

# ANNUAL REPORT

2014/2015



 TECT

# TECT'S PURPOSE

TO MANAGE OUR TRUSTPOWER  
SHAREHOLDING AND OTHER ASSETS  
FOR THE BENEFIT OF QUALIFYING  
CONSUMERS.

## VISION

Our Consumers live  
and are engaged  
in a vibrant  
and enriching  
community.

## GRANTMAKING

To enable recipients to deliver  
greater benefit to our Consumers  
and our Community.

## GOVERNANCE & OPERATIONS

To ensure effective and efficient  
delivery of our Vision and Mission in  
accordance with our Values.

## FINANCE & INVESTMENT

To manage our investments in a  
manner consistent with our Trust  
Deed and Values so that the funding  
available to benefit Consumers is  
maximised.

**VALUES**  Fairness  Respect  Integrity  Prudence



# TRUST GOVERNANCE

## TRUST GOVERNANCE

TECT and its subsidiary TECT Charitable Trust operate under Deeds of Trust respectively dated 21 December 1993 and 27 March 2002. Provisions of the Electricity Amendment Act 2001 also impact upon Trust Governance.

TECT is governed by six Trustees who are elected by Consumers for 4-year terms.

The terms of appointment of Trustees are staggered so that three Trustees retire every two years. Trustees are responsible for managing TECT's assets for the benefit of qualifying Consumers. Trustee conduct is governed by a Code of Practice which is published on TECT's website.



Trustees from left to right: Bruce Cronin, Paul Tustin, Ron Scott, Bill Holland, Ken Collings and Pete Blackwell.

## TRUST DIRECTORY

### TRUSTEES

**Bill Holland**, Chairperson

**Michael Cooney**, Chairperson (Retired 31 July 2014)

**Bruce Cronin**, Deputy Chairperson

**Pete Blackwell**, (Appointed 31 July 2014)

**Ken Collings**

**Dame Susan Devoy**, (Retired 31 July 2014)

**Ron Scott**

**Paul Tustin**, (Appointed 31 July 2014)

### GENERAL MANAGER

**Wayne Werder**

### ACCOUNTANT

**BDO**, Tauranga

### AUDITOR

**KPMG**, Tauranga

### SOLICITOR

**Sharp Tudhope**, Tauranga

### BANKERS

**Westpac**, **ANZ Bank**, **ASB**, **BNZ**

## DATE OF COMMENCEMENT

TECT	21/12/1993
TECT Charitable Trust	27/03/2002
TECT Holdings Ltd	15/12/2006
TECT Finance Ltd	15/12/2006

## TRUST DEED AMENDMENTS

During the year Trustees approved amendments to TECT's Trust Deed as follows:

A technical correction to clauses 9.3(d), and 14.1 of Schedule 1, of the Trust Deed to record the correct number of shares after the 2 for 1 share split of the share capital of Trustpower as follows:

1. clause 9.3(d) of TECT's Trust Deed be amended by deleting the figure "43,733,000" where it appears therein and replacing it with the figure "87,466,000"; and
2. clause 14.1 of Schedule 1 of TECT's Trust Deed be amended by deleting the figure "10,000" where it appears therein and replacing it with the figure "20,000".

# CHAIRPERSONS REPORT

Dear Consumers

I have pleasure in presenting my first report as TECT Chair.

## Thanks to Michael Cooney

I first want to again acknowledge the enormous contribution of my predecessor, Michael Cooney, during his 16 years with TECT, 13 as Chair.

Many of you will realise that during his term as Chair, Michael was faced with a situation where three of the six Trustees proposed that TECT cease all giving to the community and instead pay out the full proceeds to Consumers. Fortunately Consumers were astute enough to realise they benefit from living in a healthy community and the proposal was defeated in a referendum. I firmly believe that Consumers and the community should be forever grateful to Michael and his supporting trustees for their strength of purpose in dealing with what was a very difficult situation.

## A Year of Change

With the establishment of our own fully staffed office in early 2014, TECT now has the ability to make changes for the better. Having historically acted as a re-active grant maker, we wanted to continue to be available as a funder for community initiatives, but we also wanted to play a more proactive role. In his report our General Manager, Wayne Werder, has outlined TECT's activities for the year, but I would like to list some of the changes that have been made:

### (a) Increased Consumer Cheques

An increase from the previous year was agreed taking the total distributed to \$28.4m. For the 2015 distribution Trustees have agreed to include additional payments for Consumers who also have their gas and internet services with Trustpower.

### (b) Improved Grant Making

Our categories of grants, and the grant making process, have been reviewed in order to make these more user friendly for potential applicants. We also see the value in multi-year funding, and although we are having to be careful have made multi-year funding commitments (eg Waipuna Hospice) and are looking for other suitable applicants.

### (c) Collaboration with Other Funders

We see great benefit to both the community and to the other funders if we work more collaboratively. The local funders have committed to a work plan of collaboration that will aim to implement solutions that make things easier for grant applicants. This includes research and we joined the other funders and local authorities to undertake the Vital Signs Research project to determine the needs of our community. This has been an excellent project and will assist us in our wish to become more proactive in providing funds which will best meet our communities' needs.



Bill Holland

### (d) Not for Profit Business Hub

This is an exciting project which we are taking a lead in. This will inevitably lead to even greater collaboration between funders, as well as provide a much better and more productive environment for the community organisations.

### (e) University Project

This has been long and ongoing, but we have at last signed the Heads of Agreement under which TECT will provide a grant of \$15m towards the new university campus in Durham Street.

### (f) Sell Down of Trustpower Shares

As a subsequent event to the year under review, TECT made the decision to sell down a portion of Trustpower shares. It means that while we still hold 26.8% of Trustpower shares, and while Trustpower remain 80% of our total investments, the other 20% of our funds can be invested elsewhere, thereby providing us with some diversification. I was very pleased that Trustpower itself has been very supportive of the sell down. It makes the shares more liquid and therefore more attractive to institutional investors.

## Conclusion

You will appreciate this has been an extraordinarily busy year. I am very grateful to Wayne, supported by Paula and Jeanette, in implementing and sometimes initiating these changes.

I am also very grateful to my co-Trustees for the amount of time they have spent in ensuring that all of these changes have been carried out in an orderly fashion. The TECT Board and staff are in excellent heart and ready to continue on this journey of improvement which has been so successful so far.

A handwritten signature in black ink, appearing to read 'Bill Holland'.

Bill Holland  
Chairperson

# GENERAL MANAGERS REPORT

I am pleased to present my first General Managers report, and in doing so can report that the Trust is in good health. The foundation laid over many years has provided the platform by which TECT can continue to benefit its Consumers and Community Organisations. In the twenty one years of TECT's existence, \$276m has been paid directly to Consumers and \$83m has been paid to Community Organisations. A significant result indeed.

TECT has experienced significant change over the past 12 months. The major change was the establishment of a TECT office, and the employment of staff. I am pleased to report that this transition has occurred relatively seamlessly and has added value to the way TECT connects with its Consumers and partners. From a financial point of view the cost of the new model in its first year of operation has been very similar to previous year's costs of operations.

## Key financial results for the year are as follows:

- Group equity increased by \$131m to \$791m largely as a result of the increase in the Trustpower share price.
- Group profit was \$38.5m compared to \$40m in 2013/14.
- Group expenses (before tax) were \$2.5m compared to \$2.3m in the previous year.

## Trustpower

In the year under review, TECT received dividends from Trustpower of \$41.5m or \$0.40 per share. This was the same rate of dividend paid last year, although the level of imputation credits were slightly lower which increased TECT's final tax liability. The share price of Trustpower increased from \$6.49 per share last year to \$7.95 per share at 31 March 2015, an increase in TECT's shareholding value of \$151.7m. Trustpower has continued to perform strongly and its investments in Australia in particular are now reaping rewards. Trustpower's other generation opportunities, and its unique multi-product offering means it is well positioned to continue to provide shareholders with strong dividend income in the future.

## Sell down

In a subsequent event to the year under review, and in the interests of diversifying its investment portfolio, TECT sold 20 million of its shares in Trustpower in May 2015. The shares were sold at a price of \$7.74 per share, totalling gross proceeds of \$154,800,000. This reduced TECT's holding from 33.2% to 26.8% of shares in the company, however, ensures TECT retains the same degree of influence in the Company. The decision to diversify followed a robust decision making process driven by a need for financial prudence and followed the Trust's Share Ownership Review and subsequent Consumer consultation held in 2013.

## Distributions to Consumers

TECT's primary Distribution Scheme remains its cheque distribution to Consumers, and in 2014/15 \$28.4m was distributed tax free directly to Consumers.



Wayne Werder

The minimum amount distributed to a Consumer this year was \$425.

In 2015, in recognition of the increasing importance of additional Trustpower services, TECT has introduced a new calculation for the cheques which will see further benefits for those Consumers with gas and internet services. Trustees have resolved to further increase the minimum amount to be distributed to Consumers this year to \$435 per Consumer which will be distributed in November 2015.

## Distributions to Community Organisations

During the year \$21.3m was allocated to Community Organisations. This included confirmation of TECT's support for a new, purpose-built tertiary campus with a grant of \$15 million. TECT also made grants to 158 organisations which was up from 127 in the previous year. I encourage you to read further into this report to gain an appreciation of the extraordinary breadth of TECT's support for our Community Organisations.

## Administration

The goal of any Consumer Trust should be to operate in the most efficient and effective manner possible. I would like to thank our office team of Paula Hudson and Jeanette Voss for their commitment throughout the year, and I am very confident that the new office arrangements are providing an increased level of service to Consumers. I am also appreciative of the high level of service received from our various partners, in particular BDO who remain the Trusts accountants. Lastly but not least, thank you to the Trustees for their support, guidance and wisdom throughout the year.

Looking ahead, we will continue to work hard to ensure that our Consumers can live and be engaged in a vibrant and enriching community.

A handwritten signature in dark ink, appearing to read 'Wayne Werder'.

Wayne Werder  
General Manager



## MAJOR AMENITIES FUND

— \$15,000,000 —

**About this fund:** This fund is targeted to significant regional projects that deliver inter-generational benefit and wide impact.

*In the 2014/2015 year, \$15,000,000 from the Major Amenities Fund was allocated to improving the provision of tertiary education in Tauranga.*

### TAURANGA TERTIARY CAMPUS

Tertiary Education Funding a Game Changer for Economy  
**\$15,000,000**

Plans for the establishment of a unique city centre tertiary and research campus took a giant step forward in July 2014, with the announcement that TECT would provide a contribution of \$15 million towards the proposed tertiary and research precinct in Tauranga's city centre. The new campus is seen as crucial to lifting the Bay of Plenty's economic performance. It will have a focus on regional innovation and entrepreneurship and be recognised both nationally and internationally as a hub for teaching, learning and research.

The tertiary and research campus will be developed by the Bay of Plenty Tertiary Partnership, comprising the University of Waikato, BOP Polytechnic, Waiariki Institute of Technology and Te Whare Wānanga o Awanuiārangī. This partnership is unique to New Zealand and will play a critical role in supporting sustainable regional economic development.

Tauranga City Council will gift land in Durham Street for the development and the Bay of Plenty Regional Council has committed \$15 million, with the balance provided by the University of Waikato. The development will roll out in two stages with the first stage construction set to be completed in 2020. The new campus is predicted to generate \$133 million in regional revenue and provide over 600 new jobs. It will also significantly revitalise the city centre and will strengthen the business case for other projects such as



the development of an international hotel and conference centre, as well as student accommodation. A recent economic impact report prepared by the University of Waikato showed that the tertiary campus will be worth \$187 million in 20 years' time, providing a rate of return of more than 30% on the initial investment.

## ENERGY EFFICIENCY FUND

— \$418,110 —

*About this fund: TECT considers applications from groups that show local initiative and where the Grant will benefit a significant part of our community in providing an Energy Efficiency Project.*

*In the 2014/2015 year, two organisations benefited from \$418,110 from the Energy Efficiency Fund.*

### ENERGY OPTIONS CHARITABLE COMPANY

Healthier Homes  
for Tauranga

**\$400,000**

The Warm Up NZ Healthy Homes initiative is a government insulation programme to provide warmer, drier and healthier homes in communities with the most need.

The Government Agency EECA, along with TECT are the key funders in the Western Bay of Plenty and Tauranga district. Local company Smart Energy Solutions are contracted to insulate older homes of TECT consumers under the Healthy Homes programme, and last year TECT's \$400,000 grant enabled around 420 homes to be insulated.

Since 2006 TECT Funding has helped insulate over 2,100 homes.





## COMMUNITY AMENITIES FUND

— \$2,141,315 —

**About this fund:** Funding within this category is to contribute to Community Amenities within the TECT district. An amenity must be of significant benefit to the community with funding directed towards a permanent new amenity or a significant upgrade of an existing amenity.

### BAY OF PLENTY CRICKET TRUST

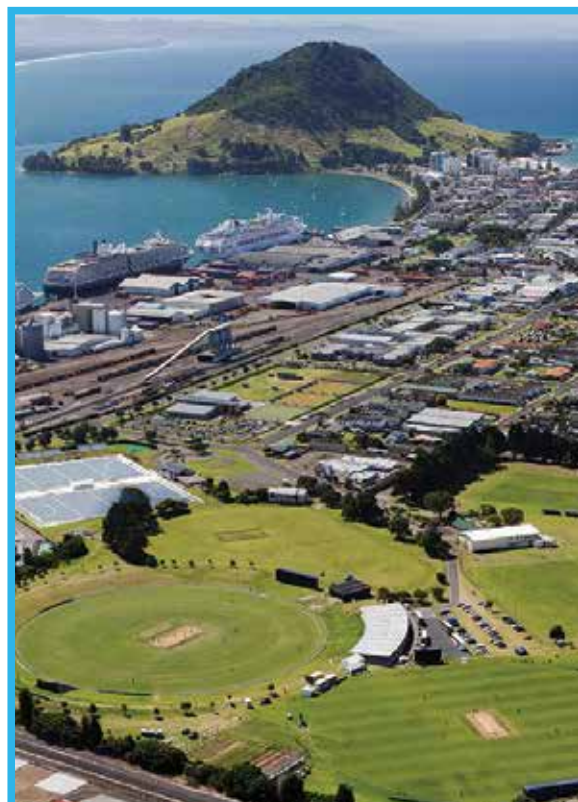
Hitting it for a Six

\$300,000

Off the back of hosting successful Cricket World Cup qualifying matches in January 2014, the Bay of Plenty Cricket Trust were selected to host two matches of the One Day International Series New Zealand vs South Africa in October 2014.

While the Bay Oval offered much as a desired venue, a \$300,000 Donation from TECT enabled the Trust to make some building alterations, embankment extensions, improve screens and scoreboard which made it an outstanding ground for players, officials and visitors.

The venue and games received worldwide media coverage for our region.





## COMMUNITY AMENITIES FUND

— \$2,141,315 —

*In the 2014/2015 year, 18 community organisations benefited from \$2,141,315 from the Community Amenities Fund.*

### TAURANGA COMMUNITY HOUSING TRUST

Affordable Housing  
for those in need

**\$300,000**

Tauranga Community Housing Trust work to improve access to quality, sustainable housing for people with low incomes, unmet housing needs, and special disability access housing. They provide a facilitation service developing housing solutions to individuals and families by advocating for and implementing new housing models to meet current and future community needs.

A \$300,000 Donation from TECT contributed immensely to the construction of a 14-unit block of affordable housing units suitable for a range of ages and abilities. The block provides efficient, modern, functional housing while encouraging a sense of community among tenants.



## COMMUNITY DEVELOPMENT FUND

— \$1,912,466 —

*About this fund: TECT's Community Development Fund is targeted to supporting the work of community organisations as well as community projects and programmes that have a positive impact on the Western Bay of Plenty and Tauranga communities.*

### URBAN DANCE YOUTH TRUST

One Stop Hip Hop Shop

**\$32,500**

Providing opportunities for young people to grow, develop, create and express themselves through dance is the key goal for Urban Dance Youth Trust. They teach over 400 students through their studio, community classes, school programmes and training workshops.

Whether it's for individual enjoyment or to compete at a national or international level, youth from all backgrounds can experience success, personal development and achievement, Hauora (physical, mental, social, and spiritual health and wellbeing) work ethics, life lessons, leadership and team skills.

TECT funding contributed to the fit out of the new dance studio on Durham Street.





## COMMUNITY DEVELOPMENT FUND

— \$1,912,466 —

*In the 2014/2015 year, 50 organisations benefited from \$1,912,466 from the Community Development Fund.*

### HOUSE OF SCIENCE

#### Making Science Cool

**\$20,000**

Resourcing and connecting the local science community to celebrate the power and potential of science is a key aim for the House of Science. Their work to enrich science education across the community has resulted in an increase in the number of students engaged in science at secondary schools in the Western Bay.

TECT has funded the transportation of Science Resource Kits to and from schools across the district. Each week an average of 26 kits are delivered to schools meaning over 500 kids are doing hands on science. House of Science also offer children's programmes, teacher PD, one off special events, science tutoring, and conferences. A key success in the past 12 months includes competing at VEX robotic nationals in March.



## COMMUNITY EVENTS FUND

— \$610,323 —

*About this fund: TECT's Community Events Fund supports groups that show local initiative and where the Grant will benefit a significant part of our community providing a Community Event.*

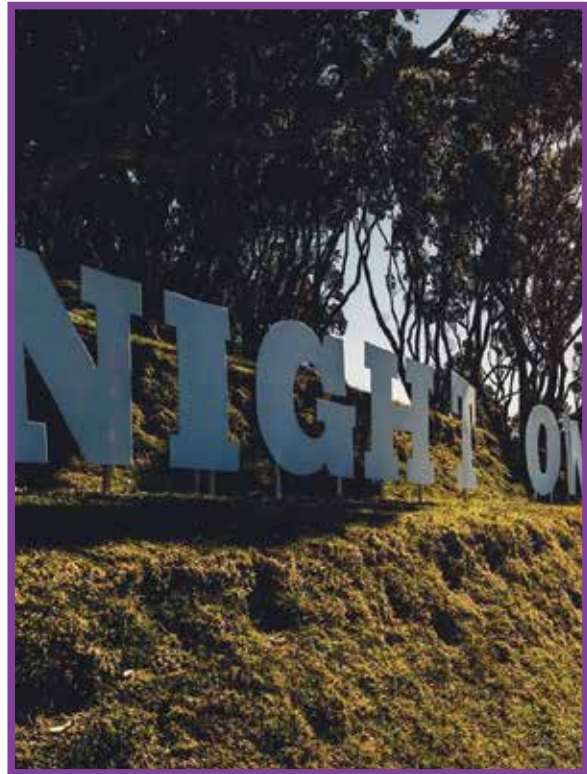
### NIGHT OWL CINEMAS

#### Movie Nights Under the Stars

\$5,000

The long, hot summer of 2014/15 provided an excellent environment for Night Owl Cinema's monthly movies under the stars. Held at Mt Drury, facing the ocean on dusk, the smell of popcorn filled the air and the crowds flocked to enjoy an evening's entertainment for just a gold coin donation. The events, run by volunteers, celebrate community spirit and supports local foodies, entertainers and artists. Community organisations and heroes are also celebrated through a series of shorts played before each film.

TECT Funding of \$5,000 went towards the costs of hiring the screen and public performance licences.



Photo's by Pushinguppixels.



## COMMUNITY EVENTS FUND

— \$610,323 —

*In the 2014/2015 year, 20 organisations benefited from \$610,323 from the Community Events Fund.*

### TAURANGA CITY BASKETBALL ASSOCIATION

#### Tall Blacks tip off in Tauranga \$30,000

A successful hosting bid saw Tauranga City Basketball bring the second game in a 3-game series of the Tall Black's vs South Korea to Tauranga in July 2014.

TECT funding contributed toward the cost of hosting Korean players in Tauranga, venue hire and providing thousands of local basketball players and fans an opportunity to see our national men's basketball team in action.

The action-packed game created a fun and exciting atmosphere, and despite a 1-point victory by the Koreans, it was a thoroughly enjoyable event.



## COMMUNITY SUBSIDY SCHEME

— \$1,255,625 —

*About this fund: TECT's Subsidy Scheme Fund assists with the purchase and installation of electrical equipment for new or existing community facilities.*

### TAURANGA BOYS COLLEGE

The Teaching Power of Tools

\$31,444

In 2013 Tauranga Boys College started redeveloping their technology buildings. Teaching students in modern facilities, with machinery and tools that align closely to what they will experience in tertiary education and industry settings, was an important factor in fitting out the first new building. The College wanted to ensure their students had a successful transition on from Secondary School and providing them with experience on the latest equipment would achieve this.

TECT funding assisted with the purchase of new machinery and power tools for the first of their new Technology buildings.





## COMMUNITY SUBSIDY SCHEME

— \$1,255,625 —

*In the 2014/2015 year, 67 organisations benefited from \$1,255,625 from the Community Subsidy Scheme.*

### TE AKAU KI PAPAMOA SCHOOL

Discovering New  
Ways to Learn

**\$36,175**

With a school vision of 'Leading me to lead my learning' Te Akau ki Papamoa have become a leader in digital learning strategies in Tauranga.

With a number of staff achieving recognition as 'Apple Educators' their commitment to staff development in technology is clear. Through the use of devices such as iPads and iMacs, they are engaging kids in meaningful and transformative learning.

TECT funding enabled the purchase of iPad minis to provide every child in years 1-3 their own learning device.



# TOTAL FUNDING ALLOCATED 2014/2015

TOTAL APPROVED GRANTS FOR THE YEAR END 31 MARCH 2015 - \$21,337,839

## MAJOR AMENITIES

ORGANISATION	PROJECT	APPROVED
Tauranga Tertiary Campus Charitable Trust	Tauranga Tertiary Campus	\$15,000,000
	<b>TOTAL</b>	<b>\$15,000,000</b>

## COMMUNITY DEVELOPMENT

ORGANISATION	PROJECT	APPROVED
Amped4Life	Drug & Alcohol Abuse Seminars	\$10,000
Arataki Kindergarten	Playground	\$15,000
Bay of Plenty Down Syndrome Assn	Educational Development Pilot Project	\$53,070
Bay of Plenty Rowing Association	Wireless Speaker System	\$8,306
Bay of Plenty Rugby Union	Referee Development Programme (2 years)	\$100,000
Bay of Plenty Sailing Academy Trust	Refit Dinghies & Purchase new Dinghies	\$14,312
Beachaven Community House	Community programmes and services	\$15,000
Brookfield Free Kindergarten	Outdoor Redevelopment	\$23,214
Coastguard Eastern Region	Communication Networks	\$50,000
Creative Tauranga	Hairy Maclary Project	\$85,000
Family Support Trust	Community Programmes & Services	\$20,000
Get Smart Tauranga Trust	Vehicle Purchase	\$7,000
Greerton Village School	Fitness Trail	\$5,000
Grief Support Services	Counselling Services	\$25,000
Headway Brain Association BOP	Programmes & Services	\$7,500
House of Science	Transportation of Equipment	\$20,000
Katch Katikati	Town Christmas Decorations	\$15,000
Katikati Community Resource Centre	MPOWA Youth Project	\$23,275
Katikati Kindergarten	Kitchen Re-design	\$10,000
Maketu Volunteer Coastguard	Rescue Equipment	\$9,982
Merivale Community Inc	Community Programmes & Services	\$30,000
ME/CFS Support (BOP)	Client Support & Programmes	\$25,000
Ngati Ranginui Iwi Society	Battle of Gate Pa Book	\$15,000
Omokoroa Community Tennis Club	Court Surface and Lighting	\$68,548
Otanewainuku Kiwi Trust	Translocation of Kiwi	\$10,000
Pacific Island Community (Tauranga) Trust	Community Programmes & Services	\$35,000
Parafed Bay of Plenty	Venue Hire & Wheelchair Purchases	\$24,423
Parent to Parent Coastal BOP	Support Programmes	\$10,000
Pregnancy Choice	Counselling Services & Op Shop	\$40,000
Royal New Zealand Plunket Society	Plunket Plus Programme	\$80,000
SILC Charitable Trust	Fitout Evacuation Centre	\$15,000
St Enoch's Presbyterian Church	Hall Fitout & Driveway Upgrade	\$59,462
Surf Lifesaving New Zealand Inc	Tauranga Programmes & Services	\$20,000
Tauranga & District RDA	Equine Therapy Programmes	\$50,000
Tauranga Art Gallery Trust	Artbus & Shop Development	\$50,000
Tauranga Community Foodbank	Christmas Foodbank Appeal	\$513
Tauranga Elders Forum	Seniors Outdoor Gym Equipment	\$10,000
Tauranga Environment Centre (EnviroHub)	Environmental Programmes & Events	\$20,000
Tauranga Motorcycle Club	Track Development	\$48,000
Tauranga Volunteer Coastguard	Night Vision Goggles	\$7,739
Te Awanui Hauora Trust	Health Services on Matakana Island	\$60,009
Te Puke Art Society	Arts Programmes & Gallery	\$2,935
Te Puke Gymsports Inc	Equipment for Parkour Room	\$17,378
Te Tuinga Whanau Support Services	Boat & Equipment	\$15,000
The Incubator 'Growing Art & Culture'	Art Programmes & Workshop	\$20,000
The Lighthouse Church on the Hill	NU2U shop Fitout	\$4,300
Urban Dance Youth Trust	Studio Fitout	\$32,500
Volunteer Bay of Plenty	Strengthening WBOP Volunteering	\$30,000
Waipuna Hospice	Hospice in Homes Service (3 years)	\$495,000
Water Safety New Zealand	Swim For Life Programme	\$100,000
	<b>TOTAL</b>	<b>\$1,912,466</b>

## COMMUNITY AMENITIES

ORGANISATION	PROJECT	APPROVED
Bay of Plenty Cricket Trust	Upgrade Bay Oval	\$300,000
Mauao Performing Arts Centre	Performing Arts Centre	\$50,000
Mount Maunganui Sports Club	upgrade squash facilities	\$64,087
Mount Maunganui Tennis Club Inc	Clubhouse Renovation	\$100,000
Oropi Settlers Incorporated	Oropi Hall	\$250,000
Otamarakau School	Artificial Sports Turf	\$11,170
Otumoetai Kindergarten	Building Extension	\$45,000
Selwyn Ridge Primary School	Sports Turf Development	\$100,000
Sisters of St Joseph Cluny	Retreat Centre	\$50,000
St Peters House	St Peters House Upgrade	\$120,000
Tauranga Community Housing Trust	Community Housing Project	\$300,000
Tauranga Moana Nightshelter Trust	Youth Hostel Purchase	\$245,288
Tauranga Rowing Club	Building Upgrade	\$126,000
Tauranga Woodcrafters Guild Inc	Education Centre & Community Workshop	\$60,000
Te Puke Squash Rackets Club	Upgrade of Squash Club	\$150,000
Te Puna Reo o Pukehinahina Trust	Puna Reo in Gate Pa	\$75,000
Te Puna School	School/Community Hall	\$85,270
Te Puna Scout Group	Scout Den	\$9,500
	<b>TOTAL</b>	<b>\$2,141,315</b>





## SUBSIDY SCHEME

The following organisations received funding for Electrical items under the Subsidy Scheme.

ORGANISATION	APPROVED
Anglican Care (Waiapu) Ltd	\$24,134
Arataki Primary School	\$29,449
Bellevue Primary School	\$23,533
Bethlehem College	\$30,000
Bethlehem Primary School	\$50,000
Beyond Imagination Trust	\$26,383
Coolbananas Youthwork Trust	\$13,073
Golden Sands School	\$25,000
Gate Pa Bowling Club	\$3,350
Grace Community (Tauranga) Trust	\$1,798
Greerton Bible Church	\$5,265
Greerton Marist Rugby Club	\$60,000
Hanmer BOP Charitable Trust	\$6,500
Kaimai School	\$7,050
Katikati College	\$33,608
Katikati Primary School	\$19,022
Lifezone Church	\$25,000
Matahū Road School Charitable Trust	\$10,131
Matua Bowling Club	\$2,989
Maungatapu School	\$28,253
Merivale School	\$29,840
Mount Maunganui Aquatic Trust	\$60,000
Mount Maunganui Baptist Church	\$6,493
Mount Maunganui College	\$60,000
Mount Maunganui Cricket & Hockey Club	\$44,698
Mount Maunganui Intermediate	\$30,000
Omanu Bowling Club	\$1,852
Omanu Primary School	\$25,063
Omokoroa Point School	\$20,000
Oropi Primary School	\$7,635
Otamarakau Marae	\$49,616
Otumoetai Baptist Church	\$2,435
Otumoetai College	\$50,000
Pahoia School	\$13,762

ORGANISATION	APPROVED
Paengaroa Kindergarten	\$5,695
Papamoa Baptist Church	\$7,570
Papamoa Coast Kindergarten	\$2,285
Papamoa Kindergarten	\$3,596
Pillans Point School	\$24,915
Pirirakau Hauora Charitable Trust	\$1,842
Pongakawa Primary School	\$35,000
Pukehina School	\$7,766
Rangiora School	\$5,625
St Andrews Presbyterian Church	\$17,225
St Patricks Parish	\$1,482
Tauranga Amateur Swimming Club	\$976
Tauranga Boys College	\$31,444
Tauranga City Elim Church Trust	\$5,418
Tauranga City United AFC	\$27,500
Tauranga Girls College	\$40,000
Tauranga Parents Centre	\$1,464
Tauranga Racecourse Management Committee	\$14,093
Tauranga Repertory Society	\$1,560
Tauranga Rudolph Steiner School	\$6,000
Te Akau ki Papamoa School	\$36,175
Te Kura o Matapihi	\$40,401
Te Puke A&P Association	\$5,625
Te Puke Cricket Club	\$2,750
Te Puke Free Kindergarten	\$890
Te Puke Golf Club	\$10,338
Te Puke Hall Society	\$7,508
Te Puna Quarry Park Society Inc	\$6,118
Te Runanga o Ngati Kahu ki Tauranga	\$25,000
The Orchard Church Trust	\$7,847
Te Whare Hauora O Ngati Kahu	\$7,912
Wairakei Kindergarten	\$18,983
Welcome Bay School	\$18,690
<b>TOTAL</b>	<b>\$1,255,625</b>



## COMMUNITY EVENTS

ORGANISATION	PROJECT	APPROVED
AIMS Games Trust	2014 AIMS Games	\$100,000
Arts Kitchen Charitable Trust	Night Owl Cinemas	\$5,000
Bay of Plenty Classic Aircraft Trust	ANZAC WW100 Exhibition	\$5,000
Bethlehem Baptist Church	A Night Before Christmas event	\$12,000
Greerton Village Community Association	Greerton Village Christmas Variety Show	\$5,000
Harvestpoint Christian Outreach Centre	Te Puke Christmas in the Park	\$7,500
Journey Restorative Trust	Greerton Family Day	\$2,296
Katikati Open Air Art Inc	2015 Mural Content & Arts Festival	\$10,000
Mount Festival Charitable Trust	2015 Mount Festival of Multisport	\$30,000
New Zealand Garden & Art Fest Trust	2014 NZ Garden and Art Festival	\$70,000
Tauranga A&P Association	2015 Tauranga A&P Show	\$20,000
Tauranga Arts Festival Trust	2015 Arts Festival & 2016 Escape! Festival	\$160,000
Tauranga Christmas in the Park	Plate Exchange Trailer	\$35,000
Tauranga City Basketball Association	Talls Blacks vs Korea Test	\$30,000
Tauranga Jazz Society	2015 National Jazz Festival	\$80,000
Tauranga Photographic Society Inc	Annual Convention & National Exhibition 2015	\$7,000
Tauranga Regional Multicultural Council	2015 Multicultural Festival	\$12,837
U3A Tauranga Inc	20th Anniversary Celebration	\$6,000
Volleyball New Zealand	National Club Championships	\$5,000
Ra Whakangahau Trust	Ra Whakangahau Kapa Kaka Festival	\$7,690
<b>TOTAL</b>		<b>\$610,323</b>

## ENERGY EFFICIENCY

ORGANISATION	PROJECT	APPROVED
Smart Energy Solutions	Warm Up NZ Home Insulation Programme	\$400,000
Project Litefoot Trust	Project LiteClub	\$18,110
<b>TOTAL</b>		<b>\$418,110</b>

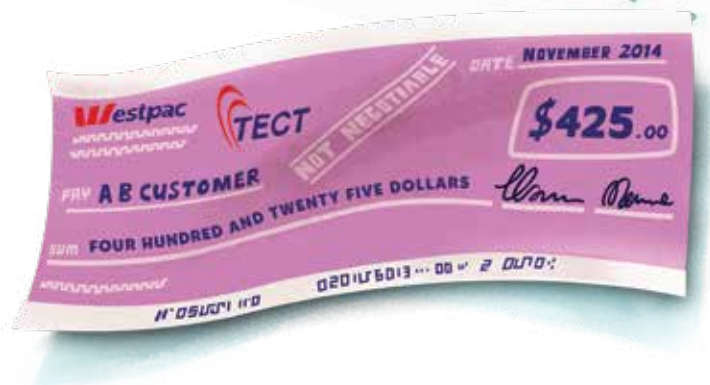


The table above includes all Community Organisation funding approved by Trustees during the year. Some grants may lapse because grant conditions are not met or because funding is no longer required by the organisation. Because of this, the total funding approved may differ from the amount shown as approved in the Financial Report. Total Distributions Approved per the Financial Report includes direct Consumer distributions.

# CONSUMER CHEQUE DISTRIBUTION

TECT distributes the majority of its annual income directly to Consumers by way of cheques. In November 2014, TECT distributed \$28,397,500 to 55,510 eligible Consumers. Each Consumer received a fixed amount of \$425 plus a small variable amount based on each Consumer's power usage. The average cheque amount was \$511. The cheque distribution is of significant benefit to Consumers and provides a huge cash injection into the local economy.

To be eligible for the TECT cheque, you must be a Trustpower customer in TECT's District (essentially in the Tauranga City or Western Bay of Plenty region) and have an active Trustpower power account continuously from 1 April to 30 September. The 2015 distribution will see each eligible Consumer receive a fixed amount based on the type of services they receive from Trustpower, plus a variable amount based on their total spend for the qualifying period. The minimum fixed amount is \$435 and cheques will be mailed out in November.





---

# TECT CARDHOLDER DISCOUNTS

---



## FREE

Entry into the Jazz Village at the National Jazz Festival Monday 6th April 2015.

Entry into the National Exhibition as part of the PSNZ Annual Convention & National Photography Exhibition 29 April-3 May 2015.

Three free games of Petanque on club days before joining Tauranga BOP Petanque Club.

## 10% OFF

Learn-to-windsurf courses with the Bay of Plenty Sailing Academy Trust.

## 20% OFF

Normal price to Baywave TECT Aquatic & Leisure Centre.

## 20% OFF

Casual court hire to the Devoy Squash & Fitness Centre.

## 20% OFF

First two tickets purchased from Baycourt for any show in the 2015 Tauranga Arts Festival (earlybird purchases only).

## 50% OFF

Tickets to the Tall Ferns vs Australian Opals Basketball Test in August 2015.

## \$5 OFF

Adult or Family GA tickets to the 2016 Jetsprint World Series and the 2017/2018 Annual Jetsprint event.

## \$20 OFF

Full registration at the PSNZ National Convention and Exhibition 29 April-3 May 2015.

## CONCESSION TICKET

13 rides for the price of 10 on the Miniature Railway at Memorial Park.

## SUBSIDISED

Home insulation with Smart Energy Solutions. EECA Warm Up NZ programme criteria applies.

---

**TECT Card must be presented for discounts. Visit our website for discount details.**

**Haven't got a TECT Card?  
Visit [www.tect.org.nz](http://www.tect.org.nz) for  
criteria and to apply.**

# TECT GROUP SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS 2014/15

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	TECT GROUP	
	2015	2014
<b>Investment Income</b>		
Dividend Income	41,551,535	41,551,535
Fair Value Adjustment of Investments	13,591	12,634
Fair Value Adjustment of Derivative	-	627,427
Interest Income	985,342	936,707
Miscellaneous Operating Income	1,183	1,828
<b>TOTAL INCOME</b>	<b>42,551,651</b>	<b>43,130,131</b>
<b>Administration Expenses</b>		
Accounting & Financial Consultancy	84,545	-
Legal and Advisory Fees	42,976	39,996
Trustee Expenses	169,003	162,167
Other Administration Expenses	656,544	601,668
<b>Finance Expenses</b>		
Finance Expenses	1,533,291	1,500,075
Depreciation Expense	28,264	2,537
<b>TOTAL EXPENSES</b>	<b>2,514,623</b>	<b>2,306,443</b>
<b>PROFIT BEFORE TAXATION</b>	<b>40,037,028</b>	<b>40,823,688</b>
Tax Expense	1,536,002	778,512
<b>PROFIT AFTER TAXATION</b>	<b>\$38,501,026</b>	<b>\$40,045,176</b>
<b>Plus Other Comprehensive Income</b>		
Valuation Gain on Investments	151,663,103	(125,693,394)
Less Tax on Components of Other	(9,681,640)	5,671,210
Comprehensive Income	<b>141,981,463</b>	<b>(120,022,184)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$180,482,489</b>	<b>\$(79,977,008)</b>

## STATEMENT OF CHANGES IN TRUST EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	TECT GROUP	
	2015	2014
<b>Accumulated Final Profits</b>		
Balance at Beginning of Year	106,517,770	106,354,299
Profit After Taxation	38,501,026	40,045,176
Consumer Distributions/Grants Written Back	591,172	-
Transfers to Reserves for Distributions	(38,057,840)	(39,881,705)
<b>Balance at end of year</b>	<b>107,552,128</b>	<b>106,517,770</b>
<b>Fair Value Reserves</b>		
Balance at Beginning of Year	540,972,094	660,994,278
Current Year Revaluation - Trustpower Shares	151,663,103	(125,693,394)
Deferred Tax on Fair Value Movements	(9,681,640)	5,671,210
<b>Balance at end of year</b>	<b>682,953,557</b>	<b>540,972,094</b>
<b>Reserves for Distributions</b>		
Balance at Beginning of Year	11,687,752	5,232,528
Allocated - Annual Distribution Plan	38,057,840	39,880,000
Net Transfers to Provisions & Payments	(49,648,888)	(33,424,776)
<b>Balance at end of year</b>	<b>96,704</b>	<b>11,687,752</b>
<b>TRUST EQUITY AT END OF THE YEAR</b>	<b>\$790,602,389</b>	<b>\$659,177,616</b>



These statements are to be read in conjunction with the notes to the financial report.

## FULL CONSOLIDATED FINANCIAL STATEMENTS AVAILABLE

The Summarised Consolidated Financial Statements on this page have been extracted from the full audited Consolidated Financial Statements of the Trust for the year ended 31 March 2015. If you require more detailed information, copies of the full Consolidated Financial Statements and the unmodified auditor's opinion dated 16 June 2015 can be obtained from: The General Manager, Tauranga Energy Consumer Trust, PO Box 356, Tauranga.

### STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	TECT GROUP	
	2015	2014
<b>TOTAL TRUST EQUITY (INCLUDING RESERVES)</b>	<b>\$790,602,389</b>	<b>\$659,177,616</b>
Represented by:		
<b>Current Assets</b>		
Cash & Cash Equivalents	1,289,201	2,937,528
Short Term Deposits	2,546,642	14,376,347
Sundry Accounts Receivable & Prepayments	27,902	28,238
Interest Rate Swaps - Westpac/ANZ Bank	148,276	231,000
Taxation Refund Due	416,938	-
<b>Total Current Assets</b>	<b>4,428,959</b>	<b>17,573,113</b>
<b>Non Current Assets</b>		
<b>Investments</b>		
Shares in Trustpower Ltd	825,836,762	674,173,659
Loans to Consumer Organisations	192,896	179,305
ANZ Senior Bonds	-	3,077,116
<b>Total Investments</b>	<b>826,029,658</b>	<b>677,430,080</b>
<b>Non Current Assets</b>		
Plant & Equipment	64,950	67,579
<b>TOTAL ASSETS</b>	<b>\$830,523,567</b>	<b>\$695,070,772</b>
<b>Less Current Liabilities</b>		
Sundry Accounts Payable	74,846	109,169
Bank Overdraft	-	264,125
Accrued Expenses	31,019	1,277
Loan - ANZ Bank	-	125,851
Loan - Westpac Bank	12,000,000	-
Taxation Payable	-	10,000
Provision for Distributions	15,164,277	5,487,231
<b>Total Current Liabilities</b>	<b>\$27,270,142</b>	<b>\$5,997,653</b>
<b>Non Current Liabilities</b>		
Deferred Taxation	12,651,036	2,395,503
Loan - ANZ Bank	-	27,500,000
<b>Total Non Current Liabilities</b>	<b>12,651,036</b>	<b>29,895,503</b>
<b>TOTAL LIABILITIES</b>	<b>39,921,178</b>	<b>35,893,156</b>
<b>NET ASSETS</b>	<b>\$790,602,389</b>	<b>\$659,177,616</b>

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	TECT GROUP	
	2015	2014
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$38,459,749</b>	<b>\$39,506,503</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>\$14,931,570</b>	<b>\$(7,362,680)</b>
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>\$(54,775,521)</b>	<b>\$(33,658,915)</b>
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	(1,384,202)	(1,515,092)
Add Opening Cash & Cash Equivalents	2,673,403	4,188,495
<b>CLOSING CASH &amp; CASH EQUIVALENTS</b>	<b>\$1,289,201</b>	<b>\$2,673,403</b>
Represented by:		
Cash & Cash Equivalents	1,289,201	2,937,528
Bank Overdraft	-	(264,125)
	<b>\$1,289,201</b>	<b>\$2,673,403</b>

Trustee



Trustee



Date: 16/06/2015

# NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2015

### 1. REPORTING ENTITY

These are the Summarised Financial Statements for the TECT Group comprising Tauranga Energy Consumer Trust ("TECT"), TECT Charitable Trust, TECT Holdings Limited and TECT Finance Limited.

The Tauranga Energy Consumer Trust was established under a Trust Deed on 21 December 1993 as a consequence of the Tauranga Electric Power Board's Establishment Plan. TECT is a Consumer Trust, the income and capital of which are to be used to provide benefits to Consumers who are Trustpower customers in the area defined in the Trust Deed (being the area supplied by the Tauranga Electric Power Board as at 21 December 1993 subsequently amended to include the Tauranga district area previously supplied by Tauranga Electricity Limited).

TECT is not a Charitable Trust and accordingly may not continue for more than 80 years. On the winding up of the Trust the assets of the Trust, which remain, will be distributed for the benefit of Consumers.

At 31 March 2015 TECT Group held 103,878,838 shares, representing 33% in the capital of Trustpower Limited. In April 2015 TECT Group sold 20 million shares, reducing its shareholding to 83,878,838 shares or 26.8% in the capital of Trustpower Limited.

### 2. BASIS OF PREPARATION

The summary financial statements are prepared in accordance with FRS 43 Summary Financial Statements. The full financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), as applicable for profit-oriented entities. The Trust has made an explicit and unreserved statement of

compliance with International Financial Reporting Standards (IFRS) in its full financial statements.

This summary is extracted from the full financial statements authorised for issue by the Trustees on 16 June 2015, for which an unmodified audit opinion has been given. This summary has also been examined by KPMG and a copy of their summary unqualified audit opinion is included in this report.

The summary financial statements are presented in New Zealand dollars and rounded to the nearest dollar.

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements of the Trust. You can obtain a copy of the full financial statements free of charge from the TECT office at 525 Cameron Road, Tauranga 3141 or the Trust's website, [www.tect.org.nz](http://www.tect.org.nz).

### 3. TAXATION

The tax expense of \$1,536,002 relates to current group tax charges of \$11,231,360 less dividend Imputation Tax Credits of \$9,695,358.

### 4. DEFERRED TAX

Deferred Tax shown in the Statement of Financial Position arises primarily from revaluation of financial instruments to fair value. Deferred tax liability arising in relation to the fair value movements in Trustpower shares includes allowance for imputation credits likely to be attached to future dividends. The level of imputation credits attached to dividends may vary significantly from year to year. Accordingly the deferred tax calculation has been based on an average of the credits received during the last four years. The estimated level of imputation credits is reviewed at each reporting date.



## 5. IMPUTATION CREDITS

As TECT is not a company it does not have an Imputation Credit account. TECT Holdings Limited and TECT Finance Limited are registered as an Imputation Group. As at 31 March 2015 the Group had Imputation Credits available of \$52,931,787 (2014: \$41,917,662).

## 6. TRUSTPOWER INVESTMENT

TECT Group has the majority of its funds invested in Trustpower shares. The share price is subject to significant fluctuations; in the two months immediately following balance date the price varied between a low of \$7.65 and a high of \$8.12 compared to a market price of \$7.95 at balance date.

## 7. COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies at the end of the financial year (2014: Nil).

## 8. RELATED PARTY TRANSACTIONS

Mr Michael Cooney was Chairperson of Tauranga Energy Consumer Trust and TECT Charitable Trust and a Director of TECT Holdings Ltd and TECT Finance Ltd until 31 July 2014. He was also a director of Trustpower Ltd. Net dividends received by TECT Group from Trustpower Ltd during the year ended 31 March 2015 totalled \$41,551,535 (2014: \$41,551,535). At 31 March 2015 the TECT Group shareholding in Trustpower Ltd was 103,878,838 shares valued at \$7.95 per share (2014: \$6.49) or a total value of \$825,836,762 (2014: \$674,173,659).

Mr Bill Holland is a Trustee of Tauranga Energy Consumer Trust and TECT Charitable Trust. He is a Director of TECT Holdings Ltd and TECT Finance Ltd and is also a partner in the law firm Holland Beckett. Commencing 1 April 2014 TECT entered into an agreement to lease premises from Holland Beckett at an annual cost of \$48,000 (excluding GST).

Trustees are required to be Consumers as defined in TECT's Trust Deed and are therefore beneficiaries of TECT and accordingly are related parties. All transactions with related parties are undertaken in the normal course of business on normal commercial terms.

## 9. INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS

### To the beneficiaries of Tauranga Energy Consumer Trust

The accompanying summary consolidated financial statements on pages 20 to 23, which comprise the summary consolidated statement of financial position as at 31 March 2015 and the summary consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended and notes, are derived from the audited consolidated financial statements of Tauranga Energy Consumer Trust and its subsidiaries ("the group") for the year ended 31 March 2015. We expressed an unmodified audit opinion on those financial statements in our audit report dated 16 June 2015.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the group.

### Trustees' responsibility for the consolidated financial statements

The trustees are responsible for the preparation of a summary of the audited consolidated financial statements, in accordance with FRS-43 Summary Financial Statements.

### Auditor's responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 Engagements to Report on Summary Financial Statements.

Our firm has also provided other services to the trust and group in relation to internal controls review and review of consumer cheque distribution process. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

### Opinion

In our opinion, the summary consolidated financial statements, derived from the audited consolidated financial statements of Tauranga Energy Consumer Trust and its subsidiaries ("the group") for the year ended 31 March 2015, are a fair summary of those financial statements, in accordance with FRS-43 Summary Financial Statements.



16 June 2015  
Tauranga

## JOIN US AT OUR AGM

4pm, Wednesday 5th August  
ASB Arena, Truman Lane,  
Mount Maunganui



The HUB, 525 Cameron Road,  
PO Box 356, Tauranga, 3140

Ph: 07 578 5094 Fax: 07 578 9050

Email: [info@tect.org.nz](mailto:info@tect.org.nz)

[www.tect.org.nz](http://www.tect.org.nz)