure the delivery of safe, reliable, and cost-efficient electrical energy to meet the current and future needs of our customers and community.

Shane has held roles in the electrical distribution and transmission industry, with over 30 years' experience across consulting, asset management, engineering, procurement and delivery of major projects.

Shane has a degree in Electrical and Electronics Engineering, a Master of Business Administration Degree, is a current Chartered member of Engineering NZ and a Chartered member of Institute of Directors. He is also currently a Trustee of the Power Engineering Excellence Trust.



Victoria Sergel
Chief Financial Officer

Victoria was appointed as the Chief Financial Officer in September 2021. Victoria brings with her over 10 years of experience in financial leadership roles predominantly in the manufacturing and construction sector. Her most recent role being Financial Controller for Terra Industrial NZ Ltd, part of the Sime Darby Industrial Group.

She has a degree in Commerce (Accounting) from University of Canterbury and is a Member of the Chartered Accountants Australia and New Zealand, Institute of Directors, and Institute of Finance Professionals New Zealand Inc.



Derek McGee
GM Contracting and Operations

Derek has over 50 years engineering, construction and management experience working for Network Waitaki and its predecessors.

As GM Contracting and Operations, Derek is responsible for ensuring Network Waitaki has a safe and effective field operations team to deliver the construction and maintenance requirements of the company, and to provide contracting services to our valued internal and external customers.

He has an NZCE (Electrical), is a Registered Engineering Associate, and is an Associate Member of Engineering New Zealand.



Chris Webb

Health, Safety and Risk Manager

Chris was appointed in 2019 and has responsibility for the health, safety, and risk management functions of the business.

Chris has experience in health and safety management across a range of industries including manufacturing, construction, mining and the public sector within Australia and New Zealand.

Chris has a range of qualifications in health and safety, training design and delivery, auditing, including a Graduate Diploma in Occupational Health and Safety. He is a Professional Member of the New Zealand Institute of Safety Management and a Member of Risk New Zealand.



Michelle MacLean

Customer and Community Relations Manager

Michelle was appointed as Customer and Community Relations Manager in November 2020. This role was created to focus on proactively improving Network Waitaki's connection and engagement with our customers and our community on all levels as well as promoting customer care throughout Network Waitaki.

Michelle brings a depth of customer experience from senior advisory positions held across a variety of industries. Michelle's expertise lies in developing and maintaining effective working relationships with all our customers and understanding their needs to enable Network Waitaki to deliver a higher standard of service.



Alan Hasell

Information and Digital Technology Manager

Alan was appointed in 2019, to lead the Information and Digital Technology team.

Alan has substantial IT experience with management roles in Application Development, IT Operations, Architecture and Security, and holds current certificates in Project Management, IT standards, and IT security.

Alan has worked across government and private sector including previous experience in the electricity sector for Network Waitaki's predecessor and a national retailer, as well as more recent management experience in IT operations and security for a large government department.



Gina Cavanagh

People and Culture Manager

Gina was appointed in March 2023 in the newly created role of People and Culture Manager.

Gina has come from a generalist human resources background, working across a number of different industries including previously working for a Dunedin based network and contracting company.

As a strategic partner to the leadership team, the role of People and Culture Manager ensures that the organisation has a diverse and engaged workforce that is aligned with the company's values and culture. Gina looks to foster a positive and inclusive workplace culture that promotes employee well-being, growth, and career advancement.

Governance Report

Roles and Responsibilities of the Board and Management

The primary objective of the Board is to protect and enhance the value of the company.

To ensure that Network Waitaki's business objectives and strategies are achieved and to deliver value to the Company and its shareholder, the Board strives to understand, meet and appropriately balance the expectations of all its stakeholders, including its employees, customers and the wider community.

In carrying out its responsibilities and powers, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law. The Board works to promote and maintain an environment within Network Waitaki that establishes these principles as basic guidelines for all of its employees and representatives.

The Chief Executive has responsibility for the day-to-day management of Network Waitaki. He is supported in this function by the Network Waitaki management team. Details of the members of the management team are set out on pages 36-37 of this annual report and on our website (<https://www.networkwaitaki.co.nz/company/about-nwl/network-waitaki-management-team/>). The Board maintains the ultimate responsibility for strategy and control of Network Waitaki.

Board Membership

Network Waitaki's Board comprises experienced directors from diverse backgrounds and who govern the Company on behalf of its shareholder and other stakeholders. The Board comprises six directors, all of whom are non-executive.

Biographies are set out on pages 36-37 of this annual report. The current directors possess an appropriate mix of skills, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company's strategic priorities.

Director Independence

The Board has reviewed the position and relationships of all directors in office and considers that all directors are independent.

Board Committees

There are currently two Board committees, a Finance and Audit Committee and a Risk Committee. Each committee has a written charter setting out its purpose, objectives, responsibilities, structure and composition, meetings, procedure, authority and reporting.

The members and chairs of each committee are:

Committee	Members
Finance and Audit Committee	Tony Wood (Chair)
	Chris Bailey
	Chris Dennison
Risk Committee	Mike Underhill (Chair)
	Michael de Buyzer
	Jonathan Kay

External Auditor

In accordance with Section 45 of the Energy Companies Act 1992, the Controller and Auditor-General are responsible for the audit of Network Waitaki Limited. In accordance with Section 29 of the Public Finance Act 1977, the Controller and Auditor-General have contracted the audit of Network Waitaki Limited to John Dixon using the staff and resources of PricewaterhouseCoopers. The auditor's fee for 2022/23 is \$90,947 (2021/22 was \$73,900).

Risk Management

Network Waitaki operates in an environment where it is subject to a wide range of operational and strategic risks. Network Waitaki has a systematic approach to identifying and managing those risks to ensure it operates a safe, compliant, and sustainable business, with clear accountability for risk management across the business.

Risk management is overseen by the Board through its risk subcommittee, chaired by Mike Underhill. The Board remains responsible for approving risk management policy, setting and monitoring the risk appetite for the business, and ensuring management have an effective risk management framework in place.

The key objectives of Network Waitaki's approach to risk management are:

- To protect people, the community, assets, reputation and financial position through effective identification, assessment, and management of risks
- To ensure the business remains sustainable, relevant and maintains its social license to operate
- To achieve the mission, vision, and strategic objectives within an acceptable level of risk (our risk appetite)
- To maintain a flexible and evolving risk management framework aligned to the AS/NZS ISO31000 Risk Management Standard
- To ensure the business has effective systems and tools to assist in the management and reporting of risks
- To consider the risks and opportunities arising from climate change, including the impact on the network and our business alongside changes to government policy and legislation
- To regularly assess new or emerging risks, and to reassess previously identified risks in all aspects of the business operation
- Consideration of all types of risks and how robust risk management supports better informed decision making
- To regularly review the effectiveness of risk controls, and where necessary undertake assurance activities to verify effectiveness of controls
- To ensure transparency and awareness of risks and risk controls across the business, including to Board level
- To promote risk management processes and foster a culture of risk management awareness in all aspects of the business operations.

Internal Audit

Network Waitaki does not consider its scale large enough to require a dedicated independent internal audit function.

Ethical and Responsible Behaviour

Underpinning our commitment to ethical and responsible behaviour is our code of conduct. The key principles of our code of conduct include:

- At Network Waitaki, we work ethically and professionally, aiming for excellence in everything we do
- We are committed to providing a modern, inclusive, and safe work environment that supports our employees and customers
- Network Waitaki employees will conduct themselves with integrity, will be fair and honest in their dealings and will treat others with the dignity they deserve
- Integrity at Network Waitaki means doing the right things and behaving properly at all times
- Network Waitaki will ensure employees understand that the way they conduct themselves as they go about their business has a direct relationship with the way people view the company
- Our team must work together and in partnership with customers and the wider community to provide a safe and healthy environment. We recognise how we behave reflects on Network Waitaki's reputation
- Minimum standards of behaviour and performance are necessary so that a harmonious and safe environment may exist in the workplace.

Trend Statement

Financial Performance

\$000's	2023	2022	2021	2020	2019
Operating Revenue (including interest)	33,038	29,294	29,237	25,875	23,150
Profit before Tax	6,057	6,430	8,430	5,758	3,994
Taxation	(1,710)	(1,816)	(2,181)	(1,549)	(1,213)
Net Surplus	4,346	4,614	6,249	4,209	2,781
Customer Discounts	1,000	991	1,482	1,167	1,479

Financial Position

\$000's	2023	2022	2021	2020	2019
Current Assets	13,396	11,940	14,947	13,421	11,481
Non-Current Assets	123,366	118,205	112,102	104,702	100,409
Total Assets	136,762	130,145	127,049	118,123	111,890
Liabilities	24,988	22,617	24,015	21,339	19,315
Net Assets	111,774	107,528	103,034	96,784	92,575
Share Capital	14,571	14,571	14,571	14,571	14,571
Retained Earnings	97,203	92,957	88,463	82,213	78,004
Equity	111,774	107,528	103,034	96,784	92,575

Financial Ratios

	2023	2022	2021	2020	2019
NPBT to Shareholders Funds	5.42%	6.0%	8.2%	5.9%	4.3%
NPAT to Shareholders Funds	3.9%	4.3%	6.1%	4.3%	3.0%
Ratio of Shareholders' Funds to Total Assets	81.7%	82.6%	81.1%	81.9%	82.7%
NPBT Earnings Per Share in Cents	43.26	45.93	60.22	41.13	28.53
Net Assets Per Share	\$7.98	\$7.68	\$7.36	\$6.91	\$6.61

Network Performance

	2023	2022	2021	2020	2019
SAIDI (normalised)	117.59	166.94	146.70	124.11	148.29
SAIFI (normalised)	1.37	1.96	1.18	1.21	1.68

Directors' Responsibility Statement

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of Network Waitaki Limited as at 31 March 2023 and its financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of Network Waitaki Limited have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates and that all relevant reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of Network Waitaki Limited and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider they have taken adequate steps to safeguard the assets of Network Waitaki Limited and to prevent and detect fraud and other irregularities.

The Directors have pleasure in presenting the Financial Statements of Network Waitaki Limited for the year ended 31 March 2023.

The Board of Directors of Network Waitaki Limited authorises these Financial Statements for issue on 29 May 2023.

For and on behalf of the Board of Directors.



Chris Dennison
Chairman of the Board



Tony Wood
Chairman of the Finance and Audit Committee

Financial Statements

These financial statements should be read in conjunction with the attached notes.

Comprehensive Income

for the year ended 31 March 2023

\$NZD	Notes	2023	2022
Operating Revenue	1	33,038,289	29,284,201
Less Customer Discount		(999,710)	(991,290)
Operating Revenue after Customer Discount		32,038,579	28,292,911
Less Operating Expenses	2	(10,869,115)	(7,939,799)
Transmission Costs		(4,529,103)	(4,231,177)
Employee Costs		(5,135,209)	(4,287,062)
Depreciation and Amortisation	3	(5,411,308)	(5,325,419)
Operating Profit		6,093,844	6,509,454
Finance Income		48,259	9,375
Finance Costs		(85,491)	(88,874)
Finance Income (Expense) Net		(37,232)	(79,499)
Profit Before Tax		6,056,612	6,429,955
Taxation	17	(1,710,376)	(1,815,713)
Net Profit for the Year		4,346,236	4,614,242
Total Comprehensive Income		4,346,236	4,614,242

Changes in Equity

for the year ended 31 March 2023

\$NZD	Share Capital	Retained Earnings	Total Equity
Balance at 1 April 2021	14,571,119	88,462,527	103,033,646
Profit for the year, being total comprehensive income	-	4,614,242	4,614,242
Dividend Paid	-	(120,000)	(120,000)
Balance at 31 March 2022	14,571,119	92,956,769	107,527,888
Balance at 1 April 2022	14,571,119	92,956,769	107,527,888
Profit for the year, being total comprehensive income	-	4,346,236	4,346,236
Dividend Paid	-	(100,000)	(100,000)
Balance at 31 March 2023	14,571,119	97,203,005	111,774,124

Financial Statements

These financial statements should be read in conjunction with the attached notes.

Financial Position

as at 31 March 2023

\$NZD	Notes	2023	2022
Assets			
Current Assets			
Cash and Cash Equivalents	12	2,984,874	6,126,972
Trade and Other Receivables	5	6,094,954	3,235,361
Inventories	6	4,091,370	2,546,655
Work in Progress		225,278	31,150
Total Current Assets		13,396,476	11,940,138
Non-Current Assets			
Property, Plant and Equipment	9	122,586,376	117,170,684
Right-of-use Assets	10	536,987	692,104
Intangible Assets	11	242,677	341,794
Total Non-Current Assets		123,366,040	118,204,582
Total Assets		136,762,516	130,144,720
Liabilities			
Current Liabilities			
Trade and Other Payables	7	5,092,850	3,161,813
Employee Entitlements	8	847,428	706,893
Lease Liabilities	10	177,287	191,959
Taxation Payable		56,230	159,415
Total Current Liabilities		6,173,795	4,220,080
Non-Current Liabilities			
Loan from Waitaki Power Trust	13	1,150,000	1,150,000
Lease Liabilities	10	408,005	549,155
Deferred Tax	17	17,256,592	16,697,597
Total Non-Current Liabilities		18,814,597	18,396,752
Total Liabilities		24,988,392	22,616,832
Equity			
Share Capital	14	14,571,119	14,571,119
Retained Earnings	15	97,203,005	92,956,769
Total Shareholders' Equity		111,774,124	107,527,888
Total Liabilities and Shareholders' Equity		136,762,516	130,144,720

NETWORK WAITAKI

Financial Statements

These financial statements should be read in conjunction with the attached notes.

Cash Flows

for the year ended 31 March 2023

\$NZD	Notes	2023	2022
Cash Flows from Operating Activities			
<i>Cash was Provided from:</i>			
Receipts from Customers		29,178,986	28,267,336
Interest Received		48,259	9,375
		29,227,245	28,276,711
<i>Cash was Disbursed to:</i>			
Payments to Suppliers and Employees		(20,191,033)	(16,445,112)
Income Tax Paid		(1,254,566)	(2,206,712)
Interest Paid		(85,491)	(88,874)
Net GST Paid		(9,665)	353,998
		(21,540,755)	(18,386,700)
Net Cash from Operating Activities	4	7,686,490	9,890,011
Cash Flows from Investing Activities			
<i>Cash was Applied to:</i>			
Purchase of Property, Plant and Equipment and Intangible Assets		(10,532,931)	(12,987,885)
		(10,532,931)	(12,987,885)
Net Cash from Investing Activities		(10,532,931)	(12,987,885)
Cash Flows from Financing Activities			
<i>Cash was Applied to:</i>			
Dividends Paid		(100,000)	(120,000)
Principal Elements of Lease Payments		(195,657)	(191,959)
Net Cash from Financing Activities		(295,657)	(311,959)
Net Increase/(Decrease) in Cash Held			
		(3,142,098)	(3,409,833)
Cash and Cash Equivalents at Beginning of the Year		6,126,972	9,536,805
Cash and Cash Equivalents at End of the Year		2,984,874	6,126,972

Notes to the Financial Statements

Reporting Entity

Network Waitaki Limited is a consumer trust-owned electricity distribution network operator in the Waitaki region. The Company's registered office is 10 Chelmer Street, Oamaru, New Zealand. Network Waitaki Limited is wholly owned by Waitaki Power Trust. Network Waitaki Limited is a limited liability company incorporated and domiciled in New Zealand.

Date of Approval

These financial statements have been approved for issue by the Board of Directors on 29 May 2023. The directors' do not have the power to amend the financial statements after its issue.

Basis of Preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as applicable for profit-oriented entities.

Network Waitaki Limited is:

- a New Zealand registered company under the Companies Act 1993
- an energy company as defined in the Energy Companies Act 1992.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Companies Act 1993 and the Energy Companies Act 1992.

The Company is eligible and has elected to report in accordance with Tier 2 for-profit accounting standards, NZ IFRS Reduced Disclosure Regime (NZ IFRS RDR) on the basis that the company has no public accountability and is not a large public sector non-profit entity. In adopting NZ IFRS RDR, the company has taken a number of disclosure concessions. The Company is a profit-oriented entity for the purpose of complying with NZ IFRS RDR.

Functional and Presentation Currency

The Company's financial statements are presented in whole New Zealand dollars, which is the Company's functional and presentation currency.

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date. Foreign currency monetary items at balance date are translated at the exchange rate in effect at the balance date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates ruling at the date when the fair value is determined.

Exchange differences on foreign currency balances are recognised in the Statement of Comprehensive Income in the period that they occur.

GST

The Statement of Comprehensive Income and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of receivables and payables.

Measurement Base

The financial statements have been prepared on the historical cost basis, and its modification by the revaluation of certain assets as identified in specific accounting policies below. Accounting policies adopted and applied ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

Use of Accounting Estimates and Judgements

The preparation of financial statements in conformity with NZ IFRS RDR requires management to make certain critical accounting estimates and judgments that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable in the circumstances.

These estimates and judgments form the basis for the carrying values of assets and liabilities where these are not readily apparent from other sources. Actual results may differ from these estimates.

Notes to the Financial Statements

Estimates and underlying judgments are regularly reviewed. Any changes to estimates are recognised in the period if the change affects that period, or in future periods if the change also affects future periods.

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

- Network reticulation assets are depreciated at the rates determined by the Commerce Commission in the Electricity Distribution Services Input Methodologies. These rates are considered a reasonable estimate of useful lives. Depreciation rates applied are outlined in Note 9.
- Lease Liabilities. Key accounting estimates have been applied in respect of the useful life, recoverable amount and incremental borrowing rates applied to the valuation of lease liabilities. These are outlined in Note 10.
- Long service leave entitlements are recognised on a proportional basis as probability of entitlement increases. This is outlined in Note 8.

Further details and the accounting policies utilising these judgements are included in Note 9 of these financial statements.

New and amended standards adopted by the company

No new or amended standards have been adopted by the company during the financial year.

Notes to the Financial Statements

Performance

1. OPERATING REVENUE

Network Lines Revenue

The Company provides network lines services to customers allowing connection to the wider distribution network. Such services are recognised as a series of distinct goods or services and is recognised as one performance obligation satisfied over time as the customer simultaneously receive and consume the benefits of the service. Revenue is recognised as the service is being provided using an output method based on the actual delivery services provided on a daily basis.

Pricing is determined annually, and retailers are charged based on a published price schedule and quantities delivered.

Individually assessed consumers are charged based on agreed prices, demand capacity and quantities delivered. Pricing includes a transmission and distribution charge relating to the operation of the network. Payment is due in respect of the network line service in the month following the service being provided. A receivable is recognised by the Company reflecting the amount owing for services provided.

As the delivery services are a promise to transfer a series of distinct services that are substantially the same, revenue is recognised based on a measure of progress for the single performance obligation that best depicts the transfer of services to the customer. It is therefore appropriate for revenue to be recognised in line with billing, as this best reflects the transfer of value to the customer. Revenue will be recognised over time.

Capital Contributions Revenue

The Company constructs assets and provides related electrical connection services to customers to enable a connection to the wider distribution network. Such contracts are not considered to have an enforceable right to payment for the performance obligation until the connection is complete. This single performance obligation is satisfied at a point in time when the electrical connection work is complete.

Pricing is determined with reference to the time and material associated with a specific contract for electrical work is based on the level of activity required to enable a connection. Payment is generally based on 50% deposit and the remainder due at the completion of the connection. A contract asset is recognised by the Company reflecting the amount owing for services provided.

As a practical expedient in line with NZ IFRS 15, Network Waitaki has not adjusted the promised amount of consideration for any deposit received in respect of electrical contract works for a significant component. This is due to the period between the point in time Network Waitaki transfers the electrical work to the customer and when the customer pays for the electrical work being less than one year.

Contracting Revenue

The Company provides contracting services to a range of customers including the provision of labour to other electricity distribution businesses. Such contracts are not considered to have an enforceable right to payment for the performance obligation until the contracted work is complete. This single performance obligation is satisfied at a point in time when the contracted work is complete.

Pricing is determined with reference to the time and material associated with a specific job. Payment is due in respect of contracting services in the month following the service being provided. A receivable is recognised by the Company reflecting the amount owing for services provided.

Metering Revenue

Revenue received from the rental of meters is recognised in accordance with the relevant agreements.

Notes to the Financial Statements

\$ NZD	2023	2022
<i>The company derives revenue in the following major classifications:</i>		
Revenue Recognised Over Time		
Network Lines Revenue	23,029,070	20,679,311
Private Network Revenue	225,440	183,167
	23,254,510	20,862,478
Revenue Recognised at a Point In Time		
Capital Contributions	2,215,132	2,389,224
Contracting	5,053,070	4,057,070
Fault Recoveries	396,411	466,700
	7,664,613	6,912,994
Other Revenue		
Metering	421,494	423,504
Bad Debts Recovered	1	653
Fibre Rent Received	449,870	425,506
EV Charging Income	49,049	-
Property and Other Rent Received	22,053	15,808
Loss Rental Rebate	1,023,281	507,462
Other Income	153,418	135,796
	2,119,166	1,508,729
	33,038,289	29,284,201

Note:

- As at 31 March 2023, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) is \$1,443,814 (2022 \$536,735), of which 100% will be recognised as revenue during the next reporting period.
- \$536,735 of revenue recognised in the reporting period was included in the contract liability balance at the beginning of the period (2022 \$414,505).

2. OPERATING EXPENSES

\$ NZD	2023	2022
<i>Operating Expenses Comprise:</i>		
Operating Costs	6,730,125	4,804,784
Consumer Asset Costs	784,529	838,788
Directors' Fees	278,312	257,482
Insurance	825,752	545,172
Professional Fees	2,070,579	1,337,025
Audit Fees (Financial Statements) – PWC	90,947	73,900
Audit Disbursements (Financial Statements) – PWC	8,250	4,445
Taxation Services – Other firms	14,805	11,000
Regulatory Audit Including Disbursements – PWC	61,031	50,811
Other Regulatory Audits – Other firms	4,785	8,687
Bad Debts Written Off	-	7,705
	10,869,115	7,939,799

Notes to the Financial Statements

3. DEPRECIATION AND AMORTISATION

\$ NZD	2023	2022
<i>Depreciation of PPE comprises:</i>		
Buildings	128,208	108,664
Core Reticulation Network	3,513,927	3,273,345
Private Reticulation Network	69,932	54,138
Meters and Relays	-	575
Plant and Equipment	1,010,992	973,169
Fibre Network	182,308	182,308
Total Depreciation of PPE	4,905,367	4,592,199
Loss on Disposal of Property, Plant and Equipment	182,369	380,889
Total Depreciation of PPE	5,087,736	4,973,088
<i>Depreciation of Right-to-use Assets comprises:</i>		
Network Reticulation System	173,581	173,581
Plant and Equipment	18,511	24,545
Total Depreciation of Right-to-use Assets	192,092	198,126
<i>Depreciation of Intangibles comprises:</i>		
Intangibles	131,480	154,205
Total Depreciation and Amortisation	5,411,308	5,325,419

4. RECONCILIATION OF NET PROFIT WITH CASHFLOW FROM OPERATING ACTIVITIES

\$ NZD	2023	2022
Net Profit for the Year	4,346,236	4,614,242
Add/(Less) Non-Cash Items:		
Depreciation and Amortisation	5,411,308	5,325,419
Deferred Taxation	558,995	856,092
	5,970,303	6,181,511
Add/(Less) Movements in Working Capital Items:		
(Increase) / Decrease in Trade and Other Receivables	(2,859,593)	(25,575)
(Increase) / Decrease in Inventories	(1,544,715)	(537,685)
(Increase) / Decrease in Work in Progress	(194,128)	159,259
Increase / (Decrease) in Tax Payable	(103,185)	(1,247,094)
Increase / (Decrease) in Trade and Other Payables	1,931,037	726,604
Increase / (Decrease) in Employee Entitlements	140,535	18,749
	(2,630,049)	(905,742)
Net Cash Flows from Operating Activities	7,686,490	9,890,011

Notes to the Financial Statements

Working Capital

5. TRADE RECEIVABLES

Trade receivables are amounts due from customers for goods or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in the financial asset policy.

\$ NZD	2023	2022
Trade Receivables	5,144,857	2,714,614
Loss Allowance	(79,436)	(75,007)
Total Receivables	5,065,421	2,639,607
Other Receivables	303,225	2,732
Prepayments	726,308	593,022
Balance at End of Year	6,094,954	3,235,361
Current Trade and Other Receivables	6,094,954	3,235,361
Trade and Other Receivables less than 90 days old	6,010,027	3,137,689
Trade and Other Receivables greater than 90 days old	84,927	97,672
	6,094,954	3,235,361

The Company applies the simplified approach to measure the loss allowance on amounts due from customers and trade receivables at an amount equal to lifetime expected credit losses, taking into account the historic default experience and future prospects of the electricity industry.

6. INVENTORIES

Inventories are valued at the lower of cost and net realisable value, with additional allowance for obsolescence where necessary. The cost of finished goods comprises direct materials and, where applicable, direct labour and other direct variable costs incurred in order to bring inventories to their present location and condition. Costs are assigned to individual items of inventory on a weighted average cost basis.

\$ NZD	2023	2022
Stores Inventory	4,091,370	2,546,655

Notes to the Financial Statements

7. TRADE AND OTHER PAYABLES

Trade and Other Payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. Trade and Other Payables are recognised at fair value.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

\$ NZD	2023	2022
Trade Payables	2,767,973	1,763,795
Accruals	462,159	432,714
Contract Liability - Capital Contributions	1,443,814	536,735
GST	418,904	428,569
Balance at End of Year	5,092,850	3,161,813

All trade and other payables have a maturity within one year

Contract Liability – Capital Contributions

\$ NZD	2023	2022
Opening Balance	536,735	414,505
Amount of transaction price received for unsatisfied performance obligations	3,122,211	2,511,454
Revenue recognised from performance obligations satisfied	(2,215,132)	(2,389,224)
Closing Balance	1,443,814	536,735

8. EMPLOYEE ENTITLEMENTS

Wages, Salaries and Annual Leave

Employee Entitlements to salaries, wages and annual leave are recognised when they accrue to employees.

Sick and Special Leave

Employee Entitlements to sick and special leave are recognised when taken by employees.

Long Service Leave

Long service leave is not recognised in the first 10 years of service. After 10 years of service an allowance is made of 1/5 per year towards long service leave entitlement. Employees are entitled to long service leave after serving for 15 years.

\$ NZD	2023	2022
Leave Entitlements	729,676	661,922
Other Entitlements	117,752	44,971
Total Employee Entitlements	847,428	706,893

Notes to the Financial Statements

Non-Current Assets

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise mainly buildings, land, meters and relays, and office equipment. Buildings, meters and relays purchased prior to the adoption of NZ IFRS, 1 April 2006, are shown at 'deemed cost' less subsequent depreciation and impairment write-down. Land purchased prior to 1 April 2006 is shown at deemed cost.

Property, Plant and Equipment acquired subsequent to the adoption of 'deemed cost', after 1 April 2006, is recorded at the value of the consideration given to acquire the assets, plus the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service, less subsequent depreciation and impairment write-down.

Network Reticulation Assets comprises mainly Low Voltage, 11kV and 33kV conductor and associated transformers and substations. Reticulation assets are shown at deemed cost less subsequent depreciation and impairment write-down. Reticulation assets are depreciated at the rates provided by the ODV handbook issued by the Commerce Commission in 2004. These rates are considered a reasonable estimate of useful lives.

Network Reticulation Assets acquired subsequent to the adoption of 'deemed cost' are recorded at the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service less subsequent depreciation and impairment write-down.

Easements are recorded at cost. Assets sited on easements will normally be renewed at the end of their economic life in the same location in which they are currently housed. On this basis, the easement itself has an indefinite life. Annually, easements are tested for signs of impairment.

Contracting Equipment comprises mainly plant and equipment used in the construction and repair of network reticulation systems. Items are recorded at the value of the consideration given to acquire the assets and the value of directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service less subsequent depreciation and impairment write-down.

Depreciation of Property, Plant and Equipment is provided on all property, plant and equipment, other than freehold land, at rates that will allocate the assets' cost or valuation, to their residual values, over their estimated lives. All network reticulation system assets and contracting equipment assets are depreciated on a straight-line basis; other assets are depreciated using both straight line and diminishing value.

The following depreciation rates have been used:

Item	Depreciation Rate
Network Reticulation System	1.0% to 10.0%
Fibre Network	7.0%
Buildings	1.25% to 13.5%
Meters and Relays	14.3% to 20.0%
Plant and Equipment	5.0% to 67.0%

Gains and losses on disposal of property, plant and equipment are taken into account in determining the operating result for the year.

Work in Progress

Work in progress is stated at actual direct costs incurred, less non-recoverable amounts.

Impairment

Assets that have an indefinite useful life, for example easements, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Financial Statements

Property, Plant & Equipment

\$NZD	Core Reticulation Network	Private Reticulation Network	Land & Buildings	Meters & Relays	Fibre Network	Plant & Equipment	Total
Gross Carrying Amount							
At 1 April 2021	136,638,253	1,560,214	4,172,791	2,595,397	2,604,400	9,772,608	157,343,663
Additions	10,587,316	986,040	343,263	-	-	1,255,493	13,172,112
Disposals	(815,299)	-	-	-	-	(726,318)	(1,541,617)
Transfers	(239,397)	-	-	-	-	239,397	-
At 31 March 2022	146,170,873	2,546,254	4,516,054	2,595,397	2,604,400	10,541,180	168,974,158
Additions	8,765,387	158,158	126,628	-	-	1,243,189	10,293,362
Disposals	(567,343)	-	-	-	-	(263,655)	(830,998)
At 31 March 2023	154,368,917	2,704,412	4,642,682	2,595,397	2,604,400	11,520,714	178,436,522

Accumulated Depreciation

At 1 April 2021	39,933,287	14,118	781,425	2,594,822	1,913,570	5,403,005	50,640,227
Charge for the Year	3,273,346	54,138	108,664	575	182,308	973,168	4,592,199
Disposals	(332,184)	-	-	-	-	(643,468)	(975,652)
Transfers	(160,030)	-	-	-	-	160,030	-
At 31 March 2022	42,714,419	68,256	890,089	2,595,397	2,095,878	5,892,735	54,256,774
Charge for the Year	3,511,431	69,932	130,704	-	182,308	1,010,992	4,905,367
Disposals	(326,233)	-	-	-	-	(178,655)	(504,888)
At 31 March 2023	45,899,617	138,188	1,020,793	2,595,397	2,278,186	6,725,072	58,657,253

Net Book Values

At 31 March 2022	103,456,454	2,477,998	3,625,965	-	508,522	4,648,445	114,717,384
Work in Progress	1,235,110	885	714,454	-	-	502,851	2,453,300
	104,691,564	2,478,883	4,340,419	-	508,522	5,151,296	117,170,684
At 31 March 2023	108,469,300	2,566,224	3,621,889	-	326,214	4,795,642	119,779,269
Work in Progress	1,808,214	-	180,770	-	-	818,123	2,807,107
	110,277,514	2,566,224	3,802,659	-	326,214	5,613,765	122,586,376

10. LEASES

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Company under residual value guarantees
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Notes to the Financial Statements

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally not the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in similar economic environment with similar terms, security and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases

\$ NZD	2023	2022
Current	177,287	191,959
Non-current	408,005	549,155
Total Lease Liabilities	585,292	741,114

Interest expenses on these leases totaling \$28,605 (2022: \$36,526) is included in finance costs in the income statement.

Right-Of-Use Assets

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets useful life.

\$NZD	Reticulation Network	Plant and Equipment	Total
Gross Carrying Amount			
At 1 April 2021	1,199,957	90,387	1,290,344
New Leases	-	-	-
Variable Lease Adjustments	-	-	-
Terminated Leases	-	-	-
At 31 March 2022	1,199,957	90,387	1,290,344
New Leases	-	39,835	39,835
Variable Lease Adjustments	-	-	-
Terminated Leases	-	(90,387)	(90,387)
At 31 March 2023	1,199,957	39,835	1,239,792

Accumulated Depreciation

At 1 April 2021	351,523	48,591	400,114
Charge for the Year	173,581	24,545	198,126
Terminated Leases	-	-	-
At 31 March 2022	525,104	73,136	598,240
Charge for the Year	173,581	18,511	192,092
Terminated Leases	-	(87,528)	(87,528)
At 31 March 2023	698,685	4,119	702,804

Notes to the Financial Statements

Net Book Values

At 31 March 2022	674,853	17,251	692,104
At 31 March 2023	501,272	35,716	536,988

Lease Income

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial indirect costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective lease assets are included in the Financial Position based on their nature.

\$ NZD	2023	2022
Lessees – Operating Leases		
No later than one year	483,474	445,385
Later than one year and no later than five years	1,888,410	1,755,472
Later than five years	3,583,081	3,780,993
	5,954,965	5,981,850

11. INTANGIBLE ASSETS

Intangible Assets consist solely of computer software, which is recorded at the value of the consideration given to acquire the assets plus the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Amortisation of intangible assets is provided for at rates that will allocate the assets' cost or valuation, to their residual values, over their estimated lives. All intangible assets are amortised on a straight-line basis.

Intangible assets are carried at cost less accumulated amortisation.

The following amortisation rates have been used:

Item	Amortisation Rate
Computer Software	15% to 40%

\$ NZD	2023	2022
Purchased Software		
Gross Carrying Amount		
Opening Balance	1,413,501	1,662,204
Additions	32,363	205,550
Disposals	-	(454,253)
Closing Balance	1,445,864	1,413,501
Accumulated Amortisation and Impairment		
Opening Balance	1,071,707	1,371,756
Charge for Year	131,480	154,205
Disposals	-	(454,254)
Closing Balance	1,203,187	1,071,707
Net Book Value	242,677	341,794
Work in Progress	-	-
Carrying Amount	242,677	341,794

Notes to the Financial Statements

Net debt and equity

12. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Foreign currency bank account balances are revalued to NZD at spot rate as at balance date:

\$ NZD	2023	2022
NZD bank account	2,337,173	6,126,972
USD bank account	647,701	-
Term deposits (less than 90 days)	-	-
Closing Balance	2,984,874	6,126,972

All term deposits and bank accounts are interest bearing, including the USD bank account.

SHORT TERM DEPOSITS

Short term deposits comprise cash deposits held with financial institutions with an original maturity greater than three months and less than twelve months. Interest income is recognised using the effective interest method.

FINANCIAL ASSETS

Classification

The Company's only financial assets are measured at amortised cost.

Amortised Cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition and Measurement

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income (FVOCI), trade receivables and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit losses (ECL) for trade receivables and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Company writes off a financial asset where there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or in the case of trade receivables when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries are recognised in the statement of comprehensive income.

Notes to the Financial Statements

BORROWINGS

Borrowings are initially measured at fair value plus transaction costs. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings, using the effective interest method.

Borrowing Costs

Borrowing costs for assets are capitalised when the construction period of qualifying assets is greater than nine months. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the current cost of borrowing from financial markets.

13. LOAN FROM WAITAKI POWER TRUST

\$ NZD	2023	2022
Opening Balance at 1 April	1,150,000	1,150,000
Amount Drawn Down through to 31 March	-	-
Closing Balance	1,150,000	1,150,000

The loan is unsecured and interest charged on the loan is at commercial rates.

14. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

\$ NZD	2023	2022
Fully Paid-up Ordinary Shares	14,000,000	14,000,000
Non-Issued Shares and Shares Held by the Company	-	-
Total Number of Ordinary Shares Authorised	14,000,000	14,000,000

The Company has one class of shares, which is "ordinary shares". Each ordinary share has a value of \$1.00 and ranks equally for voting and distribution rights. All shares are held by Waitaki Power Trust.

A share premium of \$571,119 was paid with the acquisition of shares.

As at the date of authorisation for issue of these financial statements, no dividends have been proposed or declared that are not recognised as a distribution in the 2023 year (2022 Nil).

15. RETAINED EARNINGS

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date. Distribution of dividends to the Company shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Board of Directors.

\$ NZD	2023	2022
Balance at beginning of year	92,956,769	88,462,527
Net Surplus for Year	4,346,236	4,614,242
Dividend Paid	(100,000)	(120,000)
Balance at End of Year	97,203,005	92,956,769

Capital Risk Management

The Company's objective when managing capital, which comprises share capital plus retained earnings, is to safeguard the ability to continue as a going concern and to provide acceptable returns to shareholders.

The Company is not subject to any externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Company may adjust the amount of discount paid to consumers.

Notes to the Financial Statements

FINANCIAL RISK MANAGEMENT

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates relevant financial risks and acts to manage these risks where possible within the parameters set out by the board of directors. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk and credit risk.

Market Risk

i. Foreign Exchange Risk

The Company's revenue is entirely denominated in New Zealand dollars and it has limited currency exposure in the foreseeable future. The Company may from time to time purchase assets denominated in foreign currency. Board approval is required for foreign currency-denominated contracts valued above a specified threshold, together with a recommendation on the manner in which the foreign currency exposure is to be managed, which may include the pre-purchase of foreign currency or the use of foreign exchange contracts.

ii. Cash Flow and Fair Value Interest Rate Risk

Apart from a loan from the Waitaki Power Trust, the Company has no interest risk from long-term borrowing. The loan from the shareholder is an unsecured loan with interest charged at a commercial rate. Board approval is required for borrowings, together with a recommendation on the manner in which the interest rate risk is to be managed.

Credit Risk

Credit risk is managed by the Company under policy approved by the board. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposure to customers, including outstanding receivables and committed transactions. Investments with approved counter parties are limited to a term of no more than 24 months. The Company will diversify its investments, where it is economic to do so with no more than \$3 million or 25% of current investments, whichever is the greater, in any one institution. Credit risk associated with trade receivables is limited through electricity retailer invoicing for line and metering charges rather than individual consumer invoicing for line and metering charges. Credit risk is also limited in trade receivables by the requirement of a minimum of 50% deposit of the total cost of new connections before work is started. Credit risk for contracting activities are assessed on a per contract basis.

Liquidity Risk

Cash flow forecasting is performed in the operating entities of the Company. The Company monitors its rolling forecast liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom at all times. Such financial forecasting takes into consideration the Company's debt financing plans and compliance with the Statement of Corporate Intent.

Surplus cash held over and above the balance required for working capital management is invested in interest-bearing call accounts and term deposits.

Note 16 analyses the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period, at the statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analyses if their contractual maturities are essential for an understanding of timing of the cash flows. The amounts disclosed in the table are contractual undiscounted cash flows

16. ANALYSES OF FINANCIAL LIABILITIES

At 31 March 2022

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loan	51,750	51,750	155,250	1,408,750
Trade and Other Payables	3,161,813	-	-	-

At 31 March 2023

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loan	77,165	77,165	231,495	1,535,825
Trade and Other Payables	5,092,850	-	-	-

The loan is interest only, with no maturity date; however, the Waitaki Power Trust has given an undertaking to give a minimum of 12 months' notice of the requirement to make any repayment of the advance outstanding or part thereof. The current interest rate is 6.71% (2022 4.5%). The over 5-year amounts allow for payments up to 10 years.

Notes to the Financial Statements

17. INCOME TAX

Income tax expense in relation to the profit or loss for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable on the taxable profit from the current year, plus any adjustments to income tax payable in respect of the prior year. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or receivable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

\$ NZD	2023	2022
<i>Tax Expenses For Period Made Up Of:</i>		
Current Taxation Expense	1,151,381	959,621
Deferred Taxation Expense	558,995	856,092
Tax Expense	1,710,376	1,815,713
Profit Before Income Tax	6,056,612	6,429,955
Prima Facie Taxation @28 cents	1,695,851	1,800,387
<i>Movement In Income Tax Due To:</i>		
Non-Deductible Expenses	7,875	5,694
Prior Period Adjustment	6,650	9,632
	14,525	15,326
Tax Expense	1,710,376	1,815,713
<i>Deferred Tax Expense:</i>		
Capital Contributions	(38,314)	85,426
Depreciation	664,469	790,523
Prior Period Adjustment	(155,437)	3,060
Other	88,276	(22,917)
	558,995	856,092
Current Taxation Expense	1,151,381	959,621

Deferred Tax Liability

\$ NZD	Depreciation	Other	Total
Opening Balance as at 1 April 2021	13,528,241	2,313,264	15,841,505
Change in the Year	793,583	62,509	856,092
Closing Balance as at 31 March 2022	14,321,824	2,375,773	16,697,597
Change in the Year	509,032	49,963	558,995
Closing Balance as at 31 March 2023	14,830,856	2,425,736	17,256,592

Notes to the Financial Statements

18. RELATED PARTY TRANSACTIONS

\$ NZD	2023	2022
Payments From:		
Waitaki Power Trust to Network Waitaki Ltd		
Loan Outstanding at Balance Date	1,150,000	1,150,000
Network Waitaki Ltd to Waitaki Power Trust		
Interest	59,640	51,750
Outstanding Balance at Balance Date	-	-
Network Waitaki Limited to A.J. Wood Chartered Accountants Ltd		
A.J. Wood Chartered Accountants Ltd is related to Network Waitaki Ltd through its director, Tony Wood, who is a shareholder and director of A. J. Wood Chartered Accountants Ltd		
Director's Fees	41,150	38,239
Network Waitaki Ltd to Berry & Co		
Berry & Co is related to Network Waitaki Ltd through its director, Michael de Buyzer, who is partner of Berry & Co.		
Purchase of goods and services	8,294	5,774
Payable Balance as at 31 March 2023	7,642	1,036
Network Waitaki Ltd to Lone Wolf Enterprises Ltd		
Lone Wolf Enterprises Ltd is related to Network Waitaki Ltd through its director, Jonathan Kay, who is a shareholder and director of Lone Wolf Enterprises Ltd.		
Director's Fees	41,150	38,239
Network Waitaki Ltd to Original Performance Solutions Ltd		
Original Performance Solutions Ltd is related to Network Waitaki Ltd through its director, Chris Bailey, who is a shareholder and director of Original Performance Solutions Ltd.		
Directors Fees	41,150	38,239
Network Waitaki Ltd to I.T.online Ltd (Ember Technology)		
I.T.online Ltd is related to Network Waitaki Ltd through its director, Chris Bailey, who is a Director of I.T.online Ltd (Ember Technology).		
Purchase of goods and services	7,500	-
Payable Balance as at 31 March 2023	500	-
Network Waitaki Ltd to Whitestone Contracting Ltd		
Whitestone Contracting Ltd is related to Network Waitaki Ltd through its director, Jonathan Kay, who is a director of Whitestone Contracting Ltd since 1 January 2022.		
Purchase of goods and services	604,972	682,190
Payable Balance as at 31 March 2023	115,366	151,976
Network Waitaki Ltd to Key Management Personnel		
Payments to key management personnel are made in accordance with employment agreements.		
Employee Costs	1,258,161	1,275,814

Notes to the Financial Statements

19. COMMITMENTS

On 20 December 2021, Network Waitaki Limited entered into an agreement with the Waitaki District Council and the Waitaki Event Centre Trust for sponsorship and naming rights to the Waitaki Event Centre. The future aggregate lease payments are as follows:

\$ NZD	2023	2022
Within One Year	1,250,000	1,250,000
After one year but not more than 10 years	1,270,000	1,270,000
Total	2,520,000	2,520,000

Capital Commitments Contracted at Balance Date Was:

\$ NZD	2023	2022
Network Assets	2,295,883	578,558
Non-Network Assets	665,792	1,159,558
Total	2,961,675	1,738,116

20. CONTINGENT LIABILITIES

On 4 October 2020 a fire started in the Lake Ohau area. The fire spread over 5,000 hectares of land and destroyed 48 homes and buildings. The Insurance Council has estimated the cost of the fire was nearly \$35 million. In November 2021, Fire and Emergency New Zealand released a Wildfire Investigation Report into the origin and cause of the fire. They found the fire was accidentally caused by an electrical short circuit on a power pole on the company's network. The Company disputes Fire and Emergency's findings. A number of people have indicated that they are considering bringing claims against the company, but no claims have been brought.

Also on 4 October 2020, a vegetation fire occurred in McKenzie Road, Livingstone which spread over 948 hectares of land. Fire and Emergency New Zealand have concluded that the fire was most likely caused by a tree falling on and breaking 11kV conductors on the company's network. The damaged conductors then ignited vegetation. The Company agrees with these conclusions. A nearby landowner has indicated they will claim against the company for the damage they suffered due to the fire. The Company disputes liability to this landowner. To date, no claim has been filed in Court.

21. SUBSEQUENT EVENTS

A review of events subsequent to 31 March 2023 through to the date the annual report was issued has been undertaken, and it has been determined that there were no such events requiring recognition or disclosure in the Annual Report.

Statement of Service Performance

Performance targets, as set out in the Statement of Corporate Intent (SCI) approved by Directors

Financial Performance Measures

Statement of Comprehensive Income for year ended 31 March 2023

\$NZD	Actual \$	SCI \$	Variance \$
Statement of Comprehensive Income			
Revenue Excluding Capital Contributions	30,823,157	27,943,651	2,879,506
Capital Contributions	2,215,132	1,711,109	504,023
Total Revenue	33,038,289	29,654,760	3,383,529
Less Expenses Excluding Depreciation	(20,530,672)	(20,508,381)	(22,291)
Less Depreciation	(5,411,308)	(5,530,782)	119,474
Net Profit before Discount, Tax and Interest Expense	7,096,309	3,615,597	3,480,712
Less Interest Income/(Expense)	(39,987)	(207,283)	167,296
Less Discount	(999,710)	(1,000,000)	290
Net Profit Before Taxation	6,056,612	2,408,314	3,648,298
Less Taxation	(1,710,376)	(674,328)	(1,036,048)
Net Profit After Discount and Taxation	4,346,236	1,733,986	2,612,250

Comment

Strong revenue was achieved through increased contributions from Network, through lines revenue and capital contributions and from Contracting with the set-up of the Central Otago Depot enabling additional external revenue opportunities.

Increased profitability, due in part to the deferred sponsorship for the Waitaki Events Centre has resulted in a higher tax charge.

Financial Position as at 31 March 2023

\$NZD	Actual \$	SCI \$	Variance \$
Shareholders' Equity			
Current Assets	13,396,476	7,299,089	6,097,387
Current Liabilities	(6,173,795)	(6,904,063)	730,268
Working Capital	7,222,681	395,026	6,827,655
Non-Current Assets	123,366,040	132,442,872	(9,076,832)
Non-Current Liabilities	(18,814,597)	(24,490,016)	5,675,419
Total Net Assets	111,774,124	108,347,882	3,426,242

Comment

Working capital is substantially higher than planned with increased cash reserves (up \$2.8million) due to the lower planned capital investment, and more investment into Inventory (up \$2.5million). There was no requirement for any debt funding which resulted in a significant reduction in Non-Current Liabilities compared to SCI levels.

Key Financial Reporting Measures

	Actual	SCI	Variance
NPBT to Shareholder Funds	5.42%	2.22%	3.20%
Net Assets per Share	\$7.98	\$7.74	\$0.24
NPBT Earnings per Share in Cents	43.26	17.20	26.06
Ratio of Shareholders' Funds to Total Assets	81.73%	77.53%	4.20%
Rate of Return After Tax on Shareholder Funds	3.89%	1.60%	2.29%

Comment

Increased profitability compared to SCI targets through revenue growth and the deferred sponsorship for the Waitaki Events Centre has resulted in improvement in all key financial metrics.

Assets per share metric is due to increased cash on hand (due to reduced capital investment) and increased inventory (due to managing supply chain constraints) with no debt held at year end.

Non-Financial Reporting Measures

	Actual	SCI	Variance
Reliability			
SAIDI minutes (unplanned)	59.07	45.0	(14.07)
SAIDI minutes (planned)	58.82	105.0	46.18
SAIDI minutes total	117.59	150.0	(32.41)
SAIFI minutes (unplanned)	1.18	0.80	(0.38)
SAIFI minutes (planned)	0.19	0.40	0.21
SAIFI total	1.37	1.20	(0.17)

Comment

The unplanned reliability statistics (both SAIDI and SAIFI) were unfavourable to target, primarily due to a small number of high impact outages (number of customer affected) rather than any material increase in the number of fault outages (which was favourable to target).

The favourable result for planned reliability reflects both the reduced number of major projects undertaken (which contributed to the lower capital investment level) and our increased focus on planning our works to minimise effects on our customers through the use of generation and live work methods.

Health and Safety

	Actual	SCI	Variance
Health and Safety Management Systems accreditation (ISO/AS/NZS45001)	Partial Completion	Achieve Accreditation	Stage 2 – May 2023
External Field Work Assessments	2	2	-
Public Safety Management System Accreditation (NZS7901)	Achieved	Maintain	-
Review of Critical Risks	4 Achieved	4	-
WorkWell (Health and Wellbeing) Programme Accreditation	Discontinued	Silver	-
SiteSafe Contractor Accreditation	Achieved	Maintain	-

Comment

COVID-19 remained an issue with outbreaks in the community, along with consultants' unavailability due to high demand for their services meant some initiatives were not able to be progressed as expected in the year.

AS/NZS ISO 45001:2018 Health and Safety Management Systems certification was partially completed. Stage 1 of 2 was completed with a recommendation to progress to stage 2 for final assessment. Telarc availability was an issue as their services were in high demand and the earliest possible date were secured to complete the audits.

The Public Safety Management Systems audit was achieved to NZS7901:2008 and NZS7901:2014 standards.

The WorkWell Accreditation has been discontinued due to several staff changes within the Te Whata Ora – Southern, WorkWell team and an alternative will be sought.

The SiteSafe accreditation was achieved by SiteWise.

Reviews of critical risks were completed by internal and external interested parties.



Independent Auditor's Report

To the readers of Network Waitaki Limited's financial statements and performance information for the year ended 31 March 2023

The Auditor-General is the auditor of Network Waitaki Limited (the company). The Auditor-General has appointed me, Maxwell John Dixon, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements and the performance information of the company on his behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the company on pages 42 to 61 that comprise the financial position as at 31 March 2023, the comprehensive income, changes in equity and cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 62 to 63.

In our opinion:

- the financial statements of the company:
 - present fairly, in all material respects:
 - its financial position as at 31 March 2023; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the year ended 31 March 2023.

Our audit was completed on 30 May 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is also responsible on behalf of the company for preparing performance information that is fairly presented.

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The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Energy Companies Act 1992.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

For the budget information reported in the financial statements and performance information, our procedures were limited to checking that the information agreed to the company's statement of corporate intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 70 but does not include the financial statements and the performance information, and our auditor's report thereon.

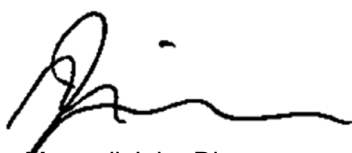
Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out engagements in the areas of compliance with the Electricity Distribution (Information Disclosure) Determination 2012 which is compatible with the independence requirements. Other than the audit and this engagement, we have no relationship with, or interests in, the company.



Maxwell John Dixon
PricewaterhouseCoopers
On behalf of the Auditor-General
Christchurch, New Zealand

Statutory Information

DIRECTORS' INTERESTS

The following Directors of Network Waitaki Ltd have declared interests in identified entities as shareholder and/or director. The declaration serves as notice that the Director may benefit from any transactions between Network Waitaki Ltd and the identified entities.

Chris Dennison (Chairman)

Chris has been a Director since June 2013, Chairman from July 2017 and declares the following interests:

Dennison Farms Ltd	Director and Shareholder
Farmlands Co-operative	Director

Chris Bailey

Chris has been a Director since June 2017 and declares the following interests:

Albion Clothing Ltd	Chairman
Andrew Quigley Contracting Ltd	Chairman, Advisory Board
Cactus Outdoor Ltd	Chairman and Shareholder
Chrysalis Housing Ltd	Director and Shareholder
Chrysalis Trustee Services Ltd	Director and Shareholder
Ember Technology Ltd	Director and Shareholder
Endo Nanoparticles Ltd	Director and Shareholder
Greenhalo Ltd	Director and Shareholder
i.t.online Ltd	Director and Shareholder
LemonTree Trust	Independent Trustee
Original Performance Solutions	Director and Shareholder
Queenstown Medical Centre Ltd	Director
Strava Ltd	Director and Shareholder

Michael de Buyzer

Michael has been a Director since June 2019 and declares the following interests:

Banco Trustees Ltd	Director and Shareholder
BCO Trustees (2011) Ltd	Director and Shareholder
BCO Trustees (2012) Ltd	Director and Shareholder
BCO Trustees (2013) Ltd	Director and Shareholder
BCO Trustees (2014) Ltd	Director and Shareholder
BCO Trustees (2015) Ltd	Director and Shareholder
BCO Trustees (2016) Ltd	Shareholder
BCO Trustees (2017) Ltd	Director and Shareholder
BCO Trustees (2018) Ltd	Shareholder
BCO Trustees (2019) Ltd	Director and Shareholder
BCO Trustees (2020) Ltd	Director and Shareholder
BCO Trustees (2021) Ltd	Director and Shareholder
BCO Trustees (2022) Ltd	Director and Shareholder
BCO Trustees (Mertha) Ltd	Director and Shareholder
BCO Trustees (Robertson) Ltd	Director and Shareholder
BCO Trustees (Schofield) Ltd	Director and Shareholder
Berry & Co	Partner
Camp Street Properties Ltd	Director and Shareholder
Dunstan Sprayers Ltd	Director
Friendly Bay Ltd	Director and Shareholder
Law Support Services Ltd	Director and Shareholder
Mallinson Trustees Ltd	Director
McBride Street Queenstown Ltd	Director and Shareholder
McPhail Investments Ltd	Director
Observatory Village Charitable Trust	Trustee
Onelaw Ltd	Shareholder
Onelaw IP Holdings Ltd	Shareholder
PW Crum Trustees Ltd	Shareholder

Jonathan Kay

Jonathan joined the board in June 2019 and declares the following interests:

Lone Wolf Enterprises Ltd	Director and Shareholder
Smart Technology Working Group of the Electricity Networks Association	Chairman
Waipa Networks Ltd	Chairman
Whitestone Contracting Ltd	Director

Tony Wood

Tony joined the board in July 2012 and declares the following interests:

A J Wood Chartered Accountants Ltd	Director and Shareholder
A J Wood Trustees Ltd (also Trustee to various Clients' Family Trusts)	Director and Shareholder
Mackismith Properties Ltd	Director and Shareholder
Wood Family Trust	Trustee

Mike Underhill

Mike has been a Director since June 2018 and declares the following interests:

Electra Ltd (and subsidiaries)	Director
Electricity Authority	Service Provider
Herbert Gardens Ltd	Director and Shareholder
Horowhenua Wind Energy Ltd	Director
Influx Energy Data Ltd	Director
Security and Reliability Council	Member
The Lines Company Ltd	Director
Wellington Water Ltd	Director

Use of Company Information

There were no notices from Directors of Network Waitaki Limited or a Director of a related body corporate requesting to use Company information received in their capacity as Directors which would not otherwise have been available to them.

Dividends

No dividend is proposed for the year ended 31 March 2023 (2022 Nil).

Discount

A discount (excluding GST) of \$999,710 has been paid to Customers in the year (2022 \$991,290).

Donations

The company made donations (excluding GST) totaling \$149,551 in the year (2022 \$142,813)..

Indemnification And Insurance of Officers And Directors

The Company continues to indemnify all Directors named in this report against any liability to any person other than Network Waitaki Limited or a related company for any act done or omission made in a Director's capacity as a Director of Network Waitaki Limited and all costs incurred in defending or settling any claim or proceedings related to such liability, unless the liability is criminal liability or liability for breach of Section 131 of the Companies Act 1993.

During the financial year, Network Waitaki Limited paid insurance premiums in respect of Directors' and Officers' liability insurance. The policies do not specify the premium for individual Directors and executive officers.

The Directors' and Officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than Network Waitaki Limited or a related body corporate) incurred in their position as Director or executive officer unless the conduct involves a willful breach of duty or an improper use of inside information or position to gain advantage.

Remuneration Of Directors

\$ NZD	Total Directors' fees paid
Chris Dennison	72,562
Chris Bailey	41,150
Michael de Buyzer	41,150
Jonathan Kay	41,150
Mike Underhill	41,150
Tony Wood	41,150
Total	278,312

Employee Remuneration

The Companies Act 1993 requires the number of current and former employees receiving remuneration greater than \$100,000 to be disclosed. Details of remuneration ranges for employees of Network Waitaki Limited are:

Remuneration Range	2023	2022
\$100,000 - \$109,999	9	8
\$110,000 - \$119,999	7	8
\$120,000 - \$129,999	6	3
\$130,000 - \$139,999	5	3
\$140,000 - \$149,999	2	1
\$150,000 - \$159,999	2	3
\$160,000 - \$169,999	2	0
\$210,000 - \$219,999	1	0
\$220,000 - \$229,999	1	0
\$330,000 - \$339,999	0	1
\$360,000 - \$369,999	1	0

This annual report is dated 29 May 2023 and signed on behalf of the Board by:



Chris Dennison
Chairman of the Board



Tony Wood
Chairman of the Finance and Audit Committee

Directory

NETWORK WAITAKI LIMITED

DIRECTORS:

- Chris Dennison (Chairman)
- Chris Bailey
- Michael de Buyzer
- Jonathan Kay
- Mike Underhill
- Tony Wood

SOLICITORS:

- Berry & Co, Oamaru
- Galloway Cook Allan, Dunedin
- Lane Neave, Christchurch

CHIEF EXECUTIVE:

- Geoff Douch

REGISTERED OFFICE

10 Chelmer Street
PO Box 147
Oamaru 9444

Email: service@networkwaitaki.co.nz

Phone: (03) 433 0065

Freephone: 0800 440 220

www.networkwaitaki.co.nz

WAITAKI POWER TRUST

TRUSTEES:

- Doreen Cleave (Chairperson)
- John Clements
- Lichelle Guyan
- Herbert Tonkin
- John Webster

AUDITORS:

Maxwell (John) Dixon
PricewaterhouseCoopers
Christchurch

ON BEHALF OF The Auditor-General

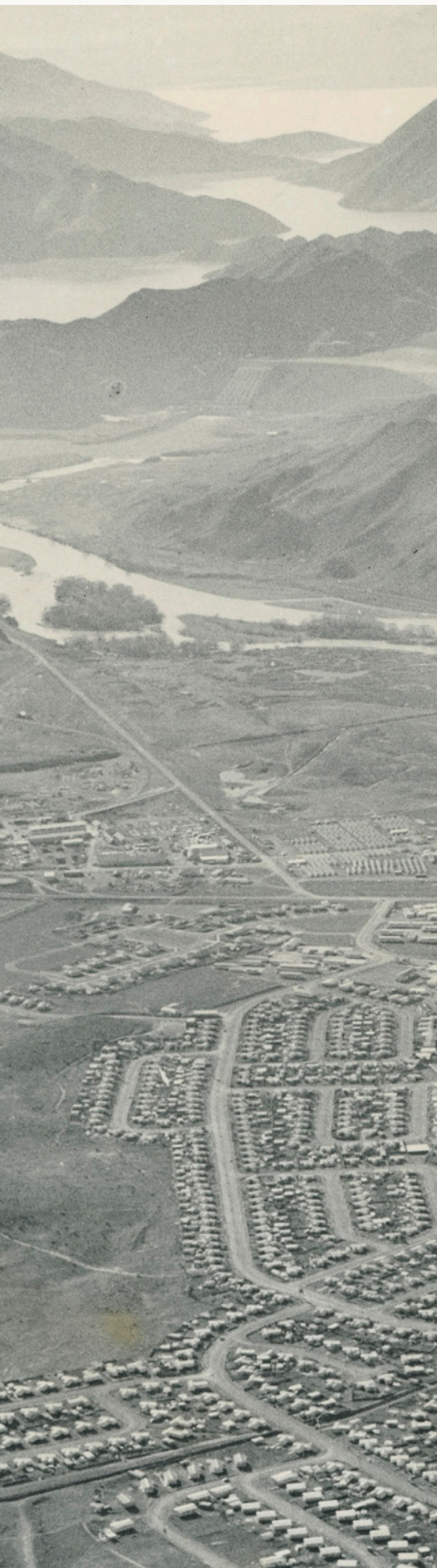
PRINCIPAL BANKERS:

ANZ
The Octagon
Dunedin

OTEMATATA, LAKE BENMORE, 1954

Network Waitaki Archives







**Network
Waitaki** 
Powering North Otago

www.networkwaitaki.co.nz