

# Central Hawke's Bay Consumer Power Trust

Annual Public Meeting held:  
3:00pm, Monday 26 July 2021  
at the Waipukurau Club, 10 Russell Street, Waipukurau

## MINUTES OF MEETING

### **1: PRESENT:**

#### **CHB Consumer Power Trust Trustees:**

Karen Middelberg (Acting Chairperson), Catie Avery, Callum Gray, Marcus Peacock, Libby Tosswill, George Williams, Vicki Winlove (Executive Assistant).

#### **Centralines (Board of Directors):**

Ian Walker (Chairman of the Board), Len Gould, Tony Gray, Sarah von Dadelszen, Derek Walker, Fenton Wilson, Julie Collins (Executive Assistant).

#### **Centralines:**

Ken Sutherland (CEO), Jason Larkin (General Manager), Nathan Strong (General Manager Commercial), Wayne Withey (Operations Manager), Brent Mugeridge (Company Accountant), Layton Ashcroft, Nathaniel Bellamy, Kimberley Booth, James Burne, Nigel Hamilton, Tom Heywood, James Parker, Josh Ross, Stu Smith, Bex Whitiri.

#### **Public:**

Her Worship the Mayor Alex Walker, Trevor Le Lievre, Tony Murphy, Kate Taylor.

### **2: APOLOGIES:**

Alistair Setter (Trust Chairperson), Chris Webby (Audit NZ).

### **3: MINUTES OF PREVIOUS MEETING (TUESDAY 28 JULY 2020):**

It was resolved the Minutes of the Central Hawke's Bay Consumer Power Trust Annual Public Meeting held on Tuesday 28 July 2020, a copy having been circulated prior to the meeting, were taken as read and accepted as a true and accurate record.

*I Walker / All in favour  
CARRIED*

### **4: MATTERS ARISING:**

There were no matters arising.

### **5: CONSOLIDATED FINANCIAL STATEMENTS (YEAR ENDED 31 MARCH 2021):**

It was resolved the audited consolidated Centralines and Central Hawke's Bay Consumer Power Trust Financial Statements for the Year Ended 31 March 2021 were accepted as correct.

*S von Dadelzen / All in favour*  
**CARRIED**

**6: APPOINTMENT OF AUDITOR:**

Karen Middelberg, Acting Chairperson moved the resolution not to appoint an auditor for the 2021-22 financial year and to request the Office of the Auditor General to make an auditor appointment on the Trust's behalf.

*L Tosswill / All in favour*  
**CARRIED**

**7: TRUSTEES REMUNERATION:**

Ian Walker, Chairman of the Board moved the resolution for the Trustees Remuneration for the 2021-22 financial year to increase to a total remuneration pool of \$72,000. The last increase in Trustee remuneration was in 2014.

*S von Dadelzen / All in favour*  
**CARRIED**

**8: CHAIRPERSON'S REPORT:**

*Acting Trust Chairperson, Karen Middelberg welcomed attendees to the 2021 Annual Public Meeting of the Central Hawke's Bay Consumer Power Trust. Karen is standing in for Chairman, Alistair Setter who is unable to attend today's meeting due to unforeseen circumstances.*

Firstly, the Trust would like to thank the Management and Staff of Centralines for their ongoing hard work and professionalism in what has been a demanding year for the team. We appreciate their commitment in making Centralines into a great company.

We are delighted to welcome three new board members, Sarah von Dadelzen, Tony Gray and Len Gould. This brings our director numbers to six and the intention of this is to manage a smooth transition with the building of the new depot and changes in management that have occurred. The number will remain at 6 for the next twelve months and then return to 5 after this. Consequently, Derek Walker and Ian Walker have been reappointed. Thank you to the board for your leadership.

During the course of the year a significant change has been sought to the composition of the Trust. We have applied to the High Court to change our Trust Deed to have all seven Trustee positions elected. The goal of this change is to simplify regulatory requirements of Centralines and therefore cost. It will also mean consumer beneficiaries get a greater say in the governance of the Trust and Centralines.

The company has had another strong financial year, and this has enabled a dividend of \$400 fully imputed for every consumer connection, funded by way of a \$3.75m dividend from Centralines to the Trust.

Centralines has also given generously to 51 charitable organisations for a total of \$156,000. These organisations include numerous sports teams, schools, community events, and social services.

As part of the governance of the organization, the Trust issues a Letter of Expectation to the Directors of Centralines at the start of each financial year. Included in recent years the expectation is that there is a focus on growth and ensuring Centralines is ready for industry changes. Responsible growth and investment will ensure that Centralines is able to give back to our Consumer beneficiaries and that Central Hawke's Bay has a reliable, fit for purpose and cost-effective energy network. We have confidence that these expectations are being progressed.

Looking ahead we are optimistic for Centralines and believe that we have the best directors in place overseeing future challenges and opportunities.

## **9: GENERAL BUSINESS:**

### **a) Exempt Status:**

Her Worship the Mayor, Alex Walker questioned what the projected savings for Consumers are by achieving exempt status? Ken Sutherland (Unison CEO) responded that the monetary saving is around the compliance aspect with the auditing of both the financial and quality performance of the business. These are relatively modest savings of around \$20,000 to \$25,000 per year. Nathan Strong (General Manager, Commercial) pointed out the main benefit of achieving exempt status is the level of flexibility Centralines will gain by not being under the Commerce Commission's price path regime.

Alex Walker then questioned if the Commerce Commission is no longer responsible for the price path mechanism, who takes on this responsibility? Karen Middelberg replied that there will still be regulatory requirements with Ken Sutherland further adding the Directors will be responsible for the pricing path decisions and therefore ultimately the Trust. Governance will be put in place for this. Alex Walker further questioned whether this would then form part of the Letter of Expectation to the Board? Ken Sutherland discussed how other lines companies that are already exempt, are mindful of the regulatory regime, but lose the inflexibility to be able to adapt prices and cost structures relative to the actual operation requirements. Therefore, the regulatory pathways are used as guidelines, but exempt lines companies are not strictly required to adhere to the price quality path requirements for a controlled lines business. There are still disclosure obligations that must be reported on regarding the performance of the business of which is seen by the Commerce Commission.

Alex Walker then questioned whether the High Court had signed off Centralines exempt status? Karen Middelberg confirmed the High Court has approved the change in the Trust Deed but the change to the exempt status can't be done until after the Trust has seven elected trustees and the commerce commission approves it.

Alex Walker then questioned whether there was a plan to formally notify the nominating bodies who had relinquished their positions on the Trust? Karen Middelberg replied there will be communication with the nominating bodies, however this is still being worked on due to the ruling only very recently being announced.

Alex Walker then questioned when the CHB District Council Trust Observer position would be put in place on the Trust? Alex Walker noted this was an agreed requirement by the Council for them losing their representatives on the Trust. Karen Middelberg replied this would be something discussed between the Trust and the CHB District Council, after the election. Alex Walker responded she would like discussions around this taking place sooner rather than later.

### **b) Elections:**

Alex Walker questioned what campaign has been made public around encouraging members of the Public to stand for one of the seven Trustee positions? Karen Middelberg replied that formal notification of the forthcoming elections has been placed in the CHB Mail. Karen Middelberg also noted that the Trust has been working to the absolute wire in gaining the High Court ruling with the decision for the election of seven, not four Trustees, having only been very recently received.

### **c) Centralines Website:**

Trevor Le Lievre acknowledged Centralines “gold plated” network with dividends being paid to Consumers, along with the “good job” Trustees have been doing. However, he noted that in trying to obtain further information on the workings of the Trust and Board, the Centralines website fell short of his expectations on what information was available (ie updates on the exempt process, functions of the Board and Trust). Trevor le Lievre requested the Trustees take a look at the website and make it more user friendly. Karen Middelberg commented this is something the Trust can, and will look at. Jason Larkin (General Manager) noted the consolidated, updated Trust Deed is available on the website. The High Court reason decision is not yet available online.

Trevor Le Lievre then questioned what information was available publicity on the website around Centralines fiscal commitment to water security in Central Hawke’s Bay? Karen Middelberg commented that the Trust has given a directive to the Board to investigate investment opportunities for the Company and therefore this lies with the Board. Ian Walker noted that the Board are actively looking into investment opportunities that are available to the Company and water security on the Tukituki River is one of interest to the Board along with renewable energy generation.

Trevor Le Lievre also commented it would be good to see a list of which community organisations received funding through Centralines grants on the Centralines website.

Alex Walker noted information surrounding the forthcoming election was also not on the website.

No further general business.

**MEETING CLOSED: 3.23pm.**

**SIGNED:**

---

Karen Middelberg (Acting Chairperson)

---

Date