



**MINUTES OF THE ANNUAL MEETING OF WESCT CUSTOMERS OF
WAITOMO ENERGY SERVICES CUSTOMER TRUST HELD ON THURSDAY, THE 20TH OF OCTOBER
Commencing at 6:00 pm at St Luke’s Anglican Church, 85 Esplanade, Te Kūiti**

WESCT customers present:

	<i>For privacy considerations, the Trust has withheld the names of WESCT customers from the minutes published on the website. However, at Annual Meetings, the minutes that include the names of all WESCT customers will be available.</i>
NO.	NAME
1	Janette Osborne (WESCT Trustee)
2	William Oliver (WESCT Trustee, Chairperson)
3	Erin Gray (WESCT Trustee)
4	Cathryn Prendergast (WESCT Trustee, Deputy Chairperson)
5	Carolyn Christian (WESCT Trustee)
6	Guy Whitaker (WESCT Trustee)
7	Celina Yapp (Minutes)
8	Bob Strawbridge, McKenzie Strawbridge
9	Bella Takiari-Brame (TLC Board Chairperson)
10	WESCT Customer #1
11	WESCT Customer #2
12	WESCT Customer #3
13	WESCT Customer #4
14	WESCT Customer #5
15	WESCT Customer #6
16	WESCT Customer #7
17	WESCT Customer #8
18	WESCT Customer #9
19	WESCT Customer #10
20	WESCT Customer #11

In attendance: Mike Underhill (TLC Director), Todd Spencer (TLC Director), Mike Fox (TLC Chief Executive), Simon Batters (TLC GM People & Safety), Sharon Cresswell (TLC Acting GM Finance), Craig Hackett (TLC Acting GM Network), and Romay Rundgren (TLC Manager Finance).

WELCOME:

W.Oliver, Chair, welcomed all attendees, confirmed what to do in case of an emergency and confirmed a quorum was present.

E.Gray opened the meeting with a karakia.

INTRODUCTIONS

The Chair introduced the Trustees, C. Yapp and B. Strawbridge to the meeting. B.Takiari-Brame the Chair of the TLC Board introduced the TLC Directors, and M.Fox introduced the TLC Senior Leadership Team.

APOLOGIES:

Resolved: The meeting accepted apologies from Fraser Jonker (TLC Director), Craig Richardson (TLC Director), Jared Murrell (TLC), Mike Ullrich (Influx CEO), and five WESCT Customers. W.Oliver/C.Prendergast - AIF

MINUTES OF THE 2021 MEETING:

Resolved: To adopt the minutes of the 24th of November 2021 meeting as a true and correct record. C.Prendergast/ WESCT Customer #1 - AIF

MATTERS ARISING FROM THE PREVIOUS MEETING:

- 1.0. Debenture concept update. The Chair said that the Trust is building up a value of imputation credits on the balance sheet when the Trust receives dividends from the Company. The Trust is looking to utilise the tax losses and hoping to apply to the IRD soon for a binding ruling.
- 2.0. Guidelines for access to information by beneficiaries. Trust Act Law has superseded what was there, and at the December 2021 Trustee meeting, the Trustees resolved to abolish the WESCT guidelines for access to information by beneficiaries
- 3.0. Trust Deed. There are a few areas of the review to discuss with the Company, and hopes to circulate the proposed changes soon.

Resolved: The matters arising are received by the meeting. W.Oliver/C.Christian – AIF

WESCT Customer #8 comment. The Company has drawn up some rules about the discount to Customers, and he believes that the Trustees should think more about the Customers because the Customers are the owners. He does not see why the Trust (and WESCT Customers) do not have first consideration when the Company considers the budget for the following year. The discount should be considered first, not after the Company has spent a lot of money on other things. The Chair thanked WESCT Customer #8 for his comment and said that it was something that is front of mind for the Trustees.

CHAIR REPORT:

W. Oliver spoke to the Chair report presented in the Waitomo Energy Services Customer Trust 2022 Annual Report.

Resolved: To receive the Chair Report. C.Prendergast/C.Christian – AIF

OVERVIEW OF FINANCIAL ACCOUNTS

B.Strawbridge provided an overview of the financial statements to the meeting, which included the following points:

- 3.0. A couple of pages in the accounts are for the Trust itself, and most of the financials are the consolidation of all the results for the TLC Group and Trust.
- 4.0. McKenzie Strawbridge prepared the 2022 financial accounts for the Trust, including the financial results for The Lines Company Ltd and its subsidiaries, which they consolidated into the Trust accounts. Baker Tilly Staples Rodway then audited the accounts.
- 5.0. Page 45, Income and Expenditure Statement. This year, the Trust's income exceeded expenses, and the Trust made a profit of \$50,548. However, after-tax adjustments, the Trust made a net profit of \$25,027.
- 6.0. Page 2, the Consolidated Income statement shows the combined position for the entire group. The statement includes both the Trust itself and the trading results of The Lines Company Ltd and its subsidiaries. There is an overall profit for the year of \$23.2M.
- 7.0. Page 3, Consolidated Statement of Financial Position
 - 7.1. The total assets of the consolidated group increased by \$15M to \$321.5M.
 - 7.2. Overall, the bank borrowings decreased by just under \$10M to \$79M.
 - 7.3. The equity of the consolidated group has increased from \$149M to \$172M, mainly due to the retention of profits within the business and the revaluation of network assets.

WESCT Customer #8 asked about the sale of hydro generation figures. B.Strawbridge said there was a retention amount on the sale that the Company recognised this year. There is still a \$200K asset in the balance sheet, which is to do with retention funds.

WESCT Customer #10 asked why there was a retention fund on it as a sale. M.Fox said the retention was related to some contract works which TLC resolved with the purchaser.

Resolved: The meeting approves the YE2022 consolidated financial accounts: WESCT Customer #1/WESCT Customer #8 - AIF

APPOINTMENT OF AUDITOR

- 8.0. The FY22 accounts were audited by Baker Tilly Staples Rodway as resolved at the last annual meeting.
- 9.0. Baker Tilly Staples Rodway does not want to continue the role due to “a lot of risk with them signing off a group where another firm essentially audits 99.99% of it”.
- 10.0. The Auditor-General is the Company’s auditor and has appointed Pip Cameron using the resources of PricewaterhouseCoopers to perform the FY23 audit for The Lines Company
- 11.0. Section 101 of the Electricity Industry Act 2010 provides that the trustees of a customer trust must in each financial year hold an annual meeting of beneficiaries, at which the beneficiaries appoint an auditor.
- 12.0. Section 101 of the Electricity Industry Act 2010 also provides that the fees and expenses of the auditor must be fixed at the annual meeting or in the way the beneficiaries determine at the meeting, if the auditor is appointed at the meeting.
- 13.0. Clause 13.4 of the existing Trust Deed provides that the trustees must “appoint from time to time on such terms as they think fit an auditor of the Trust a person **(not being the auditor of the Company)** who is
- 14.0. In September 2022, the Trust took legal advice on whether the auditor for the Company could also be the auditor for WESCT. Legal advice: “The power of the trustees to appoint an auditor under clause 13.4 of the Trust Deed must have ceased to apply once the Electricity Act came into force in 2010, requiring the auditor to be appointed by a meeting of beneficiaries. On that basis, the words “not being an auditor of the Company” in clause 13.4 ceased to apply also.”
- 15.0. The Trust are not able to use auditors who provide advice to TLC or the Trust.
- 16.0. Some brief research into six other Trusts revealed that five use the same auditors as their Companies. The costs range from \$17.8k inc GST to \$37.7k inc GST.
- 17.0. The Trust requested quotes from six auditors. Four, for varying reasons, have declined to quote, and one gave no response. PwC indicated an estimate of over \$23k; however, they have not provided a quote.
- 18.0. W.Oliver spoke with the office of the Auditor-General about the above situation and likely fees. They confirmed that they would moderate the fees proposed based on the hours and team mix breakdown. As WESCT has a balance sheet of approximately \$300M, based on the current fees of other energy consumer trusts they audit and their relative size, the proposed base fee range for similar entities in their portfolio is \$17,250 - \$34,500 inc GST.

- 19.0. The Chair advised the beneficiaries at the annual meeting that if they could not appoint an auditor for the 2022/2023 financial year that S103 of the Electricity Act 2010 requires the Auditor-General to be the auditor of a customer trust.
- 20.0. The beneficiaries at the meeting agreed that as they could not appoint an alternative auditor, the Waitomo Energy Services Customer Trust requests the Auditor-General to act as auditor for the 2022/2023 financial year.

**Resolved: As the WESCT Customers (beneficiaries) could not appoint an alternative auditor, WESCT will request that the Auditor-General acts as auditor for the 2022/2023 financial year to hold office until the next annual meeting of WESCT customers. WESCT Customer #10/
WESCT Customer #2 - AIF**

GENERAL BUSINESS - QUESTIONS

- 21.0. WESCT Customer #4. WESCT Customer #8 has echoed his concerns of several years, and he supports WESCT Customer #8s point that the beneficiaries are not receiving a high enough payment. He feels strongly on this point, and WESCT Customer #8 is not on his own. The Trust is not looking at the beneficiaries as they should; they are concerned about the Company and not the beneficiaries, which is not what it should be. He spoke with the Trust about this the day before.
 - 21.1. WESCT Customer #8 commented that is what they fought the Government for in the early 90s to keep the powerboard here belonging to the Customers, the ones who put the money up to build the lines in the first place, so as far as he is concerned, they should have first consideration.
 - 21.2. The Chair thanked WESCT Customer #4 and WESCT Customer #8 and said that WESCT Customer #4 stated his point well the previous day. He said that it is a bit of work the Trust will look at over the next couple of months and will talk with the Company about it, understand more about the discount and come back and report to the Customers next year. Finally, the Chair spoke about the Trust's long-term vision and that the Trust will discuss the discount level with the Board and whether the balance between current and future beneficiaries is equitable.
- 22.0. WESCT Customer #9 asked how the discount percentage compares with previous years. The Chair said this had changed a lot from the past and that M.Fox may discuss it further in his presentation after the meeting.
- 23.0. WESCT Customer #8 commented on the difficulty of understanding the proportion of lines charges on receipt of their energy account from the retailer; there is nothing but kWh charges.
 - 23.1. WESCT Customer #3 said that since putting his lines charges through the retailer, as a consumer, he gets only kWh and has no idea of the charge they are passing onto

him for The Lines Company. They know they get a discount. M.Fox said there is a calculator available on the TLC website which tells them specifically what their line charges have been for that period, so that is TLCs way of trying to provide that transparency to the Customers. Anne Terry's team can help him with that. WESCT Customer #3 commented that it relies on people being au fait with a computer.

23.2. WESCT Customer #1 shares the frustration of not seeing the lines charge on the bill. Still, a bigger frustration was that 90% of the people in the community thought that this community was the only community paying line charges, as everyone else got the bill how we get it now, and no one saw it. There was pressure on TLC to make a change, and due to different circumstances from when customers started getting the two bills, the Company identified that there were savings to be made. It would be an easy industry rule if the retailers had to itemise it on their bills.

23.3. M.Fox said that they have nineteen or so retailers on the network now, and a number of those make the line charges transparent. TLC will not recommend a retailer for Customers but can certainly talk to Customers about the ones that make the line charges transparent.

24.0. WESCT Customer #9 said he wanted to acknowledge the newsletter and well done. The short sharp newsletter that the Trust sends to Customers, he thinks it is excellent, a quick read and a regular update. The Chair spoke about the importance of communication and the Trust profile now that the Company is not front of mind by sending out their monthly bills.

There were no further questions, and the Chair thanked all those present for their attendance.

The formal annual meeting of WESCT Customers concluded at 6:53 pm with a karakia from E. Gray.

A presentation followed the meeting by TLC CE M.Fox.