

Chairman's Report

Earlier this year Ross Inder stepped down as Chair of the Trust to allow for a successor. I would like to thank Ross for his past leadership and continuing support, and also my fellow Trustees for their support and confidence in voting me as Chair.

During the year the Trustees established a Strategic Plan focusing on 4 outcomes:

- Our beneficiaries (ICP holders) are actively engaged with the Trust
- The value of our investment in Marlborough Lines is protected and continually enhanced
- We operate in a transparent, legal and effective manner
- Tangible benefits are returned to beneficiaries whilst maintaining a focus on the Trusts future

These outcomes will be achieved by focusing in several areas, including communication and engagement with beneficiaries.

With this in mind, the Trust has a refreshed website (www.mept.co.nz) designed with a more user-friendly approach in mind. Regular news items and relevant information will be added to the website to keep beneficiaries informed. We have also developed a Q&A page to answer those questions we hear most often. This is an evolving website and we welcome feedback from our beneficiaries on what else they would like to see on it.

Marlborough Lines Limited continues to perform well and I would like to congratulate the Company Directors and Executive for their vision and leadership. Not only is the quality of the network impressive, the investments and financial management have ensured the Company continues to provide discounts to many consumers and strong dividends to the Shareholders (Trustees). Given the network traverses some of the most beautiful yet difficult terrain that EDBs reticulate in NZ this is no small feat.

Part of ensuring trustees operate in a legal and effective manner is ensuring we keep abreast of industry developments. The Trustees have attended two Conferences over the past year held by Energy Trusts of New Zealand. Significant topics at both conferences included the new, emerging and disruptive technologies as well as the danger of stranded assets as a result of technology. Whilst it can be difficult to achieve a balance between maintaining current assets and allowing for future technologies, I continue to be impressed by the company's (Marlborough Lines Limited) attitude and performance in maintaining a solid and reliable network that achieves its main aim of supplying electricity to Marlborough.

Education for the trustees regarding their duties, powers and obligations as they relate to trust law and the terms of the deed under which we operate is an important aspect, as trustee duties cannot be taken lightly. This year the trustees were fortunate to secure a session with respected Barrister Peter Castle. Peter specialises in trust law and has significant knowledge of energy trust deeds having been party to them on conception. The particular session discussed the fundamentals of trust law and how it relates to a trustees core duties.

It is gratifying to see that investment and operational decisions made by Marlborough Lines Limited have resulted in healthy dividends being received by the Trust. This has in turn allowed trustees to grow the distributions made to Consumers (up from \$50 to \$150 in 2017). It is the current trustees hope that the benefits payable to Consumers will continue to grow over time. In time, it would be wonderful to see the level of distributions together with the company discount reach the equivalent of 2 months free electricity for the average household consumer.

At our last annual public meeting it was quite correctly pointed out that the meeting did not take place within four months of the end of the financial year as required by clause 12.8 of the Trust Deed.

The main purpose of a reporting meeting is to present the financial accounts and elect an Auditor. As it was not possible to have the financial accounts audited within the 4 month timeframe, the Trustees chose to hold the meeting once the audited financial accounts were available. This decision was made to avoid the additional cost and effort of holding two meetings. To correct this and a few other procedural matters the Trustees are undertaking a review of the Trust Deed and involving the beneficiaries through the "public consultative procedure."

Finally, I would like to thank my fellow Trustees for their continued support. Their approach to decision making in the best interests of the beneficiaries has been both collaborative and professional. I also need to thank the Trust's brilliant long serving Trust Secretary Brenda Munro, for her steady approach to all things trust related.

Kindest Regards



Ian Martella