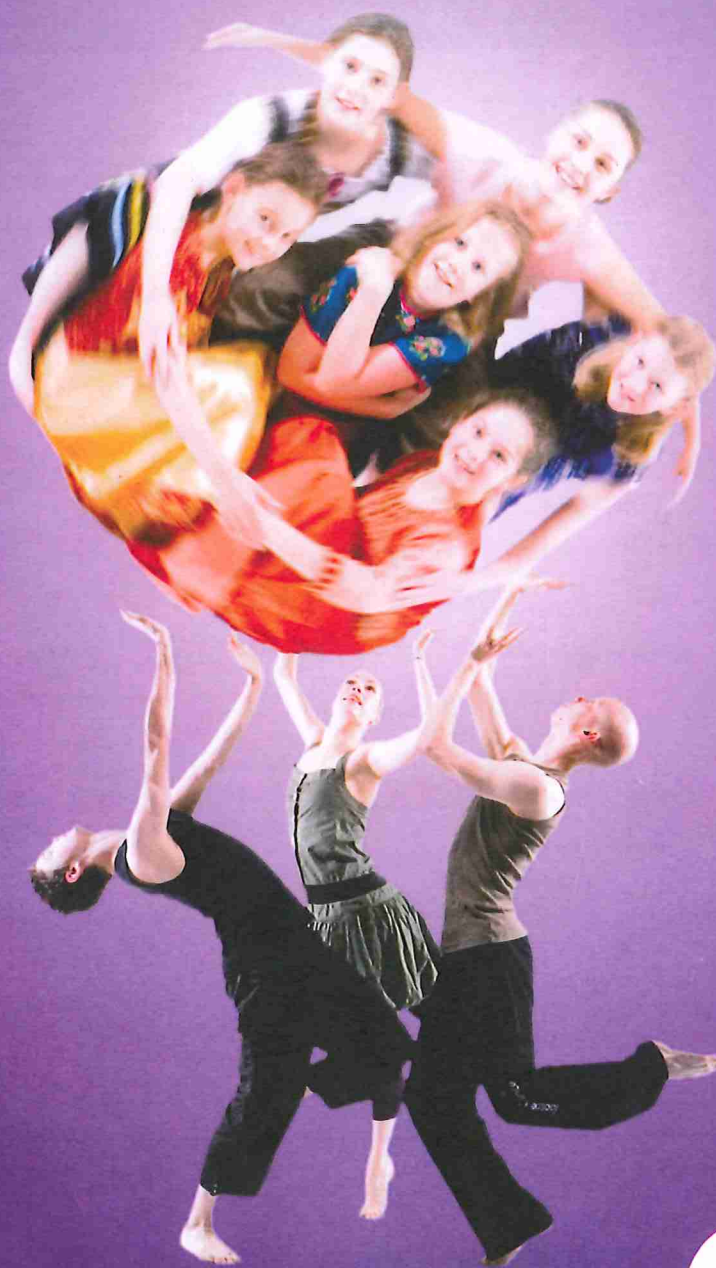


TECT | ANNUAL REPORT | 2008



a **positive force** in your community





Allocations to TECT's Distribution Schemes

2008

FOR YEAR ENDED 31 MARCH 2008

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The amounts represent distributions made to each fund.

The distribution to each fund is not necessarily fully spent in any one year.

Direct Cheque Distributions to Consumers	\$20,700,000
Major Amenities Fund	\$2,000,000
Community Organisation Subsidy Scheme	\$1,000,000
Community Amenities Fund	\$750,000
Energy Efficiency Fund	\$250,000
Community Events & Special Projects Fund	\$100,000
TECT Scholarships	\$5,000

Total Distributions \$24,805,000

A further \$80,000 was added to Trust Equity to permit diversification of Trust investments.

Our Vision

To be the best Consumer Trust by significantly benefiting Consumers and their Communities

Front Cover: TECT was a major sponsor of the Tauranga Arts Festival 2007 - an event that truly brought Tauranga alive with its vibrant performances and exhibitions.



Michael Cooney (Chair)
Fraser Lellman (Secretary)
Ian Harris (Trustee)
Harold Cameron (Trustee)
Bruce Cronin (Deputy)
Frances Denz (Trustee)
Ron Scott (Trustee)

Benefiting Consumers now and in the

Future

Whether we're serving Consumers individually or via Consumer Organisations, sponsoring an event or supporting the local hospice, TECT Trustees take seriously their responsibilities to TECT's Consumers. We're committed to making an active and positive contribution to the lives of our Consumers.

TECT (Tauranga Energy Consumer Trust) was formed in 1993. The purpose of TECT is to manage the assets of the Trust for the benefit of qualifying Consumers during the term of the Trust. "Consumers" are TrustPower account holders in Tauranga City and the Western Bay of Plenty District. The Deed of Trust provides Trustees with a number of ways to deliver benefits to Consumers. Today, TECT is one of New Zealand's largest Energy Trusts. TECT's policy is to distribute approximately 80 percent of its net earnings direct to Consumers by way of cheque and the balance indirectly to Consumer benefit via community organisations.

For the 60,000 Consumers, TECT is probably best known for the cheques it provides annually to them with over \$20 million distributed in September 2007. Other high profile fund allocations to Consumers Organisations this year have been to the Tauranga Yacht and Power Boat Club, Vincent House, Tauranga Arts Festival, Elms Foundation and continuing support of the TrustPower/TECT Rescue Helicopter. Since the Trust was formed, it has been a positive force in helping Consumer Organisations with their community causes.

TECT's Consumer Community Organisation Subsidy Scheme provides a key funding avenue for not-for-profit organisations based in our region. As a Consumer Trust, we fully embrace and support Consumer Organisations in developing more vibrant communities.

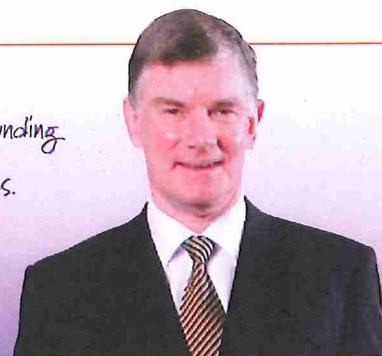
The year under review has been another hugely challenging, successful and rewarding one for TECT. During the year, TECT consulted its Consumers on the proposal that TECT retain its shareholding in TrustPower, an exercise that Trustees undertake at least every five years. Consumers overwhelmingly supported this proposal. Today, TECT holds a 33% share in the capital of TrustPower.

Our "positive force" theme for this year's Annual Report is to highlight our results to date and to re-emphasise our commitment to significantly benefiting TECT's Consumers.

We believe our progress towards realising our vision is now well established. The tremendous support given to us by Consumers and Consumer Organisations is significant and greatly appreciated. Throughout the pages of this Report, you will gain a glimpse of the exciting work taking place in Tauranga and Western Bay of Plenty - we trust you will find the contents enlightening and encouraging.

TECT has established itself as a positive force in our region with record funding distributions benefiting Consumers, Consumer Organisations and local communities. I am pleased to give the following report on behalf of the TECT Trustees.

Michael Cooney, Chairperson



Chairperson's Report

The Year in Review 2008

A Bit about TECT

As part of the 1993 electricity reforms, Tauranga Electric Power Board customers (Consumers) approved an establishment plan which saw approximately 50% of the initial share capital of TrustPower distributed to individual Consumers. Rather than take the remaining 50% for themselves Consumers vested those shares in the Tauranga Energy Consumer Trust for the benefit of existing and future generations of Consumers providing Trustees with a range of methods by which they could deliver benefits to Consumers. The Trust (TECT) that evolved from that decision is unique in its ability to be able to make distributions direct to Consumers and to make grants to wider groups of Consumer organisations for the benefit of Consumers.

The wisdom of that Consumer decision made 15 years is evident by this report.

Millions Given to TECT Consumers and Organisations

TECT's income is derived from its investments, the most significant of which is its 33% shareholding in TrustPower. TrustPower is a national electricity generator/retailer. Most of the dividend income TECT receives from TrustPower is sourced from outside the Tauranga Region and represents an inflow of funds into the Tauranga District.

TECT enjoyed an increase in income this year which enabled it to make record distributions to Consumers. Trustees are pleased to report that \$24.8 million of distributions were allocated to TECT's Consumer Distribution Schemes during the year. Of this, \$20.7 million was distributed directly to Consumers through the annual cheque distribution scheme. Cheque distributions have continued to increase over the years. This year's distribution amounted to an average of \$345 net of tax. Over \$93.7 million has now been distributed direct to Consumers since 1994. Feedback received from Consumers indicates that the annual payout is much appreciated.

Two grants were made this year from the Major Amenities Scheme. A grant of \$1,000,490 to the Elms Trust and a grant of \$1 million to Western Bay of Plenty District Council/Tauranga City Council for the TECT All Terrain Park.

The Elms is recognised as one of New Zealand's most important historic places. As part of its grant the Trustees transferred to the Elms, TECT's interest in two adjoining properties. This restores to the Elms part of its original site. Included in the \$1 million grant was a cash contribution of \$200,000 to support the security and continued cataloguing of the Elms' collections. TECT is pleased to have played a significant role in preserving and developing Tauranga's heritage.

The TECT All Terrain Park is a 1,685 hectare park situated in upper Pyes Pa. TECT first contributed \$2.5 million to the WBOP District Council to assist with the purchase and development of the TECT All Terrain Park back in 2004. A further \$1 million was approved during the year for the development of an underpass to enable users to avoid crossing the highway to access each side of the park. It is anticipated that initial activities in the park will begin towards the end of this year. The park will be a tremendous asset to the region.

This year saw an increase in applications for funding from TECT's various Consumer funding schemes. Many Community Organisations have been supported in the valuable work they do in the community. Trustees were delighted to contribute funding in this past year to the new TECT Rescue Vessel run by the Tauranga Volunteer Coastguard. TECT Rescue is now completed and operational. The TrustPower/TECT Rescue Helicopter and TECT Rescue are providing vital services to our region.

As is demonstrated by a review of the list of grants approved during the year, which are set out elsewhere in this Report, grants are given to Consumer Organisations for a wide range of worthy projects and events. Trustees regularly receive comments on how these grants enable them to extend and expand their services in our community.

A full list of grants approved during the year is on pages 11 to 13 of the Annual Report.

TECT Card provides Benefits to Consumers

TECT established the TECT Concession Card in 2003. We have successfully negotiated a number of discounts to various TECT-sponsored events and amenities on presentation of the TECT Card. Awareness of the Card continues to increase amongst Consumers with record numbers presenting their TECT Cards for discounts to Baywave TECT Aquatic & Leisure Centre, the Tauranga Arts Festival and other local events and amenities as they are negotiated.

Bright Sparks Supported through TECT Scholarships

Electrical Scholarships continue to provide a real spark to the local industry. TECT is doing its bit, in conjunction with the Bay of Plenty Polytechnic, to help overcome the shortage of essential tradespeople by supporting industry training schemes through the TECT Electrical Scholarships. Six scholarships were awarded to students during the year to enable them to continue with their study towards electricity-related careers.

This will be an opportunity to meet Trustees and hear about all of the activities of the Trust over the past year and of course, what's in store for the coming year!

Please join us at our AGM being held:

Wednesday 30 July 2008,

11am at The Village Hall, Historic Village,
17th Avenue, Tauranga

Please join us at our AGM

Invitation

Consumers say "Retain Shareholding"

During the year TECT consulted with its Consumers as to whether TECT should retain its 33% shareholding in TrustPower. This consultation takes place at least every five years.

58 submissions were received from Consumers. These submissions overwhelmingly supported TECT retaining its shares in TrustPower. TrustPower has been an outstanding investment for TECT. The strong support amongst Consumers highlighted to Trustees the depth of support for the retention of TECT's shares in TrustPower. It was encouraging that Independent Advisors, Consumers and Trustees were aligned in their view that the investment be retained.

TrustPower Share Price Affects Value of TECT Assets

The value of TECT's Group assets at 31st of March 2008 was \$682 million, down \$52 million on the previous year. The result was predominantly affected by the NZX listed TrustPower share price dropping from \$8.22 per share on 31 March 2007 to \$7.50 on 31 March 2008. The fall in share price must be set in the context of the general fall in world share markets. Trustees are satisfied that the underlying value and earning potential of TrustPower remains strong.

Tribute

During the year Ian Harris retired as Trustee. Ian was elected Trustee in 2000. He has been a serving Police Officer for over 20 years and has held several positions including Tauranga Senior Sergeant. He has completed tours of duty in East Timor and Sudan with the United Nations and is currently an Inspector at the Police National Headquarters in Wellington. He was influential in establishing the TECT Scholarship Scheme in conjunction with the Bay of Plenty Polytechnic.

I would also like to acknowledge the huge contribution to the Trust and its Consumers made by Harold Cameron, who will retire from TECT at the expiry of this term after 14 years as a Trustee. Harold has been actively involved in many organisations including Councillor of the Maketu ward, six years Deputy Chairman and six years Chairman of Tauranga County Council, President of the Te Puke Rotary Club and President of Clan Cameron New Zealand.

We sincerely thank Ian and Harold for their leadership and governance skills, extensive industry knowledge, the professionalism they each brought to the Trust and their enduring commitment to the advancement of TECT. Their long serving tenure was instrumental in establishing the Trust as one of the most highly regarded in the country.

Elections

The biennial Elections have just been completed in June 2008 and were hotly contested with 14 candidates standing for the three available positions. This is a strong indication of the interest in the activities of TECT in our community.

The elections saw Bruce Cronin, Ken Collings and Mark Groos elected to office. The future funding of distributions to Consumer Community Organisations may now be under threat following the appointment of Mr Groos who campaigned for all the Trust's income to be distributed direct to Consumers by way of Consumer cheque. Although the Electorate provided an overwhelming mandate for the continuation of current distribution policies, it was clear that candidates supporting that position split the vote. The Board is now divided with three Trustees for the current distribution policies and three against. The year ahead will provide some interesting challenges for the new-look Board.

Website

TECT's website continues to be a vital asset providing up-to-date information to Consumers and Community Organisations. Many organisations are now downloading funding application forms through this medium.

The website can be accessed at www.tect.org.nz

Administration

The Trust is well served by its Secretary, Fraser Lellman and his team. The Secretariat has a high level of knowledge about the Trust's activities and responsibilities, and provides a readily accessible service to Consumers. We thank them for their ongoing support of the Trust, its Consumers and the Trustees.

Trustees

TECT is one of the largest Energy Trusts in New Zealand. Trustees take seriously the need to administer this very substantial fund in an open and transparent manner. Consumers are fortunate that despite differing points of view amongst Trustees, TECT has been able to bring to Consumers the benefits outlined in this Report. All Trustees have contributed considerable time and expertise to the business of TECT throughout the year. I thank them for their commitment.

It is a privilege to report on this past year, and I look forward to your attendance and feedback at this year's Annual General Meeting.

Michael Cooney
TECT Chairperson





"Just a note to say what a pleasure it was to open our mail and amongst all the accounts, find your cheque! We would like to thank you for such a pleasant surprise."

Direct Distributions to Consumers

\$20,700,000

DISTRIBUTION MADE TO FUND, YEAR ENDED 31 MARCH 2008



TECT's financial result this year allowed for a record distribution of \$20.7 million to be paid to TECT's 60,000 Consumers in September 2007. From the many calls that the Trust received, there were no doubts that the cheques were well appreciated.

TECT distributes the majority of its annual income directly to Consumers by way of cheques. This year's distribution, TECT's largest ever cheque payout to Consumers, was made possible by the dividends received from the Trust's shareholding in TrustPower and other investments.

TECT earns most of its income from a 33% shareholding in TrustPower. To be eligible to receive the cheque from TECT, Consumers must be TrustPower customers in Tauranga City or the Western Bay of Plenty District at the cut-off date.

The amount of each cheque issued in September 2007 included a fixed sum of \$300 plus a percentage based on power consumption used in the six months to the cut-off date.

TECT further assists Consumers by negotiating discounts to various TECT-sponsored events and amenities on presentation of the Consumer Concession Card.

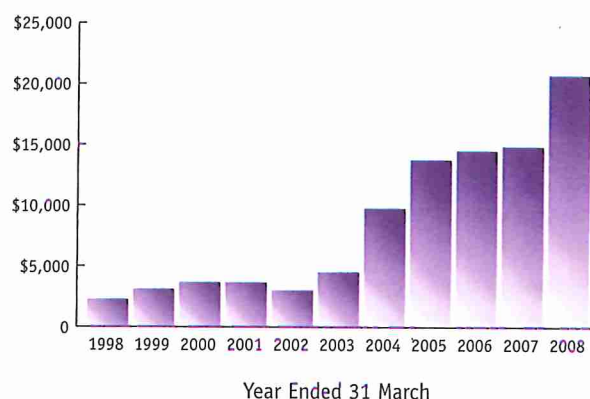
This year a discount was offered on presentation of the Card to the Baywave TECT Aquatic & Leisure Centre and the iconic Tauranga Arts Festival.

For the year ended 31 March 2008 32,225 Consumers had used their TECT Concession Cards to take advantage of the

20% discount off entry prices to Baywave – a total savings to Consumers of \$30,051!! Total aquatic user visits for the year to March 2008 were 266,544 which have exceeded Baywave's expectations.

TECT was also a major sponsor of the Tauranga Arts Festival 2007. The quality of the performances and diversity of the programme once again resulted in the Festival being a resounding success. TECT Card holders took advantage of a 20% discount on the first two tickets purchased to any show. The Festival reaches out to many audiences across the city but TECT Consumers form the core audiences. 37% of the 9891 tickets purchased were by TECT Consumers - that's a total discount of \$23,190.

SUMMARY OF DIRECT CONSUMER DISTRIBUTIONS





Major Amenities Fund

\$2,000,000

DISTRIBUTION MADE TO FUND, YEAR ENDED 31 MARCH 2008

About the Fund

The emphasis of this Fund is to support Major Amenities that benefit the whole TECT area, or a significant part of it.

TECT considers applications as and when they are received during the year; funding is directed towards a permanent new amenity or a significant upgrade of an existing amenity. A discount for TECT Consumers (if applicable) is part of the consideration of applications within this category.

Precious Artefacts Preserved

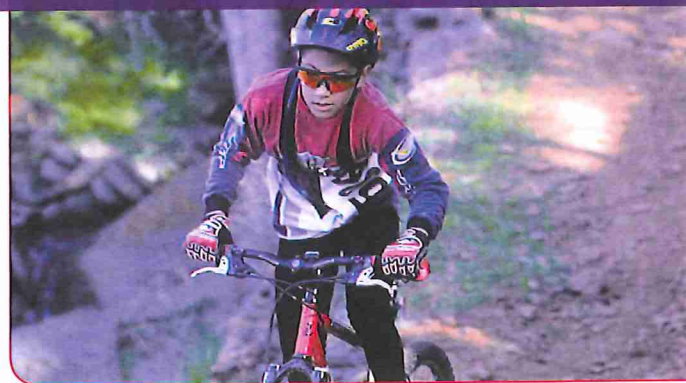
The Elms has been a Tauranga icon for many years and is recognised as one of New Zealand's most important historic places. The Elms holds a unique collection of over 11,000 items that are very significant both to the Tauranga region, and also nationally.



TECT contributed over \$1 million to The Elms Foundation comprising a cash grant of \$200,000 and a transfer of the Trust's interests in two properties adjoining the Elms.

One of the key areas of concern for the future of the Elms related to its size. With the transfer of the properties this will allow the Elms to develop its future potential allowing parking access and the development of an education centre in the years to come.

The cash grant is being used to catalogue the Elms' artefacts and enhance the security of the collection. The Trust is pleased to have played a significant role in preserving and developing Tauranga's heritage.



An Adventure Playground in our Back Yard!

TECT first contributed \$2.5 million to the WBOP District Council to assist with the purchase and development of the TECT All Terrain Park back in 2004. A further \$1 million was approved during the year towards the development of an underpass to allow safe access from the highway to both sides of the park. With the construction of buildings and facilities and the major size of the project, it will be some years before the park is fully developed.

The park is a unique recreational venue comprising 1685 hectares of uninhabited wilderness that is a major asset for the District and has the potential to position the Bay of Plenty as the country's premier venue for active outdoor recreation.

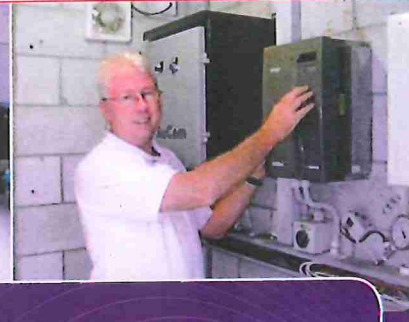


Because of its size, TECT All Terrain Park has the ability to host events such as motocross, rallying, and will also cater for trial and trail bikes, mountain biking, target shooting, 4x4, quad bikes,

drag racing, burn-out pad, firearm sports, remote-control cars, archery, kayaking, rafting, tramping, orienteering and equestrian events.

The project has received major funding in the past from the Western Bay of Plenty District Council, Tauranga City Council, BayTrust and TECT.

Turning the first sod in the TECT All Terrain Park now signals the start of a long, but exciting journey for the local Councils and future park users. The first user groups will shortly start work preparing their "patch" and creating internal tracks. It is anticipated that initial activities will begin towards the end of 2008.



Community Organisation Subsidy Scheme

\$1,000,000

DISTRIBUTION MADE TO FUND, YEAR ENDED 31 MARCH 2008

Sports Club gets Cooking

The clubrooms of the Eastern Districts Rugby & Sports Club in Paengaroa is a busy venue for both sport and community activities. It is hired out to other sports groups and local community groups as a major part of the Club's fundraising efforts so having good kitchen facilities is very important.



The TECT grant of \$3,095 means that the Club can upgrade its oven and grill and therefore maintain the high quality of its kitchen facility and standards of catering. The Club is a valuable

asset to the Paengaroa community and it provides opportunities for people of all ages and ability to participate in various sports including rugby, netball, darts, tennis and also as a meeting place for seminars and social events.

TECT Supports Non-Violence Programme

Tauranga Living Without Violence Collective Trust is a member of the Te Kupenga Whakaoti Mahi Patunga National Network for stopping violence.



The purpose of the agency is to focus on working with victims, as well as perpetrators of domestic violence, with the goal of offering solutions to enable them to conduct and live their

lives in a non-violent environment. The Trust provides three separate educational programmes for both men and women; a Men's programme, a 'Women and Anger' programme and the 'Women in Safe Environments' programme which supports women victims and their children.

TECT's grant of \$6,884 was put towards the purchase of a photocopier, laptop computer and data projector. Men's Programme Coordinator Dennis Blake said, "The new equipment will enable us to record minutes on the laptop while at meetings and with the data projector we will be able to more effectively promote the work we do in the community".

Kids Keep Warm thanks to TECT

Kids Campus is a non-profit childcare centre that provides affordable child care for families in the Gate Pa/Tauranga south community.

Centre Manager Eunice Evans says "We rely on the charity of others when it comes to covering big expenses for our centre, and so we are very grateful that TECT has given so generously".

With TECT's grant of \$3,975 they have purchased wall-mounted thermostat heaters. These heaters now keep the centre at a warm temperature and are mounted high on the wall where children cannot touch them. The heaters also have a cooling function so they can keep the kids more comfortable in the hot summer months.



Te Puke Smallbore Rifle Club on Target

TECT approved funding of \$900 to the Te Puke Smallbore Rifle Club to help with the much needed purchase of a laptop computer. The Club was delighted to hear the news. Club President Allan Beaver said "Our administrative requirements go beyond club management and newsletters. We also provide training and safety advice to a range of groups so having a laptop will allow us to keep on top of all the tasks associated with this".

Long term plans have the laptop as a key component for the Club's 'Noptel' electronic training device. The device relies on a Noptel being fitted to a rifle, and this is then wirelessly connected to a nearby laptop. Once fitted, it allows the coach



on the laptop to virtually see into the scope, which then gives coaches the ability to analyse and coach the shooters on their performance and techniques.

"We would like to thank TECT for supporting Homes of Hope. Your help enables us to build the shattered lives of children in our care."

About the Fund

The Subsidy Scheme makes available to Community Groups who are TECT Consumers, funds to enable them to further their work on behalf of our Community. TECT puts the funds into the purchase of equipment that uses electricity, electrical installation costs for new or existing community facilities, or other applications associated with electricity use. Subsidies are generally 50% of the electrical costs with a maximum of \$60,000. Applications are considered quarterly with close-off dates being 10 February, 10 May, 10 August and 10 November.

TECT had another busy year having approved Subsidy grants totalling \$956,005 to 94 organisations.

The full list of successful applicants is presented on page 11 of this Report.

Pillans Point School gets IT Savvy

TECT was pleased to help with funding of nearly \$20,000 to purchase 10 new laptops and 19 computers for Pillans Point Primary School.

The school and pupils were excited when they received the good news of the grant as the school can now provide greater one-on-one opportunities for the children to experience computers.



School Principal Ian Fletcher said "With news of the grant, the school has decided to push on with the purchase of a sophisticated mobile storage

unit which allows the computers to be moved easily from one classroom to the next. This mobile storage unit comes equipped with a wireless device which allows the unit to connect to the school's server so that our teachers and students can interact in real time."

The school's next project is data projectors and interactive whiteboards which will be introduced into the senior classrooms. These devices will combine with TECT's laptops and computers to take teaching to a whole new level.

TECT to the Rescue of the Volunteer Coast Guard

Waihi beach Volunteer Coast Guard applied to TECT for funding of a new automated door when it became clear there were some



serious problems with the old one. The problems occurred when trying to leave the building to answer calls for help. The manual garage roller door had become weathered and old which meant that it came off its hinges

regularly and the coastguards had to take precious minutes to run back inside and manually close the door again.

"Knowing that those five minutes could be the difference between life and death makes it so critical for us to be able to automatically open and close our building and get on our way," says Noel Haszard.

TECT fully agreed with this statement, which is why it approved the application for \$1,500 to cover 50% of the electrical costs associated with the new automated door. The Coast Guard team was thrilled to hear of the announcement, with its fundraisers working to raise the final amount needed for the purchase.

New Hall for Bethlehem School

The Bethlehem School community was delighted with the news that it was the recipient of \$60,000 from TECT's Subsidy Scheme. The money was used to cover 50% of the electrical equipment costs associated with the school's new hall. The overall cost of the project was estimated at over \$700,000 so the TECT funding was a substantial boost for the school community.

The news was very well received by pupils at the school's final year assembly, which in the absence of a hall, was held outside one of the classrooms with the children sitting on the concrete.

Principal Brian Field said the school deals with worries about the weather on a weekly basis.

"At every assembly day, our first concern is the weather. If it's too sunny, we have issues with children sitting out in the sun, and if it's wet, then we have no option but to postpone our assembly or break the school down into smaller groups" said Mr Field.

For current pupils, the hall promises a wider curriculum and indoor lunch-time activities, and for the wider Bethlehem Community, it means an accessible after-school facility.



TECT acknowledges the outstanding contribution that Consumer Organisations and their volunteers play in our local community. These organisations untiringly give their time and energy in helping make our communities strong, vibrant and engaging places for everyone.

At a time when raising money is so difficult for many community groups, TECT's aim is to distribute its funds as effectively as it can for the greatest possible benefit for its Consumers and their Communities.



Community Amenities Fund

\$750,000

DISTRIBUTION MADE TO FUND, YEAR ENDED 31 MARCH 2008

About the 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. Applications are evaluated on their potential to benefit TECT Consumers. A discount for TECT Consumers (if applicable) is part of the consideration of applications within this category.

Ready, Set, GO!

TECT's Annual Report usually reflects on grants made during the year under review, but it can often take a few years before the results of a grant are apparent. In early 2007, the Trust granted \$300,000 to Tauranga City Council to assist with the development of an all-weather athletics track at Wharepai Domain. This fabulous track has now been completed and will be of immense value to athletes for club, regional, national and international events.

It also caters for casual running, schools and group training events. The Mondo surface is the fastest running surface



currently used in track and field in the world. Mondo surfaces have been used in every Olympic Games since Montreal in 1976 and will be used in Beijing 2008. The \$1.5 million state-of-the-art design and

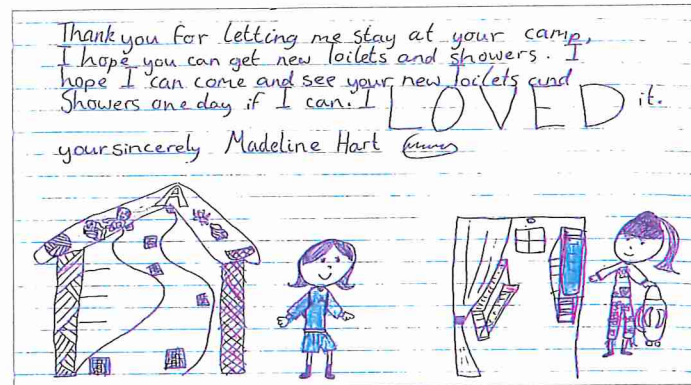
construction reduces the stress on athletes' bodies and allows a faster recovery needed to sustain top performances. The city has also secured a national athletics event to be held in March 2009. Trustees hope that the new track will allow elite athletes to stay in the Bay rather than having to move away to gain access to the appropriate facilities.

Kaimai Outdoor Centre Gets Modern

Aongatete Lodge was built some 20 years ago with the objective of becoming an outdoor education facility catering for schools at all levels and other educational groups. When the lodge is not being used for educational purposes, it can be hired out for social activities. Last year the lodge received over 2000 visitors and was used for 117 evenings.

The heavy use of the lodge over the years has necessitated extensive refurbishing of the ablutions block. The ablutions block is also kept open at all times for public use by trampers and hunters using the nearby tracks.

TECT Trustees granted \$16,308 to upgrade and modernise the block. This grant helped pay for the installation of new shower cubicles with efficient showers, replacing the toilets, tiling the floors and installing a ceiling to limit the draft and conserve heat. From the overwhelming support received from users, including many individual school students, there is no doubt that the new ablutions block is a welcome addition.



BOP Sailing Centre takes on Board \$150,000

The Tauranga Yacht & Power Boat Club based at Sulphur Point is expanding its facilities to make room for its growing membership and other user groups. Many sailing and motorised classes are represented through the club which also caters for a blind and visually impaired division.

The project will centralise Tauranga's youth boating

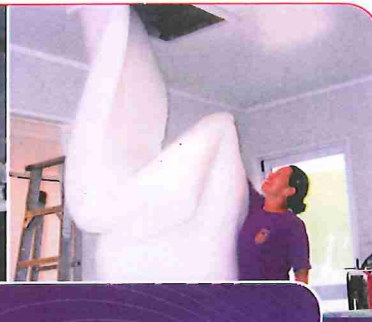


organisations including TS Chatham, Sea Scouts and Young Mariners into a \$1.35m extension of the Tauranga Yacht & Power Boat Club. Funding will enable the construction of new boat sheds and renovations to the

building to provide club room facilities for the new clubs and a hall for community usage.

The club will also be home to the BOP Sailing Academy which runs sailing programmes in local schools. The programmes give pupils the opportunity to enjoy sailing as a school sport with training, seamanship, boat handling and competition with other participating schools.

The club has fostered many national and international title holders in various divisions. TECT is delighted to support this exciting project.



Energy Efficiency Fund

\$250,000

DISTRIBUTION MADE TO FUND, YEAR ENDED 31 MARCH 2008

About the Fund

The Trust remains supportive of initiatives that conserve electricity, promote energy efficiency in its use and help the environment. Applications are evaluated on their merits and priority is given to those that show local initiative and where the Grant will benefit TECT Consumers and a significant part of our Community.



Turning up the Heat

As threats of power cuts loom, the necessity to better insulate homes is becoming more urgent. Power companies have issued warnings that lower than normal lake levels will mean Consumers will have to do their bit to conserve energy. With winter having well and truly made its mark on the year, it's no wonder that more than 350 home owners have taken up the opportunity to retrofit their homes to make them warmer and drier.

Many New Zealand homes are old, draughty, mouldy, full of condensation and waste energy. According to a research survey, over a third of homes in the country built before 1977 have little or no insulation. Besides the obvious savings associated with insulated homes, insulation also reduces energy consumption, makes houses warmer and drier and has important health benefits, especially for those with respiratory problems such as asthma.

In 2005 TECT contributed \$250,000 over two years to the TECT Healthy Homes Project – an initiative involving the Energy Efficiency and Conservation Authority (EECA).

The focus of the TECT Healthy Homes Project was to reach Consumers who couldn't afford to improve the energy efficiency of their homes. The Project has now come to a conclusion.

TECT's contribution and other local funding secured has enabled in excess of 350 local homes to be retrofitted – a real benefit for the community.

The healthy homes package included a home energy check plus ceiling and underfloor insulation, polythene ground covers, hot water cylinder wraps and pipe lagging, weather stripping and draft stopping around doors and windows. Eligible home owners were asked to contribute 20 percent of the insulation cost – estimated at about \$400 in most cases.

TECT Chairperson, Michael Cooney said "The Trust is proud to be involved in such a positive initiative and is delighted to be part of a project that will improve health and energy efficiency, as well as making homes warmer and drier".

"It is so nice to wake up in the morning and not feel that cold air and have all of the windows frosted up. It has made life so much more pleasant."
Marie

Lights Out Update

Last year, TECT contributed funding to the energy-wise Ecobulb campaign. The New Zealand-wide Household Efficient Lighting Project aimed to replace 4 million light bulbs with new energy efficiency bulbs. The promotion provided TECT Consumers with a special subsidised offer to purchase 5 high quality Ecobulbs for \$10.

Nearly 65,000 Ecobulbs were purchased by Consumers equating to power savings of \$6.5 million for Tauranga households over the life of the bulbs and preventing 582,000 incandescent light bulbs being landfilled. Recent media coverage and comments by the Energy Minister have indicated that the traditional incandescent light bulb is on its way out as part of a strategy for more energy efficient lighting. Minister Parker said "It is intended that from late next year, these inefficient bulbs will be phased out because they waste so much energy". Watch this space!



Community Events / Special Projects

\$100,000

DISTRIBUTION MADE TO FUND, YEAR ENDED 31 MARCH 2008

About the Fund

TECT considers applications from community and charitable organisations which are TECT Consumers.

Applications are evaluated on their merits and priority is given to those that show local initiative and where the Grant will benefit a significant part of our Community.

A discount for TECT Consumers (if applicable) is part of the consideration of applications within this category.



Image by yachtshots.co.nz

TECT Rescue is Launched!

Tauranga Volunteer Coastguard provides a vital community service to both recreational and commercial boat users in the greater Bay of Plenty area. In early 2006, TECT committed to contributing \$250,000 to Tauranga Volunteer Coastguard for a new Rescue Vessel. Tauranga Coastguard is the only marine search and rescue service in Tauranga and as boating activity has grown, it has brought even greater demand on Coastguard services.

The new vessel, named "TECT Rescue", was launched 15 December 2007 and is the most advanced rescue catamaran of her type in New Zealand. TECT Rescue will make a substantial difference to the Coastguard's resources. Coastguard crews will use computer controls to drive the vessel. At the touch of the mouse, the boat can be manoeuvred in any direction or held completely still. It has state-of-the-art features and equipment on board, allowing a minimum of four volunteers to stay up to a week at sea. It has been built to handle extreme conditions.

TECT is delighted to support such a vital service to the area.

Tauranga Arts Festival Gets Bigger and Better

Tauranga came alive when thousands of people converged on the Tauranga Arts Festival held in October 2007. Over 9,000 tickets were sold which was a 28% increase on the last festival's sales. Festival director Philip Tremewan commented that the success is determined economically and through audience feedback. "It's the numbers but not just the numbers. It's the whole spirit of the festival, the tremendous sense of enjoyment people have had".

The festival reaches out to many audiences – from the young to the old and is designed to hold everyone's attention. As well as the shows that tickets were bought for, there were two other events that were free to the public. These were the World Press Photo and the Earth from Above exhibitions. Tauranga was the only city in New Zealand this year to see the travelling World Press Photo exhibition which is shown in over 40 countries. Photographer Yann Arthus-Bertrand captured a truly amazing variety of landscapes from the air in Earth from Above. This was one of the Festival's highlights and was appreciated by the populace as was shown by over 42,000 visiting the exhibition.

TECT granted \$100,000 to the Tauranga Arts Festival. TECT Consumers also benefited from a 20% discount on the first two tickets purchased on presentation of the TECT Concession Card.



Photo courtesy of Tauranga Arts Festival Trust



Involved in Your

Community

CONSUMER COMMUNITY GRANTS APPROVED YEAR ENDED 31 MARCH 2008

TECT's grants are given to a wide range of worthy projects in communities across Tauranga City and the Western Bay of Plenty for the benefit of Consumers and their Communities. The Trust remains committed to ensuring that fair, sensible and responsible funding decisions are made, and in doing this we have reached a diverse cross-section of the local community

through Consumer grants made this year.

We are appreciative of the projects, activities and excellent work organisations are undertaking and we look forward to continuing to allocate funds through these Schemes. Congratulations to all the grant recipients listed here. TECT is delighted to have made a difference!

Community Organisation Subsidy Scheme

CONSUMER ORGANISATION	PROJECT	APPROVED
Arataki Free Kindergarten	Computers, Data Projector, Digital Camera, Photocopier, Video Camera	\$12,454
Arataki Primary School	Cabling and Networking, Computer Equipment, Computers	\$13,284
Athenree Homestead Trust Inc.	Dehumidifier, Lighting, Wiring and Installation	\$1,757
Bay of Plenty Classic Aircraft Trust	Oven, Wiring and Installation	\$9,118
Bay of Plenty Community Homes Trust	DVD, Computers, Dryer, Electrical Appliances, Fridge, Kettle, Microwave, Photocopier, Toaster, TV, Vacuum Cleaner, Heatpump, Air-conditioning Unit	\$7,772
Bellevue Primary School	Computer Equipment, Computers, Data Projector, Sound System	\$5,323
Bethlehem Community Church	Air-conditioning Unit, Computers, Data Projector, Dishwasher, Lighting, Musical Equipment, Oven, Microwave, Sound System, Zip System, Wiring and Installation	\$50,000
Bethlehem Institute of Education Ltd	Catering Equipment, Coffee Maker, Deep Fryer, Dishwasher, Flyzapper, Fridge, Microwave, Pie Warmer	\$15,798
Bethlehem Primary School	Cabling and Networking, Computer Equipment, Data Projector, Dishwasher, Dryer, Fire Alarm, Fridge, Heatpump, Oven, Microwave, Security System, Vacuum Cleaner, Washing Machine, Electronic Whiteboard, Wiring and Installation	\$60,000
Bowls Tauranga South Inc.	Chiller, Fridge	\$1,192
Drug-Arm Tauranga	DVD, Data Projector, TV	\$1,785
Eastern Districts Rugby & Sports Club Inc.	Electric Grill, Oven	\$3,095
Greenpark Playcentre	Heatpump, Wiring and Installation	\$2,933
Greerton Village School	Computer Equipment, Computers, Data Projector, Sound System, Electronic Whiteboard, Wiring and Installation	\$20,000
Hairini Marae Women's Committee	Heatpump, Steamer	\$12,113
Hanmer BOP Charitable Trust	Computers, Oven	\$2,367
Homes of Hope Charitable Trust	Air-conditioning Unit, Computer Equipment, Computers, Dishwasher, Electrical Appliances, Heaters, Heatpump, Musical Equipment, Printer, Scanner, Toaster, TV, Video Camera, Washing Machine	\$9,760
Kaimai School	Data Projector, Sound System, Electronic Whiteboard, Wiring and Installation	\$6,505
Katikati Kindergarten	Computers, Wiring and Installation	\$600
Katikati Memorial Hall Committee Inc.	Zip System	\$536
Katikati Primary School	Data Projector, Heatpump, Electronic Whiteboard, Wiring and Installation	\$8,239
Kids Campus Tauranga Public Service Childcare	Heatpump, Meter Box, Wiring and Installation Costs	\$3,975
Kidz Need Dadz Inc.	DVD, Fridge, Freezer, TV, Vacuum Cleaner, Ventilation System, Washing Machine	\$2,669
Legion of Frontiersmen	Oven, Microwave, Vacuum Cleaner, Zip System	\$924
Lifetchurch Tauranga Trust	Computers, Data Projector, Fire Alarm, Heatpump, Sound System, Wiring and Installation	\$40,000
Maketu Health and Social Services	Computers, Heatpump, Photocopier	\$9,778
Matua Plunket Kindergarten	Air-conditioning Unit, Wiring and Installation	\$10,640
Maungatapu Free Kindergarten	Computer Equipment, Computers	\$1,057
Maungatapu School	Sound System, Wiring and Installation	\$3,983
Mount Maunganui Baptist Church	Computers, Data Projector, Photocopier, Telephone, Wiring and Installation	\$11,315
Mount Maunganui Bowling Club Inc.	Timing System	\$1,900
Mount Maunganui College	Fan, Heatpump	\$28,114

continued...

Mount Maunganui Contract Bridge Club	Card Dealing Machine	\$2,899
Mount Maunganui Primary School	Computer Equipment, Computers, Digital Camera, Printer, Electronic Whiteboard	\$24,973
Mount Maunganui Toy Library	Computers	\$530
Oasis Christian Centre Elim Church Trust	Amplifier, Computer Equipment, Computers	\$4,610
Omanu Primary School	Data Projector, Sound System, Electronic Whiteboard	\$7,000
Omokoroa Community Church	Computer Equipment, Computers, Data Projector	\$5,443
Otawhiwhi Te Kohanga Reo	Photocopier	\$995
Otumoetai Amateur Swim Club Inc.	Video Camera	\$903
Otumoetai Intermediate School	Data Projector, Sound System, Wiring and Installation	\$16,818
Otumoetai Plunket Childcare "Opeys"	Zip System	\$955
Otumoetai Primary School	Computer Equipment, Computers, Data Projector	\$10,000
Pacific Park Christian Holiday Camp	Data Projector, Dishwasher, Dryer, Fire Alarm, Fridge, Oven, Washing Machine, Wiring and Installation	\$20,000
Paengaroa Free Kindergarten	Computers, Printer, Wiring and Installation	\$1,157
Papamoa Community Support Centre	Computer Equipment, Computers	\$2,106
Papamoa Sports Tennis Club Inc.	Dishwasher, Electrical Appliances, Fridge, Kettle, Oven, Pie Warmer, Vacuum Cleaner, Zip System, Wiring and Installation	\$2,423
Pillans Point School	Computers	\$19,605
Pyes Pa School	Cabling and Networking	\$1,837
Shakti - Ethnic Women's Support Group Inc.	Computer Equipment, Security System	\$1,732
Sport Bay of Plenty	Air-conditioning Unit, Cabling and Networking, Computer Equipment, Computers, Data Projector, Wiring and Installation	\$60,000
St Columba Presbyterian Church	Data Projector	\$3,778
St John Resource Centre Inc.	Computers, Electrical Appliances, Microwave, Shredder	\$1,287
St John the Baptist Anglican Church	Heatpump	\$4,125
St John's Anglican Church	Photocopier	\$2,925
St Mary's Catholic School	Computer Equipment, Computers, Data Projector, Heatpump, Listening Posts, Sound System	\$20,000
St Mary's Immaculate Church	Air-conditioning Unit, Heatpump	\$18,880
St Thomas More Catholic School	Computer Equipment, Computers	\$5,250
Tauranga Adventist School	Amplifier, Dishwasher, Fridge, Freezer, Oven, Security System, Electronic Whiteboard	\$31,680
Tauranga Aero Club Inc.	Wiring and Installation, Lighting	\$6,508
Tauranga Boys College	Lighting, Sound System, Wiring and Installation	\$60,000
Tauranga City United AFC Inc.	Photocopier	\$3,500
Tauranga Community Arts Council	Air-conditioning Unit, Computer Equipment, Dishwasher, Electrical Appliances, Fridge, Lighting, Security System, Wiring and Installation	\$23,753
Tauranga Community Housing Trust	Electrical Upgrade, Lighting, Oven, Rangehood, Wiring and Installation	\$19,472
Tauranga Fish and Dive Club Inc.	Chiller, Deep Fryer, Dishwasher, Fridge, Oven	\$11,540
Tauranga Intermediate School	Computers	\$7,524
Tauranga Living Without Violence Collective	Computers, Data Projector, Photocopier	\$6,884
Tauranga Primary School	Computer Equipment, Computers, Data Projector, Wiring and Installation	\$35,392
Tauranga Regional Free Kindergarten Assn Inc.	Photocopier	\$5,000
Tauranga Trade Aid Centre Trust	Digital Camera, Fridge, Oven, Microwave, Printer, Telephone	\$556
Te Kura O Matapihi	Photocopier	\$4,965
Te Puke Golf Club	Air-conditioning Unit	\$1,140
Te Puke High School	Data Projector, Electrical Items, Sound System, Electronic Whiteboard, Wiring and Installation	\$50,000
Te Puke Methodist Church	Photocopier	\$4,351
Te Puke Playcentre	Heatpumps, Lighting	\$4,468
Te Puke Repertory Society Inc.	Dishwasher, Wiring and Installation	\$400
Te Puke Smallbore Rifle Club	Computers	\$900
Te Puke Tennis Club	Chiller, Dishwasher, Electrical Appliances, Fridge, Heatpump, Hot Water Cylinder, Lighting, Oven, Microwave, Security System, Tennis Ball Machine, Vacuum Cleaner, Wiring and Installation	\$18,121
Te Puna Community Kindergarten Inc.	Dishwasher, Cooktops, Microwave, Rangehood	\$1,395
Te Puna Hall Committee Inc.	Zip System	\$399
Te Puna Playcentre	Heatpump, Lighting	\$1,509
Te Ranga School	Heatpump, Wiring and Installation	\$16,750
Te Rereatukahia Te Kohanga Reo	Photocopier	\$2,195
The Cargo Shed Arts Charitable Trust	Floodlighting, Wiring and Installation	\$1,665
Turning Point Trust	Telephones	\$2,300
United Seafarers Mission Tauranga	Fridge, Freezer, Zip System	\$756
Village Radio Tauranga Charitable Trust	Computers, Electrical Items, Printer	\$3,980
Volunteer Western Bay of Plenty	Coffee Maker, Shredder, Telephone, Vacuum Cleaner	\$418
Waihi Beach Volunteer Coast Guard	Electronic Gates, Electronic Switches, Transmitter, Wiring and Installation	\$1,537
Welcome Bay Baptist Church	PA System, Sound System	\$3,588
Welcome Bay Community Church	Cooktop, Oven, Sound System	\$2,376
Welcome Bay School	Computers, Printer	\$20,704
Welcome Bay Tennis Club Inc.	Zip System	\$441
Western Bay of Plenty Playcentre Assn Inc.	Computers	\$621
TOTAL APPROVED SUBSIDY GRANTS FOR YEAR ENDED 31 MARCH 2008		\$956,005



Benefiting Consumers and their

Communities

CONSUMER COMMUNITY GRANTS APPROVED YEAR ENDED 31 MARCH 2008

Community Amenities Fund

CONSUMER ORGANISATION	PROJECT	APPROVED
Greerton Amateur Athletics Club	Upgrade to Clubhouse	\$34,095
Kaimai Outdoor Centre	Upgrade to Ablutions Block	\$16,308
Otumoetai Eels Rugby League Club	Upgrade to Clubhouse	\$30,000
Tauranga Squash Rackets Club	Development of New Squash/Sports Facility	\$300,000
Tauranga Yacht and Power Boat Club	Upgrade to Boat Sheds and Facility	\$150,000
Te Puna Community Centre	All-weather Artificial Grass Courts and Lighting	\$60,000
Vincent House Trust	Upgrade of Health Facility	\$200,000
TOTAL APPROVED COMMUNITY AMENITIES FUND GRANTS FOR YEAR ENDED 31 MARCH 2008		\$790,403

TECT Charitable Trust - Community Amenities

CONSUMER ORGANISATION	PROJECT	APPROVED
Bay Health Foundation	Project Hope Cancer Centre	\$300,000
Te Manu Toroa	Upgrade to Health Facility	\$100,000
TOTAL APPROVED TECT CHARITABLE TRUST GRANTS FOR YEAR ENDED 31 MARCH 2008		\$400,000

Major Amenities Fund

CONSUMER ORGANISATION	PROJECT	APPROVED
Elms Foundation	Transfer of Properties and Cash Contribution for Cataloguing and Security of Collection	\$1,000,490
Mount Surf Reef	Investigation Report and Remedial Costs towards Completion of Reef	\$17,500
TECT All Terrain Park	Highway Underpass for Safe Access to Both Sides of Park	\$1,000,000
TOTAL APPROVED MAJOR AMENITIES FUND GRANTS FOR YEAR ENDED 31 MARCH 2008		\$2,017,990

Community Events / Special Projects Fund

CONSUMER ORGANISATION	PROJECT	APPROVED
Littleweed Charitable Trust	'A Weekend At Littleweed' Festival	\$10,000
Te Puna Playcentre	Parenting Seminar	\$2,263
Tourism Bay of Plenty	Kiwifest Festival	\$40,000
TrustPower/TECT Rescue Helicopter	2007/2008 Sponsorship	\$135,000
TOTAL APPROVED COMMUNITY EVENTS/SPECIAL PROJECTS GRANTS FOR YEAR ENDED 31 MARCH 2008		\$187,263

Energy Efficiency Fund

CONSUMER ORGANISATION	PROJECT	APPROVED
No grants were made this year		-----
TOTAL APPROVED ENERGY EFFICIENCY GRANTS FOR YEAR ENDED 31 MARCH 2008		\$-----

TECT Scholarship Fund

CONSUMER ORGANISATION	PROJECT	APPROVED
Bay of Plenty Polytechnic	Electrical-related Scholarships	\$6,000
TOTAL APPROVED SCHOLARSHIP GRANTS FOR YEAR ENDED 31 MARCH 2008		\$6,000

TOTAL APPROVED CONSUMER GRANTS FOR YEAR ENDED 31 MARCH 2008

\$4,357,661

"On behalf of IHC and IDEA Services Tauranga, I would like to thank Tauranga Energy Consumer Trust for the generous financial support given to us in the past financial year. Please convey our gratitude to the Trustees for helping to make a difference in the lives of people with an intellectual disability."

Sarah Berman, IHC



Statement of Service Performance

2008

AN EXPLANATION OF ACHIEVEMENTS AGAINST SPECIFIC OBJECTIVE STATEMENTS IN THE TRUST'S 2007-2008 ANNUAL WORK PLAN

ANNUAL PLANNING AND REPORTING

1. To make the Annual Distribution Plan available for Consumer inspection and comment.

What we did:

- The Annual Distribution Plan was published in local media 15-18 May 2007.
- Four submissions were received. Trustees adopted the Annual Distribution Plan.

2. To undertake Consumer Election of Trustees.

What we did:

- Appointed W.Lampp, Electionz.com to conduct Trustee Election 2008.
- An Election was held in June 2008. B.Cronin, K.Collings and M.Groos were elected for 4-year terms.

3. To conduct Consumer Consultation.

What we did:

- Consulted with Consumers on the proposal that TECT retain its shareholding in TrustPower.
- 58 submissions were received. Submissions overwhelmingly supported TECT retaining its shareholding in TrustPower.
- Held a Consumer Hearing. Two Consumers presented their submissions to Trustees.
- Resolved that TECT retain its 33% shareholding in TrustPower, subject to continued monitoring, with the right for Trustees to sell down the shareholding to not less than 26.36%, if it is in the best interests of TECT and its Consumers.

INCOME AND INVESTMENTS

4. To review performance of investment in TrustPower.

What we did:

- Reviewed NZSE listed stock prices on a monthly basis.
- Considered independent commentaries on performance of TrustPower.
- Appointed PricewaterhouseCoopers to conduct independent review of TECT's investment in TrustPower and performance review.

- Reviewed interim and yearly Financial Reports from TrustPower.

- Took advice on a number of commercial issues relating to the Trust's shareholding in TrustPower.

- During the year Trustees met with TrustPower management and Directors.

5. To investigate diversification opportunities (including infrastructural investment opportunities) and the current mix of investments.

What we did:

- Reviewed the balance of the Russell Investment Group Portfolio and resolved to rebalance the portfolio in line with its strategic asset allocation.
- Met with Tauranga City and Western Bay of Plenty Councils and discussed local investment opportunities.
- Consulted with experts on property investment opportunities.
- Considered a number of investment opportunities.
- Attended Investment Forums.

6. To prepare Statement of Investment Policies and Objectives (SIPO).

What we did:

- Drafted SIPO setting out objectives, policies and governing decisions about investments in relation to the Trust's Group assets.
- Sought independent opinion on draft SIPO.

7. To manage Redeemable Preference Share (RPS) issue by TECT Finance Ltd to Arawata Finance Ltd relating to TrustPower Share Purchase Transaction.

What we did:

- Carried out our RPS process and requirements at the specified test dates.

8. To complete IFRS Conversion.

What we did:

- Completed conversion of Financial Accounts to comply with NZ International Financial Reporting Standards.



Statement of Service Performance

2008

AN EXPLANATION OF ACHIEVEMENTS AGAINST SPECIFIC OBJECTIVE STATEMENTS IN THE TRUST'S 2007-2008 ANNUAL WORK PLAN

STATEMENT OF FINANCIAL PERFORMANCE

9. To undertake the Consumer Cheque Distribution.

What we did:

- Paid total of \$20.7 million direct to 60,000 TECT Consumers.

10. To consider applications for electrical-related items from Community Organisation Subsidy Scheme.

What we did:

- Made an allocation of \$1 million to the Community Organisation Subsidy Scheme for the year.
- Trustees reviewed applications in June, September, December 2007 and March 2008.
- 94 organisations received Subsidy grants totalling \$956,005.

11. To consider applications for Major Amenities that significantly benefit those residing in TECT's District, and to ensure that TECT is responsive to new opportunities.

What we did:

- Made an allocation of \$2 million to the Major Amenities Scheme for the year.
- Transferred to the Elms Foundation TECT's interest in two adjoining properties and paid a cash contribution of \$200,000.
- Approved \$1 million to Western Bay of Plenty Council for the development of an underpass to allow safe access to both sides of the TECT All Terrain Park.
- Paid \$261,830 to Western Bay of Plenty Council towards development costs associated with TECT All Terrain Park.
- Approved \$2,500 for an engineer's report on the Mount Reef project.
- Paid \$15,000 to Tauranga City Council towards the remedial costs associated with completing the Mount Surf Reef.

12. To consider applications for Community Amenities within TECT's District that significantly benefit the Community.

What we did:

- Made an allocation of \$750,000 to the Community Amenities Fund Scheme for the year.
- Approved funding of \$34,095 to Greerton Amateur

Athletics Club towards the upgrade of the Clubhouse and ablutions block.

- Approved and paid \$16,308 to Kaimai Outdoor Centre towards the upgrade of the ablutions block.
- Approved funding of \$30,000 to Otumoetai Eels Rugby League Club towards the upgrade of the Clubhouse.
- Approved \$300,000 to Tauranga Squash Rackets Club towards the development of a new multi-purpose sports and community facility.
- Approved \$150,000 to Tauranga Yacht & Power Boat Club towards the upgrade of boat sheds and Club facilities.
- Approved funding of \$60,000 to Te Puna Community Centre towards all-weather artificial grass courts and lighting.
- Approved \$200,000 to Vincent House Trust towards upgrade of health facility.
- Approved funding of \$100,000 to Te Manu Toroa towards the redevelopment of GP and Dental Clinic services at Papamoa.
- Approved a grant of \$300,000 to Bay Health Foundation for funding towards the Project Hope Cancer Centre.
- Met with Tauranga City Council representatives to discuss current initiatives by Council and local facility developments.
- Paid \$250,000 to Te Puke Tennis Club for development of new courts and clubhouse.
- Paid \$250,000 to St Paul's Presbyterian Church towards upgrade of Church and Community facilities.
- Paid \$50,000 balance of grant to Tauranga Volunteer Coastguard for TECT Rescue Vessel.

13. To consider applications for Community Events & Special Projects within TECT's District that benefit Consumers.

What we did:

- Made an allocation of \$100,000 to the Community Events/Special Projects Fund for the year.
- Continued sponsorship of the TrustPower/TECT Rescue Helicopter. Paid \$135,000.
- Paid \$100,000 to the Tauranga Arts Festival Trust for the Festival 2007.



Statement of Service Performance

2008

AN EXPLANATION OF ACHIEVEMENTS AGAINST SPECIFIC OBJECTIVE STATEMENTS IN THE TRUST'S 2007-2008 ANNUAL WORK PLAN

- Approved funding of \$10,000 to Littleweed Festival for 'A Weekend At Littleweed' Festival held in Katikati.
- Agreed to underwrite Te Puna Playcentre's Parenting Seminar up to the amount of \$2,263.
- Approved \$40,000 seed funding to Tourism Bay of Plenty for the inaugural KiwiFest Festival.

14. To consider applications for Energy Efficiency Projects in TECT's District.

What we did:

- Made an allocation of \$250,000 to the Community Events/Special Projects Fund for the year.
- Reviewed phase one report from Energy Options on Tauranga's Healthy Homes Project.
- Paid \$125,000 to EECA being final instalment for Tauranga Healthy Homes Project.
- Paid \$74,988 net to Energy Mad towards Tauranga Efficient Lighting project.

15. To support the TECT Scholarship Scheme in conjunction with the New Zealand Educational Institutes.

What we did:

- Made an allocation of \$5,000 to TECT's Scholarship Schemes for the year.
- Assisted Bay of Plenty Polytechnic with selecting six students to receive TECT Scholarships for the 2007 academic year.

RESPONSIBILITIES TOWARDS CONSUMERS

16. To ensure continuing contact with and to build on relationships with Consumers.

What we did:

- Negotiated discounts for Consumers for admittance to TECT-funded amenities and events.
- Published Funding Scheme criteria and closely evaluated all applications received.
- Ensured compliance with our Trust Deed and Code of Practice.
- Obtained an unqualified audit of our financial statements.
- Held Annual General Meeting of Consumers.

- Consulted with Consumers on TECT's shareholding in TrustPower.

17. To undertake Research Survey.

What we did:

- Contracted Labett Research & Marketing to conduct independent Survey of Consumers in respect of TECT's activities.

PROMOTION AND PUBLICITY

18. To increase Consumer knowledge and understanding of TECT and its operations.

What we did:

- Met quarterly with recipients of TECT's grants.
- Profiled various recipients of TECT funding through local media.
- Promoted Distribution Cheque mailout.
- Promoted Consumer Concession Cards (CCC) issued to Consumers with September 2007 Distribution Cheques. CCC benefited Consumers through discounts to Baywave TECT Aquatic & Leisure Centre and Tauranga Arts Festival 2007.
- Updated website.
- Advertised funding available for Consumers.
- Sought feedback from Consumers through Consumer Survey and Research Forums.

TECT Group Financial Statements

2008

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

FULL CONSOLIDATED FINANCIAL STATEMENTS AVAILABLE

The Summarised Consolidated Financial Statements on pages 17 to 20 have been extracted from the full audited Consolidated Financial Statements of the Trust for the year to 31 March 2008.

They may not contain sufficient detailed information for a full understanding of the financial affairs of the Trust. Copies of the full Consolidated Financial Statements and the unqualified auditors' opinion dated 15 July 2008 can be obtained from:

The Secretary, Tauranga Energy Consumer Trust, PO Box 356, Tauranga or www.tect.org.nz

INCOME STATEMENT

For the year ended 31 March 2008

	TECT Group		Tauranga Energy Consumer Trust	
	2008	2007	2008	2007
Operating Income				
Dividend Income	30,351,970	24,446,315	22,479,303	21,228,139
Fair Value Adjustments of RPS	-	-	17,792,181	-
Interest Income	2,241,693	1,511,486	1,236,801	1,189,287
Capital Gain on Sale TrustPower Shares	-	-	-	482,945,098
Miscellaneous Operating Income	634,696	101,678	634,696	101,678
TOTAL INCOME	33,228,359	26,059,479	42,142,981	505,464,202
Expenses				
Fair Value Adjustment of RPS	-	-	-	62,182,456
Impairment of Intangible Asset	233,045	113,753	-	-
Legal and Advisory Fees	123,600	756,082	115,949	59,479
RPS Payments - Arawata Finance Ltd	5,195,463	1,288,248	-	-
Secretarial Costs	263,598	209,834	252,135	200,012
Trustee Expenses	132,884	124,360	132,884	124,360
Other Operating Expenses	298,503	329,841	448,262	427,131
TOTAL EXPENSES	6,247,093	2,822,118	949,230	62,993,438
TOTAL SURPLUS FOR YEAR BEFORE TAXATION	26,981,266	23,237,361	41,193,751	442,470,764
Deferred Tax Adjustment	533,766	(1,865,473)	5,871,420	(20,520,210)
Tax Charge	629,116	64,500	331,087	212,246
TOTAL SURPLUS AFTER TAXATION	\$25,818,384	\$25,038,334	\$34,991,244	\$462,778,728

STATEMENT OF CHANGES IN TRUST EQUITY

For the year ended 31 March 2008

	TECT Group		Tauranga Energy Consumer Trust	
	2008	2007	2008	2007
Total Recognised Revenue and Expenses				
Net Surplus for the Year	25,818,384	25,038,334	34,991,244	462,778,728
Deferred Tax on Revaluations	22,767,311	(72,821,178)	329,482	(608,441)
Increase/(Decrease) in Fair Value Reserve	(75,791,192)	161,310,705	(998,429)	(562,343,517)
	(27,205,497)	113,527,861	34,322,297	(100,173,230)
Distributions	(24,802,921)	(17,612,334)	(25,405,462)	(17,623,609)
	(52,008,418)	95,915,527	8,916,835	(117,796,839)
Trust Equity at Start of the Year	734,438,335	638,522,808	518,827,783	636,624,622
TRUST EQUITY AT END OF THE YEAR	\$682,429,917	\$734,438,335	\$527,744,618	\$518,827,783

TECT Group Financial Statements

2008

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

As at 31 March 2008

	TECT Group		Tauranga Energy Consumer Trust	
	2008	2007	2008	2007
TOTAL TRUST EQUITY (Including Reserves)	\$682,429,917	\$734,438,335	\$527,744,618	\$518,827,783
<i>Represented by:</i>				
Investments				
Shares in TrustPower Ltd	779,091,285	853,884,048	-	-
Russell World Bond and Share Funds	8,992,748	9,387,611	8,992,748	9,387,611
TECT Charitable Trust	-	-	100	100
TECT Holdings Ltd	-	-	1,000	1,000
TECT Finance Ltd	-	-	1,000	1,000
TECT Finance No.2 Ltd	-	-	1,000	1,000
RPS - TECT Holdings Ltd	-	-	485,894,869	468,102,688
RPS - Tauranga City Aquatics Ltd	4,000,000	4,000,000	4,000,000	4,000,000
Chapel Street Property	-	800,490	-	800,490
Total Investments	792,084,033	868,072,149	498,890,717	482,293,889
Current Assets				
Cash and Cash Equivalents	16,392,265	6,241,440	13,407,593	5,621,775
Short Term Deposits	12,670,091	18,483,016	10,067,968	13,603,841
Sundry Accounts Receivable	19,617	98,772	22,025	180,815
Deferred Taxation	-	-	14,523,309	20,039,856
Taxation Refund Due	94,261	154,738	-	65,471
Total Current Assets	29,176,234	24,977,966	38,020,895	39,511,758
TOTAL ASSETS	821,260,267	893,050,115	536,911,612	521,805,647
Less Current Liabilities				
Sundry Accounts Payable	93,188	74,838	683,318	268,695
Advances - TECT Holdings Ltd	-	-	81,810	-
Advances - TECT Finance Ltd	-	-	3,866,766	-
Taxation Payable	-	-	21,722	-
Provision for Distributions	5,173,378	3,109,169	4,513,378	2,709,169
Total Current Liabilities and Distribution Provisions	5,266,566	3,184,007	9,166,994	2,977,864
Non Current Liabilities				
Deferred Taxation	48,568,682	70,679,872	-	-
Redeemable Preference Shares	84,995,102	84,747,901	-	-
Total Non Current Liabilities	133,563,784	155,427,773	-	-
TOTAL LIABILITIES	138,830,350	158,611,780	9,166,994	2,977,864
NET ASSETS	\$682,429,917	\$734,438,335	\$527,744,618	\$518,827,783

Trustee



Trustee



Date: 15 July 2008

These Statements are to be read in conjunction with the Notes to the Financial Report on pages 19 and 20.

TECT Group Financial Statements

2008

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

1. Statement of Accounting Policies

A. BACKGROUND

These are the Summarised Financial Reports for TECT Group comprising Tauranga Energy Consumer Trust ("TECT"), TECT Charitable Trust, TECT Holdings Limited, TECT Finance Limited and TECT Finance No. 2 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 reporting entity as defined by the Financial Reporting Act 1993 and this financial report is prepared in accordance with that Act.

TECT is a Consumer Trust, the income and capital of which are to be used to provide benefits to Consumers who are liable to pay TrustPower Limited for electrical energy supplied to premises in the area being supplied by the Tauranga Electric Power Board on 21 December 1993.

On 1 April 2004 Consumers in the Tauranga district previously supplied by Tauranga Electricity Limited (December 1993) were included as Beneficiaries of the Trust following negotiations with Tauranga District Council and compensation agreed upon at \$2,500,000. The Trust Deed was amended on 1 April 2004.

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 (as defined above). TECT was set up to provide a stable local shareholding base for TrustPower Limited as it sought to be a strong successful business in the deregulated energy sector in New Zealand. Currently the TECT Group holds 103,878,838 shares, representing 33% in the capital of TrustPower Limited.

In December 2006, TECT transferred the TrustPower shareholding to TECT Holdings Ltd, a 100% wholly owned subsidiary company.

Also in December 2006, TECT purchased an additional 4.4% of TrustPower to give it a total shareholding of 33%. This purchase was debt funded by the TECT Group.

Every two years, three of the six elected Trustees retire and the Consumers elect three new Trustees. Retiring Trustees are eligible for nomination for re-election.

B. MEASUREMENT BASE

The accounting principles recognised as appropriate for the measurement and reporting of earnings and

financial position on an historical cost basis are followed by the TECT Group, with the exception of share and bond investments, which are valued at fair value. The financial statements are required to be audited by section 10.4 of the Trust Deed. The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice and therefore also comply with International Financial Reporting Standards. The TECT Group has designated itself as 'profit-oriented'.

C. CHANGES IN ACCOUNTING POLICY

TECT Group has implemented the New Zealand equivalent to International Financial Reporting Standards ('IFRS') for the first time. This has necessitated several changes of accounting policy. The principal changes are:

- (i) Intangible assets are no longer amortised but are now tested for impairment each year.
- (ii) Deferred tax is provided using the balance sheet approach rather than the income statement approach previously applied. The balance sheet approach provides for deferred tax on all temporary differences between the carrying amount of assets and liabilities for accounting and tax purposes. Deferred tax will be recognised in the income statement except to the extent that it relates to items recognised directly in equity or as part of a business combination. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Any deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The future realisation of the tax benefit is subject to the requirements of income tax legislation being met.
- (iii) TECT now classifies its financial assets into four categories, financial assets at fair value through profit and loss, held to maturity investments, loans and receivables and financial assets at fair values through equity, depending on the purpose for which the investments were acquired. Trustees determine the classification of investments at initial recognition and re-evaluate this designation at every reporting date.

2. Taxation

The tax charge debit of \$629,116 relates to current group tax charges of \$14,661,261 less dividend Imputation Tax Credits of \$14,013,535 and overprovision of tax in the prior year of \$18,610. Tax refunds totalling \$94,261 are due as a result of over payments of prior year's provisional tax and resident withholding tax deductions on Interest received.

TECT Group Financial Statements

2008

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

3. Deferred tax

Deferred Tax shown in the Balance Sheet arises from excess Imputation Credits which are able to be converted to tax losses and from revaluation of financial instruments to fair value.

4. Investment – Redeemable Preference Shares Tauranga City Aquatics (TCAL)

In February 2006, TECT resolved to invest \$4 million for a period of five years with Tauranga City Aquatics Limited (TCC Council Controlled Organisation) in redeemable preference shares, with the return fixed at the 90 Day Bank Bill rate at the issue date plus a margin of 1%. This investment is recorded at fair value. (2008: \$4 million; 2007: \$4 million)

Investment – Redeemable Preference Shares TECT Holdings Ltd (THL)

The transfer of 103,878,838 shares from TECT to THL is secured by RPS of \$485,894,869. This investment is valued at amortised cost using the effective interest rate method with gains or losses when the asset is impaired or derecognised being recognised in the Income Statement.

5. Imputation credits

As TECT is not a company it does not have an Imputation Credit account. TECT Holdings Limited, TECT Finance Limited and TECT Finance No. 2 Limited are registered as an Imputation Group. As at 31 March 2008 the Group had Imputation Credits available of \$2,751,204 (2007: \$1,249,007).

6. Commitments and Contingencies

TECT Group had no commitments or contingencies at the end of the financial year other than those disclosed in the Statement of Financial Position (2007: Nil).

7. Related Party Transactions

Mr Michael Cooney is Chairperson of Tauranga Energy Consumer Trust and TECT Charitable Trust. He is a Director of TECT Holdings Limited, TECT Finance Limited and TECT Finance No. 2 Limited and is also a Director of TrustPower Limited. Net dividends received by TECT Group from TrustPower Limited during the year ended 31 March 2008 totalled \$30,124,863. At 31 March 2008 the TECT Group shareholding in TrustPower Limited was 103,878,838 shares valued at \$7.50 per share or a total value of \$779,091,285.

8. Impact of Adopting NZ Equivalents to International Financial Reporting Standards

TECT Group has gone through a process of converting to International Financial Reporting Standards including reviewing all items in the Income Statement and Balance Sheet and assessing the impact of the standards. The Group opening balance sheet at 1 April 2006, the

Income Statement for the year ended 31 March 2007 and the Balance Sheet as at 31 March 2007 have been restated to comply with NZ IFRS. A full explanation of these changes and reconciliations of the figures previously reported under NZ GAAP to the restated figures is included in the full audited Consolidated Financial Statements of the TECT Group for the year ended 31 March 2008 available from the Secretary.

9. Auditor's report

To the readers of the Summarised Consolidated Financial Statements of Tauranga Energy Consumer Trust Group:

We have audited the Financial Statements from which the accompanying summarised financial statements for the year ended 31 March 2008 have been extracted. In our full report dated 15 July 2008 we expressed an opinion that the Financial Statements:

- Comply with generally accepted accounting practice;
- Comply with International Financial Reporting Standards; and
- Give a true and fair view of the financial position of the Trust and group as at 31 March 2008 and the results of operations and cash flows for the year ended on that date.

In our opinion, the accompanying summarised Financial Statements are correctly extracted from the Financial Statements.



INGHAM MORA

CHARTERED
ACCOUNTANTS



Trust Governance

Directory

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

Board of Trustees

TECT is governed by six Trustees who are elected by Consumers for four-year terms. The terms of appointment of Trustees are staggered so that three Trustees retire every two years. An Election for Trustees was held in June 2008.

Responsibilities

Trustees are responsible for managing TECT's assets for the benefit of qualifying Consumers.

Conduct

Trustees meet monthly and as required.

Trustee conduct is governed by a Code of Practice which is published on TECT's website.

TECT publishes its Annual Distribution Plan and considers submissions made in respect of the Plan.

Applications to TECT's Community Organisation Subsidy Scheme are considered quarterly. Other applications are considered as required.

The day to day management and operation of TECT business is delegated to TECT's Secretary, BDO Spicers Tauranga Ltd, Chartered Accountants and Business Advisors.

Remuneration

Remuneration of Trustees is set at an Annual General Meeting of Consumers.

Trustee Insurance

TECT maintains Trustee Liability Insurance cover.

Audit

The accounts are audited annually by an auditor appointed by Consumers at an Annual General Meeting.

Directory

TRUSTEES

MJ Cooney, Chairperson
BW Cronin, Deputy Chairperson
MH Cameron
F Denz
IR Harris (retired 30 April 2008)
RJC Scott

SECRETARY

KF Lellman
BDO Spicers Tauranga Limited
Chartered Accountants
273 Devonport Road, PO Box 800, Tauranga
Email: info@tect.org.nz
Website: www.tect.org.nz

AUDITORS

Ingham Mora, Tauranga

SOLICITORS

Holland Beckett, Tauranga
Quigg Partners, Wellington

FINANCIAL ADVISORS

Strategic Finance Limited, Auckland
KPMG, Christchurch
KPMG, Wellington

BANKERS

Westpac, National Bank, ANZ Bank, Kiwibank and Bank of New Zealand

DATE OF COMMENCEMENT

21 December 1993

Contact us 273 Devonport Road, PO Box 356, Tauranga Email info@tect.org.nz Website www.tect.org.nz



Benefiting Consumers and their Communities

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