

Electra

TRUST

2017 Annual Review

The Electra Trust is 100 percent owned by the 44,159 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 2017

To be submitted to the Annual Meeting of the beneficiaries of Electra Trust to be held at noon on Friday 28 July 2017 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 2017.

Power lines companies like Electra are essential industries and we are fortunate to have one of the most effective in the country.

Electra's core business is to make sure our 44,159 consumers in Kapiti-Horowhenua get power at the flick of a switch and we continue to invest heavily each year in maintaining or upgrading our power lines distribution system.

That effort is complemented by increasingly effective technical systems for dealing quickly with power failures and letting you know what is happening.

Couple these efforts with among the lowest power distribution costs in the country and the Electra Trust, which represents our consumers, appreciates the Company's achievements in supplying power efficiently and at least cost.

Electra continues to provide a healthy discount to our customers, averaging one month's free power each year based on consumer electricity usage.

Those discounts average more than \$8 million a year and provide a significant economic benefit in relieving pressure on household and business budgets. Since 1993 Electra has put \$179 million including GST back into the community.

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

For this performance 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 keep the power flowing and maintain discounts.

The Trust and Board are working more closely together than ever before, with a strong strategic focus as the electricity supply industry grapples with the changing methods of power supply and usage and supply alternatives.

During the last year the Trust advertised for two new Directors to replace two who retired and from 32 applicants appointed Alan McCauley of Paraparaumu and John Boshier of Wellington who have brought new skills to the Board table.

To ensure periodic refreshment of the Board's skills and capabilities, the Trust has resolved to introduce a fixed tenure of up to nine years for Board members, with a possible extension of a further three years in exceptional cases, as from June 2018.

This will not require any change to the Trust Deed but will require an amendment to the Company Constitution, the wording for which is included as a resolution to the 2017 Annual Meeting.

We welcomed the appointment by the Board of Neil MacKay of Paraparaumu as its chairman and have established an excellent working relationship.

A major downside in the last year was the Inland Revenue Department's announcement that it is considering taxing discounts which the Electra Trust, our Company, and many others, opposed.

Since our establishment in 1993, consumer discounts have been tax-free on the basis that they are a legitimate business expense. Work is going on behind the scenes on both an industry and lines company basis to resolve what our Trustees would see as an unjustified imposte on our consumers.

I again thank my elected colleagues on the Electra Trust for the careful consideration they bring to bear on increasingly complex changes the industry is going through.

It is with sadness that we reported the death at the end of March of Trustee George Sue QSM JP who served for almost nine years and was highly regarded for his business acumen and community knowledge

We record our deep appreciation to our Trust Secretary Heather Birrell of Levin who has retired after playing an outstanding role over 20 years, and welcome Vivien Wright of Waitarere as her successor.

This is my last annual report after 10 years as Chairman of the Electra Trust.

It has been my privilege to lead the Trust through many challenges and changes and with Electra in good heart and in good hands the time is right to step down. I will remain a Trustee until my current term ends in June 2018.

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 QSM JP



Lindsay Burnell QSM



John Yeoman BBS, ACA, FCIS



Ray Latham



Sharon Crosbie CNZM OBE

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 8406 (Secretary). Online at website: www.electratrust.co.nz

Overview of Electra Trust's Expenses

	2017	2016
	\$	\$
Annual Report Expenses	28,721	38,969
Audit Fees	5,635	5,963
Bank Fees	218	135
Conferences	7,468	9,827
Corporate Trustee Fees	8,050	8,050
Depreciation	16	33
Director Appointment	7,667	8,541
ETNZ Levy	4,996	8,994
Legal Fees	-	2,174
Shareholder Meetings	336	323
Trust Secretary Expenses	31,720	30,419
Trustee Election Expenses	61,870	77,000
Nomination Expenses	16,065	16,883
Trustees' Expenses	5,897	4,877
Trustees' Fees (Total of 6)	87,500	84,000
Trustees' Insurance	5,510	5,514
Website & Computer Expenses	248	118
Telephone Tolls	570	-
	\$272,487	\$301,820

These expenses are covered by a Dividend of \$300,000 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}

S M Crosbie ^{CNZM OBE}

R J Latham

G Sue ^{QSM,JP}

J L Yeoman ^{BBS ACA, FCIS}

SECRETARY

VM Wright, JP, Waitarere

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, 28 July 2017 commencing at 12 noon.

ORDINARY BUSINESS

- Presentation of the following:
 - Annual Report
 - Financial Statements for the year ended 31st March 2017
 - 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 remain the same and therefore the remuneration for the 12 months ending 31st March 2018 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 2018.
"THAT the Controller and Auditor General or his 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 2017
 - the recommended payment of a dividend of \$300,000 by Electra Limited for the year ended 31 March, 2017 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.
 - adopting the special resolution of shareholders with regard to amending the Electra Limited Constitution Schedule 1 clause 32.9 to limit Director tenure to 3 terms - this being 9 years. The total term of 9 years may only be extended for one additional 3 year term by Special Resolution.
- Public forum.

By the order of the Trustees

Vivien Wright JP

Trust Secretary

MINUTES OF THE TWENTY THIRD ANNUAL BENEFICIARY MEETING OF ELECTRA TRUST

Held at the Salvation Army Centre, Durham Street, Levin on Friday 29 July 2016 at 12.00 noon.

Trustees: C Turver (Chairman), L Burnell, S Crosbie, R Latham, G Sue
Directors: P McKelvey (Chair of Electra Limited), C Dyhrberg, R Longuet, N Mackay, S Mitchell-Jenkins, I Wilson, 18 other beneficiaries
In attendance: H Birrell (Secretary) Ireen Muir (Representing Public Trust as Advisory Trustee), Neil Simmonds (Chief Executive of Electra Ltd.), Senior Management Electra Ltd.(6)

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

APOLOGIES Apologies were received from A Chapman and P Hamid
RESOLVED THAT the apologies be accepted Carried

MINUTES RESOLVED C Turver, seconded L Burnell THAT the minutes of the previous Annual Beneficiary Meeting held on 31 July 2015, 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 the 2016 Annual Report.
The Chairman put the motion, seconded by S Crosbie.
RESOLVED THAT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF THE TRUST FOR THE YEAR ENDED 31 MARCH 2016 BE ADOPTED
The Chairman declared that 4164 postal votes for the motion and 38 against carried the motion.

ELECTION OF TRUSTEES

The Chairman stated that in accordance with the Trust Deed, A Chapman and S Crosbie 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 Sharon Crosbie and John Yeoman. She declared Sharon Crosbie and John Yeoman to be elected Trustees under the terms of the Trust Deed of Electra Trust.
The Chairman paid a tribute to Ann Chapman for her outstanding contribution to the Trust and the valuable part she played in her 9 years as Trustee.

TRUSTEE REMUNERATION

The Chairman put the motion, seconded by R Latham.
RESOLVED THAT THE REMUNERATION OF THE TRUSTEES BE INCREASED BY \$3,500 AND THEREFORE THE REMUNERATION FOR THE 12 MONTHS ENDING 31 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.
The Chairman declared that 3203 postal votes for the motion and 959 against carried the motion.

APPOINTMENT OF AUDITOR

The Chairman put the motion, seconded by L Rohloff.
RESOLVED THAT THE CONTROLLER AND AUDITOR GENERAL OR HER APPOINTEE BE APPOINTED AS AUDITOR FOR THE TRUST.
The Chairman declared that 4124 postal votes for the motion and 62 against carried the motion.

REMUNERATION OF AUDITOR

The Chairman put the motion, seconded by S Mitchell-Jenkins.
RESOLVED THAT THE TRUSTEES BE AUTHORISED TO FIX THE REMUNERATION OF THE AUDITOR OF THE TRUST
The Chairman declared that 4004 postal voted for the motion and 182 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 2016.

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 reviewed facts about Electra and its future growth. She introduced the Company Chief Executive Neil Simmonds. N Simmonds highlighted the following points in a power point presentation:

- Network information
- Key facts on size, employees and price
- Financial Performance and discount details
- Network Investment and Technology changes
- Major projects to improve reliability
- Customer communication and community support
- Subsidiary companies function and details
- Storm Review
- Future outlook

Mr Simmonds stated that although Electra has one of the lowest running costs it also has the lowest consumption of power.
He believed that the consumers do well under the trust ownership model.

He answered a beneficiaries question on electric vehicles.
Miss McKelvey put the motion, seconded by N Mackay.
RESOLVED THAT THE MEETING DIRECTS THE TRUSTEES TO ADOPT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31 MARCH 2016.
The Chairman declared that 4151 postal voted for the motion and 30 against carried the motion.

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 S Mitchell-Jenkins.
RESOLVED THAT A DIVIDEND OF \$285,000 BE APPROVED.
The Chairman declared that 4096 postal votes for the motion and 84 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 R Longuet.
RESOLVED THAT THE DIRECTORS BE AUTHORISED TO FIX THE REMUNERATION OF THE AUDITOR OF THE COMPANY.
The Chairman declared that 4008 postal votes for the motion and 184 against carried the motion.
Miss McKelvey thanked the beneficiaries on behalf of herself and Piers Hamid as they were resigning as Directors after the Annual General Meeting. She stated it had been a tremendous journey and one that she had learnt a lot.

PUBLIC FORUM

The Chairman thanked P McKelvey and N Simmonds for their presentation.
The Chairman paid tribute to Trish McKelvey and Piers Hamid for their significant role in the success of the Company over the 23 years they had been on the Board.
Lindsay Burnell thanked the two retiring Directors for everything they had done, especially in the early years when the company was so vulnerable.

IT WAS RESOLVED C TURVER AND SECONDED G SUE THAT THE ELECTRA ANNUAL MEETING RECORD ITS DEEP APPRECIATION TO TRISH MCKELVEY AND PIERS HAMID FOR OUTSTANDING SERVICE GIVEN TO THE ELECTRA BENEFICIARIES OVER 23 YEARS.

Carried with acclamation
Mr Simmonds answered a beneficiaries question on the generators that Electra had purchased in Auckland. These were purchased at a good price and were there for when the Auckland system needed them. This was an investment opportunity for Electra.

CLOSURE

The meeting closed at 1.10pm