

**MINUTES OF THE 2009 PUBLIC MEETING OF THE
HAWKE'S BAY POWER CONSUMERS' TRUST
HELD ON FRIDAY 24 JULY 2009 AT 4.00 P.M.
IN THE TARADALE TOWN HALL**

PRESENT: J Newland (Chairman), A Buntain, J Geoghegan, D Kirton, J Palmer and S Dine (Secretary).

The meeting was attended by 16 members of the public as well as the Directors of Unison Networks Ltd, B Martin, D Frow, K Gilligan, H Walker, J Palairret and K Atkinson and the Chief Executive of the company K Sutherland and senior management.

WELCOME: The Chairman welcomed those attending the meeting and introduced the Trustees and the Secretary. He advised that the Directors and senior management of Unison were in attendance and would be available to answer any questions raised.

PURPOSE OF MEETING:

Mr Newland explained that the Trust is required to hold a public meeting each year to inform the consumer owners of Unison Networks Ltd of the activities and financial affairs of the Trust for the year just completed, being 31 March 2009.

NOTICE OF MEETING:

Mr Newland advised that formal public notice of the meeting was given in the Hawke's Bay Today, Napier and Hastings Mails and the Dominion Post. The Trustees' Report also appeared in the Napier and Hastings Mails.

APOLOGIES: Nil

MINUTES OF THE MEETING HELD ON 24 JULY 2008:

The Chairman advised that the Minutes of the previous meeting held on 24 July 2008 were available to those attending the meeting. He advised that in August last year the Trustees considered these to be an accurate record of the meeting. He proposed that the Minutes be accepted as read. This was agreed. It was then moved by N Alderton/J Huggins that the Minutes be confirmed as a true and correct summary of that meeting. Carried.

MATTERS ARISING FROM THE MINUTES:

The Chairman advised that the Trustees had considered Mr Anderson's request that the Trust consider rotating auditors. He advised that the Trustees are satisfied with the Government Audit Office together with the performance of Gunn & Cotton and the fee charged. Under NZICA protocols auditors are rotated after a certain period and the Trustees are prepared to leave that to apply at this time.

The Chairman also advised that the Trustees had considered Mr Anderson's suggestion that an email contact database for consumers be made available. He noted that current regulations in relation to privacy and specifically unsolicited emails render this suggestion impractical.

CHAIRMAN'S REPORT:

Mr Newland presented his Annual Report highlighting the following points:-

- During the year the Trustees have kept a watch on the performance of Unison Networks Ltd. This process has been facilitated by the provision of frequent information on the company operational and financial achievements. Meetings between Trustees and Directors have enabled sharing of views in relation to the strategic direction of the company.
- Issues relating to the distribution of dividend income were completed and payment made to consumers in October 2008.
- Trustees Ken Gilligan, Ann Dixon and Taffy Paine concluded their terms during the year.
- Trustees elections were held in October 2008. Diana Kirton and James Palmer were re-elected Trustees. Arch Buntain and John Geoghegan and John Newland were elected as Trustees.
- As part of an induction process the new Trustees attended a conference facilitated by Energy Trusts of New Zealand. This national organisation keeps Trustees up-to-date with changes and trends in the electricity sector with a supply of regular information.
- The Trustees have published regular bulletins in the Napier Mail and the Hastings Mail to keep consumers informed of Trust activities. We are indebted to Diana Kirton for her efforts in this regard.
- The Trust has contributed \$300,000 during the year towards an initiative to facilitate insulation and energy efficiency advice on a selection of older Hawke's Bay homes. This has been done in conjunction with Energy Options Charitable Co Ltd. This work is continuing.
- As in previous years the Trust has subsidised the cost of having electric blankets checked for safety compliance.
- Unison Networks Ltd had another good year and the results of this will be detailed during this meeting.
- A proposal for Unison Networks Ltd to diversify with an investment in ETEL, a transformer manufacturing business, was considered by Trustees. Subsequent to taking independent advice on this acquisition, it was approved. The Trustees see this investment as bringing significant future benefit to consumers.
- A further dividend payment will be made to consumers in November.
- The Trustees have worked through the annual process of agreeing the company's formal Statement of Corporate Intent. This sets out operational and financial goals for the company.

- Mr Newland thanked the Unison Board and management team for their efforts and achievements over the past year. He noted that as a new Trustee he has enjoyed and appreciated the nature of communication with the Chairman and Chief Executive and officers with whom he has come in contact.
- On behalf of the Trustees Mr Newland then thanked Brian Martin for his eleven years as a Director of the company and particularly the commendable performance of the business under his chairmanship over the last six years. He noted that his contribution has been appreciated and is indelibly recorded in the history of this great company.
- The Trustees acknowledged the appointment of Philip Hocquard as a Director at the company AGM earlier in the day and thanked him for agreeing to take up this responsibility.
- In concluding Mr Newland thanked his fellow Trustees for the commitment and effort during the last year. He particularly wanted to acknowledge the support of Diana Kirton and James Palmer to three new Trustees who were elected during the year. This has been appreciated. He also thanked the Trust Secretary, Stephen Dine, and BWR for the services supplied during the year. Mr Newland then moved that his Report be adopted, seconded A J Paine. Carried.

FINANCIAL STATEMENTS:

Mr Newland advised that there were two sets of Financial Statements, one for the Trust activities alone and one for the Trust and Unison consolidated. He asked that the Trust Secretary, Stephen Dine, present the Trust's Financial Statements to the meeting. Mr Dine led discussion on the Financial Statements advising that the Trust's dividend for the year from Unison was \$5.5million as opposed to \$7.2million the previous year as a result of change in dividend policy. He also noted increases in expenses, particularly election expenses as a result of the three-yearly election, consultancy fees as a result of the ETEL purchase and energy efficiency projects due to the commitment to the Energy Options retrofitting. He noted that the dividend to consumers during the 2009 year totalled just over \$5.7million which exceeded the net income of the Trust during the year. He explained that the Trustees utilised some previously built up cash reserves in achieving a dividend of \$100 per consumer.

The Chairman then asked Mr Brian Martin to report on the Unison Financial Statements. Mr Martin led discussion on the Unison financial performance for the 2009 year, noting an overall profit before tax of \$17.5million in the current year compared to \$18.4million in the previous year. He noted that line revenue showed continued growth, but capital contributions had reduced as a result of the current economic conditions. He saw there being three highlights during the year, being -

1. A continued asset improvement programme continually improving the performance of the Network.
2. Consolidation of the company's long term viability with investment in non regulated income streams, being the ETEL purchase.

3. Finally fulfilling the commitments to the Commerce Commission.

He went on to note that \$34million of capital investment into the Network was made during the year and a total of \$200million since 1999. He advised that as a result of the ETEL purchase borrowings were up, but at 37% of total assets he considered the position very comfortable. He considered the company in good heart and ready for the challenges of the future.

Mr Martin then gave a brief summary of his highlights during his directorship, referring particularly to the Rotorua/Taupo purchase and the benefits accrued as a result. He acknowledged the contribution of Chief Executive Ken Sutherland to the company and his fellow Directors. He also acknowledged his relationship with the Trust over his time as Chairman.

Mr Newland then sought a resolution that the Financial Statements of the Trust and its Subsidiary for the year ended 31 March 2009 be adopted. Proposed N Alderton/M Twigg. Carried.

UNISON PRESENTATION:

Mr Newland then invited Mr Ken Sutherland to address the meeting. Mr Sutherland considered that Unison had done well in the previous year. Their prices and costs were below industry average and performance and quality above average. He considered the quality of the Network is continually improving with the monitoring standards well below the requirements set by the Commerce Commission. He also noted the level of capital expenditure at \$35million in the current year and \$38million in the previous year. The current year capital expenditure included three major sub-station projects, being a replacement in Faraday Street in Napier and new ones in Taupo and Rotorua.

Mr Martin and Mr Sutherland then took questions from the floor.

In a response to a question about the range of transformers made by ETEL Mr Sutherland advised that ETEL has changed its capabilities over the last ten years or so and has moved from pole mounted transformers to pad mounted. He advised that they are currently producing a full range of transformers.

Mrs M Twigg, representing the Hastings District Council Works Committee, requested that the spend on undergrounding be increased and better co-ordinated with Councils. She also requested that transformers be adorned with art work as per a pilot programme as she believed this reduced graffiti. Mr Sutherland advised that undergrounding was a function of affordability subject to fiscal constraints. He advised that Unison does liaise with Councils and often amends planning accordingly. As far as the art work is concerned, a pilot is being undertaken around the Opera House and is being monitored. If it proves successful, then will be rolled out further.

There was then a question on graffiti on boxes generally with opposing views from the audience as to Unison's efficiency in removing graffiti. This was noted by Mr Sutherland.

APPOINTMENT OF AUDITOR:

Mr Newland advised that the current auditors, Gunn & Cotton of Palmerston North, were available for reappointment at a fee of \$5,020 for the ensuing year, the same fee as the current year. It was moved by K Gilligan/A Paine that Gunn & Cotton of Palmerston North be reappointed as the Trust auditors. Carried.

GENERAL BUSINESS:

Mr Colin Ashton reported that he does not get the Hastings or Napier Mails and so misses Trust reports that are included in them. Mr Newland advised that there have been changes in the distribution which are currently being looked at by the Mails management.

Mr Simon Cowan noted that in the current electronic age the website could be the best source of information transfer. Mr Newland advised that the Trust does have a site and advised Mr Cowan of the address and stated that the Trust is continuing to review its operation.

Mr Rex Proctor noted that he was pleased about how things were going and expressed his thanks to the Trustees. He went on to question whether changes in the future will put pressure on the existence of the Trust, particularly political interference. Mr Newland noted that there is a national body, ETNZ, which does give support to Trusts and does interface with the politicians. If there were any pending changes it would be expected that this organisation would be aware of them.

Simon Cowan questioned whether the Trust was undertaking its role in monitoring power prices on behalf of consumers. Traditionally there were two elements of power pricing, being line rental (now Unison) and kwh usage (now retailers) but these elements are now merged. As a consumer Mr Cowan was concerned that any cost savings gained by Unison could be taken up by retailers. Mr J Palmer responded to the question explaining the transparency of charges continues to be advocated as a requirement of retailers by the Power Trusts but still has failed to gain support from Government. He noted that the Trust satisfied with the level of increase in Unison's charges.

Mr Ashton asked whether the Trustees would consider discussing with Unison an insurance system enabling them to insure their power lines, noting that a small monthly charge included in their bill could cover any repair work that was required. Mr Newland said this would be considered by the Trustees.

There being no further business the meeting closed at 5.05 p.m.

Minutes were confirmed day of 2010

Chairman