

# Electra

TRUST

## 2014 Annual Review

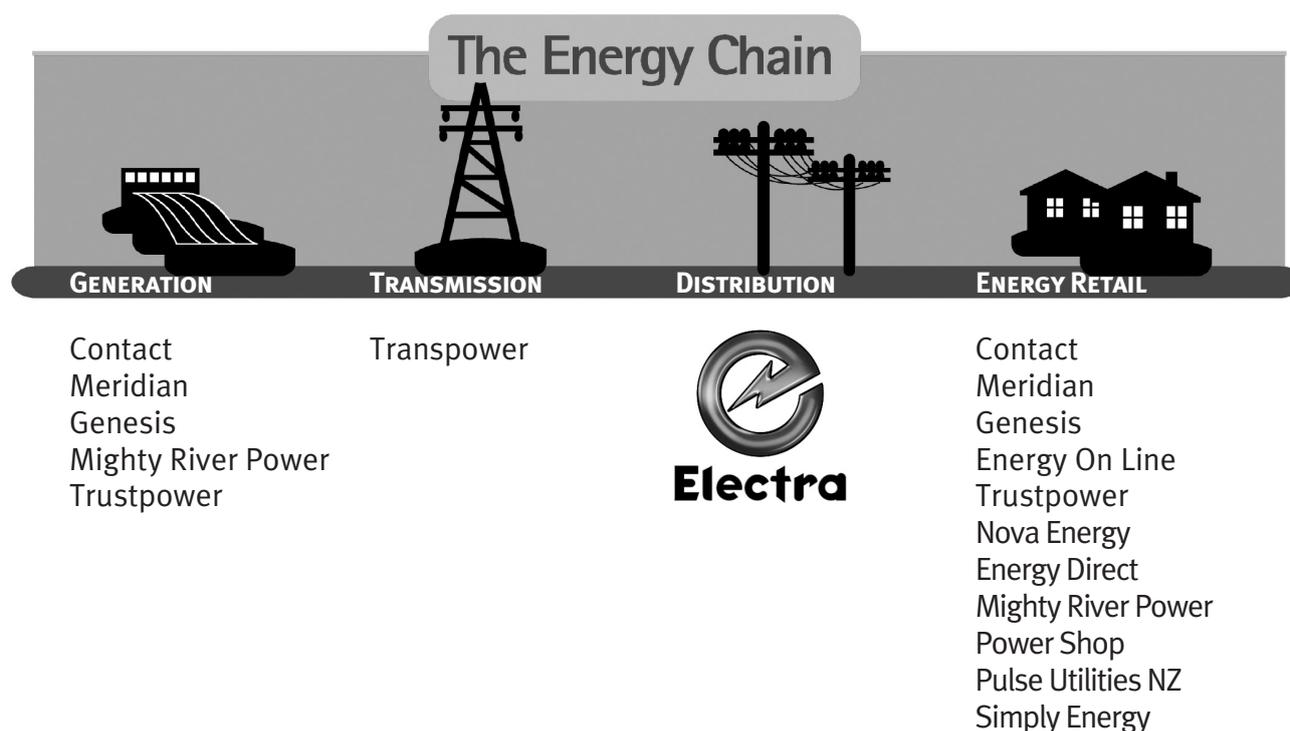
The Electra Trust is 100 percent owned by the 42,908 electricity consumers (beneficiaries) currently connected to the Electra network throughout Kapiti and Horowhenua.

The six elected Trustees hold the shares on behalf of the beneficiaries, ensure the terms of the Trust Deed are complied with, and ensure the benefits of ownership are distributed in the form of an annual sales discount.

The Trust appoints the Directors in Electra Limited which operates the lines network (including lines, transformers and sub-stations) and its subsidiary companies, and monitors performance.

*More on Electra Trust: [www.electratrust.co.nz](http://www.electratrust.co.nz)*

## WHERE THE ELECTRA NETWORK FITS



## TRUSTEES' REPORT

To be submitted to the Annual Meeting of the beneficiaries of Electra Trust to be held on Friday 25 July 2014 at the Council Chambers, Kapiti Coast District Council, Rimu Road, Paraparaumu.

Your Trustees submit the Annual Review of the Trust, together with an overview of the Trust's expenses for the year ended 31 March 2014.

The Electra Trust has marked 21 years of consumer ownership of electricity supply in Kapiti and Horowhenua with a total \$144 million so far pumped back into the local economies through discounts on power.

Electra is wholly-owned by its 42,908 consumers through its elected Trust under a model which requires that all surplus funds generated from the operations of the Electra Limited lines company have to be returned to the owners.

This has meant an average annual discount worth at least one month's free power for every consumer with the savings effectively recirculated back into the local economies.

Local consumer ownership has meant:

- The discount has not been used to make profits for commercial investors outside our districts or provide big payouts for overseas owners.
- Electra has become embedded in the social and economic fabric of our Kapiti and Horowhenua communities as an essential service.

Electra has one of the highest satisfaction levels in the country and the Company's performance is a credit to the strategic planning of our Board of Directors and operational capabilities of our Management.

That strategic planning includes diversification into profitable subsidiaries which materially help Electra maintain the level of discounts and these are set out in the Company's annual report.

The two critical markers of success for our company, Electra Limited, are the rate of return and the ability to limit cost increases.

The most obvious marker against which consumers can measure the rate of return is the annual discount – the share consumers get from the annual surplus the Company has generated after paying all costs, maintaining our extensive lines network to ensure safety and reliability, and investing in the future.

This year the discount increased to more than \$8 million.

Cost containment by the Company can be measured against an average annual increase in costs to consumers of just under one percent a year over the last 13 years and our distribution charges are among the lowest in the country.

It's a major accomplishment by any company to not only hold cost increases to well below the rate of inflation but generate sufficient surpluses to pay an annual discount to its owners.

Electra maintains its lines network over 1,400 square kilometres of Kapiti and Horowhenua, employs 181 local staff, buys local products and services, strongly supports local business development, and contributes to energy efficiency programmes.

Of the power bills paid by all consumers, 8 percent is the cost of supply from the national grid, 21 percent after discount is the cost of distribution to our consumers by Electra, and the remaining 71 percent are retailer charges, including GST.

During the year the big retailers attempted to deflect attention from their own price increases by claiming that lines company increases were largely responsible.

The Electra Trust, together with other Trusts and our umbrella organisation Energy Trusts of New Zealand, vigorously opposed these claims as deliberately misleading and the Electricity Authority announced an investigation.

I am again grateful for the support of my five colleagues on the Trust who bring a wide range of knowledge and skills to our table and to the professionalism of our Secretary Heather Birrell.

The Trust would like to record its deep appreciation for the leadership and industry knowledge of Chief Executive John Yeoman who has retired after 12 years in a role which saw many progressive changes.

The Trust welcomes his successor Neil Simmonds, formerly Chief Executive of Counties Power.

On behalf of Trustees:

Chris Turver JP

Chairman Electra Trust

The Annual Report of Electra Trust, including the audited Financial Statements, is available on request from:  
**Electra Ltd, Cnr Bristol & Exeter Streets, Levin. Or telephone 06 368 7463 (Secretary).**  
**Online at website: [www.electratrust.co.nz](http://www.electratrust.co.nz)**

### Overview of Electra Trust's Expenses

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Annual Report Expenses	39,314	36,329
Audit Fees	5,339	5,647
Bank Fees	170	145
Conference	8,558	7,096
Corporate Trustee Fees	8,050	7,000
Depreciation	131	263
ETNZ Levy	6,349	8,085
Legal Fees	1,076	1,906
Shareholder Meetings	1,837	724
Trust Secretary Expenses	29,891	28,283
Trustee Election Expenses	73,070	69,789
Nomination Expenses	19,880	20,506
Trustees' Expenses	4,411	2,523
Trustees' Fees (total of 6)	84,000	69,500
Trustees' Insurance	5,750	6,133
Website & Computer Expenses	356	-
	<b>\$288,182</b>	<b>\$263,929</b>

These expenses are covered by a Dividend of \$320,000 received from Electra Limited.

### DIRECTORY

#### TRUSTEES

C R Turver JP, *Chairman* S M Crosbie CNZM OBE  
 L R Burnell QSM R J Latham  
 A Chapman MNZM JP G Sue QSM JP

#### SECRETARY

P H Birrell, BBS CA (retired), Levin

#### ADVISORY TRUSTEE

Public Trust, Wellington

#### AUDITOR

Deloitte, Wellington,  
 on behalf of the  
 Controller and Auditor General

#### SOLICITORS

Quigg Partners, Wellington

#### WEBSITE

[www.electratrust.co.nz](http://www.electratrust.co.nz)

#### EMAIL

[electratrust@xtra.co.nz](mailto:electratrust@xtra.co.nz)

### TRUSTEES



Chris Turver JP  
*Chairman*



George Sue QSM JP



Lindsay Burnell QSM



Ann Chapman MNZM JP



Ray Latham



Sharon Crosbie CNZM OBE

## NOTICE OF ANNUAL MEETING

Notice is hereby given that the Annual Meeting of beneficiaries of Electra Trust will be held in the Council Chambers, Kapiti Coast District Council, Rimu Road, Paraparaumu, on Friday, 25 July 2014 commencing at 12 noon.

### ORDINARY BUSINESS

1. Presentation of the following:

- (a) Annual Report
- (b) Financial Statements for the year ended 31st March 2014
- (c) Report of the Auditor

2. To record the election of two Trustees.

3. To fix the remuneration of the Trustees for the coming year. Trust beneficiaries are asked to consider, and if thought fit, to pass the following resolution:

*“THAT the remuneration of the Trustees remain unchanged and therefore the remuneration for the 12 months ending 31st March 2015 be an amount of \$84,000, such sum to be divided amongst the six trustees in such proportion and in such manner as they may agree.”*

4. To appoint an auditor for the Trust for the year ended 31st March 2015.

*“THAT the Controller and Auditor General or his appointee be appointed as auditor for the Trust”*

5. Authorise the Trustees to fix the remuneration of the Auditor of the Trust.

*“THAT the Trustees be authorised to fix the remuneration of the Auditor of the Trust.”*

6. To review and discuss the Code of Practice for the Electra Trust.

7. Report on the company’s compliance with the Statement of Corporate Intent.

8. To direct the Trustees as to:

- adopting the annual report and financial statements of the Company for the year ended 31st March 2014
- the recommended payment of a dividend of \$320,000 by Electra Limited for the year ended 31 March 2014 to assist in meeting the expenses of the Trust
- authorising the Directors of Electra Limited to fix the remuneration of the auditor of the Company.

9. To consider a notice of motion from David Green regarding the Trust Election. ‘That the nomination forms, including seconders, be made available to a Beneficiary following a written request.’

10. Public forum.

By the order of the Trustees

P H Birrell

Trust Secretary

**MINUTES OF THE TWENTIETH ANNUAL BENEFICIARY MEETING OF ELECTRA TRUST  
HELD AT THE SALVATION ARMY CHURCH CENTRE, 11 DURHAM STREET LEVIN ON FRIDAY 26 JULY 2013 AT 12 NOON.**

**PRESENT**

Trustees: C Turver (Chairman), L Burnell, A Chapman, J Keall, R Latham, G Sue.  
Directors: P McKelvey (Chair of Electra Limited), M Devlin, P Hamid, R Longuet, N Mackay, I Wilson.  
22 beneficiaries  
In attendance: H Birrell (Secretary)  
Ireen Muir (Representing Public Trust as Advisory Trustee)  
Senior Management Electra Ltd.

The Chairman welcomed everyone to the meeting and introduced the Trustees and Directors. He introduced and welcomed Sharon Crosbie the newly elected Trustee.  
The Chairman advised beneficiaries that voting papers were available if they had not already voted by postal vote.

**APOLOGIES** An apology was received from Nathan Guy MP for Otaki and Kris Faafoi MP for Mana

RESOLVED THAT the apologies be accepted. Carried

**BEREAVEMENT**

The Chairman advised that Alan Hercus, previous Chairman of the Electra Trust had passed away and asked those present to stand for a minute's silence. Mr Hercus was Chair from August 1993 until he retired in July 2007.  
He was a quiet and unassuming leader who served his community and the Trust. He took pride in maintaining a strong annual discount to all consumers.

**MINUTES**

RESOLVED THAT the minutes of the previous Annual Beneficiary Meeting held on 27 July 2012, as circulated previously be taken as read, confirmed as a true and correct record and signed by the Chairman. Carried

**ANNUAL REPORT OF ELECTRA TRUST AND FINANCIAL STATEMENTS**

The Chairman presented and spoke to the 2013 Report and the overview of the Financial Statements which had been circulated with the notice of meeting.

The Chairman put the motion seconded by L Burnell

RESOLVED THAT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF THE TRUST FOR THE YEAR ENDED 31 MARCH 2013 BE ADOPTED

The Chairman declared that 4603 postal votes for the motion and 32 against carried the motion.

**ELECTION OF TRUSTEES**

The Chairman stated that in accordance with the Trust Deed, Ann Chapman and Judy Keall had retired by rotation. Mrs Chapman being eligible had been nominated for re-election.

The Chairman asked the returning officer Mrs V Wright, Company Secretary, to report on the Trustee election.

Mrs Wright read the results of the election and advised that the successful candidates from the Trustee election were Ann Chapman and Sharon Crosbie. She declared A Chapman and S Crosbie to be elected Trustees under the terms of the Trust Deed of Electra Trust.

A Chapman and S Crosbie were congratulated.

**TRUSTEE REMUNERATION**

The Chairman put the motion seconded by A Chapman.

RESOLVED THAT THE REMUNERATION OF THE TRUSTEES BE INCREASED BY \$14,500 AND THEREFORE THE REMUNERATION FOR THE 12 MONTHS ENDING 31 MARCH 2014 BE AN AMOUNT OF \$84,000, SUCH SUM TO BE DIVIDED AMONGST THE SIX TRUSTEES IN SUCH PROPORTION AND IN SUCH MANNER AS THEY MAY AGREE.

The Chairman declared that 3309 postal votes for the motion and 1303 against carried the motion.

The Chairman offered to answer any questions. There were none.

**APPOINTMENT OF AUDITOR**

The Chairman put the motion seconded by G Sue.

RESOLVED THAT THE CONTROLLER AND AUDITOR GENERAL OR HIS APPOINTEE BE APPOINTED AS AUDITOR FOR THE TRUST.

The Chairman declared that 4580 postal votes for the motion and 53 against carried the motion.

**REMUNERATION OF AUDITOR**

The Chairman put the motion seconded by R Latham.

RESOLVED THAT THE TRUSTEES BE AUTHORISED TO FIX THE REMUNERATION OF THE AUDITOR OF THE TRUST

The Chairman declared that 4555 postal voted for the motion and 187 against carried the motion.

**CODE OF PRACTICE**

The Chairman asked the Advisory Trustee representative, Ireen Muir to read the Public Trust's Annual Report to the Beneficiaries. This report confirmed that to the best of the Public Trust's knowledge the Trustees had complied with their obligations under the Trust Deed and the Code of Practice in all significant respects during the year ended 31 March 2013.

The Chairman put the motion seconded by P Roe.

RESOLVED THAT THE REPORT BE RECEIVED. Carried

**STATEMENT OF CORPORATE INTENT**

The Chairman reported that the Trustees had reviewed and monitored the Statement of Corporate Intent of the Company and that Trustees believed the Company had adhered to the document.

**ANNUAL REPORT AND FINANCIAL STATEMENT OF ELECTRA LIMITED**

The Chairman invited Miss P McKelvey, Chair of Directors of Electra Limited, to speak to the Annual Report of the Company.

Miss McKelvey welcomed everyone to the meeting. Together with John Yeoman, CEO they highlighted the following points in a power point presentation:

- Coverage area of Electra Limited and where the Company sits in the energy chain
- Key facts on size, employees and price
- Financial Performance and discount details
- Network Statistics
- New connections growth down but expected to increase this year
- Subsidiary companies function and details
- Supporting the community
- Industry update
- Future outlook

Miss McKelvey put the motion, seconded by P Hamid

RESOLVED THAT THE MEETING DIRECTS THE TRUSTEES TO ADOPT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31st MARCH 2013.

The Chairman declared that 4586 postal voted for the motion and 32 against carried the motion.

The Chairman congratulated Miss McKelvey and John Yeoman on their presentation.

**DIRECTION TO THE TRUSTEES AS TO AUTHORISING THE PAYMENT OF A DIVIDEND**

Miss McKelvey put the motion, seconded by R Longuet.

RESOLVED THAT A DIVIDEND OF \$275,000 BE APPROVED.

The Chairman declared that 4505 postal votes for the motion and 104 against carried the motion.

**DIRECTION TO THE TRUSTEES AS TO AUTHORISING DIRECTORS TO FIX THE REMUNERATION OF THE AUDITOR OF THE COMPANY**

Miss McKelvey put the motion, seconded by N Mackay.

RESOLVED THAT THE DIRECTORS BE AUTHORISED TO FIX THE REMUNERATION OF THE AUDITOR OF THE COMPANY.

The Chairman declared that 4420 postal votes for the motion and 181 against carried the motion.

**PUBLIC FORUM**

The Chairman called for questions or comments from the floor

Mr D Green commented that he was pleased that the Trustees met in public on 2 occasions during the year but that it was a pity not much interest was shown in the meetings. He hoped the Trustees would continue with the 2 public meetings this year.

He asked that the Trustees revisit the issue he raised last year regarding the release of nomination forms, including seconders. Mr Green had received a reply from the Chairman advising that there was no provision in the Trust Deed permitting the release of these forms and privacy issues could/would arise if the Trust chose to do so.

Mr Green advised that as the Trust deed is silent on the issue he proposed a notice of motion for the 2014 Annual Meeting. This was seconded by J Keall.

THAT THE NOMINATION FORMS, INCLUDING SECONDEES, BE MADE AVAILABLE TO A BENEFICIARY FOLLOWING A WRITTEN REQUEST.

The Chairman confirmed it was the intention to maintain two public forums a year. He said the Trust had, on legal advice, decided not to release the names of nominators and seconders because of privacy implications but the Trust would again look at the request.

Mr G Sue advised that a Wellington colleague had congratulated Electra Ltd on their proactive action with the cutting of trees to avoid contact with power lines and their swift reaction to any power failure.

Mr P Roe asked what the Trust and Company's view was regarding the Government's sale of the power assets. The Chairman replied that neither the Trust nor the Company were involved with this issue.

Mrs J Keall asked whether the company had the capacity to increase supply if the electrification of the trains moved further north.

She was assured by the CEO Mr J Yeoman that the company did have the capacity.

A beneficiary congratulated the Trust and the Company on the interesting presentation and asked why, with such a big business so few beneficiaries attended the annual meeting.

The Chairman replied that every effort was made to advise beneficiaries of the meeting and may be it was because they were quite happy with the performance of the Company.

**THANKS**

The Chairman advised the meeting that Judy Keall was retiring after this Annual Meeting. He thanked Judy for her wisdom, her attention to detail and her valued contribution to the Trust. The Chairman then made a presentation to Judy from the Trust in appreciation of her nine years of service.

Mrs Keall thanked the Trustees and congratulated Sharon Crosbie as the new Trustee. She commented on the important role the Trust has in monitoring the company and acknowledged the achievements of the Company over the last 20 years. She was proud of what the company had achieved. It had been a pleasure to serve and ensure the discount was given back to the beneficiaries.

**CLOSURE**

The meeting closed at 1.00pm

