

Minutes of the Twenty third Annual Meeting of Beneficiaries

Held at	The Ellerslie Event Centre, 80-100 Ascot Avenue, Remuera, Auckland
Date & Time	Thursday 24 October 2024 at 7.00 pm
Present	Denise Lee (Chair), William Cairns (Deputy Chair), Rachel Adams Langton, Alastair Bell and Paul Hutchison 36 Beneficiaries registered their attendance.
Staff in attendance	Helen Keir (Chief Operating Officer) and Jane Davies (Executive Assistant)

Entrust Chair, Denise Lee, opened the meeting at 7.00 pm and introduced Trustees.

Ms Lee extended a warm welcome to all Entrust beneficiaries, representatives from Vector's Board of Directors, Simon Mackenzie, the Group Chief Executive of Vector, members of the Vector Executive Team, Entrust's auditors and legal advisors.

APOLOGIES

There were no apologies received.

MINUTES

The minutes of the Twenty second Annual Meeting of Beneficiaries held on 16 April 2024 and confirmed by the Trustees on Tuesday 16 May 2024, were tabled and received.

YEAR IN REVIEW – ADDRESS FROM THE CHAIR

Financial performance

The financial statements for the year ended 30 June 2024 had been approved by Trustees and the auditors, Moore Markhams, issued an Unqualified Audit Certificate on 27 August 2024.

In the year to 30 June 2024, Entrust received \$178.1 million in income, compared to income of \$127.9 million in the previous year. Income was made up of \$174.6 million from Vector in dividends and \$3.5 million from interest on funds.

Entrust continued to hold 751 million shares in Vector on behalf of beneficiaries which were valued at \$2.8 billion at 30 June 2024.

For the year ended 30 June 2023, the total expenditure incurred by the Trust was \$4.0 million compared to \$4.2 million in the previous year.

The Entrust Dividend

The Chair explained that reporting was for the year ended 30 June 2024 and covered the dividend paid in September 2023, which was a \$334 dividend from Entrust plus a \$30 loss rental rebate payment from Vector, bringing the total payment to \$364.

The loss rental rebate is a credit that Vector received from Transpower that varied year to year and has been paid directly to households and businesses by Vector and Entrust. However, Ms Lee advised that 2023 was the last year that Vector and Entrust were able to pass the payment directly

to beneficiaries and Vector customers as the Electricity Authority had changed these arrangements with the funds being paid direct to electricity retailers.

In September 2023, the dividend was paid to 359,000 beneficiaries, injecting nearly \$120 million into the Auckland economy and was paid as quickly as possible after Vector paid its dividend, so beneficiaries received their money promptly. The final 2023 Vector dividend was paid on 14 September 2023 and Entrust paid its dividend on 20 September 2023.

Dividend Distribution

Ms Lee reported that the 2023 dividend distribution saw one of the biggest improvements in the dividend process ever with the highly successful introduction of an online platform for people to provide their payment details. 12,500 people went online to provide their payment details on the first day of the 2023 dividend distribution and in total more than 80% of 2023 dividend payments were requested via the online service.

Beneficiaries were given the option to receive their dividend by direct credit to their bank account or as a credit to their power account with Entrust confirming or gathering payment instructions and bank account details from every beneficiary every year as on average, around 40% of all beneficiaries move or change their personal details in some way.

It was explained that to ensure the dividend reaches everyone who is entitled to receive it there are advertising campaigns in June and then September.

The first campaign alerts people to check, update or complete their payment details to get as many people paid on dividend day as possible. The second campaign is in September at dividend time, and it lets people know that the dividend has been paid which is particularly important for those who couldn't be paid on dividend day because they moved, or their details had changed, or they hadn't given us their bank details.

Ms Lee said it was all about making sure everyone who is eligible gets the dividend, and every step in the dividend process was focused on achieving that.

Over-taxation

The Chair advised that Entrust took a petition for a fairer tax deal for Entrust beneficiaries to Parliament where a petition signed by more than 13,000 people, was presented and tabled in May 2024. Additionally, the Chair had recently presented to the Petitions Select Committee about this issue.

Many people receiving the annual Entrust dividend pay more tax than they need to on the dividend amount because tax rules say that the Entrust dividend must be taxed at the tax rate of 33%, when the majority of people receiving the dividend are on a lower tax rate than this. However, claiming back the over taxation is difficult.

The over-taxation can be refunded if dividend recipients file a tax return, but it is complicated because the dividend is split over two tax years, and it requires detailed knowledge of tax regulations that the overwhelming majority of dividend recipients do not have. This situation means that every year Aucklanders miss out on around \$14 million from the dividend due to it being over-taxed by the government.

Undergrounding

Ms Lee advised the meeting that as majority owner of Vector, Entrust has an agreement that requires Vector to spend \$10.5 million every year on projects in the Entrust district via the Energy Solutions

Programme.

In June 2024, the agreement was renegotiated, and going forward the amount Vector will spend on undergrounding and new technologies projects has increased to \$12.5 million per annum.

The meeting was provided with a slide showing where undergrounding had taken place in the year to 30 June 2024. So far, more than 300 undergrounding projects have been completed, and around 72.3% of overhead power lines are underground in communities all over central, east and south Auckland.

Independent of Entrust, Vector decides which area and streets to underground and takes into consideration the condition of the overhead power lines and poles, as well as the history of faults in the area, the number of customers who will benefit, and whether other utility works are planned for the area.

This year, the most significant undergrounding project has been the continuation and completion of the large project in St Heliers. Other undergrounding projects this year included Ruru Street and Nikau Street in Newton, Parau Street in Mount Roskill, and Newell Street in Pt Chevalier, Ranfurly Road in Epsom, as well as a Right of Way located in the middle of Bassett Road in Remuera. In addition, there were four resident initiated projects: a Right of Way at the upper end of Portland Road in Remuera, Glenfell Place in Epsom, Lawrence Street in Herne Bay, and Campbell Rd in Maraetai.

Vector's activity over the past year

Ms Lee introduced Simon Mackenzie, Vector's Chief Executive.

Simon Mackenzie, Vector's Group Chief Executive Officer, provided an overview of key topics including the regulatory environment, capital expenditure, historic residential line charges, the wholesale market, carbon abatement costs, mapping of electricity assets in fire risk areas and Greater Auckland's EV uptake.

Acknowledgments

The Chair acknowledged Entrust beneficiaries and thanked them for their continued support. She extended the thanks of Trustees to the Vector and Entrust teams and advisors for their contribution to the Trust throughout the year. Ms Lee also thanked her fellow Trustees including former Chair William Cairns (currently Deputy Chair) for his 15 years of service to beneficiaries.

APPOINTMENT OF AUDITORS

It was resolved in accordance with Section 101(1) of the Electricity Act 2010, Moore Markhams Auckland Audit be appointed as auditors of Entrust for the ensuing year.

Beneficiary Tex Edwards raised what he introduced as a point of order saying the 2023 dividend payment should have been treated as a capital repayment, that the auditor should conduct a review of payments made to PWC over the last decade as a consequence of what he believed was a faulty salary benchmarking study and that he believed it was appropriate for Entrust to have a 'big four' auditor. Mr Edwards also asked the auditor conduct a benchmarking study on the importance of solar and EV penetration vs undergrounding.

Mr Edward's comments (which did not in fact qualify as a point of order) were not upheld as a point of order and the original motion was put to the meeting.

Moved: Guy King

Seconded: Peter Mooseberger

Carried

FIXING OF THE REMUNERATION OF THE AUDITOR

The Chairman advised that at last year’s Annual Meeting Grant Thornton was appointed and their audit fees for the 2023/2024 year were \$55,000.00.

It was resolved that in accordance with Section 101 subsection (3)(a) of the Electricity Industry Act 2010, the Trustees be authorised to fix the fees and expenses of the auditors for the ensuing year.

Moved: Guy King

Seconded: Peter Mooseberger

Carried

FORUM

The Chairman opened the meeting to comments and questions from the floor.

Question 1:

A beneficiary, Simon Oxner, asked for information regarding the tenure of former Trustee, Michael Buczkowski. The Chair explained that Mr Buczkowski had resigned from the Trust in May for personal reasons and referred Mr Oxner to the Trustee meeting attendance discussion earlier in the meeting.

Question 2:

A beneficiary, Tex Edwards, asked questions related to a PWC executive remuneration benchmarking review.

The Chair advised that if Vector had engaged PWC in this regard, it was a question for Vector.

Question 3:

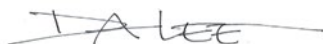
A beneficiary, Brent Murdoch, asked why the auditors fees weren’t set at the meeting. Entrust’s legal advisor, Sarah Kerr, explained that in accordance with the Electricity Industry Act 2010, the beneficiaries had earlier resolved to authorise the Trustees to fix the audit fees and expenses for the ensuring year.

Question 4:

Mr Edwards asked why the annual meeting was held the day before the Election of Trustees closed and why the dividend was paid so close to the election and questions relating to Vector.

The Chair explained that payment of the annual dividend in September to beneficiaries was made as soon as practicable following receipt of the dividend from Vector. She said that the timing of the annual meeting was always late in October, apart from April this year which was due to the search for a new auditor. Ms Lee advised Mr Edwards that she was unable to provide answers to his questions regarding Vector operational processes and that these would be best raised at Vector’s Annual Shareholders Meeting.

There being no further questions the meeting closed at 7.41 pm.



Confirmed:

10 December 2024

Date: