

# Electra

TRUST

## 2015 Annual Review

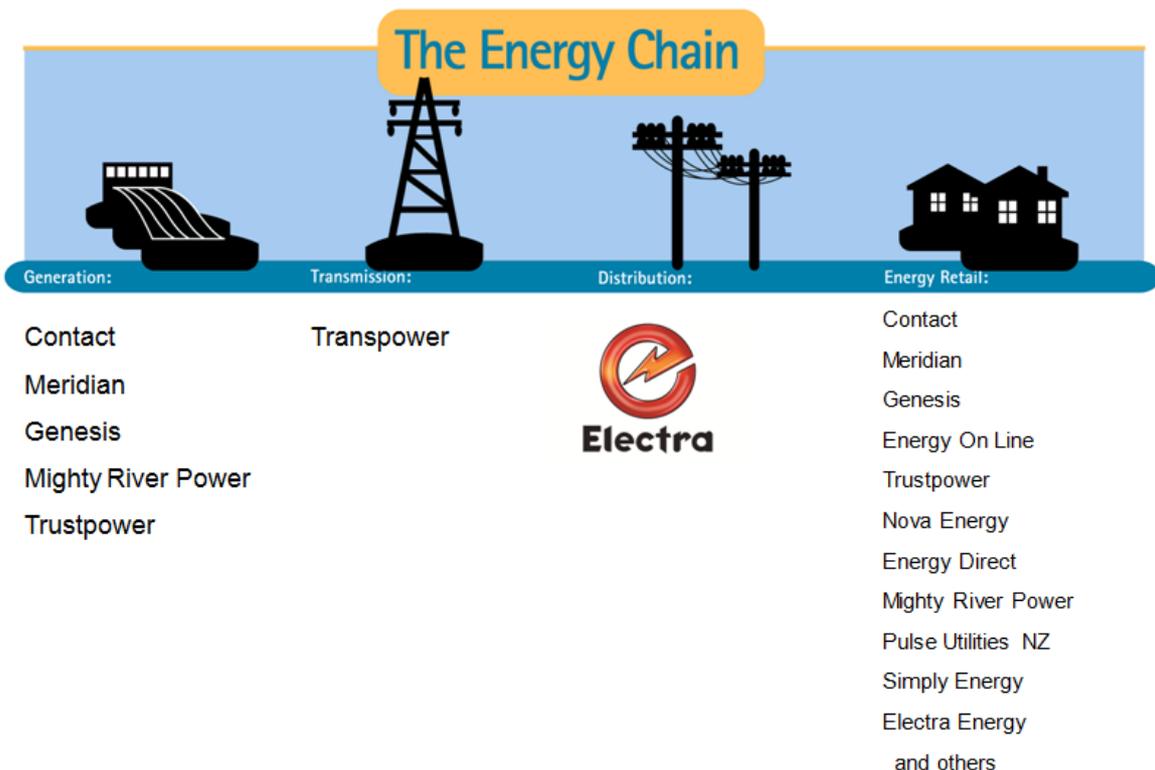
The Electra Trust is 100 percent owned by the 43,360 electricity consumers (beneficiaries) currently connected to the Electra network throughout Kapiti and Horowhenua.

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 31 July 2015 at the Salvation Army Centre, Durham Street, Levin.

Your Trustees submit the Annual Review of the Trust, together with an overview of the Trust's expenses for the year ended 31 March 2015.

Electra continues to be highly regarded as the distributor of power to the Kapiti-Horowhenua region, with more than 80 percent of its 43,369 consumers wanting continued local ownership through the Electra Trust.

Most want the annual discount of about one month's free power a year continued, with an independent survey\* showing 89 percent of residential and 85 percent of commercial consumers are satisfied or quite satisfied.

The strength of community support for local ownership is heartening at a time when the big retailers continue to push the government to "rationalise" power distribution by reducing the number of lines companies.

Electra is one of 22 power lines companies around the country, with 12 of them being wholly consumer owned like Electra which means all surpluses, after reinvestment in the network, are returned to consumers as annual discounts.

"Rationalisation" could mean loss of local ownership and control, a profit-based approach designed to satisfy shareholders rather than consumers, and reduction or loss of the discount.

What the retailers fail to recognise is that local consumers appreciate the key benefits of:

- local control by local people
- low distribution costs
- local ownership protecting local assets
- direct accountability to consumers
- reinvestment in local infrastructure
- a return on investment through the annual discount
- support for local economic growth

When retailers claim high distribution costs, it bears stressing that of the power bills paid by all consumers in our own region, 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,

Electra has returned more than \$152 million to consumers through the annual discount since 1993, supported business development in Kapiti and Horowhenua through the nationally-known Electra Business Awards, and played a key role in forums to grow economic development.

Lines companies are essential industries, both in their own communities and as part of a national resource and the Electra Company is playing a vital role as one of the most efficient and cost-effective in the country.

It maintains a lines network over 1,400 square kilometres of Kapiti and Horowhenua and has shown a remarkable ability to respond quickly in restoring power during emergencies like storms and floods.

The six elected members of the Electra Trust, who appoint the Directors of Electra Limited, are kept informed by the Board through regular discussions and Trustees respect their ability to identify the way ahead and deliver results in a very difficult market.

Demand for electricity is slowly diminishing in the face of high charges by the big retailers, increasingly effective energy conservation programmes, and improving supply alternatives like solar energy.

The industry as a whole has to lift its game and adapt or see its current dominant place in power generation and delivery eroded by new technologies.

The Electra Board has taken a significant step forward in opening the way for our own retail operation to create consumer savings through local incentives, more flexible plans, and capitalising on local ownership and good service.

The Trust itself is well-informed twice a year at the conferences of our umbrella organisation, Energy Trusts of New Zealand, which constantly refreshes our understanding of threats and opportunities for the industry and provides a window into the future.

I am indebted to my colleagues on the Trust for the knowledge and support they bring to the role the Trust plays and to our experienced Secretary Heather Birrell for her commitment and professionalism.

For more information about the work of the Trust please visit [www.electratrust.co.nz](http://www.electratrust.co.nz)

On behalf of Trustees:  
Chris Turver JP  
Chairman Electra Trust

\* *Peter Glen Research*

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

	2015	2014
	\$	\$
Annual Report Expenses	45,362	39,314
Audit Fees	5,790	5,339
Bank Fees	100	170
Board Evaluation	4,312	-
Conferences	8,181	8,558
Corporate Trustee Fees	8,050	8,050
Depreciation	66	131
ETNZ Levy	7,943	6,349
Legal Fees	8,542	1,076
Shareholder Meetings	633	1,837
Trust Secretary Expenses	29,773	29,891
Trustee Election Expenses	73,635	73,070
Nomination Expenses	20,065	19,880
Trustees' Expenses	4,609	4,411
Trustees' Fees (Total of 6)	84,000	84,000
Trustees' Insurance	5,750	5,750
Website & Computer Expenses	86	356
	<b>\$306,897</b>	<b>\$288,182</b>

These expenses are covered by a Dividend of \$275,000 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 at the Salvation Army Centre, Durham Street, Levin, on Friday, 31 July 2015 commencing at 12 noon.

### **ORDINARY BUSINESS**

1. Presentation of the following:
  - (a) Annual Report
  - (b) Financial Statements for the year ended 31<sup>st</sup> March 2015
  - (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 31<sup>st</sup> March 2016 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 31<sup>st</sup> March 2016.

*"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 31<sup>st</sup> March 2015
  - the recommended payment of a dividend of \$275,000 by Electra Limited for the year ended 31 March, 2015 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. **Extraordinary Resolution (requires an affirmative vote of not less than 75%)**

*"THAT the 2015 Annual Beneficiary Meeting of the Electra Trust authorises the Trustees to adopt all amendments to the Electra Trust Deed as contained in the form of deed on the Electra Trust website, [www.electratrust.co.nz](http://www.electratrust.co.nz), said deed also being available at this Meeting."*
10. Public forum.

By the order of the Trustees  
P H Birrell  
Trust Secretary

**MINUTES OF THE TWENTY FIRST ANNUAL BENEFICIARY MEETING OF ELECTRA TRUST  
HELD IN THE COUNCIL CHAMBERS, KAPITI COAST DISTRICT COUNCIL, PARAPARAUMU  
ON FRIDAY 25 JULY 2014 AT 12.00 NOON**

**PRESENT**

Trustees: C Turver (Chairman), L Burnell, A Chapman, S Crosbie, G Sue.  
Directors: P McKelvey (Chair of Electra Limited), P Hamid, R Longuet, N Mackay, I Wilson.

18 beneficiaries

In attendance: H Birrell (Secretary)

Ireen Muir (Representing Public Trust as Advisory Trustee)

Senior Management Electra Ltd.(6)

The Chairman welcomed everyone to the meeting and introduced the Trustees and Directors.

The Chairman advised that Russell Longuet being eligible had been reappointed as Director of Electra Ltd. Martin Devlin had resigned as at 31 March 2014 and two new Directors had been appointed as from 28 July 2014 Shelly Mitchell-Jenkins and Chris Dyrberg.

The Chairman advised beneficiaries that voting papers were available if they had not already voted by postal vote.

**APOLOGIES** Apologies were received from Ray Latham, Rob McCann, David Scott and Diane Ammundsen.

RESOLVED THAT the apologies be accepted Carried

**MINUTES**

RESOLVED THAT the minutes of the previous Annual Beneficiary Meeting held on 26 July 2013, 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 2014 Report and the overview of the Financial Statements which had been circulated with the notice of meeting.

The Chairman put the motion seconded by G Sue

RESOLVED THAT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF THE TRUST FOR THE YEAR ENDED 31 MARCH 2014 BE ADOPTED

The Chairman declared that 4368 postal votes for the motion and 26 against carried the motion.

**ELECTION OF TRUSTEES**

The Chairman stated that in accordance with the Trust Deed, Lindsay Burnell and George Sue had retired by rotation and 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 Lindsay Burnell and George Sue. She declared Lindsay Burnell and George Sue to be elected Trustees under the terms of the Trust Deed of Electra Trust.

L Burnell and G Sue were congratulated.

**TRUSTEE REMUNERATION**

The Chairman put the motion seconded by A Chapman.

RESOLVED THAT THE REMUNERATION OF THE TRUSTEES REMAIN UNCHANGED AND THEREFORE THE REMUNERATION FOR THE 12 MONTHS ENDING 31 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.

The Chairman declared that 4338 postal votes for the motion and 59 against carried the motion.

**APPOINTMENT OF AUDITOR**

The Chairman put the motion seconded by A Chapman.

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

The Chairman declared that 4356 postal votes for the motion and 34 against carried the motion.

**REMUNERATION OF AUDITOR**

The Chairman put the motion seconded by A Chapman.

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

The Chairman declared that 4291 postal voted for the motion and 86 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 2014.

**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 and introduced the new Company CE Neil Simmonds. Together 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
- Electricity sales down and new connections low
- 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 31<sup>st</sup> MARCH 2014.

The Chairman declared that 4360 postal voted for the motion and 23 against carried the motion.

J Keall asked if the Company was continuing with the training of apprentices in the industry. N Simmonds replied that the Company was training apprentices and that Electra has a higher percentage of apprentices than others in the industry.

The Chairman congratulated P McKelvey and N Simmonds on their presentation.

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

Miss McKelvey put the motion, seconded by N Mackay.

RESOLVED THAT A DIVIDEND OF \$320,000 BE APPROVED.

The Chairman declared that 4326 postal votes for the motion and 54 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 I Wilson.

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

The Chairman declared that 4289 postal votes for the motion and 92 against carried the motion.

**BENEFICIARY RESOLUTION**

David Green put the motion and its amendment seconded by Judy Keall THAT THE NOMINATION FORMS, INCLUDING SECONDDERS, BE MADE AVAILABLE TO A BENEFICIARY FOLLOWING A WRITTEN REQUEST, EFFECTIVE FROM 2015 ELECTION.

The Chairman advised that the Trust had received legal advice that there was no provision in the Trust Deed permitting the release of nomination forms. Also that privacy issues arise in this area as well.

The Trust Deed would need to be changed and a vote of 75% of beneficiaries voting would be required.

Mr Green believed there should be transparency in the Electra Trust and the same rules should apply as they do for Local Bodies.

J Keall did not agree with the legal advice and believed it was important to know who was backing a nominated Trustee.

After discussion the vote was put by a show of hands.

9 people voted for the resolution and 13 against the resolution. The resolution was lost.

**PUBLIC FORUM**

**Online Voting**

The Chairman advised that only 11% of beneficiaries vote for the Annual Meeting and 22% for the Trustee Election. The Trustees asked the meeting for their opinion on the Trust using online voting. There would still be postal voting available.

Comments made included:

- Online voting heading in the right direction
- It would be good to get more beneficiaries involved
- It is inevitable as it is the only way the under 35's know
- Get young people in habit of voting
- Wait a further 12 months
- Make sure both postal and online voting available

The Chairman thanked people for their input. He advised that the Trust Deed would need to be changed so it would be 2 years before online voting was put in place.

**Trustee Election**

The Chairman advised that Trustees were discussing whether to change Trustee elections to every other year rather than every year.

This would result in a saving of \$100000 in the year there was no election.

Comments from the meeting encouraged the continuation of yearly elections. A suggestion was made that voting papers be sent out with the Annual Report and voting paper.

The Chairman called for any further questions or comments from the floor

**Transparency of accounts**

Mike Coupe of Horowhenua Grey Power asked why all retailers did not show line costs separately on their power accounts as Pulse did.

The Chairman commented that the Energy Trusts have been trying to get retailers to do this for years to show where the true increase in prices comes from.

Neil Simmonds said that surveys showed most people don't care about transparency on their accounts although retailers are forced to disclose once a year how their prices are made up. Increased Transpower costs are included in line company charges.

**THANKS**

Wendy Huston gave a vote of thanks to the Trustees. The Trust was unique. She acknowledged and thanked the Directors for running a good business that was of benefit to the Community.

**CLOSURE**

The meeting closed at 1.30pm

## ***Trust Deed Amendments***

### **PROPOSAL**

That the Electra Trust Deed (**Deed**) is amended to allow for electronic voting by Beneficiaries and for Beneficiaries to receive notices via their email address. Further amendments to the Deed are proposed to keep it up-to-date and are mostly administrative.

### **BACKGROUND**

The Trustees wish to modernise the voting and notice process. The cost of mailing voting papers and notices has increased over the last few years and with New Zealand Post reducing delivery days, mailing is less efficient and may lead to unwanted delays.

The Trustees have responded to these developments by proposing electronic voting by Beneficiaries and by allowing notices to be received by Beneficiaries by electronic means (via Beneficiaries' email addresses).

The Trustees have also taken this opportunity to correct minor out-of-date clauses in the Electra Trust Deed.

See further detail on the changes in the Appendix to this resolution.

### **EXTRAORDINARY RESOLUTION (Requires an affirmative vote of note less than 75%)**

*"THAT the 2015 Annual Beneficiary Meeting of the Electra Trust authorises the Trustees to adopt all amendments to the Electra Trust Deed as contained in the form of deed on the Electra Trust web-site, [www.electratrust.co.nz](http://www.electratrust.co.nz), said deed also being available at this meeting."*

### **APPENDIX—PROPOSED AMENDMENTS**

The main amendments to the proposed Electra Trust Deed are:

- **Clause 1.1(g)** - clarifying the definition of "Beneficiary".
- **Clause 21.1**—permitting "Notices" to be sent to Beneficiaries by fax, post or email.
- **Schedule One**—Beneficiaries can elect Trustees by electronic vote or postal vote and that any Beneficiary with an email address on the roll will receive a voting paper by email.
- **Schedule Two**—Beneficiaries can vote on resolutions by post or by electronic means. Resolutions will still be passed at the Meeting.