

Trustees Report to our Customer Beneficiaries

Again this year, the Trustees are reasonably satisfied with the performance of the Company given that it operates in a Government controlled environment. While the Company did not quite meet its projections through its 2016 Statement of Corporate Intent, the Trust is mindful of the changes in leadership and within the senior management team, as well as a further business investment. The Trustees, however, would expect improved performance through efficiency next year as it will be a more settled governance and management environment.

The community has a valuable asset, being worth \$20m when it was privatised in 1993 to now being worth almost \$190m. The increased value of this asset has enabled annual returns to be made to beneficiaries in the form of a capital distribution, the cash amount of which is credited against lines bills by this Trust. This year the amount of \$5m was paid to beneficiaries, and over the past nine years your Trustees have paid out \$35m in capital distributions to its beneficiaries. This return is equivalent to almost two months free lines charges.

Earlier in the year, the Trust had directed the Company to urgently invest in mending their public relationships, both with their direct customers and within the wider community. At the time of writing this report, the Trustees are confident that the Company has made a diligent and conscientious effort towards improving their customer relationships such as through the Service Pricing Review project which has made positive progress to date.

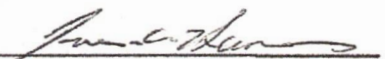
Director performance reviews were held at the beginning of 2017. This is an all day exercise where each Director presents to the Trustees their present and future views followed by a question and answer session. Progressing on from these reviews, your Trustees make decisions on re-appointment of Directors, the necessity to add or remove Directors and the level of Director's fees. The Trust had resolved from these reviews to advertise for an additional Director.

Health and Safety continues to be at the forefront of meetings. The Trustees monitor its compliance through regular reporting received from the Company.

The Trust is fortunate in that its present Trustees take an individual and independent approach towards their role to represent beneficiaries which encourages healthy debate around the table. In addition to the wide and varied range of skills, knowledge and experience of Trustees, endless hours are spent keeping up to date on industry movements to better and enhance decision making.

The Chairman and Trustees have been involved in 12 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 approximately ten requests for information by beneficiaries.



Chairman

5. 9. 2017.



Trustee

5-9-2017