

**AUCKLAND ENERGY CONSUMER TRUST  
CHAIRMAN'S REPORT  
FOR THE YEAR ENDED 30 JUNE 2010**



The year ended 30 June 2010 has been focused largely on regulatory matters. In particular the Trust has paid close attention to the Commerce Commission's engagement with the sector in respect of its determination of Input Methodologies to be used for the re-set of pricing.

The Trust's work in regard to regulatory matters is important because Vector operates in a highly regulated environment and this affects the value of our ownership in the company. It also affects our beneficiaries and consumers.

While we share Vector's commercial position in regard to regulatory matters, we also believe we are the strongest representative of consumer views when we go before the Commerce Commission.

In regard to Vector, the value of the Trust's shareholding in the company increased this year due to a higher share price which may reflect renewed interest in Vector as a contender for the government's fast fibre project. The Trust's shareholding in Vector is now 75.4% following a share buy-back by Vector in 2009.

The triennial elections took place during the year, and resulted in one change of Trustee. William Cairns was elected, replacing Shale Chambers. The Trust thanks Mr Chambers for his unwavering service to the Trust during the six years he was a Trustee.

**Financial matters**

During the year ended 30<sup>th</sup> June 2010 the Trust received a total of \$103.3 million in dividends from Vector. The income included a slightly higher payment per share from Vector. However this was somewhat offset by the significant fall in interest income due to the lower rates of interest offered for funds on deposit during this time.

Total expenditure incurred by the Trust was \$3.9 million. In general, the Trust's operational costs have remained consistent year to year. However, the triennial election occurred during this year and that adds unavoidable costs such as postage and returning officer fees to the expenditure.

**Annual Dividend**

The dividend distribution to income beneficiaries took place on 18 September 2009. The total amount distributed was \$98.2 million, paid as a \$320 dividend to 306,948 eligible income beneficiaries. The number of beneficiaries increased by 2,149 compared to the previous year.

**Appointment of auditors**

The Trustees are recommending that Grant Thornton be again appointed as auditors for the Trust. Grant Thornton fees for this year's work were \$31,054.

**Remuneration of auditors**

In accordance with section 158C (3) of the Electricity Act 1992, a motion will be put to the Annual Meeting of beneficiaries authorising the Trust to fix the fees and expenses of the auditors for the ensuing year.

**Warren Kyd**  
**Chairman**  
**Auckland Energy Consumer Trust**  
21 October 2010