

DID YOU KNOW?

...quick facts about the Auckland Energy Consumer Trust

- The Auckland Energy Consumer Trust was formed in 1993.
- The Trust was set up to run for 80 years, until 2073.
- The Trust is the controlling (75.1%) shareholder of listed company Vector.
- The Trust is responsible for appointing Directors to the Board of Vector.
- The Trust pays dividends to its income beneficiaries.
- The Trust's income beneficiaries are Vector electricity customers in the Trust district.
- In 2006, the Auckland Energy Consumer Trust paid \$93 million to its income beneficiaries.
- The Auckland Energy Consumer Trust is by far the largest consumer trust in New Zealand.
- There are 24 energy trusts around New Zealand, holding investments worth more than \$5 billion.
- An independent report prepared in 2006 by the New Zealand Institute of Economic Research (NZIER) concluded that the current Trust arrangements for ownership of the shares in Vector are superior to other suggestions such as council or regional body ownership.

NEED MORE INFO?



To find out more about the Auckland Energy Consumer Trust or Vector, see www.aect.co.nz or www.vector.co.nz

For queries about direct crediting your AECT dividend:

Phone: **0508 AECTINFO (0508 232 846)**

Fax: **09 978 7516**

Email: aect@aect.co.nz



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TRUST YOURSELF? Try this quick Trust quiz

1. The Auckland Energy Consumer Trust belongs to the people of: (Tick each correct area)

- Auckland City
- Manukau City
- Northern Papakura
- North Shore City
- Waitakere City
- Wellington

2. The Trust pays an annual dividend to around 300,000 people in (Tick each correct area)

- Auckland City
- Manukau City
- Northern Papakura
- North Shore City
- Waitakere City
- Wellington

3. Vector originally owned and managed the electricity lines networks in the Trust district only

- True
- False

4. The Trust is the majority shareholder of (Tick one)

- Victor
- Vector
- Mercury Energy
- Meridian Energy

5. Vector now owns other electricity lines networks plus other businesses in the gas and telecommunications industries

- True
- False

6. The Auckland Energy Consumer Trust has an agreement with Vector to spend how much each year on undergrounding in the Trust district?

- \$1.5 million
- \$5.5 million
- \$10.5 million

1. Auckland City, Manukau City, Northern Papakura, 2. Auckland City, Manukau City, Northern Papakura, 3. True 4. Vector 5. True 6. \$10.5 million

ANSWERS

Auckland Energy Consumer Trust UPDATE

JUNE 07

Dividend coming for 300,000 people

In a few months time nearly 300,000 people will receive their annual dividend from the Auckland Energy Consumer Trust. Last year's payment was \$310, and the Trust hopes this year's payment will be a similar amount. The money comes from dividends paid to the Trust by Vector, which is 75.1% owned by the Trust.

All income beneficiaries of the Trust receive the payment. Income beneficiaries are all those people who pay Vector electricity line charges in Auckland City, Manukau City, and the northern parts of Papakura.

Although Vector also owns the North Shore, Waitakere and Wellington electricity networks, only their electricity customers in the Auckland Energy Consumer Trust district receive the dividend payment.

"It's an important distinction," says Trust Chairman, Warren Kyd. "Vector has many customers but only those who are our beneficiaries receive the dividend."



Nearly 300,000 households and businesses in Auckland City, Manukau City and parts of Papakura receive the annual dividend from the Auckland Energy Consumer Trust

Dividend can be paid direct to bank account



Forget the queue, have your dividend banked directly into your bank account

Last year the Auckland Energy Consumer Trust paid the dividend to income beneficiaries by cheque or as a credit on the beneficiary's power account.

This year, beneficiaries have another option. They can choose to have the dividend paid directly into their bank account.

There are many advantages to this option, particularly because it means the dividend is available for use immediately. With a cheque, the bank needs to process and clear the funds, meaning there can be a delay of around five days before the money is available. The direct credit option is processed and cleared immediately, with no delay. There are no risks of losing the cheque, and the money can be used or start earning interest right away.

In a few months time when the dividend is paid, all those beneficiaries who take up the direct credit option will be notified and their dividend will be paid straight to their bank account. **See the enclosed form for more details now.**

Auckland Energy
Consumer Trust





Protecting the interests of all beneficiaries.

Your five AECT Trustees, from left, Karen Sherry, Michael Buczkowski, Warren Kyd, Shale Chambers, James Carmichael.

Trustees responsible for \$2 billion investment

It's 7.15am on a cold, dark Wednesday morning and the five Trustees of the Auckland Energy Consumer Trust are hurrying in to their monthly meeting. Armed with official documents and a busy agenda, the Trustees make short work of the morning greetings and get straight down to business.

Today's agenda includes a discussion about the appointment of new directors to the Vector board, details of the latest audit of power security, and a discussion about city councils wanting their hands on the Trust assets.

"There are always a lot of issues to be addressed, mainly because the Trust is the majority owner of a very valuable and complex business, which is Vector," says Trustee Karen Sherry.

Vector is a major multi-infrastructure company with electricity, gas and communications businesses throughout New Zealand.

Different views, same goals

The five Trustees are all elected by beneficiaries every three years. Supporting the Trustees are just two staff members, Executive Officer Mark Bogle, and Office Administrator, Joy Stevens.

Although Trustees may have different political views, they all share a strong belief in the value of the Trust for the people of Auckland. That's evident this morning.

At times the debate is intense, with each Trustee expressing strong opinions. But in the end, decisions are agreed based on what is right for the future of the Trust and its beneficiaries' interests.

"No matter what our personal views, it always comes back to making sure we fulfil our role as Trustees," says Chairman Warren Kyd.

From our grandparents to our grandchildren

Trustee and Deputy Chairman Michael Buczkowski points out that the Trust ensures ownership of a major infrastructure company is in New Zealand hands and benefits are returned locally.

"The acquisition by Vector of UnitedNetworks from the American owners and NGC from the Australian owners repatriated very

large assets back to New Zealand ownership. The subsequent growth of the dividend to more than \$300, paid to beneficiaries locally, is indicative of the Trust's successful management of our assets," says Michael.

As Trustee Shale Chambers adds, the Trust also has a responsibility to protect its beneficiaries' long term interests.

"The Trust was built on the contributions of our grandparents and it is up to us to protect it not just for our own grandchildren, but for their grandchildren."

While the Trust itself didn't exist in our grandparents' day, the original assets behind the Trust did. Those were the power lines of the Auckland Electric Power Board (AEPB). Through various government reforms, the lines side of the AEPB became Vector, under the ownership the Auckland Energy Consumer Trust.

Trust pays dividends until 2073

The Trust was set up to run for 80 years, terminating in 2073. During its lifetime, Vector electricity customers on the old AEPB network are income beneficiaries of the Trust and receive an annual dividend. But in 2073 the Trust assets will be proportionately distributed to the Auckland City Council, Manukau City Council and the Papakura District Council.

Although that's a seemingly long time away, it is a matter of concern at this morning's meeting as one of the councils has publicly declared its wish to wind up the Trust early.

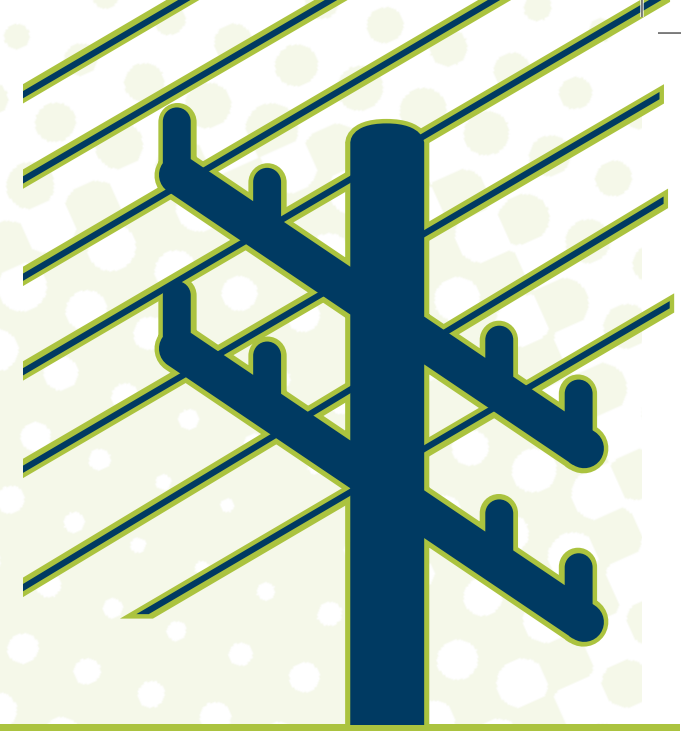
"If that happens, you know the councils will probably sell off the shares in Vector, and that will mean the end of the dividends for our beneficiaries," notes Trustee James Carmichael.

With these concerns, it is no wonder the Trustees are paying close attention to the councils' plans at this morning's meeting, and that they always pay close attention to the future of the Trust.

After all, the Trust's shares in Vector are worth more than two billion dollars. That makes the Auckland Energy Consumer Trust an important economic force; one which the Trustees are determined to protect and grow for the next generation.

**Auckland Energy
Consumer Trust**





Lines go underground thanks to the Trust

Powerlines are gradually disappearing from the landscape in Auckland, Manukau and parts of Papakura, thanks to the Auckland Energy Consumer Trust. That's because the Trust has a formal agreement with Vector in which more than \$10.5 million is invested every year in an undergrounding programme across the Trust district.

large areas in Avondale, Papatoetoe, Glen Innes, Weymouth and Howick. And many smaller projects have improved neighbourhoods all around the district.

As part of the programme, Vector uses a 'dig once' policy, in which Vector co-ordinates work with councils and other utilities to completely revitalise an area at the same time. As the photos on this page show, the result is a dramatic transformation of the streetscape.

To date, 124km of overhead lines from 66km of streets have been undergrounded around the Trust district, including

