



annual plan

2024-2025





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 2024 to 31 March 2025.

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. Seven Trustees were appointed in the election in June 2023.

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 potential enhancement of the 2022-25 Community Investment Strategy (which includes the Trust's Community Granting Programme), along with the electricity discount. 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 key areas

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

01

Strategic Intent

02

Investments and Finance

03

Working with
WEL Networks to benefit electricity
consumers and the wider community

04

Working with our
Capital Beneficiaries

05

Effective
Community Investment

about the trust

Trust Structure

WEL Energy Trust Trustees
(supported by the Operational Team)

Operational Team

Chief Executive Officer

Finance
Administrator

Grants
Manager

Grants
Advisor

Trust
Secretary



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.

Values | Ngaa Uara

Te Tiriti o Waitangi

We aim to continue to strengthen the relationship and trust between iwi, hapuu, whaanau and our organisation.

Connected

We are actively working within the community and are connected to the people and partners to deliver positive outcomes together.

Purpose Driven

Our actions seek to deliver a clear and positive outcome.

Integrity

We act in good faith and are prepared to be accountable.



our aims Ngaa Whainga

Thriving Community Hapori Taurikura

Opportunities are supported 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.

Maaori Aspirations Ngaa Wawata o te Maaori

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

our intentions

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



1. strategic intent

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
- Review the current strategic intent with a focus for the future strategic period of 2025–2028.



2. investments and **finance**

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?

investments and finance

action priorities

Objective: 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"> Return on regulated business within the Commerce Commission's expectations, before discounts, and unregulated business of 8%-10%
Ensure growth, income and performance expectations are clear and being met.	Independent members of Investment Committee/ Staff/Trustees/WEL Networks Ltd.	<ul style="list-style-type: none"> 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)
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"> Impact measurement tools are used with all social/impact investments



3. working with **WEL Networks Ltd**

To benefit electricity consumers and the wider community

- 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?

working with WEL Networks Ltd

action priorities

Objective: 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"> Electricity prices (taking account of any discount) in the region are monitored Company initiatives to deliver affordable sustainable energy are monitored and supported
Reduce energy hardship and improve energy efficiency initiatives, 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"> AEFA programme implemented, outputs and outcomes measured and reported. The discount programme grows in-line with the increase in customer connections Waikato Wellbeing Project activities supported
Ensure expectations are established and agreed in relation to: <ul style="list-style-type: none"> Inter-generational benefit Returns to the Trust 	Staff/Trustees/WEL Networks/Independent Advisors	<ul style="list-style-type: none"> The dividend/discount policy is continually monitored to ensure it is fit for purpose and providing the expected returns



4. working with our **capital** beneficiaries

- 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?
- How can we increase engagement and partnerships with our Capital Beneficiaries?

working with our capital beneficiaries

action priorities

Objective: 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"> Trust's Annual Report discloses the Trust's capital growth Annual Review of the Trust's investment in the Company Other, as required, analysis of the balance between Capital and Income Beneficiaries
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"> Capital Beneficiaries are engaged early in the annual planning process Capital Beneficiary councils are supported in their application to Trust grants rounds Opportunities to invest to achieve shared goals are investigated
Engage with Capital Beneficiaries, at least annually, to understand their strategic intentions.	Staff/Trustees	<ul style="list-style-type: none"> Trustees and staff engage with Capital Beneficiary planning processes where appropriate

5. effective community investment



Community Grants

What's the balance required?



Maaori Strategy

How can we improve partnership and engagement?



The performance and support of the Waikato Wellbeing Project.



Systems Change

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



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



effective community investment

action priorities

Objective: 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 and Community Support grants. New Grant Initiative: WEL Networks/Trust Impact Grants	\$5M \$2.0M for Quick Response grants, \$3.0M for Community Support \$1.2M for Impact Grants	<ul style="list-style-type: none"> • 5 Quick Response rounds are held (\$2.0M) • 3 Community Support Rounds are held (\$3.0M) • Impact grants (\$1.2M)
Partner to achieve global, national and regional priorities through the Sustainable Development Goals (SDGs).	\$0.4M Waikato Wellbeing Project (WWP). Discussion to be held with WRC on future funding models and project deliveries.	<ul style="list-style-type: none"> • Purpose and functions of the WWP supported • Manu taki engaged across the Project targets, collective impact models established with terms of reference and clear action plans
Provide Convening and Organisational Development support.	\$0.25M Convening and Organisational Development Grants	<ul style="list-style-type: none"> • Research and engagement across sectors supported, including with potential funders/investors • Initiatives identified as being important to catalyse systems change supported
Further develop the Affordable Energy For All (AEFA) Support Programme and monitor results.	\$0.65M AEFA Programme support	<ul style="list-style-type: none"> • AEFA partnerships supported, and outcomes monitored
Enhance Strategic Intent outcomes	\$3M Distribution Fund	<ul style="list-style-type: none"> • Fund outcomes yet to be decided. Consultation process continuing.
Total distributions through grants for 2024-25	\$10.5M	
Total electricity discounts for 2024-25	\$14.5M (Inc GST)	<ul style="list-style-type: none"> • The cost of electricity distribution is reduced by a discount • The discount for the Financial Year ending 31 March 2025 will be returned to consumers April/May 2025

summary

	Previous Budget	Forecast	Budget
Details	2023/2024	2023/24	2024/25
Income			
Interest Earned	\$331,000	\$433,471	\$228,000
Investment Portfolio Return	\$2,112,000	\$4,813,769	\$2,419,000
Impact Investment Funds	\$234,000	-\$80,140	\$234,000
Dividend Received	\$6,000,000	\$6,000,000	\$9,300,000
Other Income	\$0	\$0	\$0
Total Income	\$8,677,000	\$11,167,100	\$12,181,000
Expenditure			
Staff Costs	\$436,000	\$394,743	\$504,000
Management and Administration	\$214,500	\$234,613	\$265,900
Governance /Representation	\$372,000	\$332,277	\$376,000
Election	\$230,000	\$242,397	\$0
Communications	\$112,650	\$102,095	\$111,000
WEL Networks Shareholding	\$117,000	\$132,509	\$110,000
Distribution Related Costs	\$21,450	\$19,500	\$25,500
Special Projects	\$40,000	\$40,000	\$40,000
Depreciation	\$11,000	\$6,049	\$31,000
Loss/(Gain) on Loan Revaluation, Interest and Credit Loss Adjustments	\$0	-\$72,744	\$0
Total Expenditure	\$1,554,600	\$1,431,439	\$1,463,400
Net Surplus / (Deficit) before Distributions	\$7,122,400	\$9,735,661	\$10,717,600
Distributions	\$7,000,000	\$7,000,000	\$10,500,000
Tax Expense	\$0	\$199	\$0
Total Net Surplus / (Deficit) after Tax	\$122,400	\$2,735,462	\$217,600
Capital Expenditure	\$10,000	\$10,000	\$62,000

balance sheet

	Previous Budget	Forecast	Budget
Details	2023/2024	2023/24	2024/25
Income Fund			
Retained Earnings	\$94,086,824	\$98,494,026	\$98,911,626
Total Income Fund	\$94,086,824	\$98,494,026	\$98,911,626
Capital Fund			
Vested Capital	\$52,066,788	\$52,066,788	\$52,066,788
Total Capital Fund	\$52,066,788	\$52,066,788	\$52,066,788
Total Trust Funds	\$146,153,612	\$150,560,814	\$150,978,414
Represented by			
Current Assets	\$2,823,029	\$4,617,963	\$864,775
Investment Portfolio	\$49,033,075	\$53,752,264	\$56,171,264
Fixed Assets and Intangibles	\$11,983	\$14,731	\$45,758
Long-Term Loan Momentum Foundation	\$353,303	\$353,303	\$378,017
Community Loans	\$440,223	\$440,223	\$249,929
Community Finance Bond		\$2,340,332	\$2,376,674
Impact Investment Funds - Committed	\$7,695,000	\$5,195,000	\$5,195,000
Impact Investment Funds - Uncalled	\$0	-\$1,850,000	\$0
WEL Networks Convertible Notes Balance	\$0	\$0	\$0
Shares in WEL Networks	\$85,796,998	\$85,796,998	\$85,796,998
Accounts Payable and Accruals		-\$100,000	-\$100,000
Conditional/Committed Grants		\$0	
Total	\$146,153,611	\$150,560,814	\$150,978,414



'Here for the Community'

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