



**HBPCT**  
Proud owners of **unison**

## TRUSTEES' REPORT

On the operations and financial affairs of the

**HAWKE'S BAY POWER CONSUMERS' TRUST**  
For the year ended 31 March 2024

## ANNUAL REPORT TO CONSUMERS

### THE TRUST

Hawke's Bay Power Consumers' Trust is the 100% owner of Unison Networks and has been since 1993. The Trust holds the shares in Unison on behalf of all power consumers connected to Unison's electricity network in Hawke's Bay. This means Hawke's Bay power consumers are the beneficial owners of the company.

The Trust is represented by five Trustees elected every three years by the power consumers of Hawke's Bay. The current Trustees are Diana Kirton (Chair), Kirsten Westwood, Barbara Arnott, David Pearson and Jeff Farnworth. The next Trust elections are on 1 October 2024.

As chair, and on behalf of fellow trustees, I am pleased to provide this annual report on the operations and financial results of the Hawke's Bay Power Consumers' Trust for the year ended 31 March 2024. Trading activities of Unison Networks Limited are summarised later in this report.

### WHAT THE TRUST DOES

Our role as trustees is to hold the shares for the benefit of its consumer-owners and also to ensure the value of their investment in Unison is protected and enhanced, now and into the future. We monitor the operational and financial performance of the Company by measuring results against the Company's business plan and Statement of Corporate Intent progressively during the year. In this way we are alert to any variations to the outcomes that have been agreed with the Board.

Key tasks of the Trust are to:

- Act in the best interests of Hawke's Bay power consumers, as owners, and exercise their rights as shareholders.
- Appoint Unison's Board of Directors and monitor their performance and the performance of the Company.
- Determine annually the amount of Trust funds to be paid to consumer-owners as a dividend or in other ways.
- Approve Unison's annual business goals and financial objectives.
- Manage and account for the financial affairs of the Trust.
- Hold a public meeting each year to report on the operations and financial performance of the Trust.
- Review the ownership of Unison's shares every five years, through a public consultative process.

### TRUST ACTIVITIES SINCE 2023 ANNUAL PUBLIC MEETING

#### Consumer Dividends \$15.8 million in 2023

In 2023 the Trust received a dividend payment from Unison of \$15.8 million, exclusive of imputation credits. This was distributed to consumers at \$240 per ICP (installation connection point), with tax credits attached – to a maximum of 3 ICPs per consumer.



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The registration portal remains open at [www.hbpct.co.nz](http://www.hbpct.co.nz) for further registrations at any time of the year.

The direct financial benefits consumers have received from Trust ownership since 1999 now stands at around \$250 million.

### **Recovery from Cyclone Gabrielle**

Trustees are exceptionally proud of the work carried out by the Unison team, alongside Transpower, in recovering from Cyclone Gabrielle. This work was nationally recognised when they received the prestigious Network Initiative of the Year award at the 2023 Energy Excellence Awards. This award recognised the innovative and collaborative efforts taken to restore power in Hawke's Bay following Cyclone Gabrielle.

Following an intense period of planning, Unison and Transpower have jointly established the plan for the rebuild of the flood-inundated Redclyffe substation. This plan was presented to key stakeholders in November 2023.

### **Ownership review**

Trustees conducted a 5-yearly review of the ownership structure of Unison in the latter half of 2023, as mandated by the Trust Deed. As part of the review Trustees sought feedback from the public to gauge views on the future ownership of Unison. There was unprecedented interest in the process from power consumers with a record 198 submissions received. They were almost equally split between keeping the current ownership model and changing it.

Following a month-long consultation, trustees unanimously supported the Unison Directors' recommendation that the shares in Unison remain in Trust ownership.

### **Sale of Unison Fibre Limited (UFL)**

The sale of Unison Group subsidiary Unison Fibre Limited to leading central North Island fibre network provider Tuatahi First Fibre, was finalised in late January 2024.

The strategic divestment of Unison Fibre by the Unison Group has allowed their customers to benefit from a greater choice of service providers, as well as being part of a bigger provider solely focused on fibre services.

Trustees fully supported this sale and view it as a fantastic outcome for power consumers and former Unison Fibre customers.

### **Working with Directors**

Following an intensive search and interview process, two new directors have been appointed to the Unison Networks Board replacing outgoing directors Lucy Elwood and Phil Hocquard who retire by rotation following Unison's annual meeting at the end of July.

The new appointees are Wendie Harvey and Jon Nichols. Both have strong community connections and excellent experience and will govern Unison in a way that upholds the best interest of power consumers. Wendie and Jon will take up their roles in August and we wish them every success.



Trustees continue to have a strong and open relationship with Unison directors. Along with regular chair-to-chair meetings, trustees are regularly kept up to date with company activities as well as initiatives that are in the pipeline. This “no surprises” approach is valued and respected by both parties.

Trustees attended a Unison Group and Subsidiaries’ Vision and Strategies presentations in early December. The subsidiaries play a vital role in the financial growth of the company. As they are the non-regulated arm of the Unison group, their success will contribute most to the growth of the future dividend paid to the Trust for distribution to power consumers of Hawke’s Bay.

### **ETNZ**

Barbara Arnott and Diana Kirton attended the ETNZ conference in May 2023. Former Unison CEO, Ken Sutherland, gave an excellent presentation on the devastating impact of Cyclone Gabrielle and the work then being carried out by Unison in the recovery process. This was very well received by trustees from lines companies throughout the country.

HBPCT has taken the stand that ETNZ should limit its conferences to one per year, in Wellington, in May, taking in the AGM. The May conference is a good opportunity to hear from the Energy Minister of the day, as well as any other sector leaders.

HBPCT has made the recommendation that the traditional spring conference be replaced with an online meeting of the trust chairs in order to keep the ETNZ executive informed of matters that are concerning energy trusts throughout the country. This option would reduce the cost to individual trusts, as well as carbon emissions, and make the most of modern communication technology.

### **Trust elections**

Trust elections are being held this year, with nominations open from 1 – 31 July. Election Services run the election process and all details will be available on the Trust website at [www.hbpct.co.nz](http://www.hbpct.co.nz)

Voting will be by post or electronically. Trustees encourage power consumers to get involved by casting their vote when the time comes, or standing for the Trust when nominations open.

### **COMPANY PERFORMANCE 2023-2024**

**Compliance:** The trading results for 2023-2024 disclosed an increase on the previous year, including the first year contribution from the addition of Magnetic Power Services Pty Limited, recognition of insurance income and the impact of Cyclone Gabrielle in the prior year. Total group revenue was \$360 million, up \$40 million from the previous year, while operating expenditure reached \$248 million, a \$23 million increase. After accounting for increased depreciation and borrowing costs, the 'operating profit before tax' increased by \$6.7 million to \$42.9 million.

Shareholders’ funds showed an increase of \$10 million or 2.0%, increasing to \$520 million.

### **Ratio of Consolidated Shareholders’ Funds to Total Assets**

- The minimum target ratio of consolidated shareholders’ funds to total assets is set at not less than 40%.
- Target goal for 2024 – 48%



**Compliance:** The minimum target ratio was achieved and the target goal was slightly behind. The actual ratio was 47%.

**Performance Targets**

Unison’s 2024 Statement of Corporate Intent sets targets for both financial and network performance.

**Compliance:** The Company materially achieved its financial performance targets but fell slightly behind its network performance targets. The Trustees are however satisfied with the financial results and the network performance.

**Statement of Corporate Intent**  
**2024 Targets      Actual Results**  
**2024**

**FINANCIAL**

Earnings before interest, taxation, depreciation, amortisation and financial instruments as a percentage of average assets employed

Earnings before interest and taxation as a percentage of average assets employed	10.2%	10.3%
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Total line operating costs per consumer	\$431	\$427
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**NETWORK PERFORMANCE**

SAIDI – System Average Interruption Index (Minutes)	<68.03	70.19
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SAIFI – System Average Interruption Frequency Index	<1.497	1.534
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**HEALTH AND SAFETY PERFORMANCE**

- |                                      |     |     |
|--------------------------------------|-----|-----|
| ● Injuries relating to critical risk | Nil | Nil |
| ● Number of Public Accidents         | Nil | Nil |

**COMPLIANCE WITH OTHER MATTERS**

Unison’s Statement of Corporate Intent is released each year, detailing matters relating to the company’s scope of activities, dividend distributions, accounting policies, information to be provided to shareholders and administrative matters relating to procedures and communications with the Trust, as the sole shareholder. We are satisfied that in all these matters the Company has complied with the Statement of Corporate Intent.

**SUMMARY**

Overall the Trustees believe that the Company’s 2023-24 results are solid, given what continues to be a challenging operating environment.

**MODERNISING THE TRUST DEED**

Since April, Trustees have been reviewing and modernising the Trust Deed, to ensure the deed is up to date with current legislation and easier to read compared to the formal legal-speak of the time. Trustees also explored ways of making an ownership review more fit for purpose rather than by rote, as prescribed in the trust deed. They concluded that the expenditure involved to achieve this was not in consumers interest.



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As of mid-July the public consultation process on these updates is underway, with a public meeting to come late August. Please take the opportunity to have your say.

### **THANKS**

The last financial year has been an extraordinarily busy one for Unison and the Trust. The strength of the Unison team has consolidated it as a truly consumer-focused company. The current 100 years of Unison celebrations reminds us all that the company was built by the people of Hawke's Bay, for the power consumers of Hawke's Bay. Today Unison is a respected specialist group, with a national and international footprint and reputation that extends far beyond Hawke's Bay. The Trust is very proud to own the company that puts the needs of its consumer shareholders first and foremost.

Our special thanks go to the Trust Secretary, Stephen Dine, and his team at Brown Webb Richardson, for the continued professional, courteous service and support they provide to the Trust.

### **TRUSTEES' CONTRIBUTIONS**

I would personally like to thank the current trustees for their open and honest contribution around the Trust table. The challenges we have faced this past year have been unprecedented. Much of the work of trustees goes unseen by the public and I thank each of them for their contributions on behalf of power consumers over the past year.

This will be my final report to power consumers as trustee and chair of HBPCT. After 19 years as trustee over 2 periods, most recently seven years as chair, I am retiring in accordance with the Trust Deed. It has been a privilege to serve you all.

**DIANA KIRTON**  
**CHAIR**

On behalf of the Trustees – David Pearson, Jeff Farnworth, Barbara Arnott and Kirsten Westwood.

### **MORE TRUST INFORMATION**

Detailed information about the Trust and its work is accessible on the Trust website:  
[www.hbpct.co.nz](http://www.hbpct.co.nz)