

Central Hawke's Bay Consumer Power Trust

Annual Public Meeting held:
3:00pm, Friday 25 July 2025
at Centralines, 17 Coughlan Road, Waipukurau

MINUTES OF MEETING

1: WELCOME:

John Te Amo opened the meeting with a karakia.

2: PRESENT:

CHB Consumer Power Trust Trustees:

Karen Middelberg (Chair), Rachel Baker, Laura Billings, Stuart Ellingham, Thomas Good, Callum Gray, Vicki Winlove (Executive Assistant)

Centralines (Board of Directors):

Fenton Wilson (Board Chair), Kevin Best, Len Gould, Sarah von Dadelzsen, Sarah Tully (Board Observer)

Centralines (Management and Staff):

Jaun Park (Chief Executive), Isabelle Crawshaw (General Manager – Centralines), Jason Larkin (Group General Manager Customer, Commercial and Regulatory – Unison), Aaron Queree (Group Financial Controller - Unison), Brent Muggeridge (Company Accountant – Centralines), Daniel Pitt (Operations Manager – Centralines), Rodney Andersen, Helen Barber, Nathaniel Bellamy, Kimberley Booth (part), James Burne, Caroline Kerr, Josh Ross, Stuart Smith, John Te Amo, Olwen Williams, Gavin Winchester

Public:

Chris Webby (Audit NZ), Her Worship the Mayor Alex Walker, Sharleen Baird, Shelley Burne-Field, Gren Christie, Travis Cullen, Jerry Greer, Richard Hilson, Dean Hyde, Will Foley, Trevor Le Lievre, Russell Maher, Pete Meredith, Peter Murphy, Tony Murphy, Gerard Pain, Louise Phillips, Yvonne Pike, Tony Renata, Murray Rosser, Trish Rosser, Ali Schaper, Dick Schaper, Nieve Smith, Wayne Smith, Ian Walker

3: APOLOGIES:

Tony Gray (Director), Robby Smith (Trustee), Kelly Annand, Tim Atkin, Mark Kinvig, Doug Tate, Kate Taylor, Libby Tosswill

4: MINUTES OF PREVIOUS MEETING (THURSDAY 25 JULY 2024):

It was resolved the Minutes of the Central Hawke's Bay Consumer Power Trust Annual Public Meeting held on Thursday 25 July 2024, a copy having been circulated prior to the meeting, were taken as read and accepted as a true and accurate record.

Alex Walker / All in favour
CARRIED

5: MATTERS ARISING:

There were no matters arising.

6: CORRESPONDANCE:

Ni.

7: CONSOLIDATED FINANCIAL STATEMENTS (YEAR ENDED 31 MARCH 2025):

It was resolved the audited consolidated Centralines and Central Hawke's Bay Consumer Power Trust Financial Statements for the Year Ended 31 March 2025 were accepted as correct.

Laura Billings / All in favour
CARRIED

8: APPOINTMENT OF AUDITOR:

The Trustees of the Central Hawke's Bay Consumer Power Trust have been unable to appoint an auditor for the 2025/26 year and move the Office of the Auditor General to make an auditor appointment on the Trust's behalf.

Rachel Baker / All in favour
CARRIED

9: TRUSTEES REMUNERATION 2025/26:

The Trustees are proposing a 6.5% increase in Trustee remuneration for the 2025/26 year. This proposed adjustment aligns with the Consumer Price Index (CPI) movement over the past two years (March 2023 to March 2025, Statistics NZ). 2024/25 remuneration levels are \$18,720 for the Chair and \$9,360 for each Trustee.

Moved by Sarah von Daelzen / Murray Rosser / All in favour
CARRIED

10: CHAIRPERSON'S REPORT:

The Trust would like to thank the staff, management and the Board at Centralines for their hard work and commitment to the company, which has seen the delivery of a comprehensive works programme and strong financial results over the previous 12 months.

I would also like to acknowledge the open communication and support the Trust receives from the board and management which enables us to do our job effectively on behalf of beneficiaries.

The Trust had an election in September and as a result, the Trust has changed, and we welcome Robby Smith, Rachel Baker, Stuart Ellingham and Thomas Good as new Trustees.

Centralines has a Management Service Agreement with Unison which provides the business with up-to-date technology and expertise. After twenty years this management agreement has been renegotiated by the Board to bring it into line with today's requirements of the company. The landscape has changed from twenty years ago but this partnering with Unison has and continues to bring a leading edge to the business.

Events like Cyclone Gabrielle bring into focus what is truly important, and for Centralines it is to maintain a robust and future-proof electricity distribution network. This requires a planned investment roadmap

and appropriate risk management. For the company to afford this, especially in times of rising costs, careful consideration of price increases, reductions in discounts and borrowing have been necessary.

To help build knowledge of community needs and to enhance consumer understanding of the business, the company is developing a communication strategy, to this end so far you will have seen a survey, a public meeting regarding the 10-year plan and relevant press releases. Please take these opportunities to engage and help Centralines deliver on their aim to be a good community citizen.

We have seen the ongoing commitment by Centralines to supporting our local community in the form of sponsorship to sixty-two charitable organisations for a total of \$197, 000. These organisations included numerous sports teams, community events, social services, and schools.

As part of the governance of the organisation, the Trust issues a Letter of Expectation to the Directors of Centralines at the start of each financial year. Included in recent years is the expectation that the Directors focus on growth and on ensuring Centralines is ready for industry changes. The major industry change is decarbonising the economy and providing renewable energy. This places expectations on Centralines that the network will be ready to supply consumers with the energy that is required.

We have confidence that these expectations are being progressed and are excited about recent announcements regarding the Joint Venture in building a Solar Farm at Onga Onga.

Finally on behalf of the CHB community I would like to thank my fellow trustees on the professionalism and focus they bring to their role as trustees.

Karen Middelberg
CHB Consumer Power Trust Chair

11: GENERAL BUSINESS:

11.1 Consumer Query – Growth Reporting

Consumer: Shelley Burne-Field

Discussion: Shelley Burne-Field sought clarification on perceived contradictions between the SCI and the Annual Report. While the Trustees referred to a period of very high growth, Directors have stated that growth is slowing. She questioned why Centralines continues to invest in increasing network capacity given this context.

Trust/Centralines' Response:

While the rate of growth has tapered off, the company is still growing. New connections continue to increase, albeit at a slower pace than in previous years. In addition, significant work is required to maintain and future-proof the network.

11.2 Consumer Query – Ownership Structure

Consumer: Shelley Burne-Field

Discussion: Shelley Burne-Field sought clarity on the ownership structure of Centralines.

Trust/Centralines' Response:

Centralines is owned by the CHB Consumer Power Trust. Consumers connected to the Centralines network are beneficiaries of this Trust.

11.3 Consumer Comment – Communications and Transparency

Consumer: Shelley Burne-Field

Discussion Point: Shelley Burne Field congratulated Centralines and the Trust on implementing a communication strategy but felt that consumers would benefit from further transparency—such as

understanding the role of the Trust, reasons behind power price increases, and details of the Unison management contract. She questioned the timing of the recent consumer survey, which she felt was strategically aligned prior to price increases-

Trust/Centralines' Response:

The Trust and Company recognise the importance of regular communication with consumers. Much of this information is available on the Centralines website. Trustees remain accessible to consumers.

11.4 Consumer Query – Network Investment and Asset Management

Consumer: Shelley Burne-Field

Discussion: Shelley Burne-Field expressed concern about the level of investment in network maintenance, stating that when she worked at CHB Power several decades ago, poles were said to have 80–100 years of life left. She asked which lines are being replaced and called for a review of the asset management plan and the Unison management services agreement.

Trust/Centralines' Response:

Many poles are now reaching end of life, having been installed in the 1930s–40s and poles now coming due for replacement were installed also in the 1950's. This is outlined in the Asset Management Plan. Income from network charges is reinvested into the network to ensure future reliability. The company could reduce charges, but that would lead to deferred maintenance and a costly catch-up later. Centralines is managed as an intergenerational asset, and maintenance is a long-term responsibility. The Trust Chair commended the company for managing price increases carefully—some other lines companies have raised charges by 23%. Centralines' approach includes moderate price increases, some borrowing, and a reduced discount. The Commerce Commission reviews the Asset Management Plan as part of its regulatory oversight.

11.5 Consumer Query – Investment in TWS Project

Consumers: Sharlene Baird, Murray Rosser, Trevor Le Lievre, Richard Hilson, others

Discussion:

- Sharlene Baird questioned the robustness of Centralines' audit and risk processes in relation to a \$100,000 in-principal commitment to the speculative Tukituki Water Security (TWS) project.
- Murray Rosser referred to TWS documentation labelling the project as "high risk" and felt the investment was irresponsible. He also asked about other speculative investments.
- An unidentified consumer questioned how many similar "gifts" had been made under the Trust's approval threshold and suggested water storage projects are outside Centralines' remit.
- Trevor Le Lievre acknowledged the efforts of governance, administration and operational teams. He asked for clarification of the Trust's role versus the Board, questioned the investment decision process, and whether other investments have been made.
- Richard Hilson noted that if TWS succeeds in raising its funding, it will show there is substantial community support for the project.

Trust/Centralines' Responses:

- No money has exchanged hands for the Tukituki Water Security Project. The boards commitment to the project is currently only an indication of the company's intention to invest subject to a number of factors, including confirmation that the project team have successfully raised the outstanding capital to proceed to the feasibility stage.
- The investment is below the threshold requiring Trust approval (<5% of capital value). The Board—not the Trust—makes operational decisions.
- Apart from the solar project, no other business investments have been made.
- The Trust continues to represent consumer concerns with the Board, including responding individually to correspondence.
- There is a degree of speculation to any investment, an example being the airport solar project which did not go ahead, although the learnings of that, have greatly contributed to the new solar project including obtaining Government support in the form of a loan.
- The Trust confirmed its role is to appoint the Board.
- Business cases can be submitted to the Board for consideration.

- The TWS investment is seen as a potential opportunity for regional growth. Centralines operates in a challenging environment with high costs due to a large network and low population density. Growth is essential to reduce future lines charges.

11.6 Consumer Query – Beneficiary Status and Land Rights

Consumer: Tony Renata

Discussion: Tony Renata sought clarity on what defines a beneficiary of Centralines, how one becomes or ceases to be a beneficiary, and how landowners benefit if lines are on their whenua.

Trust/Centralines' Response:

A beneficiary is defined by having an ICP connection with Centralines. One ceases to be a beneficiary by disconnecting. There is no knowledge of anyone opting out before. Lines installed before 1992 were established under earlier public works and electricity legislation. Post-1992 installations require a legal easement, negotiated with and agreed by the landowner.

11.7 Consumer Query – Value of Beneficiary Status

Consumer: Tony Murphy

Discussion: Tony Murphy questioned the value of being a beneficiary if there are no discounts or dividends, suggesting it might be better to sell the company and distribute \$10,000 to each consumer.

Trust/Centralines' Response:

It was questioned how the \$10,000 figure would be allocated—why to current consumers and not past or future ones? Selling to an outside entity could result in profits leaving the region and a reduced commitment to the community. The Trust noted that the primary benefit for beneficiaries of the Trust is a reliable and robust electricity supply today and in the future.

11.8 Consumer Query – Return on Investment and Pricing Fairness

Consumer: Murray Rosser

Discussion: Murray Rosser questioned the benchmark return for lines companies, suggesting Centralines' returns appear low. He also asked why we are amalgamating with other lines companies (Unison MSA) and whether small users subsidise large users.

Trust/Centralines' Response:

Returning dividends would mean removing money from the community. Centralines' model focuses on reinvestment rather than extraction. The solar project is expected to generate future revenue. Pricing is set via a pricing methodology disclosed on the website: large users typically use less of the network (e.g. only high voltage infrastructure), while residential users use more of the network.

11.9 Consumer Request – Public Consultation on Future TWS Funding

Consumer: Trevor Le Lievre

Discussion: Citing clause 12.1 of the Trust Deed, Trevor Le Lievre asked if the Trust would commit to public consultation before further investment into the TWS project, given the controversy.

Trust/Centralines' Response:

The Trust reiterated it does not involve itself in operational business matters, which remain the responsibility of the Board of Directors.

The Trust and Board acknowledged the concerns raised today and welcomed the large turnout as a sign of strong community engagement.

12: CLOSE:

John Te Amo closed the meeting with a karakia.

MEETING CLOSED 4.03pm

SIGNED:

Karen Middelberg (Chair)

Date