



# Summary Annual Report

2022

**EA** networks



Jeremy Bowman  
Apprentice Electrician

***Our Mission: To provide reliable, affordable, high-quality network infrastructure and energy solutions that deliver economic growth and wellbeing to our community.***

## Chair's Report

It is my pleasure to report on EA Networks, our co-operatively owned network company. The company exists to ensure the community it serves has safe, reliable and affordable energy distribution infrastructure. Our goal is to provide a reliable network to keep the lights on, and to keep our customers connected with fast fibre internet. We do this by employing staff who commit themselves to managing EA Networks' long-term investments in energy distribution and communication networks.

2021/22 was a successful year, delivering good stable financial results. We were pleased to provide a consumer discount pool of \$2.9 million which was returned to our customers via their retail power accounts. This is based on electricity line charges paid by customers throughout the year. For an average household, this was about \$50.

After two decades of significant network growth and investment, driven largely by irrigation development, EA Networks is entering a stable period focused on optimising and maintaining our infrastructure. We now have a modern electricity network that can deliver to new and existing loads, as well as take advantage of new technologies. The most notable drivers of new growth in the network will be the electrification of process heat (like coal boilers) and transport (electric vehicles).

Our engineering team continues to develop strategies and network capabilities focused on meeting the future needs of our customers. We are seeing significant interest in solar power, at both industrial and domestic scales. In terms of network growth, we have seen expansion in recent years with new subdivisions being developed in various locations across the district. The network is well positioned for this growth, enabling this development to go ahead without any undue pressure on existing assets.

During the year we increased our involvement in the community, with the team working with local organisations to provide support to some of our most vulnerable customers. Our goal is to increase energy efficiency awareness across the community, improve the energy efficiency of local homes and strengthen partnerships with community agencies to continue to support this.

Like many of you, we have experienced challenges in the last 12 months with Covid-19 changing the way we operate. Our primary goal, as always, is to ensure our people are kept safe and well so we are positioned to support our networks and the community. The Board and I are extremely grateful to everyone in the business for their ongoing hard work during these challenging times. We would also like to acknowledge and thank the community for their ongoing support as Covid-19 has impacted our service levels in some areas of our business.

Finally, I thank my fellow directors for their contribution to the business and our local community. This is my final report as Chair, as I step down at the upcoming AGM. It has been a privilege and a pleasure to work with you over the years. Being surrounded by exceptionally passionate individuals who are truly focused on our community leaves me with great comfort that the business is in good hands for the future.

**Phil McKendry**  
Board Chair



Connecting  
our community

**Stacey Edwards**  
Executive Assistant



**Franco Heinse**  
Leading Hand Line Mechanic

## Shareholders' Committee Report

EA Networks' Shareholders' Committee represents the interests of all shareholders. Each customer shareholder has one vote to elect Shareholders' Committee members, who are in turn entrusted with appointing Directors to the Board. Shareholders' Committee members represent shareholders' views when dealing with the company and work on behalf of all shareholders to monitor and oversee the overall performance of the company.

As we continue to navigate a worldwide pandemic, we would like to acknowledge all staff at EA Networks who have managed to keep the lights on across the region throughout various Covid-19 disruptions. In focusing on the health and safety of staff, the organisation has prioritised the ability to protect our resource levels, allowing the company to focus on the continued supply of electricity and the rapid response to unplanned events.

The team worked hard to continue to provide the best service they could to customers, continuing essential maintenance, responding to faults quickly, and working together to support each other. The diligence and commitment of all staff at EA Networks is appreciated by the committee and all customers across the region who rely on the networks managed by the company.

The impact of Covid-19 goes beyond the organisation, and we have been pleased to see the company look for new and innovative ways in which they can contribute to the wellbeing of our community. We have seen an increase in the organisation's focus on raising energy efficiency awareness, partnering with local community agencies, and getting involved at a local level to provide support and information to customers.

We are pleased to see a continued focus on improving reliability and future-proofing the electricity network. Upgrading the rural network to 22kV as well as work undertaken on the Methven Substation are excellent examples of our asset management plan in action. These key pieces of work will ensure the company continues to meet growing demand in our rural areas, as well as improve the reliability of our network. The committee supports the work focused on maintaining affordable and reliable supply to customers.

I would like to acknowledge the effort and commitment of Phil McKendry, Chair of the Board, who retires this year. Phil has a long-standing involvement in the business, joining the Board in September 2004 and being elected as Chair in September 2019. He has been involved in many of the key decisions that have shaped the company to be the success that it is today. Thank you, Phil, and good luck with your next endeavours.

Finally, I thank my committee members for another year of hard work and dedication. We are passionate about supporting the success of EA Networks and ensuring the interests of all shareholders are front of mind with our Directors.

**Ian Cullimore**  
Committee Chair

## Our network

Through the years, EA Networks has put significant effort into the development of the high-quality network infrastructure we have available today. Our primary focus is to ensure that we have an affordable and reliable network that enables our community to prosper.

Network projects continued to improve performance and future-proof our capacity for demand growth. Two significant projects included the upgrade to our Methven Substation, which has been reconfigured to allow for greater security of supply, alongside our ongoing rural conversion program, upgrading lines within the Methven area to 22kV. These projects have doubled the voltage of our lines and are a significant step-up in allowing us to deliver more energy as demand grows within this thriving area.

Further 22kV conversions have also taken place within the Eiffelton, Willowby, and Ashton areas. This is part of a considered effort within our rural network areas to provide better resilience to unplanned events and to be able to deliver more energy as demand grows.

The benefit of our ongoing focus on upgrading and maintaining our network is the ability to reduce the impact of outages on our customers. On average, our customers were without power for 61.3 minutes throughout the year. As we come off the back of our growth phase, even more effort will be directed to optimising our network for greater efficiency and reliability.

## Our community

Our mission reflects our commitment to contributing to the wellbeing of the wider community. We acknowledge the impact of rising costs on our business community, as well as local families. Throughout the year, we've increased our focus on engaging at a local level to offer support and guidance, particularly around helping people make their homes more energy efficient and reduce their overall energy usage and costs associated with this. Our residential electricity line charges remain some of the lowest in the country, but we still want to focus our energy on delivering even more value to help where we can.

### **100 Homes, Warm for Winter**

Our '100 Homes, Warm for Winter' initiative saw us build an effective partnership with Community Energy Action Charitable Trust Limited, with 100 homes provided with either an Energy Efficiency Kit or a Home Energy Assessment. The kits contained a variety of items that would help make a home warmer for winter and support lower electricity use, reducing energy costs to these households.

### **Connecting at a local level**

Another area of focus for our team has been building strong relationships both with local community organisations and directly with our customers. We've been out and about handing out LED lightbulbs, presenting to local community agencies and educating customers on how to be more energy efficient. We've also helped customers with free online tools, such as Powerswitch, which helps to identify some of the cheapest electricity retailers available in our region. We are looking forward to continuing our energy advocacy work, as we look to help customers reduce costs, keep warm and work towards a more sustainable Mid Canterbury.



### **Financial**

- \$17M Total Capital Spend
- \$314M Total Assets
- \$45M Operating revenue (after discount)



### **Network**

- 20,665 Customer connections
- 159 MW Maximum network demand
- 3,108km Overhead lines and cables
- 569 GWh Total energy delivered



### **Community**

- \$2.9M Discount returned to customers
- 88% Customer satisfaction (overall)
- 100 Homes, Warm for Winter

# Summary Financial Statements

FOR ELECTRICITY ASHBURTON LIMITED TRADING AS EA NETWORKS

## Summary Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2022

	2022 \$000	2021 \$000
<b>Operating revenue</b>		
Distribution line charge revenue	41,743	44,201
Consumer discount	(2,927)	(2,912)
<b>Net distribution line charge revenue</b>	<b>38,816</b>	<b>41,289</b>
Other operating revenue and other income	5,874	5,599
<b>Operating revenue after consumer discounts</b>	<b>44,690</b>	<b>46,888</b>
<i>Less</i>		
<b>Operating expenses</b>		
Pass-through and recoverable costs	(4,959)	(7,027)
Directors fees and shareholder committee fees	(395)	(352)
Audit fee	(111)	(83)
Employee costs not included elsewhere	(5,888)	(6,893)
Maintenance of network	(4,245)	(4,118)
Other operating expenses	(4,716)	(2,641)
<b>Total operating expenses</b>	<b>(20,314)</b>	<b>(21,114)</b>
Net finance costs	(593)	(1,815)
Depreciation and amortisation	(11,863)	(11,743)
<b>Net profit before taxation</b>	<b>11,920</b>	<b>12,216</b>
Taxation	(3,349)	(3,174)
<b>Net profit after taxation</b>	<b>8,571</b>	<b>9,042</b>
<b>Total comprehensive income</b>	<b>8,571</b>	<b>9,042</b>

## Summary Statement of Changes in Equity and Members' Interests

FOR THE YEAR ENDED 31 MARCH 2022

	2022 \$000	2021 \$000
<b>Opening retained earnings</b>	<b>177,187</b>	<b>168,145</b>
Total comprehensive income for the period	8,571	9,042
<b>Closing retained earnings</b>	<b>185,758</b>	<b>177,187</b>
Rebate shares	1,385	1,329
Member interests	31,484	31,484
<b>Total retained earnings and members' interests</b>	<b>218,627</b>	<b>210,000</b>

## Summary Statement of Financial Position

AS AT 31 MARCH 2022

	2022 \$000	2021 \$000
Current assets	11,776	12,961
Non-current assets	301,919	296,558
<b>Total assets</b>	<b>313,695</b>	<b>309,519</b>
Current liabilities	9,767	24,091
Non-current liabilities	85,301	75,428
<b>Total liabilities</b>	<b>95,068</b>	<b>99,519</b>
<b>Net assets</b>	<b>218,627</b>	<b>210,000</b>

## Summary Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2022

	2022 \$000	2021 \$000
Net cash flow from operating activities	17,404	28,136
Net cash flow from investing activities	(16,559)	(18,263)
Net cash flow from financing activities	(764)	(8,144)
<b>Net increase in cash on hand</b>	<b>81</b>	<b>1,729</b>
Opening cash and cash equivalents on hand	160	(1,569)
<b>Closing cash and cash equivalents on hand</b>	<b>241</b>	<b>160</b>

## Summary of Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2022

*The specific disclosures included in this summary annual report have been extracted from the full annual report adopted by Electricity Ashburton Limited on 27 June 2022. The full annual report has been audited and an unqualified audit report has been received.*

*The summary financial statements are in compliance with FRS-43: Summary Financial Statements. The summary annual report cannot be expected to provide as complete an understanding as provided by the full annual report on the financial performance, the financial position and cash flows of the company. The summary annual report has been audited for consistency with the full annual report.*

Electricity Ashburton Limited is a tier 1 profit-oriented co-operative company registered under the Co-operative Companies Act 1996. The full financial statements of the company have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable reporting standards as appropriate for a co-operative company and a profit-oriented company.

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

The Directors are not aware of any other matter or circumstance since the end of the financial year, not otherwise dealt with in the full financial report, that has significantly affected or may significantly affect the operation of Electricity Ashburton Limited, the results of those operations, or the state of affairs of Electricity Ashburton Limited.

### Contingent liabilities

EA Networks has no contingent liabilities. In relation to prior year matters: In September 2021 the Commerce Commission issued a warning to EA Networks for contravening section 87 of the Commerce Act by failing to comply with the price path by \$3.3 million in the 2021 assessment period and section 103 of the Commerce Act by failing to comply with the annual price setting compliance statement requirements in the 2021 assessment period. The Commerce Commission has also accepted EA Network's enforceable undertakings for contravention of section 87 of the Commerce Act by failing to comply with the price path in the 2020 assessment period. There are no further contingent liabilities in relation to this matter.





## REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

### To the members of Electricity Ashburton Limited (trading as "EA Networks")

The summary financial statements comprise:

- the summary statement of financial position as at 31 March 2022;
- the summary statement of comprehensive income for the year then ended;
- the summary statement of changes in equity and members' interests for the year then ended;
- the summary statement of cash flows for the year then ended; and
- the summary of accounting policies.

### Our opinion

The summary financial statements are derived from the audited financial statements of Electricity Ashburton Limited (trading as "EA Networks") for the year ended 31 March 2022.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with FRS-43: Summary Financial Statements issued by the New Zealand Accounting Standards Board.

### Summary financial statements

The summary financial statements do not contain all the disclosures required by New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

### The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 28 June 2022.

### Information other than the summary financial statements and auditor's report

The Directors are responsible for the summary annual report. Our opinion on the summary financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the summary financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the summary financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, 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.

### Responsibilities of the Directors for the summary financial statements

The Directors are responsible, on behalf of the Company, for the preparation of the summary financial statements in accordance with FRS-43: Summary Financial Statements.

### Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

We are independent of the Company. Our firm carries out other services for the Company in the areas of compliance with regulatory requirements of the Commerce Act 1986 and the provision of regulatory and industry updated advisory services. The provision of these other services has not impaired our independence as auditor of the Company.

### Who we report to

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report or for the opinions we have formed.

Chartered Accountants

Christchurch

6 July 2022

## ANNUAL REPORT

A copy of the full annual report can be downloaded from [eanetworks.co.nz](http://eanetworks.co.nz) or collected from our office; 22 JB Cullen Drive, Ashburton Business Estate, phone 0800 430 460 during business hours.



**Pierre Niemand**  
Acting Operations Manager

**Neil McKenzie**  
Distribution Management  
System Engineer

## Notice of AGM

The Annual General Meeting of shareholders of EA Networks (Electricity Ashburton Limited) will be held at Hotel Ashburton, 11 Racecourse Road, Ashburton on 31 August 2022 at 5.30pm.

### BUSINESS

1. To review the minutes of the Annual General Meeting held on 29 September 2021.
2. To receive and review the Annual Report and Financial Statements for the year ended 31 March 2022.
3. To reappoint PricewaterhouseCoopers as the company's auditor.
4. To fix the remuneration of Directors. It is proposed that total Directors' fees for the year ending 31 March 2023 are \$341,000 per annum.
5. To receive the report from the Shareholders' Committee for 2021/22.
6. To advise the appointment of Directors.
7. To appoint a new Chair to the Board of Directors.
8. To transact any other business that may be properly brought before the meeting.

### Roger Sutton

Chief Executive Officer

### PROXIES

A shareholder may exercise the right to vote either by being present in person or by proxy of the meeting. A proxy form is available for collection from our office, or as a download from [eanetworks.co.nz](http://eanetworks.co.nz)

### SHAREHOLDERS' COMMITTEE

Ian Cullimore (Chair)  
Robert Newlands (Deputy Chair)  
Alister Lilley  
Jeanette Maxwell  
David Ward  
Anne Marett  
Tony Potts

### BOARD OF DIRECTORS

Philip McKendry (Chair)  
Richard Fitzgerald  
Paul Munro  
Andrew Barlass  
Janine Holland  
Anthony Gray  
Anna Wilson (IOD Intern)

### MANAGEMENT

Roger Sutton: Chief Executive Officer  
Cindy Meadows: People and Capability Manager  
Jeremy Adamson: General Manager Customer & Commercial  
Nigel Thomson: General Manager Finance  
George Ritchie: Field Services Manager  
Myles Connew: Acting Network Manager

### AUDITOR

PricewaterhouseCoopers  
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