

**BAY OF PLENTY ELECTRICITY  
CONSUMER TRUST**

**ANNUAL REPORT**

**YEAR ENDING 31 MARCH 1999**

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**Ladies and Gentlemen**

The 1998-99 year will go down in history as the year that the Electricity Industry was broken up, the Network being separated from Retail and Generation. Our company Bay of Plenty Electricity Limited sold its retail and generation assets to a consortium of Todd Energy and Pacific Hydro, an Australian Company on 31 March 1999.

The remaining Network Company was renamed Horizon Energy Distribution Ltd. (HEDL).

This sale resulted in the company seeking a means to distribute to shareholders the funds generated from the sale. The directors have sought Court approval to implement a share buy back as a means of distributing the \$101.5M on a pro-rata basis, cancelling three shares for every four held. (This amounts to 15 million shares or 75% of the ordinary shares on issue being cancelled. Every shareholder will receive \$6.77 for each share cancelled. As a result of the approval given at the special meeting following the company AGM on the 26<sup>th</sup> August, and the expected Court approval, the Trust share holding will reduce to 1,250,000 shares, with the Trust receiving \$25,387,500 to add to its investment portfolio.

The above changes, the distribution of the \$101.5 million and the company's future have required us to have continuing dialogue with the company's main shareholder, United Networks Limited with whom we have a shareholders agreement.

These discussions have been complex and in depth, resulting in the necessity for the Trust to engage consultants from Price Waterhouse Cooper. Their advice has been invaluable and has ensured that the Trustees understand the complexities of the issues facing the company and its future direction.

The Trust came into being in August five years ago – 1994. Our income growth has been matched by a growth in the number of grants that have been approved and uplifted. Other grants have been partly paid, while still others have been approved but not uplifted, as work is still to begin. There are also a number of applications, which require change or further detail before consideration can be given to those grants.

39 grants have been approved over the five-year period, representing a total sum of \$2.5M. Applications still being processed will bring the amount to over \$3M.

In the previous year an under-grounding scheme was introduced, bringing together contributions from the three local Authorities, the Company and the Trust. A further contribution of \$100,000 was made by the Trust in the last financial year. Details of under-grounding work completed under this scheme in the last year are available for those interested. These contributions are additional to the above grants.

A pilot scheme called the "Efficient Energy Retrofit Project" was introduced in the Opotiki District, to which the Trust contributed a total of \$67,500. This scheme was co-ordinated by EECA (Energy Efficiency & Conservation Authority).

This scheme has been a great success and we have invited Mr David Weinstein and Peter Benstead from EECA here tonight to outline the Pilot Scheme and "where to from here". David we will be interested to hear your comments. The Trust has been invited to continue its involvement in the expanded proposals, and has been asked to consider a further contribution of \$325,000 over the next 18 months to two years.

We believed our AGM was an appropriate occasion for you, the consumers, to hear about one of the projects we have been involved with.

It has been a pleasure for the Trust to be involved with many community groups and to contribute to their projects. The Trust has a great appreciation of the efforts, dedication and contribution made by these organisations to our district. The district at large not only enjoys these completed projects, but they must also result in better communities.

The Trust's good relationship both with the Horizon Energy Distribution Limited and its Chairman has continued. We appreciate the support received.

United Networks Ltd, previously known as Power NZ, and ourselves have also met on numerous occasions during the year. These I believe have been useful to both parties, giving opportunities to share concerns in a frank and friendly atmosphere.

Trustees have shared attendance at the two Energy Trusts of NZ meetings held in Wellington. These meetings have proved to be useful in sharing and appreciating Energy Trust problems experienced during the changes facing the industry.

The Trustee Elections in October 1998 saw Mr Brian Ponting re-elected unopposed for Kawerau. In Opotiki Mr Jim Towersey was the successful candidate in an election process.

Nominations have closed in the Whakatane Ward for 1999 election with four nominations for two positions. The candidates are – Mr David Bulley, Mr Colin Hammond (sitting member), Mr Norm Howe and Mr Malcolm Law (sitting member). A postal vote will be held with the closing date for the election being on Friday 3 October.

The Bay of Plenty Community Trust has again held meetings during the year and your Trust has been represented at these meetings.

Enclosed with this report is the balance sheet and financial report as at 31<sup>st</sup> March 1999. The Treasurer Mr Neil Brennan will answer any question after presenting the report. The Trustees thank you Neil for your role and appreciate your efforts and financial up dates during the year.

Colin Hammond Deputy Chairman, your contribution has been appreciated in spite of your busy schedule.

One would be amazed at the volume of correspondence both received and dispatched. The responsibility of keeping on top of the mountain is with our Secretary and Trustee Toni Owen. Thank you Toni, I am sure you were not expecting the level of involvement when accepting this position and I am sure I speak for all Trustees in saying we appreciate your dedicated input.

To my fellow Trustees, the call on your time has been demanding during the past year, you have all met the challenges and I thank you for your contribution. Jim Towersey for his industry knowledge and input to the Opotiki area and Brian Ponting for his input and support of the Kawerau community.

As Chairman of the Trust I have appreciated the support and encouragement received from fellow Trustees, I certainly appreciate the opportunity to serve the community in this way and return to the community something in return for its kindness to me. Together we have a job that is in one part ongoing and in another that should reach normality in the coming year. I thank the team for the privilege of being Chairman.

Malcolm Edward Law MBE JP  
Chairman

31<sup>st</sup> March 1999

## BOP ELECTRICITY CONSUMER TRUST SCHEDULE OF GRANTS

RECIPIENT	PURPOSE	AMOUNT PAID
<b>Year to 31-3-97</b>		
Betta Electrical	Electric Blanket Testing	1780.00
Betta Electrical	Electric Blanket Testing	3210.00
Eastbay Health	CAT Scan	70000.00
EBOP Life Education Trust	Mobile Classroom	20000.00
Disabilities Resource Centre	Building Electrical Fitout	100000.00
		<b><u>824990.00</u></b>
<b>Year to 31-3-98</b>		
Opotiki Theatre Trust	Upgrade Electrical facilities	20000.00
BOP Electricity	Undergrounding - 1997/98	100000.00
Whk Surf Life Saving Club	Solar Panels	14350.00
Mountain View Rest Home	Laundry & Kitchen Upgrade	70000.00
BOP Electricity	Remote Metering	25000.00
		<b><u>229350.00</u></b>
<b>Year to 31-3-99</b>		
Betta Electric	Electric Blanket Testing	2205.00
EBOP Life Education Trust	Mobile Classroom	27500.00
Opotiki Rugby Sub Union	Floodlights	40000.00
Ohope Bowling Club	Lighting	12426.50
Edge Squash & Tennis Club	Lighting	40000.00
Taneatua Hall	Electrical Appliances	2000.00
Whak Squash Club	Court Lighting	19290.00
Whak Rotary Club	Skate Park Lights	12807.88
Whak Sports Fishing Club	Electrical Components	100000.00
Apanui School	Hall Electrical Components	18171.00
Kawerau District Council	Christmas Lights	15000.00
Tasman EBOP Brass Band	Hall Upgrade	15000.00
Opotiki District Council	Christmas Lights	15000.00
Whak District Council	Christmas Lights	15000.00
Opotiki District Council	Retrofit Project	33750.00
BOP Electricity	Undergrounding	100000.00
		<b><u>468150.38</u></b>