

# Connector

News and views from the co-operative.



## **Chair's update**

In late November we published our interim results for the first half of the financial year, and it was really pleasing to report improvements to our financial metrics that weren't constrained by the Alert Level 4 lockdowns and 'Traffic Light' restrictions seen in the comparative period last year. Consolidated revenue for the six month period to 30 September 2022 increased by 18% to \$169.7 million, and our profit before net financing costs, dividends, rebate dividends and taxation (operating earnings) increased 31% to \$12.1 million when compared to the same period last year.

In conjunction with those financial results it was also great to see membership of our co-operative continuing to thrive, with over 60 new members joining in the first half of the financial year, and we believe this is underpinned by both our ongoing service offering, and our ability to pay our Ordinary Shareholders an 8% rebate for the second consecutive year. Rebate dividends will remain an important part of our value proposition, alongside Redeemable Preference Share dividends, our Go for Gold rebate initiatives and our NZPM Extra Benefits programme.

Also in November, your Board and Management team met for our annual strategic planning review for the co-operative. NZPM operates annual, five year and ten year rolling strategic plans that we

update towards the end of each calendar year, and these in turn feed into our business and budgetary planning for the upcoming financial year that starts in April.

From both governance and operational perspectives, this annual strategic planning session is one of the most important activities we carry out, as it predicates nearly every significant activity the co-operative will plan for and carry out over the next one to five years, and in many cases, beyond that timeframe. As with most businesses — and NZPM is no different in this respect — strategy is developed jointly by both the Board and Management, with the Management team ultimately responsible for implementing and reporting on the strategic initiatives, whilst the Board's role is to monitor the progress, and to hold the Management team accountable for delivering the strategy.

Developing good strategy is a challenging task — even in a steady state economy — however those challenges are compounded and magnified in a disruptive environment such as a global pandemic, or when facing the economic uncertainty that we're confronted with at present. That uncertainty now includes ongoing interest rate hikes, and the prospect of an 'engineered' recession taking effect in 2023, so this year's strategic focus has unsurprisingly followed a theme of balancing our planned growth with ongoing consolidation, as we look to both implement and expand on the initiatives that we've already started.

Leading up to each year's strategic planning review, the Directors, Future Governance Appointee and Executive team all complete a short internal survey to consider the materiality of a number of matters in relation to NZPM. We try to look at these matters through two separate lenses; firstly from the perspective of our shareholders, and secondly, from the perspective of the business, considering in each case the level of importance of the individual matters. This year, the Board want to test our internal thinking in completing that materiality survey, so we're inviting all our Shareholders to participate in the survey to help broaden our viewpoints, and you can complete the survey by scanning the QR Code or going to [nzpm.co.nz/survey22](https://nzpm.co.nz/survey22).

Later on in this edition of Connector is the second part of a two part article looking at some of the attributes and skills that we believe are valuable for future Elected Directors of NZPM who might seek election from our ordinary shareholder membership pool.

Finally, as this is our last Connector for 2022, I'd like to acknowledge the support of my fellow directors and all the fantastic and dedicated people across NZPM who contribute to our success. Likewise, I

want to thank our loyal shareholder members who understand the real ethos and value of belonging to a co-operative company, and who continue to support us every day with your business.

On behalf of NZPM co-operative, I wish all of you and your families a safe and enjoyable Christmas and New Year.

Kind Regards,  
John DeBernardo  
*NZPM Chair*



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## **CEO update**

As we approach Christmas and the New Year holiday season, I thought it was a good opportunity to reflect on the past twelve months and consider what we have collectively achieved as an award-winning, impressive rebate delivering, New Zealand co-operative.

- In February we were recognised as the 2021 New Zealand Co-operative of the year for our outstanding financial results, returns to shareholders, care for the community, education and development of our members and progress on social responsibility initiatives.
- In March we were able to donate over \$100k of product and a recently retired forklift to help the people of Tonga with their rebuild after the devastating volcanic eruption and corresponding tsunami.
- During the middle of the year, we embarked on our new Microsoft Dynamics 365 technology implementation project. Over the past few months, we have been undertaking the analysis and design phases and we will start building the new platform as we move into 2023. This is an exciting project that will enable NZPM to future proof its technology, improve efficiencies and help make dealing with us everyday that much more frictionless.

- Running in parallel to the Dynamics 365 project is our ongoing development of pwGO. Over 4,000 customers (or their staff) are using pwGO for remote ordering, product specifications, and branch Express ordering (where you scan the QR code of the product you want at the bin, the information is automatically uploaded to our system, a quick check and you are on your way without waiting for the information to be re-keyed at the counter).
- In June we declared for the second year running, an 8% Rebate Dividend for Ordinary Shareholders. Back-to-back 8's is a tremendous effort, made possible by great service from our teams and our shareholders' loyalty.
- In September we introduced the new NZPM Statement of Purpose; "Delivering Sustainable Shareholder Value". This statement drives our wider company strategy and our everyday actions.

As we head into a New Year with greater market uncertainty, we will continue to introduce new ways of delivering sustainable shareholder value.

Of course, you can help us in that endeavour — when you buy from Plumbing World, all our profits go back to your 100% New Zealand owned NZPM co-operative which in turn helps pay those healthy rebate dividends that support both you and your local community.

Thank you for your support of NZPM, Metrix and Plumbing World (the only 100% trade owned national plumbing merchant) during 2022 and we look forward to continuing to work with you to ensure your co-operative continues to be strong and resilient through the months and years to come.

On behalf of everyone at NZPM, we wish you a Merry Christmas, great holidays, a safe and wonderful New Year and look forward to seeing you in 2023.

Regards,  
Rob Kidd  
*NZPM Chief Executive Officer*



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## **Director's point of view**

My last Directors viewpoint in the Connector was back in January 2022 and here we are already, chasing down the end of the calendar year.

As Chair of the Board's Compliance Committee, I can confirm we have had a busy year. We completed our annual committee review in November, and have reviewed and updated a number of policies and governance documents over the past year. These include a Co-operative Code of Ethics for the Company, Shareholders, Directors and Staff; our Board Charter; and our Social Responsibility, Diversity, Shareholders Rebate, Corporate Gifts, Crisis Management and Data Security policies.

Our proposed 2023 Annual Plan policy reviews will include our Modern Slavery policy; Director Code of Ethics Guidelines; Privacy Policy; Group Security Policy and Insurance Policy, and we also annually review the Compliance Manual and complete a self-review of our objectives, responsibilities and Terms of Reference.

Aside from their Board duties, all Directors spend time on their own continued professional

development. Peter Faul and I recently completed a two-day live-in course presented by Westlake Governance on behalf of Co-operative Business New Zealand. The 'Governance Accelerator Programme' was insightful for updating and re-confirming our co-operative governance skills, and focused amongst other things on director responsibilities and liabilities. We attended with various other people at differing levels of experience, three of which had some governance experience as a director, and one was a full-time director. This issue of Connector has the second article in the series regarding the governance attributes and skills that a future Director should consider when offering themselves for election from our ordinary shareholder membership pool.

Another piece of work the Board just completed was our Materiality Matrix Survey. All Directors, including our Future Governance appointee and the Executive team complete this annually. This survey considers the materiality of a range of topics on a level of importance to the business and the corresponding level of importance from a shareholder's perspective. This year, the Board is asking our Shareholders to participate in the survey to canvass their opinions, and so we can compare results with your directors' views. The link information for the survey is included in the Chair's Report — it will only take a few minutes to complete —, and our Shareholders views are important for the board to know.

To finish, I would like to wish you and your loved ones a very Merry Christmas and a "recession free" New Year!

Kind regards,  
John Leen

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## **NZPM Redeemable Preference Shares**

NZPM Group Limited (NZPM) continues to receive strong support from its shareholders for investment in Redeemable Preference Shares. The level of demand for new investment in Redeemable Preference Shares is above the level of new capital currently required by NZPM.

Accordingly, the company has reduced the maximum new investment that each shareholder (whether directly or through related parties) can make in any one quarter from \$250,000 to \$100,000 (the quarterly periods ended February, May, August and November in each year).

Separately, the board has reviewed the dividend rates on offer for our Redeemable Preference Shares with reference to previously received independent advice from Bancorp on the methodology to benchmarking NZPM returns to market data on

dividend yields for similar investments and recent changes to market rates of return.

The board concluded to increase the rates with effect from 1 December 2022 as follows:

- Quarterly fixed dividend period – 6.5% per annum
- Two year fixed dividend period – 6.5% per annum
- Three year fixed dividend period – 6.5% per annum
- Four year fixed dividend period – 6.5% per annum

NZPM will continue to monitor market dividend yields for similar investments and will continue to take advice as required to ensure that we are offering competitive returns to our investors.

On behalf of NZPM, I wish to thank all shareholders for their continued support of the co-operative.

Brett Cruickshank  
Chief Financial Officer

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## Governing NZPM for the Future – Part 2

*In this second part of a two-part article, NZPM Chair John DeBernardo provides a governance viewpoint for shareholders and potential future directors to consider.*

In the first part of this article (Connector — October 2022), I provided some background into the governance of our NZPM co-operative, and how our shareholders can be part of that process starting with our NZPM Future Governance Programme. I also touched on the need for Elected Directors to be 'board ready' when they join the NZPM board, and the importance of this for the continued success of our co-operative.

As with most co-operatives, NZPM faces the perennial challenge of finding appropriately skilled and experienced governors from within our Ordinary Shareholder membership pool, to stand as Elected Directors. With revenue in excess of \$300m, and around 600 employees operating in 60 locations, NZPM Group is a large and complex multi-brand logistics business with a lot of moving parts, and today — more than ever before — it requires a consistently high level of governance acumen on its board to succeed.

Whilst we do have many skilled and competent business owners and managers amongst our shareholder demographic, there is often a huge gulf between those management skills and the competencies and expertise needed at a governance or board level. As a result, not all successful business owners or managers make the best directors, and not everyone migrates easily from the individual control exercised in their own business, to the collective responsibility and decision making required by a board of directors.

For those Shareholders who have a strong desire to add value to our co-operative, and who feel they have an interest in heading down the governance pathway, I suggest the ideal first step is to join your local branch of the Institute of Directors New Zealand (IoD) who are the professional body for directors, and are at the heart of New Zealand's governance community. Not only do the IoD offer comprehensive training for current and aspiring company directors, with over 10,000 members nationwide there are numerous opportunities for networking and engagement with like-minded people.

As a starting point it's really important for prospective directors to fully understand the role of governance, and the IoD offer a range of 'Essentials' courses to help those starting out. These are typically one-day courses, delivered either face to face or on-line, and covering topics such

as 'Governance Essentials', 'Finance Essentials', 'Strategy Essentials' and 'Risk Essentials'. If you've completed one or more of those courses, and that's whet your appetite for more governance training, then the next logical step is to advance to the IoD Company Directors' Course (CDC).

The CDC is a week long course that more deeply explores a director's roles and responsibilities through a range of simulation exercises and case studies, and it helps participants improve their governance knowledge and decision making ability in the boardroom. The CDC is available in both residential and non-residential options, and all of NZPM's current directors have successfully completed this course.

Another professional development avenue worthy of consideration is through Cooperative Business New Zealand (NZ.COOP), who provide a range of courses more specifically tailored for current and aspiring directors in the co-operative sector. NZ.COOP offer both a 2-day residential 'Co-operative Governance Accelerator Programme', and a more comprehensive 'Governance Development Programme' that comprises a series of workshops, coaching and remote learning opportunities spread over a 6 month period.

In parallel with the training opportunities outlined above, I believe it's equally important for aspiring directors to build up their governance expertise in the real-world, and this is often best achieved through applying for and taking up governance roles on different boards. These boards don't necessarily need to be governing a company the size or complexity of NZPM, but gaining experience with a smaller private business, or a not-for-profit organisation can be invaluable in building your core boardroom skills. Likewise, serving on the board of an organisation completely outside our industry sector is a great opportunity to develop a broader skills base.

No matter what pathway potential NZPM directors might choose for governance learning and development, what's most important is that those Shareholders offering themselves as Elected Directors are the best skilled and qualified people possible to represent the company's interests. As I mentioned in my October Connector 'Chair Update', NZPM has a new Statement of Purpose: "Delivering Sustainable Shareholder Value", so as governors we have a duty to support that doctrine to the best of our ability.

Kind Regards,  
John DeBernardo  
NZPM Chair



## Metrix update

As we finish up the calendar year it's a good opportunity to reflect on the year that has been. Without question its great to be back trading without disruptions and working under the strict protocols as we all have had to for so long, but it's the relationships further developed and new ones established that we have enjoyed the most. We appreciate the support of our NZPM Shareholders who have been working with us during our supply

chain challenges. Your balanced and supportive attitude has helped us supply projects on time. We continue to pay out high levels of Go for Gold Rebate to shareholders for their Metrix purchases and look forward to your continued support next year.

As we all know, knowledge in our industry is essential and at Metrix due to our product range its imperative. Having our European suppliers visit this last quarter to further train our team has ensured they can further provide even great levels of customer service to you in the Parnell showroom. In addition our Plumbing World showroom team have also benefited from enhanced product knowledge which will assist you all around New Zealand with Metrix product.

On behalf of our team, I would like to take this opportunity to thank you for your support during 2022 and we really look forward to working with you in 2023.

Merry Christmas,  
Karin Cunningham  
*Metrix General Manager*

## Feedback from Shareholders Training Day

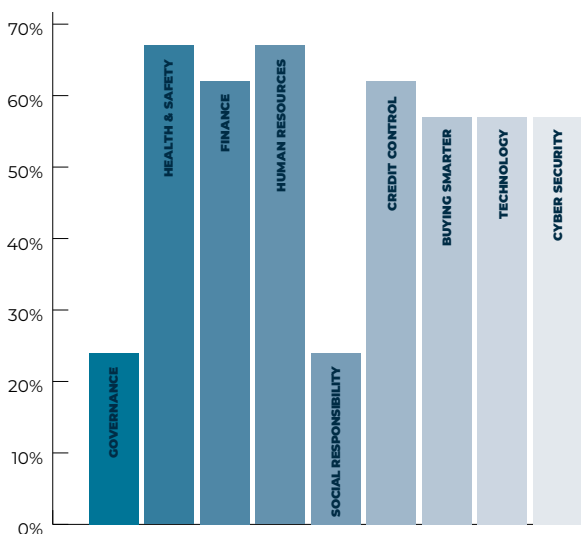
Thank you to all those Shareholders that attended our Business Training Days in Tauranga and Hamilton in October.

From the feedback we received about the business training day, 52% of attendees said it was 'very valuable' and a further 19% said it was 'extremely valuable'.

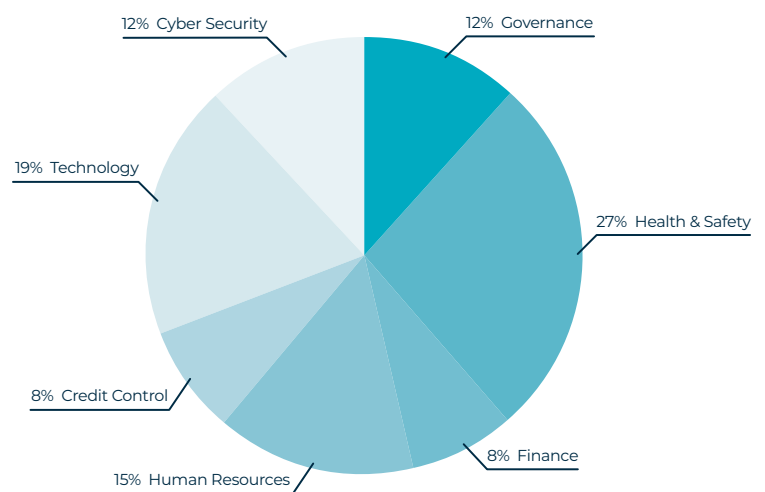
Health and Safety and Technology were the two presentations the attendees said were the most valuable and also what they will apply in their business.

We look forward to bringing more business training days to other parts of the country in 2023.

### What sessions were most useful/informative



### Most valuable information you learnt





## Master Plumbers Wellbeing Charity Dinner

Friday 11 November saw the MPA Wellbeing Charity Dinner/Fundraiser take place for MATES in Construction New Zealand.

MATES in Construction aim is to reduce suicide in the construction industry. With the highest male suicide rate for any occupation in 2019 they aim create a more resilient worksite culture with a focus on research, raising awareness, and industry connection. Guest speaker, Alex Ness (NZRU) inspired with a talk on their approach in this space with several auctions and raffles held throughout the evening to help drive donations and fundraising.

Plumbing World supplied a nicely framed and signed All Blacks Jersey which caused quite a stir

with attendees (well done Jeremy and Ngaire — Straightflush Plumbing Ltd) who won the auction.. It is great to see the Plumbing Industry do amazing things for worthy causes with over \$20,000 raised as a result of the event! Master Plumbers will be holding similar events in the future so keep in touch with your local branch to see what they have planned.



## Pearlers of Port Douglas 2024

We have much pleasure in announcing the six winners of the 2024 60 year co-operative celebrations prize draw where the winners will receive \$600 off their Port Douglas travel package.

Our congratulations go to:

**Mark Anderson & Deb Stark-Anderson**  
AA Plumbing & Gas

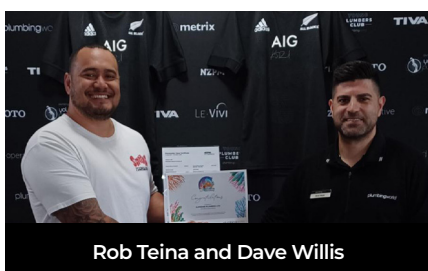
**Rob Teina** (Pictured)  
& **Violet Sygrove**  
Supreme Plumbing Ltd

**Nicholas Peauafi & Jasmine Mitchell**  
Tap Plumbing Solutions Ltd

**Joshua** (Pictured)  
& **Danni Wackrow**  
Jdex Contracting

**James Taylor & Mel Watts**  
Mana Plumbing Ltd

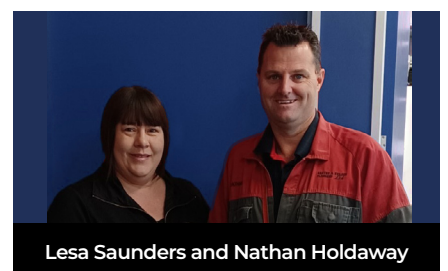
**Nathan** (Pictured)  
& **Theresa Holdaway**  
Baxter & Neilson Plumbers



Rob Teina and Dave Willis



Warrick Santy and Joshua Wackrow



Lesa Saunders and Nathan Holdaway

You have to experience the uniqueness of a Plumbing World overseas trip yourself to really appreciate the fun, events and camaraderie that makes them so special. We look forward to as many shareholders as possible joining us for "Pearlers of Port Douglas" in May 2024.

**Join us and discover the Pearlers of Port Douglas  
at Plumbing World's 2024 overseas trip**



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For more information and to register for this incredible Plumbing World overseas trip, speak to your local branch manager, or email Michelle on [michelle.bingham@plumbingworld.co.nz](mailto:michelle.bingham@plumbingworld.co.nz)  
Alternatively visit [nzpm.co.nz/shareholder-benefits/overseas-trips-programme](https://nzpm.co.nz/shareholder-benefits/overseas-trips-programme)

# Social Responsibility

## Blue September

Thank you to all our shareholders who supported our branches to raise funds for Blue September. In total across all our sites we raised just over \$5,000 for the Prostate Cancer Foundation.



## Gumboot Friday

Thank you to everyone who helped to fundraise for Gumboot Friday on 4th November. As a business we raised over \$5,000 to help provide valuable counselling for kids.



## MaxPoints Super Auction Winner

With Summer on its way our friends at MaxPoints launched the inaugural SUPER AUCTION to and get everyone ready for Christmas... with a massive bonus chance to WIN BIG!

During September and October MaxPoints redemptions earned members 10,000 'Auction Bucks'. Every redemption also received an entry into the major prize draw — A CHANCE TO WIN 250,000 MAXPOINTS!!! The SUPER AUCTION launched in November with over 70 auction items and MaxPoints members scored big time!! And the fantastic news, Jack & Heather Rogers (Rogers and Rogers — Kaitia) got a chance to play for the 250,000 MaxPoint main prize!! While Heather didn't

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win the main prize, she did win 5,000 MaxPoints — not bad as we head into festive season!!

The MaxPoints programme is aiming to be more engaging with members so expect to see more promotions in 2023. And if you're not a MaxPoints member what are you waiting for? It's FREE TO JOIN so hit the site and get in on the action!

[maxpoints.co.nz](http://maxpoints.co.nz)

