

STATEMENT OF CORPORATE INTENT

Te au Akanoonoo'anga no te Manakonako'anga
o te Taokotai'anga

2021-2024



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PROFILE

ENTITY

Te Mana Uira o Araura

PHYSICAL ADDRESS

Aratea, Aitutaki, Cook Islands

POSTAL ADDRESS

PO Box 31, Aitutaki, Cook Islands

REGISTERED OFFICE

MFEM Building, PO Box 51, Avarua, Rarotonga, Cook Islands

OWNERSHIP

Limited Liability Company, re-established under the Companies Act 2019 and 100% owned by the Cook Islands Investment Corporation which is established under the Cook Islands Investment Corporation Act 1997

BOARD

Chairperson, Mr John Baxter

Director, Mr Michael Henry

Director, Ms Janet Maki

Director, Mr Paul Henry

Director, Mr Stephen Doherty

Director, Mrs Ine Challans

Director, Ms Alice Hoff

EXECUTIVE MANAGEMENT

General Manager, Mr Rimaroa (Long) Tuiravakai

Chief Financial Officer, Mr Allan Jensen

DELIVERING FOR AITUTAKI

KUA ITI TE RA I PA ARIKI
The sun shines today
Kia orana kotou katoatoa,

Te mataora nei matou Te Mana Uira O Araura (TMU) i te oronga atu i ta matou ripoti mua no te Akanoonoo'anga o te au Manakonako'anga (AOTAM) o teia Taokotai'anga. Ko te AOTAM o te TMU tei ripoti mai i roto i teia tuatau, mei ia Tiunu 2020 ki te 2024. Ko te AOTAM, tei roto i reira ta ratou parani, orama, tei oti ia ratou i te rave ta ratou au moni i akanoonoo e te au tuanga rare atupaka i roto i te au ngai tukeke.

Ko te AOTAM tei akakite mai ki a kotou ta ratou au rare e manganui tei oti i te rave. E ko TMU tei rauka i te rave i teia nga tuatau ua i topa ake nei, tei roto i reira te akaoti'anga o te rare poaki ka peu tara no te TMU; koia te rare o TMU turanga tai. Ko te AOTAM katoa tei akakite mai ki a kotou, te au parani ta teia taokotai'anga i rauka i te rave no te au tuatau ki mua. E rai uatu te au tika'anga e te au tarere'anga i mua ia tatou! E tau te rave angaanga i tana tutaki.

Me rare pakari koe, ka tutaki meitaki ia koe. Ko te taokotai'anga e te putuputu'anga kua teateamamao no te akatupu i tei akanoonoo'ia kia oronga no Aitutaki.

Ei akaoti'anga, te akatau atu nei matou no te tu'a'anga e te ariki'anga i te au manako no runga i te au Akanoonoo'anga no te Manakonako'anga o teia Taokotai'anga ki te Iti Tangata Araura e te au turuturu tinamou.

We are proud to present Te Mana Uira o Araura's (TMU) Inaugural Statement of Corporate Intent (SCI). The TMU SCI covers the period from June 2020 through to 2024. The SCI contains TMU's strategy, vision, achievements, financial targets and key performance areas.

The SCI shares with you the many accomplishments that TMU has achieved in recent times, including the completion of a cornerstone project for TMU; the renewable energy stage 1 project. The SCI also shares with you the organisation plans for the future. There are plenty of opportunities and challenges ahead! E tau te rave angaanga i tana tutaki. If you work hard you will be rewarded. The organization and Group are ready to achieve what has been outlined to deliver for Aitutaki.

In closing, we look forward to sharing and receiving feedback on this SCI with the Aitutaki community and key stakeholders.

Kia orana e kia manuia.

30 June 2020

Mr John Baxter

Chairperson

Recent Milestones Achieved

STAGE 1 RENEWABLE PROJECT

In late May 2019, the stage 1 of the renewable energy project went live, with the official opening in September 2019. The Aitutaki Renewable Energy Stage 1 project consisted of a 0.9 hectare field of 750 kW of solar photovoltaics (PV) modules (ground mounted), connected to the existing power station, a new, 240 kW diesel generator, and a 500 kW/250 kWh battery energy storage system (BESS).

NEW BOARD

Te Mana Uira o Araura's Parent Company, the Cook Islands Investment Corporation, in September 2019, refreshed and expanded the membership of the TMU Board, with the appointment of exclusively Aitutaki domiciled appointees, with a vast array of sector, business, legal, financial and socio-cultural expertise.



CAPITAL PROGRAMME

TMU has embarked on an ambitious capital programme, and have completed the following key projects to provide resilience to the network and public offering; office upgrades, a new crane truck, underground wiring, new substations and new street lighting.

COVID-19 SUPPORT

As part of the Cook Islands Government Covid-19 economic response package to provide support to households and businesses, in March 2020, Te Mana Uira o Araura Board extended significant support to its customers by offering a 100% discount for a 3 month period, reviewable on a monthly basis.



Upcoming Milestones

STAGE 2 RENEWABLE ENERGY

TMU is currently undertaking a feasibility study of stages 2 and 3 of its renewable energy programme, in conjunction with CIIC, the Cook Islands Government Renewable Energy Development Division and MFEM. It is expected that stage 2 implementation will occur in the 2021/22 financial year.

CAPITAL PROGRAMME

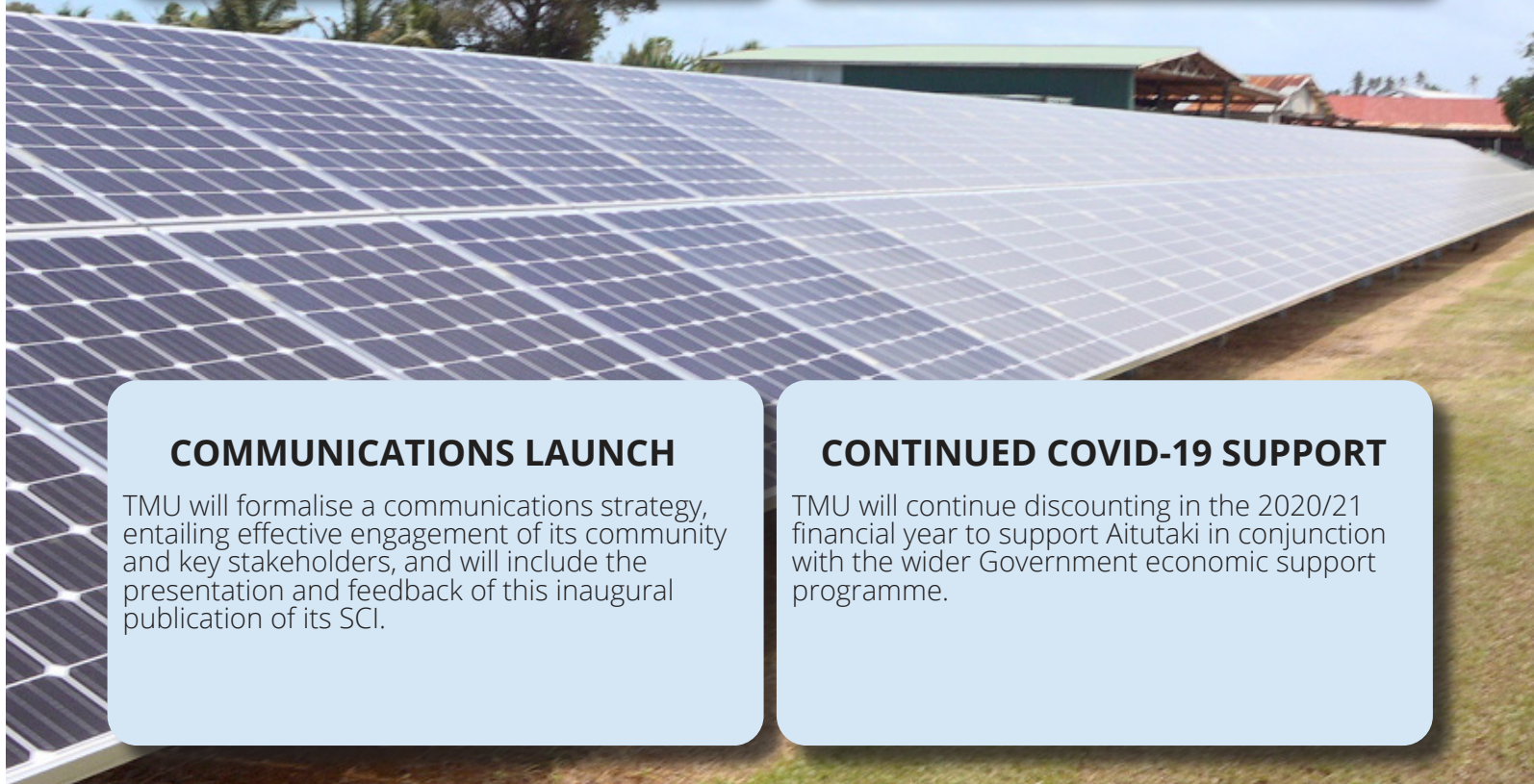
TMU will continue its ambitious capital programme, and complete the following key projects to provide resilience to the network and public offering; shed renovations, underground wiring, new substations and new street lighting.

COMMUNICATIONS LAUNCH

TMU will formalise a communications strategy, entailing effective engagement of its community and key stakeholders, and will include the presentation and feedback of this inaugural publication of its SCI.

CONTINUED COVID-19 SUPPORT

TMU will continue discounting in the 2020/21 financial year to support Aitutaki in conjunction with the wider Government economic support programme.



PURPOSE

This Statement of Corporate Intent outlines the driving vision for Te Mana Uira o Araura (TMU), our mission, priorities and strategic objectives for the next three years. It is a document required to be furnished to our Shareholder, the Cook Islands Investment Corporation (CIIC) annually.

It is also a document for our stakeholders to understand what we have been doing (in the last year) what we are going to do (over the next three years) and what our priorities are (key performance areas).

VISION

The vision for Te Mana Uira o Araura is:

“Ko te rare uira tau meitaki, irinakiia, tau o te tutaki’anga e ka roa l te rare’anga no te Iti Tangata Araura.”

“An efficient, reliable, affordable and sustainable electricity service for Aitutaki”

By efficient we mean well managed and operated consistent with modern commercial practices and good governance principles

By reliable we mean a consistent supply to consumers, by consistent we mean minimal downtime to consumers and should supply be disrupted, speedy resumption of the service.

By affordable we mean a fair tariff, with the end consumer in mind.

By sustainable we mean in an environmental and financial / commercial sense. From an environmental sense, our carbon footprint is minimal, and we embrace renewable energy generation. From a financial sense, the tariffs need to be adequate to run the organization with a long term view.

Te Mana Uira o Araura’s vision is aligned to its Parent’s Vision (the Cook Island Investment Corporation Vision) and the Cook Islands Government National Vision.

The CIIC Vision is:

“Ta’anga’anga e te akono tau tikai i te au apinga puapinga a te katoatoa no te akameitaki’anga i te ora’anga o te iti tangata Kuki Airani.

Effective and efficient public assets that improve the wellbeing of Cook Islands people.

The Cook Islands Government National Vision is:

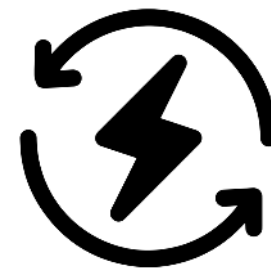
“Te oraanga tu rangatira kia tau ki te anoano o te iti tangata, e kia tau ki ta tatou peu Maori e te aotini taporoporoia o te basileia.

To enjoy the highest quality of life consistent with the aspirations of our people, and in harmony with our culture and environment.

The Cook Islands National Sustainable Development Plan (NSDP) is developed from the 2020 National Vision. The NSDP sets out 16 dimensions of the country’s development and provides an outline to measure state progress, with the NSDP goals used as an organizing tool in defining what is important to Cook Islanders.

The NSPD Goals to which TMU primarily contributes directly to are as follows:

NSDP GOAL 6: Energy and Transport



TMU’s core function is the generation and distribution to households and business in Aitutaki. TMU also strives to maximize renewable energy generation.

In addition to Goal 6, TMU contributes and enables many of the other NSDP goals including:

NSDP GOAL 1: Improving Welfare and Reducing Economic Hardship



TMU provides a core utility to households.

NSDP GOAL 2: Economic Growth, Resilience and Productive Employment



The reliable service of electricity is crucial in the growth and development of the Aitutaki economy.

NSDP GOAL 13: Climate Change and Disaster Resilience



TMU also strives to maximize renewable energy generation.

OPERATING ENVIRONMENT

Historically, electricity supply in Aitutaki was a separate Ministry and part of the Aitutaki Island Council administration. On 1 July 2017, the net assets were transferred to a limited liability company (Aitutaki Power Supply Limited), a subsidiary of the Cook Islands Investment Corporation.

CIIC was established in 1998 through the Cook Islands Investment Corporation Act.

CIIC divides its operations into two key components:

- 1. Governance, growth and development of crown enterprises
- 2. Asset management (of lands, seas, properties and housing)

CIIC is the Parent Company to a number of subsidiaries (SOEs, CCEs and limited liability companies),

The Aitutaki Power Supply / Te Mana Uira (TMU) Board Organisation Chart is provided below. This shows the relationship between the CIIC Board and the TMU Board, CIIC Executive Support, the TMU GM and the wider TMU staff.

In 2017, shortly after Aitutaki Power Supply came under the CIIC Group, an establishment Board was appointed, comprising of Michael Henry, Malcolm Sword and John Baxter. In 2020, a thorough process was entered into by the CIIC Board, to transition from the establishment Board and appoint new members, with the requisite skills and experiences, consistent with CIIC's Corporate Governance Policy. All Board members are Aitutaki residents.

The CIIC Group required all incoming directors to undertake a thorough induction programme and require all Directors across its Group to undertake regular continuing professional director training.



CIIC requires all its entities to provide a Statement of Corporate Intent annually by the end of April each year for approval and their Audited Financial Statements annually by the end of September. CIIC also requires all its entities to furnish a quarterly risk report and financial information. There are also formal CIIC board deep dives with each entity and regular chair to chair, one on ones.

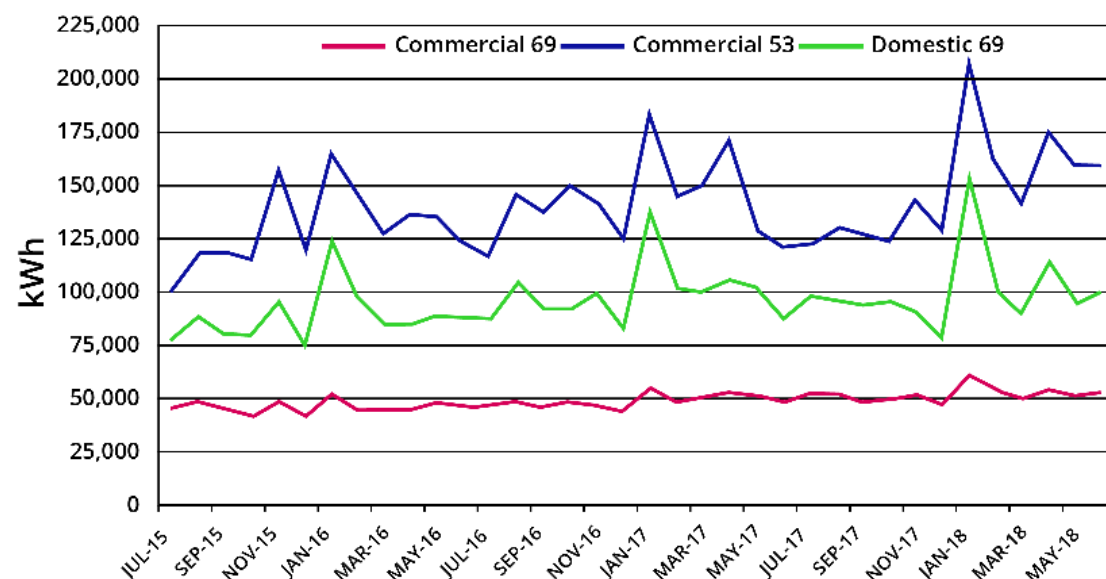
TMU is required to comply with certain Cook Island Government policies, as a Crown entity. One important Cook Island Government policy area which applies to TMU is in relation to procurement protocols. The TMU Board has approved a number of TMU specific policies in the last 12 months. A number of policies are also near completion.

TMU has just under 1,000 customers, comprising of just over 800 domestic and about 150 commercial customers. Commercial customer revenue equates to about half of the revenue. The two largest Aitutaki resorts, Pacific and Aitutaki Lagoon represent about 40% of commercial customer revenue.



OPERATING ENVIRONMENT

Aitutaki's historic electricity demand over a 3 year period, by month, is provided below. This shows a steady marginal incline historically, with demands currently between 300,000 and 400,000 kWh per month, with peaks in January.



The current tariffs at August 2019, and the respective changes following completion of stage 1 of the renewable energy project, set to occur when power bills are issued in September 2019, is set out below.

	2018-19	2019-20	% change
DOMESTIC			
Supply Charge (\$/year)	0	24	
Variable Charge (\$/kWh)	0.69	0.60	-13%
COMMERCIAL			
Supply Charge (\$/year)	0	24	
Tier 1 variable (0-1,000 kWh)	0.69	0.60	-13%
Tier 2 variable (>1,000 kWh)	0.53	0.48	-9%

Approximately two-thirds of TMU's total costs excluding depreciation prior to the stage 1 renewable project was diesel fuel costs. Post stage 1, approximately 55% of TMU's total costs excluding depreciation relate to fuel. Diesel fuel is provided under contract with Matson.

Consistent with the Cook Islands Government national aspirations in attaining 100% utilization of renewable energy, TMU has adopted a high level Aitutaki Renewable Energy Program outlining how it will attain the 100% renewable energy goal. Getting to 100% renewable energy contribution in power systems such as Aitutaki is more challenging than in smaller systems, and necessary changes to the power system are much more demanding. This is why the journey to 100% renewable for Aitutaki is split in three stages.

In May 2019, TMU completed stage 1 of its renewable energy programme. Stage 1 project consists of a 0.9 hectare field of 750 kW of solar photovoltaics (PV) modules (ground mounted), connected to the existing power station. It also includes a new, 240 kW diesel generator, 500 kW/250 kWh battery energy storage system (BESS), short term forecasting and a new Integration and Control system. The Aitutaki stage 1 project is different from subprojects which will install solar PV and batteries on the other four smaller Islands of the Southern group. Whereas the other islands' projects provide a complete generation system for those islands, the Phase 2 project on Aitutaki uses renewable energy to supplement the existing generation system. The main reasons behind this difference are the greater size of the Aitutaki system (meaning a staged approach to implementation) and a requirement for higher reliability of electric energy supply due to a number of existing tourist establishments. Getting to 100% renewable energy contribution in power systems such as Aitutaki is more challenging than in smaller systems, and necessary changes to the power system are much more demanding. This is why the journey to 100% renewable for Aitutaki is split in three stages.

The staged process allows observation of the power system behaviour, timely change

of operations and adjustment of operations crew. It also allows for further price drops for renewables and energy storage technologies. The selection of solar PV as the renewable energy generation technology was based on the satisfactory solar resource, suitability to the site, maturity of the technology and supporting systems, and low maintenance requirements. Installation of small diesel will allow higher solar penetration into the power system during the daytime. It will also prolong the service life of other diesels, which will operate only at night, and during periods of insufficient solar radiation during the day.

In early 2020, TMU was confronted and challenged, like all businesses around the World, with the Global COVID-19 pandemic. Border closures around the world, and in particular, in the Cook Islands and New Zealand, which commenced on 16 and 19 March respectively, are having a substantial demand side impact on the economy through decreased tourism arrivals. While this is required from a health and livelihoods perspective, the number of tourist arrivals is expected to be minimal until border restrictions are reduced, which could be over a period of 6 – 12 months. With tourism the major driver of the Cook Islands economy, we are anticipating a significant decline in economic activity over the last quarter of 2019/20 and continuing into 2020/21, with reduced demand for goods and services.

TMU in conjunction with its Parent, CIIC and the Cook Islands Government, has provided unprecedented support to its consumers, with the announcement of 100% discounting to its consumers for a 3 month period starting in March 2020. A discounting regime is being considered for the 2020/21 year.

RISK MANAGEMENT

TMU adopts the following diagrammatic approach to enterprise risk management.



This enterprise risk management cycle provides a way for TMU to incorporate risk management into TMU’s day to day operations. Developing an effective risk culture is important in terms of effecting good risk management protocols and therefore providing a culture for TMU to achieve its vision and strategic deliverables.

The below diagram outlines the process in determining or assessing risk (post risk identification):

RISK OUTCOME		<div>LOW</div> <div>MODERATE</div> <div>SIGNIFICANT</div> <div>HIGH</div>				
		Consequence				
Likelihood		Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Almost Certain 5		5	10	15	20	25
Likely 4		4	8	12	16	20
Possible 3		3	6	9	12	15
Unlikely 2		2	4	6	8	10
Rare 1		1	2	3	4	5

RISK ASSESSMENT

TMU has identified and assessed the organisation’s key risks as follows.

Risk	Likelihood	Severity	Rating	Mitigation
Natural disaster	5	4	20	- Underground cabling - Early warning systems - Fit for purpose insurances
Long / mid lasting COVID-19 impacts	3.5	4	14	- Work with CIG and CIIC - Timely forecasting - Agility, ability to change business model
Human resource	3.5	3.5	12	- HR strategy - L&D plans
Shipping	2	5	10	- DR plans - Engagement with CIG & shipping companies
Customers going off the grid	2	5	10	- Market awareness
Project management	3	3	9	- Project and risk reporting - Regular reporting
Political	2	4	8	- Stakeholder engagement
Technological	3.5	2	7	- DR plans - Manual workarounds
Mechanical	3.5	2	7	- Maintenance - Spares

RISK MITIGATION

Key risk mitigations with regards to high risks, performed in the last year are outlined below:

Risk	Mitigation	Update
Natural disaster	- Underground cabling.	- Completing underground cabling programme, progressing per plan.
	- Early warning systems	- Initial collaboration with government agencies including EMCI
	- Fit for purpose insurance	- Part of CIIC initiative looking at collective and captive programmes
Long / mid lasting COVID-19 impacts	- Work with CIG and CIIC	- Part of CIIC and SOE forums. - Discussion undertaken with CIIC on lobby for government support
	- Timely forecasting	- Production of 2020 reforecast with high level 2021 forecast being produced
	- Agility, ability to change business model	- To be progressed after discussion with CIG on support and reforecasting, using various scenarios
Human resource	- Human resource strategy.	- Key strategy work to be completed after finalization of SCL.
	- L&D plans	- Work in progress, scoping apprenticeship plans etc

OUR CONTRIBUTION TO AITUTAKI

Ko te TMU tei oronga mai i tetai au meitaki kitea ia me kore kitea-koreia e manganui ki te Iti tangata Aitutaki. Ko te TMU tei oronga i te tauturu kia roa e te akaatupaka'anga i te au meitaki no te tuatau ki mua. Kua akapapa mai matou i raro nei tetai au akatau'anga no te meitaki ta te TMU e oronga nei ki te Iti tangata

TMU provides numerous direct and indirect benefits (community service obligation costs) to the Aitutaki community. TMU is committed to sustaining and expanding these benefits into the future. We have listed below some examples of benefits TMU contributes to the community.



CHURCHES

TMU provides free electricity to Churches on Aitutaki. This has been a practice for a number of years and acknowledges our Churches are where families gather for prayer and worship. It is estimated that the dollar value APS contributes is approx. \$20,000 per annum.

HOSPITAL GENERATOR

TMU is in the process of commissioning a new generator for Aitutaki hospital. TMU have provided this capital outlay of approx. \$60k from its own reserves and will maintain and operate the generator on behalf of the hospital and Te Marae Ora, to ensure electricity supply to the hospital, this critical infrastructure for Aitutaki people, 24/7.



CLIMATE CHANGE

TMU is doing its bit for the environment in combating climate change, with its renewable energy programme, to replace fossil fuel with renewable energy.



STREET LIGHTING & WATER STATIONS

TMU provides free electricity to street lights and water stations on Aitutaki. This has been a practice for a number of years and acknowledges how important street lights and water stations are for Aitutaki community. The organisation has gradually increased its street lighting across the island in recent years. It is estimated that the dollar value TMU contributes to street lighting and water stations is approx. \$30,000 per annum.

FINANCIALS

TMU has a balance date of 30 June. TMU's current auditors are KPMG (who are also CIIC's Group's Auditors). CIIC expects that all subsidiary audits be completed prior to 30 September each year. The 30 June 2018 audit was completed by the Cooks Islands Audit Office, prior to the transfer to CIIC. The Audit Office expressed a modified opinion, on three matters (bank, inventory and PPE). The 30 June 2017 audit was completed by KPMG and the opinion was altered to a qualified opinion, on two matters (inventory and PPE). It is expected that only one matter will be qualified as part of the 30 June 2018 audit, PPE, with this qualification expected to be removed at the conclusion of the 30 June 2020 audit.

At 30 June 2019, TMU has approximately \$3.8m of assets. This includes just over \$1m of cash, which has been accumulated over many years. This is expected to reduce over the coming few years as a result of capital expenditure projects. 50% of TMU's total assets is property, plant and equipment. TMU carries around \$300 thousand of inventories (diesel, supplies), which represents about 10% of total assets. TMU carries minimal liabilities, circa \$100 to \$200 thousand, which largely relate to trade suppliers and employment entitlements.

Accounting Policies

The TMU financial statements are prepared in accordance New Zealand (NZ) Generally Accepted Accounting Principles (GAAP). They comply with NZ equivalents to International Financial Reporting Standards applying Reduced Disclosure Regime (NZIFRS RDR) applicable for Tier 2 for profit entities. The company qualifies for NZIFRS RDR as it is not publicly accountable, as defined by the International Accounting Standards Board (IASB) and is not large.

The financial statements are prepared on a going concern basis. The financial statements are presented in New Zealand dollars. The financial statements are prepared on the historical cost basis.

Dividends

In light of the challenges of COVID-19, TMU's renewable energy establishment phase, and the need to ensure the entity is future proofed to deliver on its core objectives, TMU is not expecting to pay dividend in the short and medium term.



FINANCIAL FORECASTING

Key Financial Performance Targets

The key financial performance targets of the TMU are to achieve or better the financial results set out in the following table:

	2019	2020	2021	2022	2023
	Actual	Fcast	Fcast	Fcast	Fcast
Return on equity	-8.39%	-16.67%	1.76%	2.03%	2.29%
CSC/rev	3%	5%	3%	3%	2%
Current ratio	9.57	10.12	10.42	10.42	10.42
Debt to assets	5%	1%	1%	1%	1%

TMU's financial performance targets illustrate the organisation's focus on achieving good returns for its activities, coupled with providing wider benefits to the community and prudent fiscal management.

The financial performance targets illustrate the organisation's focus on providing wider benefits to the community, coupled with prudent fiscal management.

Notes:

1. RETURN ON EQUITY: Illustrates the return generated from shareholder capital. The higher the percentage, the more money or value the organisation generates for its shareholder, the Cook Island Government on behalf of the people of the Cook Islands. People will generally compare this computed number to what they could earn if they put the money in the bank.

2. COMMUNITY SERVICE COSTS / REVENUE %: Illustrates how much the organisation gives back to the community. An important part of the functions of TMU is to contribute back to the community.

Translating the % into every \$100 can be a good descriptor to the general public for example, in 2019, for every \$100 of revenue, TMU spends \$X towards community service costs, such as providing power for street lighting, Churches etc. The return on equity % should be read in conjunction with the CSC / revenue %.

3. CURRENT RATIO: Mainly used to give an idea of an entity's ability to pay back its liabilities (debt and accounts payable) with its assets (cash, marketable securities, inventory, and accounts receivable). As such, current ratio can be used to make a rough estimate of a company's financial health.

4. DEBT TO ASSETS: The debt to total assets ratio is an indicator of financial leverage. It indicates the percentage of total assets that were financed by creditors, liabilities, debt. The debt to total assets ratio is calculated by dividing a corporation's total liabilities by its total assets.

5. DEBTOR DAYS: Describes how quickly cash is being collected from debtors. The longer it takes for a company to collect, the greater the number of debtor days. Debtor days can also be referred to as the Debtor collection period.



FINANCIAL STATEMENTS

The key financial results and ratios of TMU are set out in the following table:

	2019	2020	2021	2022	2023
	Actual	Fcast	Fcast	Fcast	Fcast
Total revenue	2,329,689	1,306,697	2,279,504	2,335,060	2,407,752
Total revenue excl. approp & aid	2,329,689	1,306,697	1,279,504	2,335,060	2,407,752
EBITDA	67,670	-601,400	524,587	542,731	561,653
NPBT	-297,782	-970,815	104,587	122,731	141,653
Community service costs	60,000	60,000	60,000	60,000	60,000
Total assets	3,728,759	5,894,628	5,999,215	5,999,215	5,999,215
Total shareholder funds	3,547,174	5,822,861	5,927,448	6,050,179	6,191,832
Total liabilities	181,585	71,767	71,767	71,767	71,767
Total staff costs	331,132	360,104	360,104	370,907	382,034
Total employees	15	15	15	15	15
Total FTEs	15	15	15	15	15
Operating cash-flows	164,707	-601,400	524,587	122,731	141,653
Equity injection by owners	0	0	1,000,000	0	0
Total dividends paid	0	0	0	0	0
Revenue mvmt excl & aid growth	6%	-44%	-2%	82%	3%
Revenue per FTE	\$155,313	\$87,113	\$85,300	\$155,671	\$160,517
CSC / revenue %	3%	5%	3%	3%	2%
EBITDA per FTE	\$4,511	(\$40,093)	\$34,972	\$36,182	\$37,444
Asset growth	-6%	58%	2%	0%	0%
Return on assets	-7.99%	-16.47%	1.74%	2.05%	2.36%
Return on equity	-8.39%	-16.67%	1.76%	2.03%	2.29%
Debt to assets	5%	1%	1%	1%	1%
Current ratio	9.57	10.12	10.42	10.42	10.42



Notes:

1. EBITDA = Earnings Before Interest Tax Depreciation and Amortisation
2. NPBT = Net Profit Before Tax
3. FTE = Full Time Equivalents
4. Revenue movement: Illustrates the growth of the Group from a revenue perspective.
5. Revenue per FTE: Illustrates how much each full time employee generates at a top-line level.
6. CSO / revenue: Illustrates how much the organisation gives back to the community.
7. EBITDA per FTE: Illustrates how much each full time employee contributes to the bottom-line (productivity).
8. Asset growth: Illustrates the growth of the organisation from an asset perspective.
9. Return on assets: Illustrates the return generated from asset value.
10. Return on equity: Illustrates the return generated from shareholder capital.
11. Debt to assets: The debt to total assets ratio is an indicator of financial leverage. It tells you the percentage of total assets that were financed by creditors, liabilities, debt. The debt to total assets ratio is calculated by dividing a corporation's total liabilities by its total assets.
12. Current ratio: Mainly used to give an idea of a company's ability to pay back its liabilities (debt and accounts payable) with its assets (cash, marketable securities, inventory, accounts receivable). As such, current ratio can be used to make a rough estimate of a company's financial health.



KEY PERFORMANCE AREAS

The Key Performance Areas for TMU and associated activities, planned over the next four years, is set out in the below section.

1. Acting in the best interests of the Aitutaki community

Acting in the best interests of the Aitutaki community is central to Te Mana Uira o Araura’s strategic and operational blueprint (be it social, environmental, cultural or economic). Communities must be engaged genuinely and effectively in order to make this possible. Decision-making must be democratic and participatory. Community feedback must be considered, taken into account, and incorporated into each facet of the organisation.

Engagement is the practice of actively bringing community or public voices into decisions that affect or interest them. Engagement is used to denote the full spectrum of activity, including communications through numerous methods and mediums (Island Council forums, news, radio, community engagements). The purpose of engagement is to ensure transparency and public awareness of the organization’s strategy and operations.

A summary of key performance activities as follows:

	2020/21 Fcast	2021/22 Fcast	2022/23 Fcast	2023/24 Fcast
Communications Strategy	<ul style="list-style-type: none">Develop comms strategy	-	<ul style="list-style-type: none">Refine strategy	-
Engagement with the Community	<ul style="list-style-type: none">Develop websiteInitiate regular press releases	<ul style="list-style-type: none">Initiate annual community consultation forums	<ul style="list-style-type: none">Initiate annual business sector forums	-
Engagement with Island Council	<ul style="list-style-type: none">Initiate regular quarterly meetings	<ul style="list-style-type: none">Strategic retreat	-	-
Engagement with CIIC and Government		<ul style="list-style-type: none">Retreat with CIIC and REDDPartnership with TAU		

2. Environmental, renewable energy

Consistent with the Cook Islands Government national aspirations in attaining 100% utilization of renewable energy, TMU has adopted a high level Aitutaki Renewable Energy Program outlining how it will attain the 100% renewable energy goal. Getting to 100% renewable energy contribution in power systems such as Aitutaki is more challenging than in smaller systems, and necessary changes to the power system are much more demanding. This is why the journey to 100% renewable for Aitutaki is split in three stages. The staged process allows observation of the power system behaviour, timely change of operations and adjustment of operations crew. It also allows for further price drops for renewables and energy storage technologies. The selection of solar PV as the renewable energy generation technology was based on the satisfactory solar resource, suitability to the site, maturity of the technology and supporting systems, and low maintenance requirements.

A summary of key performance activities as follows:

	2020/21 Fcast	2021/22 Fcast	2022/23 Fcast	2023/24 Fcast
Stage 2 renewable energy	<ul style="list-style-type: none">Scoping	<ul style="list-style-type: none">Implement	-	-
Stage 3 renewable energy	-	<ul style="list-style-type: none">Scoping	<ul style="list-style-type: none">Implement	-
Broader public and community renewable energy initiatives (eg EVA charging stations, public electronic Vehicles)	-	-	<ul style="list-style-type: none">ScopingLobby government re initiatives	<ul style="list-style-type: none">Develop strategic alliancesImplement

3. Long term sustainable returns

A long term sustainable plan not only details how an organization intend to realise economic financial success through outlines what the environmental and social imperatives are and how these are met (aka triple bottom line reporting).

Economic success is the organisation setting the right tariffs to effectively operate the business, maintain its assets, and have sufficient returns to invest back into its asset base.

Social success reflects the importance of setting a tariff level sustainable for households and businesses.

Environmental success reflects the drive for the organisation to have minimal harm on the natural environment.

A summary of key performance activities as follows:

	2020/21 Fcast	2021/22 Fcast	2022/23 Fcast	2023/24 Fcast
Long term forecasts	<ul style="list-style-type: none">Long term model developed with stage 2 programme	-	<ul style="list-style-type: none">Long term model developed with stage 3 programme	-
CSO Policy developed, with contribution from Government	<ul style="list-style-type: none">TMU CSO Policy developed	<ul style="list-style-type: none">Long term Appropriation confirmed from CIIG re CSO	-	-

KEY PERFORMANCE AREAS

4. Inspire confidence to business sector to enable growth and investment

TMU has a key role to enable business growth in Aitutaki. Providing a reliable electricity service is key to provide comfort to businesses to run and grow their businesses. Likewise, charging a reasonable tariff will provide business comfort to run and grow their businesses.

A summary of key performance activities as follows:

	2020/21 Fcast	2021/22 Fcast	2022/23 Fcast	2023/24 Fcast
Sector consultation	• Initial consultation	-	-	-
Sector engagement programme		• Programme developed	-	-

5. Investing In Staff (Younger Generation), Quality, Respected Employer, Dedicated Staff, Focus On Safety

Investing in the organisation’s most valuable resource, its people is critical.

Ensuring we can fill vacancies when they occur, staff are developed to do what is required and progress through the ranks and there is succession planning is in place is critical.

Specific action areas in relation to knowledge and competence across the sector here in Aitutaki are as follows:

- Aitutakians are educated, trained and employed at all levels across the sector;
- Effective collaboration is in place with leading governments, industry, and tertiary institutions;
- Research is continually undertaken to ensure the highest standard of delivery.

A summary of key performance activities as follows:

	2020/21 Fcast	2021/22 Fcast	2022/23 Fcast	2023/24 Fcast
H&S Programme	• H&S policies developed	-	• H&S policies refreshed	
Apprentice programme	• Apprentice programme developed	• Apprentice programme implemented	-	-
Staff learning and development	• Staff L&D programme developed	• Staff succession planning programme developed	-	-
Research	• Alliances with USP and CITI	• Alliances with TAU and Suppliers	-	-

6. Quality Service

Delivering quality service is central in running an effective organisation. Structuring the organisation so it is easy for customers to do business with the organization is about putting customers first.

Delivering core services to the community is also important for any utility company, such as

	2020/21 Fcast	2021/22 Fcast	2022/23 Fcast	2023/24 Fcast
Customer service framework and policies developed, including response times on new connections	• Framework and policies developed	-	-	-
Online business	• Online payments through banks setup	• Website portal setup	-	-
Street lights	• Roll out 50 street lights	• Roll out 50 street lights	• Roll out 50 street lights	• Roll out 50 street lights
Uneconomic lines	• Uneconomic lines policy developed	-	-	-

7. Proactive infrastructure developing and maintaining resilient infrastructure is critical to ensure the organization provides a reliable service to its consumers and the community of Aitutaki.

Resilient infrastructure relates to the organisation’s infrastructure at its core (the Power House) and across its distribution networks. Having resilient infrastructure is obviously important with the organisation’s location, the prevalence of tropical cyclones and its remoteness from infrastructure manufacturers.

A summary of key performance activities follows:

	2020/21 Fcast	2021/22 Fcast	2022/23 Fcast	2023/24 Fcast
Powerhouse Management	• SOPs and COOPs in place	• Optimise SOPs		
Underground cabling	• Increase from 50% to 60%	• Increase from 60% to 70%	• Increase from 70% to 80%	• Increase from 80% to 90%
Distribution	• Distribution asset stocktake and forward capex programme developed	• Improve ring main connections from 30% to 40%	• Improve ring main connections from 40% to 50%	• Improve ring main connections from 40% to 50%

GLOSSARY

24/7 – 24 hours a day, 7 days a week

AOTAM Akanoonoo’anga o te au Manakonako’anga

Approp – Appropriation

BESS – Battery Energy Storage System

Capex – Capital Expenditure

CCEs – Crown Controlled Entities

CIG – Cook Islands Government

CIIC – Cook Islands Investment Corporation

CITTI – Cook Islands Tertiary Training Institute

COOP – Continuity of Operations Plan

COVID-19 – Coronavirus Disease 2019

CSC – Community Service Costs

CSO – Community Service Obligations

DR – Disaster Recovery

Excl – Exclusive

EBITDA – Earnings Before Interest Tax Depreciation and Amortisation

EMCI – Emergency Management Cook Islands

Fcast - Forecast

FTE – Full Time Equivalent

GAAP – Generally Accepted Accounting Principles

GM –General Manager

H&S – Health and Safety

HR – Human Resource

kW – kilo Watt

kWh – kilo Watt hours

L&D – Learning and Development

MFEM – Ministry Finance and Economic Development

NPBT – Net Profit Before Tax

NSDP – National Sustainable Development Plan

NZ – New Zealand

NZIFRS – New Zealand International Financial Reporting Standards

NZIFRS RDR – New Zealand International Financial Reporting Standards Reduced Disclosure Regime

PPE – Property Plant and Equipment

PV - Photovoltaics

REDD – Renewable Energy Development Division

SCI – Statement of Corporate Intent

SOE – State Owned Enterprise

SOP – Standard Operating Procedures

TAU – Te Aponga Uira

TMU – Te Mana Uira o Araura

USP – University of the South Pacific

