

KING COUNTRY ELECTRIC POWER TRUST



ANNUAL REPORT 2015

The Trustees present this twenty first annual report to the consumer beneficiaries.

The year ended 31st March 2015 has been a year of consolidation for the Trust following the sale of the 10% shareholding in The Lines Company Ltd.

The Trust has progressively invested the funds from that sale into a fully managed investment portfolio with BNZ Private Banking.

This is showing good returns at the present time.

KING COUNTRY ENERGY LTD

The Trust completed rebuilding our shares in KCE to 19.98%. This outcome was achieved in a shorter time than we had anticipated.

KCE remains our core investment and the Trust has maintained close contact with Directors and senior staff throughout the year.

Recently the Trust worked alongside KCE's Customer Services Manager, Helen Peacock, utilising KCE's newsletters explaining the special distribution KCE customers who are also KCEPT beneficiaries receive.

It is a positive step for both KCE and the Trust, supporting both organisations.

REGIONAL ELECTRICITY TRUST GROUPINGS

KCEPT continues to attend ETNZ annual conferences and one initiative coming out of conference is that whereby neighbouring electricity trusts are encouraged to set up groups of common interest both from an issues and geographical perspective.

KCEPT is in with WESCT, Waipa and WEL and so far the discussions have been moderately useful but not yet grasping the difficult issues of how to better serve communities requiring a more cost effective provision of line services.

DISRUPTIVE TECHNOLOGIES

The name is a lead, perhaps a clue into the effect that the march of technology will have on the electricity industry of the future.

In the very near future, modern photovoltaic arrays on consumer premises, coupled to the latest efficient design for storage batteries will change the face of the industry, particularly for those consumers who can afford to fund the installations.

Uptake is likely to be rapid along with price reductions in inverse proportions.

This will present both challenges and opportunities for the electricity retail industry and even more challenges for Lines Companies.

Already we are seeing the start of a death spiral where consumers are choosing to switch to their own harvest and management of their energy needs for both economic and philosophical reasons.

Those left on conventional supply systems are likely to face even higher costs going forward.

As an investor in a generation and retailing company we need to work closer together to chart a good pathway through these issues for our beneficiaries.

STRATEGIC PLANNING FOR THE TRUST

Soon after our last AGM the Trust embarked on a comprehensive strategic planning session for the Trust.

Employing Annie Perkins from Groundwork Associates in Hamilton, the Trust went right through the process and the outcome is the document that is now available on the website.

Trustees felt that the exercise was well worthwhile as we had the opportunity to step outside the daily work of the Trust and examine what we are really here for.

The gem of wisdom from the session came from Mr Norman Annand where he stated "that we just want to make more money so we can give more away!"

DISTRIBUTION POLICY

At the last AGM we signalled that we want to review the policy with input from our beneficiaries.

To date we have not achieved this as other issues have tended to overtake the Trust requiring our full attention. We do intend to carry this out over the next few months.

SECRETARIAL SERVICES

Ms Tessa Stewart continues to provide very good comprehensive secretarial services to the Trust. We appreciate her work and attention to detail.

TRUSTEE MEETING ATTENDANCES

Trustees continued to attend meetings throughout the year with few absences.

THE FUTURE

The Trust will continue to monitor and review investments held with a view to growing the capital and maintaining, if not increasing, distributions to beneficiaries.

The Trust takes a conservative approach to investment, looking for safety and reliability in the investment strategy.

ACCESS TO INFORMATION GUIDELINES

No requests for information under the guidelines have been received. Any information informally requested has been freely supplied where it was available.

The Trust, under section 10.1 of its guidelines for access to information by beneficiaries, is required to include in this report the outcomes of requests made under the Guidelines. Trustees report:

- o Number of requests for information NIL
- o Costs incurred to process requests NIL
- o Number of Trust decisions subject to review NIL
- o A summary of the outcome of reviews NOT REQD
- o Costs incurred in respect to reviews NIL

FINANCIAL PERFORMANCE DETAIL

Key information at a glance; expenses have fallen considerably this financial year. Information in detail is set out in the audited set of accounts.

	2015	2014
Trust Funds	\$39.65m	\$37.86m
Expenses	\$193k	\$304k
Distribution to Beneficiaries	\$1.25m	\$960k
Dividend and Interest Income	\$2.56m	\$2.64m

Signed on Trustees behalf,
Robert Carter
Chairman

