



Reflecting on a hugely successful year

ALLOCATIONS TO TECT'S DISTRIBUTION SCHEMES

For year ended 31 March 2006

\$14,500,000

DIRECT CHEQUE DISTRIBUTIONS TO CONSUMERS

Page 8

\$800,000

SUBSIDY SCHEME

Page 5

\$800,000

MAJOR AMENITIES FUND

Page 12

\$500,000

COMMUNITY AMENITIES FUND

Page 11

\$250,000

COMMUNITY EVENTS/SPECIAL PROJECTS FUND

Page 9

\$250,000

ENERGY EFFICIENCY

\$4,000

SCHOLARSHIPS

\$17,104,000

TOTAL DISTRIBUTIONS

\$2.273 million was added to Trust Equity to permit diversification of Trust investments.

The amounts represent distributions made to each Scheme. The distributions may or may not be all spent in any one year.





NEW ZEALAND PREMIER TRUST OF THE YEAR 2005

TECT (TAURANGA ENERGY CONSUMER TRUST) WAS FORMED IN DECEMBER 1993 AND IN MARCH 1994 RECEIVED OVER 44 MILLION SHARES IN TRUSTPOWER LIMITED. TODAY TECT HOLDS A 28.6% SHARE IN THE CAPITAL OF TRUSTPOWER.

The purpose of TECT is to manage the assets of the Trust for the benefit of qualifying Consumers during the term of the Trust. In the Trust Deed, "Consumers" are TrustPower account holders situated in Tauranga City and the Western Bay of Plenty district.

For the 60,000 Consumers, TECT is probably best known for the cheques it provides annually to its consumer base with over \$14 million distributed in the 2006 allocation. Other high profile fund allocations from TECT have been for the Tauranga Arts Festival, Tauranga Kart Street Race, the TrustPower/TECT Rescue Helicopter, Baywave – TECT Aquatic and Leisure Centre and the TECT All Terrain Park. TECT's Community Organisation Subsidy Scheme provides a key funding avenue for not-for-profit organisations

based in its region. Funds are used for the purchase of equipment that uses electricity or electrical installation costs for new or existing community facilities.

The year under review has been another hugely successful and rewarding one for TECT. TECT's work for its Consumers was recognised and celebrated earlier this year with the announcement that the Trust had won the prestigious "NZ Premier Trust of the Year" Award for 2005. Awarded by the New Zealand Trustees Association, the award is judged by members of the Association with the criteria based on financial management and growth, and the Trust's overall performance as measured against its stated objectives. This was certainly a wonderful achievement.



Photo from left to right: Michael Cooney (Chairperson), Bruce Cronin (Deputy Chairperson), Harold Cameron (Trustee), Ken Collings (Trustee), Ian Harris (Trustee), Karen Jones (Trustee), Fraser Lellman (Secretary).



CHAIRPERSON'S REPORT

"The Trustees of the Tauranga Energy Consumer Trust (TECT) are pleased to report TECT's and TECT Charitable Trust's consolidated results for the year to the 31st of March 2006."

Capital Investments at the 31st of March 2006

1. Trust equity has increased by \$151.5 million to \$638.5 million, an increase of 31.1%.
2. TECT's principle investment is a 28.6% share in TrustPower. The value of that shareholding was \$610.2 million, up \$146.5 million, an increase of 31.6%.
3. Short term money market deposits were \$22.6 million including \$4.4 million committed to TECT's provisions for Consumers.
4. TECT's investments in the Russell World Share Fund and the Russell World Bond Fund grew by \$1.4 million to stand at \$8.7 million.
5. In a joint venture with Tauranga City Council two properties in Chapel Street comprising five residential tenancies were purchased. These properties are adjacent to the historic Elms and preserve some strategic options for the development of that site.
6. This year's increase in equity surpasses the exceptional increase in equity that TECT has experienced in the previous 3 years. Figure 1 illustrates the growth in TECT equity over the period of TECT's existence.
10. TECT distributions are shown in figure 2. Direct distributions to Consumers by cheque increased from \$13.7 million to \$14.5 million. This represented a record minimum payment of \$210 per Consumer net of tax.
11. During the year Trustees made the following allocations to TECT's other distribution schemes:

Community Organisation Subsidy Scheme	\$800,000
Major Amenities Fund	\$800,000
Community Amenities Fund	\$500,000
Community Events/Special Projects Fund	\$250,000
Energy Efficiency Fund	\$250,000
Electrical Scholarship	\$4,000

Details of TECT's grants from these schemes are set out elsewhere in this report.
12. \$2,273,000 was transferred from income to equity to enable Trustees to pursue their policy of achieving a greater diversification of investments. The allocations made and transfer to equity were in accordance with TECT's published Distribution Plan. There were no objections to that Plan.

Income and Distributions

7. Total TECT income this year was lower at \$21.3 million than the income last year of \$22.4 million. Income last year included a special TrustPower dividend of \$4.5 million.
8. TECT expenses were \$734,000. After excluding an interest payment to TECT Charitable Trust, TECT expenses showed an increase of \$48,000 over the 2005 costs when the 2005 election costs are excluded.
9. The increase in expenses reflects an increase in the volume of work handled by the Secretariat, an increase in legal and advisory expenses and the costs of promoting TECT's distribution schemes. Also included in the increased expenses are the one-off costs of rebranding. Trustee expenses were reduced by \$9,500.

TrustPower

This year has seen the fragility of the New Zealand electricity market exposed once more by a dry late summer/early autumn. It is a tribute to TrustPower's management that it has been able to navigate its way through a difficult market to produce an outstanding result. Current market values of TrustPower shares suggest that future earning increases are being priced into share values. The challenge for TrustPower is to provide a satisfactory return on shares priced at current levels. That challenge should not cloud the remarkable growth in the value of TECT's shareholding in TrustPower and the added benefits that the location here of the Head Office of this national company brings to our region.

Baywave

This year saw the completion of Baywave – TECT Aquatic and Leisure Centre to which TECT made a distribution of \$4 million

plus imputation credits. The Tauranga City Council is to be congratulated on the quality of this fine amenity which is drawing strong patronage from TECT Consumers. As at the 31st of March 2006, 17,700 Consumer visits to the Centre were recorded at the discounted price available through the use of the TECT Consumer Concession Card.

Elections

At the time of writing this report TECT is in the midst of an election. 22 Candidates accepted nomination for election. This is an indication of the strong interest in the activities of TECT in our community.



General Comment

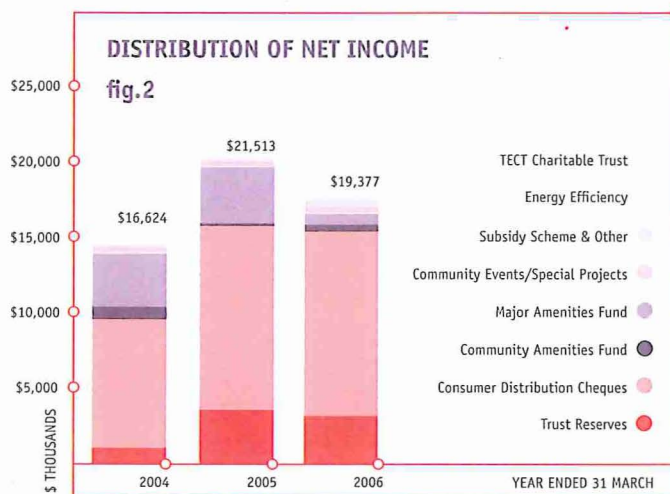
Trustees are proud of TECT's results for the year and of all distributions TECT has made.

This year has seen another exceptional increase in TECT equity and if the special TrustPower dividend received last year is excluded, an increase in TECT income.

During the year Trustees have monitored TrustPower's performance and worked actively to promote the Company's business in TECT's area. Trustees have taken advice in respect of commercial issues relating to TECT's investments, and distributions. A number of investment opportunities have been considered but apart from the purchase of a half interest in respect of the two Chapel Street properties, no other opportunities met TECT's investment criteria. Trustees remain committed to obtaining a greater diversification of TECT's investments in order to better secure long-term returns to Consumers. Trustees are actively pursuing several opportunities. Trustees consider that TECT is well positioned to take advantage of the opportunities a cooling market may provide.

TECT's strong financial results have enabled TECT to distribute a range of benefits to Consumers. Direct distributions to Consumers have been increased. Many Consumer community organisations have been supported in the valuable work they do in our community and the completion of Baywave has seen a further valued amenity made available to Consumers.

As the Trustees' policy of negotiating benefits for Consumers gathers momentum, the value to Consumers of the TECT Consumer Concession Card is becoming more widely appreciated and its use more evident in providing benefits to Consumers.



For Trustees the most pleasing grant made in the year was a grant of \$500,000 to Waipuna Hospice. The grant was to assist the Hospice in making an 8-bed extension to its inpatient facility. The grant enabled construction of this much needed facility to commence immediately. The extended facility will be of great benefit to our Consumers and the community.

Mention should also be made of the Tauranga Healthy Homes Programme because it provides a clear illustration of how TECT is able to leverage its funds with those of other organisations to achieve benefits for Consumers that could not otherwise be accessed by individual Consumers. The Tauranga Healthy Homes Programme involves the insulation of older homes occupied by low income householders. By agreeing to contribute to this programme \$125,000 per annum from its Energy Efficiency fund for a period of two years TECT has been able to secure to the programme a further \$450,000 from Government and other funding agencies. Approximately 400 low income households are likely to benefit under the programme, not only from significant savings in energy costs but also in significant health benefits.

A highlight this year has been the recognition of TECT by the New Zealand Trustees Association as New Zealand's Premier Trust. This is a prestigious endorsement of TECT's investment and distribution policies and its governance. TECT's stated vision is to be a prime example of how Consumer Trust involvement in utilities can significantly benefit Consumers and their communities. Trustees are pleased to receive independent confirmation that their efforts to achieve that vision are producing significant benefits for Consumers.

I record my appreciation of the support I have received from my fellow Trustees during the year and, for the work of the Secretariat.

Michael Cooney - Chairperson

\$800,000

COMMUNITY ORGANISATION SUBSIDY SCHEME

Improved Patrolling as a Result of TECT Funding



The Papamoa Surf Lifesaving Club is one of the busiest lifesaving clubs in the region and it relies on first-class equipment to ensure that communications are swift, efficient and reliable.

To assist the Club stay abreast with the latest equipment, TECT made a grant of \$4,466 towards the purchase of a new PA system, VHF radios and computer system. The Club was considered a worthy recipient by TECT because of the valuable service it provides the community, largely on a voluntary basis. Last year the Club put in over 2300 hours in voluntary lifeguard patrols. It also undertook 1624 preventative actions and 62 rescues. The numbers are likely to increase again this year, placing extra strain on the resources of the Club. But as Chairman Matthew Pickering noted, the Club is much better placed to cope with the extra demands made upon it and it knows it can rely on the new equipment at hand.

TECT Funds will Benefit Young and Old Alike



The Ngamuwahine Camp, located just west of the City, is one of Tauranga's most popular and best-loved outdoor recreation camps. The primary purpose of the Camp is to educate young people about their environment and encourage them to develop confidence by participating in a range of challenging outdoor activities like abseiling, kayaking, orienteering, tramping,

camping and high and low rope courses. Over its twenty year history, the Camp has become increasingly popular and it is estimated that 2000 people pass through its gates each year. As a result of such heavy usage, the Camp's dedicated bunkrooms were in need of a much-needed spruce up. The Camp Trust also used the opportunity to build a new environmental display area and lecture/workshop above the main dormitory block. Camp Director Gerry Hart said "The project wouldn't have received the go ahead without the financial contribution of TECT which gave a subsidy of \$10,000 to help cover the associated electrical costs".

TECT Funds Help Locals Breathe Easier



For the 1500 people suffering from asthma and chronic breathing difficulties in the Western Bay of Plenty, the local Asthma & Respiratory Management Centre in Greerton is a welcome service. The Centre provides services free of charge and covers the region between Waihi and Te Puke using a combination of clinic visits, home visits and off-site clinics in rural

areas. One of the major functions of the organisation is lung function testing which is an essential tool in the diagnosis of respiratory illness. This testing is carried out by educators using a spirometer - a specialist assessment tool which comes with a \$3,350 price tag attached. Administrator Janice Barnard said the organisation was delighted to receive news from TECT that the application for four new spirometers had been approved. She said "Instead of having to juggle our resources and inconvenience our clients, we can be out and about looking after clients who range in age from babies to the elderly".

TECT Adds \$35,000 to Riding for Disabled's Cause



The Riding for the Disabled Group has been delivering an invaluable service for the disabled and their families for over thirty years. This year it received a boost in funds from TECT with the money

earmarked for its indoor arena building project. Situated on the outskirts of Welcome Bay, the Group currently has 15 horses, 100 volunteers, two part-time paid instructors and up to 120 clients with an ever growing waiting list. The new facility will house a clubhouse, workshop, tack room and stabling which will be built to international standards to ensure that top dressage riders can use the facility for public displays. The new arena can't come soon enough for instructors Rose Millar and Pam Rogers. "Our existing venue is only partially covered and quite simply, it is becoming obsolete and even dangerous. When the weather is bad the facilities cannot be used and ultimately we are turning people away as a result. Tauranga's extreme weather conditions over the past year have only accentuated the need for an indoor facility".

ABOUT THE SUBSIDY SCHEME:

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

"TECT had another busy year approving Subsidy grants totalling \$666,497 to 104 organisations. The total was the largest ever approved by TECT which reflected the need for assistance required by many Consumer Community Organisations. The Trust is proud of its valued support of the many community organisations and projects which are so critical to Tauranga/Western Bay of Plenty wellbeing."

A Boost for Youth



The youth of Tauranga had reason to celebrate as the Te Reo O Nga Rangatahi Charitable Trust (also known as the Tauranga Moana Youth Council) received a subsidy from TECT for

\$11,186. The funds assisted in the purchase of specialist musical equipment including a Yamaha mixing desk, Serato scratch hardware, speakers and computers, all of which are required when composing, mixing and recording. General Manager of the Youth Council, Rebecca Gabbie-Tereu says that receiving the funding from TECT has meant that they can create a new range of innovative courses that she knows will be popular with locals aged between 12-25 years. TECT was pleased to support the Youth Council which is well-regarded by community leaders for its initiative and determination to provide local youth with leadership and opportunities.

More Hope thanks to TECT



It is believed that 18% of New Zealand children experience physical or sexual abuse – frightening reading. These statistics come as no surprise to Homes of Hope, a charitable organisation

which provides a valuable service to abused or neglected children in our community by providing them with a caring and stable home. Each Homes of Hope home has between 6-8 children who are cared for by trained caregivers in a family environment. The organisation relies heavily on donations and grants from community-minded groups like TECT which granted \$12,000 to assist with the purchase of a new fridge, washing machine, dryer, dehumidifier, oven, computers and other electrical appliances. CEO Hilary Price was delighted to receive the news from TECT. "We work so hard and the reality is that this money goes directly into supporting needy children in this community. These children are encouraged to be confident, competent, contributing and fulfilled, which can only result in positive outcomes for all of us in the long term".

TECT Helps to Protect our History



TECT was pleased to help protect local history by way of granting \$6,713 to the Tauranga Historical Society to purchase a fire alarm and security/sprinkler system for the Brain Watkins House.

As one of the only six surviving houses from the 1880's in New Zealand that retains its original contents, it is registered with the NZ Historical Places Trust as a category II building, worthy of preservation for its great significance to the local area. Volunteers from the Tauranga Historical Society open the house to the public each Sunday. The house provides an insight into our social history and is a treasure trove for children in particular, who delight at the historical furniture and clothing that is reminiscent of a past era. Eight year old Sam Collins from Bethlehem was a visitor to the house, and he was captivated by the light switch which, to his amusement, was a cord hanging from the centre of the room!

Three Cheers for TECT Funding



The mound that these Te Akau ki Papamoa School children are standing on will soon make way for a new school and community hall to be used for assemblies and an extended curriculum of

sports, drama, dance and music. The school was established in 1999 and it has managed without a school hall, despite the obvious need for a central assembly point and large recreational facility. Staff and pupils have had no option but to meet outside in both the heat of the summer and cool of winter. TECT's grant of \$30,000 will be used towards the purchase of a boiler unit, security system and fire alarm, together with the costs of wiring and networking. In addition, an oven, microwave, dishwasher, fridge and rangehood are to be acquired for a dedicated multi-purpose kitchen in the hall.

COMMUNITY ORGANISATION SUBSIDIES - Approved year ended 31 March 2006

COMMUNITY ORGANISATION	PROJECT	AMOUNT
Anglican Parish of Mt Maunganui	Sound System	2,961
Arataki Primary School	Computers	1,912
ARGOS GymSport	Oven/Microwave, Photocopier	3,388
Asthma & Respiratory Management BOP Inc	Spirometer	6,700
Athenree Homestead Trust Inc	Oven/Microwave, Pie Warmer, Urn	1,460
Autism NZ BOP Inc	Computers, Fax, Printer, Scanner	2,625
Bay of Plenty Community Homes Trust	Cook-top, Fridge/Freezer, Oven/Microwave, Rangehood, Wiring & Installation Costs	3,758
Bay of Plenty Cricket Assn	Irrigation System	5,563
Bay of Plenty Classic Aircraft Trust	Computer Equipment, Flight Simulator, Printer, Wiring & Installation Costs	6,201
Bethlehem College	Lighting	30,000
Brookfield Primary School	Computer Equipment, Computer Upgrade	4,520
Child Cancer Foundation Inc - Tauranga Branch	Computers, Printer	720
Disha - Bay of Plenty Ethnic Women's Support Group	CD/Radio Cassette/DVD, Computers, TV	1,125
Evans Road Community Church	Computers, Data Projector/OHP, Tele-video	4,647
Gate Pa Tennis Club Inc	Dishwasher, Wiring & Installation Costs	896
Greerton Bible Church	Dishwasher, Extractor Fan, Sound System	10,710
Greerton Community Baptist Church	Data Projector/OHP, Dishwasher, Fridge/Freezer, Wiring & Installation Costs	4,400
Greerton Marist Recreation & Community Sports Club Inc	Boiler Unit, Cash Register, CD/Radio Cassette/DVD, Fridge/Freezer, Glass Cleaner, Oven/Microwave, Projector	10,971
Habitat for Humanity (Tauranga) Inc	Meter Box, Wiring & Installation Costs, Oven, Lighting, Hot Water Cylinder	29,773
Hanmer BOP Charitable Trust	Computers, Shredder, Vacuum Cleaner	1,300
Hearing Association - Tauranga Branch	Heatpump/Cooling System	11,982
Homes of Hope Charitable Trust	Computers, Data Projector, Dehumidifier, Dryer, Electrical Appliances, Fridge/Freezer, Oven/Microwave, Toaster, Washing Machine	3,751
Hosanna Christ Gospel Church	Amplifier, Cabling & Networking, Microphones, Sound System	17,205
IHC - Tauranga Branch	Dryer, Fridge/Freezer, Heatpump/Cooling System, Oven/Microwave, Washing Machine	4,687
Kaimai Outdoor Centre Inc	Oven/Microwave	655
Katikati Kindergarten	Computers	1,368
Katikati Playcentre	Air-conditioning Unit	7,718
Katikati Primary School	Heatpump/Cooling System, Wiring & Installation Costs	9,741
Maketu Primary School	Computer Equipment, Computer Upgrade, Computers, Printer	1,009
Maori Women's Welfare League Inc	Computers	347
Matahau Road School Charitable Trust	Heaters	4,390
Maungatapu Free Kindergarten	Heatpump/Cooling System	2,683
Maungatapu School	Computer Equipment, Computers, Printer	3,400
Mount Maunganui Bowling Club Inc	Electric Mower	6,520
Mount Maunganui College	Dishwasher, Fan, Fridge/Freezer, Oven/Microwave, Overlocker, Sewing Machines	600
Mount Maunganui Tennis Club Inc	Cash Register	19,387
Mount Vineyard Christian Fellowship	Computers, Elevator, Musical Equipment	14,998
Ngamuwhine Camp Trust	Data Projector, Fire Alarm, Security System, Wiring & Installation Costs	6,556
Ngati Pukenga Iwi ki Tauranga	Data Projector, Photocopier, Telephone/Answerphone	1,784
Omanawa Hall Committee Inc	Boiler Unit, Electrical Upgrade, Lighting/Floodlighting	22,169
Omanu Beach Surf Lifesaving Club Inc	Fire Alarm, Lighting/Floodlighting, PA System, Projector, Security System, Wiring & Installation Costs	500
Omanu Bowling Club Inc	Water Heater/Zip System	1,865
Omanu Primary School	Lighting/Floodlighting, Sound System	723
Omokoroa Bowling Club Inc	Fridge/Freezer	687
Otumoetai Amateur Swim Club Inc	Computers	457
Otumoetai Baptist Church	Waste Disposal Unit, Wiring & Installation Costs	13,210
Otumoetai Intermediate School	Computers	10,000
Otumoetai Primary School	Computer Equipment, Computers, Printer	1,550
Paengaroa Free Kindergarten	Computer Upgrade, Data Projector/OHP, Fax	3,414
Pahoia School	Computers, Data Projector, Video Camera	3,300
Papamoa Baptist Church	Photocopier	10,000
Papamoa Primary School	Computer Equipment, Computers	4,466
Papamoa Surf Life Saving Club	Computers, PA System, Radio telephone	2,748
Parent to Parent Coastal Bay of Plenty	Photocopier	3,164
Presbyterian Support Northern	Video Camera, Electronic Whiteboard	10,000
Pukehina School	Computers, Data Projector, Printer, Electronic Whiteboard	5,933
Rangiwaea Marae Trust	Meter Box	3,781
Relationship Services Whakawhanganatanga	Photocopier, Video Camera	1,642
Rereatukahia Marae Inc	Computers, Hot Water Cylinder, Wiring & Installation Costs	35,543
Riding for the Disabled (Tga)	Dishwasher, Fridge/Freezer, Oven/Microwave, Rangehood, Washing Machine	1,107
Royal New Zealand Plunket Society - BOP	Fridge/Freezer, Heaters, Oven/Microwave, TV, Vacuum Cleaner, Video	4,536
Runanga O Ngai Tamaharua Inc	Cabling & networking, Computers, Heaters, Hot Water Cylinder, Oven/Microwave, Photocopier, Printer, Security System, Tele-video, Vacuum Cleaner, Washing Machine, Wiring & Installation Costs	13,770
Selwyn Ridge Primary School	Electrical items, Listening Posts/Headphones	6,085
St Andrews Presbyterian Church	CD/Radio Cassette/DVD, Computers, Data Projector/OHP, Digital Camera, Dishwasher, Kettle, Printer, Security System, Shredder, Urn, Vacuum Cleaner	1,965
St John Resource Centre Inc	Heatpump/Cooling System	2,459
St John's Anglican Church	Data Projector	1,388
St Paul's Co-operating Church	Computers, Eftpos Machine, Printer	3,975
St Stephen's Methodist Church	Fridge/Freezer, Heaters, Oven/Microwave, Water Heater/Zip System	3,695
Tauranga Aero Club Inc	Computers, Projector, Wiring & Installation Costs	4,225
Tauranga Bowling Club Inc	Electric Mower	3,264
Tauranga Boys College	Oven/Microwave	2,190
Tauranga Christian Fellowship	Boiler Unit, Heatpump/Cooling System	950
Tauranga Citizens Advice Bureau	Air-conditioning Unit	12,912
Tauranga Community Arts Council	Computers	1,333
Tauranga Community Housing Trust	Dishwasher, Electrical appliances, Lighting/Floodlighting, Oven/Microwave, Waste Disposal Unit, Wiring & Installation Costs	6,553
Tauranga Contract Bridge Club Inc	Fridge/Freezer, Hot Water Cylinder	6,713
Tauranga Girls College	Data Projector	2,250
Tauranga Historical Society Inc	Fire Alarm, Security System, Sprinkler System, Wiring & Installation Costs	7,500
Tauranga Living Without Violence Collective	Cabling & Networking, Computers, Printer, Scanner	2,746
Tauranga Repertory Society Inc	Digital Dimmer, Lighting/Floodlighting	1,198
Tauranga South Free Kindergarten	Computers, Telephone/Answerphone	15,798
Tauranga Women's Refuge Inc	Computers, Data Projector/OHP	1,650
Tauranga YMCA	Air-conditioning Unit, Electrical appliances, Sound System, Tele-video, Vacuum Cleaner	30,000
Tauranga Yoga Centre	Heatpump/Cooling System	6,500
Te Akau Ki Papamoa School	Boiler Unit, Cabling & Networking, Dishwasher, Fire Alarm, Fridge/Freezer, Oven/Microwave, Rangehood, Security System, Wiring & Installation Costs	960
Te Kura o te Moutere o Matakana	Cabling & Networking, Computers	17,293
Te Matapihi Kohanga Reo	Blower Vacuum, Electrical items, Printer, Vacuum Cleaner, Water Cooler	2,044
Te Puke Baptist Church	Computers, Data Projector, Musical Equipment, Sound System, Video Camera	5,365
Te Puke Community Care Trust	Computers, Fridge/Freezer, Printer, TV, Video	1,100
Te Puke Cricket Club	Electronic Scoreboard	6,643
Te Puke Golf Club	Glass Cleaner, Oven/Microwave, Water Pumps/Bores	4,324
Te Puke Intermediate School	Data Projector, Dishwasher, Fridge/Freezer, Microphones, Musical Equipment, Oven/Microwave	11,186
Te Puna Community Kindergarten Inc	Heatpump/Cooling System, Security System	263
Te Reo O Nga Rangatahi Charitable Trust	Computers, Musical Equipment	329
Toughlove Tauranga Inc	Dehumidifier, Laminator	14,212
United Seafarers Mission Tauranga	Laminator, Printer, Telephone/Answerphone, Vacuum Cleaner	6,513
Waldorf Schools (BOP) Trust	CD/Radio Cassette/DVD, Fire Alarm, Listening Posts/Headphones, Security System	5,637
Welcome Bay Community Church	Computers, Dishwasher, Fire Alarm, Hot Water Cylinder, Printer, Wiring & Installation Costs	9,520
Welcome Bay School	Computer Equipment, Computers, Printer	2,103
Wesley Methodist Church	Dishwasher, Fridge/Freezer, Oven/Microwave, Rangehood, Wiring & Installation Costs	1,200
Western Bay Golf Links Omokoroa Inc	Lighting/Floodlighting, Wiring & Installation Costs	400
Whaioara Trust	Boiler Unit, Computers, Dishwasher, Fridge/Freezer, Heaters, Kettle, Oven/Microwave, Printer, Telephone/Answerphone, Vacuum Cleaner	27,542
Whareroa Te Kohanga Reo	Water Heater/Zip System	
Whitewater Slalom New Zealand Inc	Computers, Fax, Printer, Timing System, Video Camera	

TOTAL APPROVED SUBSIDIES: \$666,497

\$14,500,000

DIRECT DISTRIBUTIONS TO CONSUMERS

"This year the Trust paid out a record \$14.5 million to its Consumers. Over the past 10 years TECT has distributed \$58.1 million direct to Consumers via the distribution scheme – that's an average of \$1,030 per Consumer"

TECT distributes the majority of its annual income direct to Consumers. This year the Trust paid out a record \$14.5 million with approximately 60,000 Consumers benefiting from an average cheque of \$241. An additional \$2.6 million of funding was provided for local community projects.

Following the Distribution, the TECT Office fielded many calls from Consumers expressing their appreciation for their cheque.

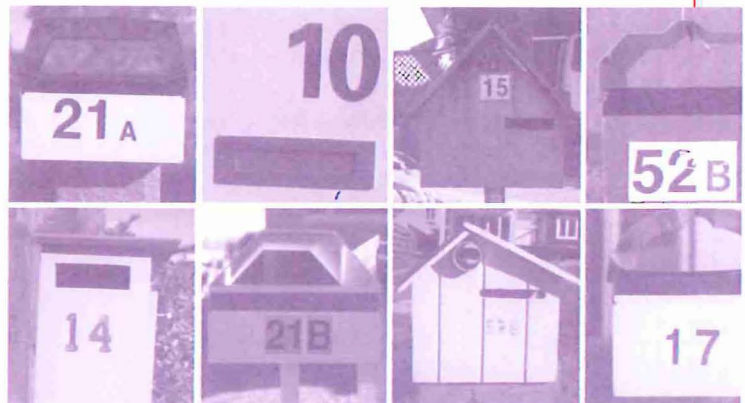
TECT earns most of its income from a 28.6% shareholding in TrustPower. The Distribution, TECT's largest ever cheque payout to Consumers, was made possible by the strong dividend receipts from TECT's investment in TrustPower and other investments. To be eligible to receive the cheque from TECT, Consumers must be TrustPower customers situated in the Tauranga City or Western Bay of Plenty areas.

TECT further assisted Consumers by negotiating discounts to various TECT sponsored events and amenities on presentation of the Consumer Concession Card. The Concession Card was created in 2003 and is distributed along with the cheques. This year discounts were offered on presentation of the Card to the Tauranga Arts Festival and Tauranga Kart Street Race – both popular events, and also Baywave – TECT Aquatic & Leisure Centre.

An Arts Festival report revealed that people using their Concession Card accounted for 46% of box office income, indicating the strength of support for the Festival from TECT Consumers. Also, at 31 March 2006, 17,700 Consumers had used their Concession Cards to take advantage of the 20% discount off entry prices to Baywave. Customer numbers have far exceeded expectations since the centre opened in December 2005.

"I have just received the Energy Trust's cheque. My sincere thanks for it plus the consideration for Consumers".

"I want to thank you most sincerely for the cheque received. It is very much appreciated. Also many thanks for the Concession Card. I appreciate this lovely surprise so much"



\$250,000

COMMUNITY EVENTS / SPECIAL PROJECTS

"TECT maintains its support of local events and projects through grants from the Community Events/Special Projects fund."

Te Puke A&P Centennial Show 2006

The Te Puke A&P Association celebrated its Centennial Show in February 2006 with over 5000 people in attendance. The Show team worked hard over the year promising a great day's line-up – and they didn't disappoint with a fantastic event! There was something for everyone including huntsmen, whips and hounds displays, tug-of-war, axemen competitions, Miss and Master A&P, indoor displays and the ever-popular shearing competition.



To assist in attracting world-class shearers to what is a perennial favourite with the crowds, TECT was approached by the A&P Show organisers and asked to assist with funds for the TECT Speed Shear competition. TECT Trustees considered and approved the application for \$5,000 noting that it was the Show's 100th celebrations which particularly caught their attention. Michael Cooney, Chairperson said "It takes a sustained effort by a community to organise and host an event of this magnitude every year for 100 years. We wanted to show our support and assist in making this a celebratory event to remember".

New Zealand shearing legend David Fagan was one of the first to register on the day for the TECT Speed Shear. Organisers were delighted to have some of New Zealand's best shearers in the competition and there was plenty of action, sweat and banter with all determined to win the purse.

Enviro Challenge Programme

The TECT Enviro-Challenge Programme held its first competition day in March 2006. The event included five environmentally themed challenges and brought eight Western Bay high school teams together in a test of environmental knowledge and team work. Teams made presentations of an environmental review undertaken at their school and produced an energy poster, with a solution for New Zealand's future energy situation. The posters



included alternative energy sources and what their contributions should be to the national supply. Working together as a team was a big part of the afternoon with an environmental quiz and a hands-on recycling race. The final act included a press conference on sustainable tourism issues and how New Zealand's clean green image can be protected.



The design of the event ensured that senior students appreciate and understand the environmental issues facing the Western Bay of Plenty and New Zealand. Students were quick to learn that there are no simple solutions to many of the

challenges that we are faced – but that didn't seem to daunt their enthusiasm and creativity.

Tauranga Girls' College took out the overall "Environmental Champions" title in what was a very closely-fought contest. One student from each of the participating schools was chosen to attend a 3-day environmental ambassador programme in Wellington, including making a presentation to the Ministry for the Environment.



ABOUT THE FUND:

TECT considers applications from community and charitable organisations which are TECT Consumers. Applications are evaluated on their merits and priority is given to those that show local initiative and where the Grant will benefit a significant part of our Community. A discount for TECT Consumers (if applicable) is part of the consideration of applications within this category.



TrustPower TECT Rescue Helicopter

TECT is now into its third year of sponsorship for the TrustPower TECT Rescue Helicopter – a project that the Trust is proud to be associated with. The Rescue Helicopter is in the air up to three times a week and this is predicted to increase with the fast growth of the area and the expansion of the Tauranga Hospital. The Tauranga-based Rescue Helicopter is a dedicated 24 hour, 7 day a week air ambulance. Based at Tauranga Hospital it provides rapid response medical care to the greater Tauranga-Western Bay of Plenty region.

The service provides inter-hospital transport of critically ill or injured patients for specialist medical care. The majority of calls to the Tauranga base are for accidents involving motor vehicles, as well as aviation accidents, incidents on farms, and those related to recreational pursuits. The service also works with the Police on armed defender callouts and responds to both marine and land, air and search rescue. In the past, the rescue helicopter has also been called into help fight bush fires around the region.

The rescue helicopter is crewed by St John Ambulance paramedics, hospital doctors and flight nurses. Pilot Liam Brett Kelly says "a significant number of trauma patients die from treatable causes 1-2 hours after injury. Early resuscitation gives the patient the best chance of survival. With a fully equipped rescue helicopter bringing Paramedical Officers and/or Medical staff to the scene, resuscitation can begin sooner and continue throughout the flight back to hospital".

Being situated on the coast enables the service to operate over most of its coverage area in most weather conditions. The benefits of having a locally-based rescue helicopter are significant. This is a service that literally saves lives.

TECT in conjunction with TrustPower is a principal sponsor of the Rescue Helicopter. The Trust's allocation of \$120,000 per annum over a period of 3 years has been made available from the Community Events/Special Projects fund. TECT is delighted to report its commitment to this service by extending the sponsorship for a further 3-year term.

Distribution made to Fund, year end 2006

\$500,000

COMMUNITY AMENITIES

"TECT continues to focus on supporting Consumer Community Organisations through our funding programmes. Our 'think and act local' approach to Consumer community involvement and support has seen TECT's grants develop and enhance Community Amenities."

ABOUT THE FUND:

Funding within this category is to contribute to Community Amenities within the TECT District. An amenity must be of significant benefit to the community with funding directed towards a permanent new amenity or a significant upgrade of an existing amenity. Applications are evaluated on their merits and criteria to benefit TECT Consumers. A discount for TECT Consumers (if applicable) is part of the consideration of applications within this category.

Omanu Beach Surf Lifesaving Club

The launch of the upgraded and remodeled Omanu Beach Surf Lifesaving Club was held in March 2006 with nippers to senior lifeguards, past members and sponsors in attendance. The Clubhouse now boasts three new operational areas: the TECT Lounge; a large multi-purpose area with accommodation; rescue base patrol tower with first-aid room. The rescue base patrol tower will dramatically diminish the response time during rescues and help in the day-to-day deployment of personnel and resources.

As part of our commitment to the community, TECT is proud to support local Surf Clubs in the important work they carry out. A grant of \$200,000 from TECT to upgrade the Omanu Beach Clubhouse has enhanced its function as a community amenity.

The membership and lifeguard operations of Omanu Beach Surf Lifesaving Club have been greatly impacted over the past few years with more and more beach goers using the long Omanu coastline as their preferred sunning, swimming and surfing spot. Apart from the occasional repaint and ongoing maintenance, the Clubhouse had been the same for forty years. TECT Trustees were

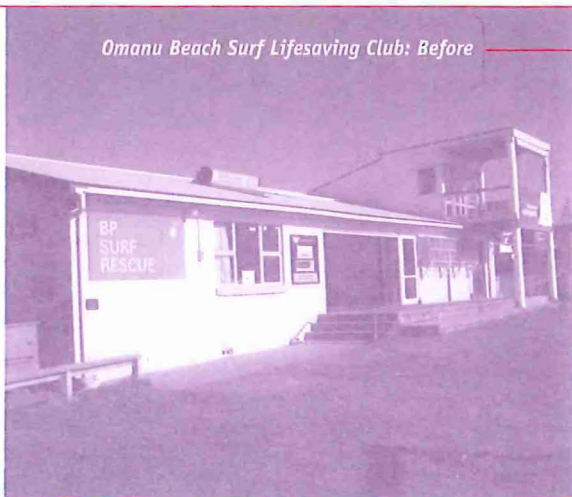


Photos courtesy of Chris Parker Photographics, Tauranga

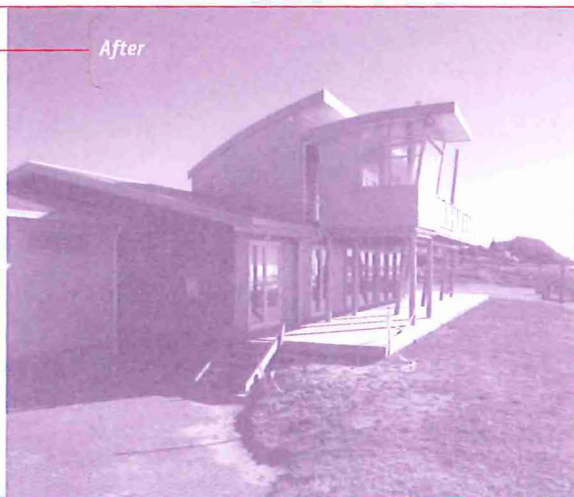
pleased to offer financial support to the Club whose dedicated members carry out safety patrols, provide education programmes and at times literally save lives.

With a ballooning Junior Surf membership, the Club now has the facilities and resources to attract and retain experienced lifeguards. The Club also now operates an "oldies" patrol which is based around former members or lifeguards who have been away from the movement or from the region, coming back to patrol together with old friends during competition events and as a back up to the full time Volunteer Lifeguards. The new Clubhouse will definitely be a drawcard.

Omanu Beach Surf Lifesaving Club: Before



After



ABOUT THE FUND:

The emphasis of this Fund is to support Major Amenities that benefit the whole TECT area, or a significant part of it. TECT considers applications as and when they are received during the year with funding directed towards a permanent new amenity or a significant upgrade of an existing amenity. A discount for TECT Consumers (if applicable) is part of the consideration of applications within this category.

Distribution made to Fund, year end 2006

\$800,000

MAJOR AMENITIES

"TECT recognises its operations have the potential to significantly benefit the District. The Trust is keen to support new opportunities that provide benefit to its Consumers."

Mount Reef

The Mount Reef is New Zealand's first artificial surfing reef and offers another option for water entertainment in our area. The project upholds and enhances Mount Maunganui's reputation as New Zealand's Surfing Capital and will attract high quality events from other locations. The 'Mount' has a large population of resident surfers and a thriving surfing industry. The placement of the artificial surfing reef has created consistent high-quality waves at a known location. It has been designed to produce fast peeling, tubing, right-hand and left-hand waves, suitable for competent and experienced surfers. The reef also provides for windsurfing, kite surfing, body boarding, snorkelling, a marine habitat for fish and other marine life.



TECT's contribution to this innovative recreational facility was through a \$250,000 grant. As well as being a recreational and visitor icon for the region, the Mount Reef will act as a training facility for Bay of Plenty Surfing Teams and encourage junior and youth sports development.

TECT Trustees were also impressed by the environmental benefits of the project. The Mount Reef Trust will develop Marine Study Programmes aimed at enhancing marine life, protecting our coastline and provide scholarship opportunities in environmental and marine studies. Students will study the beach and the reef so that this multi-purpose community facility can become a baseline project for future generations.

Baywave – TECT Aquatic & Leisure Centre

Things have heated up at Baywave – TECT Aquatic & Leisure Centre, and the new facility is making waves amongst locals and tourists alike! Baywave is no longer a project – it has fast become one of the Bay's premier attractions! Customer numbers have exceeded expectations since the centre opened in December 2005 with well over 100,000 toddlers to senior citizens delighting in the fun.

Baywave is a state-of-the-art facility, featuring pools, spas and saunas, indoor hydroslide, Wellness Suite, Health Club, Café, creche, and of course the longest wave pool in New Zealand! The geothermal bore ensures that swimmers are treated to perfect water temperatures all year round.

Children and their families are a very important user group of the facility with the Tauranga-Western Bay of Plenty area being one of the fastest growing regions in New Zealand. TECT's \$4 million funding contribution to Baywave not only benefits those who live close by but also provides a 'must-do' for visitors when they come here.

Baywave has set a new benchmark in New Zealand for aquatic facilities and TECT is thrilled to be able to support such a major regional asset. With a vision to "significantly benefit Consumers and their Communities", Trustees negotiated for Consumers a 20% discount on entry price to Baywave on presentation of their Concession Cards – a significant benefit that many Consumers have already taken advantage of.



Baywave

TECT Aquatic & Leisure Centre

STATEMENT OF SERVICE PERFORMANCE

For the year ended 31 March 2006

An explanation of achievements against specific objective statements in the Trust's 2005-2006 Annual Work Plan.

ANNUAL PLANNING AND REPORTING

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

What we did:

- The Annual Distribution Plan was published in local media 18-21 May 2005.
- No submissions were received. Trustees confirmed Annual Distribution Plan.

INCOME AND INVESTMENTS

2 To review performance of investment in TrustPower.

What we did:

- Reviewed NZSE listed stock prices on a monthly basis.
- Considered independent commentaries on performance of TrustPower.
- Reviewed interim and yearly Financial Reports from TrustPower.
- Undertook independent review of TrustPower's electricity pricing in the Trust's area.
- Took advice on a number of commercial issues relating to the Trust's shareholding in TrustPower.
- During the year Trustees met with TrustPower Management and Directors and maintained regular contact with other TrustPower shareholders.

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

What we did:

- Reviewed the balance of the Frank Russell Investment Portfolio and resolved to continue with the current allocation of assets.
- Ratified a Heads of Agreement and investment in Chapel Street properties in conjunction with Tauranga City Council.
- Made an investment of \$4 million for a period of 5 years with Tauranga City Aquatics Limited in redeemable preference shares at commercial rates of return.
- Met with Tauranga City Council and discussed local investment opportunities.
- Consulted with experts on Property Investment opportunities.
- Attended New Zealand Equity Conference.
- Considered a number of investment opportunities.

RESPONSIBILITIES TOWARDS DISTRIBUTIONS

4 To undertake the Consumer Cheque Distribution.

What we did:

- Paid total of \$14,500,000 direct to 60,000 TECT Consumers.
- Established Flood Relief Fund and distributed funds to affected Consumers.

5 To consider applications for electrical-related items from Community Organisations on a quarterly basis.

What we did:

- Trustees reviewed applications in June, September, December 2005 and March 2006.
- 104 organisations received Subsidy grants totalling \$666,497.

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

What we did:

- Made an allocation of \$800,000 to the Major Amenities Scheme for the year.
- Made a grant of \$2.5 million to WBOP District Council towards the capital cost and development of the TECT All Terrain Park.
- Paid final instalment of \$75,000 to Holy Trinity Church for construction of mezzanine floor.
- Paid \$250,000 to Mount Reef Trust.
- Developed Branding Guidelines for Baywave – TECT Aquatic & Leisure Centre.

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

What we did:

- Paid \$12,000 to Katikati Action Centre towards branding of the facility.
- Paid \$42,500 to Compass Foundation for refurbishment of Pole Barn and Tauranga Primary School Hall.
- Paid \$200,000 to Omanu Beach Surf Lifesaving Club for upgrade of club building.
- Approved funding of \$500,000 to Waipuna Hospice Foundation towards upgrade of facility.

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

What we did:

- Contributed \$100,000 to the Tauranga Arts Festival 2005. Negotiated 20% discount off first two tickets purchased to every show on presentation of TECT Concession Cards.
- Paid \$40,000 to Bay of Plenty Kart Club for Tauranga Street Kart Race. Negotiated 20% discount off normal ticket prices for TECT Consumers on presentation of TECT Concession Cards.
- Approved \$23,000 to Tauranga Musica Inc to host the Baby Proms and Kiwi Capers Concerts.

STATEMENT OF SERVICE PERFORMANCE

For the year ended 31 March 2006

- Approved \$11,500 to Tauranga Leisure for 2005 Oddball Programme.
- Paid \$120,000 being third year of Sponsorship of the TrustPower/TECT Rescue Helicopter. Resolved to support the project for a further 3-year term.
- Contributed \$5,000 to Te Puke A&P Assn for the Centennial Show.
- Approved \$11,253 to Tauranga City Council towards the Enviro Challenge Programme.
- Paid \$10,000 to Littleweed Festival.

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

What we did:

- Approved grant of \$250,000 to Energy Efficiency & Conservation Authority (EECA) for Tauranga Healthy Homes Project.

10 To support the TECT Scholarship Schemes in conjunction with the New Zealand Polytechnic and University Institutes.

What we did:

- Six Bay of Plenty Polytechnic students were successful in receiving TECT Scholarships for the 2005 academic year.
- Prepared guidelines for TECT Energy Efficiency Scholarship Award.

11 To support Regional Economic Development.

What we did:

- Paid grants of \$250,000 to Mount Surf Reef and \$200,000 to Omanu Beach Surf Lifesaving Club, identifying tourist and economic benefits for the region.
- Met with Priority One representatives to discuss regional economic development measures. Provided \$10,000 funding for the Instep Programme in local Colleges.

RESPONSIBILITIES TOWARDS CONSUMERS

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

What we did:

- Negotiated discounts for Consumers for admittance to TECT-funded amenities and events.
- Conducted an independent survey of Consumers in respect of TECT's activities.
- Published Distribution Scheme criteria and closely evaluated all applications received.
- Ensured compliance with our Trust Deed and Code of Practice.
- Obtained an unqualified audit of our financial statements.

PROMOTION AND PUBLICITY

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

What we did:

- Met quarterly with recipients of Community Subsidy grants.
- Profiled recipients of funding of TECT's various schemes through local media.

- Promoted Distribution Cheque mailout.
- Promoted Consumer Concession Cards (CCC) issued to Consumers with September 2005 Distribution Cheques. CCC benefited Consumers through discounts to Baywave – TECT Aquatic & Leisure Centre, Tauranga Arts Festival and BOP Kart Club Street Race.
- Updated website.
- Advertised funding available for Consumers
- Publicised TECT's award as Premier Trust of the Year 2005 (as awarded by the NZ Trustees' Association) in local media.
- Rebranded to create better awareness of TECT and its operations.

TRUST GOVERNANCE

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

Board of Trustees

TECT is governed by 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 will be held in the 2006/2007 year.

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. The Code of Practice is published on the TECT's website.

TECT publishes its Annual Distribution Plan and considers submissions made in respect of the plan. Applications to TECT's Community Subsidy Scheme are considered quarterly. Other applications are considered as required.

The day to day management of TECT business is delegated to TECT's Secretary, a practicing Chartered Accountant.

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.

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2006

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2006

	Consolidated		Tauranga Energy Consumer Trust		TECT Charitable Trust	
	2006	2005	2006	2005	2006	2005
Operating Income						
Dividend Income	19,323,950	20,672,133	19,323,950	20,672,133	-	-
Interest Income	1,470,855	1,255,304	1,458,788	1,243,358	12,067	11,946
Miscellaneous Operating Income	506,772	564,723	506,772	564,723	-	-
TOTAL INCOME	21,301,577	22,492,160	21,289,510	22,480,214	12,067	11,946
Expenses						
Legal and Advisory Fees	37,995	19,915	36,195	17,632	1,800	2,283
Secretarial Costs	185,050	162,705	182,443	159,660	2,607	3,045
Trustee Expenses	124,776	134,257	124,776	134,257	-	-
Other Operating Expenses	252,586	261,094	391,082	374,272	(138,496)	(113,178)
TOTAL EXPENSES	600,407	577,971	734,496	685,821	(134,089)	(107,850)
TOTAL SURPLUS FOR YEAR BEFORE TAXATION	20,701,170	21,914,189	20,555,014	21,794,393	146,156	119,796
Tax Charge	482,154	181,705	482,154	181,705	-	-
TOTAL SURPLUS AFTER TAXATION	\$20,219,016	\$21,732,484	\$20,072,860	\$21,612,688	\$146,156	\$119,796

STATEMENT OF MOVEMENTS IN TRUST EQUITY

For the year ended 31 March 2006

	Consolidated		Tauranga Energy Consumer Trust		TECT Charitable Trust	
	2006	2005	2006	2005	2006	2005
Total recognised revenues and expenses						
Net Surplus for the Year	20,219,016	21,732,484	20,072,860	21,612,688	146,156	119,796
Increase in Investment Revaluation Reserve	147,376,369	142,376,136	147,376,369	142,376,136	-	-
	167,595,385	164,108,620	167,449,229	163,988,824	146,156	119,796
Contributions to Equity	-	2,500,000	-	2,500,000	-	-
Distributions	(16,100,170)	(21,543,695)	(16,105,128)	(21,549,689)	4,958	5,994
	151,495,215	145,064,925	151,344,101	144,939,135	151,114	125,790
Trust equity at start of the year	487,027,593	341,962,668	485,280,521	340,341,386	1,747,072	1,621,282
TRUST EQUITY AT END OF THE YEAR	\$638,522,808	\$487,027,593	\$636,624,622	\$485,280,521	\$1,898,186	\$1,747,072

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2006

STATEMENT OF FINANCIAL POSITION

As at 31 March 2006

	Consolidated		Tauranga Energy Consumer Trust		TECT Charitable Trust	
	2006	2005	2006	2005	2006	2005
TOTAL TRUST EQUITY (Including Reserves)	\$638,522,807	\$487,027,593	\$636,624,621	\$485,280,521	\$1,898,186	\$1,747,072
Represented by:						
Investments						
Shares in TrustPower Ltd	610,277,310	463,774,804	610,277,310	463,774,804	-	-
Russell World Bond & Share Funds	8,717,333	7,339,954	8,717,333	7,339,954	-	-
TECT Charitable Trust	-	-	100	100	(100)	(100)
Chapel Street Property	800,490	-	800,490	-	-	-
	619,795,133	471,114,758	619,795,233	471,114,858	(100)	(100)
Current Assets						
Cash at Bank	408,079	159,774	408,079	159,774	-	-
Short Term Deposits	22,663,831	23,827,538	22,442,977	23,618,751	220,854	208,787
Sundry Accounts Receivable	18,989	15,767	18,989	15,767	-	-
Taxation Refund Due (Note 2)	35,806	242,587	35,806	242,587	-	-
	23,126,705	24,245,666	22,905,851	24,036,879	220,854	208,787
TOTAL INVESTMENTS & CURRENT ASSETS	\$642,921,838	\$495,360,424	\$642,701,084	\$495,151,737	\$220,754	\$208,687
Less Current Liabilities						
Sundry Accounts Payable	30,786	29,770	2,458,218	2,043,155	(2,427,432)	(2,013,385)
Provision for Distributions	4,368,245	8,303,061	3,618,245	7,828,061	750,000	475,000
TOTAL CURRENT LIABILITIES & DISTRIBUTION PROVISIONS	\$4,399,031	\$8,332,831	\$6,076,463	\$9,871,216	\$(1,677,432)	\$(1,538,385)
NET ASSETS	\$638,522,807	\$487,027,593	\$636,624,621	\$485,280,521	\$1,898,186	\$1,747,072

Trustee: 

Trustee: 

Date: 30 June 2006

These Statements are to be read in conjunction with the Notes to the Financial Report on Page 17.

FULL CONSOLIDATED FINANCIAL STATEMENTS AVAILABLE

The Summarised Consolidated Financial Statements on pages 15-17 have been extracted from the full audited Consolidated Financial Statements of the Trust for the year to 31 March 2006.

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 30 June 2006 can be obtained from:

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

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2006

NOTES TO THE FINANCIAL STATEMENTS

1 Statement Of Accounting Policies

A BACKGROUND

These are the Summarised Financial Reports for Tauranga Energy Consumer Trust ("TECT") and TECT Charitable Trust.

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). 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. 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 it holds 28.56% of TrustPower Limited's shares.

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 Trust, with the exception of share investments, which are valued at market value. The financial statements are required to be audited by section 10.4 of the Trust Deed. The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice.

C CHANGES IN ACCOUNTING POLICY

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 \$482,154 relates to a current tax charge of \$9,831,680 less TrustPower Limited dividend Imputation Tax Credits of \$9,349,898 plus an under provision for tax in the prior year of \$372. A tax refund of \$35,806 is due as a result of over payments of prior years provisional tax.

3 Commitments And Contingencies

TECT had no commitments or contingencies at the end of the financial year other than those disclosed in the Statement of Financial Position (2005 Nil.)

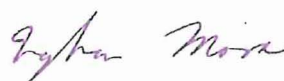
4 Auditor's Report

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

We have audited the Financial Statements from which the accompanying summarised financial statements for the year ended 31 March 2006 have been extracted. In our full report dated 30 June 2006 we expressed an opinion that the Financial Statements:

- Comply with generally accepted accounting practice.
- Give a true and fair view of the financial position of the Trust and group as at 31 March 2006 and the results of operations and cash flows for the year ended on that date.

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



INGHAM MORA
TAURANGA



DIRECTORY

TRUSTEES

MJ Cooney, Chairperson
BW Cronin, Deputy Chairperson
MH Cameron
KC Collings
IR Harris
KJ Jones

SECRETARY

KF Lellman

Simmonds Cooney Lellman Limited
Chartered Accountants
273 Devonport Road
PO Box 800
Tauranga

Email: fraser@tect.org.nz
Website: www.tect.org.nz

AUDITORS

Ingham Mora
Tauranga

SOLICITORS

Holland Beckett
Tauranga

Quigg Partners
Wellington

FINANCIAL ADVISORS

Strategic Group Limited
Auckland

KPMG
Christchurch

BANKERS

Westpac, National Bank of NZ

DATE OF COMMENCEMENT

21 December 1993



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