

## Minutes of the Twenty First Annual Meeting of Beneficiaries

<b>Held at</b>	The Ellerslie Event Centre, 80-100 Ascot Avenue, Remuera, Auckland
<b>Date &amp; Time</b>	Thursday, 27 October 2022 at 7.00 pm
<b>Present</b>	William Cairns (Chairman), Michael Buczkowski (Deputy Chairman), Alastair Bell and Paul Hutchison  32 Beneficiaries registered their attendance
<b>Staff in attendance</b>	Jane Davies (Executive Assistant)

Entrust Chairman, Mr Cairns, opened the meeting at 7.03 pm and introduced Trustees.

### **APOLOGIES**

Apologies were received and noted. These included Denise Lee (Trustee) due to illness and Jonathan Mason (Vector Chair).

Mr Cairns extended a warm welcome to all Entrust beneficiaries, Vector Directors, Simon Mackenzie CEO of Vector, members of the Vector Executive Team, Entrust's auditors and legal advisors.

In regard to COVID and though Government restrictions had been lifted, Mr Cairns said that all Trustees and Entrust staff have had negative RAT tests before attending the meeting.

### **MINUTES**

The minutes of the Twentieth Annual Meeting of Beneficiaries held on 26 May 2022 which were confirmed by Trustees on 14 June 2022, were tabled and received.

### **YEAR IN REVIEW – ADDRESS FROM THE CHAIRMAN**

The Chair reported that due to Covid restrictions in 2021, this was the second Annual Meeting to be held in 2022 as the October 2021 meeting had been held in May 2022.

Mr Cairns said that Trustees had investigated holding the last meeting virtually due to Covid restrictions, but that legal advice supported by the Electricity Authority, was that the relevant sections in the Electricity Industry Act did not allow for this. Trustees had written to MBIE asking them to consider making a change to the legislation around this point and Mr Cairns was happy to report that a change has been included in the new Electricity Industry Act which is currently working its way through Parliament.

### **Financial performance**

An Unqualified Audit Certificate was issued on 26 August 2022.

In the year to 30 June 2022, Entrust received \$126.4 million in income, compared to income of \$124.5 million in the previous year. Income was made up of \$125.7 million from Vector in dividends and \$654,000 from interest on funds.

Entrust continues to hold 751 million shares in Vector on behalf of beneficiaries which were valued at \$3.1 billion at 30 June 2022.

For the year ended 30 June 2022, the total expenditure incurred by the Trust was \$4.6 million compared to \$3.4 million last year.

Mr Cairns explained that the additional spending was primarily due to the three yearly one-off cost to hold the October 2021 Entrust election and higher dividend distribution and insurance costs. He said that although dividend costs have increased slightly this year, it is interesting to contrast the Entrust dividend distribution cost of \$1.8 million against the \$16 million cost of distributing the Government's recent cost of living payments.

### **The Entrust Dividend**

The September 2021 dividend was \$283, plus a \$20 loss rental rebate payment from Vector.

The loss rental rebate is due to a credit that Vector receives from Transpower which varies year to year, and which Vector and Entrust pay directly to beneficiaries. Mr Cairns reported that the Electricity Authority wants to change these arrangements so the funds would be paid to electricity retailers and this change would mean that Vector and Entrust would no longer be able to keep passing the rebate directly to beneficiaries and Vector customers. Entrust has submitted to the Authority on this issue, making the point that LRRs are consumers money, and that the current arrangements are the best way of getting this money to families and businesses that need it the most.

The September 2021 dividend was paid to 346,000 beneficiaries making the 2021 distribution the biggest to date and injecting over \$97 million into the Auckland economy at a time when many families were struggling due to Covid.

The reduction in the Entrust dividend from 2020 onwards was primarily due to the decision made by Vector in 2020 to reduce imputation credits on dividends from 28% to 10.5%. This change has meant that Entrust has had to pay significantly more tax before passing on the Entrust dividend to our beneficiaries.

Mr Cairns explained that research demonstrated the Entrust dividend continued to make a significant difference to the financial situation of beneficiaries each September, particularly with the onset of Covid. Annual research consistently shows that more than 86% of the people receiving the dividend believe it is important or extremely important to keep receiving it.

### **End of Cheques**

The Chair reported that one of the big changes to impact the 2021 dividend distribution was a decision by banks, led by Kiwibank, to stop issuing and accepting cheques. This change has meant Entrust could no longer send cheques to beneficiaries who didn't provide their bank account details or an instruction for a credit to their power account.

It has become more important than ever that beneficiaries return their payment preference form so they can receive their payment on dividend day. To gather payment preference instructions from as many beneficiaries as possible advertising associated with the payment preference forms was increased in 2021.

### **Energy Solutions Programme**

The Chair explained that Entrust, as majority owner of Vector, has an agreement that commits Vector to spend \$10.5 million every year on projects in the Entrust district. The fund, called the Energy Solutions Programme, includes undergrounding as well as new technology initiatives.

## **Undergrounding**

In the last financial year undergrounding projects were completed in:

- Large scale project in Mt Albert
- Starting of new large scale project in St Heliers
- Crayford Street, Avondale (with contribution from Panuka Development Auckland)
- Shelly Beach Road, St. Marys Bay
- Brookfield Street, Upton Street and Galatea Terrace, Herne Bay (resident initiated projects)

The Mt Albert project is one of the largest undertaken in recent years. Unfortunately, the project had to be suspended three times during the Covid lockdown periods in 2020 and 2021 but the work was now completed and includes the areas bound by Oakley Creek, New North Road, Carrington Road and Unitec consisting of 16 streets, with a combined street length of 5.4 kilometres.

Mr Cairns said that Entrust was very pleased to see a new project start earlier this year in St Heliers consisting of 15 streets bordered by Maskell Street, Sylvia Road and Glover Road, with a combined street length of 6.3 kilometres. The project was expected to be completed in late 2023.

## **Vector's activity over the past year**

*Mr Cairns introduced Simon Mackenzie from Vector.*

Simon Mackenzie, Vector's Chief Executive Officer, provided an overview of Vector's Covid response, key topics of note and future energy initiatives.

Mr Mackenzie reported that 2022 marked the 100<sup>th</sup> anniversary of Vector, through its different entities beginning in 1922 with 8,000 customers. He gave an overview of the key milestones that the company had reached during that time.

## **Acknowledgments**

The Chairman acknowledged and thanked beneficiaries, the Entrust team and their advisors for their continued support throughout the year, given the challenges of lockdowns, cheques being withdrawn and other matters.

## **APPOINTMENT OF AUDITORS**

**As recommended by the Trustees, it was resolved that Grant Thornton is re-appointed auditors of Entrust for the ensuing year.**

**Moved:** David Sharpe

**Seconded:** Ben Hocking

**Carried**

The Chairman advised that at last year's Annual Meeting Grant Thornton was appointed and their auditing fees for the 2021/2022 year were \$47,000.00

## **FIXING OF THE REMUNERATION OF THE AUDITOR**

**It was resolved that, in accordance with Section 101(3) of the Electricity Industry Act 2010, the Trustees be authorised to fix the fees and expenses of the auditors for the ensuing year.**

**Moved:** Bryan Mockridge

**Seconded:** John Boscowen

**Carried**

**FORUM**

The Chairman opened the meeting to comments and questions from the floor.

**Question 1:**

A beneficiary, Bryan Mockridge, asked the Trustees and Vector’s CEO to comment on what provisions they were making to ensure the ongoing reliability of power supply to avoid the risk of blackouts given the pressing issue in some parts of the country over the past year.

Mr Mackenzie replied that the reliability of the distribution network which Vector manages continues to comply with the regulators objectives and has met industry standards for the third year in a row. Vector continues to have challenging engagement with the Electricity Authority and MBIE regarding the generation market to ensure there is availability of power supply at critical times. Also, Vector has made significant investment in vegetation management and works closely with Auckland Council to achieve continued improvements and efficiencies in this area.

**Question 2:**

A beneficiary, Grant Cairns, asked about the impact of imputation credits on the lower dividend since 2019.

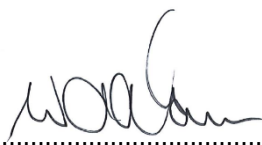
The Chair explained that from 2020 onwards, the reduction in the Entrust dividend was primarily due to the decision made by Vector in 2020 to reduce imputation credits on dividends from 28% to 10.5% which meant that Entrust has had to pay significantly more tax before passing on the Entrust dividend to our beneficiaries, resulting in a lower dividend.

**Question 3:**

A beneficiary, Ben Hocking, asked Trustees what their plans were for the use of proceeds should the sale of Vector’s metering business proceed.

Mr Cairns advised that was a hypothetical question and he couldn’t comment on it as Vector were going through a process with the metering business.

There being no further questions, the meeting closed at 7.43 pm.

Confirmed:  .....

8 December 2022

Date: .....