

ANNUAL REPORT 2013/2014



NEW BEGINNINGS

TECT'S PURPOSE

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

VISION

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

VALUES
FAIRNESS
RESPECT
INTEGRITY
PRUDENCE

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.

TRUST GOVERNANCE

TRUST GOVERNANCE

TECT and its subsidiary TECT Charitable Trust operate under Deeds of Trust dated 21 December 1993 and 27 March 2002 respectively. 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. The current Trustees are Michael Cooney (Chair), Bruce Cronin (Deputy Chair), Ken Collings, Dame Susan Devoy, Bill Holland and Ron Scott. 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.

END OF AN ERA

In early 2013 the Trustees initiated a major future-focussed revision of TECT's Vision, Mission, Strategies and Operations, and this culminated in the decision later that year to establish its own office and dedicated management structure. The move signalled the end of an era for TECT Secretary Fraser Lellman, who had stepped into the role in 2001, and Char Niles who had led the grants and operations of TECT since 1999.

Wayne Werder was appointed General Manager with effect from 1 April 2014 and further appointments followed.

2014 also sees the retirement of two of TECT's six Trustees, Dame Susan Devoy who has served one four-year term and long-serving Chair Michael Cooney who completes 16 years as Trustee and 13 as Chair.

Michael's colleagues are united in praising his immense contribution to the Trust over this period and the value of his "steady hand on the tiller" during some very trying times for TECT.

Michael rates existing Consumers' 2004 agreement to admit Tauranga Electricity Limited customers to the TECT fold; and the strong endorsement Consumers gave in 2008 to the maintenance of TECT's Consumer Organisation distributions, in the face of an aggressive campaign to end those, as major highlights of his tenure.

"Both these acts of Consumer foresight and generosity," Michael said, "have laid the foundations for TECT's living vision that its Consumers are engaged in a vibrant and enriching community".

TRUST DIRECTORY

| | |
|------------|--|
| Trustees | Michael Cooney (Chair) Bruce Cronin (Deputy Chair) Dame Susan Devoy Bill Holland Ken Collings Ron Scott |
| Secretary | Fraser Lellman (to 31 March 2014) Wayne Werder (from 1 April 2014) |
| Accountant | BDO, Tauranga |
| Auditor | KPMG, Tauranga |
| Solicitor | Sharp Tudhope, Tauranga |
| Bankers | Westpac, ANZ Bank, Kiwibank, 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 |
| TECT Finance No. 2 Ltd | (wound up 2014) |



*Trustees from left to right:
Bruce Cronin,
Ron Scott,
Michael Cooney,
Dame Susan Devoy,
Bill Holland &
Ken Collings.*

CHAIRPERSONS REPORT

Dear Consumers,

I am pleased to report increased distributions have been made this year.

The wisdom of the decision made by Consumers twenty years ago to vest in TECT a significant interest in Trustpower for the benefit of Consumers then and in the future and the wisdom of Trustees to retain that investment is evidenced year on year by the benefits that TECT delivers to Consumers and Community Organisations in the Tauranga Western Bay of Plenty region. This year record distributions have been made to Consumers and Community Organisations. In the twenty years of TECT's existence, \$246m has now been paid directly to Consumers and \$72m has been paid to Community Organisations. This is an outstanding achievement.

TRUSTPOWER

It is TECT's policy to consult regularly with Consumers on TECT's continued ownership of shares in Trustpower. In September the Consumer Consultation on Ownership concluded with the Trustees resolving that TECT retain its existing shareholding in Trustpower subject to continued monitoring, with the right to sell down its 33% shareholding to a 26.36% shareholding without further Consultation if Trustees consider it is in the best interests of Consumers to do so. Trustees valued the input of those Consumers who engaged in the Consultation.

In the year under review, TECT received dividends from Trustpower of \$41.5m or \$0.40 per share. This was the same as the rate of dividend paid in last year. Flat electricity demand has led to a very competitive electricity market in New Zealand. Trustees are pleased with the return TECT has received on its Trustpower investment.

Trustpower has signalled an increase in its earnings is anticipated as the construction of the second stage of



its wind farm at Snowtown, South Australia draws near to completion. Trustees believe that Trustpower's other wind development opportunities in Australia, its irrigation opportunities in Canterbury and its unique multi-product offering in New Zealand of electricity, gas, telephone and internet services mean that Trustpower is well positioned to continue to provide shareholders with strong dividend income in the future. Share price movements can swing widely in a closely held Company like Trustpower, but it is the level of dividend income that is of greater importance to Trustees and Consumers.

The value of TECT's investment in Trustpower fell from \$7.70 per share last year to \$6.49 per share at the 31st of March 2014, a drop in value of the investment of \$125.7m. A significant part of this fall followed the announcement by the Labour/Green political parties of their intention to reform the electricity market in a manner that can only be described as an unprincipled sequestering of value. Since balance date, the share price has recovered to \$7.05 per share at the date of this Report which increases the value of the investment by approximately \$56m.

KEY FINANCIAL RESULTS FOR THE YEAR ARE AS FOLLOWS:

- Group equity reduced by \$114m to \$659m as a result of the fall in the Trustpower share price.
- Short term money market deposits of \$11.2m were committed to TECT's funding reserves and distribution provisions.
- Group profit was \$40m compared to \$38.9m in 2013.
- Group expenses decreased by \$900,000. This decrease is attributable to the reduced interest cost as a result of debt reduction outweighing the additional costs TECT has incurred during the year in setting up its independent office.
- Debt remained static at \$27.5m. Since balance date, debt has been reduced by \$3m to \$24.5m.

DISTRIBUTIONS TO CONSUMERS

This year \$39.9m was allocated to TECT's Consumer Distribution Schemes.

TECT's primary Distribution Scheme is its cheque distribution to Consumers, and this year \$26.7m was distributed tax free directly to Consumers. The minimum amount distributed to a Consumer this year was \$400.

Since 1994 TECT has distributed \$246m direct to Consumers. I am pleased to announce that Trustees have resolved to further increase the minimum amount to be distributed to Consumers this year to \$425 per Consumer which will be distributed in November.

\$13.2m was allocated to TECT's other Community Organisation Distribution Schemes.

\$7.7m was allocated to the major amenity fund to make provision for a potential grant to support the expansion of tertiary education in Tauranga. Trustees are currently evaluating a proposal which could have significant benefits for our region if structured appropriately. Trustees hope in the near future to be in a position to communicate with Consumers on the details of this proposal.

A grant of \$1.8m was made to Waipuna Hospice to enable the Hospice to expand its facilities. Trustees were pleased to be in a position to further assist the Hospice in the very valuable work that it does in our community. Other notable grants were \$600,000 to the Ngamuwahine Camp Trust for extensions to the Trust's well used camp in the lower Kaimais and \$350,000 to the Elms to enable it to acquire a strategically located adjoining property. These are just three of the many grants that TECT has been able to make this year in support of our Community Organisations.

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 in its endeavour to ensure that our Consumers live and are engaged in a vibrant and enriching community.

ADMINISTRATION

Significant changes in the administration of your Trust have been introduced this year. TECT has now set up its own office in premises at "The Hub", 525 Cameron Road, Tauranga. In March this year we welcomed Wayne Werder as TECT's General Manager. Wayne was previously the Chief Executive of Sport Bay of Plenty.

Paula Hudson has been employed as Operations and Grants Manager and Jeanette Voss has been retained as the Grants Administrator. Trustees hope these new arrangements will provide an increased level of service to Consumers.

At the end of March we farewelled the BDO team who have provided secretarial services to TECT since TECT's inception. Trustees are appreciative of the high level of service received from BDO and are thankful in particular of the efforts of Fraser Lellman as Secretary and Char Niles as Grants & Operations Administrator.

TRUSTEE ELECTION

The bi-annual election of three Trustees is currently underway. There are 19 candidates for the three Trustee positions. This is testimony to the high interest our community has in the activities of TECT.

Dame Susan Devoy and I have chosen not to stand for re-election.

On behalf of Consumers I express thanks to Dame Susan for the great work that she has done for Consumers during her term of office. My thanks to my fellow Trustees for their work on behalf of the Trust during the year and for their support for me in my role as Chairperson.

On a personal note I thank Consumers for the confidence and support that you have given me over the 16 years that I have been privileged to be a Trustee of TECT.



Michael Cooney

TECT Chairperson

COMMUNITY AMENITIES FUND

\$2,440,000

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.

WAIPUNA HOSPICE STILL MAKING A DIFFERENCE AFTER 20 YEARS

For over 20 years Waipuna Hospice has provided palliative care services and support to local patients and families coping with terminal illness.

After a successful trial of a day services clinic and demand created by increased referrals, the Trust decided that a full day services wing would enable the Hospice to permanently offer a day services clinic five days a week.

TECT's grant of \$1.8m is helping build a new wing including clinical and medical procedure rooms, lounge and family areas, space for counselling, bereavement and support groups, massage therapy and education, and an expanded training room for the delivery of Specialist Palliative Care education.

The new wing is due for completion in February 2015.



COMMUNITY AMENITIES FUND

\$2,440,000

In the 2013/2014 year, three community organisations benefited from \$2,440,000 from the Community Amenities Fund.



NGAMUWAHINE CAMP TRUST OUTDOOR EDUCATION KEEPS GETTING BETTER

The Ngamuwahine Learning Education Outside the Classroom Lodge is situated 25 kms from Tauranga City on the edge of the Kaimai/Mamaku Forest Park. The lodge is used by over 3,000 people annually. Demand for the Lodge is high so the Ngamuwahine Trust embarked on a major building project to extend the current facility to allow greater community use.

With funding from TECT's Community Amenities Fund (\$600,000), the project started in May 2013 and the Camp now boasts an extra-large multipurpose room, a commercial kitchen, eight additional twin bedrooms and bathroom facilities. The lodge now has capacity for 90 overnight and 150 daytime visitors.

Regular visitors include schools, kindergartens, Rotary youth, Rotary service clubs, Scouts, Girl Guides, church groups, Canteen, sports groups, Youth Search & Rescue, NZ Police, and Civil Defence.



COMMUNITY EVENTS FUND

\$556,628

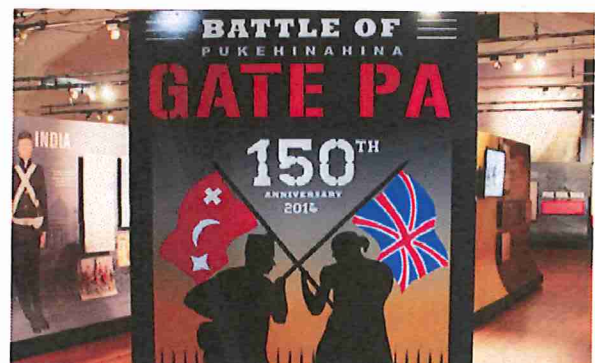
About this fund: TECT considers applications from groups that show local initiative and where the Grant will benefit a significant part of our community in providing a Community Event.

BATTLE OF GATE PA 150TH BATTLE ANNIVERSARY COMMEMORATED

2014 marks the 150th Anniversary of the Battles of Gate Pa and Te Ranga. Part of the Land Wars in 1864, these battles, and the confiscations that followed, mark the true beginning of the city of Tauranga.

The Battle of Gate Pa Trust was established to mark this historic event and with TECT's \$75,000 donation, set about creating an interactive exhibition at Greerton Hall.

Two pathways wound through the hall showing story boards, music and voice stories from different perspectives of the battle. The pathways merged to an area showcasing videos and a battlefield model display. Murals depicting scenes from the battles adorned the walls of the hall.



COMMUNITY EVENTS FUND

\$556,628

In the 2013/2014 year,
16 organisations benefited
from \$556,628 from the
Community Events Fund.



TAURANGA BMX SUCCESS AT THE BMX NATIONAL CHAMPIONSHIPS

Following the development of the new BMX facility at Cambridge Park, the Tauranga BMX Club for the first time hosted the BMX NZ National Championships in April. This is the main annual event for BMX clubs and was made easier thanks to a \$14,000 grant from TECT. The club was excited to showcase the world class track they have developed.

Over three days, the event drew in 986 competitors from as far as Northland and Dunedin; the crowds topped 4,000 despite the stormy weather that hit Tauranga over Easter weekend. Riders aged 3yrs – 70yrs competed in age classes and were allocated their NZ rankings based on this event. The top eight from each age category were awarded official NZ rank number plates to adorn their bikes for the year - a great honour within BMX!



COMMUNITY SPECIAL PROJECTS FUND

\$2,113,527

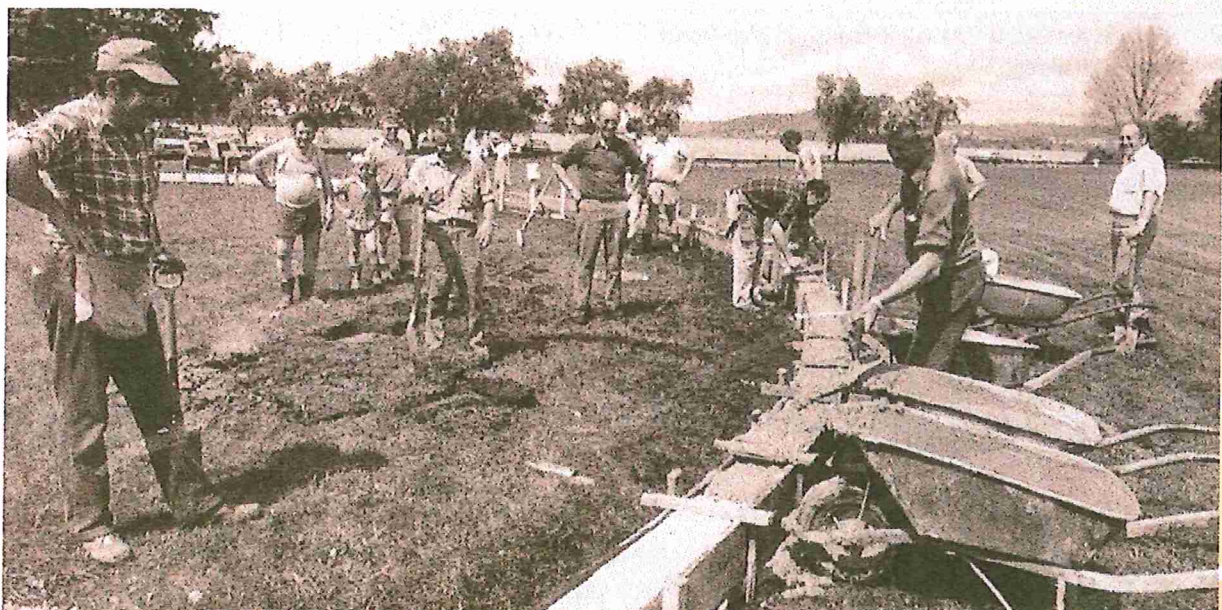
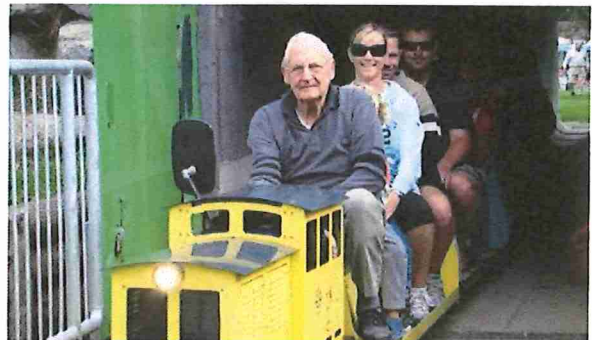
About this fund: TECT considers applications from groups that show local initiative and where the Grant will benefit a significant part of our community in providing a Community Special Project.

TAURANGA MODEL MARINE AND ENGINEERING CLUB ON TRACK WITH THE EXTENSIONS

Over 30 years ago the Tauranga Model Marine & Engineering Club built the Miniature Railway at Memorial Park. From small beginnings, the miniature railway has developed into a public attraction for local families and visitors to the city.

With TECT funding of \$117,351, Club members have been able to continue railway development with the latest work extending the track by 329 metres, creating embankments and building more bridges. Generations of families have been enjoying this community asset and that has been reflected in the support from the public, Tauranga Lions and local businesses sponsoring money and services to assist with the project.

Train rides are available every Sunday, weather permitting, from 10am till 4pm, at Memorial Park, Tauranga.



COMMUNITY SPECIAL PROJECTS FUND

\$2,113,527

In the 2013/2014 year,
28 organisations benefited
from \$2,113,527 from the
Community Special
Projects Fund.



TE AWANUI HAUORA TRUST (First Response Unit - Matakana island) BY LAND OR BY SEA FIRST RESPONSE TO THE RESCUE

The Matakana Island residents are 40 minutes by sea to emergency services on the mainland. Rapid response, first aid and transportation are the keys to positive outcomes for the sick and seriously injured. Matakana Islands' Emergency First Response Unit is filling a gap in emergency care both for Island residents and the areas around the Island.

The funding from TECT of \$30,624 enabled the purchase and fit-out of an Ambulance, along with a storage shed for the ambulance and the units' emergency boat. With this level of resources the Unit is in a good position to provide medical support, positively affecting good outcomes for people needing emergency care and transportation around and off the island. This quick response significantly reduces the emotional and physical strain on the sick and their families.



COMMUNITY SPECIAL PROJECTS FUND

\$2,113,527

THE ELMS FOUNDATION COMPLETING THE MISSION

Once the flourishing Te Papa Mission Station, The Elms is now a tranquil oasis amid the bustle of modern day Tauranga. The Elms historic house dates back to the early 19th century and is the oldest European heritage site in the region.

The Elms Foundation exists to protect, preserve, restore and maintain the land and buildings that make up the former Mission Station; for the community to learn about and appreciate their heritage. The Elms welcomes 20,000 visitors per year from cruise ships, local interest groups, church groups, schools and the community.

TECT contributed \$350,000 towards the purchase of the last house on Mission Street adjacent to The Elms. The house will provide office space and a display room for some of the 9,000 artefacts and textiles the Foundation has collected.



ENERGY EFFICIENCY FUND

\$400,000

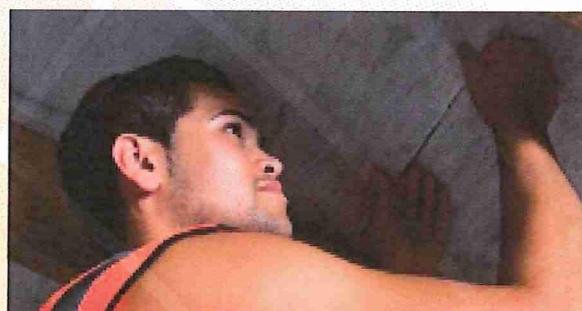
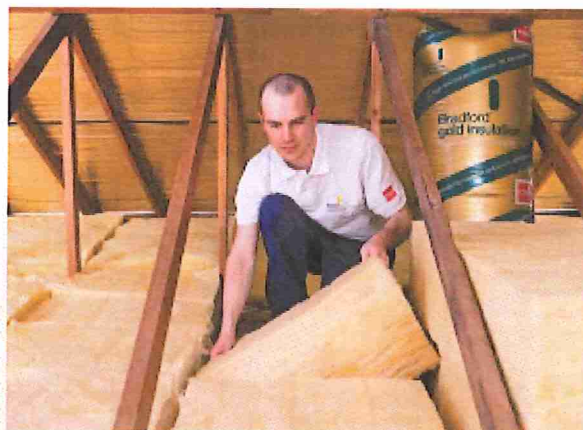
About this fund: TECT considers applications from groups that show local initiative and where the Grant will benefit a significant part of our community in providing an Energy Efficiency Project.



SMART ENERGY SOLUTIONS WARMING UP TAURANGA

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

Smart Energy Solutions is the local provider who have teamed up with EECA and TECT to insulate older homes of TECT consumers in Tauranga and the Western Bay of Plenty. TECT's \$400,000 grant from the Energy Efficiency fund matched funding from EECA, and enabled Smart Energy Solutions to insulate the homes of 420 low income earners in the 2013-2014 year.



COMMUNITY SUBSIDY SCHEME

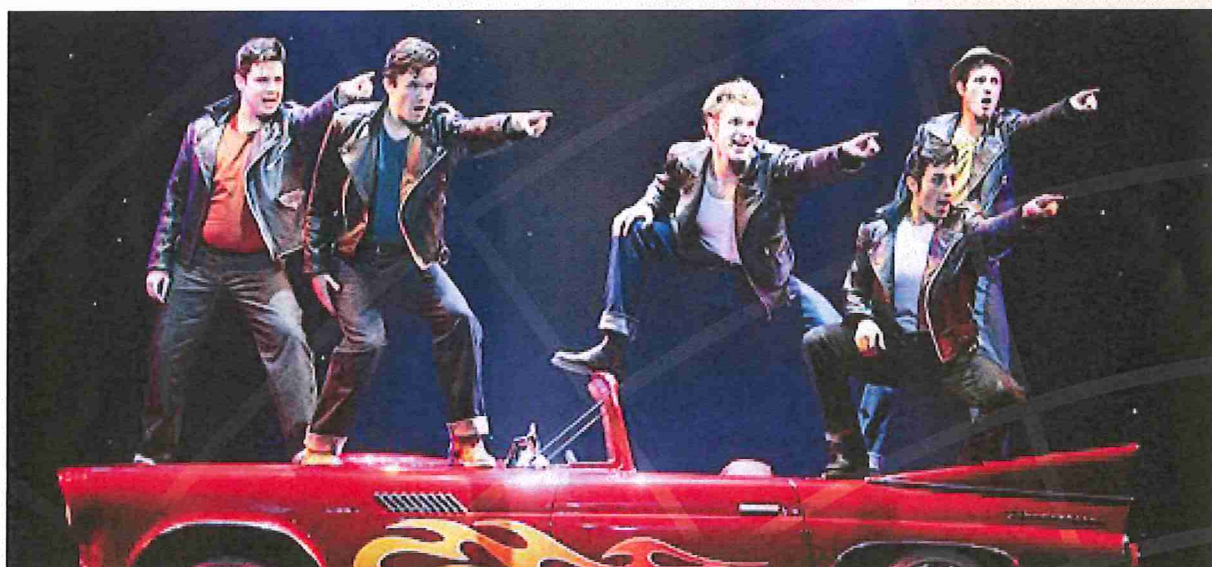
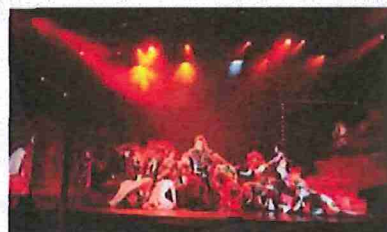
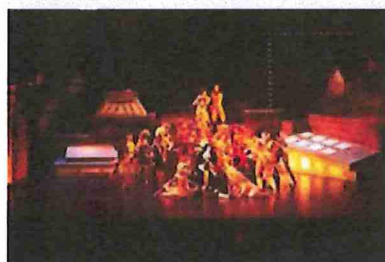
\$1,326,574

About this fund: TECT considers applications from groups to assist in the acquisition of equipment that uses electricity, electrical installation costs for new or existing community facilities, or other applications associated with electricity use.

TAURANGA MUSICAL THEATRE LET'S MAKE MUSIC

Tauranga Musical Theatre has a proud 70+ year history of producing high calibre productions in Tauranga; with four productions each year - one at Baycourt Theatre and three smaller productions in their own Westside Theatre on 17th Avenue. The smaller productions provide a safe environment for the development of new performers and is a vital part of growing membership numbers.

The quality of the sound and whether the audience can hear the words/story has a direct effect on the shows success. TECT's support of \$51,095 enabled Tauranga Musical Theatre to purchase new radio microphones and LED moving head lights. The benefits of this new equipment are more far reaching than just the four shows the Theatre produces each year - the equipment is also used by other local theatres and schools.



COMMUNITY SUBSIDY SCHEME

\$1,326,574

In the 2013/2014 year,
75 organisations benefited
from \$1,326,574 from the
Community Subsidy
Scheme Fund.

GREERTON SCOUTS **OUR SCOUTS ARE ALWAYS PREPARED**

From their Greerton Clubhouse on Hynds Road, the Greerton Scout Group run three levels of Scouts from Keas, Cubs and Scouts. The group provide life skills of problem solving, citizenship, healthy living and a wide range of outdoor activities.

They are taking the Scout motto 'Be Prepared' seriously and used funding of \$2,994 from TECT to install heat-pumps in the Clubhouse to keep them warm on the cold winter nights. The funding also assisted with the purchase of a new oven and fridge so all hall users can enjoy a warmer and better equipped facility.



HOSANNA FELLOWSHIP **LEAP OF FAITH**

Hosanna Fellowship Trusts' church building was looking old, tired and in need of a lot of repair, so when they stumbled across a vacant warehouse building in a nearby suburb, they jumped at the opportunity to buy it.

Working together, the team undertook tasks that most of them had not tackled before - laying cobblestones and carpet, applying gibboard, painting and positioning cables- all in an effort to turn the warehouse into a place of worship.

TECT's funding of \$10,900 went a long way to provide heating, audio visual equipment, lighting and a security system for their new church.



TOTAL FUNDING ALLOCATED

FUNDING ALLOCATED IN 2013/2014

| ORGANISATION | ITEMS | APPROVED |
|---|--|----------|
| SUBSIDY SCHEME | | |
| Aquinas College | Computer Equipment, Digital Camera, iPads, Musical Equipment, Oven, Microwave, Power Tools | \$60,000 |
| Arataki Primary School | Computers | \$46,000 |
| Bellevue Primary School | Computers, iPads | \$7,273 |
| Bethlehem College | Computers, Data Projector, iPads, TV/DVD | \$59,521 |
| Beyond Imagination Trust | Computers, iPads | \$3,448 |
| Brookfield Primary School | Computer Equipment, iPads, TV/DVD, Wiring/Installation Costs | \$26,592 |
| Changepoint | Air-conditioning Unit, Computers, iPads, Lighting/Floodlighting, Kitchen Equipment, Sound System | \$22,726 |
| Deaf Aotearoa NZ Inc - Bay of Plenty Branch | Computers, Heaters | \$698 |
| Elim Christian Centre Tauranga Trust | Computer Equipment, Computers, Heaters, Lighting/Floodlighting, Sound System | \$14,277 |
| Greenpark School | Computers, iPads, Printer | \$35,799 |
| Greerton Bible Church | Computer Equipment, Computers, Electrical Upgrade, Air-conditioning Unit | \$12,400 |
| Greerton Scout Group | Fridge/Freezer, Heatpump/Cooling System, Oven/Microwave | \$2,994 |
| Greerton Senior Citizens Association Inc. | Electrical Upgrade, Lighting/Floodlighting | \$3,517 |
| Grief Support Services Inc | Computers | \$1,305 |
| Habitat for Humanity (Tauranga) Ltd | Electric Roller Doors, Air-conditioning Unit, Oven/Microwave, Water Heater/Zip, Wiring, Installation | \$26,236 |
| Hosanna Fellowship Trust | Cabling & networking, Data Projector, Air-conditioning Unit, Lighting, Security, Sound, Telephone system | \$10,900 |
| Imagine Better Limited | Data Projector | \$900 |
| Katikati Christian Centre | Heaters | \$283 |
| Katikati College | Air-conditioning Unit, Computer Equipment, Computers, iPads, Telephone system | \$35,509 |
| Kids Campus Tauranga Public Service Childcare Society Inc | Kitchen Appliances | \$1,211 |
| Kidz Need Dadz Charitable Trust | Computers | \$750 |
| Mangatawa Papamoa Blocks Inc. | Extractor Fan, Heaters, Kitchen & Laundry Appliances, Wiring/Installation | \$36,288 |
| Matua School | Computer Equipment, Computers, Electrical items, iPads, Listening Posts/Headphones, TV/DVD | \$15,422 |
| Maungaarangi Kindergarten | Cabling & networking, Computers | \$3,261 |
| Maungatapu Free Kindergarten | Computers, iPads, Sound System, Speakers, TV/DVD | \$3,070 |
| Maungatapu School | Computers | \$9,254 |
| Mount Maunganui Baptist Church | Heatpump/Cooling System, Microphones, Sound System | \$7,520 |
| Mt Maunganui Anglican Parish | Cabling & networking, Computer Equipment, Computers, iPads, Phone System, TV/DVD | \$23,075 |
| Mt Maunganui College | Computers, Heatpump/Cooling System | \$60,000 |
| Mt Maunganui Primary School | Computer Equipment, Computers, Electrical items, iPads | \$47,267 |
| Omanawa Hall Committee Inc. | Kitchen Appliances, Lighting/Floodlighting | \$1,700 |
| Omokoroa No.1 School | Computer Equipment, Computers, iPads | \$42,755 |
| Otamakau School | iPads | \$6,054 |
| Otumoetai Baptist Church | Computers, Lighting/Floodlighting, TV/DVD | \$1,158 |
| Otumoetai Intermediate School | Cabling & networking, Computer Equipment, Data Projector, iPads, TV/DVD, Wiring/Installation | \$50,635 |
| Otumoetai Primary School | Computer Equipment, Data Projector, iPads | \$47,843 |
| Pillans Point School | Computer Equipment, Computers, iPads, TV/DVD | \$24,989 |
| SILC Charitable Trust | Carpet Cleaner, Computers, Kitchen & Laundry Appliances, TV/DVD | \$11,544 |
| South City Baptist Church - Tauranga | Cabling & networking, Computer Equipment, Data Projector | \$2,894 |
| St Andrews Church - Te Puke | Data Projector, Air-conditioning Unit | \$3,023 |
| St Andrews Presbyterian Church | Computers, Data Projector, Air-conditioning Unit, Microphone(s), Printer, Sound System, TV/DVD | \$19,114 |
| St Mary's Catholic School | Computer Equipment, Computers, iPads | \$55,000 |
| St Thomas More Catholic School | Computers, iPads | \$11,968 |
| Tauranga Bowling Club Inc | Aerial, Computers, TV/DVD, Video Camera, Wiring/Installation | \$1,102 |
| Tauranga Budget Advisory Service | Air-conditioning Unit | \$1,111 |
| Tauranga Christian Community Trust | Dishwasher, Dryer, Heatpump/Cooling System | \$2,452 |
| Tauranga City Elim Church Trust | AV Equipment, Computers, Heatpump/Cooling System, Video Camera | \$3,302 |
| Tauranga Girls College | Computers | \$60,000 |
| Tauranga Hockey Association Inc | Lighting/Floodlighting | \$60,000 |
| Tauranga Intermediate School | Computer Equipment, TV/DVD | \$28,593 |
| Tauranga Living Without Violence Collective | Air-conditioning Unit | \$332 |
| Tauranga Musical Theatre | Lighting/Floodlighting, Microphones | \$51,095 |
| Tauranga Primary School | Cabling & networking, Data Projector, Screen - motorized | \$7,752 |
| Tauranga Repertory Society Inc. | Heatpump/Cooling System | \$3,580 |
| Tauranga Women's Refuge Inc | Computer Equipment, Heaters, Lighting, Power Tools, Security System, Vacuum Cleaner, Wiring/Installation | \$12,432 |
| Tauranga Yacht & Power Boat Club Inc. | Computer Equipment, AV Equipment, Lighting, Weather Station, Wiring/Installation | \$21,689 |
| Te Akau Ki Papamoa School | Computer Equipment, iPads | \$42,247 |
| Te Kura Kaupapa Maori O Otepou | iPads, TV/DVD | \$4,300 |
| Te Kura O Matapihi | Computer Equipment, Electrical Appliances, iPads, Sewing Machines, AV Equipment | \$9,101 |
| Te Puke Free Kindergarten | Cabling & networking, Computers, Digital Camera | \$1,098 |
| Te Puke Hall Society Inc | Electrical Upgrade, Lighting/Floodlighting | \$9,328 |

| | | |
|---|---|--------------------|
| Te Puke High School | Computers, Data Projector, iPads, Security System, Sound System, Sports Equipment | \$60,000 |
| Te Puke Intermediate School | Computer Equipment, Data Projector, iPads, TV/DVD, Visualisers | \$14,838 |
| Te Puke Methodist Church | Photocopier | \$1,000 |
| Te Puke Netball Assn | Fridge/Freezer | \$948 |
| Te Puna Community Kindergarten Inc | Computer Equipment, Dishwasher, iPads, Sound System, TV/DVD | \$2,711 |
| Te Ranga School | Computers, Electrical Items, iPads, Oven/Microwave, Photocopier, Printer | \$21,400 |
| Te Whanau Kotahi Trust | Computers | \$3,390 |
| Tutarawananga Te Kohanga Reo | Computers, Heatpump/Cooling System, TV/DVD | \$2,572 |
| Waihi Beach Volunteer Coastguard | Heatpump/Cooling System | \$3,456 |
| Welcome Bay Free Kindergarten | Heatpump/Cooling System, iPads | \$1,936 |
| Welcome Bay School | Cabling & networking, Computers, Air-conditioning unit, iPads, TV/DVD | \$31,382 |
| Western Bay of Plenty Mental Health Trust Inc | Computer Equipment, Computers | \$2,445 |
| Whakaue Kaipapa Marae | Lighting/Floodlighting, Wiring/Installation Costs | \$1,459 |
| Youth Te Puke Trust | Air-conditioning Unit | \$3,350 |
| | TOTAL | \$1,326,574 |

COMMUNITY AMENITIES

| | | |
|----------------------------|---------------------------------------|--------------------|
| Gate Pa Tennis Club | Court Resurfacing | \$40,000 |
| Ngamuwahine Camp Trust | Camp Lodge | \$600,000 |
| Waipuna Hospice Foundation | Construction of Day Services Facility | \$1,800,000 |
| | TOTAL | \$2,440,000 |

COMMUNITY SPECIAL PROJECTS

| | | |
|--|--|--------------------|
| Bay of Plenty Multiple Sclerosis Society | Operating Costs | \$40,000 |
| Child Cancer Foundation Tauranga | Operating Costs, Scholarships and Computer Equipment | \$55,475 |
| Creative Tauranga Charitable Trust | Hailey Maclary and Friends Project | \$70,000 |
| EERST | Paper for Trees Programme | \$26,755 |
| Elms Foundation | Property Purchase - Mission Street | \$350,000 |
| Growing Through Grief (Waiapu Anglican Church) | Seasons Growing Through Grief Programme | \$8,000 |
| Holy Trinity Anglican Church | Air Conditioning | \$125,000 |
| Homes of Hope Charitable Trust | Operating Costs | \$169,017 |
| Impact Gymsport Academy | Gymnastics Equipment | \$40,000 |
| Katiaki Community Resource Centre | Operating Costs | \$34,000 |
| Maketu Ongatoro Wetland Society | Quad Bike, Trailer and Shed | \$28,000 |
| ME/CFS Support BOP Inc | Operating Costs | \$34,110 |
| Merivale School | Playground Upgrade and Equipment | \$24,000 |
| Omokoroa Playcentre | Upgrade of Outdoor Playground Area | \$13,968 |
| Paengaroa Free Kindergarten | Construction of Disabled Access to Kindergarten Entrance | \$14,995 |
| Papamoa Community Support Centre | Operating Costs | \$31,618 |
| Papamoa Primary School | Playground Upgrade | \$26,218 |
| Pongakawa School | Resources and Equipment for Action Centre | \$172,795 |
| SPCA Tauranga | Operating Costs | \$30,000 |
| Sport Bay of Plenty | GO4it Fundamental Skills Programme | \$200,000 |
| St Thomas More Parish Church | Carpark Redevelopment | \$50,000 |
| Tauranga Art Gallery Trust | Artbus | \$20,000 |
| Tauranga Environment Centre Charitable Trust | Operating Costs - Sustainable Backyards Programme | \$11,000 |
| Tauranga Model Marine & Engineering Club Inc | Train Track Extension and High Bridge | \$117,351 |
| Tauranga Squash Rackets Club Inc | Tiered Bleacher Seating | \$14,400 |
| Te Puke Gymnastics Club | Gym Equipment | \$6,825 |
| Watersafety New Zealand | Swim for Life Survive Lessons for Primary Schools | \$100,000 |
| Youth Development Trust | Kiwi Can Life Skills Programme & Project K | \$300,000 |
| | TOTAL | \$2,113,527 |

COMMUNITY EVENTS

| | | |
|--|--|------------------|
| AIMS Games Trust | NZCT Aims Games 2013 | \$80,000 |
| Battle of Gate Pa Trust | Commemoration Exhibition - Battles of Gate Pa and Te Ranga | \$75,000 |
| Bay of Plenty Classic Aircraft Trust | Tauranga City Airshow | \$115,000 |
| Bethlehem Baptist Church | Night Before Christmas Event | \$6,300 |
| Fairhaven School | Annual Fireworks Gala | \$10,000 |
| Jetsprint Bay of Plenty | V8 Jetsprint Event | \$40,000 |
| Omokoroa Community Church | Christmas Concert | \$5,000 |
| Ra Whakangahau Trust | Kapa Haka Festival | \$6,000 |
| Summerfest Charitable Trust | Summerfest Festival | \$20,000 |
| Tarnished Frocks and Divas | Performing Arts and Exhibition Fashion Show | \$30,000 |
| Tauranga BMX | BMX National Championships | \$14,045 |
| Tauranga Jazz Society Inc | 52nd Jazz Festival | \$75,000 |
| Tauranga Performing Arts Competition Society Inc | Performing Arts Festival | \$10,000 |
| Tauranga Regional Multicultural Society | Multicultural Festival | \$15,000 |
| Tauranga South Community Patrol | National Training Seminar | \$20,250 |
| Te Aranui Youth Trust | Anti Drink Driving & Drug Expo | \$35,033 |
| | TOTAL | \$556,628 |

ENERGY EFFICIENCY

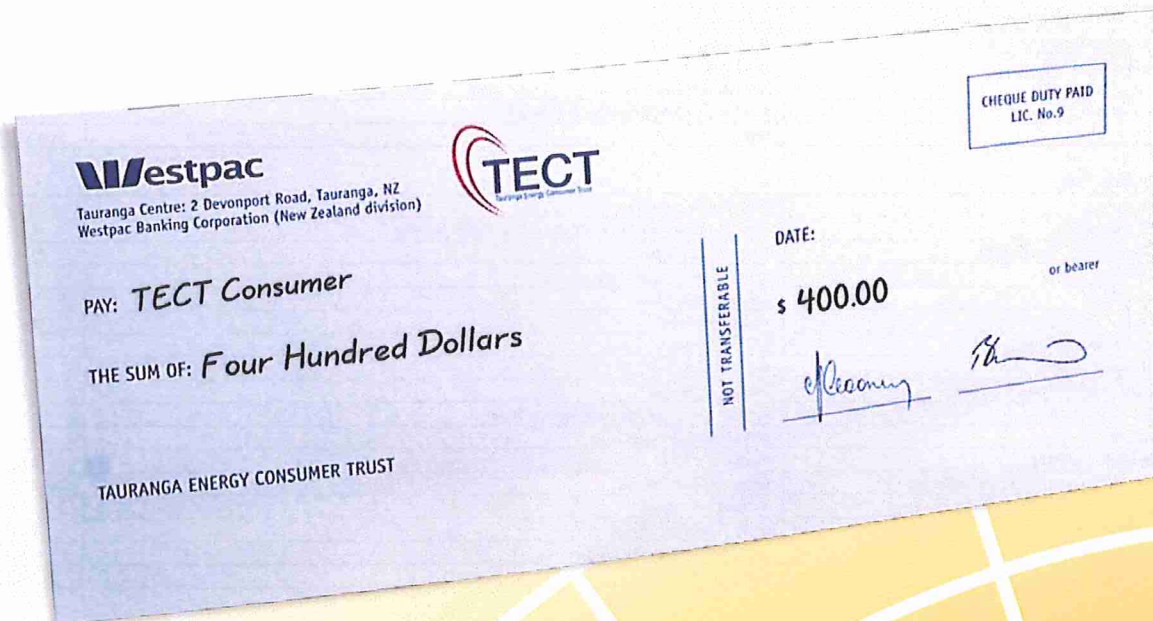
| | | |
|------------------------|--------------------------------------|------------------|
| Smart Energy Solutions | Warm Up NZ Home Insulation Programme | \$400,000 |
| | TOTAL | \$400,000 |

TOTAL APPROVED GRANTS FOR YEAR ENDED 31 MARCH 2014

\$6,836,729

CONSUMER CHEQUE DISTRIBUTIONS

TECT distributes the majority of its annual income directly to Consumers by way of cheques. In November 2013, TECT distributed \$26,680,000 to eligible Consumers. Each Consumer received a fixed amount of \$400 plus a small amount which varied according to each Consumer's power usage. The average cheque amount was \$480. 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. This year each eligible Consumer will receive a fixed base amount of \$425 plus a portion based on power usage, with cheques being mailed out in November.



TECT CARDHOLDER DISCOUNTS



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

Entry price to the Festival Concert at the 2014 Festival of Performing Arts 4-13 July 2014

50% OFF

Ticket prices for the Tall Blacks vs Korea Basketball Test Match on 17 July 2014

\$5 OFF

Family Pass to the V8 Jetsprint Event on 25 January 2014. Plus a free child pass redeemable with any Adult or Family Pass.

\$10 OFF

The 'Evening with Julieanne Kost' event as part of the PSNZ 63rd Annual Convention & National Photography Exhibition 29 April – 3 May 2015

\$20 OFF

Full registration at the PSNZ 63rd Annual Convention & National Photography Exhibition 29 April – 3 May 2015

CONCESSION TICKET

13 rides for the price of 10 with the Tauranga Model Marine & Engineering Club (Miniature Railway @ Memorial Park)

FREE

Entry into the Jazz Village at the Tauranga Jazz Festival Sunday 20th April 2014

Entry into the National Exhibition as part of the PSNZ 63rd Annual Convention & National Photography Exhibition 29 April – 3 May 2015

TECT Card must be presented for discounts.

Haven't got a TECT Card?

Visit www.tect.org.nz for criteria and to apply.

TECT GROUP SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS 2013/2014

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

| | 2014 | 2013 |
|---|------------------------|---------------------|
| Finance Income | | |
| Dividend Income | 41,551,535 | 41,551,535 |
| Fair Value Adjustment of Investments | 12,634 | 11,728 |
| Fair Value Adjustment of Derivative | 627,427 | 112,718 |
| Interest Income | 936,707 | 1,227,676 |
| Miscellaneous Operating Income | 1,828 | 1,795 |
| TOTAL INCOME | 43,130,131 | 42,905,452 |
| Administration Expenses | | |
| Legal and Advisory Fees | 39,996 | 6,697 |
| Secretarial Costs | 358,001 | 337,142 |
| Trustee Expenses | 162,167 | 135,804 |
| Other Administration Expenses | 243,667 | 255,721 |
| Finance Expenses | | |
| Interest | 1,494,552 | 2,467,603 |
| Other Finance Expenses | 5,523 | 6,308 |
| Depreciation Expense | 2,537 | - |
| TOTAL EXPENSES | 2,306,443 | 3,209,275 |
| PROFIT BEFORE TAXATION | 40,823,688 | 39,696,177 |
| Tax Expense | 778,512 | 802,620 |
| PROFIT AFTER TAXATION | \$40,045,176 | \$38,893,557 |
| Plus Other Comprehensive Income | | |
| Valuation Gain on Investments | (125,693,394) | 46,745,477 |
| Change in Estimate of Deferred Tax on Trustpower Shares | - | - |
| Less Tax on Components of Other Comprehensive Income | 5,671,210 | (693,979) |
| Total Other Comprehensive Income | (120,022,184) | 46,051,498 |
| TOTAL COMPREHENSIVE INCOME | \$ (79,977,008) | \$84,945,055 |

STATEMENT OF CHANGES IN TRUST EQUITY FOR THE YEAR ENDED 31 MARCH 2014

| | 2014 | 2013 |
|--|----------------------|----------------------|
| Accumulated Final Profits | | |
| Balance at Beginning of Year | 106,354,299 | 100,040,242 |
| Profit After Taxation | 40,045,176 | 38,893,557 |
| Transfers to Reserves for Distributions | (39,881,705) | (32,579,500) |
| Balance at End of Year | 106,517,770 | 106,354,299 |
| Fair Value Reserves | | |
| Balance at Beginning of Year | 660,994,278 | 614,942,780 |
| Current Year Revaluation - Trustpower Shares | (125,693,394) | 46,745,477 |
| Deferred Tax on Fair Value Movements | 5,671,210 | (693,979) |
| Balance at End of Year | 540,972,094 | 660,994,278 |
| Reserves for Distributions | | |
| Balance at Beginning of Year | 5,232,528 | 3,689,638 |
| Allocated - Annual Distribution Plan | 39,880,000 | 32,579,500 |
| Net Transfers to Provisions & Payments | (33,424,776) | (31,036,610) |
| Balance at End of Year | 11,687,752 | 5,232,528 |
| TRUST EQUITY AT END OF THE YEAR | \$659,177,616 | \$772,581,105 |

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 2014. If you require more detailed information, copies of the full Consolidated Financial Statements and the unmodified auditor's opinion dated 17 June 2014 can be obtained from: The General Manager, Tauranga Energy Consumer Trust, PO Box 356, Tauranga.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

| | 2014 | 2013 |
|--|----------------------|----------------------|
| TOTAL TRUST EQUITY (INCLUDING RESERVES) | \$659,177,616 | \$772,581,105 |
| Represented by: | | |
| Current Assets | | |
| Cash & Cash Equivalents | 2,937,528 | 4,188,495 |
| Short Term Deposits | 14,376,347 | 7,083,783 |
| Sundry Accounts Receivable & Prepayments | 28,238 | 27,444 |
| Interest Rate Swaps - ANZ Bank | 231,000 | - |
| Total Current Assets | 17,573,113 | 11,299,722 |
| Non Current Assets | | |
| Investments | | |
| Shares in Trustpower Ltd | 674,173,659 | 799,867,053 |
| Loans to Consumer Organisations | 179,305 | 166,671 |
| ANZ Senior Bonds | 3,077,116 | 3,070,378 |
| Total Investments | 677,430,080 | 803,104,102 |
| Non Current Assets | | |
| Plant & Equipment | 67,579 | - |
| TOTAL ASSETS | \$695,070,772 | \$814,403,824 |
| Less Current Liabilities | | |
| Sundry Accounts Payable | 109,169 | 58,068 |
| Bank Overdraft | 264,125 | - |
| Accrued Expenses | 1,277 | - |
| Loan - ANZ Bank | 125,851 | 113,073 |
| Taxation Payable | 10,000 | 434,799 |
| Provision for Distributions | 5,487,231 | 5,732,443 |
| Total Current Liabilities & Distribution Provisions | \$5,997,653 | \$6,338,383 |
| Non Current Liabilities | | |
| Deferred Taxation | 2,395,503 | 7,587,909 |
| Loan - ANZ Bank | 27,500,000 | 27,500,000 |
| Interest Rate Swap - ANZ Bank | - | 396,427 |
| Total Non Current Liabilities | 29,895,503 | 35,484,336 |
| TOTAL LIABILITIES | 35,893,156 | 41,822,719 |
| NET ASSETS | \$659,177,616 | \$772,581,105 |

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

| | 2014 | 2013 |
|---|-----------------------|-----------------------|
| NET CASH FLOWS FROM OPERATING ACTIVITIES | \$39,506,503 | \$38,195,510 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | \$(7,362,680) | \$11,070,462 |
| NET CASH FLOWS USED IN FINANCING ACTIVITIES | \$(33,658,915) | \$(46,234,240) |
| NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS | (1,515,092) | 3,031,732 |
| Add Opening Cash & Cash Equivalents | 4,188,495 | 1,156,763 |
| CLOSING CASH & CASH EQUIVALENTS | \$2,673,403 | \$4,188,495 |
| Represented by: | | |
| Cash & Cash Equivalents | 2,937,528 | 4,188,495 |
| Bank Overdraft | (264,125) | - |
| | \$2,673,403 | \$4,188,495 |

Trustee

Trustee

Date: 17 June 2014

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

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, TECT Finance Limited and TECT Finance No. 2 Limited. TECT Finance No. 2 Limited was wound up during the year ended 31 March 2014.

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.

TECT Group holds 103,878,838 shares, representing 33% 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 17 June 2014, for which an unqualified 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.

3. TAXATION

The tax expense of \$778,512 relates to current group tax charges of \$13,705,654 less dividend Imputation Tax Credits of \$12,357,737 and tax effect of tax losses of (\$569,405).

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 2014 the Group had Imputation Credits available of \$41,917,662 (2013: \$28,997,597).

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 \$6.42 and a high of \$7.15 compared to a market price of \$6.49 at balance date.

7. COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies at the end of the financial year (2013: Nil).

8. RELATED PARTY TRANSACTIONS

Mr Michael Cooney is Chairperson 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 director of Trustpower Ltd. Net dividends received by TECT Group from Trustpower Ltd during the year ended 31 March 2014 totalled \$41,551,535 (2013: \$41,551,535). At 31 March 2014 the TECT Group shareholding in Trustpower Ltd was 103,878,838 shares valued at \$6.49 per share (2013: \$7.70) or a total value of \$674,173,659 (2013: \$799,867,053).

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 has 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 CONSOLIDATED 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 2014, and the summary consolidated statements 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 2014. We expressed an unmodified audit opinion on those financial statements in our report dated 17 June 2014.

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.

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 as Trustpower consumers. This matter has 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 2014, are a fair summary of those financial statements, in accordance with FRS-43 Summary Financial Statements.

KPMG

17 June 2014
Tauranga

JOIN US AT OUR AGM

THURSDAY 31ST JULY, 4PM
VILLAGE HALL, HISTORIC VILLAGE ON 17TH,
SEVENTEENTH AVENUE, TAURANGA



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

Tel. 07 578 5094, Fax. 07 578 9050
info@tect.org.nz

