

Electra

TRUST

2016 Annual Review

The Electra Trust is 100 percent owned by the 43,671 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

Trustees' Report

To be submitted to the Annual Meeting of the beneficiaries of Electra Trust to be held at noon on Friday 29 July 2016 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 2016.

Electra has had another good year and continues to provide a return on investment for our 43,671 customers in Kapiti-Horowhenua through the annual discount, averaging one month's free power each year.

The value of that discount since the electricity industry reforms of 1993 has now topped \$159 million through credits on power bills to residential and business customers.

Electra is one of 22 trust-owned lines' companies around the country, with 12 of them being wholly consumer-owned like Electra. This means all surpluses, after reinvestment in the network and business development costs, must be returned to consumers as annual discounts.

For two comparatively small districts like Kapiti and Horowhenua, an average \$7 million a year in discounts is a significant economic benefit in relieving pressure on household and business budgets.

For that we thank the Board and management of Electra Limited who, with support from the Electra Trust, have held costs and invested in business opportunities which provide the surpluses to both keep the power flowing and maintain discounts.

Two of our founding Board members retire at the end of their three-year term in July after 23 years service in helping to build a strong and widely-respected electricity distribution company.

Where the Electra Network fits

GENERATION



Contact
Meridian
Genesis
Mighty River Power
Trustpower

TRANSMISSION



Transpower

DISTRIBUTION



Electra

ENERGY RETAIL



Electra Energy
Contact
Meridian
Genesis
Energy On Line
Trustpower
Nova Energy
Energy Direct
Mighty River Power
Pulse Utilities NZ
Simply Energy
and others

Out-going chair Trish McKelvey and board member Piers Hamid have made a significant contribution to Electra's development and the Electra Trust thanks them sincerely on behalf of our customers.

Lines companies are essential industries, both in their own communities and as part of a national resource. Electra is doing all it can to remain strong as the use of electricity changes.

The core business of Electra is to maintain and improve its 2,256 kilometres of overhead power lines and cables and 2,500 sub-stations so that we get power at the flick of a switch. That includes significantly improving our ability to respond quickly to power cuts and to tell those affected what is going on.

What is changing is how power is used because:

- the cost of power is seen as high, leading to more careful use
- some pricing structures are no longer attractive
- energy conservation programmes are successfully reducing power wastage
- power usage will increasingly be governed by smart meters to capitalise on low off-peak pricing
- there are alternative technologies like solar and wind power which will progressively reduce demand on the national grid
- battery storage will increasingly help homes and businesses to store power as prices come down

All these provide threats and opportunities for Electra – threats in terms of static or reducing consumption and income but opportunities through new tariff

structures and technologies to make electricity more attractive by delivering it more cost-effectively.

Electra is working through these challenges and the Board and Trust have worked closely together in the development of the latest Statement of Corporate Intent and in direct discussions to understand the changes we are facing.

The Trust believes it essential for Electra to communicate more effectively with our customers so we all understand what is going on and how best to adapt.

During the year we again faced efforts by some of the big retailers to blame power distributors like Electra for price increases. In recent years I have made a point of setting out the facts to allow us to draw our own conclusions.

The current breakdown of our power bills in Kapiti and Horowhenua includes approximately 12 percent to Transpower for 'raw' power from the national grid, 21 percent after discount to Electra for distributing that power across its network, and the remaining 67 percent are charges from the big retailers.

I am again indebted to my elected colleagues on the Electra Trust for the judgement and determination they bring to bear on increasingly complex changes. We value the careful and considered role played by our experienced Secretary Heather Birrell.

For more information about the Electra Trust please visit www.electratrust.co.nz

On behalf of Trustees

Chris Turver MNZM JP

Chairman Electra Trust



Chris Turver MNZM JP, Chairman



George Sue OSM JP



Lindsay Burnell OSM



Ann Chapman MNZM JP



Ray Latham



Sharon Crosbie CNZM OBE

WEBSITE www.electratrust.co.nz

EMAIL electratrust@xtra.co.nz

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

Overview of Electra Trust's Expenses

	2016	2015
	\$	\$
Annual Report Expenses	38,969	45,362
Audit Fees	5,963	5,790
Bank Fees	135	100
Board Evaluation	-	4,312
Conferences	9,827	8,181
Corporate Trustee Fees	8,050	8,050
Depreciation	33	66
Director Appointment	8,541	-
ETNZ Levy	8,994	7,943
Legal Fees	2,174	8,542
Shareholder Meetings	323	633
Trust Secretary Expenses	30,419	29,773
Trustee Election Expenses	77,000	73,635
Nomination Expenses	16,883	20,065
Trustees' Expenses	4,877	4,609
Trustees' Fees (Total of 6)	84,000	84,000
Trustees' Insurance	5,514	5,750
Website & Computer Expenses	118	86
	\$301,820	\$306,897

These expenses are covered by a Dividend of \$285,000 received from Electra Limited.

Details of the discount are contained in the Electra Annual Report

Directory

TRUSTEES

C R Turver MNZM JP, Chairman

L R Burnell QSM

A Chapman MNZM JP

S M Crosbie CNZM OBE

R J Latham

G Sue QSM JP

SECRETARY

P H Birrell, BBS, Levin

ADVISORY TRUSTEE

Public Trust, Wellington

AUDITOR

Deloitte, Wellington,

on behalf of the

Controller and Auditor General

SOLICITORS

Quigg Partners, Wellington

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, 29 July 2016 commencing at 12 noon.

ORDINARY BUSINESS

- Presentation of the following:
 - Annual Report
 - Financial Statements for the year ended 31st March 2016
 - Report of the Auditor
- To record the election of two Trustees.
- 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 be increased by \$3,500 and therefore the remuneration for the 12 months ending 31st March 2017 be an amount of \$87,500, such sum to be divided amongst the six trustees in such proportion and in such manner as they may agree."
- To appoint an auditor for the Trust for the year ended 31st March 2017.

"THAT the Controller and Auditor General or her appointee be appointed as auditor for the Trust"
- 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."
- To review and discuss the Code of Practice for the Electra Trust.
- Report on the company's compliance with the Statement of Corporate Intent.
- To direct the Trustees as to:
 - adopting the annual report and financial statements of the Company for the year ended 31st March 2016
 - the recommended payment of a dividend of \$285,000 by Electra Limited for the year ended 31 March, 2016 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.
- Public forum.

By the order of the Trustees

P H Birrell

Trust Secretary

MINUTES OF THE TWENTY SECOND ANNUAL BENEFICIARY MEETING OF ELECTRA TRUST

Held at the Salvation Army Centre, Durham Street, Levin on Friday 31 July 2015 at 12.00 noon.

PRESENT Trustees: C Turver (Chairman), L Burnell, A Chapman, S Crosbie, R Latham

Directors: P McKelvey (Chair of Electra Limited), P Hamid, R Longuet, N Mackay, I Wilson, S Mitchell-Jenkins, C Dyhrberg
14 beneficiaries

In attendance: H Birrell (Secretary)
Ireen Muir (Representing Public Trust as Advisory Trustee)
Senior Management Electra Ltd.(7)

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

The Chairman advised that I Wilson and N Mackay being eligible had been reappointed as Directors of Electra Limited.
The Chairman advised beneficiaries that voting papers were available if they had not already voted by postal vote.

APOLOGIES Apologies were received from G Sue
RESOLVED THAT the apologies be accepted. Carried

MINUTES **RESOLVED** L Rohloff, seconded M Williams THAT the minutes of the previous Annual Beneficiary Meeting held on 25 July 2014, 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 2015 Report and the overview of the Financial Statements which had been circulated with the notice of meeting. The Chairman put the motion, seconded by R Latham

RESOLVED THAT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF THE TRUST FOR THE YEAR ENDED 31 MARCH 2015 BE ADOPTED
The Chairman declared that 4298 postal votes for the motion and 22 against carried the motion.

ELECTION OF TRUSTEES

The Chairman stated that in accordance with the Trust Deed, Chris Turver and Ray Latham 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 Chris Turver and Ray Latham. She declared Chris Turver and Ray Latham to be elected Trustees under the terms of the Trust Deed of Electra Trust.

TRUSTEE REMUNERATION

The Chairman put the motion, seconded by G Eddy.

RESOLVED THAT THE REMUNERATION OF THE TRUSTEES REMAIN UNCHANGED AND THEREFORE THE REMUNERATION FOR THE 12 MONTHS ENDING 31 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.
The Chairman declared that 4278 postal votes for the motion and 48 against carried the motion.

APPOINTMENT OF AUDITOR

The Chairman put the motion, seconded by J Barraclough

RESOLVED THAT THE CONTROLLER AND AUDITOR GENERAL OR HIS APPOINTEE BE APPOINTED AS AUDITOR FOR THE TRUST.
The Chairman declared that 4295 postal votes for the motion and 30 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 4254 postal votes for the motion and 53 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 2015.

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 STATEMENTS 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 Company CE Neil Simmonds. She congratulated C Turver and R Latham on their re-election to the Trust. N Simmonds 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 Investment and Technology changes
- Larger projects
- Customer communication and community support
- Subsidiary companies function and details (including Electra Energy)
- Future outlook

Questions were asked from the beneficiaries re Electra Energy and after answering questions N Simmonds advised that the Manager of Electra Energy was present and she would be able to answer any further questions after the meeting.

L Rohloff asked the reason for entering the retail market, and commented that beneficiaries were taken by surprise although they welcomed the opportunity. Miss McKelvey put the motion, seconded by L Burnell

RESOLVED THAT THE MEETING DIRECTS THE TRUSTEES TO ADOPT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31st MARCH 2015.

The Chairman declared that 4293 postal voted for the motion and 25 against carried the motion.

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

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

This dividend covered the expenses of Electra Trust.
Miss McKelvey put the motion, seconded by P Hamid.

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

The Chairman declared that 4275 postal votes for the motion and 45 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 4249 postal votes for the motion and 69 against carried the motion.

TRUST DEED AMENDMENTS

The Chairman explained the amendments to the Trust Deed to allow for electronic voting by Beneficiaries and for Beneficiaries to be able to receive notices via their email address if they wished. Further administrative amendments to the Deed were to keep it up-to-date
The advisory Trustee had had input into the changes and was satisfied with the amendments.

The Chairman put the motion, seconded by A Chapman

RESOLVED 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.CONZ, SAID DEED ALSO BEING AVAILABLE AT THIS MEETING.

The Chairman declared that 4146 postal voted for the motion and 72 against carried the motion.

PUBLIC FORUM

A beneficiary asked what the Trust was doing about the Governments threat to Lines companies, questioning the need for as many.

The Chairman replied that each Trust had a particular and precious role in their community and it was important to keep the community informed. Unfortunately there was a high level of apathy in the community. Electra was a member of the Energy Trusts of New Zealand and through that group were advising Government of the importance of the Trusts.

THANKS

G Eddy gave a vote of thanks to the Trustees and Directors..

CLOSURE The meeting closed at 1.20pm