



MINUTES OF THE ELEVENTH ANNUAL MEETING OF BENEFICIARIES HELD AT THE ELLERSLIE EVENT CENTRE, 80-100 ASCOT AVENUE, ELLERSLIE ON WEDNESDAY, 24 OCTOBER 2012 COMMENCING AT 7PM

Present

Trustees Mr W Cairns (Chairman), Mr M Buczkowski (Deputy Chairman), J Carmichael, Mr W Kyd and Miss K Sherry
43 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 welcomed attendees. In noting that he was appointed Chairman of the Trust in March, Mr Cairns thanked Mr Kyd for his nine years service as Chairman and welcomed the opportunity to follow in his footsteps. He introduced the Vector Directors: Chairman, Michael Stiassny and Bob Thomson and extended a very warm welcome to Simon Mackenzie, CEO of Vector Limited, Allan Carvell, Group GM, Regulation and Pricing, Shane Sampson, Acting CFO and David Tompkins, Group GM, Asset Investment; also auditors Grant Thornton, accountants Staples Rodway and David Bigio, Legal Counsel.

Apologies

Apologies were received from the Prime Minister Rt Hon. John Key, Leader of the Opposition, Hon. David Shearer, Minister of Energy, Hon Phil Heatley, Hon Maurice Williamson, Hon David Parker, Mayor of Auckland Len Brown, Vector Directors Hugh Fletcher, Alison Paterson and Peter Bird, Helen Keir, Group Public Affairs Manager of Vector, Chris Dixon of Grant Thornton and Peter Guise of Staples Rodway.

Minutes

The minutes of the Tenth Annual Meeting of Beneficiaries held on 31 October 2011 and confirmed by Trustees on 13 December 2011, were tabled and received.

Chairman's Review

The Chairman in his annual review emphasized the impact of increased withholding tax on the dividend, but noted that, despite increased beneficiary numbers, the net dividend had been maintained at \$320 since 2008.

The Chairman then handed over to Mr Carmichael who referred to the timing of payment of the dividend for the last 7 years noting that timing was tighter every year up until 2010 when the Trust's application to the High Court to amend the Trust Deed was approved. This amendment provides flexibility as to when the dividend can be paid. Mr Carmichael referred to the consistent advertising and communications programme every year whether it was an election year or not. Messaging was consistent with the necessity of advising beneficiaries that the dividend is being paid, preventing mail theft and ensuring that all those eligible actually receive their dividend.

Simon Mackenzie, CEO Vector spoke on the company's investment in smart networks and Gareth Williams, Manager, Strategic Solutions, Vector gave a detailed presentation on the photovoltaic project being developed by the company.

The Chairman then referred to the necessity of protecting and enhancing its investment in Vector by promoting a regulatory balance, by ensuring prices are sufficient to attract investment, maintaining the network and ensuring consumers do not pay too much.

The role of Trustees was outlined by the Chairman noting that communication with its beneficiaries and the general public regarding the Trust's activities, receiving feedback and responding to their requirements, getting involved in energy matters in the interests of Vector, our consumers and beneficiaries, taking a pro-active role in ensuring security of supply and engaging with government

and industry bodies to ensure a safe future for Vector were all issues the Trustees dealt with during the year.

Appointment of Auditors

As recommended by the Trustees, it was

Moved: Miss Sherry

Seconded: Mr O'Brien

That, in accordance with Section 101(1) of the Electricity Industry Act 2010, Grant Thornton be appointed as auditors of the Auckland Energy Consumer Trust for the ensuing year.

Carried

Remuneration of Auditors

Moved: Mr Kennerley

Seconded: Mr Bell

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

In answer to an assertion that advertising material was electioneering it was noted that all advertising material had been referred to the AECT's legal adviser.

In reply to a question as to whether Trustees were trying to tell people how to spend their dividend, trustees responded that the objective of the advertising is to ensure it grabs people's attention and that is what it does.

Another beneficiary considered that the advertising campaign "\$320 reasons to smile" was overkill in the press as well as receiving a letter. As previously emphasized, it was reiterated that the campaign had been the same over the last 5 – 6 years in terms of communications, nothing had changed.

In response to a question as to whether it was unethical to plaster \$320 all over a billboard as if the C&R team were the only people that are ever going to give beneficiaries \$320, it was noted that prior to 2006 when the dividend campaign started, less than 5% of the beneficiaries understood who paid it. The reason behind the message is: 1) who pays the dividend and 2) to alert the number of beneficiaries moving in and out of the district. Under trustees' leadership the dividend has grown from \$155 in 2003 to \$320 net in 2012; if trustees are accountable they are entitled to claim responsibility for the dividend of \$320.

A beneficiary noted that he didn't think people in Auckland understand the AECT concept, that it owns shares in Vector and thought the advertising material could be more educational and explain the concept to people. His particular argument is that he understood AECT did not have a right to put up billboards and would like the signage situation resolved regarding placement and the right to erect billboards. The Chairman noted that candidates are allowed to put up signs on certain council sites as well as some private sites. It was noted that the concept of AECT is explained in the brochure.

It was noted that election hoardings are paid for by candidates themselves, not the Trust.

In response to a question as to the timing of the annual meeting, the Chairman advised that the annual meeting is always held at this time of year.

In reply to a question as to when the Trust passes to the local council, the year is 2073.

A beneficiary noted that she was very happy to receive a very nice dividend; she had been enlightened by the meeting as to where the dividend comes from and thanked the Trustees.

As to why the dividend is paid to someone who had recently connected to Vector, it was explained that beneficiaries are defined in the Trust Deed as beneficiaries connected to Vector on the date the roll is taken.

In reply to a question as to the cost of advertising and PR for the dividend, it was noted that the total cost of running the Trust is \$10.87 per beneficiary. The advertising and PR campaign cost this year was \$363,000 including GST.

In response to a question as to whether a Trustee Director would remain on the Vector Board if not re-elected, the answer is no.

In noting the poor attendance a beneficiary suggested the notice of annual meeting should be more prominently displayed on the front page of the brochure.

The Chairman thanked beneficiaries for their questions and invited them to join trustees for tea or coffee and ask any further questions they had.

There being no further business, the meeting concluded at 8.20pm.

Confirmed: 

Date: 13/12/12