



**MINUTES OF THE THIRTEENTH ANNUAL MEETING OF BENEFICIARIES HELD AT THE ELLERSLIE EVENT CENTRE, 80-100 ASCOT AVENUE, ELLERSLIE ON WEDNESDAY, 29 OCTOBER 2014 COMMENCING AT 7PM**

**Present**

Trustees Mr W Cairns (Chairman), Mr W Kyd (Deputy Chairman), M Buczkowski, J Carmichael, and Miss K Sherry

44 beneficiaries registered their attendance at the meeting.

**In attendance**

Mr I Ward, Executive Officer, Ms J Stevens (Assistant Secretary)

The Chairman, Mr Cairns, opened the meeting and extended a warm welcome to all AECT beneficiaries, representatives from Vector's Board of Directors and management team, AECT's accountants, auditors and legal advisors.

**Apologies**

Apologies were received and noted.

**Minutes**

The minutes of the Twelfth Annual Meeting of Beneficiaries held on 30 October 2013 and confirmed by Trustees on 16 September 2014, were tabled and received.

**Chairman's Review**

The Chairman, William Cairns, noted that the most visible sign of success each year is the annual dividend and this year it was increased to \$335 net, being an increase of \$5 per dividend over the previous year. This meant that the AECT has put \$106 million back into the Auckland economy.

The AECT is managed efficiently with management costs being approximately only one sixth of one percent. This is considerably less than management costs charged by management companies administering Kiwisaver funds.

The Chairman congratulated Karen Sherry for the Queens Service Medal conferred in the 2014 Queen's Birthday Honours for services to the electricity industry. Karen has been an AECT Trustee since the Trust was established and the first elections held in 1994. Karen also serves on the Vector Board.

Key issues focused on during the year were dividend and distribution, withholding tax, regulation and growth opportunities.

Regulatory Submissions: The AECT is proactive and made submissions in several key areas eg the Productivity Commission, the Commerce Commission and the Electricity Authority and where appropriate, worked on submissions with Energy Trusts of New Zealand.

In order to grow the value of the Trust, AECT supports Vector to explore as many new innovative approaches as possible. Some of the exciting things happening around the company's growth opportunities, which will benefit the AECT, include Vector's investment in smart meters and solar panels.

Communications with the beneficiaries is a vital part of what AECT does. The year stands out as a good year in terms of how well integrated and thorough AECT communications have been.

There is considerable beneficiary churn every year, with people moving in and out and within the area. This makes the dividend process extremely complex so it is even more important that we communicate well so that everyone who is entitled to receive the dividend knows about it.

The Kenny Video had been introduced this year, the AECT website is state-of-the art and our E-newsletter is published regularly.

The AECT is a good example of public/private ownership.

**Appointment of Auditors**

**As recommended by the Trustees, it was**

**Moved: Mr O'Brien**

**Seconded: Mr Parkes**

**That Grant Thornton be re-appointed as auditors of the Auckland Energy Consumer Trust for the ensuing year.**

**Carried**

**Remuneration of Auditors**

**Moved: Mr Parkes**

**Seconded: Mr Rapley**

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

**Carried**

**Forum**

The Chairman opened the meeting to questions from the floor. The following were noted:

In reply to a question, the Executive Officer advised that the audit fees for next year would be \$45 - \$50,000.

In reply to a question as to why media were not welcome at the Vector AGM, Trustees advised that recording is allowed, the meeting is also webcast, the media is allowed to attend, they do have full access, but they are not allowed to film.

In reply to a question regarding the effect of the Commerce Commission limit on the amount that Vector can spend on maintenance, Trustees explained that in terms of capital investment, if the company spends \$1 above the level of investment that has been approved, Vector do not get any return on that. The Commerce Commission have reduced the figure that was in the asset management plan by a significant amount.

In response to the comment that there must be some allowance for basic maintenance, for example how regularly are checks done on the oil pressure of cables. Trustees advised that they were not allowed to make any comments on the investigation into the Penrose outage until the enquiry and all the investigate work is complete. To the comment that the beneficiary hoped that oil pressure in the cables was being checked in the meantime, Trustees advised that maintenance is always being done, it doesn't stop.

One beneficiary who received 3 dividends, 2 accounts of which were in credit, asked if the Trust had looked at a more equitable way of distributing their surplus. Trustees advised that entitlement is based on being connected to the Vector network, not based on usage. Alternatives had been looked at extensively. In the past contributions to profit was looked at which meant some received a higher percentage of the dividend. In 2000 new trustees stated it was going to be one connection point (ICP) divided by the total dividends received which defaulted to one dividend entitlement.

Trustees advised that it needs to be recognized that the electricity component within the Trust area is becoming a smaller and smaller part of the dividend. Vector's dividend comes from gas transmission, gas distribution, North Shore electricity, from Liquigas, communications, Treescape etc, and the regulated component of the dividend is getting smaller and smaller compared to the rest of the dividend base.

In reply to a question as to whether there had been any recent change to the Vector Board, and what was Trustees' plan to ensure that the directors are up to standard, Trustees advised that Jonathan Mason had recently joined the Vector board. The Board consists of engineers, accountants, practical business people and the CEO is an engineer. The Trust is constantly looking at that issue.

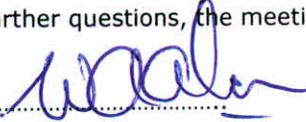
In reply to a question as to what made up Indirect Expenses (p.15 of the Consolidated Accounts) the Executive Officer advised that this relates to the cost of the May newsletter.

In response to a concern that the annual meeting of beneficiaries was not well advertised, Trustees responded that it is advised in both the May newsletter and the dividend leaflet, it is in two issues of the NZ Herald and it is on the website. In addition, beneficiaries were urged to subscribe to the E-newsletter via the website [www.aect.co.nz](http://www.aect.co.nz)

In response to a comment that two trustees received directors fees as well as trustees fees, Trustees advised that there are two separate jobs which need to be remunerated for.

In reply to a question as to why all ICP's in what would appear to be the Trust area did not receive a dividend, Trustees explained that some areas such as Dannemora were developed privately as were the communications of that area, which is not serviced by Vector and do not receive dividends from the Trust. Also there are some developments where the developer has elected to pay one bill to the retailer on a single point ICP and are on-charged to the tenant. Those developments are listed on the Trust website so people are aware whether or not they are eligible for the dividend.

There being no further questions, the meeting closed at 7.50pm.

Confirmed:..........

Date: .....20/11/15.....