



Whakarato Te Rohe Pōtae

ANNUAL REPORT 2024

The Trustees take great pleasure in presenting this thirtieth annual report to the consumer beneficiaries of KCT.

THE TRUST

The 2023 Annual General Meeting (AGM) for the Trust took place at Oreti Village Pukawa, with a great turnout and productive discussions.

In the past year:

- a review of the investment portfolio was completed. This resulted, with the help of Eriksons Global, the funds held with BNZ moving to Milford Asset Management and Fisher Funds.
- there were thirteen (13) Trust meetings conducted either through Zoom or in person, and we only received three apologies for all the meetings.
- the Chairperson changed in December 2023 from Adie Doyle to Uwe Kroll. A big thank you to Adie for a job well done.
- Robert Carter resigned from the Trust.
- a trust election was held in February 2024, and Jo Bransgrove, Adie Doyle and Uwe Kroll were re-elected for another term.
- our representation on KCE changed in 2024. Jo Bransgrove took over as Director from Robert Carter, who served nearly 8 years on KCE.
- trustees participated in conferences organised by the Energy Trusts of New Zealand after rejoining the organisation last year.
- trustee fees were adjusted annually to account for inflation based on the Consumer Price Index (CPI).

Sandra Greenslade represents the KCT on the Maru Energy Trust, which is dedicated to providing insulation and energy-saving initiatives in the KCT district. Since its establishment in September 2019, the Maru Energy Trust has funded the insulation of 463 homes and the installation of 186 heat pumps in the King Country Trust area. In the past financial year, 90 homes were insulated, and 57 heat pumps were installed.

Robert Carter had been on the Trust since 2008. All the Trustees express their gratitude to Robert for his significant contributions to KCE and the Trust over the years. No decision has been made yet on a replacement trustee.

The trustees regularly review the Trust's expenses to maximise distributions. This year, regular administration expenses increased by \$21,641 (9.8%). This included, in 2024, election expenses. Our strategic and consultancy expenses include ongoing legal fees, as we are currently amending our Trust Deed to ensure it fits our future needs.

Last year, Trustees sought a High Court review on five outstanding amendments to the Trust Deed. These include:

- amendments to enable the Trust to continue to benefit its beneficiaries through management of other investments even if its current shares in King Country Energy Limited (KCE) are sold.
- new powers for the Trustees to alter the Deed without requiring a prescribed public consultative procedure where the amendment is minor, corrective in nature or necessary to comply with statute or regulation.
- a new definition of “Consumers” to clarify that persons who pay for line services from the Lines Company Limited (Lines Company) but who do not necessarily own the connected premises are Consumers.
- clarifying the powers of Trustees to pay or apply income for the benefit of Consumers indirectly by making a donation or grant to a local charity.
- amendments to the definitions of key dates to change the maximum duration of the Trust.

In May 2024 the Trustees received confirmation from the High Court that the requested amendments have been approved.

FINANCES

The Trust received reports from the Trust-appointed director of King Country Energy each month and a presentation from the KCE General Manager every six months.

This year has seen a bounce back in investment earnings but lower results from King Country Energy. While the dividends received were higher, this will likely decline based on their 2024 earnings. The net asset position increased by \$37K after a \$2m distribution to beneficiaries. As a reminder, the dividends from KCE are treated as a reduction in the value of the investment (deduction from net equity) in the accounts but are taxable income.

Trustees remain confident in the ongoing financial performance of KCE and the dividends that will result.

The investment funds of the Trust were moved from BNZ to Milford Funds and Fisher Funds in September 2023 and results are reviewed monthly. Eriksons Global visits quarterly to review the portfolio in person. The after tax and fee returns on the funds were (from inception in September 2023):

- Fisher Funds 7.38% (annualized 10.95%)
- Milford Funds 4.87% (annualized 8.62%)

The Trustees are comfortable with the results after this move. Returns are subject to volatility and the Trust has a long-term view. No significant change in direction is necessary.

The recent government announcement confirmed that the tax rates applied to “Lines Trusts” (established under the Electricity Industry Act 2010) will remain at 33%, which was welcome news for the Trustees.

The financial statements continue to be subject to a qualified audit. This is because King Country Energy Limited does not prepare audited accounts and this represents a significant component of KCT’s assets. An agreed-upon procedures engagement has been conducted on the provided information, giving the Directors confidence in the results presented to their shareholders.

Information in detail is set out in the audited set of accounts.

OUTCOMES

The Trust continues with its distribution guidelines to beneficiary consumers.

The vision and goal of the distribution guideline remains:

VISION

To Make a Significant Difference to the Lives of Our Consumer Beneficiaries

GOAL

To increase distributions on \$1.3M from 2019 by 5% p.a. for the foreseeable future

The Trust distributed \$2,060,186 directly to beneficiaries last financial year via their electricity account with retailers (The Lines Company acts as an intermediary). Donations of \$87,632 were made during the year (primarily supporting the building of the recently opened Ruapehu Emergency Services facility) and a commitment remained to support the construction of the St John Waimarino facility.

ACCESS TO INFORMATION GUIDELINES

No requests for information under the guidelines have been received.

Signed on behalf of the Trustees:



Uwe Kroll
Chair