

Trustees Report to our Customer Beneficiaries

The Trustees are pleased with the performance of the Company given that it operates in a Government controlled environment. The Company has kept below the allowable rate that it could charge under this price controlled environment which has benefited all its customers and not just the Trust's beneficiaries.

The financial results continue to remain on track although it is noted that the return on assets and equity were below target as set in the Statement of Corporate Intent. The cash dividends received by the Trust from the Company have been paid out in capital distributions, with \$4.5m being paid out in December. Over the past 8 years your Trustees have paid out \$30m in capital to beneficiaries.

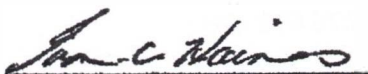
The Trust is disappointed that the Company remains grounded in being able to move its community forward in understanding its pricing regime. The Company continues to invest heavily in resources to overcome this problem and the Trust is closely monitoring its performance in this area. However, the Trust remains confident that the Company's engagement with the community will progress favourably in the very near future.

The update of the Health and Safety legislation has been a time consuming focus this year for the Company in its operations. Responsibility and monitoring compliance has also fallen upon the shoulders of the Trustees through the new requirements of the Act. While the Trust has implemented its own monitoring process, this has further widened the role of Trustees.

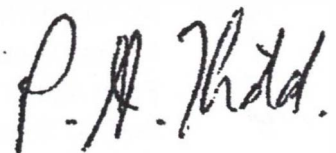
Six highly skilled and experienced Directors were interviewed in June last year, leading to the appointment of Mark Darrow and Richard Krogh to the Company's Board. The Trust is extremely fortunate to be able to attract a high level of interest for Directorship roles. A key focus of the Trust is to ensure that the Board of Directors secures and maintains a wide range of commercial business skills, expertise and knowledge to encourage healthy debates around the table. The Trust aims to ensure that the Company does not lose value and has made itself clear to the Board of its desire to see a future pathway towards growth.

A Trustee's role expires after three years. In March this year, Ivan Haines and Kevin Tregoweth were re-appointed by major customers to their role as Trustees for a further term. Trustees have a wide range of skills and experience which encourages healthy debate around the table.

The Chairman and Trustees have been involved in 19 formal meetings during the year. These have included Trust, Company/Director and Electricity Trusts of NZ meetings. In addition, there have been a number of informal attendances at meetings involving customers and public meetings. There have been no requests for information by beneficiaries.



Ivan C. Haines (Chairman)
27th September 2016



Peter A. Kidd (Deputy Chairman)
27th September 2016