

# *2023-24 Annual Plan*



*'Here for the Community'*

# Welcome | Nau mai, haere mai



**Tiro atu ki te pae, mauria atu tō korowai**  
**Look forward into the horizon and prepare**

WEL Energy Trust (the Trust) is pleased to present this Annual Plan and budget, outlining our intentions, expected outcomes and measures for the 12 months from 1 April 2023 to 31 March 2024.

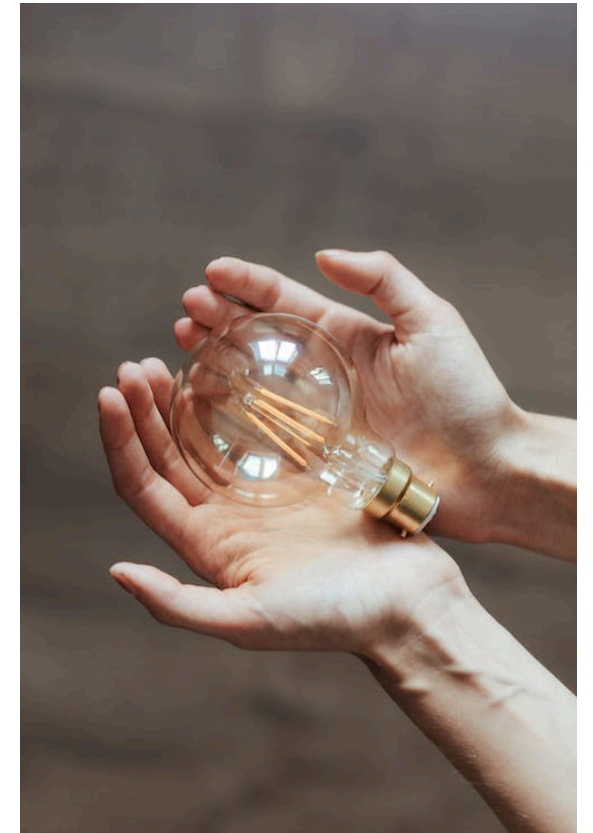
The Trust is the 100% shareholder of WEL Networks Ltd (the Company that owns and operates the electricity distribution network within our region). The Trust holds/owns the shares in WEL Networks Ltd on behalf of the community.

The Trust Deed allows for up to seven Trustees who are elected every three years. The next election is in June 2023. The Trust has operated with six Trustees since July 2021 with the resignation of Trustee Rob Hamill, but expects after the next election, seven Trustees to be appointed.

The Trust strives to be an active and responsible asset owner, adopting investment strategies to sustain and grow assets for our community today and for future generations.

This year will see a continuation of the 2022-25 Community Investment Strategy (which includes the Trust's Community Granting Programme), along with the \$12 million/pa electricity discount, and a commitment to a collective impact through the Waikato Wellbeing Project. These contributions are just some of the ways the Trust adds value to our Community.

Thank you for continuing to support our collective endeavours, and for your willingness to engage in the development of our strategies and plans.





# Annual Plan Contents

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This Annual Plan highlights the **key areas** to be addressed and **proposed actions** for:

1. Strategic Intent
2. Investments and Finance
3. Working with WEL Networks to benefit electricity consumers and the wider community
4. Working with our Capital Beneficiaries
5. Effective Community Investment




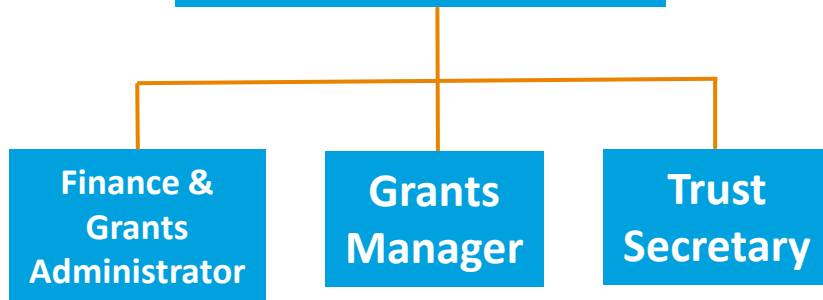
# About the Trust

## Trust Structure

**WEL Energy Trust Trustees**  
(supported by the Operational Team)

## Operational Team

**Chief Executive Officer**



**Our Pillars | Ngaa Pou**

**TE TIRITI O WAITANGI**  
We embrace the principles of Te Tiriti o Waitangi through partnering local iwi, hapuu, whaanau and maori.

We are committed to honouring the principles of Te Tiriti o Waitangi to achieve the greatest outcomes for all, through meaningful engagement with tangata whenua.

**WORKING COLLABORATIVELY**  
We work together with people and communities to achieve our Vision for the Waikato.

**EQUITY & EQUALITY**  
We work with others to enable a just and fair community where everyone can participate and prosper.

**Our Vision**  
A thriving, connected and equitable Waikato

**Our Core Purpose**  
To ensure that WEL Networks Ltd operates as a successful business for the benefit of the community.

**Our Stakeholders**  
The persons and communities of the WEL Networks Ltd region

**Our Values | Ngaa Uara**

 <b>TE TIRITI O WAITANGI</b> We aim to continue to strengthen the relationship and trust between iwi, hapuu, whaanau and our organisation.	 <b>CONNECTED</b> We are actively working within the community and are connected to the people and partners to deliver positive outcomes, together.	 <b>PURPOSE DRIVEN</b> Our actions seek to deliver a clear and positive outcome.	 <b>INTEGRITY</b> We act in good faith and are prepared to be accountable.
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## Our intentions are:

1. To be responsive to our Community
2. To maximise long-term impact by being strategic
3. To leverage grants through partnerships and collaboration, expanding support beyond grantmaking
4. To minimise the cost to electricity consumers through the continuation and growth of the Discount

# 1. Strategic Intent

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**Informed by our stakeholders, community and electorate, the Trust will continue to execute the Community Investment Strategy**

The Trust will aim to:

- Provide a balanced benefit for the Trust's income beneficiaries, including electricity consumers
- Ensure income streams are sufficient to meet strategic intent
- Support Community Investment Strategy focus areas and work with other funders to deliver the greatest benefit to our community

## Our Aims Ngaa Whaingā

### Thriving Community Hapori Taurikura

Opportunities are supported that bring people together to participate in health and wellbeing, sports and recreation, arts and culture, and to celebrate the diversity of our community.

### Healthy Environment He Taiao Hauora

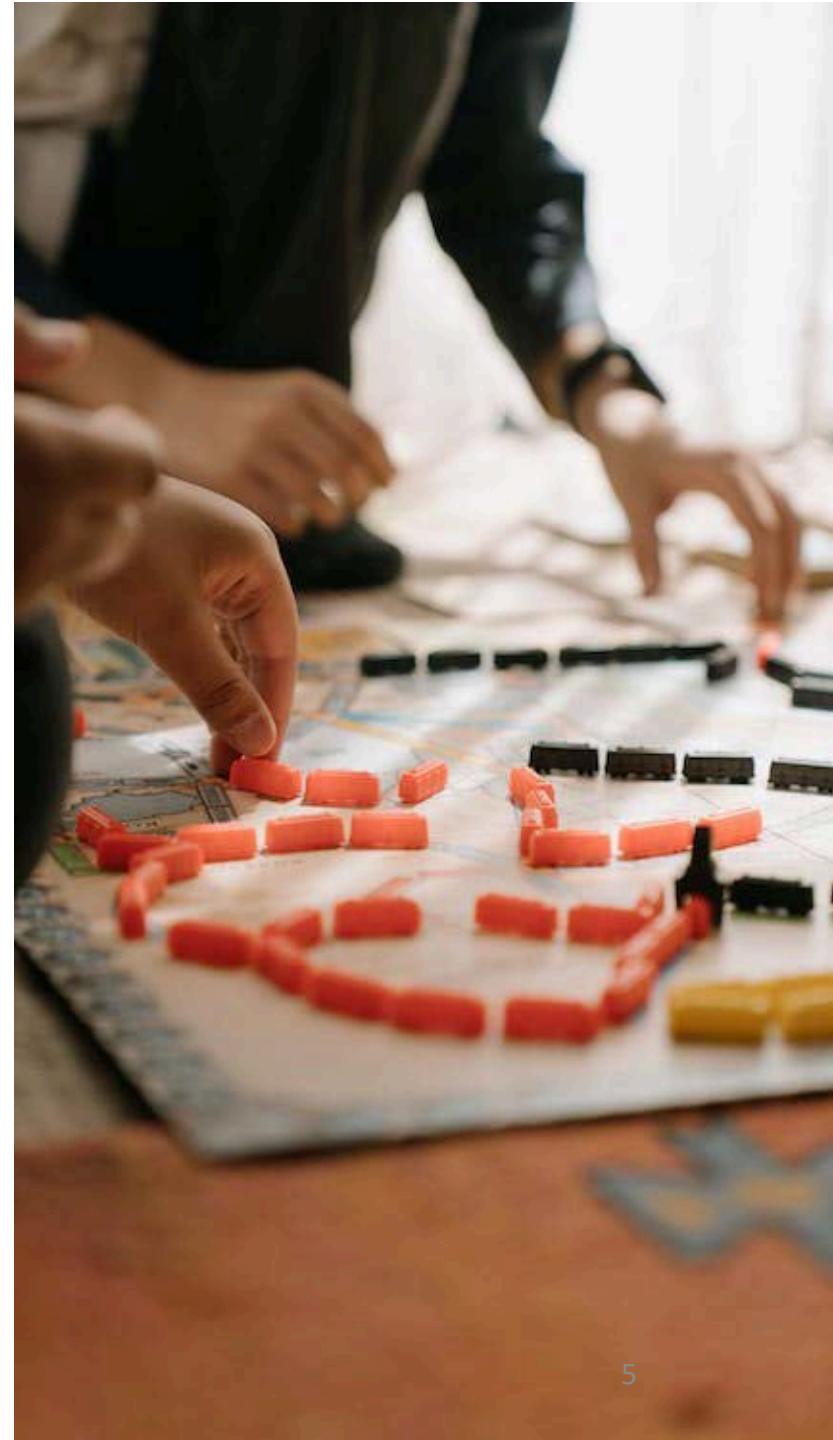
Our taiao is healthy through prioritising waste minimisation, environmental education and locally-led initiatives.

### Equitable Outcomes Ngaa Hua Matatika

Equitable Outcomes are enabled with a focus on tamariki, rangatahi, housing, and education.

### Māori Aspirations Ngaa Wawata o te Māori

Local Māori culture and knowledge is understood, respected and valued as part of our kaupapa.





## 2. Investments and Finance

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To **maximise** long term financial returns the Trust will reflect on the following questions:

1. What are the Trust's return needs, and what can realistically be expected from each investment?
2. What is the best mechanism to achieve this?
3. How can we apply best practice to the implementation of blended finance, including Impact Investment?
4. How can we assure a Responsible Investment focus?

Outcome Area	Investments and Finance – Action Priorities	
<b>Objective:</b> A portfolio of investments that is aligned with the Trust’s purpose and strategic intent, and that is performing well against specified targets, including both financial and socially-oriented goals		
Key Actions	Resources	Key Performance Measures
Identify the best mechanism(s) to ensure Company meets the Trust’s strategic intent (e.g. dividend, discounts).	Investment Committee/WEL Networks Ltd	<ul style="list-style-type: none"><li>• Return on regulated business within the Commerce Commission’s expectations, before discounts, and unregulated business of 8%-10%</li></ul>
Ensure growth, income and performance expectations are clear and are being met.	Independent members of Investment Committee/ Staff/Trustees/WEL Networks Ltd.	<ul style="list-style-type: none"><li>• Investments (including concessionary and non-concessionary investments) are evaluated on a risk/return/impact basis and investments made in line with the Trust Statement of Investment Policies and Objectives (SIPO)</li></ul>
Identify investment opportunities where we can work with others to impact on regional priority areas, returning a balance of measured social and financial dividends to the Trust.	Impact Investment – as appropriate opportunities are identified/due diligence advice	<ul style="list-style-type: none"><li>• Impact measurement tools are used with all social/impact investments</li></ul>



### 3. Working with WEL Networks Ltd to benefit electricity consumers and the wider community

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- While ensuring WEL Networks Ltd is a successful business, what is the best way to help reduce energy hardship in the region?
- How can we support energy efficiency initiatives?
- How can we support De-carbonisation initiatives and programmes
- What are the Trust's expectations in relation to:
  - Inter-generational benefit?
  - Returns to the Trust?





Outcome Area	Working with WEL Networks Ltd – Action Priorities	
<b>Objective:</b> WEL Networks Ltd operates as a reliable, safe, economic and efficient Electricity Distribution Business (EDB) and delivers competitive returns to the Trust, thereby adding value to consumers and the wider community		
Key Actions	Resources	Key Performance Measures
Ensure WEL Networks is a successful business, delivering reliable, affordable, sustainable energy and monitor this with relevant reporting.	Staff/Trustees/WEL Networks	<ul style="list-style-type: none"><li>Electricity prices (taking account of any discount) in the region are monitored</li><li>Company initiatives to deliver affordable sustainable energy are monitored and supported.</li></ul>
Reduce energy hardship and improve energy efficiency initiatives, including OurPower, while supporting a return of value to all electricity consumers through the discount programme.	Discount Programme. Affordable Energy For All (AEFA) support grants/Navigators/Staff/Waikato Wellbeing Project	<ul style="list-style-type: none"><li>AEFA programme implemented, outputs and outcomes measured and reported.</li><li>The discount programme grows in-line with the increase in customer connections.</li><li>SDG 7 Waikato Wellbeing Project activities supported</li><li>OurPower continues to grow.</li></ul>
Ensure expectations are established and agreed in relation to: <ul style="list-style-type: none"><li>➤Inter-generational benefit</li><li>➤Returns to the Trust</li></ul>	Staff/Trustees/WEL Networks/Independent Advisors	<ul style="list-style-type: none"><li>The dividend/discount policy is continually monitored to ensure it is fit for purpose and providing the expected returns</li></ul>

## 4. Working with our Capital Beneficiaries

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- How can we engage on long-term capital growth expectations for the core investment in WEL Networks Ltd in terms of inter-generational benefit?
- How can we better contribute to Capital Beneficiary priority areas?
- How can we ensure we are engaging in inter-generational 'impactful' investing/granting that aligns with Capital Beneficiary strategy?

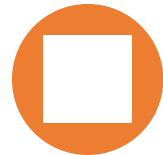


Outcome Area	Working with our Capital Beneficiaries – Action Priorities	
<b>Objective:</b> WEL Energy Trust and its respective Capital Beneficiary Councils (HCC 63%, Waikato DC 35%, and Waipa DC 2%) operate in a culture of mutual trust, respect and understanding		
Key Actions	Resources	Key Performance Measures
Conduct reviews of investment, capital growth and other performance measures through the Annual Report and other appropriate opportunities.	Advisors/Finance Audit and Risk and Investment Committees	<ul style="list-style-type: none"><li>Trust’s Annual Report discloses the Trust’s capital growth</li><li>Annual Review of the Trust’s investment in the Company</li><li>Other, as required, analysis of the balance between Capital and Income Beneficiaries</li></ul>
Consult on the development of the Trust’s draft Annual Plan and budget and engage on Community Support grants rounds.	Staff/Grants/Impact Investments	<ul style="list-style-type: none"><li>Capital Beneficiaries are engaged early in the annual planning process</li><li>Capital Beneficiary councils are supported in their application to Trust grants rounds</li><li>Opportunities to invest to achieve shared goals are investigated</li></ul>
Engage with Capital Beneficiaries, at least annually, to understand their strategic intentions.	Staff/Trustees	<ul style="list-style-type: none"><li>Trustees and staff engage with Capital Beneficiary planning processes where appropriate</li></ul>



# 5. Effective Community Investment

The Trust will continue to focus on:



Community grants –  
What's the balance  
required?



Systems change – How can  
we support this, and the  
network of collaboration?



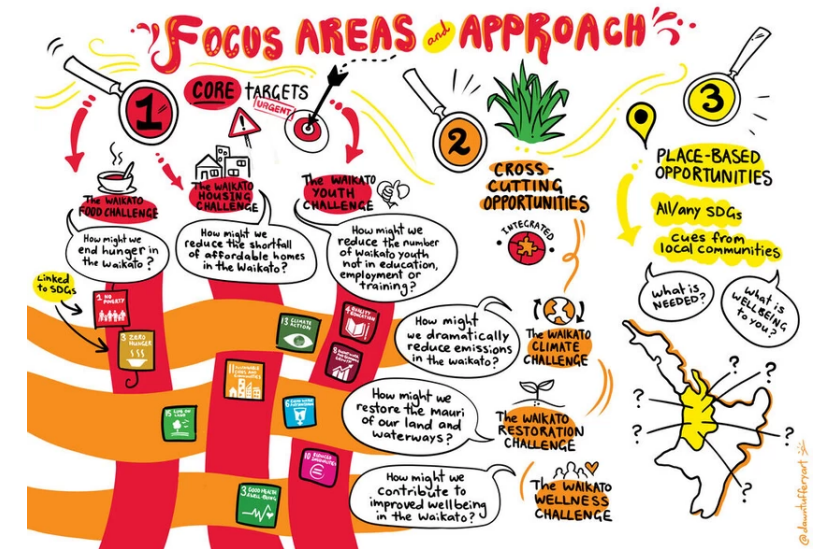
Māori Strategy – How can  
we improve partnership  
and engagement?



Increasing the level of Grant  
distribution, leveraging off  
increased returns from  
Company unregulated  
business activities.



The performance and  
continued support of the  
Waikato Wellbeing Project.



Outcome Area	Effective Community Investment – Action Priorities	
<b>Objective:</b> Community Investment processes ensure the most effective use of resources and maximise the benefit to the community with a good balance between short and long-term outcomes		
Key Actions	Resources	Key Performance Measures
Maintain core granting activities in Quick Response, Community Support and Vital Impact grants. COVID-19 grants to cease with funds reallocated.	<b>\$5.6M</b> (Including \$2.0M for Quick Response grants, \$2.6M for Community Support, \$1M for Vital Impact Grants)	<ul style="list-style-type: none"><li>• 5 Quick Response rounds are held (\$2.0M)</li><li>• 3 Community Support Rounds are held (\$2.6M)</li><li>• Vital Impact grants (\$1M)</li></ul>
Partner to achieve global, national and regional priorities through the Sustainable Development Goals (SDGs).	<b>\$0.5M</b> Waikato Wellbeing Project (WWP) - as per funding and partnership agreement with WRC, conditional grant	<ul style="list-style-type: none"><li>• Purpose and functions of the WWP supported</li><li>• Manu taki engaged across the Project targets, collective impact models established with terms of reference and clear action plans</li></ul>
Provide Convening and Organisational Development support.	<b>\$0.25M</b> Convening and Organisational Development Grants	<ul style="list-style-type: none"><li>• Research and engagement across sectors supported, including with potential funders/investors</li><li>• Initiatives identified as being important to catalyse systems change supported</li></ul>
Further develop the Affordable Energy For All (AEFA) Support Programme and monitor results.	<b>\$0.65M</b> AEFA Programme support	<ul style="list-style-type: none"><li>• AEFA partnerships supported, and outcomes monitored</li></ul>
<b>Total distributions through grants for 2023-24</b>	<b>\$7.00M</b>	
<b>Total electricity discounts for 2023-24</b>	<b>\$13.8M</b> <small>(Inc GST)</small> (The amount of a discount is at the WEL Networks Ltd Board’s discretion after accounting for the financial position and performance of WEL Networks Ltd)	<ul style="list-style-type: none"><li>• The cost of electricity distribution is reduced by a discount</li><li>• The discount for the 31 March 2023 Financial Year will be returned to consumers April/May 2024</li></ul>

## Summary

	Previous Budget	Forecast	Budget
Details	2022/23	2022/23	2023/24
<b>Income</b>			
Interest earned	\$290,000	\$311,272	\$331,000
Investment Portfolio Return	\$2,004,000	-\$1,730,146	\$2,147,000
Impact Investment Funds	\$0	-\$26,503	\$234,000
Dividend Received	\$4,200,000	\$4,200,000	\$6,000,000
Other income	\$0	\$34,906	\$0
<b>Total income</b>	<b>\$6,494,000</b>	<b>\$2,789,530</b>	<b>\$8,712,000</b>
<b>Expenditure</b>			
Staff Costs	\$411,000	\$376,583	\$436,000
Management & Administration	\$199,500	\$186,461	\$214,500
Governance /representation	\$354,744	\$297,855	\$372,000
Election	\$0	\$0	\$230,000
Communications	\$117,250	\$103,296	\$112,650
WEL Networks shareholding	\$200,000	\$109,263	\$117,000
Distribution related costs	\$25,500	\$19,500	\$21,450
Special Projects	\$55,000	\$880	\$40,000
Depreciation	\$12,000	\$4,661	\$8,000
Loss/(Gain) on loan revaluation, interest & credit loss adjustmen	-\$40,000	-\$41,000	\$0
<b>Total Expenditure</b>	<b>\$1,334,994</b>	<b>\$1,057,499</b>	<b>\$1,551,600</b>
<b>Net surplus / (deficit) before distributions</b>	<b>\$5,159,006</b>	<b>\$1,732,031</b>	<b>\$7,160,400</b>
<b>Distributions</b>	<b>\$5,570,000</b>	<b>\$5,567,527</b>	<b>\$7,000,000</b>
<b>Tax Expense</b>	<b>\$0</b>	<b>\$3,766</b>	<b>\$0</b>
<b>Total net surplus / (deficit) after tax</b>	<b>-\$410,994</b>	<b>-\$3,839,262</b>	<b>\$160,400</b>
<b>Capital expenditure</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$10,000</b>



<b>Balance Sheet</b>	<b>Previous Budget</b>	<b>Forecast</b>	<b>Budget</b>
Details	2022/2023	2022/23	2023/24
<b>Income Fund</b>			
Retained Earnings	\$97,247,432	\$94,641,149	\$94,801,549
<b>Total Income Fund</b>	<b>\$97,247,432</b>	<b>\$94,641,149</b>	<b>\$94,801,549</b>
<b>Capital Fund</b>			
Vested Capital	\$52,066,788	\$52,066,788	\$52,066,788
<b>Total Capital Fund</b>	<b>\$52,066,788</b>	<b>\$52,066,788</b>	<b>\$52,066,788</b>
<b>Total Trust Funds</b>	<b>\$149,314,220</b>	<b>\$146,707,937</b>	<b>\$146,868,337</b>
<b>Represented by</b>			
Current Assets	\$3,817,635	\$6,943,682	\$2,720,663
Investment Portfolio	\$51,515,114	\$47,703,935	\$49,850,935
Fixed Assets & Intangibles	\$15,247	\$9,096	\$11,214
Long-Term Loan Momentum Foundation	\$330,144	\$330,144	\$353,303
Community Loans	\$629,082	\$629,082	\$440,223
Impact Investment Funds - Committed	\$10,200,000	\$7,695,000	\$7,695,000
Impact Investment Funds - Uncalled	-\$2,990,000	-\$2,400,000	
WEL Networks Convertible Notes Balance	\$0	\$0	\$0
Shares in WEL Networks	\$85,796,998	\$85,796,998	\$85,796,998
Accounts Payable & Accruals		\$0	
Conditional/Committed Grants		\$0	
<b>Total</b>	<b>\$149,314,220</b>	<b>\$146,707,937</b>	<b>\$146,868,337</b>