



# Annual Report

2018/2019





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**TECT is part of the fabric of this  
region and ambitious for the  
future of our community**





# TRUST GOVERNANCE

**TECT is governed by six trustees who are elected by beneficiaries for four-year terms.**

The terms of appointment of trustees are staggered so that three trustees retire every two years. The current trustees are Bill Holland (Chairperson), Natalie Bridges (Deputy Chairperson), Peter Blackwell, Amanda Sutcliffe, Mark Arundel and Tina Jennen. Trustees are responsible for managing TECT's assets for the benefit of qualifying beneficiaries.

TECT and 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.

## Directory as at 31 March 2019

### Trustees

B Holland, Chairperson  
N Bridges, Deputy Chairperson  
M Arundel (appointed August 2018)  
P Blackwell  
T Jennen (appointed August 2018)  
A Sutcliffe  
  
R Scott (retired August 2018)  
P Tustin (retired August 2018)

### General Manager

Wayne Werder

### Accountant

BDO  
Tauranga

### Auditor

Crowe Horwath  
NZ Audit Partnership

### Solicitor

Sharp Tudhope  
Tauranga  
Harmos Horton Lusk  
Auckland

### Date of Commencement

TECT	21.12.1993
TECT Charitable Trust	27.03.2002
TECT Holdings Ltd	15.12.2006
TECT Property Ltd	22.03.2016

### Trust Deed Amendments

There were no changes to the Trust Deeds of the Tauranga Energy Consumer Trust or the TECT Charitable Trust between 1 April 2018 and 31 March 2019. The Trust Deeds are available to view on the trust's website under Trust Documents.



Natalie Bridges, Bill Holland, Peter Blackwell, Amanda Sutcliffe, Mark Arundel, Tina Jennen





# CHAIRPERSON AND GENERAL MANAGER'S REPORT

**It is with great pleasure that we are able to report on another successful year for the trust and to present the annual report for the TECT group of entities.**

The trust was created in 1993 as part of the electricity reforms. The community at the time approved an establishment plan which saw approximately 50% of the proceeds from the winding up of the Tauranga Electric Power Board distributed to individuals. Rather than taking the remaining 50% for themselves, the decision was made to vest the proceeds in a trust which was to become TECT. The trust deed was written to provide trustees with a range of methods by which they could deliver benefits to our community.

The trust has evolved significantly over the past 26 years, and this year was no different. In 2018 we had a great debate over whether to shift the focus of the trust to community rather than rebates, and had a significant response to a special distribution that showed a renewed vote of confidence for transformational grant making.

That we debate such notions relating to the future of the trust is critical—if only for the fact that TECT is now one of New Zealand's largest trusts, boasting net assets of \$921M. The responsibility that comes with protecting such an asset for future generations in the Western Bay of Plenty means questions need to be continually asked about how its purpose to serve our community is secure.

## Finance & Investment

TECT administers a diverse portfolio of investments. Approximately 40% of the assets are held in a diversified

portfolio including a range of national and international investments. The remainder is made up of a shareholding in Trustpower, of which Infratil own 51% and TECT own 26%. Together total assets were valued at \$944M as at 31 March 2019.

## The key financial results for the year are as follows:

- Group profit before tax was \$55.3M. This compares to \$45.2M in the previous year.
- Group expenses were \$1.8M compared to \$1.6M in the previous year. The main contributors to the increase were election costs, and the cost of closing out a SWAP held by the trust.
- Group equity increased by \$145M to \$921M.
- In the year under review TECT sold its shareholding in TILT Renewables for \$2.30 per share, a significant premium on the closing price of \$1.85. The proceeds have allowed TECT to further diversify its investment portfolio.
- The diversified portfolio returned 6.7% and has returned on average 9.2% since inception. The returns were dragged down by the amount of cash held after the sale of the TILT Renewables shares.

## Distributions & Grant Making

TECT was once again this year able to support many worthy community initiatives and organisations. Many of our local amenities and community organisations that enrich our region exist thanks to TECT. Over 3000 grants have been made to community initiatives since 1993.

Alongside the TECT rebate, which is paid to TECT beneficiaries each year, transformational grants provide intergenerational impact that can be seen and measured throughout our



**over 3000 grants  
made since 1993**

community. TECT's community support reaches from grassroots organisations and causes that would otherwise find it hard to qualify for funding elsewhere, right through to transformational projects that equally need TECT to get off the ground.

The Western Bay's growth requires a major funder like TECT to keep up with the demand for amenities and supporting community groups. With the extreme growth and changes in the population demographic, the needs of our community have also changed, and it's our role to understand those needs to ensure the best use of our grant dollars.

It is humbling to see the commitment and passion of those that work in the community sector and we thank all the wonderful community groups for their ongoing work.



# CHAIRPERSON AND GENERAL MANAGER'S REPORT

## The key distribution highlights for the year are as follows:

- The trust received 216 applications and approved 205.
- Total of \$7.3M distributed across TECT's five grant funds.
- The opening of the Tertiary Campus signalled the start of an exciting era for tertiary education in the region. TECT's \$15M grant is the largest in the trust's history.
- In November 2018 \$28M was distributed to beneficiaries via the TECT rebate. After consultation with beneficiaries in early 2019, \$30M was committed for distribution in November 2019. A further \$16.8M was allocated for payment as a special rebate in July 2019.
- From 2019 eligible beneficiaries now have the option to receive their TECT rebate direct into their bank account. There will be no more rebate payments via cheque.

## Governance & Management

The success of every organisation comes from the hard work and commitment of everyone involved. Our thanks go to all those who have worked with TECT including the staff, trustees, and advisors for their ongoing contribution and dedication to the trust.

TECT operates with six trustees who are charged with providing the governance and policy direction for the organisation. The biennial elections were completed in July 2018 with 19 candidates vying for the three positions available. This once again shows the significant interest in TECT from the community.

Thank you to all the candidates for making themselves available for election, and congratulations to Tina Jennen, Mark Arundel and Peter Blackwell who were duly elected. The election saw the retirement of Paul Tustin and Ron Scott and we thank them for their long service.

## Looking Ahead

Of interest are the proposed trust law changes. Currently, trusts like TECT have a time limit of 80 years. The draft legislation suggests extending this to 125 years, which would permit TECT to automatically extend the length of the trust beyond 2073. The permission in the trust deed to make this change is a signal of the intention for the trust to provide benefit well into the future, and trustees firmly believe they have a responsibility to secure this fund so that future generations can continue to prosper.

We are also aware of the observations relating to the relationship between Trustpower and TECT in the NZ Electricity Price Review. Over the years, the community has raised this issue with the trustees and it was also a significant theme in recent beneficiary consultations. Trustees will continue to monitor pricing and engage with Trustpower on this as a 26.8% shareholder.

A recent consumer consultation showed there is a keen interest on both sides of the spectrum for how TECT distributes its money. The feedback also showed that many in the community are unclear about the fact TECT and Trustpower are two completely separate entities and as a result there is widespread misunderstanding about the nature, intentions and purpose of the trust. The trustees are committed to ensuring TECT beneficiaries better understand where the trust's money comes from, as well as the range of ways the trust may continue to benefit its beneficiaries through distribution of the funds in the Western Bay.

The trustees will need to continually monitor future trends, opportunities and threats as part of their duty to ensure the trust is future-proofed in the ever-evolving world in which we live. It is a privilege to work for the trust and we continue to strive to make a positive impact in our region.



## Total Allocated for Distribution

over the history of TECT since 1993

# \$511.3M

## Direct

DISTRIBUTIONS

# \$394M

## Grant

DISTRIBUTIONS

# \$117.3M

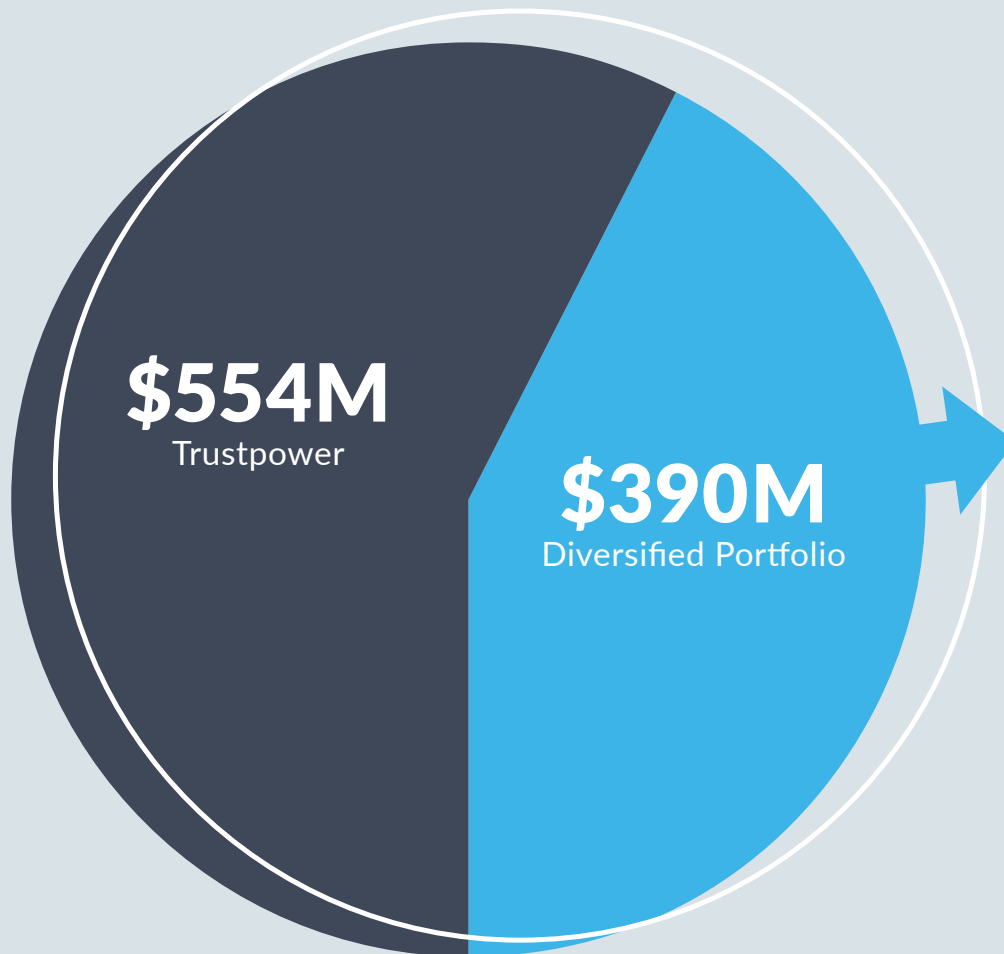
Bill Holland  
Chairperson

Wayne Werder  
General Manager

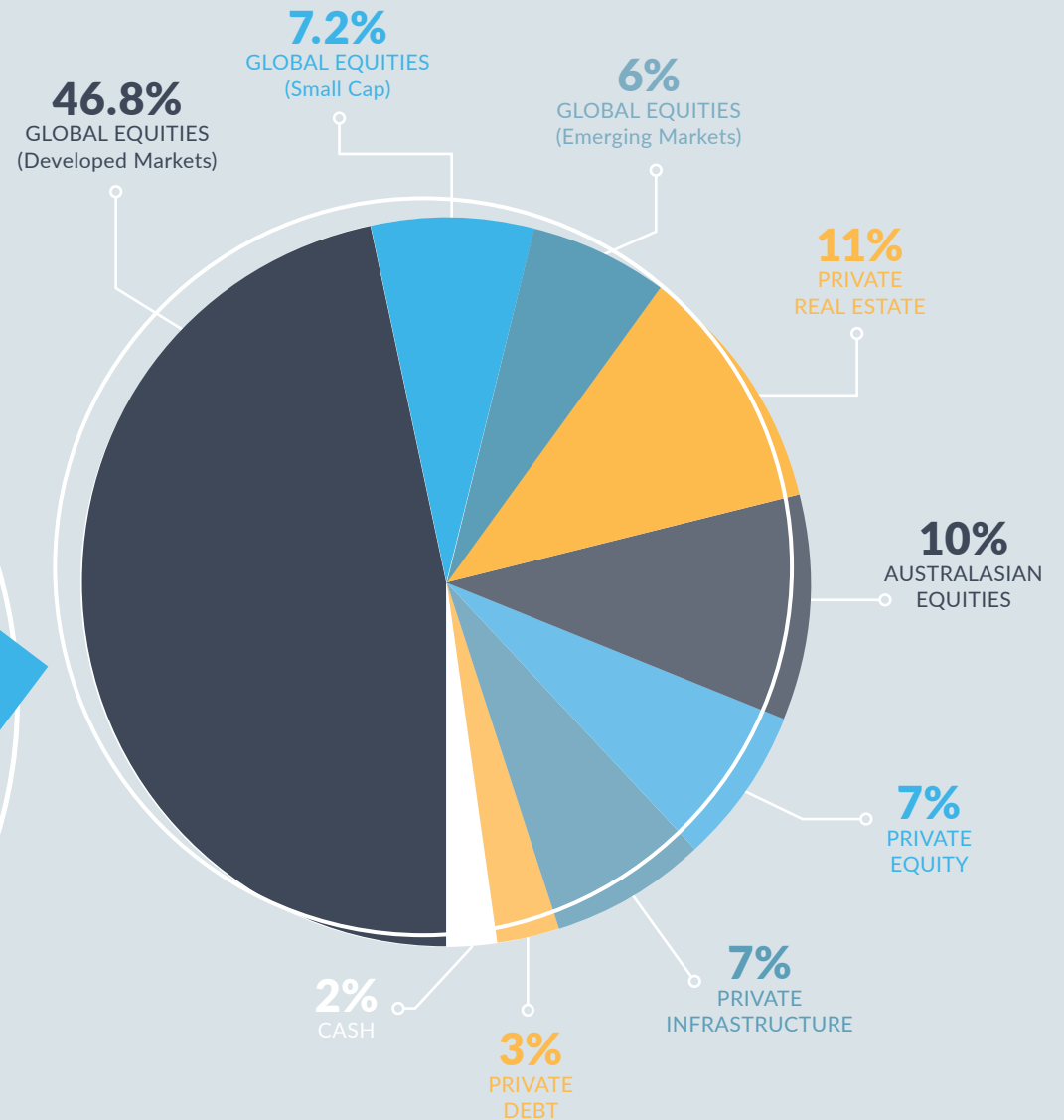


# INVESTMENT PROFILE

Total Assets as at 31 March 2019



Diversified Portfolio Strategic Asset Allocation – Target

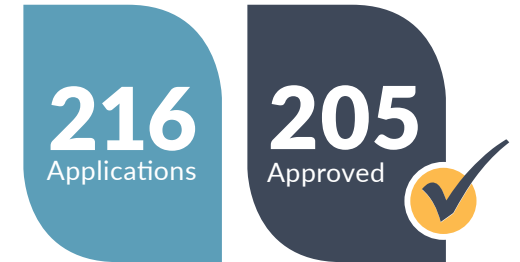




## THE YEAR AT A GLANCE



Value of Trust Fund as at 31 March 2019



Total of **\$35.3 million**  
distributed this financial year







# TRANSFORMING OUR COMMUNITY

TECT's funds make a significant impact on shaping the quality of life and wellbeing of current and future generations in the Western Bay of Plenty.



## Tertiary Campus

The Tauranga CBD Tertiary Campus, a recipient of our largest ever grant, officially opened in April 2019 – bringing with it hundreds of new students, greater study options, and a new lease of life and vibrancy for our region.

## The Kollektive

The Kollektive is one of New Zealand's largest co-working spaces, dedicated to the success of not-for-profit organisations. The collaborative space is a significant impact investment led by TECT, providing the means for community organisations to focus on what matters most – our community.





# TRANSFORMING OUR COMMUNITY

## The Elms Tauranga

The TECT Heritage Garden, designed in collaboration with historians, heritage architects, archaeologists and tangata whenua, will be completed this year; offering visitors a unique welcome, providing a place for stories of the local area and allowing visitors to gain a richer understanding of Tauranga's history.

## Lifeguard Service

TECT has contributed \$1.6 million towards the rebuilds of the Mount Maunganui Lifeguard Service building and Papamoa Surf Lifesaving Club. Such a vital life-saving service in our community deserves modern facilities, and we're proud to help make that happen.

## TECT Park

TECT All Terrain Park was recognised this year as the nation's best park, winning the supreme award in the inaugural Best of Parks Green Flag Award by Recreation Aotearoa. We are proud to have supported this transformational project since 2004 with \$3.5 million in funding, providing an adventure playground for outdoor recreation and a conservationist hub for native bush and wildlife.





# COMMUNITY AMENITIES FUND

"We shape our buildings, thereafter they shape us"

**Grants made: 30**  
**Total amount \$2,315,875**



**\$200K**  
FACILITY  
EXTENSIONS

## Riding for the Disabled

"Thank you so much TECT for helping us reach more riders, enrich their lives and empower those challenged by disability. With the building extensions and outdoor arena cover, we can now offer many more riders places on our programmes and can increase volunteer hours with our on-site accommodation."

Elisha Olds, Operations Manager



**\$108K**  
HIGH ROPES  
ADVENTURE  
COURSE

## Ngamuwahine Trust

"We cannot thank TECT enough for helping us make the high ropes course a reality. It has been a big hit with all the students and groups from around the community that visit. We love having another level of outdoor pursuit that encourages visitors to get active, challenge themselves and most importantly have fun!"

Gerry Hart, Ngamuwahine Camp Administrator



**\$125K**  
COMMERCIAL  
KITCHEN

## Good Neighbour

"Thank you TECT for your generous support - we wouldn't have been able to install our new kitchen without you! The Good Neighbour Kitchen is now up and running, so we can provide training in the culinary arts, produce delicious rescued-food meals for our community, and offer internships and volunteering working in food handling to help people gain employment."

John Paine, Food Impact Director





# COMMUNITY DEVELOPMENT FUND

"In every community there is work to be done. In every heart there is power to do it"

**Grants made: 149**  
**Total amount \$3,886,928**



**\$65K**  
WOMEN'S SHELTER

## He Kaupapa Kotahitanga

"We are so proud to see Tauranga's first shelter for homeless women open, and thank TECT for the generous funding that helped make it happen. Without TECT's support we would not have been able to fulfil the purpose of the trust, which is to nurture, support and advocate for homeless women in our community."

Angela Wallace, General Manager



**\$10K**  
DISABLED YOUTH PROGRAMMES

## Recreate NZ

"Without the generous and ongoing support of TECT, much of what we offer and accomplish wouldn't be possible. Demand in Tauranga has been high, and the funding has allowed us to expand our delivery so nobody misses out. Thank you so much TECT!"

Nicola Keyworth, Regional Funding Officer



**\$20K**  
SOCIAL SERVICE PROVISION

## EmpowermentNZ

"Our community hub provides a place of belonging for all, helping empower individuals to grow in independence and wellbeing. With TECT's support we are seeing Te Puke go from strength to strength, with people making real and lasting changes for themselves and future generations. Thank you TECT for all your help."

Scott Nicholson, General Manager





# COMMUNITY EVENTS FUND

"Community events connect people;  
they are a shared experience that  
strengthen the sense of community"

**Grants made: 25**  
**Total amount \$607,312**



**\$15K**  
NATIONAL  
HIP HOP  
COMPETITION

## Urban Youth Dance

"The 2018 Project Youth Hip Hop Dance Competition was a weekend full of energy and excitement with over 1000 dancers. The competition offers young people the chance to engage in creative expression and experience competitive Hip Hop dance. It is so important that our young people are positively engaged —our community benefits from young people who have a purpose and passion. Thank you TECT for supporting that in our community!"

Sarah Martin, Manager



**\$65K**  
NATIONAL  
RUGBY SEVENS  
TOURNAMENT

## TECT National Sevens

"The TECT National Sevens is a major event in our local and national calendar, with the best teams from around the country coming to compete over two days for some fast-paced rugby sevens. The game brings together people from all different backgrounds for the love of rugby and the chance to seek national champion status. Thanks to the fantastic support from TECT in bringing this pivotal sporting event to life!"

Mike Rogers, CEO



**\$3.5K**  
PASIFIKA  
FESTIVAL

## Pasifika Festival

"The Pasifika Festival in the Bay keeps growing each year, and our fourth festival last year was another fantastic success. Thousands came along to experience Pasifika culture, dance, food and music, with 21 performances from Early Childhood Education centres and schools. We're so grateful to TECT for your generous support, helping us connect kids and the community with our vibrant Pacific Island cultures."

Melanie Cottingham, Trustee



# TOTAL FUNDING ALLOCATED

The tables below include all community organisation funding approved by trustees during the year. Some grants may lapse because grant conditions are not met or because funding is no longer required by the organisation. Because of this, the total funding approved may differ from the amount shown as approved in the Financial Report. Total Distributions Approved per the Financial Report also includes direct beneficiary distributions.

## COMMUNITY AMENITIES

Approved

Bay of Plenty Paintball Club	Site Development	\$15,000
Bay of Plenty Sport Climbing Assn.	Construction of Speed Wall	\$73,739
Bellevue Primary School	Sport & Performing Arts Centre	\$150,000
Envirokatikati Charitable Trust	Wetland Boardwalk Project	\$36,000
Good Neighbour Aotearoa Trust	Kitchen Development	\$125,000
Greenpark School	Playground	\$30,000
Harbourside Netball	Court Resurfacing	\$100,000
Homewood Park Tennis Club Inc.	Court Resurfacing & Lighting Upgrade	\$25,215
Katch Katikati	Arts Junction Project	\$30,000
Kids Campus Tauranga	Community Room Fitout	\$9,689
Mount Maunganui Lifeguard Service	New Clubhouse Building	\$300,000
Ngamuwahine Camp Trust	New High Ropes Course	\$108,311
Otumoetai Golf Club	Storage Shed	\$10,000
Otumoetai Intermediate School	New Sports Turf	\$45,000
Papamoa Community Surf Rescue Base Trust	New Clubhouse Building	\$500,000
Papamoa Sports Tennis Club	Building Alterations	\$10,500
Pongakawa Playcentre	Pergola	\$850
Tauranga BMX Club	Track Redevelopment	\$29,472
Tauranga Lawn Tennis Club	Court Resurfacing & Lighting Upgrade	\$100,000
Tauranga Motorcycle Club	Storage Shed	\$20,000
Tauranga RDA Foundation	Building Extension & Covered Arena	\$200,000
Tauranga Squash Club	Court Development	\$103,250
Te Ara Kahikatea Inc.	Wetland Boardwalk Track Development	\$15,000
Te Kura o Te Moutere o Matakana	Outdoor Shade Canopy	\$50,000
Te Puke Cricket Club	Pavilion Upgrade	\$50,000
Te Puke Smallbore Rifle Club	Range Upgrade	\$6,082
Te Puna Community Kindergarten	New Kindergarten Building	\$52,967
Te Puna Quarry Park Society Inc.	Ampitheatre Seating Development	\$50,000
Welcome Bay Presbyterian Church	Church Facilities Upgrade	\$7,000
Wesley Methodist Church	Church Hall Upgrade	\$62,800

**\$2,315,875**

## COMMUNITY DEVELOPMENT

Approved

Alzheimer's Society Tauranga	Education & Support for People with Alzheimer's	\$45,000
Amputee Soc. Wai-BOP	Advocacy & Support for Amputees	\$2,000
Anglican Care Waiapu - Kauri Centre	Day Programmes for Older People	\$10,000
Aongatete Forest Restoration Trust	Pest Eradication & Forest Restoration	\$17,500
Aphasia NZ Charitable Trust	Support & Advocacy for People with Aphasia	\$7,000
Aquinas College	ICT Purchases	\$41,557
Arataki Kindergarten	Appliance Upgrades	\$6,000
Argos Gymnastics	Equipment Purchases	\$20,000
Arohanui Art & Education Trust	Heating System	\$2,685
Autism NZ Inc.	Education & Support for People with Autism	\$5,000
Bay Conservation Alliance	Support Community-led Conservation Initiatives	\$35,000
Bay of Plenty Classic Aircraft Trust	Museum Operation Costs	\$30,000
Bay of Plenty Film Trust	Development & Operation of a Regional Film Office	\$40,000
Bay of Plenty Rugby Union	Rippa Rugby Youth Development Programme	\$30,000
Bay of Plenty Sailing Academy Trust	Purchase of New Boats	\$8,816
Bay of Plenty Therapy Foundation Inc.	Counselling Services	\$20,000
Beachaven Family Services	Social Support Services in Papamoa East	\$20,000
Bethlehem College	ICT Purchases	\$45,000
Bethlehem Primary School	ICT Purchases	\$30,000
Blue Rovers Junior Football Club	New Football Goals	\$15,000
BOP Youth Development Trust	Youth Development Programme	\$25,000
Bowls Tauranga South	Equipment Purchases	\$10,000
Brave Hearts NZ	Supporting families of People with Drug Addiction	\$12,000
Breast Cancer Support Services Tauranga Trust	Support & Education for those Diagnosed	\$35,000
Catholic Family Support Services	Counselling & Social Work Support	\$10,000
CCS Disability Action Bay of Plenty Inc.	Supporting people with Disabilities	\$30,000
Citizens Advice Bureau Tauranga	Computer Purchases and Service Delivery	\$6,900
Community Projects Charitable Trust	Our Place Tauranga Project	\$20,000
Complex Chronic Illness Support	Educate & Support People with Hidden Illnesses	\$27,500
Detour Theatre Trust	Youth Theatre Programme	\$5,000
Diabetes Help Tauranga Inc.	Education & Support to People with Diabetes	\$15,000
Empowerment NZ	Social Support Services in Te Puke	\$20,000
Enterprise Angels	Establish an Impact Investment Fund	\$30,000
Epilepsy Assn. of NZ	Education & Support for People with Epilepsy	\$5,000
EVelocity	Electric Vehicle building Initiative in Schools	\$7,500
Families Achieving Balance	Family Counselling & Support Activities	\$25,000
Family Link	Family Connections Programmes	\$10,566
Garden to Table Trust	Establish Additional In-School Programmes	\$10,000
Golden Sands Primary School	ICT Purchases	\$35,000
Good Neighbour Aotearoa Trust	Food Rescue & Community Projects	\$45,000
Grief Support Services	Grief Counselling	\$30,000
Growing Through Grief Te Puke	Delivery of Grief Programme to Young People	\$2,645
Gwen Rogers Kindergarten	ICT Equipment	\$5,244



# TOTAL FUNDING ALLOCATED

## COMMUNITY DEVELOPMENT

Approved

Hawaiki Rising Voyaging Trust	Youth Development Navigation Voyages	\$20,000
He Kaupapa Kotahitanga Trust	Establishment of Awhina House for Women	\$65,000
Headway Brain Injury Assn	Support & Education for those with a Brain Injury	\$10,000
House of Science	Providing Schools with Science Resource Kits	\$50,000
Huria Marae Trust	Armistice String Quartet Performance	\$2,000
Impact Gymsports Academy	Purchase Bleacher Seating	\$7,327
Journey Restorative Trust	Greerton Family Fair	\$2,159
Katch Katikati	Supporting Community Development	\$20,000
Katikati Bowling Club Inc.	Equipment Purchases	\$2,955
Katikati College	ICT Purchases	\$35,000
Katikati Community Resource Centre	Information, Support & Activity Centre Operations	\$30,000
Maketu Ongatoro Wetland Society	Conservation & Environment Education Initiatives	\$24,600
Maketu Taiapure	Community Coordinator Activities	\$10,000
Maketu Volunteer Coastguard	New Rescue Vessel	\$166,534
Matua Bowling Club	Equipment Purchases	\$3,757
Matua School	ICT Purchases	\$15,000
Maungatapu School	ICT Purchases	\$12,147
Merivale Community Inc.	Social Service & Youth Engagement Programmes	\$30,000
Mockingbird Inc.	Supporting Families of Children with Spectrum Disorders	\$7,500
Mount Maunganui Primary School	ICT Purchases	\$14,409
Mount Maunganui Sports Club	Security & Equipment Upgrade	\$27,150
Mount Maunganui Toy Library	Providing Safe, Educational Toys at Affordable Rates	\$2,500
Multicultural Tauranga	Supporting Migrants & Migrant Expo	\$24,578
Netball Waikato/BOP	Youth Performance Pathway Programmes	\$25,000
Ngati Pukenga Iwi ki Tauranga Trust	Kitchen Appliances for Updated Wharekai	\$60,000
NZ Blue Light Ventures	Youth Driver Navigation Programme	\$60,000
Omokoroa No. 1 School	ICT Purchases	\$24,500
Omokoroa Point School	ICT Purchases	\$20,000
Otamarakau Kindergarten	Appliance & Kitchen Equipment Upgrade	\$7,610
Otumoetai Baptist Church	ICT Purchases	\$8,782
Otumoetai College	ICT Purchases	\$50,000
Papamoa Coast Kindergarten	Heating Upgrade	\$7,615
Papamoa College	ICT Purchases	\$45,000
Papamoa Family Services	Social Services & Community Programmes	\$30,000
Papamoa Swimming Club	Public Pool Operations	\$20,000

Papamoa Toy Library	Providing Safe, Educational Toys at Affordable Rates	\$5,000
Parafed Bay of Plenty Inc	Disability Sporting Programmes & 2019 Festival	\$35,000
Parenting & Life Skills for Men	Delivery of Parenting & Life Skills to Families	\$10,000
Pillans Point School	ICT Purchases	\$26,313
PIPS Inc.	Garden Bed Development in Schools	\$7,500
Pregnancy Choice	Counselling & Support for Pregnant Women	\$25,000
Priority One	INSTEP Programme	\$30,000
Project Litefoot Trust	Waste Minimisation Programme in Sports Clubs	\$7,400
Pushing Arts in NZ Trust	Tauranga Street Art Festival	\$30,000
Pyes Pa School	ICT Purchases	\$5,942
Recreate NZ – Tauranga Branch	Out-Of-Home Experiences for Youth with Disabilities	\$10,000
Royal NZ Plunket Trust	Community Programmes Supporting Child Development	\$25,000
Safe Surfer	Education & Tools to Enable Safe Internet use	\$15,000
Selwyn Ridge School	ICT Purchases	\$25,000
Shakti Ethnic Women's Support	Ethnic Women's Support & Empowerment	\$35,000
SocialLink Tauranga Moana	Breakthrough Forum Website	\$9,200
Sport Bay of Plenty	GO4it Fundamental Skills Programme in Schools	\$75,000
Squash Bay of Plenty	New Vehicle Purchases	\$10,000
St Mary's Catholic School	ICT Purchases	\$25,000
St Peter's House	Counselling & Social Work Services	\$30,000
St Peter's in the City	ICT/AV Purchases	\$7,900
St Peters Anglican Church Katikati	Heating Upgrade in Community Rooms	\$23,356
Stepping Stone Ministries Trust	Residential Community Reintegration Programme	\$13,774
Surf Life Saving New Zealand Inc.	Regional Lifeguard Services	\$20,000
SwitchedOn	Establishment of Neurological Recovery Centre	\$100,000
Tauranga Adventist School	ICT Purchases	\$10,900
Tauranga Art Gallery Trust	Public Art Programmes	\$50,000
Tauranga Bridge Club Inc.	Emergency Lighting & Equipment Purchases	\$1,750
Tauranga City Basketball	Youth Miniball Programme	\$11,000
Tauranga City Elim Church	Audio Visual Equipment Purchases	\$21,325
Tauranga Community Patrol	Equipment Purchases	\$1,500
Tauranga Environment Centre	Grassroots Conservation & Environmental Initiatives	\$40,000
Tauranga Intermediate School	ICT Purchases	\$15,250
Tauranga Moana Nightshelter Trust	Emergency Housing & Support for Homeless Men	\$40,000
Tauranga Primary School	ICT Purchases	\$27,726
Tauranga Riding for the Disabled	Equine Therapy Programme Delivery	\$70,000
Tauranga Synchronised Swimming Club	Player Development	\$5,000



# TOTAL FUNDING ALLOCATED

## COMMUNITY DEVELOPMENT

Approved

Tauranga Waldorf School	ICT Purchases	\$10,000
Tauranga Women's Collective	Emergency Housing & Support for Abused Women	\$45,000
Te Akau ki Papamoa	ICT Purchases	\$40,000
Te Awanui Hauora Trust	Social Support Services on Matakana Island	\$55,000
Te Kura Kaupapa Maori o Otepou	ICT Purchases	\$5,000
Te Kura o Matapihi	ICT Purchases	\$10,000
Te Puke Community Menz Shed Trust	A Place for Men to connect over Community Projects	\$2,000
Te Puke Intermediate School	ICT Purchases	\$10,778
Te Puke Primary School	ICT Purchases	\$28,394
Te Puke War Memorial Hall Society	Equipment Upgrades	\$5,146
Te Runanga o Ngai Te Rangī Iwi Society	Rangitahi Youth at Risk Programme	\$45,000
Te Tuinga Whanau Support Services Trust	Social Services & Community Programmes	\$40,000
Te Whanau Kotahi Ltd	Computer System Upgrade	\$40,000
Te Wharekura o Mauao	ICT Purchases	\$21,400
The Adastra Foundation	Athlete & Performing Arts Scholarships	\$20,000
The Boys' Brigade in NZ Inc.	ICONZ for Boys Youth Programme	\$15,000
The Incubator Charitable Trust	Providing an Educational Environment for Art Genres	\$60,000
The Scout Assn of NZ	Programme Delivery in the Western Bay	\$10,000
The Search Party Charitable Trust	Establish Daily Help Service	\$15,000
Triathlon Tauranga	Summer Triathlon Series & Youth Development	\$28,000
Upper Central Zone NZ Rugby League	Youth Development Programmes	\$8,000
Vector Group Charitable Trust	Youth Activities in Te Puke	\$8,000
Volleyball Bay of Plenty	Secondary School Programme Delivery	\$10,000
Volleyball NZ	Summer Beach Volleyball Series	\$15,000
Volunteering Bay of Plenty	Increase Quality & Quantity of Volunteers	\$40,000
WaiBOP Football	Youth Futsal Programme Delivery	\$14,000
Waipuna Hospice	Hospice in Homes Service (3 year grant)	\$495,000
Wairakei Inspired Kindergarten	ICT Purchases	\$6,138
Welcome Bay Community Centre	Providing Community Programmes & Events	\$20,000
Welcome Bay Kindergarten	Equipment & Appliance Purchases	\$5,000
Western Bay Heritage Trust	Katikati Museum Operations	\$20,000
Whakamarama School	ICT Purchases	\$5,200
Youth Encounter Ministries Trust	Youth Development Programme	\$10,000
YSAR - Youth Search & Rescue Tauranga	Youth Search & Rescue Skills Programme	\$30,000

**\$3,886,928**

## COMMUNITY EVENTS

Approved

AIMS Games Trust	Annual AIMS Games	\$120,000
Bay of Plenty Symphonia Inc.	Flute & Orchestra Concert	\$2,500
BOP Rugby	National 7's Tournament	\$65,000
Greerton Village Community Association	2018 Christmas Variety Show	\$4,000
Gymnastics NZ	NZ Gymnastics Championships	\$25,000
Mount Festival Charitable Trust	Mount Festival of Multisport	\$35,000
NZ Country Music Assoc. Inc	Entertainer of the Year Awards	\$4,000
NZ Country Music Star Awards	NZ Star Awards Competition	\$4,000
Orchestra Central	2018 Concert Series	\$3,000
Oriana Singers Inc.	Public Concerts	\$2,400
Pasifika in the Bay Trust	Schools Pasifika Festival	\$3,500
Priority One	Groundswell Festival	\$25,000
RED Leap Theatre Charitable Trust	Kororareka Production	\$1,500
Scholars Pro Musica	2018 Concert Series	\$3,000
Squash Bay of Plenty	NZ Masters Games	\$4,000
Tauranga Arts Festival Trust	Tauranga Arts Festival & Escape Festival	\$160,000
Tauranga Civic Choir	Concert Series	\$3,000
Tauranga Community Trust	A Night Before Christmas	\$20,000
Tauranga Jazz Society	National Jazz Festival	\$65,000
Tauranga Musica Inc.	2018 Concert Series	\$3,000
Tauranga Performing Arts Competition Soc. Inc.	Annual Tauranga Performing Arts Competition	\$10,000
Te Aranui Youth Trust	Safe Young Driver Expo	\$24,968
Te Puke A&P Association	Te Puke A&P Show	\$444
Urban Dance Youth Trust	Youth Hip Hop Dance Competition	\$15,000
Youth Philharmonic Tauranga	Two Public Concerts	\$4,000

**\$607,312**

## CATALYST FOR CHANGE

Approved

SocialLink Tauranga Moana	Building the Capability of the Social Sector (2 year grant)	\$470,000
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**\$470,000**





# REBATE PAYMENTS

**In November 2018 TECT distributed \$28M to eligible beneficiaries. The average rebate was \$505.**

We also implemented a new rebate payment approach that will provide trust beneficiaries with more choice. While we will no longer be sending the rebate via cheque, there are now three different rebate payment options to choose from:



## **Rebate paid directly into bank account:**

The rebate will be paid directly into a nominated bank account.



## **Rebate credited to power account:**

The rebate will be credited into the power account. This will be the default payment option if no selection is made.



**Rebate gifted:** The rebate can be gifted to the Acorn Foundation Vital Impact Fund.

All future rebates will be paid via the payment option selected. Beneficiaries can change their rebate payment option up to six weeks prior to each rebate payment date.





# FINANCIAL STATEMENTS

## Statement of Comprehensive Income for the year ended 31 March 2019

	TECT GROUP	
	2019	2018
<b>Investment Income</b>		
Dividend Income	49,902,658	31,652,057
Distributions Received	5,385,593	15,155,045
Interest Income	1,717,594	3,699
Miscellaneous Operating Income	171,935	59,965
<b>TOTAL INCOME</b>	<b>\$57,177,781</b>	<b>\$46,870,766</b>
<b>Administration Expenses</b>		
Accounting & Financial Consultancy	90,673	85,670
Legal and Advisory Fees	48,038	245,108
Trustee Expenses	187,719	216,713
Other Administration Expenses	1,030,887	786,176
<b>Finance Expenses</b>		
Finance Expenses	461,654	282,442
<b>Depreciation Expense</b>	24,200	14,851
<b>TOTAL EXPENSES</b>	<b>\$1,843,171</b>	<b>\$1,630,960</b>
<b>PROFIT BEFORE TAXATION</b>	<b>\$55,334,607</b>	<b>\$45,239,804</b>
Tax Expense (Benefit)	(2,267,626)	2,317,393
<b>PROFIT AFTER TAXATION</b>	<b>\$57,602,236</b>	<b>\$42,922,414</b>
<b>Plus Other Comprehensive Income</b>		
Valuation Gain/(Loss) on Investments	101,595,916	52,747,316
Net Profit on sale of Tilt Renewables Shares	37,369,421	-
Deferred Tax	(16,795,403)	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>\$122,169,934</b>	<b>\$52,747,316</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$179,772,170</b>	<b>\$95,669,723</b>

## Statement of Changes in Trust Equity for the year ended 31 March 2019

	TECT GROUP	
	2019	2018
<b>Accumulated Final Profits</b>		
Balance at Beginning of Year	217,070,595	209,713,106
Deferred Tax written back on sale of Tilt	568,372	-
Profit After Taxation	57,602,234	42,922,410
Net profit on sale of Tilt Renewable shares	37,369,421	-
Transfer from Fair Value Reserve - Tilt Renewables	(31,116,246)	-
Consumer Distributions/Grants Written Back	184,210	135,079
Transfers to Reserves for Distributions	(35,700,000)	(35,700,000)
<b>BALANCE AT END OF YEAR</b>	<b>\$245,978,588</b>	<b>\$217,070,595</b>
<b>Fair Value Reserves</b>		
Balance at Beginning of Year	556,427,512	503,680,196
Current Year Revaluation - Trustpower Shares	84,987,008	83,040,050
Current Year Revaluation - Tilt Renewables Shares	3,274,076	(29,357,593)
Transfer to Accumulated Profits	31,116,246	-
Current Year Revaluation - Investment Portfolios	13,335,831	(935,141)
Deferred Tax on Fair Value Movements - Trustpower Shares	(17,364,777)	-
<b>BALANCE AT END OF YEAR</b>	<b>\$671,775,899</b>	<b>\$556,427,512</b>
<b>Reserves for Distributions</b>		
Balance at Beginning of Year	2,710,161	2,686,442
Allocated - Annual Distribution Plan	35,700,000	35,700,000
Net Transfers to Provisions & Payments	(34,667,832)	(35,676,281)
<b>BALANCE AT END OF YEAR</b>	<b>\$3,742,329</b>	<b>\$2,710,161</b>
<b>TOTAL TRUST EQUITY</b>	<b>\$921,496,815</b>	<b>\$776,208,269</b>

### Full Consolidated Financial Statements Available

The Summarised Consolidated Financial Statements on this page have been extracted from the full audited Consolidated Financial Statements of the Trust for the year ended 31 March 2019. If you require more detailed information, copies of the full Consolidated Financial Statements and the unmodified auditor's opinion dated 18 June 2019 can be obtained from: The General Manager, TECT, DX Box HP 40007, Tauranga 3112.

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



# FINANCIAL STATEMENTS

## Statement of Financial Position as at 31 March 2019

	TECT GROUP	
	2019	2018
<b>TOTAL TRUST EQUITY</b>	<b>\$921,496,815</b>	<b>\$776,208,269</b>
<b>Current Assets</b>		
Cash & Cash Equivalents	6,855,407	2,182,495
Term Deposits	93,000,000	-
Sundry Accounts Receivable & Prepayments	960,743	204,778
Interest Rate Swaps	-	183,880
Taxation Refund Due	-	9
<b>TOTAL CURRENT ASSETS</b>	<b>\$100,816,151</b>	<b>\$2,571,163</b>
<b>Non Current Assets</b>		
<b>Investments</b>		
Shares in Trustpower Ltd	554,439,119	468,882,704
Shares in Tilt Renewables Ltd	-	150,143,120
Loans to Consumer Organisations	299,439	882,060
Investment Portfolios	278,486,136	164,538,852
Investment Property - Work in Progress	-	4,264,781
<b>TOTAL INVESTMENTS</b>	<b>\$833,224,694</b>	<b>\$788,711,518</b>
<b>Non Current Assets</b>		
Deferred Tax	-	12,521
Property, Plant & Equipment	9,978,874	60,109
<b>TOTAL NON CURRENT ASSETS</b>	<b>\$9,978,874</b>	<b>\$72,630</b>
<b>TOTAL ASSETS</b>	<b>\$944,019,719</b>	<b>\$791,355,313</b>

<b>Less Current Liabilities</b>		
Sundry Accounts Payable	122,390	136,627
Accrued Expenses	27,136	21,413
Provision for Distributions	7,288,750	14,989,004
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$7,438,276</b>	<b>\$15,147,044</b>
<b>Non Current Liabilities</b>		
Deferred Tax	15,084,630	-
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>\$15,084,630</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>\$22,522,906</b>	<b>\$15,147,044</b>
<b>NET ASSETS</b>	<b>\$921,496,815</b>	<b>\$776,208,269</b>

## Statement of Cash Flows for the year ended 31 March 2019

	TECT GROUP	
	2019	2018
<b>Net Cash Flows from Operating Activities</b>	<b>54,785,348</b>	<b>42,610,389</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(7,928,557)</b>	<b>(3,667,271)</b>
<b>Net Cash Flows used in Financial Activities</b>	<b>(42,183,879)</b>	<b>(38,619,007)</b>
Net Increase / (Decrease) in Cash & Cash Equivalents	4,672,913	324,111
Add Opening Cash & Cash Equivalents	2,182,495	1,858,384
<b>CLOSING CASH &amp; CASH EQUIVALENTS</b>	<b>\$6,855,407</b>	<b>\$2,182,495</b>
<b>Represented by:</b>		
<b>CASH &amp; CASH EQUIVALENTS</b>	<b>\$6,855,407</b>	<b>\$2,182,495</b>

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

  
Trustee - Bill Holland  
18 June 2019

  
Trustee - Mark Arundel  
18 June 2019



# NOTES

## To the Summarised Consolidated Financial Statements for the year ended 31 March 2019

### 1. REPORTING ENTITY

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

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

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

At 31 March 2019 TECT Group held 83,878,838 shares in Trustpower; representing 26.8% in the capital of the company. These shares are held by TECT Holdings Ltd, a 100% wholly owned subsidiary company.

### 2. BASIS OF PREPARATION

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

New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (IFRS RDR) in its full financial statements.

This summary is extracted from the full financial statements authorised for issue by the Trustees on 18 June 2019, for which an unmodified audit opinion has been given. This summary has also been examined by Crowe Horwath New Zealand Audit Partnership and a copy of their summary unmodified audit opinion is included in this report.

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

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements of the Trust.

You can obtain a copy of the full financial statements free of charge from the TECT office at The Kollektive, Historic Village, 159 Seventeenth Avenue, Tauranga, 3112 or the Trust's website, [www.tect.org.nz](http://www.tect.org.nz).

### 3. TAXATION

Tax benefit of \$2,267,626 relates to the tax effect of the current year tax losses and excess imputation credits not recognised.

### 4. TRUSTPOWER AND TILT RENEWABLES INVESTMENT

TECT Group has the majority of its funds invested in Trustpower. The share price in Trustpower is subject to significant fluctuations. In the two months immediately following balance date the Trustpower price varied between a low of \$6.64 and a high of \$7.41 compared to a market price of \$6.61 at balance date.

In May 2018 The Tauranga Energy Consumer Trust (TECT) sold 74.59% of its 26.8% holding in Tilt Renewables to Mercury New Zealand for \$2.30 per share. The price of \$2.30 represents a significant premium of 24.3% over the closing price of \$1.85 at 31 May 2018. In September 2018 the remaining shares were sold to Mercury at the same price.

Total proceeds from this divestment was \$193M and Trustees have signalled their intention to utilise the funds realised to further diversify their investments.

### 5. COMMITMENTS AND CONTINGENCIES

The TECT Group had the following commitments at the end of the financial year:

Uncalled Capital on Private Equity Investments	2019	2018
Continuity Capital Partners Fund	\$1,263,625	\$1,750,000
Enterprise Angels	\$50,000	\$100,000
Oriens Capital	\$1,375,000	\$2,050,000
Pencarrow Bridge Fund	\$600,000	\$875,000
Waterman Fund	\$1,350,500	\$2,613,000
WNT Ventures	\$155,000	\$240,000
<b>Total</b>	<b>\$4,794,125</b>	<b>\$7,628,000</b>

The TECT Group had no contingencies at the end of the financial year (2018: Nil)

### 6. RELATED PARTY TRANSACTIONS

Mr Bill Holland is a Trustee of TECT and TECT Charitable Trust. Mr Holland is also a Partner in the law firm Holland Beckett. TECT Charitable Trust has entered into an agreement with Spoke Investments Limited (a company associated with Holland Beckett) to lease premises at an annual cost of \$48,000 (excluding GST). This Lease was terminated in October 2018 following completion of the Kollektive, owned by TECT Charitable Trust, where TECT is now based.

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





# AUDITOR REPORT

## Of the Independent Auditor on the Summary Consolidated Financial Statements

### OPINION

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 March 2019, the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Tauranga Energy Consumer Trust and its controlled entities (the Group) for the year ended 31 March 2019.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited financial statements, in accordance with FRS-43: Summary Financial Statements issued by the New Zealand Accounting Standards Board.

### SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements do not contain all the disclosures required by New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary consolidated financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

## THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited financial statements in our report dated 18 June 2019.

### TRUSTEES' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The Trustees are responsible on behalf of the entity for the preparation of the summary consolidated financial statements in accordance with FRS-43: Summary Financial Statements.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), Engagements to Report on Summary Financial Statements.

Our firm provides consultancy services to the Group. The firm has no other relationship with, or interests in, Tauranga Energy Consumer Trust and its controlled entities.

Crowe Horwath New Zealand  
Audit Partnership  
CHARTERED ACCOUNTANTS  
Dated at Auckland 18th June 2019





**Join us at our Annual General Meeting**  
4pm, Tuesday 30th July, St John Tauranga

146 Seventeenth Ave,  
Tauranga South, Tauranga

**Annual Report**  
2018/2019



**At the heart of  
our community**