

# *Statement of Corporate Intent*

**2025-26**



# Statement of Corporate Intent 2025-26

## Introduction

We are pleased to present this Statement of Corporate Intent (SCI), which outlines our priorities for the financial year ending 31 March 2026, and provides a roadmap for the subsequent financial years ending 31 March 2027 and 2028.

As per our company constitution, the Board prepares the SCI and delivers it to the Shareholders Committee normally within 60 working days following the end of the financial year. The Shareholders Committee reviews the SCI, evaluates the Company's performance against it, and communicates outcomes to the Shareholders. Directors approve the SCI after discussion with the Shareholders Committee.

## About EA Networks

EA Networks, the trading name for Electricity Ashburton Ltd, is a locally owned cooperative providing electricity distribution, fibre network services, and infrastructure contracting in Mid Canterbury, New Zealand.

Visit [www.eanetworks.co.nz](http://www.eanetworks.co.nz) for a detailed overview.

## The objectives of EA Networks

EA Networks operates an electricity distribution network supported by a fibre network within the Ashburton district. We aim to build and maintain networks using in-house resources when cost-effective, or external providers when necessary.

Our networks need to be able to meet the needs of those who use them. These needs go beyond the ability to supply electricity and fibre. We must deliver safe and reliable services at a sustainable cost that ensures the long-term satisfaction of our consumers' service level expectations and of our Shareholders' expectations.

## Company Purpose

'Enable our Region' which means the following for the organisation.

- Deliver smart, connected and reliable networks
- Ensure we can safely respond when communities need us

- Attract, value and retain committed and engaged people through meaningful careers and a vibrant culture
- Remain locally owned and operated to enable prosperity and liveability in our region
- Be a relevant and agile customer centric organisation with a strong brand reputation
- Deliver sustainable financial performance through diversified infrastructure and optimised delivery.

## Commitment to our customers

Our customers define our success. As a co-operative, we align our strategies with the best interests of our customer Shareholders, eliminating the typical tension between Shareholders and consumers. This enables us to focus on delivering strong customer outcomes that drive regional economic growth. We are successful if our customers are successful and have access to energy where and when they need it.

We continuously enhance the customer experience by investing in technology and processes that streamline interactions and monitor customer journeys from initial contact to project completion. We also prioritize transparent communication during major outages.

Customers impact all parts of the EA Networks operation. We continuously improve our customer's experience by investing in technology and processes that streamline interactions and monitor customer journeys from initial contact to project completion. We are also focused on improving how we communicate during major outages.

## Regulation

EA Networks operates in a regulated environment which is overseen by:

- a) **Commerce Commission** – The Commerce Commission establishes 'default-quality paths' which determine the maximum revenue we can charge for distribution services, while also setting standards for the quality of the service we must deliver. We demonstrate compliance with the Commerce Commission by the publication of four mandated key documents:
  - The **Asset Management Plan** that sets out our operating plan for the next 10 years.

- The **Annual Price Setting Compliance Statement** details how our allowable forecasted revenue is constructed.
- The **Default Price-Quality Path Annual Compliance Statement** details our actual performance against Price-Quality Commerce Commission defined targets.
- **Annual Information Disclosure Statement** that shows compliance with the maximum profit we are allowed to earn.

These four documents are available for all interested parties on our website, [www.eanetworks.co.nz](http://www.eanetworks.co.nz) throughout the year.

b) **Electricity Authority** – The Electricity Authority has responsibility under the Electricity Industry Act 2010 to promote competition within the sector, reliability of supply, and efficient operation of the electricity industry for the long-term benefit of consumers.

This includes:

- Setting the rules around distribution pricing methodology and how we recover distribution and transmission revenues from our consumers/ shareholders. We demonstrate compliance with the price rules by publishing EA Networks’ Pricing Methodology on our website.
- Completing and filing a number of other mandated returns to the Electricity Authority regarding activities on our network.

The level of change within the industry and the regulatory environment continues to grow for both EA Networks and consumers. Regulation is impacting EA Networks’ ability to:

- Offer price certainty for irrigators
- The extent to which EA can participate in emerging technology markets
- The rate of return which the company can earn.

## Annual Targets

### The ratio of Shareholders’ funds plus any subordinated shareholder debt to total assets.

Our cooperative structure limits our ability to raise funds from Shareholders. Any investment in new business opportunities and the networks needs are to be funded from external borrowing and retained earnings. To allow this investment to occur we plan to maintain a prudent level of debt as a percentage of total assets with a planning horizon target of less than or equal to 40% debt as a percentage of total assets. Where there are specific

opportunities requiring a revision to the target which benefits the mid Canterbury community we will discuss this with the Shareholders Committee.

- **Measurement of success** – Shareholders’ funds as a percentage of total assets is greater than or equal to 60% within our 10-year asset management planning horizon.

### The accounting policies

The accounting policies relating to the SCI year, comply with NZ IFRS and are detailed in our annual report, downloadable from [www.eanetworks.co.nz](http://www.eanetworks.co.nz).

- **Measurement of success** – The accounting policies relating to the SCI year comply with NZ IFRS.

### Safety

Operating a safe and secure organisation can be broken down into two areas covering public safety, and employee safety.

**Public Safety** – Our aim is to have a Public Safety Management System (PSMS) that complies with the provisions of ‘NZS 7901 Electricity and Gas Industries - Safety Management Systems for Public Safety,’ regarded as the gold standard in PSMS. To ensure compliance with NZ 7901 our PSMS is audited annually and reviewed against best practice.

- **Measurement of success** – Positive assurance resulting from the NZS7901 external auditor.

**Staff Safety** – EA Networks has a responsibility to exercise due diligence to ensure that the organisation complies with its Health and Safety duties and obligations. Our measure of success is aimed at giving the Shareholders’ Committee assurance that Directors are discharging their responsibilities.

- **Measurement of success** –
  - The company maintains a Health and Safety Charter.
  - Total Recordable Injury Frequency Rate less than 5/200,000 hours worked.
  - Permanent disability and/or fatality set at zero.

### Compliance with legislation

EA Networks has legislation, regulation, standards and district plans with which it must comply. Non-compliance with legislation may result in a simple infringement notice, e.g. a speeding ticket, or significant reputational damage. We take all reasonable endeavours to meet our compliance obligations.

- **Measurement of success** – No material compliance and legislation issue or breaches have occurred during the year.

### Reliability of the electricity network

We aim to supply a reliable network to meet the needs of our consumers. Due to the nature of any electricity distribution network, there will be outages. The number of times and length of outages will vary between urban and rural customers.

- **Measurement of success** – To meet the regulatory SAIDI/SAIFI performance targets as set out in the Asset Management Plan

### Financial performance measures

The financial focus is on meeting regulated service levels in the most economical and efficient manner that ensures long term financial sustainability.

- **Measurement of success** – To achieve annual budgeted Net Profit After Tax (NPAT).

### Electricity tariff to domestic consumers

As a co-operative we aim to keep our charges down. Our measure of success reflects our desire to have low charges. EA Networks will utilise the Quarterly Survey of Domestic Electricity Prices (QSDEP) to benchmark the network services that an average residential customer who consumes 8,000kWh per annum pays.

- **Measurement of success** – We will strive to ensure that our tariffs are in the lower quartile of the Quarterly Survey of Domestic Electricity Prices (QSDEP).

### Consumer Discount

The consumer discount is paid to all consumers. The Board has authorised a consumer discount of \$5.0M for the 2025/26 year in total.

- **Measurement of success** – The payment of a consumer discount of \$5.0m for the 2025/26 year.

### Shareholder Dividend

EA Networks will consider distribution of any surplus funds to the investment and operation requirements of the organisation however we are not planning to make any distribution to Shareholders in the 2025/26 year.

### People

Our people are central to the success of EA Networks. We will continue to invest in staff to ensure we have the appropriate skills and capability.

- **Measurement of success** – Complete an annual staff engagement survey to establish a benchmark year, followed with annual improvements in engagement.

### Sustainability

We will continue our sustainability programme, acknowledging that this is a continuing journey. We will develop a strategy document that focuses on internal and external opportunities to improve sustainability within the region.

- **Measurement of success** – development of a sustainability strategy setting out the key areas of focus and improvements

### Value of EA Networks

The Board estimate the commercial value of EA Networks will be at least as high as the audited value of the Shareholders equity as recorded in the Annual Report.

The estimated value of EA Networks is at least \$225m in line with Shareholder equity as at 31 March 2024.

## Summary table of targets SCI KPIs

Target	Measurement of Success for 2025/26 period	Measurement of Success for 2026/27 period	Measurement of Success for 2027/28 period
<b>The ratio of Shareholders' funds</b>	<ul style="list-style-type: none"> <li>Shareholders' funds as a percentage of total assets is greater than or equal to 60% within our 10-year asset management planning horizon</li> </ul>	<ul style="list-style-type: none"> <li>As per prior year</li> </ul>	<ul style="list-style-type: none"> <li>As per prior year</li> </ul>
<b>Safety – staff and public</b>	<ul style="list-style-type: none"> <li>Positive assurance resulting from the NZS7901 external auditor</li> <li>The company maintains a Health and Safety Charter</li> <li>Total Recordable Injury Frequency Rate less than 5/200,000 hours worked</li> <li>Permanent disability and/or fatality set at zero</li> </ul>	<ul style="list-style-type: none"> <li>As per prior year</li> <li>As per prior year</li> <li>5% improvement on prior year</li> <li>As per prior year</li> </ul>	<ul style="list-style-type: none"> <li>As per prior year</li> <li>As per prior year</li> <li>5% improvement on prior year</li> <li>As per prior year</li> </ul>
<b>Compliance with legalisation</b>	<ul style="list-style-type: none"> <li>No material compliance and legislation issue have occurred in the year</li> </ul>	<ul style="list-style-type: none"> <li>As per prior year</li> </ul>	<ul style="list-style-type: none"> <li>As per prior year</li> </ul>
<b>Electricity reliability network</b>	<ul style="list-style-type: none"> <li>To meet the regulatory SAIDI/SAIFI performance targets as set out in the Asset Management Plan</li> </ul>	<ul style="list-style-type: none"> <li>As per prior year</li> </ul>	<ul style="list-style-type: none"> <li>As per prior year</li> </ul>
<b>Financial performance measures</b>	<ul style="list-style-type: none"> <li>To achieve annual budgeted Net Profit After Tax (NPAT)</li> </ul>	<ul style="list-style-type: none"> <li>As per prior year</li> </ul>	<ul style="list-style-type: none"> <li>As per prior year</li> </ul>
<b>Electricity tariff to domestic consumers</b>	<ul style="list-style-type: none"> <li>We will strive to ensure that our tariffs are in the lower quartile of the MBIE Annual Benchmarking survey</li> </ul>	<ul style="list-style-type: none"> <li>As per prior year</li> </ul>	<ul style="list-style-type: none"> <li>As per prior year</li> </ul>
<b>Consumer Discount</b>	<ul style="list-style-type: none"> <li>The payment of a consumer discount of \$5.0m for the 2025/26 year</li> </ul>	<ul style="list-style-type: none"> <li>TBA in the following SCI</li> </ul>	<ul style="list-style-type: none"> <li>TBA in the following SCI</li> </ul>

*continued overleaf...*

Target	Measurement of Success for 2025/26 period	Measurement of Success for 2026/27 period	Measurement of Success for 2027/28 period
<b>People</b>	<ul style="list-style-type: none"> <li>Complete an annual staff engagement survey to establish a benchmark year, followed with annual improvements in engagement</li> </ul>	<ul style="list-style-type: none"> <li>An increase on prior year</li> </ul>	<ul style="list-style-type: none"> <li>An increase on prior year</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Development of a sustainability strategy setting out the key areas of focus and improvements</li> <li>5% carbon reduction (excl. scope two line losses)</li> <li>Complete one biodiversity project</li> </ul>	<ul style="list-style-type: none"> <li>5% carbon reduction (excl. scope two line losses)</li> <li>Investigate options for SF6 reduction</li> <li>Complete two biodiversity projects</li> </ul>	<ul style="list-style-type: none"> <li>5% carbon reduction (excl. scope two line losses)</li> <li>Implement SF6 findings</li> <li>Complete three biodiversity projects</li> </ul>
<b>Value of EA Networks</b>	<ul style="list-style-type: none"> <li>Estimated value of EA Networks is at least \$225m in line with Shareholder equity</li> </ul>	<ul style="list-style-type: none"> <li>TBA in the following SCI</li> </ul>	<ul style="list-style-type: none"> <li>TBA in the following SCI</li> </ul>
<b>Energy Advocacy</b>	<ul style="list-style-type: none"> <li>Energy advocacy to help customers reduce their electricity consumption and costs through external partnerships, spending 80% of the budget</li> </ul>	<ul style="list-style-type: none"> <li>as per prior year, spending 90% of the budget</li> </ul>	<ul style="list-style-type: none"> <li>as per prior year, spending 100% of the budget</li> </ul>

## Appendix: Additional Information

We operate in accordance with our Constitution and have statutory obligations under other acts, including the Companies Act 1993 and Financial Markets Conduct Act 2013.

### Shareholders Committee reporting

Section 16 of EA Networks constitution requires that the Shareholders Committee shall report at least twice in each annual period to the Shareholders on the performance of the Company. This report shall include an assessment of that performance against the Statement of Corporate Intent and the principal objectives of the Company.

### Six months report

Directors will publish an unaudited six-month report to Shareholders in a 'free' newspaper delivered to properties in the Ashburton district, meeting the requirement of section 16 of the constitution. This will also be available on the EA Networks website.

### Annual report

Directors will, in the Statutory Annual Report to Shareholders include a report from the Shareholders Committee that will meet the requirements of section 16 of the constitution. This Annual Report will be audited.

The annual report will include a section of performance against the SCI. This section will be unaudited.

### Major Transactions

The procedures to be followed before the Company or any subsidiary of the Company subscribe for, purchase or otherwise acquire shares in any company or other organisation.

General processes to be followed - As a general policy any proposed investment by the company outside of the current commercial scope of the company will be required to meet the same financial criteria as any significant capital expenditure. In addition, the questions of control and risk will be addressed.

A Major Transaction as defined in the Companies Act 1993, includes the acquisition of or an agreement to acquire assets equivalent in value to 50% or more of the value of the assets of the company before acquisition. Before making a recommendation concerning a major transaction Directors will evaluate:

- The benefits associated with the transactions
- The business case for the transaction
- The alignment of the major transaction with the long-term objectives.

If any investment proposal falls within the definition of a Major Transaction, then such proposal will be submitted to the Shareholders for approval by special resolution requiring a 75% acceptance vote.

If any investment proposal does not fall within the definition of a Major Transaction, then the Directors may exercise their authority in committing the company to such proposal. Notwithstanding the authority which may be exercised by the Directors they may, if they consider it appropriate, submit any proposal to the Shareholders for approval. Approval for any other significant transactions would be carried out by an ordinary resolution of the Board.

### Accounting Policies

The accounting policies relating to the SCI year, comply with NZ IFRS and are detailed in our annual report, downloadable from [www.eanetworks.co.nz](http://www.eanetworks.co.nz).