

networktasman
Your consumer-owned electricity distributor



2024

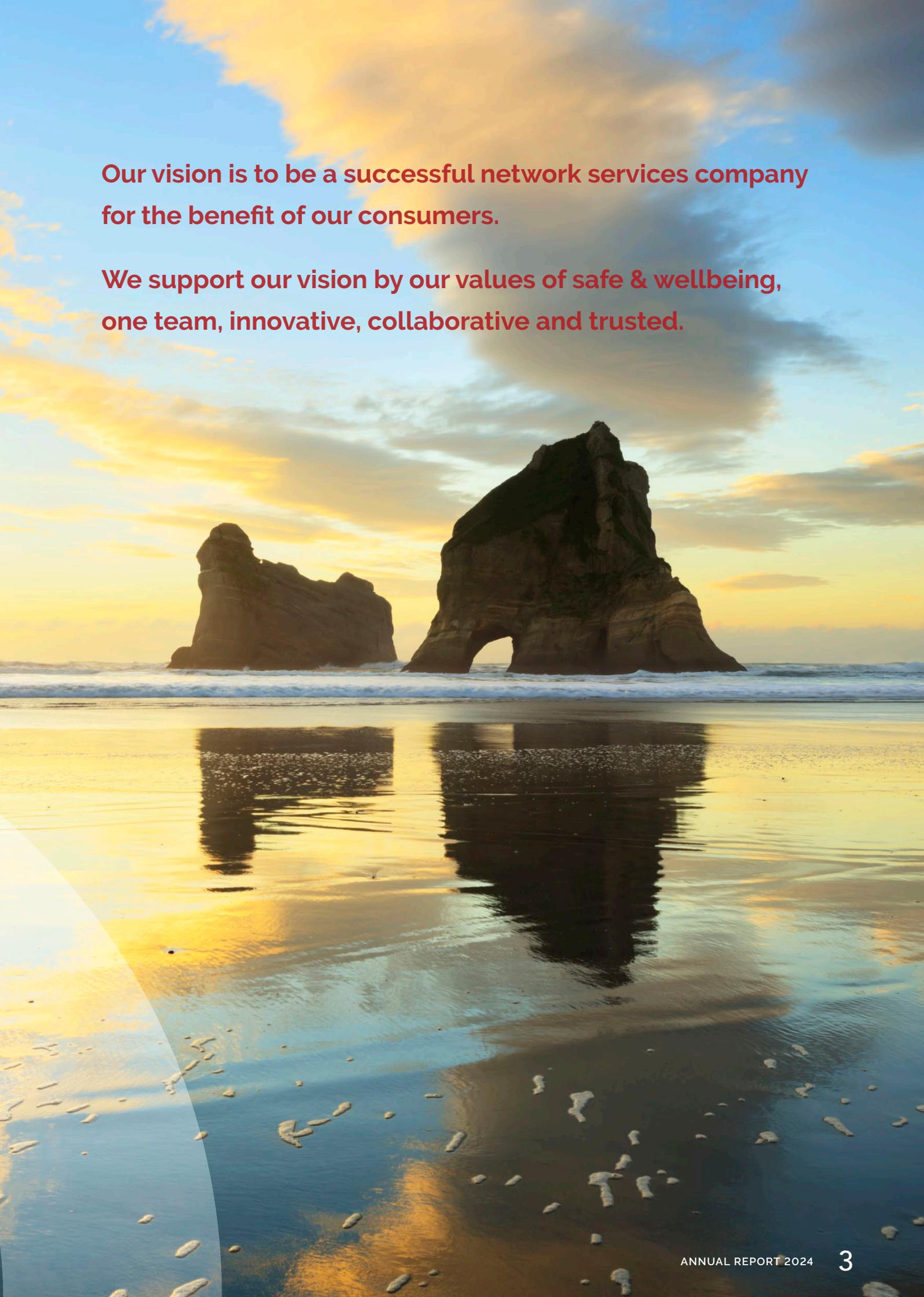
ANNUAL REPORT



Contents

<i>2024 Highlights</i>	4
<i>Directors' and CEO Report</i>	6
<i>Board of Directors</i>	10
<i>Financial Performance</i>	12
<i>Operational Performance</i>	14
<i>Financial Statements</i>	21
<i>Audit Report</i>	54
<i>Statutory Information</i>	58
<i>Corporate Governance</i>	60
<i>Corporate Directory</i>	62





Our vision is to be a successful network services company for the benefit of our consumers.

We support our vision by our values of safe & wellbeing, one team, innovative, collaborative and trusted.

2024 Highlights

Financial

Operating revenue



EBITDA



Discounts



Surplus after tax



Capital spend

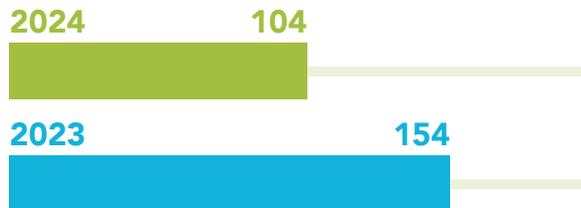


Dividends



Reliability

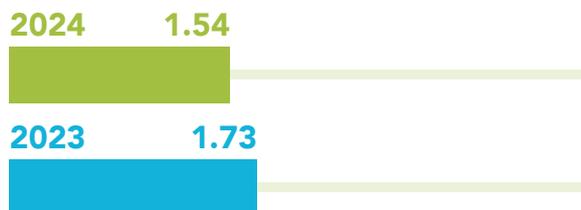
Planned SAIDI (minutes)



Unplanned SAIDI (minutes)



SAIFI (outages)



Network

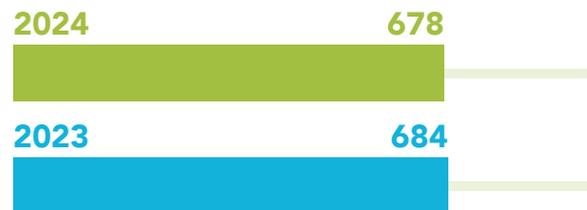
Network Connections



Advanced meters installed

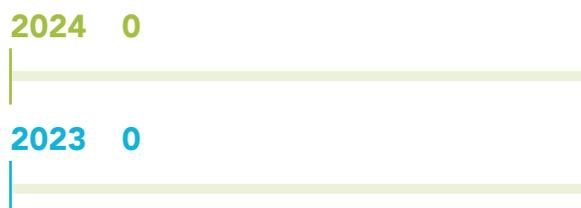


Energy volumes delivered (GWh)



Safety

Public safety or property damage



Lost time injury



Directors' and CEO Report

On behalf of the Directors and CEO of Network Tasman, we have the pleasure of presenting the annual report and audited financial statements for the financial year ending 31 March 2024.

The company is pleased to report an operating surplus after tax of \$10.0 million against our SCI target of \$9.4 million (\$11.9 million in 2022/23). While underlying profit remains in line with last year, this year's result has been influenced by several significant items as follows:

- Increase in deferred tax due to reintroduction of the non-deductibility of commercial building depreciation (\$2.1 million),
- Impairment of certain ring main switch units (\$1.4 million), and
- Investment property revaluation gains (\$2.8 million).

The company's operating surplus has been supported by returns from its non-regulated investment activities which continue to provide increasing returns to shareholders. These investments in fibre, investment properties and advanced meters on both our network and

MainPower's continue to generate significant value for the company.

The company invested a total of \$14.3 million in the network for the year (\$13.6 million in 2023). Major projects included our light copper conductor replacement programme, upgrades of the Motueka and Motupipi zone substations, the Founders Park to Wakapuaka 33 kV cable and the 35mm PILC HV Cable replacement project.

Unplanned outages were above target while planned outages were close to target. Overall, SAIDI was 237 minutes for the year, a decrease from 275 minutes last year.

The company maintains a conservative financial position with no term debt and total assets of \$305 million.

During the year, the company paid consumers a total of \$14.1 million in line discounts and a fully imputed dividend of \$1.7 million to our shareholder, the Network Tasman Trust.

Five Year Trend

	2024	2023	2022	2021	2020
Revenue (\$m)	58.0	55.8	55.3	54.7	48.3
Earnings before interest, tax, depreciation & customer contributions (\$m)	22.4	20.6	22.6	22.4	19.0
Net operating cash flow (\$m)	14.7	15.8	17.1	16.2	14.9
Total cash dividends paid (\$m)	1.7	1.8	1.8	1.6	2.0
Total electricity delivered (GWh)	769	776	776	752	746
Electricity maximum demand (MW)	146	148	146	144	142

Pricing and Discounts

Network Tasman continues to have one of the lowest residential line charges in the country.

Consumers received \$14.1 million, including GST, credited to their power accounts (\$13.7 million in 2023).

As a regulated business, Network Tasman remains subject to the Commerce Commission's Default Price Path regime (DPP). The DPP regime was re-set for a 5-year period from 1 April 2020. The current weighted average cost of capital (WACC) permitted for regulated distributors is 4.57%.

With the current and likely future volatility in the economy, Network Tasman works to ensure a smooth transition of prices across regulatory periods. As a result of the company's moderate price rises, we remain well below the revenue cap set by the Commission (\$8.1 million below the cap in 2023/24).

Risk Management

We maintain a continuous review of our risk matrix across all the company's activities. The Audit and Risk subcommittee and the Board review the key risks facing the company on a regular basis.

Our robust risk management and insurance programme provides confidence in our restoration capability and further strengthens our resilience to deal with future events, such as natural disasters affecting our network. We continue to monitor and learn through our involvement with Life Lines and the experiences of the increasing severity and frequency of local storm events and those experienced by our fellow EDBs.

Network Tasman continues to engage leading cybersecurity consultants to complete annual cybersecurity reviews. These reviews inform our ongoing programme of continual improvement of our security maturity level. We also receive security advice and support through our collaboration with Vector Technology Services, using their tools and services to assist with cybersecurity prevention, monitoring and response planning.

Health and Safety

Workplace health, safety and wellbeing remain a key priority across all activities of the company. Our goal is that our staff and contractors focus is

on working safely so they arrive home safely.

Regular review and improvement of our health and safety systems are an integral part of our approach to reflect the dynamic, ever-changing nature of health, safety and wellbeing. Having achieved ISO 45001 accreditation, our focus is now on reinforcing the direction for further growth and assurance so that our practices will continue to aspire to the highest standards.

Our networking forums serve as a proactive way of strengthening our relationships with our contractors, who form an essential part of our business, and as such, present a unique combination of risks across each contractor interaction.

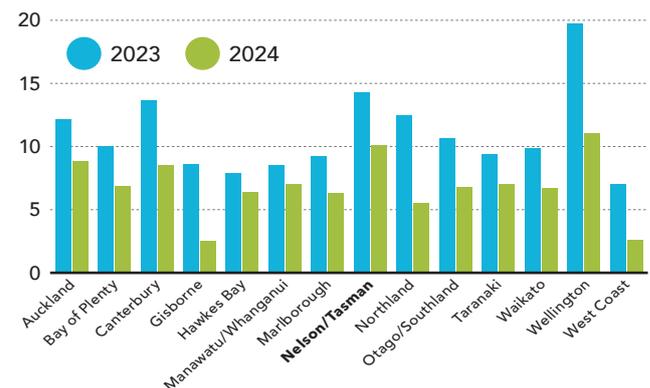
Network Tasman's commitment to review and improve our health and safety management systems, alongside fostering a 'just' safety culture focused on learning from incidents rather than finding blame, continues to improve engagement and more effective risk management practices.

Asset Management

Management and the Board devote considerable time and focus to developing and enhancing our Asset Management Plan (AMP). The company continues to focus on network condition and the implementation of a proactive programme of maintenance and asset renewals. We have also commissioned a review of our asset management practices and our network condition. The review will be an update of the review completed in 2018.

The company continues to monitor the effects climate change may have on our network assets and our renewal programme, including the possibility of sea-level rise, coastal inundation, and the increasing frequency and severity of major storms.

EVs as proportion of light vehicle registrations



Our focus remains on providing open access to all consumers and technologies. In the future we expect capital investment to increase as the regional economy (both industrial and light transport) decarbonises.

A number of major capital projects are currently underway to support growth and maintain the safety and reliability of our network.

In anticipation of new loads from the impact of electric vehicle charging on our network, the company implemented a new network design standard that will ensure assets vested with us will meet the expected increase in loads in the future. This, together with smart charging infrastructure, pricing signals and a targeted capital investment programme, will ensure that our network continues to meet demands as they occur.

The Meridian Energy, EECA (Energy Efficiency & Conservation Authority) funded solution for EV charging capability at Kohatu is now operational. EV solutions at Springs Junction and St. Arnaud are in the planning and consenting phase. This will resolve EV charging gaps in the Tasman region roading network.

Network Tasman Fibre

The Network Tasman Fibre business continues to experience growth across all of the services provided to the local market. We will continue to work with developers to maintain our position as the fibre provider of choice for new large-scale residential and business park developments while expanding our footprint and increasing the size of the addressable market in which Network Tasman Fibre operates.

Network Tasman Fibre is also a provider of CCTV services to the community. The managed CCTV service continues to grow as organisations look to outsource their CCTV requirements. The CCTV network has 363 cameras in operation across the top of the South Island and provides services to a number of organisations, including Port Nelson, local Councils and the NZ Police.

With recent core infrastructure upgrades, the network is well-placed to support the continued delivery of superior services to the market and to future-proof our core network as customer demand increases along with higher connection speeds.

The business continues to have a strong forward work programme for newly contracted residential and commercial subdivisions.

Advanced Meters

Network Tasman provides advanced metering services to 75% of our ICPs. Returns from the investment are underpinned by long-term contracts with major retailers. Our associate company Smartco has developed a suite of network management tools via the Hiko Energy Insight platform. These tools are provided to network owners as software as a service (SaaS), allowing networks to more effectively manage their maintenance and capital investment programmes based on actual advanced meter data.

On Metering Limited (OML) is a joint venture with Alpine Energy Limited and owns and operates 32,000 meters on the MainPower network. Returns from this investment continue to grow as shareholder advances are progressively repaid.

Nelson Electricity Limited (50% owned)

Nelson Electricity Limited supplies electricity to 9,324 consumers in Nelson City. The network is primarily underground and provides consumers with one of the most reliable networks in the country.

Demand on the Nelson Electricity network remains subdued with economic conditions impacting load.

As a regulated electricity distributor, the company's returns have remained low. The new regulatory period starting 1 April 2025 is expected to provide improved returns from this investment.

Investment Properties

Network Tasman continues to hold a portfolio of commercial and industrial properties on land that it has held since the company was formed. The company's investment properties comprise several high-quality office buildings, industrial units, and vacant land. These properties remain fully leased to several blue-chip tenants on long-term income-protected leases.

Despite significant increases in interest rates during the year reducing industrial/commercial property values, Network Tasman has negotiated further rent increases, which, together with a significant lease renewal, has offset the tightening property yields. As a result, the company recorded a non-cash increase of \$2.8 million (7.2%) in value for the year.



This gain has been offset by the recently announced change to tax deductibility of depreciation for commercial property, resulting in a non-cash increase of \$2.1 million in deferred tax liability.

The company has commenced construction of a new headquarters for OneFortyOne Limited on land adjacent to our own head office. The premises will be a carbon neutral construction and will showcase some of their products. Construction is scheduled for completion in November 2024, and we are looking forward to welcoming OneFortyOne as long-term tenants.

Financial Position

The company remains in a sound financial position with an asset base of \$305 million and no term debt. The operating cash flow of \$14.7 million supports the company's funding of the ongoing capital investment plans for the business.

Sustainability

Network Tasman believes that environmental sustainability is integral to operating as a successful well-managed business and we are looking to improve our environmental footprint in all of our operations.

Enabling and supporting decarbonisation remains the most significant contribution the company can make to the region's future sustainability initiatives along with investing in our network to support growth in the region.

Outlook

After a long period of growth in new connections, we are anticipating a year of more subdued growth especially in the residential sector. With a low-cost base, low term debt and a range of regulated and non-regulated businesses, the company remains well-placed to respond to the challenges ahead.

We appreciate the governance input from the Board and acknowledge the impending retirement of John McCliskie. We thank him for his 16 years of service as a director and his support and leadership over the last 11 years as Chair, guiding the success of Network Tasman over that time. John leaves with our appreciation and best wishes for the future.

We would like to thank our dedicated team for continuing to deliver a safe and reliable service to our customers and the communities in which we operate. We would also like to thank our shareholding Trust and trustees for continuing to support Network Tasman's direction.

Sarah Smith

Chair

Oliver Kearney

Chief Executive Officer

Board of Directors



CHAIR

Sarah Smith

BCom, CFInstD

Sarah was appointed to the Board in August 2017 and elected as Chair in December 2023. She has extensive business and governance experience in both the private and public sectors. As an independent director, Sarah has more than 20 years of experience and is currently chair of Nelson Electricity. Sarah is also a trustee of several charitable organisations. She is a Chartered Fellow of the Institute of Directors.



DIRECTOR

John McCliskie

Dip Horticulture, CFInstD

John was appointed to the Board in February 2008, serving as Chair from August 2013 to November 2023. He has a background in international fruit marketing and is a director of a number of local and national companies involved in primary production. John is an experienced company director with past involvement in a range of SMEs, corporates, co-operatives and government entities. He is a director at a number of private companies.



DIRECTOR

Tony Reilly

B.Agr.Com, CFInstD

Tony was appointed a Director in July 2008. He has been involved in agricultural governance since 1995 at a local and national level, particularly in the dairy sector. Tony is also a director of a number of private companies.



DIRECTOR

Lindsay R McKenzie

BSc, IOD

Lindsay was appointed a Director in July 2019. He has enjoyed a successful public sector career as General Manager of Southland Regional Council and latterly, Chief Executive of Gisborne District Council. From 2012 to 2018 he served as Chief Executive of Tasman District Council. More recently he has been contracted as an external adviser to a Crown Entity and is currently a director of Taylors Contracting Limited. Lindsay is the President of the Nelson YMCA Inc, a Justice of the Peace and active in the voluntary sector.



DIRECTOR

Lee Babe

CMinstD, Mt Eliza AMP

Lee was appointed a Director in August 2022. He has extensive leadership experience in national infrastructure, specifically within the local and central government asset management and environmental sectors. Lee was Chief Executive of Nelson City Council environmental asset management services trading organisation Nelmac from 2011 to 2018. He was involved in establishing and Chairing Mahitahi Colab, which partnered with the Chamber of Commerce, Nelson Regional Development Agency and Nelson Marlborough Institute of Technology, who together, focus on driving innovation through collaboration in the Nelson/Tasman region. Lee is currently a director and shareholder of a number of private companies and is a chair of RISE, a specialist family violence charitable NGO in Te Tau Ihu (Top of the South).



DIRECTOR

Michael Playford

MEc, FIAA, FNZSA, IOD

Michael was appointed to the Board of Directors in August 2023. He was a partner and held various leadership roles for 15 years in a major professional services firm. Michael is currently a director of Nelmac and is a member of the Institute of Directors.



DIRECTOR

Ross Pickworth

MBA, BE(hons), MInstD

Ross was appointed a Director in September 2023. He has held a number of executive general management roles in the infrastructure and construction sectors within public, private and publicly-listed companies, including the electricity industry, civil and electrical contracting, and the cement and steel industries. Ross has been a full-time independent professional Director for several years and is a director of a number of public and private companies.

Financial Performance

Network Tasman maintains a robust financial position to meet the ongoing needs of our customers and shareholder.

Network Tasman has experienced strong contributions across the business with key highlights from the core electricity, fibre and investment property business units.

We have exceeded our SCI financial targets for 2023/24, delivering an operating surplus of \$10.0 million, \$0.6 million above the target of \$9.4 million and \$1.9 million below last year.

The major variances from last year were an increase in deferred tax expenses following the removal of the tax depreciation on commercial buildings of \$2.1 million, asset impairment of \$1.4 million, the inflationary impacts increasing maintenance and operations expenses of \$1.4 million and overhead expenses of \$1.1 million, offset by increased distribution revenue of \$2.7 million and a property revaluation gain of \$2.8 million.

While we are not immune from inflationary pressures, operating costs per connection continue to lie in the lowest quartile for electricity distribution businesses (EDBs).

Customer contributions of \$5.0 million reflect the buoyant nature of the residential property market with a number of large subdivisions being developed across the region. Residential housing consents are now halved from last year in the Tasman Region and Network Tasman is expecting this to impact next years results.

Consumers received line discounts totalling a record \$14.1 million including GST (\$13.7 million in 2023) credited to consumers' power accounts during the year.

Cash flow from operations was \$14.7 million for the year, \$1.1 million below last year.

Financial Performance Targets		Actual Result 2024	SCI Target 2024	Actual Result 2023
TOTAL COMPANY				
Surplus before interest, tax, line discount and customer contributions	\$mil	23.0	21.4	22.7
Operating surplus after tax and customer contributions	\$mil	10.0	9.4	11.9
Operating surplus to shareholders' funds	%	4.00%	3.78%	4.90%
LINE BUSINESS ONLY				
Cash operating costs per consumer	\$	350	328	304
Line Charge Discounts (Excluding GST)	\$mil	12.3	12.1	11.9



2024 Financial Highlights

OPERATING REVENUE

\$58.0m



↑ **\$2.2m**

SURPLUS AFTER TAX

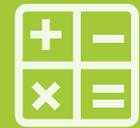
\$10.0m



↓ **\$1.9m**

EBITDA

\$27.4m



↑ **\$1.9m**

CAPEX SPEND

\$19.4m



↑ **\$3.3m**

DISCOUNTS (INCL. GST)

\$14.1m



↑ **\$0.4m**

DIVIDENDS

\$1.7m



↓ **\$0.1m**

The cash flow enables Network Tasman to fund both maintenance and growth capital expenditure on the electricity network and fund additional investments in the fibre optic communications network as required.

At the end of the financial year, the group had total cash of \$0.4 million.

Network Tasman spent \$19.4 million on capital expenditure during the year.

Our capital investment in the electricity network has been concentrated on accommodating the growth in our region and improving network safety and reliability through ongoing asset maintenance and renewal.

The reliability of the electricity distribution network is a key company objective. To meet this objective directors continue to review capital expenditure plans, network design and management options to improve feeder reliability across the network.

In the non-regulated business units, the company's investment properties and investments in advanced meters by Network Tasman and On Metering are realising increasing returns, backed by long-term contracts with retailers.

Capital expenditure on the fibre network has been focused on organic growth around the existing network including reticulating the steady growth in rural subdivisions in the Tasman area.

The financial targets as set down in Network Tasman's Statement of Corporate Intent, are compared on the table on page 12 with the actual results for the year ended 31 March 2024.

The company paid a fully imputed dividend of \$1.7 million to the Network Tasman Trust.

Operational Performance

Network Tasman is committed to ensuring the health and safety of all people affected by the work we do, including employees, contractors, visitors and members of the public.

Health and Safety

Over the last year, Network Tasman consolidated its gains in health and safety maturity, utilising internal and external audit processes to clarify strengths and guide our ongoing development priorities. With ISO 45001 (AUS/NZ standard for Occupational Health and Safety Management Systems) Accreditation achieved, Network Tasman successfully completed its first annual Telarc review in early 2024.

The precise requirements specified in the standard provide a tool to systematically analyse Network Tasman’s Health and Safety Management System (HSMS) with a rigour that

critically deepens our understanding of our system structure and how we are performing against the standard.

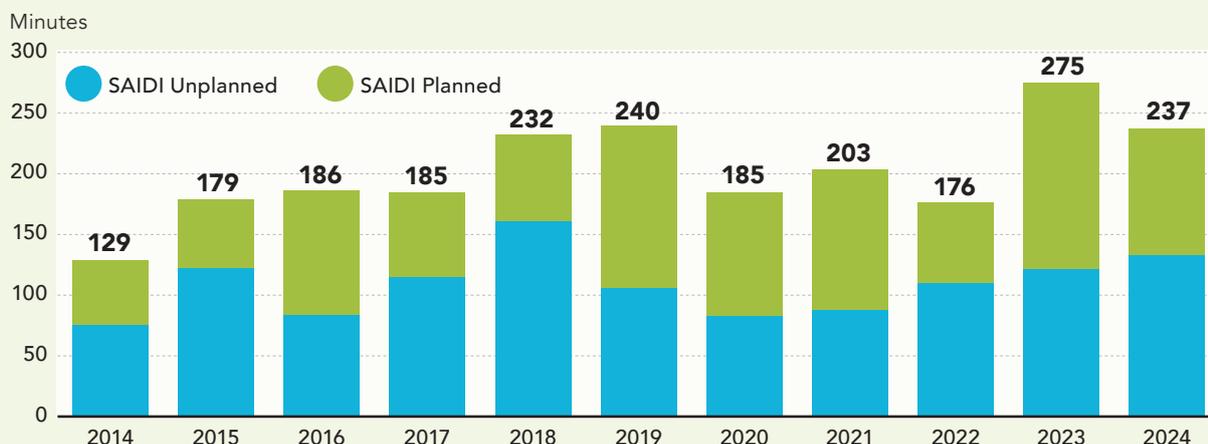
Network Tasman understands that the foundation of an effective Health and Safety Management System relies on the connection with day-to-day practices, knowing our strengths and acting on opportunities for improvement.

We regularly analyse incidents against our principal risks, which clearly show contractor activities are a leading critical risk. As such, pre-qualification, management, monitoring, and collaborating with contractors continue to be a leading priority.

		Actual Result 2024	SCI Target 2024	Actual Result 2023
Safety of Electricity Supply				
Lost time injuries	number	1	0	1
Public Safety and Damage Events				
Public Injury Events	number	0	0	0
Public Property Damage Events	number	0	0	0
Public Safety Management System (PSMS) certified & audited by Telarc		Yes	Yes	Yes

There was one lost-time injury, with no public safety injuries or property damage incidents recorded during the year. The lost-time injury related to a contractor staff member’s back strain injury. Network Tasman’s safety incidents reported over the year capture both internal incidents and those reported by our major contractors.

Measuring our SAIDI performance



Reliability of the Network

All our customers require a reliable electricity supply. One of the key measures of our network reliability is the average duration of supply interruptions per connected consumer, measured by the SAIDI index (System Average Interruption Duration Index).

The Planned SAIDI index was 104 minutes for the year (154 minutes for 2022/23) and the Unplanned SAIDI index was 133 minutes for the year (121 minutes for 2022/23). During the last three years, our network achieved a 99.98% reliability measure.

Planned SAIDI was marginally above target for the year with the careful management of our light copper reconductoring renewal project on

our high voltage network and the utilisation of our mobile generators to mitigate the impact of maintenance shutdowns. This work will continue for the next six years and we expect planned SAIDI to be around 100 minutes per annum during this period.

The reliability performance targets as set down in Network Tasman’s Statement of Corporate Intent, are compared in the table below with the actual results for the year.

Unplanned SAIDI for this year is impacted by a mix of causes including car versus pole, trees felled over lines, bird strikes, broken insulators and cable faults.

Reliability Performance Targets

(excludes Transpower planned and unplanned outages)

		Actual Result 2024	SCI Target 2024	Actual Result 2023
Average duration of supply interruptions per connected consumer (SAIDI) planned not to exceed	minutes	104	100	154
Average duration of supply interruptions per connected consumer (SAIDI) unplanned not to exceed	minutes	133	75	121
Average number of supply interruptions per connected consumer (SAIFI) not to exceed	number	1.54	1.77	1.73
Average duration of supply interruptions (CAIDI) not to exceed	minutes	154	99	159
Faults per 100 km of line not to exceed	number	5	6	5
% faults not restored within three hours not to exceed	%	27%	20%	25%

OPERATIONAL PERFORMANCE

Network Maintenance

Network Tasman spent \$8.5 million on network maintenance, including \$1.6 million on vegetation management, during the 2023/24 financial year.

Network Tasman operates a comprehensive network maintenance programme based on condition-based assessment and planned replacement of system components.

Our maintenance contractors Delta Utility Services, ElectroNet and vegetation services provider Treescape, continue to deliver a high level of service.

Capital Expenditure

The company spent \$14.3 million on the distribution network with \$1.4 million on new customer connections, \$1.5 million on system growth, \$6.2 million on replacement and renewal and \$5.2 million on reliability and safety.

Every year Network Tasman undertakes a review

of its Asset Management Plan (AMP). The AMP documents the company’s asset management practices and management strategy for its network distribution assets.

The key drivers for the network development plan are maintaining the security of supply and reliability of the network.

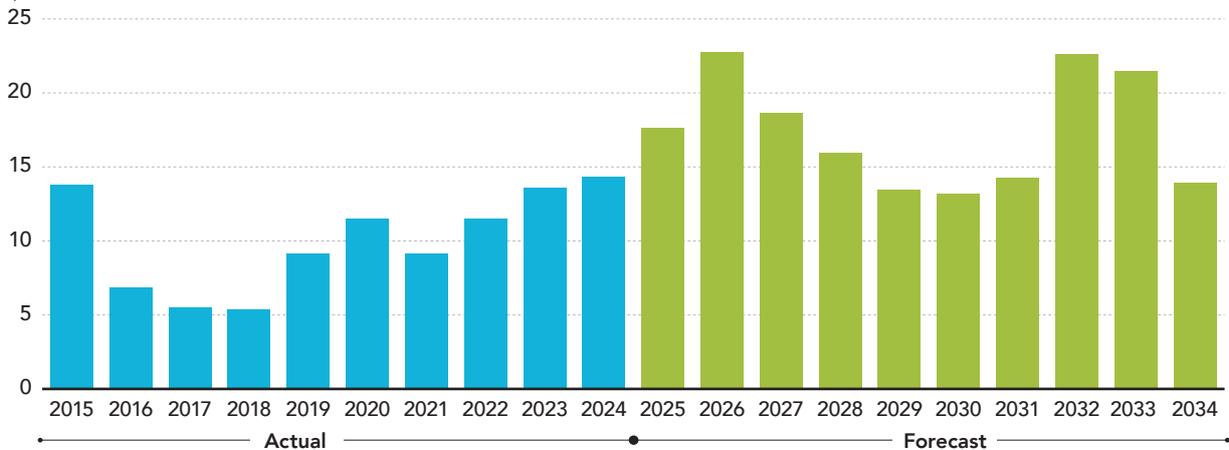
During the year a further 22km of the ten-year light copper conductor replacement programme was completed.

Network Tasman is budgeting to spend \$174 million in the next ten years.

Key planned/projects for 2024/25 include the continuation of the light copper conductor replacement programme, upgrade of the Motueka zone substation, commissioning of the Founders Park to Wakapuaka 33 kV cable, the continuation of the 35mm PILC HV Cable replacements and planning for the Hope substation upgrade.

Projected network capital expenditure

\$ Millions



Four major projects progressed

- 1 Ten-year programme to replace 210kms of aging light copper conductors. These older light copper conductors are reaching the end of their useful life. The company replaced 22kms during the year and now has a total of 123kms of light copper conductor to be replaced. This project will continue to impact upon our planned SAIDI over the remaining years of the project.
- 2 The successful upgrade of the Motupipi substation project was completed during the year. The upgrade improves the security of the supply for Golden Bay through the provision of upgraded and expanded assets reducing the need for site outages and voltage support for the 66kV network that supplies Golden Bay.
- 3 Upgrade of the Motueka substation project will supplement existing equipment. It will improve the security of the supply for the Motueka area through the provision of upgraded and expanded assets to support growth in the area.
- 4 End-of-life replacement of small-capacity armoured paper lead HV cables with a copper conductor. Following on from the two earlier projects to replace sections of this cable, it will replace 12.5km of cable over five years, averaging 2.5km per year. The company replaced 0.8kms during the year.

Regulation

As a non-exempt electricity distribution company, Network Tasman is subject to price and quality regulation by the Commerce Commission.

The company's audited annual compliance statement shows that it was fully compliant with both the price and quality controls for 2023/24.

In 2023/24, Network Tasman's total line revenue was \$8.1 million below the regulated maximum allowable revenue set by the Commission.

The allowable revenue that each regulated lines company can earn is reset every five years by the Commission with the DPP3 reset applying from 1 April 2020.

The Commission has published a draft decision for the DPP4 reset, applying from 1 April 2025. The Commission has proposed a significant increase in Network Tasman's regulated revenue cap across the 5-year DPP4 period. As Network Tasman already collects revenues materially below the current regulated revenue caps, the provision of materially higher revenue allowances from 1 April 2025 is unlikely to alter Network Tasman's forward looking revenue requirements.

The electricity sector is entering a time of change and opportunity as a result of climate change and the transition to a low-carbon economy. These issues are prominent in the minds of both of the organisations primarily responsible for regulating the electricity distribution sector: The Commerce Commission and the Electricity Authority.

Both regulators are progressing reviews to ensure that the regulatory framework is updated to ensure that regulation assists and empowers distributors to manage these changing circumstances appropriately and efficiently.

In addition to resetting the price and quality regulation for non-exempt distribution businesses, the Commerce Commission has an ongoing project to review the Information Disclosure requirements that apply to electricity distribution businesses.

Network Tasman is actively participating in each of the regulatory work streams, either directly or via the Electricity Networks Association (ENA).



OPERATIONAL PERFORMANCE

Network supply and demand profile

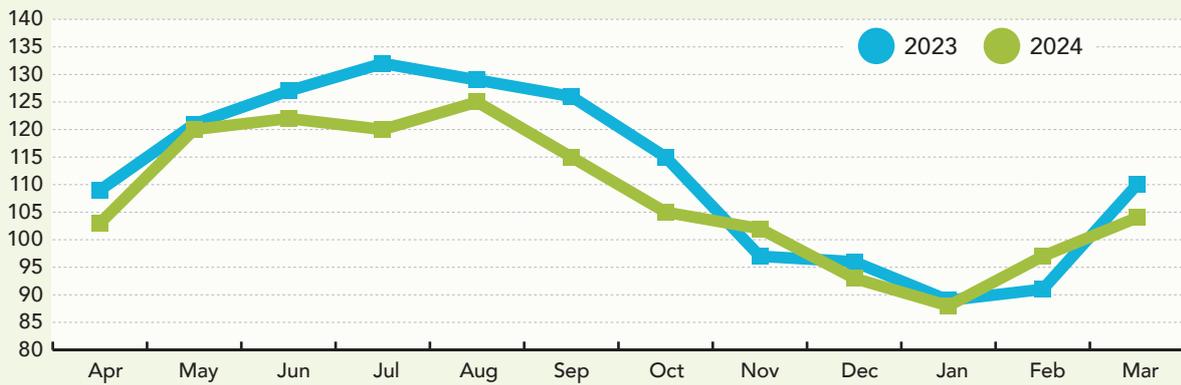
The fundamental requirement for long-term network planning is a sound demand forecast.

The risks to the company’s asset management programme associated with a poor demand forecast include amongst other things; the potential for over or under investment, inability to meet demand, severely underutilised assets and the potential for significant optimisation of assets in future valuations with corresponding impacts in price movements and financial performance.

Our AMP is based on a comprehensive demand forecast using the most current information available.



Total monthly max system demand



Energy delivered to NTL’s network



Consumer connections



During the year, 695 consumer connections were added to the network, a growth rate of 1.7%.

Environmental Sustainability

Network Tasman's aim is to work towards environmental sustainability in our operations.

Decarbonisation remains the significant contribution the company can make to the region's future sustainability initiatives.

This objective fits within our principal objective, which is to operate as a successful commercially focused business, prudently managed and financially stable.

We also have a long-term focus on the management of our assets and investments for the long-term benefit of our customers and shareholders.

The company has considered the impact of climate change, a key risk on our risk register, taking the necessary steps to identify threats and protect our network assets.

Network Tasman believes that businesses are responsible for achieving good environmental practices and operating in a sustainable manner. As such we are committed to reducing our environmental impact and continuing to improve our environmental performance as an integral and fundamental part of our business strategy and operating methods.

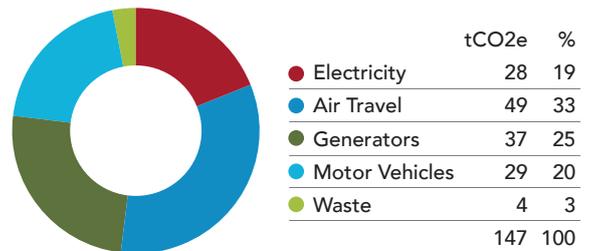
We have now completed the process of remeasuring our carbon footprint over the last three years using the Toitū "emanage" tool, a change from last year's approach. An audit of this data for the last three years is planned for June 2024. We have seen an 18% increase in our emissions over the past year.

The conflict between reliability and carbon neutrality remains a challenge. The increased need to utilise generators to support planned outages across the network, and prevent breaching our DPP reliability limits, puts pressure on our carbon footprint in the future. This necessary generator use dropped 26% as the Golden Bay biannual outage, next planned for July 2024, did not occur in 2023.

The calculation of the electricity transmission and distribution losses (TDL), which is by far our largest emission at 344 (2023 - 335), has been excluded. Excluding these emissions make the graphics above meaningful as we have virtually no control over the TDL emissions.

Our carbon footprint is 33% air travel, 25% generators followed by motor vehicles at 20%. At present, we are limited in the electric vehicle options for off-road vehicles essential to our work. This will provide the most significant opportunity to reduce our footprint in the future.

Our carbon footprint emissions profile



Decarbonisation

We have considered the impact decarbonisation of the New Zealand economy will have on our network and continue to focus on the following initiatives:

Industrial Process Heat

Studies have been undertaken by DETA Consulting to identify the likely substitute fuels, and impact on the distribution network, to be adopted by industries which operate fossil fuel boilers to raise hot water or steam. The results of this work have shown that use of wood pellets in the Nelson area is preferred by many boiler operators, mainly due to lower capital cost of changeover and lower fuel costs compared to electricity. However, the long-term availability of wood pellets and length of supply contracts remains uncertain. This work informs long-term network investment plans as outlined in our Asset Management Plan.

Electrification of Transport

Using advanced meter data, we have modelled the potential load from EVs across the network under a range of uptake scenarios. From this review, we have implemented revised network design standards to ensure that new networks being constructed and vested with us will provide sufficient capacity to meet expected loads under a range of scenarios.

For our existing networks, we are using advanced meter data to identify the low-voltage networks most likely to be constrained by EV uptake and this data will inform our long-term asset management planning.

Investments

The company's investments in fibre, Nelson Electricity Limited and our legacy investment properties all contributed to the overall profitability of the company.

network tasman fibre

Network Tasman Fibre

The company has implemented a strategy to retain market share in the face of increasingly ubiquitous fibre coverage and lower wholesale pricing.

Capital expenditure on the fibre network is being targeted at growing customer connections around our existing fibre network and providing value-added services. Niche services such as the CCTV network continue to grow in terms of utilisation and returns from our investment.



On Metering Limited

On Metering Limited (OML), our 50% joint venture with Alpine Energy completed the deployment of advanced meters in the North Canterbury region as part of the SmartCo consortium.

As at 31 March 2024, On Metering had deployed a total of 31,996 meters.

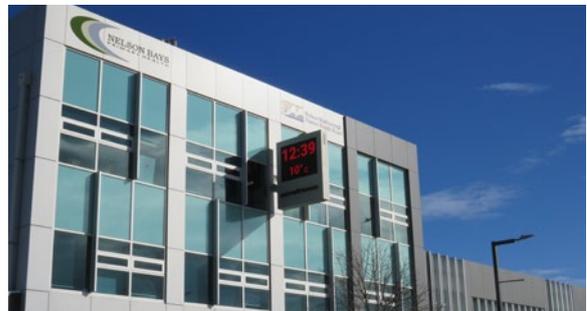
Returns from this investment are supported by long-term fixed-price contracts with major electricity retailers.



Nelson Electricity Limited

Network Tasman holds a 50% investment in Nelson Electricity Limited that provides electricity distribution services for Nelson City.

No dividend was received during the 2024 financial year. The Board of Nelson Electricity resolved to change the dividend policy to declare the dividend after the results are finalised. A dividend of \$0.3 million was paid in May 2024.



Investment Properties

After a period of reinvestment, the company's investment properties have delivered another sound return.

The company's investment property at 281 Queen Street, Richmond is 100% leased with long-term leases to Te Whatu Ora Health NZ - Nelson Marlborough, Primary Health and Stantec.

The balance of the portfolio comprises industrial properties and vacant land at Hope that can be developed as quality tenants can be secured on favourable commercial terms.

Financial Statements

For the year ended 31 March 2024

<i>Statement of Comprehensive Income</i>	22
<i>Statement of Changes in Equity</i>	22
<i>Statement of Financial Position</i>	23
<i>Statement of Cash Flows</i>	24
<i>Statement of Accounting Policies</i>	25
<i>Notes to the Financial Statements</i>	26
<i>Independent Auditor's Report</i>	54

The directors of Network Tasman Limited (Network Tasman) are responsible for preparing the Network Tasman Limited and Group's financial statements and ensuring that they give a true and fair view of the Group's financial position as at 31 March 2024 and the results of their operations and cash flows for the year ended 31 March 2024.

The directors consider that the financial statements of Network Tasman Limited and Group have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgments and estimates and that all relevant financial reporting and accounting standards have been followed.

The directors also believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of Network Tasman Limited and Group and facilitate compliance of the financial statements with New Zealand equivalents to International Financial Reporting Standards.

The directors are pleased to present the financial statements of Network Tasman Limited and Group for the year ended 31 March 2024.

For and on behalf of the board of directors:



SL Smith
Chair
26 June 2024



AP Reilly
Director
26 June 2024

Network Tasman Limited & Group

Statement of Comprehensive Income

For the year ended 31 March 2024

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
Total operating revenue	2	58,032	55,830
Total operating expenses	3	(42,775)	(40,938)
Earnings before interest and tax		15,257	14,892
Interest income		121	140
Interest expense		(13)	(1)
Share of surplus of associates and joint ventures	15	568	881
Profit before income tax		15,933	15,912
Income tax (expense) / income	4	(5,885)	(4,004)
Total comprehensive income		10,048	11,908
TOTAL COMPREHENSIVE INCOME			
Comprehensive income from continuing activities		10,048	11,908

Statement of Changes in Equity

For the year ended 31 March 2024

TOTAL EQUITY AT BEGINNING OF PERIOD	7	242,842	232,734
Total comprehensive income		10,048	11,908
OTHER MOVEMENTS			
Distributions to owners during the period	6	(1,700)	(1,800)
Total equity at end of period	7	251,190	242,842

The accompanying notes and accounting policies form part of and are to be read in conjunction with these statements.

Network Tasman Limited & Group

Statement of Financial Position

As at 31 March 2024

	Note	As at 31 March 2024 \$000	As at 31 March 2023 \$000
CURRENT ASSETS			
Cash and cash equivalents	9	375	6,149
Trade receivables	10	6,878	5,503
Other current assets	11	1,056	1,082
Loans to joint ventures	17	2,638	3,064
Total current assets		10,947	15,798
NON-CURRENT ASSETS			
Property, plant and equipment	12	231,545	221,420
Investment properties	13	43,336	37,876
Intangible assets	14	548	556
Investment in associate and joint ventures	15	14,457	13,923
Other non-current assets	16	4,350	3,346
Total non-current assets		294,236	277,121
Total assets		305,183	292,919
CURRENT LIABILITIES			
Trade and other payables	18	15,354	14,450
Tax payable	19	469	970
Provisions	20	443	426
Total current liabilities		16,266	15,846
NON-CURRENT LIABILITIES			
Provisions	20	305	281
Deferred taxation	22	37,422	33,950
Total non-current liabilities		37,727	34,231
EQUITY			
Attributable to shareholders of the company	7	251,190	242,842
Total equity		251,190	242,842
Total liabilities and equity		305,183	292,919

The accompanying notes and accounting policies form part of and are to be read in conjunction with these statements.

Network Tasman Limited & Group

Statement of Cash Flows

For the year ended 31 March 2024

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from customers		48,655	51,630
Dividend income received		-	550
Interest income received		131	134
		48,786	52,314
<i>Cash was applied to:</i>			
Payments to suppliers and employees		31,194	34,073
Income tax paid		2,914	2,488
Interest expense paid		13	1
		34,121	36,562
Net cash flows from operating activities	24	14,665	15,752
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Proceeds from sale of property, plant and equipment		24	6
Repayment of investment in associates and joint ventures	15	458	425
Insurance proceeds		17	-
		499	431
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment and intangible assets		19,238	15,532
		19,238	15,532
Net cash flows from investing activities		(18,739)	(15,101)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was applied to:</i>			
Dividends paid		1,700	1,800
		1,700	1,800
Net cash flows from financing activities		(1,700)	(1,800)
NET INCREASE (DECREASE) IN CASH HELD		(5,774)	(1,149)
Cash balances at beginning of period		6,149	7,298
Cash balances at end of period		375	6,149
COMPOSITION OF CASH BALANCES AT END OF YEAR			
Cash on hand and at bank		221	163
Cash equivalents - term deposits		154	5,986
Total	9	375	6,149

The accompanying notes and accounting policies form part of and are to be read in conjunction with these statements.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

1. STATEMENT OF ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The reporting entity is Network Tasman Limited and Group. Network Tasman Limited is a profit-oriented company registered under the Companies Act 1993 and its financial statements comply with section 44 of the Energy Companies Act 1992. The financial statements are for Network Tasman Limited and its interest in associate and joint venture entities (Nelson Electricity Limited, On Metering Limited and Smartco Limited) and wholly-owned non-trading subsidiary company Tasman Energy Limited, are referred to as "The Group".

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for for-profit entities. Network Tasman Limited and Group is a tier 1 entity.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis.

These financial statements are presented in New Zealand dollars, which is the Group's functional and presentation currency, rounded to the nearest thousand dollars (\$'000) unless otherwise stated. The financial statements have been prepared on the basis of historical cost with the exception of some distribution system assets and investment properties, which have been measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets.

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction. Foreign currency monetary items at balance date are translated at the exchange rate ruling at that 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 was determined. Exchange differences are recognised in the operating surplus in the period in which they arise.

The Statement of Comprehensive Income and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All components in the Statement of Financial Position are stated net of GST except for receivables and payables which are stated inclusive of GST.

The financial statements comprise a Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and notes to these statements.

STATUTORY BASE

The financial statements have been prepared in accordance with the Energy Companies Act 1992 and New Zealand equivalents to International Financial Reporting Standards.

HISTORICAL COST CONVENTION

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities, certain classes of property, plant and equipment, which have been included at fair value through the Statement of Comprehensive Income.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the financial statements.

NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

Amendments to NZIAS 1 - Presentation of Financial Statements.

The company has not applied any other new standards and amendments for the year ending 31 March 2024.

NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and interpretations have been issued but are not yet effective for the current year-end. The reported results and financial position of the Group is not expected to change on adoption of these pronouncements as they do not result in any changes to the Group's existing accounting policies.

SUMMARY OF KEY ACCOUNTING POLICIES

Key accounting policies have been adopted in preparation and presentation of the financial statements and can be found in the specific note to which the policy applies.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or into future periods if it also affects future periods.

These accounting policies have been applied consistently to all years presented unless otherwise stated.

Other than the above, there have been no changes in accounting policies and disclosures.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

2. OPERATING REVENUE	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
CONTINUING ACTIVITIES			
Revenue from contracts with customers		47,829	46,246
Revenue from property rental		2,461	2,252
Vested assets		4,936	5,530
Insurance proceeds		17	-
Increase in fair value of investment properties	13	2,751	88
Depreciation recovered		1	3
Other revenue		37	1,711
Total operating revenue from continuing activities		58,032	55,830
REVENUE FROM CONTRACTS WITH CUSTOMERS			
Distribution network revenue		40,063	39,125
Technology networks revenue		6,200	5,821
Connection fees and levies		516	516
Customer contributions		509	222
Management fees		195	198
Sundry income		346	364
		47,829	46,246

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

2. OPERATING REVENUE (cont')

ACCOUNTING POLICY

REVENUE

Due to time between performing the service and payment being less than one year, Network Tasman has not made any adjustment for financing costs.

Distribution network revenue

Network Tasman provides electricity distribution services to electricity retailers and a small number of directly contracted customers based on both a variable (units consumed) and fixed (daily or capacity charge) component. Therefore, there is a single performance obligation. Electricity distribution services are performed on a daily basis and considered as a series of distinct services provided over time. Revenue is recognised as electricity is provided, reduced for an estimated discount based on usage. This method meets the requirements of NZ IFRS 15 in that the performance obligation is satisfied over time, as the services are delivered on a daily basis. Revenue is recognised over time using an output method. Network Tasman applies the practical expedient in NZ IFRS 15 para. B16 which enables the company to recognise revenue in the amount to which the entity has a right to invoice. This is because Network Tasman has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the company's performance. Customers are invoiced monthly and payment is due in the month following invoice. Discounts are considered variable consideration, which is constrained because Network Tasman has a practice of providing discounts on a biannual basis. Therefore, the amount of revenue recognised is reduced for an accrual for the expected discount to be applied based on usage.

Technology networks revenue

The technology networks revenue relates to the provision of access to Network Tasman's telecommunication and metering networks. Telecommunication customers are provided with fibre optic services and the metering customers are provided with their consumers' remote meter reading data. Therefore, each contract contains a single performance obligation. These services are performed on a daily basis and considered as a series of distinct services provided over time. Retail telecommunications and electricity providers gain access as the benefit, and then consume that benefit by earning revenue from the end user for data or electricity. They are invoiced at fixed rates on a monthly basis. Network Tasman recognises revenue over time based on the output method. Network Tasman applies the practical expedient in NZ IFRS 15 para. B16 which enables the company to recognise revenue in the amount to which the entity has a right to invoice. This is because Network Tasman has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the company's performance. The transaction price includes a variable component relating to service credits and liquidated damages that may be payable by Network Tasman if the company fails to meet contractual levels of service. As it is not probable that Network Tasman will be required to pay these amounts, no adjustment to revenue is required.

Connection fees and levies

Customer connection fees and levies are set out in Network Tasman's Connection of New Loads to the Distribution Network policy. Performance obligations are satisfied at a point in time.

Capital contributions

Capital contributions are cash payments from customers towards the cost of new connections and network extensions. The performance obligation is satisfied at a point in time when the asset is connected to the electricity, telecommunication or metering network. At this point, the revenue is recognised in an amount equal to the payment received from the customer. Amounts received in advance are treated as a liability until the connection or network extension is live and operational.

Management fees

Management fees are charged for financial and engineering services. The performance obligation is recognised over time mirroring the revenue received.

Sundry income

Sundry income includes amounts for direct on-charges of costs and charges for services. These typically are small charges. Performance obligations are satisfied at a point in time. Revenue is recognised at that point in time.

Revenue from property rental

The income from leases is recognised as it accrues.

Vested assets

The Group acquires certain distribution assets for less than their replacement cost. Such assets are recognised at fair value and the fair value is recognised as revenue in the year of acquisition.

Investment income

Dividend income is recognised on the date that the dividend is declared.

Change in fair value of investment properties

The increase or decrease arising from the investment property valuation is recognised in the surplus / deficit.

KEY JUDGEMENT

Network Tasman invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on the basis of metered usage figures provided by those retailers. Network Tasman is entirely reliant upon the accuracy of the monthly metered data supplied by the retailers. With the majority of customers on advanced meters, the reliance on estimates has reduced. Estimates are inherent in this data, however any inaccuracies in the estimates are corrected in subsequent months when read data becomes available. All meters are read at least once a year.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
3. OPERATING EXPENSES			
Operating expenses include:			
Gross transmission costs		10,836	13,027
Operation & maintenance		8,748	7,311
DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT AND AMORTISATION OF INTANGIBLE ASSETS			
Distribution network		6,610	6,340
Technology networks		2,136	2,265
Land & buildings		192	170
Plant & equipment		111	118
Information technology		106	92
Intangible assets		241	252
Total depreciation of property, plant and equipment and amortisation of intangible assets		9,396	9,237
Auditors' fees			
Audit fee - Network Tasman Ltd		113	101
Other assurance services - Audit New Zealand		64	62
Other assurance services comprise an independent assurance report on the company's regulatory disclosure in accordance with the Electricity (Information Disclosure) Requirements 2008 and the default price - quality path compliance statement.			
Costs of offering credit			
Bad debts written off		28	42
Other expenses			
Directors' fees		297	280
Donations		10	11
Employment costs		5,102	4,839
Loss on disposal of assets		818	494
Asset impairment	12	1,363	-
Short-term leases		6	6
Other expenses		5,994	5,528
Total expenses from continuing activities		42,775	40,938

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
4. INCOME TAX			
Operating surplus before income tax		15,933	15,912
Prima facie taxation at 28%		4,461	4,455
Plus / (less) taxation effect of:			
Non-taxable customer contributions		(1,396)	(1,381)
Depreciation & impairment		548	232
Equity accounted earnings from associate and joint ventures		(159)	(246)
Change in fair value of investment properties		(770)	(25)
Movement in deferred tax		3,472	1,227
Other adjustments		(271)	(258)
Total taxation adjustments		1,424	(451)
Income tax expense recognised in statement of financial performance		5,885	4,004
Comprising:			
Current tax liability		2,413	2,777
Deferred tax on temporary differences	22	3,472	1,227
		5,885	4,004

ACCOUNTING POLICY

TAXATION

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable profit for the current year and any adjustments to income tax payable in respect of prior years.

Current and deferred tax are recognised as an expense or income in the surplus or deficit, except where they relate to items that are recognised outside the surplus or deficit (whether in other comprehensive income or directly in equity) in which case the tax is also recognised outside Statement of Comprehensive Income.

Deferred tax is the amount of income tax payable or recoverable 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 calculation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is recognised, using tax rates that have been enacted or substantially enacted by balance date.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
5. IMPUTATION CREDIT ACCOUNT			
Imputation credits available for use in subsequent reporting periods		32,605	30,853
6. DIVIDENDS			
Dividends during the period:			
Dividends paid (2.973 cents per share)		1,700	1,800
Total dividends paid		1,700	1,800
7. EQUITY			
Issued and paid up capital		57,185	57,185
Share premium reserve		1,938	1,938
Retained earnings	8	192,067	183,719
Total equity		251,190	242,842
Issued and paid up capital			
Balance at beginning of period		57,185	57,185
Balance at end of period		57,185	57,185

All shares are \$1 shares and are fully paid. There is no uncalled capital. All shares carry equal voting rights. None of the shares carry fixed dividend rights.

Share premium reserve			
Balance at beginning of period		1,938	1,938
Premium paid during year		-	-
Balance at end of period		1,938	1,938

The share premium reserve was created on 1 May 1993, recognising the difference between the share capital issues and the closing value of corporate ownership of the Tasman Electric Power Board at 30 April 1993.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
8. RETAINED EARNINGS			
Balance at beginning of period		183,719	173,611
Operating surplus for the period		10,048	11,908
Total available for appropriation		193,767	185,519
Dividends paid	6	(1,700)	(1,800)
Balance at end of period		192,067	183,719
9. CASH AND EQUIVALENTS			
Cash on hand and at bank		221	163
Short-term deposits		154	5,986
Total cash and equivalents		375	6,149

The carrying value of short-term deposits approximates their fair value. The short-term deposits are with the Bank of New Zealand and Westpac New Zealand Limited. The Standard & Poor's ratings is AA- for both banks. The interest rate on these investments are 5.30% (31 March 2023: 4.11% to 4.55%).

ACCOUNTING POLICY

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and short-term deposits with maturities of three months or less at their inception.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
10. TRADE RECEIVABLES			
Current			
Trade receivables		6,880	5,508
Less loss allowance		(2)	(5)
Total current receivables		6,878	5,503

The carrying value of receivables approximates their fair value. As at 31 March 2024 and 31 March 2023 the trade receivables have been assessed for expected credit losses. See the calculation in note 26.

ACCOUNTING POLICY**TRADE RECEIVABLES****Impairment**

Covered under the Impairment of asset accounting policy.

KEY JUDGEMENT

Judgement is exercised in choosing the levels of loss allowance and assessing the factors impacting recoverability.

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
11. OTHER CURRENT ASSETS			
Sundry receivables		148	362
Prepayments		908	720
		1,056	1,082

ACCOUNTING POLICY**Impairment of assets**

Where an indicator of impairment exists either at an individual asset or at the cash generating unit level, the fair value of the asset will be determined by assessing the recoverable amount of the individual asset or the cash generating unit.

A cash generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. An impairment loss for a non-revalued asset is recognised in the operating surplus for the year.

The carrying amounts of the Group's assets, other than inventory, investment property and deferred tax assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists for an asset, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not

generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amounts are the higher of fair value (less costs to sell) and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Equity instruments are deemed to be impaired whenever there is a significant or prolonged decline in fair value below the original purchase price. Any subsequent recovery of an impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the operating surplus.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

12. PROPERTY, PLANT AND EQUIPMENT

	Electricity distribution network	Technology networks	Land and buildings	Plant and equipment	Information technology	Right-of use assets	Assets under construction	Total assets
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
COST OR VALUATION								
Balance at 1 April 2022	257,730	41,341	13,073	1,820	981	2,823	9,639	327,407
Additions / adjustments	18,070	1,141	429	106	102	-	679	20,527
Disposals	(625)	(293)	-	(2)	(49)	-	-	(969)
Balance at 31 March 2023	275,175	42,189	13,502	1,924	1,034	2,823	10,318	346,965
Balance at 1 April 2023	275,175	42,189	13,502	1,924	1,034	2,823	10,318	346,965
Additions / adjustments	19,736	1,643	941	(28)	185	-	(1,014)	21,463
Disposals	(1,555)	(172)	(46)	(41)	(130)	-	-	(1,944)
Balance at 31 March 2024	293,356	43,660	14,397	1,855	1,089	2,823	9,304	366,484
ACCUMULATED DEPRECIATION								
Balance at 1 April 2022	89,084	20,500	2,636	1,205	840	2,823	-	117,088
Depreciation expense	6,340	2,265	168	118	92	-	-	8,983
Elimination on disposal	(273)	(204)	-	(2)	(47)	-	-	(526)
Balance at 31 March 2023	95,151	22,561	2,804	1,321	885	2,823	-	125,545
Balance at 1 April 2023	95,151	22,561	2,804	1,321	885	2,823	-	125,545
Depreciation expense	6,610	2,136	196	111	106	-	-	9,159
Elimination on disposal	(823)	(123)	(21)	(35)	(126)	-	-	(1,128)
Impairment	1,307	-	-	-	-	-	56	1,363
Balance at 31 March 2024	102,245	24,574	2,979	1,397	865	2,823	56	134,939
CARRYING AMOUNTS								
As at 31 March 2023	180,024	19,628	10,698	603	149	-	10,318	221,420
As at 31 March 2024	191,111	19,086	11,418	458	224	-	9,248	231,545

VALUATION INFORMATION

The company elected to use the deemed cost approach on adoption of NZ IFRS, in accordance with NZ IFRS1. This approach has used the fair value determined for each asset category at its most recent valuation and then adjusted for subsequent additions at cost. Distribution assets are valued at deemed cost based upon an independent valuation completed by PricewaterhouseCoopers as at 31 March 2004.

There are no restrictions over the title of the property, plant and equipment, nor are any items of property, plant and equipment pledged as security for liabilities.

IMPAIRMENT

The company performed a review of indicators of impairment of the property, plant and equipment. The company considers the carrying value for all assets is appropriate except for a number of switches where an impairment of \$1,363,000 has been made.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

12. PROPERTY, PLANT AND EQUIPMENT (cont')

ACCOUNTING POLICY

PROPERTY, PLANT AND EQUIPMENT

Initial recording

All owned items of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price plus any other costs directly attributable to bringing the item to working condition for its intended use. Donated assets are recorded at fair value.

Distribution system assets are stated at deemed cost based upon an independent valuation completed by PricewaterhouseCoopers as at 31 March 2004, except for vested assets that are recognised at fair value. Other property, plant and equipment, information technology and motor vehicles are recorded at cost.

Asset components

When the components of an item of property, plant and equipment have different useful lives, the cost of the item is allocated to its components and each component is accounted for separately in accordance with the company's Asset Management Plan (AMP).

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that the expenditure increases the economic benefits over the total life of the item beyond those most recently assessed in determining the basis of the item's carrying amount.

Disposal of property, plant and equipment

Where an item of property, plant and equipment is disposed of any gains or losses are reported in the operating surplus. An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the operating surplus in the year the item is de-recognised.

Depreciation

Depreciation of property, plant and equipment is calculated so as to expense the cost of the assets, less any residual value, over the assets' useful lives. The depreciation methods and depreciation rates used are as follows:

Asset class	Depreciation method	Depreciation rates
Distribution networks	Straight line / Diminishing value	1.33% - 33.33%
Buildings	Straight line / Diminishing value	1.43% - 20%
Meters	Diminishing value	13% - 25%
Plant and equipment	Diminishing value	20%
Motor vehicles	Diminishing value	20%
Information technology	Diminishing value	48%

These rates may vary from those allowed for taxation purposes.

The depreciation rates on distribution system assets in existence at the time of the previous revaluation (31 March 2004) are based on the assessed residual lives as determined in the calculation of the Optimised Depreciated Replacement Cost (ODRC).

New distribution assets (as from 1 April 2004) were assessed based on the standard useful lives as contained in the Handbook for Optimised Deprival Valuation of System Fixed Assets of Electricity Line Businesses as issued by the Commerce Commission and dated 30 August 2004. Pole structures, which have a physical life well in excess of the standard useful lives, were assessed by the company's qualified engineers.

Assets under construction

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

Right-of-use assets

Right-of-use assets are included in property, plant and equipment on the balance sheet. Right-of-use assets relate to historic assets constructed at Transpower NZ Limited's grid exit points prior to the introduction of NZ IFRS 16.

KEY JUDGEMENT

Significant judgement is exercised in assessing potential indicators of impairment and carrying out any required impairment tests. This includes that choice of WACC rate and forecasts.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
13. INVESTMENT PROPERTIES			
Movement in investment properties			
Opening balance		37,876	36,897
Plus additions		183	839
Depreciation expense		4	(2)
Change in use		77	(5)
Plus fair value gain on valuation		2,751	88
Plus increase in assets under construction		2,445	59
Closing balance		43,336	37,876
Investment properties are represented by:			
Land		15,004	14,958
Buildings		25,754	22,785
Assets under construction Investment		2,578	133
Total investment properties		43,336	37,876

VALUATION INFORMATION

The Group's investment properties primarily consist of two commercial properties in the Richmond area. 281 Queen Street is a mixed commercial and office development that has been substantially strengthened and refurbished. The other property is an industrial subdivision at 24 Main Road Hope. The Hope property's main tenants are Farmlands Limited, Delta Utilities Limited (the company's main network contractor) and vacant land scheduled for development. The Group has no restrictions on the realisability of its investment properties.

Investment properties were valued by S Charles B.Com (VPM), ANZIV, MPINZ, an independent registered valuer of Duke & Cooke Limited as at 31 March 2024. The valuation was based on fair value. Assets under construction have been valued at cost.

In determining fair value, using the capitalisation of net income method, Mr Charles used significant unobservable inputs (level 3 as defined by NZ IFRS 13). This method is based upon assumptions including future rental income and appropriate discount rates.

Reconciliation of Fair Value	Office / commercial \$000	Industrial \$000	Other \$000	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
Opening balance	18,324	18,194	1,358	37,876	36,897
Additions	108	89	(13)	184	839
Depreciation expense	-	2	2	4	(2)
Change in use	56	7	13	76	(5)
Plus increase / (decrease) in assets under construction	2,277	168	-	2,445	59
Change in fair value	2,572	141	38	2,751	88
Closing Balance	23,337	18,601	1,398	43,336	37,876

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

13. INVESTMENT PROPERTIES (cont')

The valuation of commercial or industrial property is generally from two main approaches. First, the cost approach being a summation of the land value and depreciated value of all buildings and site improvements, and the second, the income capitalisation approach which involves establishing the net maintainable income which the property can produce and then capitalising this at an appropriate rate of return.

In many cases, there can be a significant difference between the two methods for the same property. With properties traded for investment reasons the ultimate market value adopted is generally arrived at by the income capitalisation approach. The cost approach provides a guide to value and is most appropriately used when dealing with properties which are so specialised in their design that there is little or no comparable open market sales evidence.

Adequate market evidence exists for the assessment of the fair value of these properties by the income capitalisation approach.

Residential property is valued using a statistical analysis of recent sales and comparison with Rating Valuation data.

Bare land is valued using a direct sales comparison approach, reflecting the future development potential of the land

Three investment properties are valued using an income capitalisation valuation method. Capitalisation rates range from 6.00% to 6.60% (31 March 2023 : 6.20% to 6.50%) with weighted average lease terms of 2.1 years to 8.2 years (31 March 2023 : 1.1 years to 4.3 years). A 0.25% reduction in the capitalisation rate increases the fair value of the properties by \$1.2 million (31 March 2023 : \$1.2 million) and an 0.25% increase in the capitalisation rate decreases the fair value of the properties by \$1.3 million (31 March 2023 : \$1.1 million).

ACCOUNTING POLICY**Investment properties**

Investment properties are initially measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value.

Gains or losses arising from changes in the fair values of investment properties are recognised in the operating surplus in the year in which they arise. Valuations are determined on an annual basis by independent registered valuers, Duke & Cooke Limited.

Fair value measurement

The Group measures financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at each balance date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by

selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

KEY JUDGEMENT

The valuation of investment properties is undertaken by an independent registered valuer. This valuation involves the use of judgement, estimations and assumptions.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
14. INTANGIBLE ASSETS		
Movement in intangible assets		
Opening balance	556	598
Plus additions	71	335
Less amortisation	(241)	(252)
Plus increase/(decrease) in assets under construction	162	(106)
Less disposals	(140)	(201)
Plus accumulated provision write back on disposal	140	182
Closing balance	548	556

Intangible assets are represented by:

	At cost \$000	Accum. amortisation \$000	Carrying amount \$000
Intangible assets - 31 March 2024			
Computer software	2,960	2,636	324
Assets under construction	224	-	224
Total Intangible assets	3,184	2,636	548
Intangible assets - 31 March 2023			
Computer software	3,030	2,535	495
Assets under construction	61	-	61
Total Intangible assets	3,091	2,535	556

There are no restrictions over the title of the intangible assets, nor are any intangible assets pledged as security for liabilities.

ACCOUNTING POLICY

KEY JUDGEMENT

Significant judgement is exercised in assessing potential indicators of impairment and carrying out any required impairment tests. No impairments have been recognised in the current year.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
15. INVESTMENT IN ASSOCIATE AND JOINT VENTURES			
Name of entity	Activity		
Nelson Electricity Limited	Distribution network owner & operator	12,709	12,318
<i>Ownership interest</i>		50%	50%
Nelson Electricity Limited is incorporated in New Zealand, and has a balance date of 31 March.			
Results of associate			
Share of surplus before income tax		543	1,059
Movement in NEL deferred tax		35	33
Income tax		(187)	(329)
Share of comprehensive income		391	763
Total recognised revenues and expenses		391	763
Carrying value of associate			
Opening balance at beginning of period		12,318	12,105
Share of comprehensive income		391	763
Dividends received		-	(550)
Closing balance at end of period		12,709	12,318
Summarised financial information of associate			
Nelson Electricity Limited applied NZ IFRS's reduced disclosure regime from 1 April 2015. It has a different accounting policy for property, plant and equipment, continuing to revalue rather than adopting deemed cost.			
The following is a summary of Network Tasman Limited's share of Nelson Electricity Limited's financial information adjusted to be prepared on the same basis as Network Tasman Limited financial statements.			
Assets		18,404	18,214
Liabilities		5,695	5,895
Revenues		4,111	4,626
Surplus / (deficit)		391	763

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
15. INVESTMENT IN ASSOCIATE AND JOINT VENTURES (cont')			
Name of entity	Activity		
On Metering Limited	Meter deployment company	1,523	1,346
<i>Ownership interest</i>		50%	50%
On Metering Limited is incorporated in New Zealand, and has a balance date of 31 March. On Metering Limited applied NZ IFRS's reduced disclosure regime.			
Results of joint venture			
Share of surplus before income tax		247	162
Prior period restatement		(1)	-
Movement in deferred tax		(6)	(6)
Income tax		(63)	(39)
Share of comprehensive income		177	118
Total recognised revenues and expenses		177	118
Carrying value of joint venture			
Opening balance at beginning of period		1,346	1,228
Share of comprehensive income		177	118
Closing balance at end of period		1,523	1,346

On Metering loss is equity accounted.

Summarised financial information of joint venture

The following is a summary of Network Tasman Limited's share of On Metering Limited's financial information.

Assets	4,351	4,592
Liabilities	2,827	3,246
Revenues	1,234	1,169
Surplus	177	118

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
15. INVESTMENT IN ASSOCIATE AND JOINT VENTURES (cont')			
Name of entity	Activity		
Smartco Limited	Meter deployment company		
Ownership interest		14%	14%
Smartco Limited is incorporated in New Zealand, and has a balance date of 31 March. Smartco Limited applied NZ IFRS's reduced disclosure regime.			
Results of associate			
Share of surplus before income tax		12	5
Income tax		(12)	(5)
Share of comprehensive income		-	-
Total recognised revenues and expenses		-	-
Carrying value of associate			
Opening balance at beginning of period		259	259
Reduction in contributed equity		(259)	-
Increase in share capital		225	-
Closing balance at end of period		225	259
Shares in Smartco Limited			
	Shares		
Class A Shares Issued	unpaid	1	-
Class B Shares Issued	paid	265,000	225
The following is a summary of Network Tasman Limited's share of Smartco Limited's financial information.			
Assets		690	619
Liabilities		489	435
Revenues		2,930	2,747
Surplus / (deficit)		-	-
Total carrying value of associates and joint ventures			
Nelson Electricity Limited		12,709	12,318
On Metering Limited		1,523	1,346
Smartco Limited		225	259
Total		14,457	13,923

Impairment: An impairment assessment for Nelson Electricity Limited and On Metering Limited has been completed with no impairment identified.

ACCOUNTING POLICY**INVESTMENT IN ASSOCIATES AND JOINT VENTURES**

Associate and joint venture companies are accounted for using the equity method. On initial recognition the investment in associates and joint ventures is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the entity discontinues recognising its share of further losses.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

16. OTHER NON-CURRENT ASSETS

Prepayment

	Total Cost \$000	Life of Asset	Annual Expense \$000
Asset Constructed by Transpower under a New Investment Agreement	6,008	55 years	109
	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
Asset completed June 2019			
Expense for year		109	109
Asset Constructed by Transpower under a New Investment Agreement			
Opening prepayment		3,365	2,361
Payments for year		1,113	1,113
Less expense for year		(109)	(109)
Closing balance at end of period		4,369	3,365
Current prepayment		109	109
Non-current prepayment		4,260	3,256
Total prepayment – Asset Constructed by Transpower under a New Investment Agreement		4,369	3,365
Other non-current assets			
Non-current prepayment – Asset Constructed by Transpower under a New Investment Agreement		4,260	3,256
Other		90	90
Total other non-current assets		4,350	3,346

17. LOANS TO JOINT VENTURES

Loan to On Metering Limited	2,638	3,064
Total loans to joint ventures	2,638	3,064
On Metering Limited		
Opening balance	3,064	3,489
Less repayments	(426)	(425)
Closing balance at end of period	2,638	3,064

ACCOUNTING POLICY

The loan is repayable on demand and is measured at amortised cost.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
18. TRADE AND OTHER PAYABLES			
Current			
Trade payables and accruals		15,354	14,450
Total current payables and accruals		15,354	14,450

Trade payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade payables approximate their fair value.

ACCOUNTING POLICY

TRADE AND OTHER PAYABLES

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

19. TAX PAYABLE			
Current			
Tax Payable		469	970
Total tax payable		469	970
20. PROVISIONS			
Current			
Employee entitlements		443	426
Total current provisions		443	426
Non-current			
Employee entitlements		305	281
Total non-current provisions		305	281
Total Provisions		748	707
Provision for employee entitlements			
Balance at beginning of period		707	639
Additional provisions made		446	416
Amount utilised		(405)	(348)
Balance at end of period		748	707
The provision for employee entitlements relates to employee benefits such as accrued annual leave, long service leave and sick leave.			
Total Provisions		748	707

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

20. PROVISIONS (cont')

ACCOUNTING POLICY

EMPLOYEE ENTITLEMENTS

Employee entitlements include annual leave, a provision for sick leave entitlement and long service leave. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months, such as long service

leave, are measured at the full value of the estimated future cash outflows to be made by the Group taking into account the years of service, years of entitlement and the likelihood staff will reach the point of entitlement.

KEY JUDGEMENT

Judgement is exercised in determining the Group's liability for non-vested long service and retiring leave entitlements.

21. LOANS AND BORROWINGS

(a) TERMS AND DEBT REPAYMENT SCHEDULE

The terms and conditions of outstanding loans were as follows:

	Maturity	Interest Rate	Face Value	March 2024 \$000	March 2023 \$000
Westpac New Zealand Limited - Secured	26 Sep 2026	6.85%	\$17 million	-	-

(b) SECURITY

Westpac New Zealand Limited

The bank loans are secured over a Negative Pledge Agreement where Network Tasman Limited undertakes not to dispose of, encumber or grant a security interest in any asset of the company without written permission from the Bank.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

21. LOANS AND BORROWINGS (cont')

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
(c) LOAN FACILITIES			
The company has the following undrawn borrowing facilities			
Westpac New Zealand Limited		17,000	-
Bank of New Zealand Limited		-	10,000
Total		17,000	10,000

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
22. DEFERRED TAXATION			
Balance at beginning of period		33,950	32,723
Deferred tax on temporary differences		3,472	1,227
Balance at end of period		37,422	33,950

Analysis of temporary deferred tax differences

	Fixed assets \$000	Provisions \$000	Prepayments \$000	Total \$000
For the year ended 31 March 2024				
Opening balance	33,178	(195)	967	33,950
Charge to income	3,202	(11)	281	3,472
Closing balance	36,380	(206)	1,248	37,422
For the year ended 31 March 2023				
Opening balance	32,238	(176)	661	32,723
Charge to income	940	(19)	306	1,227
Closing balance	33,178	(195)	967	33,950

Under current accounting standards, Network Tasman is required to recognise a deferred tax liability equal to the tax effect of the difference between the Company's accounting value of assets and liabilities and the equivalent tax carrying values for the same assets and liabilities. Deferred tax generally arises from tax temporary differences.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

23. OPERATING LEASE ARRANGEMENTS

Network Tasman has 15 non-cancellable operating leases as lessor of land and buildings that comprise the investment property portfolio.

Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
Analysis of operating leases		
No later than one year	882	1,821
Later than one year and not later than five years	918	1,591
Later than five years	613	771
	2,413	4,183

The lease arrangements are renewed on a periodic basis as disclosed in the lessors' individual contracts. In 2024 rental income received from leases with non-cancellable operating lease arrangements amounted to \$2,461,000 (2023: \$2,252,000).

Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
24. RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating surplus after tax	10,048	11,908
Items not involving cash flows:		
Depreciation & amortisation	9,396	9,237
Asset impairment	1,363	-
Insurance proceeds	(17)	-
Movement in deferred taxation	3,472	1,227
Non cash customer contributions and vested assets	(4,936)	(5,530)
Change in fair value of investment properties	(2,751)	(88)
Equity accounted earnings from associates and joint ventures	(568)	(331)
Bad debts written off	28	42
(Gain) / loss on disposal of assets	817	491
	6,804	5,048
Movement in working capital:		
Increase (decrease) in non capital payables	151	(49)
Increase (decrease) in provisions	41	68
(Increase) decrease in non capital receivables and prepayments	(2,379)	(1,223)
	(2,187)	(1,204)
Net cash flows from operating activities	14,665	15,752

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

25. RELATED PARTY INFORMATION**Parent entity**

The holding entity of the company is the Network Tasman Trust which holds 100% of the company's shares (100% 31 March 2023). Refer to Note 6 for dividends paid to the holding entity.

Associate & joint venture companies**Percentage owned by
Network Tasman Limited**

		31 March 2024	31 March 2023
Nelson Electricity Limited	Associate company	50%	50%
On Metering Limited	Joint venture	50%	50%
Smartco Limited	Associate company	14%	14%

Network Tasman Limited provided the following services to Nelson Electricity Limited:

- Management and operational services
- Oncharge at cost of charges from Transpower NZ Limited for connection by Nelson Electricity Limited to the national grid
- Fibre services

Network Tasman Limited leases a room from Nelson Electricity Limited for fibre equipment.

Network Tasman Limited provided operational and management services to On Metering Limited.

Network Tasman Limited provided management services and charges metering services to Smartco Limited.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

25. RELATED PARTY INFORMATION (cont')

	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
Transactions during the year		
<i>Charges from Network Tasman Limited to Nelson Electricity Limited</i>	1,368	1,538
<i>Charges from Nelson Electricity Limited to Network Tasman Limited</i>	4	5
<i>Charges from Network Tasman Limited to On Metering Limited</i>	140	140
<i>Charges from Network Tasman Limited to Smartco Limited</i>	3,142	3,067
<i>Charges from Smartco Limited to Network Tasman Limited</i>	1,114	1,005
Outstanding balances at year end		
<i>Balance due from Nelson Electricity Limited as at period end</i>	156	150
<i>Balance due from On Metering Limited as at period end</i>	130	130
<i>Balance due from Smartco Limited as at period end</i>	545	524
<i>Balance due to Smartco Limited as at period end</i>	188	170
Network Tasman receives dividends from Nelson Electricity (note 15), and repayment loans from On Metering (note 17). No related party debts have been written off or forgiven during the period (31 March 2023 : nil).		
Key Management personnel compensation		
Salaries and other short-term benefits	2,111	1,994
Other long term benefits	32	34
Total key management personnel compensation	2,143	2,028
No post employment or termination benefits were paid during the year. (31 March 2023 : nil)		
Other related party transactions		
Transactions during the year		
<i>Charges from Network Tasman Limited to Nelson City Council</i>	400	116
<i>Charges from Nelson City Council to Network Tasman Limited</i>	66	18
<i>Charges from Institute of Directors in New Zealand to Network Tasman Limited (Not a related party in 2024)</i>	-	2
<i>Charges from Network Tasman Limited to Taylors Contracting Co Limited</i>	15	25
<i>Charges from PwC New Zealand Limited to Network Tasman Limited (Not a related party in 2023)</i>	8	-
<i>Charges from Network Tasman Limited to Nelson Bays Primary Health (Not a related party in 2024)</i>	-	789
<i>Charges from Nelmac Limited to Network Tasman Limited (Not a related party in 2023)</i>	38	-
Outstanding balances at year end		
<i>Balance due to Nelmac Limited as at period end</i>	10	-
<i>Balance due from the Nelson City Council as at period end</i>	44	-

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

26. FINANCIAL RISK MANAGEMENT**(a) CREDIT RISK**

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. Financial instruments that potentially subject the company to concentration of credit risk consist of cash, short term investments and trade receivables.

Risk management

The company places short-term investments with registered banks only. The company has a treasury management policy which is used to manage this exposure to credit risk. As part of this policy, limits on the amount of surplus funds placed with any one banking institution have been set and approved by the board of directors. With new connection charges, the payment needs to be received prior to connection.

Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents
- Trade receivables
- Sundry receivables
- Loans to joint ventures

The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped into groups of similar payment profiles.

The expected loss rates are based on the payment profiles of sales over a period of 6 years and the corresponding historical credit losses.

On that basis, the loss allowance determined for trade receivables is:

		More than 30 days overdue	More than 60 days overdue	More than 90 days overdue	More than 120 days overdue	Total
31 March 2024	Current					
Expected loss rate	0.02%	0.16%	0.12%	0.32%	0.53%	
Carrying amount trade receivables	6,718	62	35	2	63	6,880
Loss allowance	2	-	-	-	-	2
		More than 30 days overdue	More than 60 days overdue	More than 90 days overdue	More than 120 days overdue	Total
31 March 2023	Current					
Expected loss rate	0.09%	0.44%	0.10%	0.61%	0.34%	
Carrying amount trade receivables	5,362	33	25	4	84	5,508
Loss allowance	5	-	-	-	-	5

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

26. FINANCIAL RISK MANAGEMENT (cont')

	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
Movement in loss allowance		
Opening balance	5	2
Receivables written off during period	(32)	(40)
Unused amount reversed / additional amount provided	27	38
Additional loss allowance recognised in income statement during the year	2	5
Closing balance	2	5

Trade receivables are written off when all avenues for recovery have been exhausted.

Concentrations of credit risk

The company's significant customers are electricity retailers of which the largest four have 73% (2023 : 73%) of total line charge sales.

The credit risk is not considered to be high. Apart from the advances of \$2.6 million to On Metering Limited, the company does not have any other significant concentrations of credit risk.

The maximum credit exposure for each class of financial instrument is the same as the carrying values stated in note 27.

The loan to joint ventures is repayable on demand, therefore no interest is charged. An assessment of the value of On Metering Ltd has been performed showing the business value is in excess of the value of Network Tasman's investment and there is no impairment required.

Short-term investments mature within the range of on-call to 90 days. The current interest rate on these investments is 5.30% (31 March 2023: 4.36% to 4.55%)

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

26. FINANCIAL RISK MANAGEMENT (cont')**(b) LIQUIDITY RISK**

Liquidity risk is the risk that the company will encounter difficulty raising liquid funds to meet commitments as they fall due.

Network Tasman Ltd currently holds \$0.4 million (31 March 2023: \$6.1 million) of cash and short term deposits and holds \$15.3 million (31 March 2023: \$15.8 million) of current liabilities. The current assets to current liabilities ratio is 0.7:1 (31 March 2023 1:1).

All creditors and other payables are settled within a 30 day term.

Contractual maturities of financial liabilities

31 March 2024	Less than 12 months	12 months to 2 years	2 to 3 years	Total
Trade payables	15,354	-	-	15,354

31 March 2023	Less than 12 months	12 months to 2 years	2 to 3 years	Total
Trade payables	14,450	-	-	14,450

27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of financial assets and liabilities in each of the NZ IFRS 9 categories are as follows:

Financial assets measured at amortised cost

	Note	12 months 31 March 2024 \$000	12 months 31 March 2023 \$000
Cash and cash equivalent	9	375	6,149
Trade receivables	10	6,878	5,503
Sundry receivables	11	148	362
Loans to joint ventures	17	2,638	3,064
Total financial assets measured at amortised cost		10,039	15,078

Financial liabilities measured at amortised cost

Trade and other payables	18	15,354	14,450
Total financial liabilities measured at amortised cost		15,354	14,450

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

28. COMMITMENTS

The following amounts have been committed to by the company, but not recognised in the financial statements:

Capital commitments

Capital commitments as at 31 March 2024 \$8.8 million (31 March 2023 : \$6.8 million).
 All capital commitments fall due within the next five years.

29. CONTINGENCIES

As at 31 March 2024 there were no material contingent assets or liabilities (31 March 2023: nil).

30. PERFORMANCE TARGETS

The following financial and reliability performance targets for the 12 months ending 31 March 2024 are specified in the company's Statement of Corporate Intent (SCI). Actual results are compared to the performance targets below:

		Actual Result 2024	SCI Target 2024	Actual Result 2023
Financial performance targets				
Total company:				
Surplus before interest, tax, line discount and customer contributions	\$mil	23.0	21.4	22.7
Operating surplus after tax and customer contributions	\$mil	10.0	9.4	11.9
Operating surplus to shareholders' funds	%	4.0%	3.8%	4.9%
Line business only:				
Cash operating costs per consumer	\$	350	328	304
Line Charge Discounts (Excluding GST)	\$mil	12.3	12.1	11.9

Reliability performance targets (excludes Transpower planned and unplanned outages)

For the 2023/24 year, Network Tasman has reported two sets of SAIDI and SAIFI figures: those on the Transitional SAIDI and SAIFI Approach, the single count method, and a second set where outages that follow the initial interruption are recorded as successive interruptions (Multi Count Approach). The Transitional SAIDI and SAIFI Approach is the same method that has been used in past years. However Network Tasman are now required to disclose the Multi Count Approach from the 2024 disclosure year going forward.

The Commerce Commission had provided an exemption in the past to all Electricity Distribution Businesses (EDBs) subject to the EDB Information Disclosure Determination 2012 (the ID Determination) from needing to record and report 'successive interruptions' (Multi Count Approach). The exemption no longer applies from the 2024 disclosure year. Network Tasman has fully implemented the Multi Count Approach from 1 April 2023 and will be reporting on both methods in the 2024, 2025 and 2026 disclosure years as required by the Commerce Commission.

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

30. PERFORMANCE TARGETS (cont')

(a) Transitional SAIFI and SAIDI Approach

Average duration of supply interruptions per connected consumer (SAIDI) planned not to exceed -	minutes	104	100	154
Average duration of supply interruptions per connected consumer (SAIDI) unplanned not to exceed -	minutes	133	75	121
Average number of supply interruptions per connected consumer (SAIFI) not to exceed -	number	1.54	1.77	1.73
Average duration of supply interruptions (CAIDI) not to exceed -	minutes	154	99	159
Faults per 100 km of line not to exceed -	number	5	6	5
% faults not restored within three hours not to exceed -	%	27%	20%	25%

In some circumstances, an unplanned loss of supply event can be followed by restoration of supply and then by a subsequent interruption as a result of isolating the initial cause, making repairs and completing the permanent restoration of supply to all consumers. Where this occurs, Network Tasman's reported SAIFI records the initial outage and not any subsequent short duration outages required to affect the restoration of supply (single count method). Network Tasman's reported SAIDI includes the customer minutes from subsequent short duration outages required to affect the restoration of supply. This treatment is consistent with that of previous years.

Planned SAIDI of 104 was close to the target of 100 for the 2023/24 year.

Unplanned SAIDI of 133 was over the target of 75 for the 2023/24 year. A 33kV cable fault in Marsden Valley impacted the Marsden to Hope feeder, also tripping the Richmond feeder, on 12 January 2024 resulted in widespread losses of supply to consumers in Richmond, Hope, Brightwater and Wakefield accumulating 44 SAIDI points. A further 17 SAIDI points resulted from a broken conductor on the 33kV line supplying the Takaka substation which interrupted supply to approximately 2,500 consumers on 9 February 2024.

Under the Transitional Approach, SAIDI was higher than the SCI targets, but well within the Commerce Commission limits.

SAIFI results (the average number of interruptions experienced by consumers) were well under target during the year.

Faults per 100km of line were within targets. This results reflect the good condition of the network and the good state of vegetation clearance.

The percentage of faults not restored within three hours was higher than 2022/23 and the target. A contributing factor was a high number of long duration feeder outages during the year.

(b) Multi Count Approach

		Actual Result 2024
Average duration of supply interruptions per connected consumer (SAIDI) planned not to exceed -	minutes	105
Average duration of supply interruptions per connected consumer (SAIDI) unplanned not to exceed -	minutes	115
Average number of supply interruptions per connected consumer (SAIFI) not to exceed -	number	1.86
Average duration of supply interruptions (CAIDI) not to exceed -	minutes	118

Network Tasman Limited & Group

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

30. PERFORMANCE TARGETS (cont')

The Multi Count Approach is the approach that the Commerce Commission will use for monitoring purposes going forward.

The SAIDI, SAIFI and CAIDI measures are industry standards, which enable assessment and comparison of network performance. Industry statistics include rural and urban networks. The Network Tasman network includes a significant rural component.

SAIDI =	$\frac{\text{Total Annual Consumer Minutes of Non Supply}}{\text{Total Number of Consumers}}$
SAIFI =	$\frac{\text{Total Annual Consumer Supply Interruptions}}{\text{Total Number of Consumers}}$
CAIDI =	$\frac{\text{Total Annual Consumer Minutes of Non Supply}}{\text{Total Annual Consumer Supply Interruptions}}$

		Actual Result 2024	SCI Target 2024	Actual Result 2023
Safety of electricity supply				
Lost time injuries not to exceed -	number	1	0	1
Public Safety and Damage Events				
Public Injury Events	number	0	0	0
Public Property Damage Events	number	0	0	0

31. EVENTS OCCURRING AFTER BALANCE DATE

The directors of Network Tasman Limited are not aware of any significant event occurring subsequent to balance date which, if known at balance date, would have resulted in a different assessment within the financial statements.

32. CAPITAL MANAGEMENT

Network Tasman's capital is its issued and paid up capital, share premium reserve and retained earnings. Equity is represented by net assets as disclosed in the statement of financial position. The company manages its revenue, expenses, assets and liabilities and day to day financial transactions prudently. The purpose of managing Network Tasman's equity is to ensure the company achieves its goals and objectives, whilst remaining a going concern.

Independent Auditor's Report

To the readers of Network Tasman Limited's group financial statements and performance information for the year ended 31 March 2024

The Auditor-General is the auditor of Network Tasman Limited Group (the Group). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Group on his behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Group on pages 22 to 53, that comprise the statement of financial position as at 31 March 2024, the statement of comprehensive income, statement of changes in equity and statement of 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 Group on pages 51 to 53.

In our opinion:

- the financial statements of the Group:
 - present fairly, in all material respects:
 - its financial position as at 31 March 2024; 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; and
- the performance information of the Group presents fairly, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 31 March 2024.

Our audit was completed on 26 June 2024. 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 Group 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 Group for preparing performance information that is fairly presented.

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 Group 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 Group 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 Group'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 Group'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 Group'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 Group'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 Group 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 obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 2 to 21 and 58 to 62 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 Group 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 assurance engagements pursuant to the Electricity Distribution Information Disclosure Determination 2012 – (consolidated in 2018) and the Electricity Distribution Services Default Price-Quality Path Determination 2020. These assurance engagements are compatible with those independence requirements. Other than the audit and these assurance engagements, we have no relationship with or interests in the Group.



John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Statutory Information

The Group's principal activity is to own and operate the electricity distribution network in the wider Nelson and Tasman areas, excluding Nelson Electricity's supply area in Nelson city.

Principal activities

In addition to its principal activity, the Group has interests in complementary businesses including Network Tasman Fibre (a fibre optic communications network), commercial and industrial property, 50% shareholdings in Nelson Electricity Limited and On Metering Limited and advanced metering on the Network Tasman network.

Directors holding office during the year were:

- SL Smith (Chair)
- LD Babe
- MJ McCliskie
- LR McKenzie
- AJV Miller (Resigned 29 May 2023)
- RA Pickworth (Appointed 1 September 2023)
- MJ Playford (Appointed 18 August 2023)
- AP Reilly

Remuneration of directors

Directors received the following fees:

Director	2024
SL Smith (Chair)	52,015
LD Babe	41,319
MJ McCliskie	62,711
LR McKenzie	41,319
AJV Miller	6,886
RA Pickworth	24,103
MJ Playford	27,546
AP Reilly	41,319

Remuneration of employees

The number of employees whose remuneration and benefits exceeded \$100,000 in the financial year was:

Remuneration band	2024
\$100,000 - \$109,999	4
\$110,000 - \$119,999	1
\$120,000 - \$129,999	4
\$130,000 - \$139,999	2
\$140,000 - \$149,999	5
\$160,000 - \$169,999	1
\$200,000 - \$209,999	1
\$220,000 - \$229,999	3
\$240,000 - \$249,999	1
\$280,000 - \$289,999	1
\$420,000 - \$429,999	1

Directors' insurance

The Group has Directors' and Officers' Liability insurance cover to a value of \$10 million and Defence Costs Liability insurance of \$5 million, which covers Directors of Network Tasman Limited and Directors representing Network Tasman Limited on associated and joint venture company boards. Cover is also provided for Statutory Liability to a value of \$5 million and Defence Cost Liability insurance of \$5 million. The insurance does not cover liabilities arising from criminal actions.

Directors' benefits

No director of the Group has received or become entitled to receive benefits other than the benefits included in the total remuneration listed above. However, directors may receive benefits as consumers of Network Tasman and beneficiaries of the Network Tasman Trust. Any benefits received will be on the same terms and conditions as all other consumers and beneficiaries.

There were no loans made by the Group to any director nor has the Group guaranteed any debts incurred by a director.

Auditors

As required by statute the Auditor-General will appoint the auditors and directors will negotiate their fee and terms of audit. The fees paid to the auditors for audit work and other services are disclosed in the financial statements.

Entries recorded in the interests register

The following represents the particulars of the entries made in the Network Tasman's interests register for the year ended 31 March 2024:

SL Smith	The Lion Foundation Ohinetahi Charitable Trust Warren Architects Education Trust World of WearableArt Limited Sasco Holdings Limited	Ceased 31 December 2023	Trustee Chair Trustee Chair Director
LD Babe	Rockfield Ventures Limited Nelson Self Storage Limited RISE Living Safe Agfirst Nelson Consulting Limited	Appointed 23 October 2023	Director Director Trustee Director/Shareholder
MJ McCliskie	Alandale Orchards Limited Nelson Electricity Limited High Health Alliance Limited BT Mining Limited		Chair Director Chair Chair
LR McKenzie	Taylors Contracting Limited YMCA Nelson Inc Nelson Training Centre Limited Nelson City Council Nelson City Council Kaipara District Council Helping Families Nelson Inc	Ceased 6 April 2023 Appointed 26 July 2023 Ceased 31 October 2023 Appointed 1 December 2023	Director Chair/President Director Acting CE Independent Member Consulting Consulting
AJV Miller	Resigned 29 May 2023 Allan Miller Consulting Limited Electricity Authority IPAG NZ Battery Project Technical Reference Group ANSA Holdings Limited (trading as ANSATM) Security and Reliability Council (SRC)	Ceased 24 April 2023 Appointed 24 April 2023	Director Member Member Director Member
RA Pickworth	Appointed 1 September 2023 Westroads Limited West Oak Trading Limited Ashburton Contracting Limited Transwaste Canterbury Limited PLC Plant Limited Pipeline Group Limited Pipeline and Civil Limited McLenaghan Contracting Limited Industrial Controls South Canterbury Limited Waiohahi Contractors Limited	Appointed 1 November 2023	Director Director Director Director Chair Chair Chair Chair Director Chair
MJ Playford	Appointed 15 August 2023 PwC New Zealand Limited Nelmac Limited		Contractor Director
AP Reilly	AP & KM Reilly Limited Dos Rios Dairy Limited Browns Pastoral Farm Management Limited Project De-vine Trust Sacred Heart Church Trust	Appointed 20 June 2023	Chair Director Shareholder Trustee Trustee
AFTER BALANCE DATE			
SL Smith	World of WearableArt Limited Nelson Electricity Limited	Ceased 30 April 2024 Appointed 29 April 2024	Chair Chair
MJ McCliskie	Pure Pac Limited Nelson Electricity Limited	Appointed 1 May 2024 Ceased 29 April 2024	Director Director

Corporate Governance

The Board of Directors of Network Tasman Limited and Group (the "Board") are guided by a Board Charter which recognises the requirement to adopt best practice in relation to its corporate governance policies and procedures.

The Board is committed to a high standard of corporate governance and is guided by the "Code of Proper Practice for Directors" as recommended by the Institute of Directors in New Zealand.

Role of the Board of Directors

The shareholders appoint the Board to supervise the company's management. The Board establishes the company's objectives, strategies for achieving objectives, the overall policy framework within which Network Tasman's business is conducted, and monitors management's performance. The Board has delegated the day-to-day management of the company to the chief executive.

The Board also ensures that appropriate procedures are in place to provide for effective internal control and that the business complies fully with legislative health and safety requirements.

Board operations and membership

Network Tasman's constitution allows for a maximum of eight company directors.

The Board currently comprises seven directors: a non-executive Chair and six non-executive directors. Board members have an appropriate range of proficiencies, experience and skills to ensure that all governance responsibilities are completed to ensure the best possible management of resources.

Network Tasman's constitution sets out policies and procedures for the operation of the Board, including the appointment and removal of directors.

The full board met 11 times during the financial year ended 31 March 2024.

Associate Director Programme

Network Tasman Limited and shareholder Network Tasman Trust operate an Associate Director Programme designed to offer emerging directors the opportunity to accelerate their boardroom experience for a period of about twelve months with observer status on the board of Network Tasman.

The aim of the programme is to enhance the capability of senior leaders embarking on a governance career and to increase the availability of talented people for appointment to boards within the Nelson/Tasman region. It supports emerging directors with ongoing mentoring and opportunities for professional development and social networking within the governance environment.

Engineering Scholarship

Network Tasman provides an engineering scholarship targeting locally based 2nd/3rd year degree or diploma students. The scholarship provides financial assistance for studies and an offer of holiday work experience.

Board Subcommittees

Health, Safety and Wellbeing Subcommittee

The Board has a Health, Safety and Wellbeing Subcommittee, comprising three non-executive directors, to maintain an effective governance framework in accordance with relevant legislation and achieve the safety vision of "everyone safe, all of the time". The subcommittee is tasked with ensuring that health and safety are key considerations in every operational decision made within the company.

Management and the Board are focused on ensuring a thorough health and safety management system (HSMS) oversight process is operating across all business units of the company. Activities include reviews with contractors and site visits. The subcommittee met four times during the year.

Remuneration Subcommittee

The Board has a Remuneration Subcommittee comprising two non-executive directors. The Remuneration Subcommittee is responsible for assisting the Board in overseeing the appointment, performance and remuneration of the chief executive and members of the executive team (including succession planning) and reviewing the Remuneration Policy with the objective of being a good employer. The committee met once during the year.

Audit and Risk Subcommittee

The Board has an Audit and Risk Subcommittee comprising three non-executive directors. The Audit and Risk Subcommittee is responsible for overseeing the financial, accounting and internal and external audit activities of the company, including reviewing the adequacy and effectiveness of internal controls and monitoring of corporate risk assessment, meeting with and reviewing the performance of the external auditors, reviewing the financial statements and making recommendations on financial and accounting policies. The committee met three times during the year. Specific areas overseen by the Audit and Risk Subcommittee include the following:

• **Risk Management**

The Board has overall responsibility for the company’s risk management and internal control systems. The Board has established policies and procedures that are designed to provide effective internal control. Annual budgets, asset management plans, business plans and longer-term strategic plans are prepared and agreed upon by the Board, as well as a delegated authority policy. Financial statements and operational reports are prepared on a monthly basis and reviewed by the board throughout the year to monitor performance against budget targets and objectives.

In addition, the Board monitors the risk management framework and reviews ways to enhance existing risk management strategies, including the segregation of duties, the employment of suitably qualified and experienced staff and the implementation, where considered necessary and effective, and considers the recommendations made by the internal and external auditors.

• **Internal Audit**

The Board maintained an internal audit programme during 2023/24, utilising an experienced independent internal auditor. Three audits were completed during the year.

• **Treasury Policy**

Exposure to interest rate risk is managed in accordance with the company’s treasury policy that sets limits of management authority and levels of exposure to banking institutions.

Statement of Corporate Intent

In accordance with section 39 of the Energy Companies Act 1992, the Board submits to the shareholder trust a draft Statement of Corporate Intent (SCI) for the coming financial year. The SCI sets out the company’s overall objectives, intentions and financial and performance targets for shareholder review.

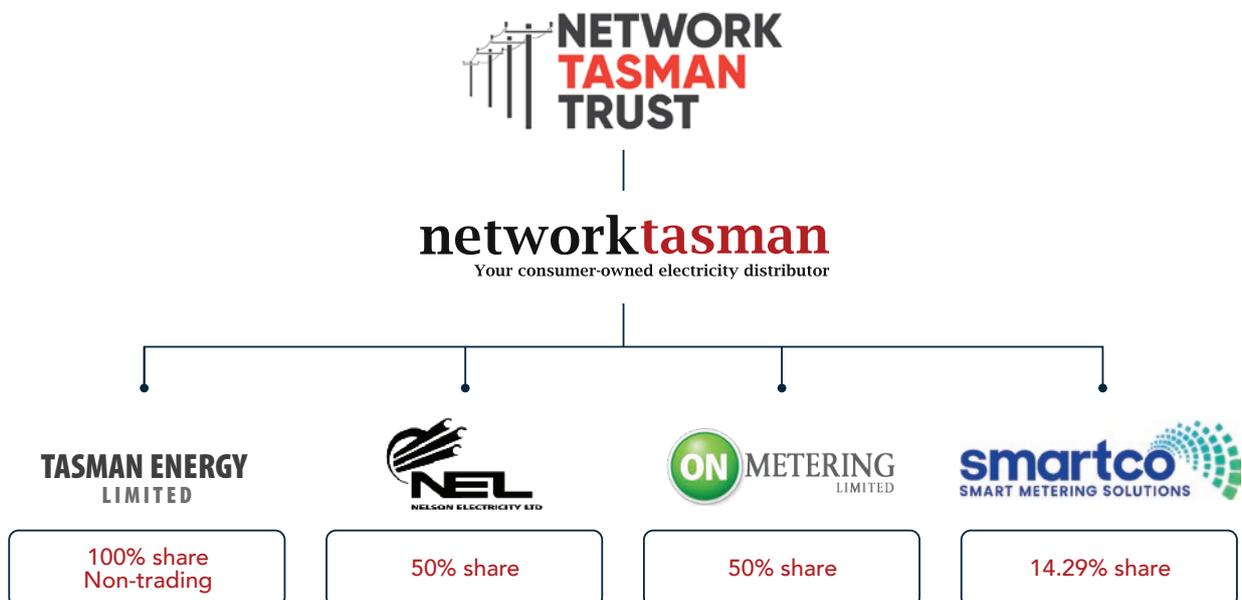
A copy of the Statement of Corporate Intent is available on the company’s website www.networktasman.co.nz

The Role of the Shareholder Trust

The Network Tasman Trust (“the Trust”) holds all the shares in Network Tasman Limited. The board aims to ensure that the trust is informed of all major developments impacting on the company’s affairs.

Board members frequently meet with trustees to discuss important matters. Information is also provided through the Interim Report, Annual Report, Asset Management Plan and Statement of Corporate Intent.

Network Tasman Ownership Structure as at 31 March 2024



Corporate Directory

Directors

Sarah Smith – *Chair*
Lee Babe
John McCliskie
Lindsay McKenzie
Ross Pickworth
Michael Playford
Tony Reilly

Executive

Oliver Kearney
Chief Executive Officer
Robert Derks
Operations Manager
Kerry Haycock
Corporate Services Manager
Murray Hendrickson
Network Manager – Strategy & Development
Darren Jurgens
Network Manager – Planning & Delivery
Andrew Stanton
Fibre & Technology Manager
Daniel Vincent
Regulatory & Commercial Manager

Network Tasman Trust

Gweny Davis – *Chair*
Patrick Adamson
Ian Barker
Judene Edgar
Ian Kearney
Terry Kreft

Head Office

52 Main Road Hope, Richmond 7020
PO Box 3005, Richmond 7050
Telephone: 64 3 989 3600 or 0800 508 098
Email: info@networktasman.co.nz
Website: www.networktasman.co.nz
Facebook: @networktasman

Auditor

Audit New Zealand on behalf of
the Auditor-General

Bankers

Bank of New Zealand

Solicitors

Pitt & Moore

Trust Administrator

Alicia Chapman
PO Box 3164, Richmond 7050
Telephone: 0800 82 78 78
Email: admin@networktasmantrust.org.nz
Website: networktasmantrustgrants.org.nz