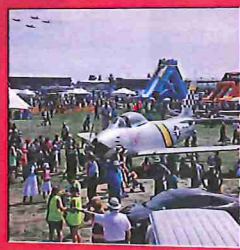
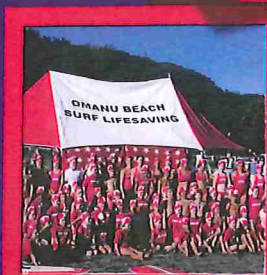
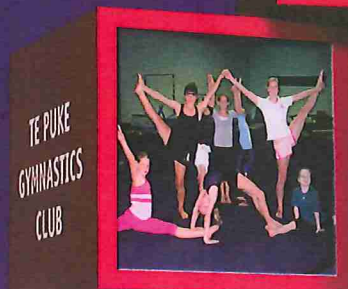
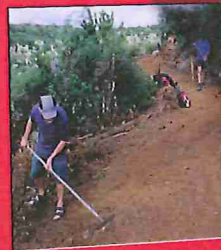


TECT | ANNUAL REPORT | 2010

SUPPORTING & STRENGTHENING COMMUNITIES



TECT
ALL
TERRAIN
PARK






Supporting and Strengthening Communities

Pictured: 10 year old students Aaliyah Chase and John Hewlett are taking part in a Kiwi Can initiative to combat graffiti in the community.

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**"TECT'S VISION IS
TO BE THE BEST
CONSUMER TRUST
BY SIGNIFICANTLY
BENEFITING
CONSUMERS AND
THEIR COMMUNITIES."**



TECT allocated \$5 million to its funding schemes during the year. If your community organisation needs money or you know of a community group that needs a helping hand, then apply now.

Visit our website at www.tect.org.nz or phone 578 5094.

Organisations must have a TrustPower account and be in the Tauranga/Western Bay of Plenty area to be eligible to apply.

We Have Funding Available

"TECT IS COMMITTED TO HELPING BUILD COMMUNITIES WHERE CHILDREN ARE INSPIRED TO LEARN, ENCOURAGED TO DREAM AND SET ON THE PATH TO SUCCESS"

The year 2009 may go down as one of the toughest economic years we've endured but it also serves as a shining example of how TECT and our community have come together to meet the challenges. When some other organisations have had to restrict their community funding, TECT has been able to increase the value of its investments and the return on investments for the benefit of Consumers. Trustees believe that with the stress of the economic times, funding support to Consumers and Community Organisations has become even more vital.

Our Annual Report highlights TECT's results and achievements this year and re-emphasises our commitment to significantly benefiting Consumers and their communities. We believe our progress towards realising our vision is well established but working together, we can do more.

TECT's priority is the cheque distributions it makes direct to its 62,000 Consumers providing a \$24.1 million cash injection into the local economy this year. The annual distribution is of significant benefit to Consumers and these payments have provided some welcome relief for many families.

Increasing the cheque distribution to a minimum of \$350 per Consumer in what has been a challenging year, reflects a solid performance by the Trust and represents a very good return for Consumer households and businesses within TECT's district.

Trustees are concerned that social conditions such as housing, family income, education and health issues impact on our youth and contribute to the levels of crime and violence in our community. There are some amazing organisations working in these areas. TECT would like to assist these organisations and in the coming year will be placing an emphasis on funding programmes that help and encourage our youth to achieve personal and academic success and grow to be successful citizens.

Throughout the pages of this Report you will gain a glimpse of the exciting work taking place in Tauranga and the Western Bay of Plenty – we trust you will find the contents enlightening and encouraging.

"AGAINST A BACKGROUND OF CONTINUED TURMOIL IN WORLD FINANCIAL MARKETS I AM PLEASED TO REPORT THAT TECT REMAINS IN GOOD SHAPE AND CONTINUES TO STRONGLY ADVANCE YOUR INTERESTS AND THOSE OF OUR COMMUNITY."

MICHAEL COONEY, CHAIRPERSON

Chairperson's Report

The year in review 2010



Dear Consumers,

Times of financial stress can challenge all forms of investments. This Annual Report details how TECT is responding to those challenges in a manner that advances the interests of Consumers and the community in which we live.

In the year under review TECT has been able to make record distributions to Consumers and Consumer Organisations.

TrustPower

TECT's major asset is its 33% shareholding in TrustPower. During the year this investment grew in value by \$20 million to \$752 million. At the same time TrustPower paid ordinary dividends of 36 cents per share and a special dividend of 10 cents per share. This was an outstanding result in the current financial climate.

Trustees recognise that holding such a heavy investment in a single company increases risk but believe that this risk is mitigated by the quality of the investment and by TECT's ability to have some influence on TrustPower's direction. In the words of one financial commentator "TrustPower outranks the other four electricity generator/retailers on just about any performance measure you care to choose". TrustPower's performance this year has further vindicated that view and the view of many Consumers that this investment should be retained, not solely because of its outstanding financial performance, but also because of the contribution that it makes to the Tauranga community.

Vince Hawsworth has been appointed Chief Executive Officer following Keith Tempest's decision to retire after 23 years with TrustPower. We were pleased to pay tribute to Keith at our last Annual General Meeting for his sterling service to TrustPower. Prior to his appointment Vince was the CEO of Hydro Tasmania. He brings to the position a wealth of experience in the electricity industry. We welcome Vince to the position and hope that many of you will have the opportunity of meeting him at our AGM.

Financial Results

Recognising the uncertain financial climate, Trustees have made a determined effort to strengthen TECT's financial position by reducing debt. In December TECT redeemed its \$85 million preference share issue to Arawata Finance Limited, repaid \$30 million of its debt and negotiated a replacement loan of \$55 million on good commercial terms. The new arrangements provide TECT with an ability to make further reductions of debt as funds become available.



Key Financial Results for the year are as follows:

- Group equity increased by \$14 million to \$673 million, an increase of 2.1%.
- Short term money market deposits were \$22 million, including \$10.5 million committed to TECT's funding reserves and distribution provisions.
- Group income was \$50.2 million compared to \$44.5 million last year, an increase of 12.8%.
- Group expenses increased by \$480,408, an increase of 7.5%. This increase is attributable to interest and refinancing costs.

Trustees were pleased to effect the \$30 million debt reduction and at the same time be able to provide increased distributions to Consumers and Consumer Organisations. The reduction of debt will result in a reduction of interest costs on a full year basis of \$2.34 million.

TECT Distributions

During the year \$29.9 million of distributions were allocated to TECT's Consumer distribution schemes. \$24.1 million was distributed directly to Consumers through the annual cheque distribution scheme. This represented an average payment of \$389 per Consumer. TECT has now distributed over \$143 million direct to Consumers since 1994 and the base amount has grown from \$20 per Consumer then, to \$350 in 2009. Trustees are focussed on maintaining that growth and this year have resolved to increase the base amount from \$350 to \$360 per Consumer.

\$5.75 million was allocated to TECT's other Consumer Community Organisation schemes and details of the grants made from those schemes are set out elsewhere in this report. The most significant distribution was a distribution of \$6 million plus imputation credits towards the much awaited Tauranga Indoor Sports and Exhibition Centre currently under construction at Te Maunga. The grant was made from funds which had been allocated over a number of years to TECT's Major Amenities Fund. Trustees believe the Centre will be another significant amenity for the area and will be enjoyed by many Consumers for many years to come.

Secretariat

Mr Fraser Lellman, TECT's Secretary and his staff provide an obliging point of contact with Consumers. Trustees appreciate the contribution they have made during the year to the smooth running of TECT's operations.

Trustees

The Consumer poll in April last year has been accepted by all Trustees as providing a clear indication of Consumers' desire to maintain TECT's existing distribution policies.

During the year Trustees have spent some time analysing TECT's distribution schemes to determine what improvements, if any, can be made to the schemes to ensure that they are providing good benefits to Consumers. This work is ongoing with further input awaited from a number of interested parties. I thank Trustees for their commitment to this process and for their efforts on behalf of Consumers.

Election

An election for three Trustees is currently underway. The fact that there are 18 aspirants for these three positions is evidence of TECT's high standard in the community.

Conclusion

Thank you for the opportunity to present this report. I believe that you will enjoy it. I am sure you will agree with me that TECT is indeed a great asset for Consumers and our community.

Michael Cooney
TECT Chairperson



ALLOCATIONS TO TECT'S DISTRIBUTION SCHEMES

For year ended 31 March 2010

Trustees adopted the TECT Annual Plan 2010 as follows after
consideration of Consumer submissions on 23 June 2009:

The amounts represent distributions made to each fund. TECT's
performance against the Annual Plan is detailed further in this Report.

\$24,150,000

DIRECT CHEQUE DISTRIBUTIONS TO CONSUMERS

\$2,000,000

MAJOR AMENITIES

\$1,500,000

COMMUNITY AMENITIES

\$1,000,000

COMMUNITY ORGANISATION SUBSIDY SCHEME

\$200,000

COMMUNITY EVENTS

\$1,000,000

COMMUNITY SPECIAL PROJECTS

\$50,000

TECT SCHOLARSHIPS

\$29,900,000

TOTAL DISTRIBUTIONS

AMENDMENTS TO TRUST DEED

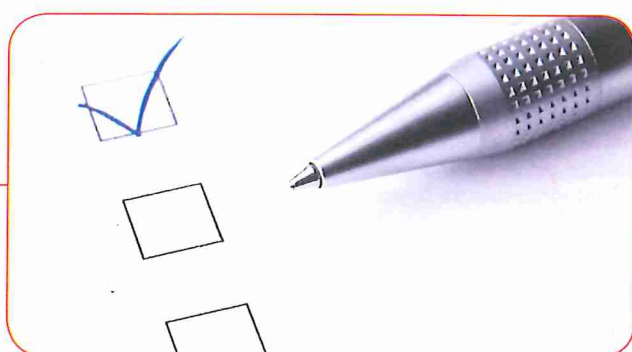
*During the year, TECT amended its Deed to adopt a Code of
Conduct for Candidates to be complied with by Candidates in
TECT Elections and to provide for electronic voting.*

"TECT HAS DISTRIBUTED OVER \$143
MILLION DIRECT TO CONSUMERS AND THE
BASE AMOUNT HAS GROWN FROM \$20 PER
CONSUMER IN 1994 TO \$350 IN 2009"

Direct Distributions to Consumers

\$24,150,000

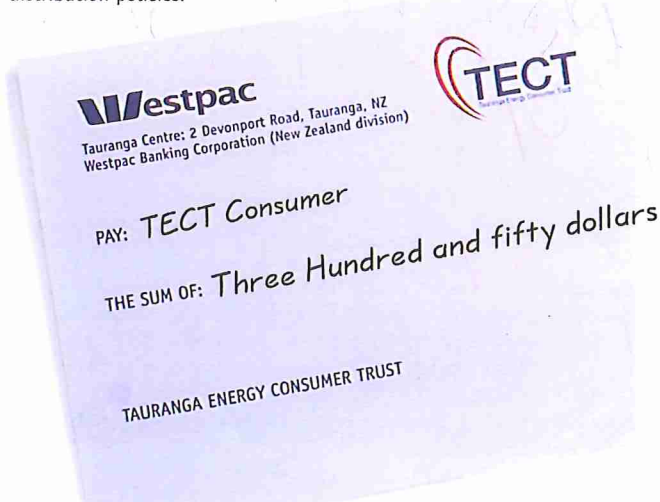
ALLOCATED TO FUND, YEAR ENDED 31 MARCH 2010



Consumers' Choice of Distribution

A Consumer Poll was conducted in April 2009. Consumers were asked whether they supported either a continuation of TECT's current policy for distribution of income (approximately 80% Consumer cheques and 20% Consumer Community Grants) or a change to a return of 100% of funds available direct to Consumers with no grants to Consumer Community Organisations.

The Poll attracted a lot of interest and there was a high return for this sort of poll of 58.43% of Consumers. Consumers voted 78.55% for the status quo. A clear endorsement of TECT's long-standing distribution policies.



TECT Card Provides Consumers With Many Benefits

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 TECT Card to the Baywave TECT Aquatic & Leisure Centre, Tauranga Arts Festival, Tauranga Jazz Festival and Tauranga City Airshow.

\$24 million Injected into the Local Economy

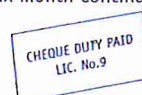
TECT Trustees increased the annual cheque payout significantly this year with over \$24 million paid out directly to Consumers. The average cheque payment was \$389 per Consumer – up from \$350 the previous year. Chairman Michael Cooney said "Trustees were pleased to be able to make a distribution of such size at a time when many Consumers had been experiencing difficult financial circumstances".

The increase of over 14% on the previous year's distribution payment reflects the success of TECT's 33% share investment in TrustPower.

Changes to the rules regarding cheque eligibility for the year ending 31 March 2011 have recently been announced by Trustees.

To be eligible to receive the TECT cheque in 2010, you must meet the following criteria:

- Be a TrustPower Customer with an active power account in the Tauranga City or Western Bay of Plenty region at the cut-off dates; and
- Be registered as a TrustPower Customer from 1 April 2010 for at least a six month continuous period from that date.



"PLEASE ACCEPT OUR
APPRECIATION FOR THE
CHEQUE WHICH WE RECEIVED
TODAY. WE DO LOOK FORWARD
TO THIS AND ALSO TO READ OF
THE SUPPORT TECT GIVES TO
SO MANY WORTHY CAUSES."

LINDSAY & DOROTHY



Major Amenities

\$2,000,000

ALLOCATED TO FUND, YEAR ENDED 31 MARCH 2010

About this fund

This fund is for the benefit of the whole TECT area, or a major part of it. Funding is focused towards major upgrades to existing amenities, or directed towards a permanent new facility. Discounts for TECT Consumers (if applicable) are part of the considerations under this funding scheme.

\$6 million for New Sports Centre

The new Tauranga Indoor Sports and Exhibition Centre (TISEC) commenced development in January 2010 and is expected to be completed by September 2011. The \$41 million project situated at Baypark will become the hub for a wide range of sport, entertainment and community events to be hosted in Tauranga. It will have both 6 court and 3 court layouts, which will give it a multifunction operational role. The indoor centre will be capable of hosting international, national, and regional sports events plus exhibitions, conferences and indoor concerts. Michael Cooney, Chairperson said of TECT's \$6 million grant "TECT has been accumulating funds over a period of time in its Major Amenities Fund to assist in a project like this. TECT believes the Centre will benefit the City and Consumers for generations to come".



TECT Stumps up \$1 million for Cricket Venue

The Bay Oval at Blake Park, Mt Maunganui has taken another step towards hosting more national and international cricket in the future as TECT went into bat for the Oval with a \$1 million grant. The Oval already has an international-class pitch and outfield. Fundraising towards the pavilion and Performance Development Centre continues. Bay of Plenty Cricket administers the largest association of player numbers in New Zealand (over 7,700). While the Bay Oval will be predominantly used for cricket, other sporting codes will have use of the grounds during the off-season. Watch this space!

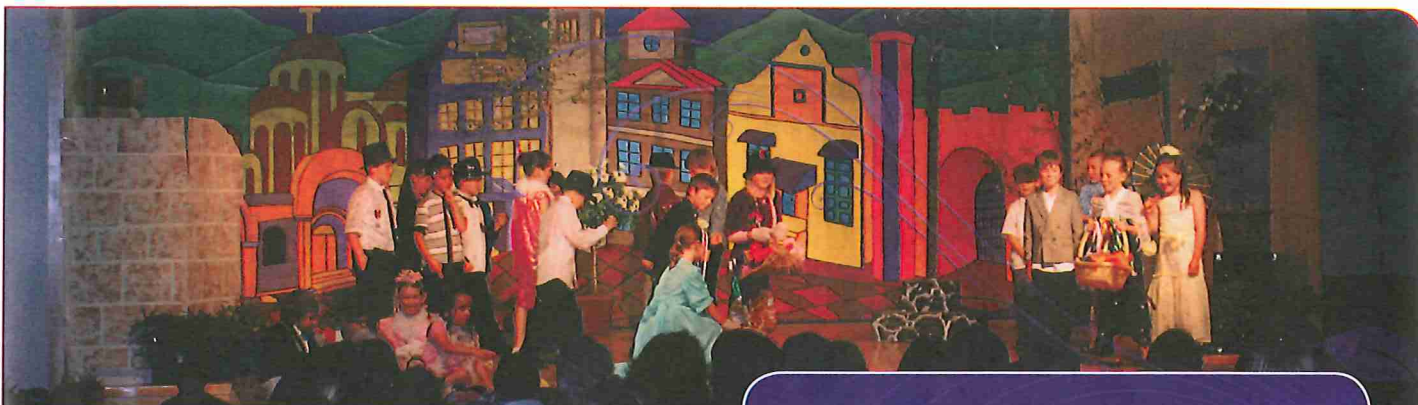
Investing in the Future with the TECT All Terrain Park

As the hub site and buildings have taken shape and the roads and tracks cleared, the TECT All Terrain Park is revealing its exciting potential. 4WD groups opened up the first tracks for motorcycle use; motorsport are starting work on their hub site and circuit tracks; mountain bikers are developing a trail network; equestrian users are close to starting a trail;



amongst many other user groups. The Park is also an ecological "living classroom" where sites in the Park have been set up to monitor the myriad of insect communities living there. And there's more ... the Park is proving a great international training ground for young people starting careers in the outdoors. TECT has contributed \$3.5 million to the project since 2004. This is a fantastic asset for current and future generations to enjoy. Photo courtesy of WBOPDC.

FUNDING AVAILABLE If your organisation needs funding for a Major Amenity then visit our website at www.tect.org.nz to download an application form or phone 578 5094



Community Amenities

\$1,500,000

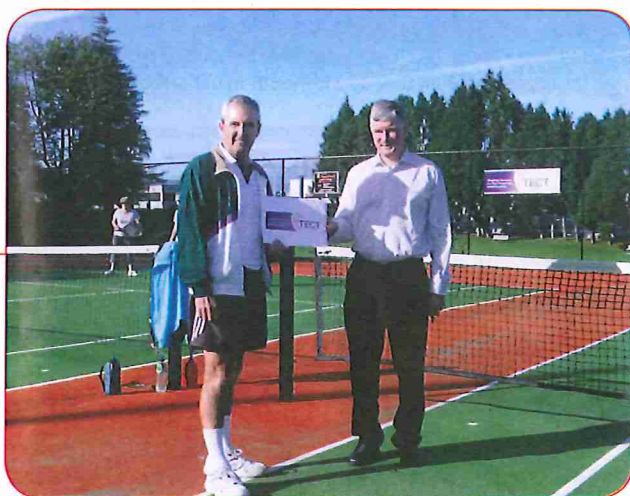
ALLOCATED TO FUND, YEAR ENDED 31 MARCH 2010

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. 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.

Swinging Into Action

Tauranga Lawn Tennis Club is home to nearly 400 players who use the Club's facilities weekly for social and competitive tennis. With a strong membership base, the focus is on encouraging as many people as possible to be involved in healthy outdoor activity from a young age. TECT was pleased to support the Club in their Centenary year with a grant of \$40,000 towards resurfacing three courts with an artificial surface allowing all weather and all year play.



Sports, Dance, the Arts – this School has it all

School should be a happy and successful experience for every child and Bethlehem School provides lots of opportunities for its students. The school roll has increased by more than 400% over the last 12 years so the need for a school hall was inevitable. TECT granted \$130,000 towards the new hall which is used by the students and many community groups for assemblies, meetings, sports, music, dance and drama, Kapa Haka, school productions as pictured at the top, amongst others.

Plunket Putting Children First

Plunket has a key role in supporting families with the philosophy that 'it takes a community to raise a child'. A TECT grant of \$100,000 enabled the Maungatapu/Welcome Bay Plunket to go ahead with extensions that doubled the size of its facility. With over 1,200 children to cater for, the current rooms were inadequate to host any services onsite. Now, with renovations completed, parents are enjoying playgroups, parent education, support groups and increased clinic visits.



"TECT'S CONTRIBUTION WILL ASSIST OUR COMMITTEE TO GROW THE PLUNKET SERVICES IN OUR COMMUNITY, SUPPORTING OUR FAMILIES AND GIVING THEIR CHILDREN THE BEST START IN LIFE"

JANDHE TROUGHTON, PRESIDENT,
MAUNGATAPU/WELCOME BAY PLUNKET

FUNDING AVAILABLE If your organisation needs funding for a Community Amenity then visit our website at www.tect.org.nz to download an application form or phone 578 5094

"IT'S GRANTS LIKE THIS THAT ALLOW US TO KEEP OUR DOORS OPEN. THIS TYPE OF FUNDING IS CRUCIAL FOR US TO ACHIEVE WHAT WE WANT IN THE COMMUNITY. THANK YOU TECT."

JAMES MIDDLETON, CEO AVALON TRAINING CENTRE.

Community Organisation Subsidy Scheme

About this fund

The Subsidy Scheme makes funds available to TECT Consumer Community Groups to assist them with the purchase of electrical equipment or electrical installation costs for new or existing community facilities. 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.

Kids Benefit from New Equipment

Te Kura Kaupapa Maori O Te Kura Kokiri provides education in Te Reo Maori for 100 students from years 1-13. The school has been sharing premises with another Maori Kura and operating out of two old classrooms and a shed in Welcome Bay. Three prefabs have been moved onto the site and are undergoing an upgrade. TECT's \$25,000 grant will help fund a phone system, plasma screens, data projectors, smartboards, photocopier and the associated wiring and installation.



TECT Provides Warm Support

Te Whanau Kotahi Trust provides support and therapy to children with developmental delays and their families. The Trust assists 435 children with long term disabilities like cerebral palsy, Down's syndrome and autism. Meetings and paediatric clinics are held regularly at the Trust's offices and TECT's grant of \$5,500 toward a heat pump/cooling system has allowed them to replace their inefficient and antiquated electrical heaters.

Adventure in Life Education Trust's Mobile Classroom

Life Education Trust's mobile classroom is equipped with sophisticated technologies to capture children's imaginations and make learning fun. Children learn about their bodies watching 3D film technology, food smells waft through the air-conditioning as the educator talks about nutrition, and the ceiling lights up in a simulation of the night sky as children imagine they're on a space journey. Programmes are delivered to over 16,000 primary and intermediate aged children in the Western Bay of Plenty. Since 2006, TECT has funded over \$35,000 to Life Education Trust to support the work they do with youth in our schools.





\$1,000,000

ALLOCATED TO FUND, YEAR ENDED 31 MARCH 2010

Keeping Pace with the Latest Technology

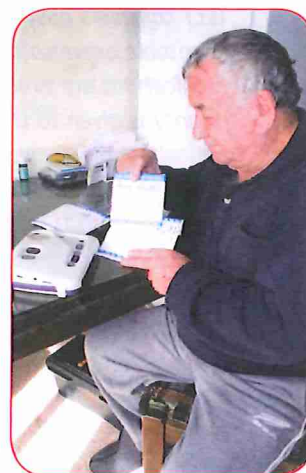
Mt Maunganui Intermediate School recently introduced the "Computers on Wheels" (COW) system. Portable laptops mean the students can utilise the technology anywhere on the school grounds. The Teacher in Charge ICT/Technology Mr Roger MacLean says "If the children were participating in a science class for example, and wanted to look at a particular plant in the garden, they could take the microscopes and laptops and complete the whole task outside." TECT funded \$31,248 towards the COW and six new stoves for the Food & Technology Department.

Surf Club Educating Kids on Beach Safety

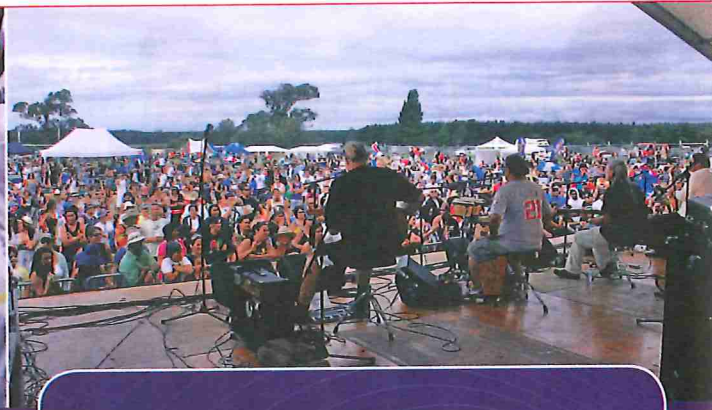
Omanu Beach Surf Lifesaving Club caters for the largest junior surf programme in New Zealand with over 400 junior members being educated in beach safety and hazards. From the age of 5 years, children can participate in junior surf and are encouraged to have fun and develop their skills so that they can be confident in the water and enjoy the beach. Beach goers are kept safe under the watchful eyes of the 120 volunteer lifeguards who last year undertook 3,627 hours of patrolling. TECT granted funds towards a new dishwasher for the Club's kitchen.

TECT Funds Talking Books for Blind Foundation

The Royal New Zealand Foundation of the Blind has a proven history of providing a Talking Book Library Service for blind and partially sighted people. The cassette technology currently used has become obsolete with spare parts increasingly difficult to obtain. Thanks to TECT's \$53,760 grant the Foundation is on its way to transferring the 'Talking Books' service to digital format. The project will provide Tauranga's 210 library users with access to made-to-order CD's which will enable them to enjoy a continuous supply of books, magazines and other documents of interest.



FUNDING AVAILABLE If your organisation needs funding for electrical related items then visit our website at www.tect.org.nz to download an application form or phone 578 5094



Community Events

\$200,000

ALLOCATED TO FUND, YEAR ENDED 31 MARCH 2010

About this 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.

Young Musicians all Jazzed Up

International headline acts, a programme of top New Zealand jazz musicians, sunny weather and a hugely popular Jazz Village drew more than 60,000 people to the 48th National Jazz Festival in Tauranga at Easter Weekend. Fifteen aspiring youth bands showcased their talents in the contest for the coveted National Youth Jazz title. TECT was delighted to contribute \$70,000 towards the event. TECT's grant also included free entry to the Jazz Festival Village on presentation of the TECT Card.

Photo courtesy of Gate Photography.

Tauranga Under Attack at Airshow

Thousands of eyes peered skywards on Waitangi Weekend as thundering Daredevils invaded the skies followed by some hair-raising, low-level swoops and pyrotechnics by some of the world's most exciting aircraft.



75 aircraft including the Harvard Roaring 40s Aerobatics Team, a World War II Spitfire, Thunder Mustang, Dragonfly and Tiger Moths lined up for some exciting aerial routines to the delight of the 25,000 strong crowd. TECT granted \$80,000 toward the airshow with discounts on entry prices offered to TECT Card holders. Some of the profits from the airshow have been put aside to help foster an interest in aviation among young people.

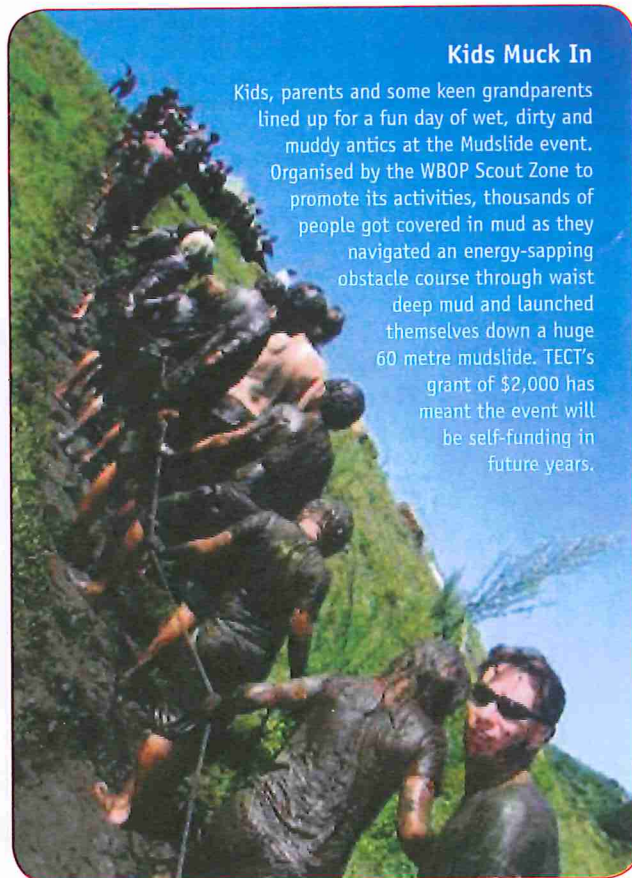
Photo courtesy of April Stark.

Island Crowds Rock at "Natural Breeze" Festival

Matakana Island staged its biggest event in January to promote its community of 280 people and to take a strong stand against drugs, alcohol and smoking. Nearly 3,000 people descended on Matakana Island for the Natural Breeze Music Festival. An impressive lineup of acts entertained the crowd including Katchafire, Herbs Unplugged, and Australian Idol winner Stan Walker. Local musicians and College bands also rocked centre stage showcasing their talent. TECT approved \$10,000 to Te Awanui Hauora Trust which organised the Festival.

Kids Muck In

Kids, parents and some keen grandparents lined up for a fun day of wet, dirty and muddy antics at the Mudslide event. Organised by the WBOP Scout Zone to promote its activities, thousands of people got covered in mud as they navigated an energy-sapping obstacle course through waist deep mud and launched themselves down a huge 60 metre mudslide. TECT's grant of \$2,000 has meant the event will be self-funding in future years.



FUNDING AVAILABLE If your organisation needs funding for a Community Event then visit our website at www.tect.org.nz to download an application form or phone 578 5094



Community Special Projects

\$1,000,000

ALLOCATED TO FUND, YEAR ENDED 31 MARCH 2010

About this 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.

Sailing Away to Success

Tauranga's harbour offers the perfect venue for learning to windsurf. TECT approved \$31,109 towards the BOP Sailing Academy Trust's initiative to launch competitive youth windsurfing in the Bay of Plenty. Funds were used to purchase six Bic Techno One Design race boards. Maybe one of these sailors will become the next Tom Ashley or Barbara Kendall!

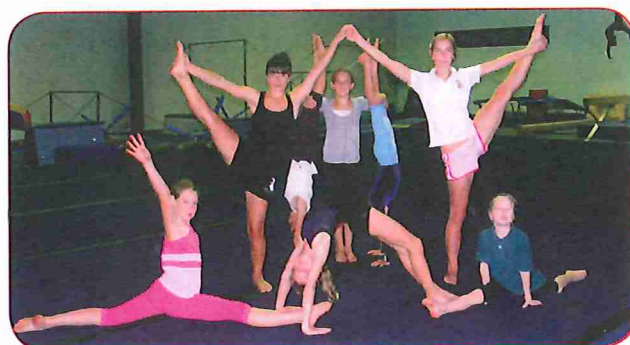
Growing Confident Kiwi Kids

Two Kiwi Can schools have been trialling a new initiative to combat graffiti in the community. The schools chose a local wall and a bridge, painted it to remove existing tagging and then applied a custom stencil. Where previously the locations had been tagged nightly, after several weeks there is virtually no tagging. TECT granted \$50,000 to the Youth Development Trust to continue its positive values and life skills programmes in local schools.



Springing into Action

Te Puke Gymnastics Club has just laid its new sprung floor thanks to a grant from TECT of \$17,978. The Club will now be able to hold regional and national competitions and training workshops. With many local schools also making use of the facility, we're confident many more children will soon be springing into action.



Encouraging People with Disabilities to Give Sport a Go

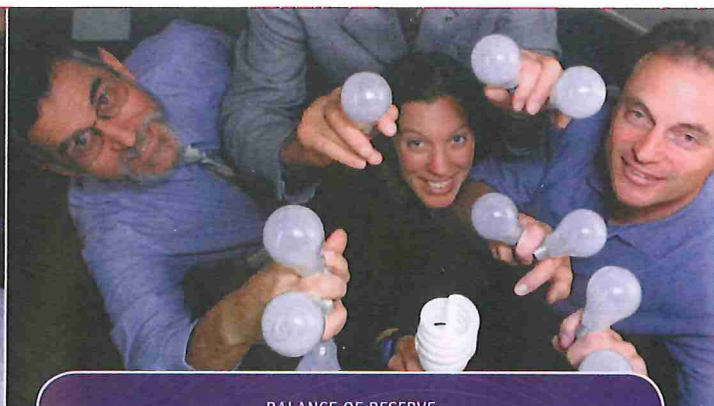
With a grant of \$20,000 towards Sportability Equipment Kits, TECT is proud to be partnering Sport Bay of Plenty in supporting people with disabilities to participate in sports. The Kits are shared and utilised by all Tauranga schools. Sportability has a games programme with the aim of providing teachers, sport and community leaders with more ways of including people with a disability, particularly those who have higher support needs in physical activity and sport.



FUNDING AVAILABLE If your organisation needs funding for a Special Project then visit our website at www.tect.org.nz to download an application form or phone 578 5094



Energy Efficiency



BALANCE OF RESERVE

\$425,012

NO FURTHER ALLOCATIONS WERE MADE TO FUND YEAR ENDED 31 MARCH 2010

About this 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

There are around 900,000 houses in New Zealand with insufficient or no insulation, where indoor temperatures fall well below World Health Organisation recommended limits.

TECT contributed \$400,000 to the Tauranga Healthy Homes Project. The focus of the project is to reach Consumers who can't afford to improve the energy efficiency of their homes. TECT's contribution and other local funding secured will enable a minimum of 360 local homes to be retrofitted in the first year of the programme – a real benefit for the community.

The healthy homes package includes 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.

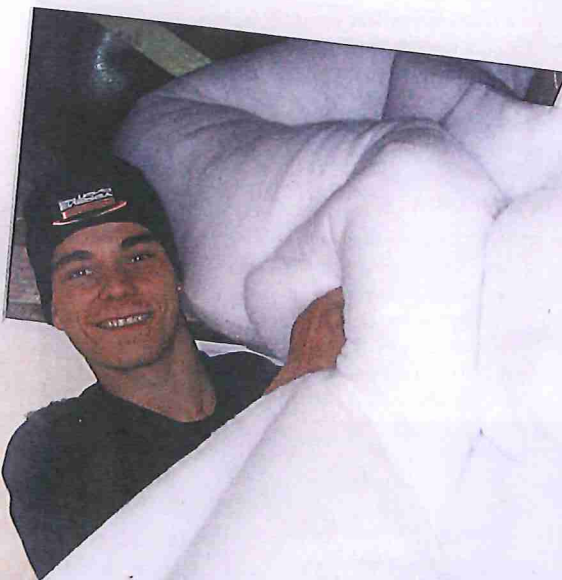
TECT Chairperson, Michael Cooney said "The Trust is proud to be involved in such a positive initiative and is delighted to be part of a project that will improve health and energy efficiency, as well as making homes warmer and drier, especially for the elderly and young children who are vulnerable to the cold".

For eligibility criteria or for further information please contact Energy Options Charitable Company Limited on 0800-15-15-65

In 2005, TECT contributed \$250,000 over two years to the Healthy Homes initiative which saw more than 350 homeowners take up the opportunity to retrofit their homes.

"THANK YOU TECT! WE HAVE LIVED IN OUR HOME FOR OVER 40 YEARS. WE HAVE JUST HAD OUR HOME INSULATED AND IT HAS MADE A HUGE DIFFERENCE."

GLADYS & DON



FUNDING AVAILABLE If your organisation needs funding for an Energy Efficiency initiative or to apply for funding for the Tauranga Healthy Homes project then visit our website at www.tect.org.nz to download an application form or phone 578 5094



TECT Scholarships

\$50,000

ALLOCATED TO FUND, YEAR ENDED 31 MARCH 2010

About this fund

The Scholarship Fund has attracted local people into the electricity-related industry. TECT is now considering whether a wider Scholarship programme might provide more benefits to Consumers.

Bright Sparks Supported Through TECT Scholarships

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

**TECT IS DELIGHTED TO
HEAR OF THE SUCCESS OF
SCHOLARSHIP RECIPIENTS
IN THE LOCAL INDUSTRY.**

Ash Neilson (TECT Electronics Scholarship 2007)

Ash Neilson continues to be circuits ahead in his role as an Automation Programmer, Software Development and Website Manager for a local firm.



TECT Scholarship Recipients 2009

From left: Anaru Bennett (Electronics), Matthew Flanagan (Electrical), Tony Jackson (Electrical), Cameron Wright (Electronics), Jed Moriarty (Electrical)

Ash attributes his success to the hard work he put in during his studies and being awarded a TECT Electronics Scholarship was recognition of his efforts and obvious talent. "I've had a passion for computers and electronics since I was young. I wanted to pursue a career in this line of work and now I'm here!"

Gary Jackson (TECT Electrical Scholarship 2008)

After many years in the army and time spent as a software designer in the UK, Gary decided he needed a new direction when he made New Zealand home. "I wanted to get a new trade and electrical engineering had always looked interesting to me. As a kid I was keen to find out how things worked, the source of power was fascinating". Whilst completing his studies, Gary was awarded a sought after apprenticeship and has been thriving in his role building fully automated electronic machinery.



Community Grants Approved

2010

APPROVED YEAR ENDED 31 MARCH 2010

Community Organisation Subsidy Scheme

CONSUMER ORGANISATION	PROJECT/ITEMS	APPROVED
Alzheimers Society Tauranga	Computers, Photocopier	\$3,327
Avalon Training Centre	Dishwasher, Dryer, Photocopier, Telephone, Washing Machine	\$10,194
Bethlehem Primary School	Computer Equipment, Computers, Data Projector, Digital Camera, Sound System, Wiring and Installation Costs	\$21,352
Bowls Tauranga South Inc	Computer Equipment, Computers, Printer	\$1,065
Carisbrook Bible Chapel	CD, DVD, Data Projector	\$945
Church of Christ - Greerton	Data Projector, Hot Water Cylinder, Urn, Wiring and Installation Costs	\$2,417
Consumer Action Network Trust	Photocopier	\$925
Cool Bananas Youthwork Trust	Computers	\$1,549
Drug-arm Tauranga Inc	Fridge, Heatpump/Cooling System	\$3,091
Eastern Districts Rugby & Sports Club Inc	Electrical Upgrade, Lighting	\$63,000
Evans Road Community Church	Musical Equipment	\$275
First Otumoetai Scout Group	Electrical Upgrade, Water Heater, Wiring and Installation Costs	\$1,602
Girl Guiding BOP Region	Pumps	\$468
Greenpark School	Computer Equipment, Computers, Transmitter	\$22,802
Greerton Bible Church	Fridge	\$680
Greerton Free Kindergarten	Electrical Upgrade, Wiring and Installation Costs	\$568
Greerton Village School	Computers, Data Projector, Musical Equipment, Sound System	\$7,199
Gwen Rogers Free Kindergarten	Heatpump/Cooling System, Wiring and Installation Costs	\$5,060
Homes of Hope Charitable Trust	Computers, Dehumidifier, Digital Camera, Electric Mower, Electrical Appliances, Food Processor, Fridge, Heatpump/Cooling System, Lighting, Printer, Telephone, TV, Vacuum Cleaner	\$9,104
Hosanna Fellowship Trust	Lighting, Oven, Wiring and Installation Costs	\$1,105
Kaimai School	Computers	\$12,614
Katikati Bowling Club	Cash Register, Oven	\$1,684
Katikati College	Computers, Printer	\$31,513
Katikati Kindergarten	Air-Conditioning Unit, Heatpump/Cooling System	\$2,777
Katikati Primary School	Data Projector, Interwrite Boards, Wiring and Installation Costs	\$29,325
Life Education Trust WBOP	Lighting	\$1,061
Makahae Marae Committee	Catering Equipment, Chiller, Deep Fryer, Dishwasher, Extractor Fan, Heatpump/Cooling System, Oven, Steamer, Toaster	\$30,836
Maketu Health & Social Services	Computers, Telephone, Vacuum Cleaner	\$8,323
Maketu Primary School	Cabling and Networking, Data Projector, Interwrite Boards, Wiring and Installation Costs	\$4,664
Matakana Island Te Kohanga Reo	Heatpump/Cooling System	\$6,325
Maungatapu School	Computer Equipment, Computers	\$14,985
Mt Maunganui Anglican Parish	Air-Conditioning Unit, Lighting, Musical Equipment, Wiring and Installation Costs	\$13,008
Mt Maunganui College	Computer Equipment, Computers	\$44,754
Mt Maunganui Intermediate School	Computer Equipment, Computers, Oven	\$31,248
Mt Maunganui Lifeguard Service Inc	Dishwasher, Fridge, Ice Maker, Oven	\$6,809
Mt Maunganui Primary School	Computer Equipment, Computer Equipment, Computers	\$27,750
Mt Maunganui Senior Citizens Assn	Heatpump/Cooling System	\$5,975
Mt Maunganui Sports Club	Lighting, Wiring and Installation Costs	\$9,888
Mt Maunganui Tennis Club Inc	CD, DVD, Computers, Fridge, TV, Wiring and Installation Costs	\$1,787
Mt Maunganui Toy Library	Printer	\$267
Omanu Beach Surf Lifesaving Club Inc	Cabling and Networking, CD, DVD, Dishwasher, Sound System	\$4,748
Omanu Bowling Club Inc	Electric Mower	\$4,225
Omanu Primary School	Data Projector, Heatpump/Cooling System	\$3,040
Omokoroa No.1 School	Heatpump/Cooling System	\$18,750
Omokoroa Playcentre	Oven, Printer, Security System	\$1,300
Omokoroa Point School	Cabling and Networking, Computer Equipment, Fridge, Heatpump/Cooling System, Oven, Telephone	\$15,500
Oropi Primary School	Computers, Data Projector	\$23,644
Otumoetai Amateur Swim Club Inc	Printer	\$186
Otumoetai Free Kindergarten	Heatpump/Cooling System, Lighting, Wiring and Installation Costs	\$3,764
Otumoetai Intermediate School	Air-Conditioning Unit, Computer Equipment, Computers, Data Projector, Interwrite Boards, Sound System	\$45,300
Otumoetai Primary School	Computers, Interwrite Boards, PA System	\$18,265
Paengaroa Community Hall	Fridge, Oven	\$1,874
Papamoa Baptist Church	Oven, Wiring and Installation Costs	\$577
Papamoa Community Support Centre	Computer Equipment, Computers, Fridge, Heatpump/Cooling System, Oven, Security System, Transformer, Wiring and Installation Costs	\$50,000
Papamoa Primary School	Computer Equipment, Computers	\$6,937
Pillans Point School	Data Projector, Interwrite Boards, Sound System, Wiring and Installation Costs	\$17,400
Pirirakau Hauora Charitable Trust	Heatpump/Cooling System	\$4,543
Pirirakau Kohanga Reo	Fridge, Shredder, Telephone	\$573
Pongakawa Primary School	Computers, Data Projector	\$28,090
Pukehina Fishing Club (1993) Inc	Chiller, Dishwasher, Hand Driers, Hot Water Cylinder, Oven, Security System, TV, Wiring and Installation Costs	\$10,069
Pukehina School	Computers, Dishwasher, Fridge, Heatpump/Cooling System, Hot Water Cylinder, Oven, Washing Machine	\$6,495
Pyes Pa Playcentre	Heatpump/Cooling System, Wiring and Installation Costs	\$2,183
Riding for the Disabled (Tga)	Computers, Printer	\$884
Royal New Zealand Foundation of the Blind	Digital Accessible Information System (DAISY)	\$53,760
Selwyn Ridge Primary School	Computers	\$20,000
Sport Bay of Plenty	Computer Equipment, Computers, Wiring and Installation Costs	\$14,750
St John Resource Centre Inc	Computers, Lighting	\$2,223
St John the Baptist Anglican Church	Electrical Upgrade, Heatpump/Cooling System	\$5,847
St Mary's Catholic School	Computers, Sound System	\$30,000
St Pius X Parish Katikati	Cabling and Networking, Dishwasher, Electrical Upgrade, Fire Alarm, Heatpump/Cooling System, Hot Water Cylinder, Oven, Security System, Transformer	\$40,000
St Thomas More Catholic Church	Heatpump/Cooling System, Wiring and Installation Costs	\$6,850
St Thomas More Catholic School	Computers, Digital Camera, Interwrite Boards, Video Camera	\$5,541
T.S. Chatham Sea Cadets	TV, Wiring and Installation Costs	\$430

Tainui Regional Council MWWL (Inc) Tauranga	Computers, Photocopier, Water Cooler	\$2,456
Tauranga & Districts Prisoners Aid & Rehabilitation Society Inc	Dehumidifier, Oven	\$248
Tauranga Boys College	Telephone, Wiring and Installation Costs	\$12,000
Tauranga City United AFC Inc	Deep Fryer, Dishwasher, Electrical appliances, Electrical Upgrade, Fridge, Heaters, Pie Warmer, Transformer, Wiring and Installation Costs	\$31,340
Tauranga Contract Bridge Club Inc	Heatpump/Cooling System	\$1,250
Tauranga Primary School	Computers, Interwrite Boards	\$33,344
Tauranga Regional Ethnic Council Inc	CD, DVD, Computers, Data Projector, Dehumidifier, Heaters, Printer, Vacuum Cleaner	\$2,418
Tauranga Regional Free Kindergarten Assn Inc	Computers, Digital Camera, Dishwasher, Electrical Appliances, Fridge, Heatpump/Cooling System, Lighting, Oven, Sound System, Telephone, Vacuum Cleaner, Wiring and Installation Costs	\$22,327
Te Akau Kohanga Reo	Heatpump/Cooling System	\$6,642
Te Awanui Hauora Trust	Heatpump/Cooling System, Security System	\$10,403
Te Kura Kaupapa Maori o Te Kura Kokiri	Computer Equipment, Data Projector, Interwrite Boards, Photocopier, Printer, Telephone, Wiring and Installation Costs	\$25,000
Te Kura O Matapihi	Computer Equipment, Computers	\$18,127
Te Puke Club Inc	Heatpump/Cooling System	\$9,900
Te Puke Contract Bridge Club	Heatpump/Cooling System	\$3,676
Te Puke Hall Society Inc	Dishwasher, Heatpump/Cooling System, Hot Water Cylinder	\$28,370
Te Puke Intermediate School	Computer Equipment, Computers	\$11,170
Te Puna Playcentre	Computer Equipment, Computers	\$808
Te Puna Rugby Football Club Inc	Lighting	\$6,974
Te Ranga School	Cabling and Networking, Computers, Data Projector, Electrical items, Fire Alarm, Musical Equipment, PA System, Photocopier, Printer, Sander	\$20,000
Te Whanau Kotahi Trust	Heatpump/Cooling System, Wiring and Installation Costs	\$5,500
Tutereinga Te Kohanga Reo	Computers, Digital Camera, Dishwasher, Heatpump/Cooling System, Oven, Washing Machine	\$3,354
Volunteer Western Bay of Plenty	Photocopier	\$998
Waipuna Hospice Inc	Computers, Dishwasher	\$5,100
Welcome Bay Community Church	Speakers	\$574
Western Bay New Life Church	Lighting, Wiring and Installation Costs	\$1,338
Western BOP Grey Power Association Inc	Computers, Heatpump/Cooling System, Hot Water Cylinder	\$2,992
Whakamarama School	Data Projector, Interwrite Boards, Sound System, Wiring and Installation Costs	\$3,387
Whareroa Te Kohanga Reo	Washing Machine	\$450
TOTAL APPROVED GRANTS FOR THE YEAR ENDED 31 MARCH 2010		\$1,160,215

Major Amenities

CONSUMER ORGANISATION	PROJECT/ITEMS	APPROVED
Bay of Plenty Cricket Trust	Development of Bay Cricket Oval	\$1,000,000
Tauranga City Council	Tauranga Indoor Sports and Exhibition Centre (including naming rights)	\$6,000,000
TOTAL APPROVED GRANTS FOR THE YEAR ENDED 31 MARCH 2010		\$7,000,000

Community Amenities

CONSUMER ORGANISATION	PROJECT/ITEMS	APPROVED
Bethlehem School	Construction of New School Hall	\$130,000
Matua Bowling Club	Artificial Greens	\$95,000
Mount Greens Sports Inc	Development of New Playing Facilities and Complex	\$140,000
Royal NZ Plunket Society (Maungatapu/Welcome Bay Branch)	Extension and Renovations to Plunket Rooms	\$100,000
Tauranga Lawn Tennis Club	Resurfacing of Courts	\$40,000
Te Puke Squash Rackets Club	Extension and Renovations to Squash Court Facilities	\$150,000
Te Ranga Hall	Upgrade of Hall	\$100,000
TOTAL APPROVED GRANTS FOR THE YEAR ENDED 31 MARCH 2010		\$755,000

Community Events

CONSUMER ORGANISATION	PROJECT/ITEMS	APPROVED
Bay of Plenty Classic Aircraft Trust	Tauranga City Airshow Event	\$80,000
Mt Maunganui Sports Club	Mount Festival of Squash Tournament	\$10,000
Sport Bay of Plenty	City On Its Feet Programme	\$30,000
Tauranga Jazz Festival	Jazz Festival	\$70,000
Te Awanui Hauora Trust	Natural Breeze Festival	\$10,000
Te Puna Sea Scout Troop	Mudslide Event	\$2,000
Tourism Bay of Plenty	World Speedway Grand Prix	\$150,000
TOTAL APPROVED GRANTS FOR THE YEAR ENDED 31 MARCH 2010		\$352,000

Community Special Projects

CONSUMER ORGANISATION	PROJECT/ITEMS	APPROVED
Bay of Plenty Sailing Academy Trust	Techno Sailing Boards	\$31,109
Philips Search and Rescue Helicopter	2009-2012 Sponsorship of TrustPower/TECT Rescue Helicopter	\$360,000
Priority One	Instep Programme	\$15,000
Sport Bay of Plenty	Sportability Equipment Kits	\$20,000
Te Puke Gymnastics Club	Sprung Floor	\$17,978
Village Radio Charitable Trust	Upgrade of System to FM Frequency	\$15,000
Welcome Bay School	Dyslexia Conference	\$5,000
Youth Development Trust	Kiwi Can Life Skills Programme	\$50,000
TOTAL APPROVED GRANTS FOR THE YEAR ENDED 31 MARCH 2010		\$514,087

Scholarship Fund

CONSUMER ORGANISATION	PROJECT/ITEMS	APPROVED
Bay of Plenty Polytechnic	Electrical-related Scholarships	\$10,000
TOTAL APPROVED GRANTS FOR THE YEAR ENDED 31 MARCH 2010		\$10,000

Energy Efficiency

CONSUMER ORGANISATION	PROJECT/ITEMS	APPROVED
Energy Options Charitable Company Limited	Tauranga Healthy Homes Project	\$400,000
TOTAL APPROVED GRANTS FOR THE YEAR ENDED 31 MARCH 2010		\$400,000

TOTAL APPROVED GRANTS FOR YEAR ENDED 31 MARCH 2010

\$10,191,302

FULL CONSOLIDATED FINANCIAL STATEMENTS AVAILABLE

The Summarised Consolidated Financial Statements on pages 18-21 have been extracted from the full audited Consolidated Financial Statements of the Trust for the year ended 31 March 2010.

They may not contain sufficient detailed information for a full understanding of the financial affairs of the Trust but copies of the full Consolidated Financial Statements and the unqualified auditors' opinion dated 24 June 2010 can be obtained from:

The Secretary, Tauranga Energy Consumer Trust, PO Box 356, Tauranga.

COMPREHENSIVE INCOME STATEMENT

For the Year Ended 31 March 2010

	TECT GROUP		Tauranga Energy Consumer Trust	
	2010	2009	2010	2009
Operating Income				
Dividend Income	48,012,622	42,818,681	31,448,357	33,175,066
Fair Value Adjustment of RPS	-	-	24,973,991	19,416,284
Interest Income	1,947,483	2,481,387	1,460,712	1,508,143
Loss/Impairment of Russell Investments	172,759	(1,062,111)	172,759	(1,062,111)
Miscellaneous Operating Income	75,200	280,201	98,846	280,201
TOTAL INCOME	50,208,064	44,518,158	58,154,665	53,317,583
Administration Expenses				
Legal and Advisory Fees	235,727	158,802	98,922	107,017
Secretarial Costs	284,546	263,263	275,410	251,678
Trustee Expenses	142,885	135,811	142,885	135,811
Other Administration Expenses	235,467	355,282	226,794	347,310
Finance Expenses				
Interest	1,702,252	7,841	119,539	363,393
RPS Payments - Arawata Finance Ltd	4,020,855	5,492,322	-	-
Other Finance Expenses	275,708	3,711	319	3,194
TOTAL EXPENSES	6,897,440	6,417,032	863,869	1,208,403
TOTAL SURPLUS FOR YEAR BEFORE TAXATION	43,310,624	38,101,126	57,290,796	52,109,180
Net Tax Charge	8,878,381	7,234,032	9,769,881	7,335,350
TOTAL SURPLUS AFTER TAXATION	34,432,243	30,867,094	47,520,915	44,773,830
Plus Other Comprehensive Income				
Net Valuation Gain on Investments	13,815,885	(33,288,208)	-	(566,374)
TOTAL COMPREHENSIVE INCOME	\$48,248,128	\$(2,421,114)	\$47,520,915	\$44,207,456

STATEMENT OF CHANGES IN TRUST EQUITY

For the Year Ended 31 March 2010

	TECT GROUP		Tauranga Energy Consumer Trust	
	2010	2009	2010	2009
Total Comprehensive Income	48,248,128	(2,421,114)	47,520,915	44,207,456
Distributions	(34,082,009)	(22,083,543)	(33,602,030)	(22,495,083)
Consumer Distributions Written Back	45,000	578,893	45,000	578,893
	14,211,119	(23,925,764)	13,963,885	22,291,266
Trust Equity at Start of the Year (as previously reported)	658,786,488	682,429,917	550,318,219	527,744,618
Adjustment due to GST Correction	-	282,335	-	282,335
Adjusted Trust Equity at Start of the Year	658,786,488	682,712,252	550,318,219	528,026,953
TRUST EQUITY AT END OF THE YEAR	\$672,997,607	\$658,786,488	\$564,282,104	\$550,318,219

2010

BALANCE SHEET

As at 31 March 2010

	TECT GROUP		Tauranga Energy Consumer Trust	
	2010	2009	2010	2009
TOTAL TRUST EQUITY (Including Reserves)	\$672,997,607	\$658,786,488	\$564,282,104	\$550,318,219
Represented by:				
Investments				
Shares in TrustPower Ltd	752,082,787	732,345,808	-	-
Russell World Bond & Share Funds	-	3,823,348	-	3,823,348
TECT Charitable Trust	-	-	100	100
Shares in TECT Subsidiaries	-	-	3,000	3,000
YMCA Loan	250,000	250,000	250,000	250,000
ANZ Senior Bonds	3,053,302	3,048,517	3,053,302	3,048,517
RPS - TECT Holdings Ltd	-	-	-	505,311,153
RPS - Tauranga City Aquatics Ltd	4,000,000	4,000,000	4,000,000	4,000,000
Loan - TECT Holdings Ltd	-	-	530,285,144	-
TOTAL INVESTMENTS	759,386,089	743,467,673	537,591,546	516,436,118
Current Assets				
Cash & Cash Equivalents	3,207,543	8,095,348	3,206,782	8,090,111
Short Term Deposits	19,484,750	31,507,577	13,035,416	25,075,069
Sundry Accounts Receivable & Prepayments	26,885	376,643	18,675	376,643
Advances - TECT Subsidiaries	-	-	23,584,381	443,486
Taxation Refund Due	953,913	-	257,571	-
TOTAL CURRENT ASSETS	23,673,091	39,979,568	40,102,825	33,985,309
Non Current Assets				
Deferred Taxation	-	-	-	8,309,549
TOTAL ASSETS	783,059,180	783,447,241	577,694,371	558,730,976
Less Current Liabilities				
Sundry Accounts Payable	90,396	139,115	79,173	119,966
Advances - TECT Subsidiaries	-	-	2,858,716	5,549,410
Redeemable Preference Shares	-	85,243,730	-	-
Taxation Payable	1,829,499	2,020,205	-	579,592
Provision for Distributions	10,508,153	2,323,789	10,474,378	2,163,789
TOTAL CURRENT LIABILITIES & DISTRIBUTION PROVISIONS	12,428,048	89,726,839	13,412,267	8,412,757
NON CURRENT LIABILITIES				
Deferred Taxation	41,672,360	34,933,914	-	-
Loan - ANZ Bank	55,244,155	-	-	-
Interest Rate Swap - ANZ Bank	717,010	-	-	-
Total Non Current Liabilities	97,633,525	34,933,914	-	-
TOTAL LIABILITIES	110,061,573	124,660,753	13,412,267	8,412,757
NET ASSETS	\$672,997,607	\$658,786,488	\$564,282,104	\$550,318,219

CASHFLOW STATEMENT

For the Year Ended 31 March 2010

	Consolidated		TECT GROUP	
	2010	2009	2010	2009
NET CASH FLOWS FROM OPERATING ACTIVITIES	34,576,459	34,998,867	29,820,901	33,853,228
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	16,018,934	(18,854,431)	(9,827,236)	(14,829,357)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(55,483,198)	(24,354,239)	(24,876,994)	(24,254,239)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(4,887,805)	(8,296,917)	(4,883,329)	(5,317,482)
Add Opening Cash & Cash Equivalents	8,095,348	16,392,265	8,090,111	13,407,593
CLOSING CASH & CASH EQUIVALENTS	\$3,207,543	\$8,095,348	\$3,206,782	\$8,090,111

TRUSTEE



TRUSTEE



DATE: 23 June 2010

These Statements are to be read in conjunction with the Notes to the Financial Report on Pages 20-21.



TECT Group Financial Statements

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

1. STATEMENT OF ACCOUNTING POLICIES

A. BACKGROUND

These are the Summarised Financial Reports 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.

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 Limited, 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 certain assets as specified below which have been revalued. 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 POLICIES

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

2. TAXATION

The tax charge debit of \$8,878,381 relates to current group tax charges of \$28,637,487 less dividend Imputation Tax Credits of \$20,509,793 plus deferred tax adjustment of \$749,220 and under provision for tax in prior year \$1,467.

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. INVESTMENTS

The following table sets out the basis of valuation of investments:

Asset	Classification	Measurement Base
ANZ Senior Bonds	Held to Maturity	Amortised Cost using EIR
Redeemable Preference Shares		
• Tauranga City Aquatics Ltd	Loans & Receivables	Amortised Cost using EIR
• TECT Holdings Ltd (Redeemed 2010)	Loans & Receivables	Amortised Cost using EIR
Loan - TECT	Loans & Receivables	Amortised Cost using EIR
Russell World Bond Fund	Fair Value through Equity	Fair Value
TrustPower	Fair Value through Equity	Fair Value
YMCA Loan	Loans & Receivables	Amortised Cost using EIR

[EIR = Effective Interest Rate method]



Trust Governance

Your Trustees: BACK: Ken Collings, Ron Scott, Bruce Cronin (Deputy Chair) FRONT: Mark Groos, Frances Denz, Michael Cooney (Chairperson)

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

Board of Trustees

TECT is governed by 6 Trustees who are elected by Consumers for 4-year terms. The terms of appointment of Trustees are staggered so that 3 Trustees retire every 2 years. An Election for Trustees was held in June 2010.

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 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

AS AT 31 MARCH 2010

TRUSTEES

MJ Cooney, Chairperson
BW Cronin, Deputy Chairperson
KC Collings
F Denz
MW Groos
RJC Scott

SECRETARY

KF Lellman
BDO Tauranga Limited
Chartered Accountants
96 Cameron 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

Triumph Capital Limited, Auckland
KPMG, Wellington

BANKERS

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

DATE OF COMMENCEMENT

Tauranga Energy Consumer Trust (TECT) - 21 December 1993
TECT Charitable Trust - 27 March 2002
TECT Holdings Limited - 15 December 2006
TECT Finance Limited - 15 December 2006
TECT Finance No.2 Limited - 25 January 2007

SUPPORTING & STRENGTHENING COMMUNITIES

2010 AGM You're Invited

This is an opportunity to meet the Trustees and hear about TECT's activities over the past year and of course, what's in store for the coming year.

Please join us at our
AGM being held:

Thursday 29 July 2010, 5.30pm
Village Hall, Historic Village
17th Avenue, Tauranga

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