

# Connector

News and views from the co-operative.

## ***Chair update.***

Thank you to all of our co-operative members who attended our NZPM/Plumbing World roadshows over the last couple of months, and it was fantastic to see the continued year on year growth in numbers turning up to the local events. Following the strong show of support that we received last year for continuing the annual roadshows, we recognise that these remain a valuable channel for our directors and executive team to meet and communicate directly with our shareholders, and the level of engagement we've seen from both our new and younger members attending – some for the first time – has been really encouraging.

This sits well with our co-operative ethos for engagement with our membership, and as many people have remarked to me, a co-operative is quite unique in this respect and is probably the only type of business where you'll ever see the directors and senior management travelling annually around the country to meet up with their members. Next year, we hope to be able to offer members additional ways to view the roadshow material through digital channels, and this should help further increase our shareholder engagement levels.

As mentioned in the last Connector, we undertook our

half-yearly review of our digital and technology programme in June. We have a significant number of technology projects in progress, ranging from our pwGO mobile app and commercial quoting system through to upgrades of our Prostix/Frameworks software, and the integration of our Metrix business onto the Prostix/Frameworks platform in April next year. Your board is genuinely excited by the progress that our D&T team are making, and also with their enthusiasm for creating a technology environment that supports our vision to be New Zealand's number one plumbing merchant by choice.

In June the board also met with a small group of our younger and newer shareholders from the Northern region to help develop a more detailed understanding of their expectations for the future. Their feedback strongly supported our existing strategy to continue focusing on the key elements of service (store locations, level of stock and delivery), knowledgeable staff and a fair price, and unsurprisingly there was also an emphasis on continuing development of those technology service solutions that would help their businesses interact more productively and efficiently in the future.



As I write this article, we've just completed our AGM in Wellington that was attended by around 170 of our members and their partners, guests, and some of our staff. Aside from the business presentations for NZPM, Finance, Plumbing World and Metrix, we also had very interesting presentations from:

- Garry Ivill from Metrix who provided an overview on the sustainability work we're carrying out in the co-operative, including our programmes for wellbeing, reduction of waste, environmental impact and carbon footprint, and some of the innovative solutions that our suppliers such as Vola and Duravit are undertaking.
- Richard Westlake, the founder of Westlake Governance, about the need for good governance in the co-operative sector, and how sound board leadership

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## Chair update - cont.

and direction for the business will become increasingly important as we grow and develop our vision of being a 100-year co-operative.

Some of the other highlights from the annual meeting included:

- Nathan Stewart and Reuben Cutts made short presentations recapping their year participating in the 2018 NZPM Future Governance Programme, and thanking the shareholders for that opportunity.
- Dave Morgan (Hamilton) and Sam Tyson (New Plymouth) were announced as the successful candidates for our 2019 Future Governance Programme.
- Deloitte were re-appointed as the company's auditors for a further term.
- The directors' remuneration was approved by the shareholders in-line with the resolution set out in the Notice of Meeting.
- Peter Faul (Queenstown) and John Leen (Wellington) were elected to the board

of directors following the electronic and postal voting carried out over the last month.

- The shareholders recognised the services of Alister Lawrence (6 years) and Stu McIvor (10 years) to the board and the co-operative on completion of their terms as directors.

Kind Regards,



John DeBernardo  
Chair

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## Director's point of view - Craig McCord.

Our 2019 annual meeting held in Wellington will have been and gone by the time you read this article, and as you will have seen from the Annual Report, a very pleasing result has been achieved once again during the past financial year.

Each year two directors of the co-operative retire by rotation and these vacancies are filled by a membership vote. This year Stu McIvor has chosen to retire after ten years to focus on his business and personal interests, and his positive influence around the board table will be missed. Stu is a hugely respected shareholder and director, both within our board and also across the wider plumbing industry. His contribution to our board over the past decade has—in my opinion—been huge, and he has been a steady hand through some difficult times. I wish him luck in the future and thank him for all his efforts for the co-operative over those years.

While still a relatively new member of the NZPM board—myself at four years—I have made a few observations. Firstly, while I had a current background of board experience

going into this role with a range of directorships, moving onto the board of a \$230m merchant business is vastly different to a \$10–20m plumbing business, and that's more than just the scale. I thought that I was well prepared with a plethora of professional development behind me, and that I would hit the ground running, but initially that was not the case. The learning curve was steep and must be rapid or else effective governance doesn't happen, so I, along with my fellow directors, continue our ongoing governance upskilling by regularly attending various professional development courses.

To that end, I think our Future Governance Programme has been a great success, and it has been awesome to watch all of the candidates grow during their respective periods with the board. In my view, they were all worthy appointees, and I now look forward to welcoming this year's candidates to the 2019 programme.

Lastly, along with my fellow directors I try to get to a couple of different regions on

the NZPM/Plumbing World Shareholder roadshow each year. This year for me was the East coast of the North Island and the deep South, comprising eleven branches in all, and it was great to catch up with so many of our new and older members.

The mood of our shareholders across the country by and large is very positive, and if we keep delivering on the content of our roadshow and follow our strategic plan we can only continue to improve on that.

Kind Regards,  
Craig McCord  
NZPM Director



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## A word from Rob Kidd.

It was great catching up with so many of you during this year's NZPM/Plumbing World Shareholder roadshows, which John and I completed in early August. We had the highest number of members attend in the past four years, up 4% on last year and up 19% on two years ago.

The roadshow is a great opportunity for us to hear directly from you about what is uppermost in your minds from around the country and across the co-operative, and I'd like to say thanks again for taking the time out of your busy schedules to attend and to share your thoughts and ideas.

To continue making it easier for you to deal with Plumbing World and to continue increasing our service for you we;

- Have opened in July a new store in Kumeu – West Auckland.

- Have opened in July a new branch in Bream Bay (Marsden City) – South of Whangarei.
- Are getting ready to open in late August / early September a new branch in Onehunga (Auckland).
- Are currently looking for an additional site in the Wellington region.
- Launched in August pwGO, the new purchasing app. You can find out more about this from your local Plumbing World sales representative.
- Made good progress on the Commercial Quoting System (CQS) which should be ready during the next few months.
- Have initiated the development of a new trade portal which will utilise the same technology as the pwGO app.

Thank you for your ongoing support of Plumbing World, we look forward to delivering more exciting initiatives for you.

Regards,



Rob Kidd  
Plumbing World GM



Kumeu – West Auckland. Opened in July.



Bream Bay – South of Whangarei. Opened in July.

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## Rebate Dividend.

In July, NZPM announced the ordinary shareholder rebate dividend for the year ending 31 March 2019 had been set at 5.0% of Grade-A Cash. The rebate dividend will be paid in late September 2019.

The rebate dividend payment of \$4.7 million represents an 18% increase over the prior year

dividend payment, albeit this is spread over a larger pool of Grade-A Cash.

Shareholders should have received their rebate dividend notification which needs to be promptly returned to NZPM to enable a smooth payment process.

**5%**  
**Rebate**  
**Dividend**  
(declared)



## New Directors and Future Governance Appointees.

### NZPM Director Election.

The following directors were elected to the NZPM Board at our 2019 Annual Meeting.



Peter Faul



John Leen

### 2019 Future Governance.

Two candidates have been appointed to our 2019 Future Governance programme, and will join our board meetings until May next year.



Sam Tyson



Dave Morgan

## Lease Accounting Standard.

New Zealand entities have been progressively adopting common international accounting standards to support an objective to align global accounting standards, and NZPM are working to meet this goal.

The impact on NZPM has been—or will be—modest as most of the required changes relate to amended disclosure requirements or are aimed at specialist industries.

However, the new lease accounting standard (NZ IFRS 16) will have a very significant impact on our future financial statements as NZPM is a tenant in over 50 separate properties where we typically have a commitment or intention to remain for long periods of time.

In essence, the new lease accounting standard requires NZPM to assess our expected future commitment to lease each property and create a “Right to Occupy Asset” and

corresponding “Future Lease Payment Liability” based on our expected future discounted lease payments under each lease.

For NZPM, the accumulation of these commitments means that we will recognise a large new asset and liability in our financial statements of over \$50 million each, and we want to help our shareholders understand the impact this will have on our future financial reporting.

In the P&L, we will replace our circa \$8m lease expense with:

- Depreciation expense of Right to Occupy asset; and
- Interest expense on the Future Lease Payment Liability.

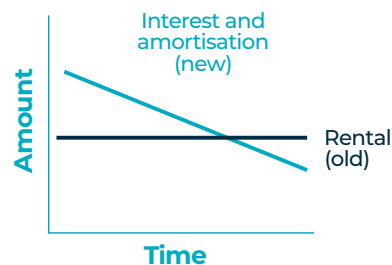
The combined depreciation and interest expenses are higher at the beginning of the lease than our current operating lease payments, and this is depicted on the graph shown. The adoption of the new standard effectively treats each lease as a

“new lease” for the calculation, which means that our net earnings will reduce by \$1.2-1.4 million for the year ended March 2020.

Despite this change, the board have determined that the rebate dividend will continue to be calculated as if the accounting policy had not changed, and there is no impact on our banking covenants.

*More information about this change is included in note 5 on page 40 of our 2019 Annual Report.*

Brett Cruickshank  
Chief Financial Officer



## Young Plumber of the Year.

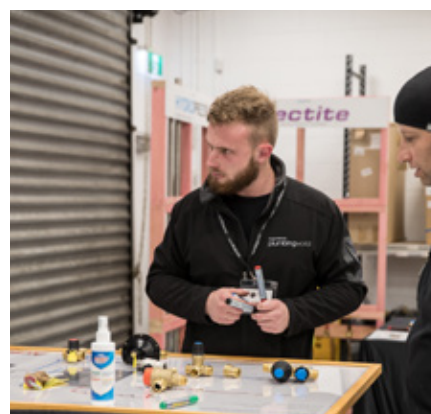
The 2019 Young Plumber of the Year regional finals are well underway, with 6 of the 8 regions successfully completed at time of writing.

**Congratulations** to the below regional winners who will now go through to the National Final, which is being held at WINTEC Hamilton, on 9th October.



| Name           | Employer                     | Region                 |
|----------------|------------------------------|------------------------|
| Josh Beech     | Tilyard Plumbing             | Auckland Metro         |
| Valentino Eyer | Rogers & Rogers Ltd          | Northern               |
| Alex Hyland    | Steve Wolter Plumbing Ltd    | BOP/Central            |
| Thomas Carley  | Carley Plumbing & Gas Ltd    | Waikato/Taranaki       |
| Brett Trilford | Easyflow Plumbing & Drainage | Lower North Island     |
| Josh Harvey    | L B White Ltd                | Wellington/Marlborough |

Keep up to date with all the action here: [www.facebook.com/youngplumbersclubnz](https://www.facebook.com/youngplumbersclubnz)



## Wonders of Beijing 2020.

Time is passing by quickly and in just 9 months delegates will be experiencing the compelling and intriguing city of Beijing in unique 'Plumbing Word' style.

A reminder to all of our delegates, the official registration page is now open so we can start finalising your flight and accommodation requirements for Beijing, plus start any extension holiday plans you may want to book. Please log onto the travel website <http://plumbingworld2020.cispecialists.co.nz/> where you will find the 'Registration' tab at the top-center of the home page.

We have 3 great group extension options available of Hong Kong and Shanghai (pre-extension) and Japan (post extension). More information on these can be found on our travel website <http://plumbingworld2020.cispecialists.co.nz/extend-your-time-away/>

If you are still considering registering on the Beijing trip there are a few vacancies left so be in quick, you can use your MaxPoints to offset your trip costs as well!

For further information please contact your local Plumbing World Branch Manager.



plumbingworld

MAXPOINTS

## NZPM is pleased to offer all our Shareholders a **20% subsidy** on all Master Plumber Training Courses.

Master Plumbers have just launched a number of new business courses to help you and your business succeed. Topics include: Plumbing and Drainlaying Legislation and You, Commissioning Domestic Gas Appliance Installations, Developing High Trust Within Teams, and Estimating and Tendering for Plumbers.

To find out more, and to register, visit: [www.masterplumbers.org.nz/membership/training/](http://www.masterplumbers.org.nz/membership/training/)

To receive NZPM's 20% subsidy on your selected training course, enter the discount code **NZPM20** at registration/checkout.

Offer valid on all Master Plumbers Training Courses from 1st August–31st December 2019.

### **Metrix update.**

#### **Duravit Durastyle Basic Rimless Flush Toilet Range.**

This new range is great value for money and features Duravit's Rimless® Flushing Technology as standard. Soft-closing seats are included in the pricing. The back-to-wall suite has a centre back positioned inlet and comes complete with connector. A wall-hung and compact floor model complete the range.

Duravit's Rimless® Flushing Technology provides impressive performance, efficiency and

hygiene. The open design of the toilet rim enables a new type of dynamic and powerful flushing action that hygienically rinses the entire inner surface of the toilet bowl, even with small volumes of water.

This competitively priced range is perfect for renovations, new builds and projects. Ask your Plumbing World branch for details.

**Exclusive to Plumbing World.**



#### **Metrix Spare Parts List.**

We have consolidated all of our main spare parts into a simple, easy to use booklet.

The emphasis is on replacement parts for Duravit toilets and basins, Valsir inwall cisterns, Paini cartridges, handles, hand sprays, faceplates and fixings, Silfra

cartridges, bath wastes and pop up wastes, and Inda accessories. All parts represented have a photo, description and code making identifying parts easy.

If you would like a copy you can either download it off the Metrix website, or email [info@metrix.co.nz](mailto:info@metrix.co.nz) to request your copies.



## Concern for the Community.

The past few months have seen a number of initiatives implemented under our Concern for the Community programme.

### Charity Fundraisers.

During June's 'Move your Butt' Bowel Cancer fundraiser, Plumbing World raised just over \$1,500. We are also going to be participating in Prostate Cancer NZ's Blue September fundraiser during September.

One of our Auckland branches is already behind this, and has organised a 'Blue Ride' to really help raise awareness and funds. Every cent raised during Blue September helps the Prostate Cancer Foundation provide

support, campaign for greater awareness, be an advocate for better diagnosis and treatment outcomes, and fund vital research – so we can reduce down the number of kiwi men dying from this type of cancer.

Keep a look out for Blue September events at your local branch in September, and let's help raise awareness about prostate cancer in NZ.

<https://blueseptember.org.nz/>

### Sustainability.

In July we sent a letter to all our product suppliers asking them to inform us as to what sustainability initiatives they are undertaking – everything from

ethical sourcing, to product packaging and recycling/waste management. We will then work with them to see how collectively we can make a difference.

Plumbing World's vehicle fleet is also being progressively rolled out to **hybrid vehicles**, and comments from staff to date are all positive.



### Join the fight against prostate cancer this September.

Whether you go little or large, it's time to get thinking about how you will get your blue on for Blue September! The money you raise will go towards supporting sufferers and their families, and funding vital research.

So... how blue will you do?



## Emailing invoices and statements.

As part of Plumbing World's efforts to help with sustainability and reducing paper waste, it is our preference that we email your invoices and statements to you.

Customer invoices and statements will still be available on the trade portal (TradePass).

To those who are already receiving their invoices and statements by email – Thank you - and to those who are yet to make the switch, please email us your account details and the preferred email address and we will update the settings on your account.

Email to: [adteam@plumbingworld.co.nz](mailto:adteam@plumbingworld.co.nz)

Claudia Gleeson  
National Credit Manager | Ph: (06) 350 1624



## Shareholder loyalty.

**50  
YEARS**



Stu Churches from Whakatane being presented his 50 year certificate by John DeBernardo, NZPM Chair.

**30  
YEARS**



Bernie Hogan and Bruce White being presented their certificate by John DeBernardo, NZPM Chair.

**30  
YEARS**



Russell Watton from R J Watton Ltd being presented his certificate by Steve Langton, Central Regional Manager.

**10  
YEARS**



Derek Hulse from Drains Unlimited being presented his certificate by Lance Walters, Whangarei Branch Manager.

**40  
YEARS**



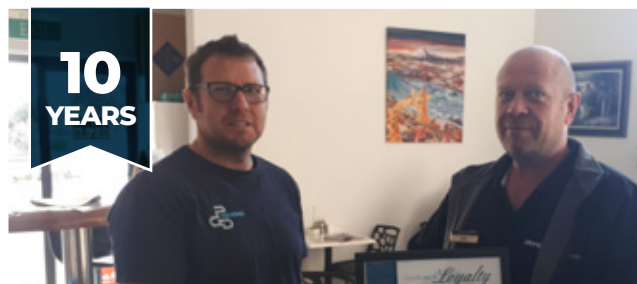
Terry Ryan being presented his certificate by John DeBernardo, NZPM Chair.

**30  
YEARS**



Leigh and Vince Basile being presented their certificate by John DeBernardo, NZPM Chair.

**10  
YEARS**



Luke Cullen of PGD Works Ltd being presented his certificate by Steven Cluard, Bream Bay Branch Supervisor.



### NZPM's Mission

To contribute to our members' and customers' business success by representing their interests and delivering performance excellence.

Part of our NZPM Co-operative  
plumbingworld | **metrix**