



Annual Meeting
October 2012

The power's in your hands



Welcome from your Trustees

- William Cairns, Chairman
- Trustees:
 - Michael Buczkowski
 - James Carmichael
 - Warren Kyd
 - Karen Sherry

The power's in your hands



Good evening ladies and gentlemen, and welcome to the 2012 Annual Meeting of the Auckland Energy Consumer Trust.

I am William Cairns, Chairman of the Trust. I am joined here tonight by our other Trustees:

Michael Buczkowski,

James Carmichael,

Warren Kyd

and

Karen Sherry.

Trust Chairman

- William Cairns elected in March 2012
- Warren Kyd remains as Trustee
 - 9 years as Chairman
 - Outstanding period of growth and success

Thank you Warren

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In March this year I was elected Chairman of the Trust by the Trustees.

This followed the decision by our long-standing Chairman, Warren Kyd, to stand down as Chair, although he does, of course, remain a Trustee.

On behalf of my fellow Trustees and our beneficiaries, I thank Warren for his nine years of service as Chairman.

Warren has chaired the Trust through an outstanding period of growth and success, and we all greatly appreciate the commitment and energy he has given to the task over that time.

Warren's decision that, after nine years, it was time for a new face in the chair, has given me the opportunity to follow in his footsteps and I welcome that opportunity. Thank you Warren.

Vector Board members

- Michael Stiasny, Chairman of the Vector Board,
- Vector Directors:
Hugh Fletcher, Alison Paterson, Peter Bird and Bob Thompson
- Trustee Directors:
James Carmichael, Karen Sherry
- Retiring Directors:
James Miller, Tony Carter

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Tonight, we also thank the members of Vector's Board and welcome:

- Michael Stiasny, Chairman of the Vector Board
- And Vector Director Bob Thompson;

who are here tonight.

Trustees James Carmichael and Karen Sherry also serve on the Vector Board of Directors as the Trust's representatives.

In regard to the Vector Board of Directors, we take this opportunity to thank two retiring directors: Mr James Miller and Mr Tony Carter. We thank both gentlemen, for their contribution and service to the Vector Board.

Vector management

- Simon Mackenzie, Vector CEO
- Vector's management team

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We also welcome Simon Mackenzie, the CEO of Vector, and other members of Vector's management team:

- Shane Sampson, Acting Chief Financial Officer
- Nicholas Albrecht, Government Relations Manager
- David Tompkins, Group General Manager, Asset Investment
- Allan Carvell, Group General Manager, Regulation and Pricing
- Ross Malcolm, Overhead Improvement Programme Manager
- Gareth Williams, Manager, Strategic Solutions

Welcome...

- AECT beneficiaries
- Auditors: Grant Thornton
- Accountants: Staples Rodway
- Legal advisor: David Bigio
- AECT Executive Officer: Ian Ward
- Secretary: Joy Stevens
- Candidates in AECT election

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Other people attending tonight are:

- Our auditors, Grant Thornton.
- Our accountants Staples Rodway.
- Our legal advisor, David Bigio.
- And our Executive Officer, Ian Ward; and our Secretary, Joy Stevens.

We also acknowledge candidates standing in this year's election of AECT Trustees who have come along tonight.

We extend a warm welcome to you all, to our guests and, above all, to the beneficiaries of the Auckland Energy Consumer Trust who are attending this annual meeting. Thank you all.

Welcome...

- Auditors: Grant Thornton
- Accountants: Staples Rodway
- Legal advisor: David Bigio
- AECT Executive Officer: Ian Ward
- Secretary: Joy Stevens
- Candidates in AECT election
- AECT beneficiaries
- *Apologies...*

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Apologies

Apologies have been received from:

- Prime Minister, the Right Honourable John Key
- Leader of the Opposition, David Shearer
- Mayor Len Brown
- Hon Phil Heatley, Minister of Energy & Resources
- Hon Maurice Williamson
- Hon David Parker
- Vector directors, Hugh Fletcher and Alison Paterson
- Peter Guise, Staples Rodway
- Helen Keir, Group Public Affairs Manager for Vector

Are there any further apologies?

Thank you.

Minutes

- Approved by Trustees
- On website: www.aect.co.nz
- Tabled and received

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Minutes

The minutes of last year's meeting are included with the financial reports. The minutes were approved by Trustees on 13 December 2011.

They have been available on the AECT website since 14 December 2011.

There is no requirement for the minutes to be approved or adopted by this meeting, but it will be noted that they were tabled and received. If you do have any questions or comments regarding the minutes, please hold those until the end of the meeting when we will take all your questions from the floor. Thank you.

Financial report

- Financial statements approved by Trustees
29 August 2012
- Audited by Grant Thornton
- Unqualified Audit Certificate

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Financial report

The Financial Statements have been approved by the Trustees and on 29 August 2012 our auditors, Grant Thornton, issued an Unqualified Audit Certificate.

Copies of the Financial Statements were posted on our website and are available here tonight. The key points are:

Income received

	2008	2009	2010	2011	2012
Dividend \$m					
Final	48.8	50.7	54.4	56.3	56.3
Interim	48.8	48.8	48.8	50.7	52.6
	97.6	99.5	103.2	107.0	108.9
Interest	2.7	2.0	1.3	1.4	1.5
Total	100.3	101.5	104.5	108.4	110.4

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Income received

The \$110 million income received by the Trust for the year ended 30 June 2012 comprised:

\$56.3 million received in September 2012 from Vector's final dividend for the year ended 30 June 2011;

\$52.6 million received in April 2012 from Vector's interim dividend for the year ended 30 June 2012.

And \$1.5 million in interest from funds on deposit.

Expenditure

\$m	2008	2009	2010	2011	2012
Distribution	\$1.1	\$1.1	\$1.0	\$1.1	\$1.1
Operational	\$2.3	\$2.1	\$2.2	\$2.0	\$1.9
Projects	\$1.4	\$0.3	\$0.7	\$0.2	\$0.4
Total	\$4.8	\$3.5	\$3.9	\$3.3	\$3.4

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Trust expenditure

The Trust continues to strictly control its operating costs and over the past five years these have decreased, as shown in the chart.

However, there are variations in project costs each year.

For example, 2010 includes costs of submissions made in regard to the Royal Commission for the Auckland Supercity.

And this financial year includes the preliminary costs for the triennial elections taking place this month.

Expenditure

- Cost of operating Trust: \$3.37 million
- Total investments: \$2.07 billion.
- Management cost: 0.16%
Around one sixth of one percent.

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Overall though, the costs are relatively stable and need to be viewed in context of the value of the Trust's investments.

Today, the cost of operating the Trust is \$3.37 million against total investments of \$2.07 billion.

This equates to a management cost of 0.16% or around one sixth of one percent. This compares extremely favourably with other investment organisations and Trusts.

Cost of withholding tax

- IRD requires withholding tax on AECT dividend: 33%
- Vector imputation credits: 28%
- Trust pays the difference: 5%

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Withholding tax

There is, however, one area where the Trust has no control over costs. This is the matter of tax.

The Trust is required to pay withholding tax on the dividend paid to beneficiaries, and this has a significant impact on our costs.

That's because the Trust is required to pay withholding tax on the dividend at 33%.

Dividends paid to the Trust by Vector have imputation credits attached at the corporate tax rate of 28%.

The Trust is required to pay the difference before distributing the dividend to beneficiaries.

Withholding tax

September 2012 dividend:

- \$23.47 on each dividend payment
- \$7.3 million paid by the Trust.

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On this year's dividend, distributed in September 2012, this amounted to a payment of \$23.47 on each dividend payment, totalling \$7.3 million to be paid by the Trust.

Changes to corporate tax rates

	Previously	2008/09	2011/12+
Corporate tax rate	33%	30%	28%
AECT withholding tax rate	33%	33%	33%

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This amount has increased over the years as the corporate tax rate has been reduced, while the tax the Trust is required to pay remains at 33%.

This has a significant impact on our costs, as you can see in this chart.

Withholding tax on dividends

	Per beneficiary	Cost to AECT
2008	\$6.76	\$2.1m
2009	\$14.00	\$4.3m
2010	\$14.00	\$4.3m
2011	\$18.59	\$5.8m
2012	\$23.47	\$7.3m
Total	\$76.82	\$23.8m

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In total, since the corporate tax rate was changed and the Trust has had to pay withholding tax, it has cost us \$23.8 million.

More importantly, that withholding tax has a real impact on the dividend we pay our beneficiaries.

Since 2008, we have paid more than \$75 in withholding tax on behalf of each beneficiary, which could have been added to the dividend.

Withholding tax on dividend

- Vector dividend increases
- AECT withholding tax increases
- If AECT tax rate same as corporate tax rate:
 - Withholding tax: \$0
 - 2012 dividend: \$343

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of our reason
This tax situation also explains why the AECT dividend hasn't increased when the dividend from Vector has increased. 4

Yes, the dividend paid by Vector has increased over the years. But so too has the amount of withholding tax the Trust has to set aside each year before we can distribute the dividend to our beneficiaries.

If the Trust tax rate was the same as the corporate tax rate – or lower – we would not need to deduct this withholding tax from the dividend.

We would be able to pay a higher dividend directly to our beneficiaries.

For example, if we did not have to pay withholding tax, this year's dividend could have been increased to \$343.

Claim your tax refund

Beneficiaries on lower tax rate note...

Standard 2012 dividend:	\$320.00
Withholding tax (RWT):	\$23.47
Non-RWT 2012 dividend:	\$343.47

Beneficiaries: claim your refund!

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Of course, beneficiaries who are on a lower tax rate can claim a refund of this withholding tax.

But that does not change the fact that the initial cost must be borne by the Trust.

This is a matter that we continue to raise with the IRD but, to date, there is no indication that the situation will change.

So, when the increased cost of the withholding tax and the increased numbers of beneficiaries are taken into account, maintaining the net dividend received by our beneficiaries of \$320.00 is a very good outcome.

Distributions

	2008	2009	2010	2011	2012
Total distribution \$m	97.6	98.2	98.7	99.3	103.6
Number of beneficiaries	305,000	307,000	309,556	310,556	312,700
Net amount per beneficiary	\$320	\$320	\$320	\$320	\$320

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Distributions

The Trust has maintained the net dividend payment to beneficiaries at \$320 since 2008.

In that time, beneficiary numbers have grown by 2-3,000 a year, adding between \$640- to \$960,000 in payments - plus withholding tax - every year.

Increased beneficiary numbers

2008 \$320	2012 \$320
304,906	312,700
	+ 7,794 beneficiaries
	+ \$2,494,080 PLUS withholding tax

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In 2008, beneficiary numbers were 304,906.

For this year's dividend, distributed in September 2012, there are 312,700 beneficiaries.

That is 7,794 more beneficiaries than when the first payment of \$320 was made in 2008.

This adds nearly two and a half million dollars - plus withholding tax - to the total dividend amount paid compared to 2008.

Increased numbers and more tax

- Increased beneficiary numbers
- More tax
- A continuing challenge

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As you can appreciate then, the increase in beneficiary numbers and the impact of withholding tax is a continuing challenge in maintaining – and preferably increasing – the dividend paid to our beneficiaries.

Dividend timing

The dividend has consistently been paid to AECT beneficiaries as close as possible to the date when the AECT receives the final dividend each year from Vector.

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Dividend timing

There has been some recent comment regarding the timing of the annual dividend and I will take this opportunity to set the record straight.

The dividend has consistently been paid to AECT beneficiaries as close as possible to the date when the AECT receives the final dividend each year from Vector.

Dividend timing

Year	Dividend received from Vector	AECT Dividend distributed
2005	Year company listed	30 September
2006	31 August	20 September (Trust Deed deadline: 21 September)
2007	4 September	20 September
2008	18 September	19 September
2009	15 September	18 September
2010	13 September	17 September
2011	19 September	28 September
2012	17 September	26 September

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For the record, those dates since 2005 have been as shown here:

[see slide]

You can see the date the Trust received the dividend from Vector.

And the date we distributed the AECT dividend to beneficiaries.

You will notice that, in 2011, the AECT dividend date was 11 days later than the previous year.

This followed a change to the Trust Deed which was approved by the High Court.

The change to the Trust Deed was necessary because, until then, the Deed required the dividend to be paid a day earlier each year.

Dividend timing

Year	Dividend received from Vector	AECT Dividend distributed	Trust Deed deadline (prior to 2010 amendment)
2006	31 August	20 September	21 September
2007	4 September	20 September	20 September
2008	18 September	19 September	19 September
2009	15 September	18 September	18 September
2010	13 September	17 September	17 September
2011	19 September	28 September	16 September
2012	17 September	26 September	15 September

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Here's how the dates required by the Trust Deed were moving each year.

[see slide]

And how they were affecting our ability to pay the dividend.

You can see that, if the Trust Deed had not been amended, in 2011 we would have been required to pay the dividend to our beneficiaries on the 16th September, which is 3 days before we had received the dividend from Vector.

And every year thereafter, it would have been one day earlier again.

Dividend timing – annual accounts

- Dividend cannot be determined until accounts completed, audited and approved.
- Vector accounts consolidated into Trust accounts
- IFRS standards apply

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But that, ladies and gentlemen, is only part of the problem.

There is also the significant matter of preparing the Trust accounts and determining just how much the dividend will be.

Because the Trust accounts must be consolidated with Vector's accounts, this work cannot start until Vector announces its financial results. This is usually in late August.

Both Vector's accounts and the Trust accounts must be prepared in compliance with the requirements of the International Financial Reporting Standards.

To reach those standards, the Trust accountants and auditors cannot simply accept Vector's accounts and consolidate them into the Trusts accounts. They have a high degree of obligation to ensure both Vector's accounts and the Trust's accounts, and ultimately the consolidated accounts, all comply with the IFRS standards.

Dividend timing - financials

Vector results and final dividend announced	23 August
Vector accounts consolidated into Trust accounts	Late August
Accounts audited	Late August
Trustee signoff	Late August
Dividend calculated	Late August
Receive the dividend in accordance with FMA/NZX requirements	17 th September 2012

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The whole process is completed in a very tight timeframe:

In late August, Vector announces its results and the dividend it will be paying to shareholders.

Immediately that information is available, the Trust accountants start work on consolidating the Vector results into the Trust accounts. As already mentioned, this is must be done to IFRS standards.

The consolidated accounts must then be audited.

When the auditing is complete, the accounts must be approved by the Trustees.

It is only then - when the accounting work has been completed, audited and approved - that the AECT dividend can be calculated.

Given that the Vector results and accounts are not usually available until late August, there is a very intense period of accounting work to be completed in a very short period of time.

It is a credit to our accountants and auditors that this work is all completed in a matter of days, by the end of August.

And then the Trust must receive the Vector dividend in accordance with FMA and NZX requirements – usually mid-September

Dividend timings - logistics

- Printing of cheques takes 10 days
- Need to know the amount before printing

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And then there are critical timings involved in the logistics of the actual distribution, including the printing of the cheques.

This alone takes 10 days, and cannot start until we know how much to print on each cheque.

AECT DIVIDEND 2012: CHEQUE LETTERS TIMINGS

DATE: AUGUST / SEPTEMBER 2012	AUGUST														SEPTEMBER													
	M	T	W	Th	F	S	M	T	W	Th	F	S	M	T	W	Th	F	S	M	T	W	Th	F	S				
Vector result / dividend announced																												
Vector dividend paid to AECT																												
AECT dividend distributed																												
CHEQUES / LETTERS																												
Cheque account number	X																											
Cheque set up, approved by AECT					X	X	X	X	X																			
Cheque certification										X	X	X	X	X	X	X	X	X	X	X								
Vector dividend announced (23 Aug?)													X															
Accounts to Trustees / reviewed													X	X	X													
AECT Dividend amount confirmed																												
Tax certificate prepared																												
Tax certificate to SDL																												
Cheque/DCCTPA letters written	X	X	X	X	X																							
Cheque letters signed off						X																						
Cheque/DCCTPA letters set up						X	X	X	X	X	X	X	X	X	X	X	X	X	X	X								
AS Sample testing inc tax cert variables																												
Print base of cheque letters/DCCTPA																												
Final set up of letters signed off																												
Live samples checked																												
Print cheques / letters - weekend																												
Collate																												
Files to bank / retailers																												
Despatch Wednesday 26 Sept																												

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As you will see from this timeline this is a complex undertaking in a short period of time.

AECT DIVIDEND 2012: CHEQUE LETTERS TIMINGS

	AUGUST														SEPTEMBER																													
	M	T	W	Th	F	S	S	M	T	W	Th	F	S	S	M	T	W	Th	F	S	S	M	T	W	Th	F	S	S	M	T	W	Th	F	S	S									
DATE: AUGUST / SEPTEMBER 2012	6	7	8	9	10	13	14	15	16	17	20	21	22	23	24	27	28	30	31	3	4	5	6	7	10	11	12	13	14	17	18	19	20	21	24	25	26	27	28					
Vector result / dividend announced																	X																											
Vector dividend paid to AECT																													X															
AECT dividend distributed																																									X			
CHEQUES / LETTERS																																												
Cheque account number	X																																											
Cheque set up, approved by AECT				X	X	X	X	X	X																																			
Cheque certification											X	X	X	X	X	X	X	X	X	X																								
Vector dividend announced (23 Aug?)													X																															
Accounts to Trustees / reviewed												X	X	X																														
AECT Dividend amount confirmed																																												
Tax certificate prepared																																												
Tax certificate to SDL																																												
Cheque/DCCTPA letters written	X	X	X	X	X																																							
Cheque letters signed off					X																																							
Cheque/DCCTPA letters set up						X	X	X	X	X	X	X	X	X	X	X	X	X	X	X																								
AB Sample testing inc tax cert variables																				X	X	X	X	X																				
Print base of cheque letters/DCCTPA																		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			
Final set up of letters signed off																																												
Live samples checked																												X	X	X														
Print cheques / letters - weekend																																												
Collect																																												
Files to bank / retailers																																												
Despatch Wednesday 26 Sept																																												

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And as the blue highlighted area shows, there was no time to spare in the 9 days between when the AECT received the Vector dividend and the Trust beneficiaries received theirs.

[see blue highlighted section]

That's a nine day turn around to deliver the dividend to over 300,000 beneficiaries.

Dividend timing

- Ever shortening time frame
- Impossible for the Trust to complete logistics
- Inevitable outcome...

Distribute less than half the usual dividend
because Trust would not have received
final dividend from the Company

The power's in your hands



So, back to the question of changing the Trust Deed...

Clearly it was becoming impossible for the Trust to complete this set of complex logistics over an ever shortening time frame.

The inevitable outcome would be to only distribute less than half the usual dividend because the Trust would not have received the final dividend from the Company.

Dividend timing

- The Trust can only distribute funds when received from the Company
- Extremely tight time frame
- The Trust does not, cannot, and should not, change the distribution timing on an ad hoc basis each year.
- Certainty of timing for beneficiaries
- Past 7 years - the last 10 days in September

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In considering this whole problem, the Trustees reached the conclusion that:

- The Trust can only distribute funds when received from the Company.
- The Trust achieves this within an extremely tight time frame,
- The Trust does not, cannot, and should not, change the distribution timing on an ad hoc basis each year. The beneficiaries have the right to have a significant degree of certainty over the timing of their dividend – which for the past 7 years has been around the last 10 days in September

An alternative would be to distribute the dividend twice each year however this would incur significant additional costs, particularly in registry and bank fees that would reduce the amount paid to each beneficiary.

Dividend timing

- Deed amended
- Allows dividend to be paid as close as possible to funds received from company
- Maintains consistency.
- Do what we have done every year since 2006, election year or not.

The power's in your hands



Thus the imperative was to amend the Deed.

This allows the dividend to be paid as close as possible to when we receive the funds from the company.

Yes, it is correct that, under the amended Deed, the dividend could be paid at any time. At Christmas, for example.

But our decision has been to maintain consistency. To do what we have done every year: to pay the dividend as close as possible to when we receive the funds from Vector.

That has been the case every year since 2006, election year or not.

Trust assets

- Trust assets: \$2.07 billion
- Investment in Vector at cost: \$300m
- Share price 30 June 2012: \$2.68
- Share price 30 June 2011: \$2.58
- Current share price: TBC

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The value of the Trust

The Trust's assets are \$2.07 billion including its shares in Vector at market value and its cash holdings.

This investment at cost is \$300 million.

At balance date, Vector's share price was \$2.68,

At the same date last year the share price was \$2.58

And it is currently trading at [amount to be inserted in week of meeting].

Trust assets

- Vector fifth largest company listed on the NZ stock exchange.
- 2012 earnings growth across Vector's portfolio of businesses despite muted economic conditions and rising regulatory costs

The power's in your hands



Vector is a substantial company and is currently the fifth largest company listed on the NZ stock exchange.

In its results this year, Vector achieved robust earnings growth across its portfolio of businesses despite muted economic conditions and rising regulatory costs.

Regulation

AECT has responsibility to:

- take specialist advice
- make submissions
- protect and enhance our investment
- represent the voice of consumers

The power's in your hands



Regulation

The regulatory environment continues to be a matter of great importance to Vector and to the AECT.

As an investor in Vector – and the majority shareholder - the Trust has a responsibility to:

- take specialist advice
- and make submissions where appropriate
- to protect and enhance our investment in Vector,
- and also represent the voice of consumers.

Regulation

Regulatory resolutions:

- should not stifle company's ability to invest and innovate
- should deliver more robust and balanced regulatory framework

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So, the Trust will continue to work for regulatory resolutions that:

- do not stifle the company's ability to invest and innovate
- and that will deliver a more robust and balanced regulatory framework for both the short and long term.

Overhead Improvement Programme

- Agreement between AECT and Vector
- Invest around \$12.5 million a year
- As advised last year, programme had been put on hold

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Overhead Improvement Programme

As you know, the AECT has a formal agreement with Vector to invest around \$12.5 million a year in the Overhead Improvement Programme. This includes undergrounding of power lines and poles in the Trust District.

At last year's Annual Meeting, we advised that much of the programme had been put on hold.

Overhead Improvement Programme

Been on hold due to:

- Less active involvement of Chorus leaves telephone poles and lines
- Christchurch earthquake damage to underground networks
- Insurance of underground assets

Some issues partly resolved

Others – mostly with third parties – not resolved

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This was due to a number of factors:

- The less active involvement of Chorus, which would mean telephone poles and lines would remain in streets where power lines were underground
- Concerns about damage done to underground networks in the Christchurch earthquake
- Uncertainty regarding insurance of underground assets following the Christchurch earthquake.

Since that meeting, these matters have been more fully investigated and some of the issues have been partly resolved.

There are, however, still a number of outstanding issues – mostly involving third parties – that are not, and not ever be, fully resolved.

Overhead Improvement Programme

- Vector negotiating with other parties
- Trust kept up to date
- Continuing challenges
- Several new projects recently started
- \$14.6 million investment in coming year

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This is placing a real challenge on the Overhead Improvement Programme, and will continue to do so long term.

Vector is, of course, continuing to negotiate with the other parties involved, and the Trust is kept up to date with developments and other options that may be available to us.

Despite the obvious challenges we face, I am pleased to advise that Vector has recently started several new projects in the Trust District and in the coming year we will see \$14.6 million invested in the Overhead Improvement Programme around the Trust District.

[Hand over to Vector person if available]

Trustee meetings

1 July 2011 – 30 June 2012

	Full Trust	Reg & Strategy	Comms & Dividend	Finance & Risk
	12	7	5	2
William Cairns	11	6	4	2
Michael Buczkowski	11	4	4	1
James Carmichael	12	7	5	2
Warren Kyd	12	5	4	2
Karen Sherry	11	7	3	2

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Trustee meetings

During the year 12 full meetings of the Trust were held, and 14 subcommittee meetings were held.

The subcommittee meetings are held to address matters in detail, under the leadership of the subcommittee Chair.

Warren Kyd is Chair of the Finance and Risk Subcommittee.

Karen Sherry is Chair of the Regulation and Strategy Subcommittee; and James Carmichael is Chair of the Communications and Dividend Subcommittee.

Prior to each meeting, Trustees are required to have reviewed all the papers and background material provided for the meeting, and to have conducted any further research or analysis to ensure they are fully informed regarding matters under consideration at each meeting.

Trustees are remunerated for their work on the Trust, and there has been no increase in this remuneration since 2008.

Role of the Trustees

- Responsibility to
 - Trust beneficiaries
 - Investment in Vector
- Trustees must act in accordance with Trust Deed
- Ensure Trust complies with Deed
- Plus regulatory and legal requirements.

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The Trustees have considerable responsibilities, not only in regard to the Trust's beneficiaries but also in regard to the Trust's investment in Vector.

The Trustees must act in accordance with the Trust Deed, and are responsible for ensuring that the Trust operates according to the Deed as well as all regulatory and legal requirements.

Role of Trustees

- Set and distribute dividend
- Appoint Vector's board of directors.
- Approve major Vector transactions
- Manage Trust funds
- Communicate with beneficiaries
- Monitor and address regulatory issues
- Ensuring security of supply for our customers
- Monitor prices
- Engage with government and industry bodies

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In practice, the Trustees:

- Set and distribute the dividend to the Trust's beneficiaries
- Propose and with other shareholders, appoint Vector's board of directors.
- Approve all major transactions undertaken by Vector
- Manage the Trust's funds
- Communicate with beneficiaries and the general public on the Trust's activities
- Take feedback from beneficiaries, especially via the call centre, and respond to their requirements
- Monitor and address regulatory issues affecting Vector, the Trust and AECT beneficiaries
- Get involved in energy matters in the interests of Vector, our consumers and beneficiaries
- Take a proactive role in ensuring security of supply for our customers
- Monitor prices of Vector Electricity services in the Trust district and ensure these do not exceed the agreed pricing policy.
- And, as the majority shareholder of New Zealand's foremost infrastructure company, engage with government and industry bodies to ensure a safe future for Vector.

Role of Trustees

Key focus in 2012:

- Regulatory matters
- Security of supply

Looking ahead

- Improve the dividend payment process
- Possible online processes
- May create cost savings, but avoid going back to credit on power accounts

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In 2012, the key focus of the Trustees was:

- Regulatory matters that affect the future of Vector, which in turn affect the value of the trust's assets.
- Security of supply, especially in regard to the issues arising in the Overhead Improvement Programme

Looking ahead, the Trustees are investigating ways to improve the dividend payment process for our beneficiaries.

This may include using some online processes which may create cost savings.

This would be a benefit, not a key driver, of any change on the dividend payment process.

We note that, if cost savings were the sole driver, it would result in the dividend reverting to being paid as a credit to power accounts, which is not what beneficiaries want.

ETNZ

- Represents 22 energy trusts
- Forum for exchanging information and experience
- AECT supports ETNZ:
 - ETNZ Chair: Karen Sherry
 - ETNZ executive: James Carmichael
 - ETNZ secretary: Joy Stevens
- Secretariat services paid by ETNZ

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ETNZ

As part of the Trust's governance role in the wider industry, the AECT is actively involved with ETNZ, the association of energy trusts in New Zealand.

The ETNZ represents 21 energy trusts around the country and is a valuable forum for exchanging information and experience specific to the role of consumer trusts.

The AECT's support of ETNZ includes secretariat and executive activities.

Trustee Karen Sherry is currently Chair of the ETNZ, and fellow Trustee James Carmichael sits on the ETNZ executive.

The AECT provides further support through our own staff, with Joy Stevens serving as ETNZ Secretary. The secretariat services are paid for by the ETNZ.

Acknowledgements

- Executive Officer: Ian Ward
- Secretary: Joy Stevens
- Legal advisor: David Bigio
- Accountants: Staples Rodway
- Auditors: Grant Thornton

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Acknowledgements

Ladies and gentlemen, that concludes my comments on the activities of the AECT over the past year.

It has been a sound year for the Trust and I thank everyone who has contributed to our achievements this year.

In particular, I thank our Executive Officer, Ian Ward, and our Secretary, Joy Stevens, for the professional and expert service they provide to the Trust.

The Trust is also very well served by the professional assistance we receive from other key people, including:

Our legal advisor, David Bigio

Our accountants, Staples Rodway

Our auditors, Grant Thornton

Acknowledgements

- John Yeabsley: NZIER
- Agency: Y&R
- Dividend team
- The people of Vector
- Our beneficiaries

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John Yeabsley at NZIER who assists us on regulatory matters

Our agency, Y&R

And our dividend team lead by Kath Bolton, supported by staff at Computershare, Solution Dynamics, the National Bank, Mike Fox data.

And last, but by no means least, the staff at Vector and their call centre.

Thank you all.

To the Board of Vector, Simon Mackenzie and all your people at Vector: thank you for the work you have put in to deliver another robust result this year.

We appreciate your efforts and your achievements.

We congratulate the company on their performance and results this past year and continue to have confidence in the Trust's investment in Vector.

Finally, I thank our beneficiaries for attending tonight's meeting and taking an active interest in the Trust's performance. We welcome your interest and thank you for your support.

Appointment of auditors

- Selection of auditors put out to tender
- Conducted by independent third party
- Two important criteria:
 - No conflict of interest
(rules out some larger firms)
 - Must be reputable firm that understands and applies international financial standards

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Appointment of auditors

It is now time to attend to the formal business of tonight's meeting: to appoint the Trust's auditors and to authorise that their remuneration be fixed by the Trust.

As noted at last year's Annual Meeting, the selection of auditors has been put out to tender in a process conducted by an independent third party. Companies considered in this process must meet two important criteria:

They must not have any conflict of interest, which rules out some of the larger firms who also do work for Vector, and...

They must be a reputable firm that understands and applies international financial standards, as the Trust's accounts are consolidated with Vector's and those must comply with the international standards.

Appointment of auditors

- Grant Thornton recommended

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Based on the results of this tender, the Trustees are recommending that Grant Thornton be retained as auditors for the Trust.

Grant Thornton fees for this year's work were \$32 thousand.

Do I have a mover and seconder that Grant Thornton be re-appointed as auditors for the Trust...

Is there any discussion?

All those in favour that Grant Thornton be appointed auditors of the AECT for the coming year please say AYE.

Those against, please say NO.

Thank you, I declare the motion carried.

Remuneration of auditors

- In accordance with section 158C (3) of the Electricity Act 1992, the Trust be authorised to fix the fees and expenses of the auditors for the ensuing year.

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Remuneration of auditors

We now move to the second recommendation, the fixing of the remuneration of the auditor. The recommendation is:

That in accordance with section 158C (3) of the Electricity Act 1992, the Trust be authorised to fix the fees and expenses of the auditors for the ensuing year.

Do we have a mover and seconder?

Thank you.

Is there any discussion?

Thank you.

All those in favour that the Trust be authorised to fix the fees and expenses of the auditors for the ensuing year please say AYE.

Those against, please say NO.

Thank you, I declare the motion carried.



Thank you ladies and gentlemen.

We now invite beneficiaries of the Trust to raise any questions or make any comments about the Trust....

Thank you ladies and gentlemen. That concludes this year's annual meeting of the Auckland Energy Consumer Trust. The Trustees now invite you to join them for tea and coffee.

Thank you.