

Code of Practice

Benefiting Consumers and their Communities

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OPERATING GUIDELINES

for

TAURANGA ENERGY CONSUMER TRUST

(Code of Practice)

1. PURPOSE OF VOLUNTARY GUIDELINES

The purpose of the voluntary guidelines is to **promote best practice** in energy Trust administration so as to ensure:

- a. **Lawful transparency** of Trust operations by giving beneficiaries adequate information about the activities of the Trust; and
- b. **Lawful accountability** to the beneficiaries enabling Trustees and beneficiaries to monitor Trust performance against clear objectives.

2. GUIDELINE OBJECTIVES

- 2.1 To (following commencement of its application) comply with the Electricity Amendment Act 2001 ("EAA") as to Annual Financial Statements, annual meeting of beneficiaries and the appointment of an auditor.
- 2.2 To set up agreed standards for the preparation and publishing of an Annual Report.
- 2.3 To establish a protocol for the promulgation of an Annual Plan.
- 2.4 To set up a Disputes Procedure for beneficiaries.
- 2.5 To encourage Trustees to periodically inform beneficiaries of the operation and activities of the Trust.
- 2.6 To periodically review the operation of the Guidelines against the Statement of Purpose and update them as required.

3. GUIDELINE PRINCIPLES

- 3.1 Trustees will at all times fully comply with their obligations under their Trust Deed.
- 3.2 Trustees will at all times comply with their obligations under the Trustee Act 1956, the EAA and trustee law generally.
- 3.3 Trustees will act promptly, fairly and with respect for the beneficiaries in handling all queries or complaints.

4. RULES

4.1 Annual Meeting

- 4.1.1 In addition to any requirements of the Trust Deed, (where those provisions do not incorporate these Guidelines) Trustees shall hold an Annual Meeting in accordance with these Guidelines.
- 4.1.2 The Trustees shall hold an Annual Meeting, which is open to the beneficiaries and in accord with the Trust Deed or within (4) months after the end of each Financial Year to:
- (a) report on the operations of the Trust during the preceding Financial Year including performance against the Annual Plan objectives for the year; and
 - (b) report on the Financial Statement of the Trust for that Financial Year;
 - (c) Conduct the business specified in the EAA.
 - (d) If applicable, fix the amount of remuneration payable to Trustees pursuant to clause 12.1(b)(i) of the Trust Deed.

The Trustees shall give not less than 14 days notice of the meeting in accord with the Trust Deed. This notice shall specify the availability of the Annual Report, comply with the requirements of Section 13 EAA and, if applicable, specify the amount of any increase in remuneration payable to the Trustees pursuant to clause 12.1(b)(i) of the Trust Deed if the amount of such remuneration is in fact proposed to be increased.

4.2 Trustees to prepare audited Financial Statements

- 4.2.1 The Trustees shall prepare Financial Statements in accordance with Section 13 EAA.
- 4.2.2 In addition to complying with section 3 of the Financial Reporting Act 1993 the Financial Statements of the trust shall show separately:
- (a) the total amount of the distribution of income or capital paid to beneficiaries by way of general consumer distribution in that Financial Year; and
 - (b) the names of organisation or persons to whom distributions of income or capital have been approved or paid in that financial year other than those referred to in 4.2.2(a) together with the individual amounts approved or paid by way of a payment scheme.
 - (c) a statement confirming that the Trustees have complied with all of their obligations under these Guidelines.

4.3 Appointment of Auditor

- 4.3.1 The auditor shall be appointed in compliance with Section 13 EAA.

4.4 Publishing Financial Statements and Audit Report

- 4.4.1 The Trustees shall make the Financial Statements and the Auditor's Report available to the beneficiaries in compliance with Section 13 EAA.

4.5 Annual Report

- 4.5.1 The Trustees shall prepare an Annual Report to the beneficiaries. The Annual Report shall:
- (a) describe the key features of the previous year's operation
 - (b) assess the performance of the Trust against the Annual Plan; and
 - (c) specify whether or not changes have been made to the Trust Deed in the year.

4.6 Annual Plan

- 4.6.1 Trustees shall prepare an Annual Plan concerning the intentions for distributions planned for the Financial Year to which the plan relates.
- 4.6.2 The Trustees shall give not less than 14 days notice of the Annual Plan to beneficiaries, and the Annual Plan shall be made available to beneficiaries for inspection and comment.

4.7 Disputes Procedure

- 4.7.1 Where a beneficiary wishes to complain about or comment on the decisions or operation of the Trust they may do so by voicing their concern direct to the Trust Secretary, Chairperson or Trustees generally, either verbally or in writing.
- 4.7.2 All complaints shall be dealt with fairly and efficiently.
- 4.7.3 The Secretary or Chairperson (or a substitute if necessary) will attempt to resolve the complaint within 30 days of receipt of the complaint.
- 4.7.4 If the matter is not able to be resolved verbally the Secretary or Chairperson will invite the beneficiary to lodge his or her complaint in writing to the full Trust and following the receipt of a complaint in writing the Trustees shall respond in writing to the complainant.
- 4.7.5 If the complainant advises the Trust in writing that the complaint remains unresolved, the Trust shall refer the complaint to the mediation of a Mediator appointed by the President of the Arbitrators and Mediators Institute of New Zealand Inc.

4.8 Communication with Beneficiaries

- 4.8.1 In addition to the annual reporting requirements, Trustees shall communicate with their beneficiaries at least once a year (or by way of website) to inform beneficiaries of the operation and activities of the Trust.

4.9 Conflict of Interest

- 4.9.1 Trustees are bound by law and by the Trust Deed to act ethically and to avoid conflicts of interest.
- 4.9.2 Each Trustee must carefully consider any possible conflicts of interest between the Trustee and the Trust or its Beneficiaries. Any situation that involves, or could be perceived to involve, a conflict of interest with the Trust, or its Beneficiaries should be declared promptly to the Chairman.
- 4.9.3 A register of such declarations must be kept by the Trust Secretary.
- 4.9.4 A “conflict of interest” can occur when a Trustee’s personal interest interferes in any way – or even appears to interfere with – the interests of the Trust as a whole. A conflict situation arises when a Trustee takes actions or has interests that may make it difficult to perform his Trust work objectively and effectively. Conflicts of interest also arise when a Trustee, or an organisation with which the Trustee is either an officer, or a member, or an associated party could receive benefit as a result of his or her position as a Trustee of the Trust.
- 4.9.5 This Code does not attempt to describe all possible conflicts of interest that could develop. If a Trustee believes that a conflict could exist, the Trustee should consult with the Chairman. Some of the more common conflicts from which Trustees must refrain, however, are set out below.

Relationship of Trust with third parties – Trustees may not engage in any conduct or activities that are inconsistent with the Trust's best interests or that disrupt or impair the Trust's relationship with any person or entity with which the Trust has or proposes to enter into a business, contractual, or philanthropic relationship.

Compensation from non-Trust sources – Trustees may not accept compensation (in any form) for services performed for the Trust from any source other than from the Trust.

Gifts – Trustees and members of their families may not accept a gift from persons or entities who deal with the Trust in those cases where the gift:

- Would be illegal or result in a violation of law
- Is part of an agreement to do anything in return for the gift
- Has a value beyond what is normal and customary courtesy in the Trust's business
- Is being made to influence the Trustee's actions as a member of the Board
- Could create the appearance of a conflict of interest

Applications for Funding from Beneficiaries – Trustees must leave the meeting and not be recorded as part of the quorum, or take any part in the discussion of the proposed grant, or vote on the matter considered if they are:

- An officer of the organisation making the application
- A member of the organisation making the application
- Could be perceived as gaining a benefit if the application was approved

5. ADMINISTRATION

5.1 Monitoring of Guidelines

- 5.1.1 The Auditor of each Trust shall report on the application of and compliance with these Guidelines by the Trust concerned.

5.2 Periodic Review and Update

- 5.2.1 The Trust shall:
- (a) review the operation of these Guidelines as deemed appropriate, so as to ensure that the Guidelines continue to meet the Purpose and to ensure that the Purpose remains relevant.
- 5.2.2 The adoption of any changes resulting from such review shall be at the discretion of the Trustees.