



Strategic Plan

2010/2011

Mission Statement

To manage the Southland Electric Power Supply Consumer Trust's (SEPSCT) investment in The Power Company Limited (TPCL) in a diligent and responsible manner.

Ensure that the value of the investment is protected, enhanced and applied for the benefit of consumers as defined by the Trust Deed.

Vision

To continue to deliver the benefits of 100% consumer ownership to promote retention of the Trust ownership model.

To manage the Trust's investment in TPCL ensuring that the benefits of consumer ownership are enhanced equitably for both current and future consumers.

Goals

Balance the accountability requirements of Trust ownership with the commercial demands of a dynamic company structure.

Deliver the benefits of consumer ownership on an annual basis.

Support the Company (TPCL) in securing long term consumer satisfaction through continuous improvement in network performance.

Raise the public profile of the Trust (SEPSCT).

Trust Duties

1. Regularly monitor the financial performance of the Company
2. Monitor electrical network performance
3. Keep a regular dialogue with Directors
4. Appointment Directors to the Company
5. Consult with Directors and Management regarding the Statement of Intent and Business Plan
6. Attend, as shareholders, the AGM of The Power Company Limited
7. Arrange Trustee elections
8. Arrange and conduct the public AGM of the Trust
9. Adhere to Guidelines for Access to Information by Beneficiaries of Electricity and Customer Trusts

Summary

The Trustees prime responsibility is to hold the shares in the Company on behalf of consumers. The Trust's investment comprises 67,521,836 shares in The Power Company Limited issued equally to each of the five trustees.

The Trustees objective is to ensure the secure delivery of electricity through its network, reasonable line charges for consumers, and that the value of the Company is maintained, through its relationship with Directors and Management.

Overview

Background

The Southland Electric Power Supply Consumer Trust (SEPS Consumer Trust) was set up by the Government in 1997 to return ownership of the local electricity network to the people of Southland (the majority of the Invercargill and Bluff networks were already owned by the Invercargill City Council). The Government appointed the first five Trustees which have subsequently been elected by electricity consumers.

Responsibility

The purpose of the Trust is to hold the shares of the company or proceeds from their sale and use any income for the benefit of consumers, or charitable purposes, or enable the Company to discount or rebate its charges for the benefit of consumers.

The Trust should procure, through exercising its rights as a shareholder in the Company:

1. The promotion of the interests of present and future consumers
2. The Company to operate as a competitive commercial business
3. Capital for the ongoing operation and development of the business
4. As far as practicable, control remains in Southland

Structure

The SEPS Consumer Trust owns 100% of the shares in The Power Company Limited which through its subsidiaries owns the electricity distribution network in greater Southland. It also owns 50% of PowerNet Limited (along with Electricity Invercargill Limited) which operates both networks.

Implementation

Exercise the rights of shareholders while supporting the Company (TPCL) to operate as a successful business by the following processes:

- ❑ Develop with the Board of Directors an appropriate timetable for consideration of the Statement of Intent and Business Plan
- ❑ Consider and comment on the annual Statement of Corporate Intent
- ❑ Consider and comment on the annual Business Plan
- ❑ Monitor the Company's network performance on a monthly basis
- ❑ Monitor the Company financial statements monthly, bi-annually and annually, including monthly budgets versus actuals
- ❑ Monitor the performance of subsidiaries and joint ventures
- ❑ Establish and maintain a structured system to evaluate Directors' performance
- ❑ Continuously review opportunity for explicit, posted or discretionary discount
- ❑ Review Trust operating costs on an annual basis
- ❑ Complete an annual review of the Strategic Plan