

A MONUMENTAL YEAR

For the Benefit of Consumers and their Communities



TECT ANNUAL REPORT YEAR ENDED 31 MARCH 2007



CONTENTS

CHAIRPERSON'S REPORT	Page 2
ALLOCATIONS TO TECT'S DISTRIBUTION SCHEMES	Page 5-12
COMMUNITY GRANTS APPROVED FOR YEAR	Page 13
STATEMENT OF SERVICE PERFORMANCE	Page 15
TRUST GOVERNANCE	Page 16
FINANCIAL STATEMENTS	Page 17
DIRECTORY	Page 21

ALLOCATIONS TO TECT'S DISTRIBUTION SCHEMES

For year ended 31 March 2007

The amounts represent distributions made to each Fund.

\$14,835,000

DIRECT CHEQUE DISTRIBUTIONS TO CONSUMERS

Page 5

\$343,000

COMMUNITY AMENITIES FUND

Page 6

\$155,000

COMMUNITY EVENTS/SPECIAL PROJECTS FUND

Page 7

\$600,000

COMMUNITY ORGANISATION SUBSIDY SCHEME

Page 9

\$250,000

ENERGY EFFICIENCY FUND

Page 11

\$2,000,000

MAJOR AMENITIES FUND

Page 12

\$17,000

TECT SCHOLARSHIPS

\$18,200,000

TOTAL DISTRIBUTIONS

*\$5,371,000 was added to Trust Equity to
permit diversification of Trust investments*

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

OUR VISION

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



Fraser Lellman, Secretary

Bruce Cronin, Deputy Chairperson

TECT (TAURANGA ENERGY CONSUMER TRUST) WAS FORMED IN 1993 FOR THE BENEFIT OF CONSUMERS AND THEIR COMMUNITIES. TODAY, TECT IS ONE OF NEW ZEALAND'S LARGEST ENERGY TRUSTS. WE ARE COMMITTED TO BEING A RESPONSIBLE AND TRANSPARENT DISTRIBUTOR OF FUNDS TO ENRICH THE LIVES OF CONSUMERS AND THEIR COMMUNITIES.

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

For the 60,000 Consumers, TECT is probably best known for the cheques it provides annually to its Consumer base with over \$14.8 million distributed in the year to March 2007. Other high profile fund

allocations from TECT this year have been to the Tauranga Riding for the Disabled, Te Puke Tennis Club, EECA Energy Efficient Housing Project, Energy Mad Ecobulbs, 'Christmas in the Bay', Tauranga Coastguard Rescue Vessel and the TrustPower/TECT Rescue Helicopter. TECT's Community Organisation Subsidy Scheme provides a key funding avenue for not-for-profit organisations based in our 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 challenging, successful and rewarding one for TECT. During the year, TECT sought the approval of TrustPower shareholders to purchase a further 4.4% stake in TrustPower. Today, TECT holds a 33% share in the capital of TrustPower. The deal represented a unique opportunity for TECT to acquire further shares in TrustPower at a substantial discount. TECT welcomes the stability that the deal brings to TrustPower's ownership.

A MONUMENTAL YEAR

Ron Scott

Harold Cameron

Michael Cooney, Chairperson

Ian Harris

TECT'S ANNUAL GENERAL MEETING

Is to be held on Tuesday
31st July 2007, 10am at the
Historic Village, 17th Avenue, Tauranga.

Consumers and representatives
of interested community or
voluntary organisations
are invited to attend.



CHAIRPERSON'S REPORT

Dear Consumers,

"What a truly monumental year TECT has had!"

A Bit about TECT

As part of the 1993 electricity reforms, Tauranga Electric Power Board customers (Consumers) voted to approve an establishment plan which saw approximately 50% of the initial share capital of TrustPower distributed to individual Consumers and the remaining 50% vested in the Tauranga Energy Consumer Trust for the benefit of existing and future generations of Consumers. The Trust (TECT) that evolved from that decision is unique in its ability to be able to make distributions direct to Consumers and to make grants to wider groups of organisations for the benefit of Consumers. TECT's balanced distributions are the envy of many other New Zealand communities.

The wisdom of that Consumer decision made 14 years ago is evident by this report.

Millions given to TECT Consumers and Organisations

TECT's strong financial results have enabled it to distribute a range of benefits to Consumers. Trustees are proud to report that a record \$18.2 million of distributions were approved to Consumers and Community Organisations during the year. Of this, \$14.8 million was distributed direct to Consumers by way of cheque. Cheque distributions have continued to increase over the years with over \$72.9 million distributed direct to Consumers since 1994.

Feedback from Consumers indicates that this annual payout is very much appreciated.

This year saw an increase in applications for funding to TECT's Consumer Distribution Schemes. Many Community Organisations have been supported in the valuable work they do in our community. The opening of the Waipuna Hospice upgrade is an example of a further valued amenity now available to Consumers and the Community.



Michael Cooney, Chairperson

Grants are given to Consumer Organisations for a wide range of worthy projects and causes in communities across Tauranga and the Western Bay of Plenty. Trustees receive regular comment from Consumer Organisations on how these grants enable them to extend and expand their services in our community.

A full list of grants approved during the year is on pages 13 and 14.

TECT Card saves Consumers \$19,000

TECT established the TECT Concession Card in 2003. We have successfully negotiated a number of discounts to various TECT - sponsored events and amenities on presentation of the TECT Card. As awareness of the Card amongst Consumers increases, many more Consumers are taking advantage of the discounts available. Last year alone, over 22,000 Consumers presented their Card at Baywave TECT Aquatic & Leisure Centre to receive a 20% discount – a saving of \$19,840! We are continuing to promote the Card and negotiate further discounts.

Rescue Services get vital funding from TECT

Many of you are aware of TECT's support for the TrustPower/TECT Rescue Helicopter. I am pleased to report that Trustees have committed further funding to this service which will ensure that the TrustPower/TECT Rescue Helicopter is able to continue its valuable work in our community for the next 3 years.

In addition to supporting the Rescue Helicopter, TECT has made a grant to the Tauranga Volunteer Coastguard this year to assist the Coastguard in building a new rescue vessel. That vessel will take to the water shortly and will be known as "TECT Rescue". Trustees are delighted to support such vital services as these.

Consumers benefit from TECT initiatives

Two initiatives undertaken by TECT during the year are being used as a model by others. Consumers will recall the successful "light bulb" campaign during which Consumers could purchase energy efficient light bulbs at a very low cost. Nearly 65,000 Ecobulbs were sold in this project equating to power savings of \$6.5 million for Tauranga households.

The second initiative was the home insulation programme. Funding over 2 years will enable a minimum of 40 TECT Consumer homes to be retrofitted to make the homes more healthy and more energy efficient.

TECT helping Local Trades

Had difficulty in getting an Electrician? Well TECT is doing its bit to help overcome the shortage of these essential tradesmen by supporting industry training schemes through the TECT Electrical Scholarships. Scholarships are provided for students undertaking Electrical Apprenticeships and this year these Scholarships enabled 6 students to continue with their study towards an electrical-related career.

TECT Owns More of TrustPower

You regularly tell us that the retention of TECT's shareholding in TrustPower is important to you. Well TECT now owns 33% of TrustPower. An increase of 4.4%.

During the year, Trustees were able to take advantage of a unique opportunity presented by Alliant Energy's sale of its shareholding in TrustPower, to increase TECT's shareholding by 14 million shares.

The \$85 million purchase (including costs) was financed by raising debt of that amount and was made at the very attractive price of \$5.90

per share cum dividend. In addition, Trustees negotiated a change to TrustPower's Constitution to ensure amongst other things that the Head Office of the Company will remain in Tauranga so long as TECT retains at least 25% of the shares in the Company.

The transaction which has been described by one independent analyst "as the deal of the year" increased Trust equity at balance date by some \$30 million.

Over time this should enable TECT to increase its annual distributions to Consumers.

Further increases in the value of TECT assets

The value of TECT's assets at the 31st of March 2007 was \$805 million, up \$166 million on the previous year. This outstanding result surpasses the exceptional increases that TECT has experienced in previous years. A review of the financial information set out later in the report will show that all TECT's investments performed well this year.

Elections

The Elections in July 2006 were hotly contested with 22 candidates standing for the 3 available positions. Some statements made at the time by candidates about TECT and its governance were inaccurate and misleading. Trustees propose to alter TECT's Deed of Trust to provide for the appointment by Consumers of an independent person to oversee its Elections. It is hoped that such an appointment will enable Consumers to be more reliably informed at election time.

The Elections saw Ms Frances Denz, Mr Ron Scott and myself elected to office.

Mr Ken Collings, an existing Trustee, failed to secure re-election. Ken was involved in the original setting up of the Trust and during his recent tenure in office brought considerable commercial experience to bear on the business of TECT. We are grateful for Ken's significant contribution to the advancement of TECT.

Secretariat

Mr Fraser Lellman, TECT's Secretary, leads a team of skilled and dedicated staff who work diligently on behalf of Consumers. Their efforts throughout the year are to be commended.

Trustees

TECT is one of the largest Energy Trusts in New Zealand. It is fortunate to have Trustees prepared to contribute considerable time and skill to its governance. This year saw Trustees engage in a complex commercial transaction which has increased the value of TECT's assets significantly. I thank Trustees for their willingness to provide the additional time and skill necessary to bring that transaction to a successful conclusion and for their support throughout the year. It has been a monumental year for TECT.



Michael Cooney - TECT Chairperson

PS. We hope you will be able to join us at our Annual General Meeting being held Tuesday 31 July 2007, 10am at the Historic Village, Tauranga. This will be an opportunity to meet Trustees and hear about all of the activities of the Trust over the past year and of course, what's in store for the coming year!

\$14.8 million

DIRECT DISTRIBUTIONS TO CONSUMERS

TECT ACHIEVED SOLID FINANCIAL RESULTS DURING THE YEAR. THIS ALLOWED FOR A RECORD DISTRIBUTION OF \$14.8 MILLION BEING PAID TO TECT'S 60,000 CONSUMERS IN SEPTEMBER 2006. FROM THE MANY "THANK YOU" LETTERS AND CALLS TO THE TRUST, THERE IS NO DOUBT THE CHEQUES WERE VERY WELL RECEIVED.

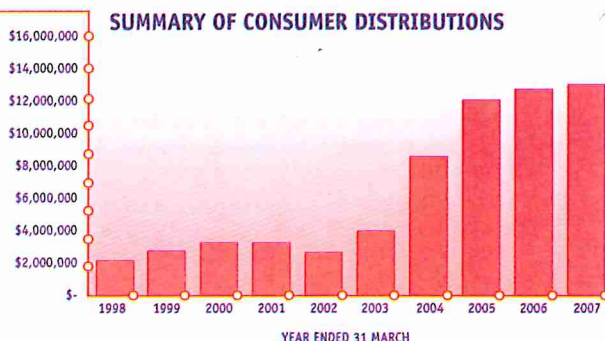
TECT distributes the majority of its annual income directly to Consumers. The Distribution, TECT's largest ever cheque payout to Consumers, was made possible by the strong income flow from the Trust's investment in TrustPower and other investments. The graph below outlines the distributions TECT has made direct to Consumers from 1998 – 2007.

To be eligible to receive the cheque from TECT, Consumers must be TrustPower customers in the Tauranga City and the Western Bay of Plenty District.

The amount of each cheque issued in September 2006 included a fixed sum of \$215 plus a percentage based on power consumption used in the six months to the cut-off date.

TECT further assisted Consumers by negotiating discounts to various TECT sponsored events and amenities on presentation of the Consumer Concession Card. This year discounts were offered on presentation of the Card to the Baywave TECT Aquatic & Leisure Centre, Tauranga Arts Festival, YMCA Senior Active Movers Rally and The Elms Cultural Connection Exhibition.

At 31 March 2007, 22,961 Consumers had used their Concession Cards to take advantage of the 20% discount off entry prices to Baywave – a total savings to Consumers of \$19,840!! Total user visits for the year to March were 739,150 which have far exceeded Baywave's expectations.



"I would just like to say thank you for the cheque received from the Trust. It was very much appreciated. When one is on superannuation things like that make a difference to life. Thank you".



\$343,000

COMMUNITY AMENITIES FUND

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.

Waipuna Hospice Celebrates Upgrade

Waipuna Hospice celebrated its \$3 million upgrade in December in true festive style with a garden party and Christmas fair. The Waipuna Hospice is a voluntary organisation which provides palliative care services and support to patients and families coping with terminal illness.

The Hospice applied to TECT for funding towards the redevelopment and Inpatient Unit expansion at its site in Te Puna. TECT's \$500,000 contribution to the Waipuna Hospice is another way the Trust has demonstrated its commitment to helping this community in a positive way.

Last year over 530 patients were cared for by Waipuna Hospice with over 21,500 Community Nurse visits. Today's \$3 million expanded and refurbished facility stands testament to the tremendous efforts of the Waipuna Hospice Foundation and the community.

TECT grants \$250,000 to Tauranga's Riding for Disabled Project Pegasus

The Tauranga Riding for the Disabled Group (RDA) has been delivering an invaluable service for the disabled and their families for over thirty years and in December it received a boost in funds from TECT, with the money earmarked for its indoor arena building project.

With an estimated 30,000 people with disabilities in the Tauranga RDA's area – many of them children – the much needed new facility couldn't come soon enough for those involved in the project. The aim is to provide services for up to 500 clients within the next five years.

Instructors Rose Millar and Pam Rogers said "The old venue was only partially covered and quite simply, it was becoming obsolete and even dangerous. When the weather was bad the facilities could not be used and ultimately we were turning people away as a result".

The new international arena will enable RDA to stage equestrian events and accommodate its own clients year round.



New Courts for Te Puke Tennis Club

This exciting project presents a wonderful venue for tennis in Te Puke and surrounding areas. The 8-court facility allows for interschool, interclub, regional and even national tennis tournaments 12 months of the year. The vision is to provide a quality facility that has multiple uses and serves the community for the next 50-100 years. TECT was pleased to be able to assist with funding of \$250,000 to make this project a reality.

The provision of purpose-built courts and first class lighting means that the Club can also cater for a greater range of sporting codes. In considering the application, Trustees agreed that with a rapidly growing population, the need to continue to provide recreational facilities, and to promote health and fitness of the community is essential.

\$155,000

COMMUNITY EVENTS / SPECIAL PROJECTS FUND

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.

Making Classical Music Cool

Making classical musical cool and approachable for children was the aim of a visit by the Auckland Philharmonia which performed the TECT Baby Proms and Kiwi Capers concerts. In an inspired move, Tauranga Musica brought one of the country's best symphony orchestras to Tauranga with the help of a \$23,000 grant from TECT. Two interactive concerts were performed to audiences comprising 1100 local primary school children and teachers. The concerts featured short, fun pieces of music, a mixture of the classics and children's songs. During the shows there were chances for children to walk through the orchestra to observe up close and even conduct the seventy-piece orchestra.

Hugh Smith, Principal of Omokoroa Point School, reported "The feedback from students was very positive. We had approximately 110 students attend the concerts. It is pleasing to see that TECT has sponsored these performances and given so many children an opportunity to experience a live orchestra playing here in Tauranga at a very low cost".

TECT assists with Cultural Connection

A \$6,000 grant was approved to assist with the funding of an exciting historical exhibition organised by The Elms Foundation. The exhibition, entitled "Cultural Connections", was based around the exchange of ideas between Maori and Europeans in the colonial period. Visitors got an insight into the Victorian mind-set, traditions and morals, as well as an insight into the relationship between missionaries, settlers (European and Asian) and Maori.

Many rarely-seen items from The Elms collection of 12,000 objects were on display including diaries, books, photos, kete (over 150 years old), a spear, Maori cloaks and a very early poi. Dr Drayton, a director of The Elms Foundation said she was particularly excited about the Maori cloaks in the collection. "One cloak was from pre-European times with others from the mid-late nineteenth century, and there are distinctive differences between the weaving styles." Consumers received a \$1 discount on entry price to the Exhibition on presentation of their TECT Concession Cards.

The 'Seniors' Get Active

The Tauranga YMCA celebrated the 10th Anniversary of the Senior Active Movers Rally in October 2006. And as indicated by the turnout, it was a hugely successful day with lots of fun, laughter and friendships made. Seniors' exercise groups (some of the participants were well into their 80's) attended from all over the North Island for a day of participating and learning as well as showing off their skills. The Rally aims to provide gentle exercise for senior people together with a superb range of demonstrations. The "Smooth Movers" participated in many varied exercises including Scottish Dancing, Line Dancing, Latin Fit, Marching, Tai Chi, Rock 'n' Roll and much more.

TECT was pleased to be able to bring the 10th Birthday Celebrations to Tauranga with a grant of \$2,500. And of course, it wouldn't have been much of a celebration without the Birthday Cake to finish the day!





It's a Celebration of Life!

The room was filled with women (and the odd man) cheering and applauding as the divas strutted their stuff for the second Tarnished Frocks & Divas performing arts exhibition and fashion show.

The divas made up of local singers, dancers and musicians performed to some old crowd favourites. All of the women modeling the 1940s-1960s retro clothing were in their 40s and beyond. The purpose of the event is to celebrate the culture of women over the age of 40, to inspire women to enjoy life, health and creativity, have fun and increase their involvement in the arts movement in Tauranga. The Show also featured celebrity guest Jackie Clarke who was truly entertaining. Tarnished Frocks & Divas is destined to become a notable event in Tauranga which not only draws on national artists, but fully supports local talent already discovered, and women yet to be. TECT was pleased to support the event with a \$15,000 grant.



New Rescue Vessel for Tauranga Coastguard

Tauranga Volunteer Coastguard (TVC) provides a vital community service to both recreational and commercial boat users in the greater Bay of Plenty area. TVC is the second largest Coastguard in New Zealand and is the only Marine Search and Rescue service in Tauranga. TECT is proud to support TVC with a grant of \$250,000 towards a new rescue vessel.

Boating activity has continued to grow and has brought with it a greater demand on Coastguard services. The last five years have seen the Tauranga Coastguard respond to an average of 163 incidents a year with the radio communications room handling in excess of 35,000 radio calls per year.

The new **TECT Rescue** will be capable of responding to incidents from Cape Colville in the north to East Cape in the East – an area with approximately 60,000 pleasure vessels. It features the latest technology and will be the leading edge in rescue vessels. TECT is delighted to support such a vital service to this area.

Christmas in the Bay

Tauranga came alive when hundreds of performers converged on the City for the inaugural 'Christmas in the Bay'. TECT's funding support of \$25,000 helped ensure a bigger and brighter Christmas celebration. Organised by the Tauranga Moana Youth Trust, the event had a strong Community focus and featured a range of shows.

A large and attractive stage was the centre-piece for the entire event, rivaled only by the special effects lighting and festive decorations adorning the venue. Deck chairs filled the park, picnic baskets were enjoyed, stalls were busy, the glow sticks lit the night sky and there was plenty of laughter and singing to be heard from afar. And of course, the main highlight for the kids was Santa who arrived by helicopter. Proceeds from the Event helped raise money for the Youth Trust whose aim is to inspire and create opportunities for youth in our region. This was an event that truly instilled itself on the City's 2006 Calendar.

\$600,000

COMMUNITY ORGANISATION SUBSIDY SCHEME

ABOUT THE FUND:

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

TECT acknowledges the outstanding contribution that Community Organisations and their volunteers play in our local community. These organisations untiringly give their time and energy in helping make our communities strong, vibrant and engaging places for everyone. At a time when raising money is so difficult for many community groups, TECT's aim is to distribute its funds as effectively as it can for the greatest possible benefit for its Consumers and their Communities.

The full list of successful applicants is presented on pages 13 and 14 of this Report.

**TECT HAD ANOTHER BUSY YEAR APPROVING SUBSIDY GRANTS
TOTTALLING \$800,415 TO 91 ORGANISATIONS**

Aquinas College Scores Funding from TECT

TECT approved funding towards state-of-the-art equipment for the new Aquinas Action Centre. The \$50,000 grant went towards the costs of purchasing and installing a large high-quality data projector and electronic screen in the main gymnasium, along with DVD and VCR/CD systems for the main gym, fitness centre, dance rooms, and teaching areas.

"The public will have use of all of the gym's facilities and the adjoining sports fields outside of agreed school hours, with Aquinas College having full access to the Action Centre during school time. This arrangement provides much needed enlarged facilities for Aquinas College's ever-growing school roll, and it provides recreation and sports facilities for the local Community," says Aquinas College School Manager Kathryn Sharplin.

More Resources for St John Centre

TECT approved funding of \$5,950 for new equipment at the St John Resource Centre in Katikati. The Centre has conference facilities for visiting health professionals, social service providers and community support groups, holds school holiday programmes and Pregnancy & Parenting education classes. Over 500 people use the Centre every week - so it's a very busy place!

TECT was pleased to be able to assist the Centre with funds for a much needed new telephone system and air conditioning units. In addition, the main computer which holds all the Centre's files and the health and social service directory was in need of upgrading. A DVD player was required by the St John Ambulance team and Station Manager for volunteer training purposes.

TECT Helps Tahatai Coast School see the Big Picture

Learning about Information Communication Technology is a key part of Tahatai Coast School's curriculum, and teachers there know how important it is that children learn computer skills to be able to participate fully in today's world. However, with an ever-increasing school roll, the school's computing resources have become increasingly inadequate.

The school applied to TECT to fund 30 computers to be shared among 730 pupils in 28 classrooms, and 7 classroom projectors to aid in the teaching and viewing of computer use.

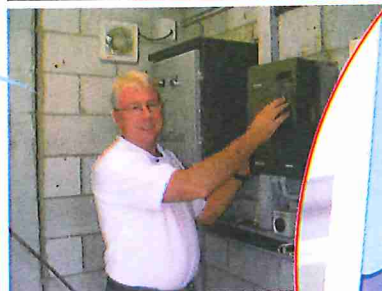
Teacher Sue Brown says that she is delighted with the funding of \$33,732 from TECT. "The children find computers a very engaging way of learning, and having access to computers provides them with the opportunity to explore new software and technology. Good Information Communication Technology skills will serve them well in the future".

TECT Puts Theatre Company in the Spotlight

The Tauranga Repertory Society has a brighter future since TECT approved funding of \$2,783 to assist with the purchase of new stage spotlights. The Society has a membership of over 230 cast and crew volunteers who work hard behind, and in front, of the scenes. They put on around five stage productions a year.

Society Treasurer, Julie Lankshear, says that "Up until now we have had to hire in extra lighting equipment to meet production requirements. Now that we can purchase our own spotlights we know that all our productions will be well lit - which does justice to all the hard work members have put in".

TECT's funding assistance will put a whole new light on the matter for the Society's members and audiences!



Golf Green Greener thanks to TECT

The Tauranga Golf Club's general manager Grant Scoones applied to TECT for funding assistance for a new computerised irrigation control system. TECT was pleased to assist with a \$13,000 grant. Although the Tauranga Golf Course already had an automated irrigation system in place, it was 12 years old and in need of an upgrade. The new system allows the irrigation to be controlled from a desk, which maximises efficiency and reduces water wastage. It also allows for efficient monitoring and management of water resources. All the greens and tees are kept lush and green with 'pop up' sprinklers. Grant says that this new irrigational control system helps the Tauranga Golf Club to maintain its grounds to a high standard, and makes it a wonderful course to play on.

Puppeteer Gets a Hand from TECT

For many years now, Dan and his crew from the Puppet Vision Charitable Trust have been using puppets to deliver educational messages to thousands of primary school children in the Bay. TECT's grant of \$1,280 will be used to purchase a data projector which will help Dan and his team to project their show to everyone in their audience.

The shows are primarily used to educate children on a variety of valuable life lessons such as road safety, living with disabilities, self-esteem, personal safety and anger-management. The puppets are hugely popular and are a fun and memorable way for school children to absorb these messages in a non-threatening and interactive manner.

When presenting their shows, Dan Martin and his team have held concerns that children at the back of a room couldn't see or hear clearly, and it was this concern that prompted their application to TECT for funds to be put towards the purchase of the projector.

TECT Gives More Life to Life Ed's Mobile Classroom

TECT helped with funding of \$35,800 for the upgrade of electrical equipment in Life Education Trust's (LET) mobile classroom. Life Education is an on-going health based education programme that aims to give children from ages 5-13 years knowledge and skills for life. It offers a choice of 18 different programmes including healthy eating, self esteem, friendship and bullying, and how to stay free from harmful substances. The programmes are delivered from a mobile classroom that visits Primary and Intermediate schools from Katikati to Otamarakau.

LET Chairperson Astrid Martin says "Having the technology to deliver these important messages in a dynamic fashion has more impact on the children. TECT's funding means we will be able to continue performing at a high standard".

\$250,000

ENERGY EFFICIENCY FUND

ABOUT THE FUND:

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



Home Insulation Brings Measurable Health Benefits

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

The focus of the TECT Healthy Homes Project is to reach Consumers who can't afford to improve the energy efficiency of their homes. TECT allocated \$250,000 to the project over two years – an initiative involving the Energy Efficiency and Conservation Authority (EECA). TECT's contribution and other local funding secured will enable EECA to retrofit in excess of 400 local homes over two years – a real benefit for the community.

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

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

Photos courtesy of Energy Options Ltd.



Bright Idea Sparked by TECT

TECT is keen to support energy-wise initiatives and projects in the local community and one such project this year was the Ecobulb promotion. The campaign, organised by Energy Mad Ltd, is part of a New Zealand-wide Household Efficient Lighting Project aiming to replace 4 million light bulbs with new energy efficient bulbs. This will reduce peak electricity network demand, and potentially save \$400 million for households over the life of the bulbs.

The promotion provided TECT Consumers with a special subsidised offer to purchase 5 high-quality Ecobulbs for \$10. Nearly 65,000 Ecobulbs were purchased by Consumers equating to power savings of \$6.5 million for Tauranga households over the life of the bulbs and preventing 582,000 fewer incandescent light bulbs being landfilled. Research indicates that Ecobulbs last for 10,000 hours, which is twice as long as other energy saver lightbulbs and 10 times longer than an average incandescent bulb. The Ecobulbs also provide similar light output to standard light bulbs but only use 20% of the power. Collectively this can have a huge impact on community savings.

Trustees Harold Cameron and Ian Harris (pictured) considered this project a worthwhile benefit for TECT's Consumers. Mr Cameron said "Saving money on power bills is a very important issue for Consumers. The Trustees wanted to help Consumers to save power, save money on power bills and help the environment".

TECT and the Electricity Commission sponsored the local campaign with the support of TrustPower. The Ecobulbs were marketed through local Foodstuff stores and Shell outlets.

Photo courtesy of Bay of Plenty Times.

\$200,000

MAJOR AMENITIES FUND

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.

An Exclusive Playground in Our Back Yard!

TECT's annual report usually reflects on grants made during the year under review, but it can often take a few years before the results of a grant are apparent. The construction of buildings and facilities especially can run over more than one financial year, and for this reason we have decided to feature a grant actually approved in 2004. The Trust granted \$2.5 million to WBOP District Council to assist with the purchase and development of the TECT All Terrain Park, a joint venture with Tauranga City Council.

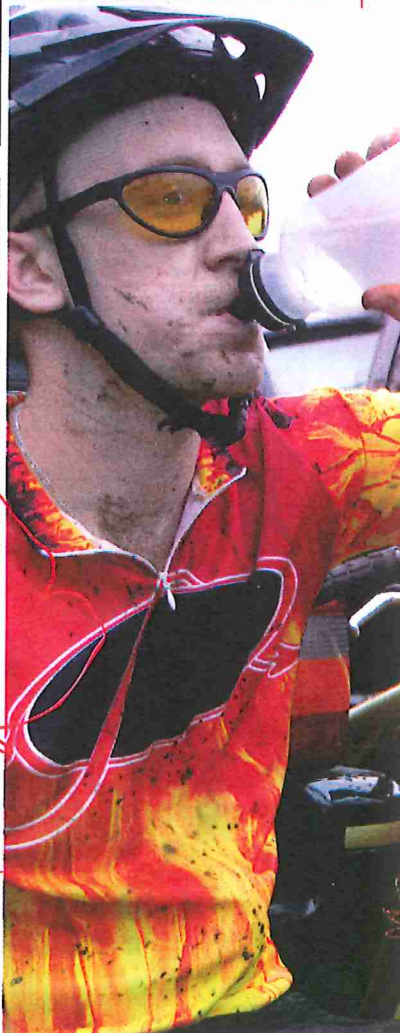
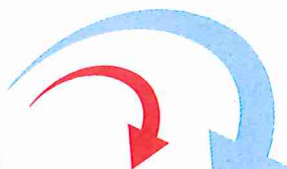
The Park is a unique recreational venue comprising 1646 hectares of uninhabited wilderness that has the potential to position the Bay of Plenty as the country's premier venue for active outdoor recreation. Because of its size, the Park has the ability to host world championship events such as motocross, rallying, target shooting, and will also cater for trial and trail bikes, mountain biking, 4x4, quad bikes, drag racing, burn-out pad, firearm sports, remote-control cars, archery, kayaking, rafting, tramping, orienteering and equestrian events. The project has received major funding from the Western Bay of Plenty District Council, Tauranga City Council, BayTrust and TECT.

Plans are underway to develop the Park in stages over the next two decades. The first stage of development involves the Councils working with potential users to ensure their needs are built into a development plan for the Park. It is anticipated that initial activities will get underway at the TECT All Terrain Park toward the end of 2007.

Significant population growth in the area has seen increasing demand for recreational land. Securing the land for the TECT All Terrain Park goes a long way to providing a significant amount of open space for such activities.

Photos courtesy of WBOP District Council.

"The concept is really exciting. If you are into your outdoor sports it's going to add another reason why it's so good to live in the Western Bay".



COMMUNITY GRANTS - Approved year ended 31 March 2007



TECT's grants are given to a wide range of worthy projects in communities across Tauranga City and the Western Bay of Plenty for the benefit of Consumers and their Communities. The Trust remains committed to ensuring that fair, sensible and responsible funding decisions are made, and in doing this we have reached a diverse cross-section of the local community through grants made this year. We are appreciative of the projects, activities and excellent work organisations are undertaking and we look forward to continuing to allocate funds through these Schemes. Congratulations to all the grant recipients listed here. TECT is delighted to have made a difference!

COMMUNITY ORGANISATION SUBSIDY SCHEME

Consumer Organisation	Project	Approved \$
Aquinas College	Computer Equipment, Data Projector, Electronic Scoreboard, Sound System	\$50,000
Arataki Free Kindergarten	Computers	\$3,673
ARGOS Gymnast	Computers, Fan, Fridge/Freezer, Oven, Sound System, Vacuum Cleaner	\$3,626
Beatty Avenue Bible Chapel	Computers, Photocopier	\$9,128
Bellevue Primary School	Computers	\$4,890
Bethlehem College	Cabling & Networking, Lighting, Meter Box, Security System, Wiring & Installation Costs	\$6,675
Brookfield Free Kindergarten	Computer Equipment, Computers, Data Projector, Digital Camera	\$3,807
Chamber of Commerce - Tauranga Region	Computer Equipment	\$4,749
Church of Christ - Otumoetai	Fan, Glass Cleaner, Hot Water Cylinder, Lighting, Oven, Microwave, Sound System, Wiring & Installation Costs	\$8,600
Community Sport Tauranga Charitable Trust	Cabling & Networking, Computers, Printer	\$3,318
Cool Bananas Youthwork Trust	Computers, Video Camera	\$3,222
Drug-Arm Tauranga	Photocopier	\$4,000
Eastern Districts Rugby & Sports Club Inc	Amplifier, CD/Radio Cassette/DVD, Data Projector, Sound System	\$3,729
EERST Trust	Computers, Data Projector	\$3,863
Evans Road Community Church	Computer Equipment	\$206
Fairhaven School	Pool Equipment, Pumps, Wiring & Installation Costs	\$34,986
Greenpark School	Air-Conditioning Unit, Wiring & Installation Costs	\$12,760
Greerton Free Kindergarten	Computers	\$2,207
Habitat for Humanity (Tauranga) Ltd	Electrical Upgrade, Hot Water Cylinder, Lighting, Oven, Microwave	\$12,593
Holy Trinity Anglican Church	Defibrillator	\$3,000
Hungahungatiroa Marae Inc Society	Oven, Microwave	\$1,111
Katikati Bowling Club	Fridge/Freezer	\$850
Katikati RSA Inc	Dishwasher, Wiring & Installation Costs	\$2,625
Katikati Rugby & Sports Club Inc	Fridge/Freezer, Oven	\$783
Life Education Trust WBOP	Air-Conditioning Unit, Data Projector, Lighting, Sound System, Wiring & Installation Costs	\$35,800
Makahae Marae Committee	Chiller, Electrical Appliances, Lighting, Wiring & Installation Costs	\$50,000
Maketu Health & Social Services	Data Projector, Laminator, Security System	\$2,607
Mt Maunganui College	Cabling & Networking, Computer Equipment, Computers, Data Projector, Video Camera	\$30,000
New Zeal Foundation	CD/Radio Cassette/DVD, TV	\$325
Ngaierangi Iwi Inc Society	Computers, Fridge/Freezer, Laminator, Oven, Microwave, Printer, Scanner, Shredder	\$2,735
Ngati Pukenga Iwi ki Tauranga	Boiler Unit, Dryer, Electrical Upgrade, Fan, Hand Driers, Washing Machine	\$46,000
No.2 Road Hall Committee	Electrical Upgrade	\$12,740
Oasis Christian Centre Elim Church Trust	Cabling & Networking, Dishwasher, Lighting	\$4,361
Omokoroa No.1 School	Cabling & Networking, Dishwasher, Fridge/Freezer, Hot Water Cylinder, Meter Box, Oven, Microwave, Sound System, Wiring & Installation Costs	\$13,726
Omokoroa Settlers Hall Committee	Dishwasher	\$2,641
Otamarakau School	Computers, Data Projector, Digital Camera, Video Camera, Electronic Whiteboard, Wiring & Installation Costs	\$8,500
Otumoetai Baptist Church	Hot Water Cylinder, Oven, Microwave, Wiring & Installation Costs	\$2,077
Otumoetai College	Electrical Upgrade, Wiring & Installation Costs	\$50,000
Otumoetai Free Kindergarten	Electrical Upgrade, Meter Box, Wiring & Installation Costs	\$2,505
Paengaroa School	CD/Radio Cassette/DVD, Computer Equipment, Computers, Data Projector, Sound System, Electronic Whiteboard, Wiring & Installation Costs	\$15,000
Papamoa Primary School	Computers, Data Projector, Photocopier, Sound System	\$14,568
Parent to Parent Coastal Bay of Plenty	Coffee Maker, Fan, Heaters, Kettle, Oven, Microwave, Toaster	\$285
Pirirakau Hauora Charitable Trust	Photocopier	\$4,745
Pongakawa Community Trust	Digital Clock	\$310
Presbyterian Support Northern	Air-Conditioning Unit	\$2,160
Pukehina Marae	Chiller, Hot Plate, Cook Tops, Meter Box, Oven, Microwave, Wiring & Installation Costs	\$10,497
Puppet Vision Charitable Trust	Data Projector	\$1,280
Rangiora School	Data Projector, Sound System, Electronic Whiteboard, Wiring & Installation Costs	\$7,364
Relationship Services Whakawhanganatanga	Computers, Data Projector, Dishwasher, OHP, Electronic Whiteboard	\$4,578
Royal New Zealand Plunket Society - BOP	CD/Radio Cassette/DVD, Dishwasher, TV, Vacuum Cleaner	\$1,391
Selwyn Ridge Primary School	Data Projector, Electrical Upgrade, Wiring & Installation Costs	\$5,000

Benefiting Consumers and their Communities

Consumer Organisation	Project	Approved \$
St Andrew's Church	Dishwasher, Dryer, Fridge/Freezer, Laminator, Oven, Microwave, Photocopier, Washing Machine, Wiring & Installation Costs	\$5,386
St John Resource Centre Inc	CD/Radio Cassette/DVD, Computers, Heatpump/Cooling System, Telephone/Answerphone	\$5,950
St John the Baptist Anglican Church	Photocopier	\$2,250
St Joseph's Catholic Church	Laminator, Photocopier, Printer	\$2,550
St Mary's Catholic School	CD/Radio Cassette/DVD, Data Projector, Listening Posts, Sound System, TV, Video	\$17,583
St Paul's Co-operating Church	Photocopier	\$1,998
St Peter's Presbyterian Church	Lighting, Wiring & Installation Costs	\$3,750
Taharua Coast School	Computer Equipment, Computers, Data Projector, Wiring & Installation Costs	\$33,732
Tauranga Community Arts Council	Computer Equipment, Computers, Data Projector	\$2,498
Tauranga Contract Bridge Club Inc	Air-Conditioning Unit, Dishwasher, Hot Water Cylinder, Meter Box, Oven, Microwave, Security System, Wiring & Installation Costs	\$28,045
Tauranga Environment Centre Charitable Trust	Data Projector	\$1,556
Tauranga Golf Club Inc	Irrigation System	\$10,128
Tauranga Hockey Association Inc	Ballast, Floodlighting, Wiring & Installation Costs	\$3,723
Tauranga Repertory Society Inc	Lighting	\$2,783
Tauranga Senior Citizens Club Inc	Dishwasher, Oven, Microwave, Printer	\$1,257
Tauranga Yoga Centre	Heatpump/Cooling System, Timing System, Wiring & Installation Costs	\$1,996
Tauriko School	Data Projector, Security System, Wiring & Installation Costs	\$15,000
Te Akau Kohanga Reo	Heaters, Heatpump/Cooling System, Hot Water Cylinder, Laminator, Shredder, Wiring & Installation Costs	\$1,823
Te Kohanga Reo o Arataki	Heaters, Heatpump/Cooling System, Hot Water Cylinder, Kettle, Shredder, Urn, Wiring & Installation Costs	\$1,956
Te Kura Kaupapa Maori O Otepeou	Computer Equipment, Computers	\$13,214
Te Manu Toroa Trust	Air-Conditioning Unit, Electric Pump, Hot Water Cylinder, Lighting, Wiring & Installation Costs	\$12,001
Te Matapihi Kohanga Reo	Video, Video Camera	\$700
Te Puke Community Care Trust	Computer Upgrade, Computers, Photocopier	\$2,955
Te Puke Free Kindergarten	Heatpump/Cooling System	\$4,149
Te Puke High School	Amplifier, Microphones, Musical Equipment, Sound System, Wiring & Installation Costs	\$10,000
Te Puke Lyceum Club Inc	Vacuum Cleaner	\$400
Te Puke Methodist Church	Computers, Data Projector	\$2,667
Te Puke Repertory Society Inc	Zip System, Wiring & Installation Costs	\$507
Te Puke Squash Racquets Club Inc	Glass Cleaner, Zip System	\$1,838
Te Puna Rugby Football Club Inc	Floodlighting, Meter Box, Wiring & Installation Costs	\$48,952
Te Puna School	Computer Upgrade, Computers	\$10,000
Te Ranga School	Cabling & Networking, Computers, Data Projector, Electrical Upgrade, Photocopier, Telephone/Answerphone	\$5,879
Te Wairoa Kohanga Reo	CD/Radio Cassette/DVD, Dishwasher, Dryer, Electrical appliances, Fridge/Freezer, Oven, Microwave, Sound System, Toaster, Washing Machine	\$1,907
Te Whare Hauora o Ngati Kahu 2000	Wiring & Installation Costs	\$5,718
Turning Point Trust	Computers, DRM Rolling Mill, Foreman Motor & Hand Piece, Ryobi Polishing Motor	\$3,941
Volunteer Western Bay of Plenty	Cabling & Networking, Computers, Fridge/Freezer, Oven, Microwave, Printer	\$2,986
Welcome Bay Baptist Church	Computer Equipment, Computers, Data Projector	\$1,817
Welcome Bay Free Kindergarten	Computers, Data Projector, Photocopier	\$4,388
Western Bay New Life Church	Electrical Items, Fire Alarm	\$1,138
Whakamarama & Districts Kindergarten	Computers, Data Projector, Digital Camera, Printer	\$5,698
TOTAL APPROVED SUBSIDY GRANTS FOR YEAR ENDED 31 MARCH 2007		\$800,415

COMMUNITY GRANTS *This year we lent a helping hand to...*

Consumer Organisation	Project	Approved \$
Community Events/Special Projects Fund		
Elms Foundation	Cultural Connections Exhibition	\$6,000
Priority One	Instep Programme	\$10,000
Tarnished Frocks & Divas Charitable Trust	Performing Arts Exhibition & Fashion Show	\$15,000
Tauranga Arts Festival Trust	2007 Arts Festival Event	\$100,000
Tauranga Moana Youth Council	Christmas in the Bay Celebrations	\$25,000
Tauranga YMCA	Senior Active Movers Rally	\$2,500
TrustPower/TECT Rescue Helicopter	2006/2007 Sponsorship	\$135,000
TOTAL APPROVED GRANTS YEAR ENDED 31 MARCH 2007		\$293,500

Community Amenities Fund		
St Paul's Presbyterian Church	Upgrade of Church and Community Centre	\$250,000
Tauranga City Council	All-Weather Athletics Track	\$300,000
Tauranga Riding for Disabled	Indoor Arena	\$250,000
Te Puke Tennis Centre	Upgrade of Courts	\$250,000
Te Ranga School	Upgrade of Courts	\$20,000
TOTAL APPROVED GRANTS YEAR ENDED 31 MARCH 2007		\$1,070,000

Energy Efficiency Fund		
EECA	Energy Efficient Healthy Homes Project	\$250,000
Energy Mad	Energy Efficient Ecobulbs	\$175,000
TOTAL APPROVED GRANTS YEAR ENDED 31 MARCH 2007		\$425,000

Scholarship Fund		
Bay of Plenty Polytechnic	Electrical-related Scholarships	\$12,000
TOTAL APPROVED GRANTS YEAR ENDED 31 MARCH 2007		\$12,000

STATEMENT OF SERVICE PERFORMANCE

For the year ended 31 March 2007

An explanation of achievements against specific objective statements in the Trust's 2006-2007 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 24-30 May 2006.
- Three submissions were received. Trustees confirmed Annual Distribution Plan.

2. To undertake Consumer Election of Trustees.

What we did:

- An Election was held in July 2006. M.Cooney, F.Denz and R.Scott were elected for 4-year terms.

INCOME AND INVESTMENTS

3. 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.
- Conducted independent review of TrustPower's electricity pricing regime.
- 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 major TrustPower shareholders.

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

What we did:

- Reviewed the balance of the Russell Investment Group Portfolio and resolved to rebalance the portfolio in line with its strategic asset allocation.
- Sought approval of TrustPower shareholders to the purchase of a further 4.4% stake in TrustPower.
- Restructured TECT in December 2006 to enable TECT to purchase in the most advantageous manner an additional 14 million shares in TrustPower. Formed 3 wholly owned subsidiary companies TECT Holdings Limited, TECT Finance Limited and TECT Finance No. 2 Limited. TECT Holdings Limited was established to hold TECT's existing shares in TrustPower and the additional shares purchased. TECT Finance Limited was established to raise funds by way of a redeemable preference share issue (RPS) to Arawata Finance Limited (an associate of the ANZ National Bank Limited) and to on lend those funds to TECT Holdings Limited. TECT Finance No. 2 Limited was established as a shelf company to be utilised if required on the redemption of the RPS.
- Signed Agreement with Tauranga City Aquatics Limited relating to \$4 million investment in redeemable preference shares for a period of 5 years.

- Met with Tauranga City Council and discussed local investment opportunities.
- Consulted with experts on Property Investment opportunities.
- Considered a number of investment opportunities.

5. To prepare a Statement of Investment Policy and Objectives (SIPO).

What we did:

- Drafted SIPO setting out objectives, policies and governing decisions about investments in relation to the Trust's group assets.
- Distributed SIPO to TECT's financial advisors for comment.

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

What we did:

- Finalised documents associated with the TrustPower Share purchase transaction following advice from financial advisors.
- Carried out our RPS process and requirements at the specified test dates.

RESPONSIBILITIES TOWARDS DISTRIBUTIONS

7. To undertake the Consumer Cheque Distribution.

What we did:

- Paid total of \$14,835,000 direct to 60,000 TECT Consumers.

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

What we did:

- Made an allocation of \$600,000 to the Community Organisation Subsidy Scheme for the year.
- Trustees reviewed applications in June, September, December 2006 and March 2007.
- 91 organisations received Subsidy grants totalling \$800,415.

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

What we did:

- Made an allocation of \$2,000,000 to the Major Amenities Scheme for the year.
- Paid \$2 million to Baywave TECT Aquatic & Leisure Centre.
- Paid \$261,830 to WBOP District Council towards development costs associated with TECT All Terrain Park.
- Considered major amenity opportunities and applications as they arose.

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

What we did:

- Made an allocation of \$343,000 to the Community Amenities Scheme for the year.
- Approved funding of \$250,000 to Tauranga Riding for Disabled towards construction of indoor arena.
- Approved \$250,000 to Te Puke Tennis Club for development of new courts.
- Approved funding of \$20,000 to Te Ranga School for upgrade of courts.
- Approved \$250,000 to St Paul's Presbyterian Church towards upgrade of Church and Community facilities.

STATEMENT OF SERVICE PERFORMANCE

For the year ended 31 March 2007

- Approved \$300,000 to Tauranga City Council for development of all-weather athletics track at Wharepai Domain.
- Paid \$500,000 to Waipuna Hospice for redevelopment and Inpatient Unit expansion.

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

What we did:

- Made an allocation of \$155,000 to the Community Events/Special Projects Scheme for the year.
- Resolved to support the TrustPower TECT Rescue Helicopter for a further 3-year term. Approved \$135,000 per annum.
- Contributed \$2,500 to the YMCA Senior Active Movers Rally for its 10th Anniversary Celebrations. Negotiated \$1 discount on entry price on presentation of the TECT Concession Cards.
- Approved \$100,000 to the Tauranga Arts Festival 2007. Negotiated 20% discount off first two tickets purchased to every show on presentation of the TECT Concession Cards.
- Approved \$25,000 to the Tauranga Moana Youth Council Trust towards the Christmas in the Bay 2006 event.
- Contributed \$6,000 to The Elms Foundation for the Cultural Connection Exhibition. Negotiated \$1 discount on entry price on presentation of the TECT Concession Cards.
- Approved \$15,000 to the Tarnished Frocks & Divas Charitable Trust for performing arts exhibition and fashion show.
- Paid \$200,000 to Tauranga Volunteer Coastguard for new rescue vessel.
- Paid Tauranga Musica Inc \$23,000 to host the Baby Proms and Kiwi Capers Concerts.

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

What we did:

- Made an allocation of \$250,000 to the Energy Efficiency Fund for the year.
- Approved grant of \$250,000 to Energy Efficiency & Conservation Authority (EECA) for Tauranga Healthy Homes Project.
- Approved \$175,000 to Energy Mad for Ecobulb promotion.

13. To support the TECT Scholarship Schemes in conjunction with the New Zealand Educational Institutes.

What we did:

- Made an allocation of \$17,000 to TECT's Scholarship Schemes for the year.
- Six Bay of Plenty Polytechnic students were successful in receiving TECT Scholarships for the 2006 academic year.

14. To support Regional Economic Development.

What we did:

- Provided \$10,000 funding to Priority One for the Instep Programme in local Colleges.

RESPONSIBILITIES TOWARDS CONSUMERS

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

What we did:

- Negotiated discounts for Consumers for admittance to TECT-funded amenities and events.
- Published Distribution Scheme criteria and closely evaluated all applications received.

- Published and distributed Election flyer for Consumer information.
- Ensured compliance with our Trust Deed and Code of Practice.
- Obtained an unqualified audit of our financial statements.
- Held Annual General Meeting of Consumers.

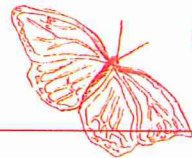
PROMOTION AND PUBLICITY

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

What we did:

- Met quarterly with recipients of TECT's 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 2006 Distribution Cheques. CCC benefited Consumers through discounts to Baywave TECT Aquatic & Leisure Centre, Tauranga Arts Festival, Tauranga YMCA Senior Active Movers Rally, The Elms Cultural Connection Exhibition.
- Updated website.
- Advertised funding available for Consumers.

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 2008/09 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 which is published on TECT's website.
- TECT publishes its Annual Distribution Plan and considers submissions made in respect of the Plan. Applications to TECT's Community Organisation Subsidy Scheme are considered quarterly. Other applications are considered as required.
- The day to day management and operation of TECT business is delegated to TECT's Secretary, BDO Spicers Tauranga Ltd, Chartered Accountants and Business Advisors.

Remuneration

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

Trustee Insurance

TECT maintains Trustee Liability Insurance cover.

Audit

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

TAURANGA ENERGY CONSUMER TRUST GROUP

Summarised Consolidated Financial Statements

FULL CONSOLIDATED FINANCIAL STATEMENTS AVAILABLE

The Summarised Consolidated Financial Statements on pages 17-20 have been extracted from the full audited Consolidated Financial Statements of the Trust for the year to 31 March 2007.

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 4 July 2007 can be obtained from:

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

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2007

	Consolidated		Tauranga Energy Consumer Trust		Other Entities	
	2007	2006	2007	2006	2007	2006
Operating Income						
Dividend Income	24,446,315	19,323,950	21,228,139	19,323,950	13,504,249	-
Interest Income	1,511,486	1,470,855	1,189,287	1,458,788	322,199	12,067
Capital Gain on Sale TrustPower Shares	-	-	482,945,098	-	-	-
Miscellaneous Operating Income	101,678	506,772	101,678	506,772	-	-
TOTAL INCOME	26,059,479	21,301,577	505,464,202	21,289,510	13,826,448	12,067
Expenses						
Legal and Advisory Fees	756,082	37,995	59,479	36,195	696,603	1,800
Secretarial Costs	209,834	185,050	200,012	182,443	9,822	2,607
Trustee Expenses	124,360	124,776	124,360	124,776	-	-
Other Operating Expenses	1,693,741	252,586	427,131	391,082	1,266,610	(138,496)
TOTAL EXPENSES	2,784,017	600,407	810,982	734,496	1,973,035	(134,089)
TOTAL SURPLUS FOR YEAR BEFORE TAXATION	23,275,462	20,701,170	504,653,220	20,555,014	11,853,413	146,156
Tax Charge	64,500	482,154	212,246	482,154	(147,746)	-
TOTAL SURPLUS AFTER TAXATION	\$23,210,962	\$20,219,016	\$504,440,974	\$20,072,860	\$12,001,159	\$146,156

STATEMENT OF MOVEMENTS IN TRUST EQUITY

For the year ended 31 March 2007

	Consolidated		Tauranga Energy Consumer Trust		Other Entities	
	2007	2006	2007	2006	2007	2006
Total Recognised Revenues and Expenses						
Net Surplus for the Year	23,210,962	20,219,016	504,440,974	20,072,860	12,001,159	146,156
Increase in Investment Revaluation Reserve	161,310,704	147,376,369	(562,343,518)	147,376,369	240,709,124	-
	184,521,666	167,595,385	(57,902,544)	167,449,229	252,710,283	146,156
Distributions	(17,612,334)	(16,100,170)	(17,623,609)	(16,105,128)	(10,274,798)	4,958
	166,909,332	151,495,215	(75,526,153)	151,344,101	242,435,485	151,114
Trust Equity at start of the year	638,522,808	487,027,593	636,624,622	485,280,521	1,898,186	1,747,072
TRUST EQUITY AT END OF THE YEAR	\$805,432,140	\$638,522,808	\$561,098,469	\$636,624,622	\$244,333,671	\$1,898,186

TAURANGA ENERGY CONSUMER TRUST GROUP

Summarised Consolidated Financial Statements

STATEMENT OF FINANCIAL POSITION

As at 31 March 2007

	Consolidated		Tauranga Energy Consumer Trust		Other Entities	
	2007	2006	2007	2006	2007	2006
TOTAL TRUST EQUITY (Including Reserves)	\$805,432,140	\$638,522,808	\$561,098,469	\$636,624,622	\$244,333,671	\$1,898,186
Represented by:						
Investments						
Shares in TrustPower Ltd	853,884,048	610,277,310	-	610,277,310	853,884,048	-
Russell World Bond & Share Funds	9,387,611	8,717,333	9,387,611	8,717,333	-	-
TECT Charitable Trust	-	-	100	100	(100)	(100)
TECT Holdings Ltd	-	-	1,000	-	(1,000)	-
TECT Finance Ltd	-	-	1,000	-	(1,000)	-
TECT Finance No. 2 Ltd	-	-	1,000	-	(1,000)	-
RPS - TECT Holdings Ltd	-	-	530,285,144	-	(530,285,144)	-
RPS - Tauranga City Aquatics Ltd	4,000,000	-	4,000,000	-	-	-
Chapel Street Property	800,490	800,490	800,490	800,490	-	-
	868,072,149	619,795,133	544,476,345	619,795,233	323,595,804	(100)
Current Assets						
Cash at Bank	1,192,731	408,080	573,066	408,080	619,665	-
Short Term Deposits	23,531,725	22,663,831	18,652,550	22,442,977	4,879,175	220,854
Sundry Accounts Receivable	98,772	18,989	180,815	18,989	(82,043)	-
Deferred Taxation	275,833	-	128,087	-	147,746	-
Taxation Refund Due (Note 2)	154,739	35,806	65,472	35,806	89,267	-
	25,253,800	23,126,706	19,599,990	22,905,852	5,653,810	220,854
Non Current Assets						
Capitalised Costs for Redeemable Pref Shares	714,897	-	-	-	714,897	-
TOTAL ASSETS	\$894,040,846	\$642,921,839	\$564,076,335	\$642,701,085	\$329,964,511	\$220,754
Less Current Liabilities						
Sundry Accounts Payable	499,537	30,786	268,697	2,458,218	230,840	(2,427,432)
Provision for Distributions	3,109,169	4,368,245	2,709,169	3,618,245	400,000	750,000
TOTAL CURRENT LIABILITIES & DISTRIBUTION PROVISIONS	\$3,608,706	\$4,399,031	\$2,977,866	\$6,076,463	\$630,840	\$(1,677,432)
Less Non Current Liabilities						
Redeemable Preference Shares	85,000,000	-	-	-	85,000,000	-
NET ASSETS	\$805,432,140	\$638,522,808	\$561,098,469	\$636,624,622	\$244,333,671	\$1,898,186

Trustee:



Trustee:



Date: 4 July 2007

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



TAURANGA ENERGY CONSUMER TRUST GROUP

Summarised Consolidated Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

1. Statement of Accounting Policies

A. BACKGROUND

These are the Summarised Financial Reports for TECT Group comprising Tauranga Energy Consumer Trust ("TECT"), TECT Charitable Trust, TECT Holdings Limited, TECT Finance Limited and TECT Finance No. 2 Limited.

The Tauranga Energy Consumer Trust was established under a Trust Deed on 21 December 1993 as a consequence of the Tauranga Electric Power Board's Establishment Plan. TECT is a reporting entity as defined by the Financial Reporting Act 1993 and this financial report is prepared in accordance with that Act.

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

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

TECT is not a Charitable Trust and accordingly may not continue for more than 80 years. On the winding up of the Trust the assets of the Trust, which remain, will be distributed for the benefit of Consumers (as defined above). TECT was set up to provide a stable local shareholding base for TrustPower Limited as it sought to be a strong successful business in the deregulated energy sector in New Zealand. Currently the TECT Group holds 103,878,838 shares, representing 33% in the capital of TrustPower Limited.

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

Also in December 2006, TECT secured an option to purchase from Infratil 4.4% of TrustPower (14 million shares) at a price of \$5.90 per share. TECT sought the approval of TrustPower's shareholders. The \$85 million purchase (including costs) is debt funded by the TECT Group and provided for Infratil to support amendments to the TrustPower Constitution which preserves the Company's head office in Tauranga, provides TECT with a right to appoint a Director onto the TrustPower Board (subject to it retaining its holding of no less than 25%) and placing certain restrictions as to TrustPower's level of debt gearing. The deal was negotiated by TECT's specialist investment advisor, Strategic Finance Ltd.

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

B. MEASUREMENT BASE

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis, are followed by the Trust, with the exception of share and bond 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 \$64,500 relates to current group tax charges of \$11,052,003 less dividend Imputation Tax Credits of \$10,987,503. Tax refunds totalling \$154,793 are due as a result of over payments of prior year's provisional tax and resident withholding tax deductions on Interest received. Deferred Taxation shown in the Statement of Financial Position arises from excess Imputation Credits which are able to be converted to tax losses. The total Deferred Taxation of \$275,833 represents the tax value of these tax losses.

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

In February 2006, TECT resolved to invest \$4 million for a period of 5 years with Tauranga City Aquatics Limited (TCC Council Controlled Organisation) in redeemable preference shares, with the return at the better of the Official Cash Rate or the 90 Day Bank Bill rate plus a margin of 1%. (2007: \$4 million; 2006 Nil).

4. Imputation Credits

As TECT is not a company it does not have an Imputation Credit account. TECT Holdings Limited, TECT Finance Limited and TECT Finance No. 2 Limited are registered as an Imputation Group. As at 31 March 2007 the Group had Imputation Credits available of \$1,249,007 (2006: Nil).

5. 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 (2006 Nil).

6. Related Party Transactions

Tauranga Energy Consumer Trust and TECT Charitable Trust Chairperson, Mr Michael Cooney is also a director of TrustPower Limited. Net dividends received by TECT Group from TrustPower Limited during the year ended 31 March 2007 totalled \$24,289,709. At 31 March 2007 the TECT Group shareholding in TrustPower Limited was 103,878,838 shares valued at \$8.22 per share or a total value of \$853,884,048.

TAURANGA ENERGY CONSUMER TRUST GROUP

Summarised Consolidated Financial Statements

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

New Zealand reporting entities are required to adopt New Zealand equivalents of International Financial Reporting Standards (NZIFRS) for financial statements that cover an annual reporting period commencing on or after 1 January 2007. Early adoption is allowed for periods commencing on or after 1 January 2005. Tauranga Energy Consumer Trust Group intends to implement NZ IFRS in its annual financial statements for the year ending 31 March 2008.

Transition Management

Tauranga Energy Consumer Trust has begun the process of:

- assessing the key differences in accounting policies under NZ IFRS and current accounting policies;
- determining the impacts on the financial statements from transition; and
- determining and implementing processes to deal with any related Trust business impacts.

Changes in Accounting Policies on Transition to NZ IFRS

Significant differences identified by Tauranga Energy Consumer Trust Group are outlined below. This should not be regarded as a complete list of changes in accounting policies that will result from the transition to NZ IFRS as some decisions have not yet been finalised where a choice of accounting policies is available. Tauranga Energy Consumer Trust is not yet able to reliably quantify impacts on the financial statements which will arise from the transition to NZ IFRS. It is possible that the actual impact of adopting NZ IFRS may vary from the information presented below, and the variation may be material.

A. DEFERRED TAX

On transition to NZ IFRS deferred tax is provided using the balance sheet approach rather than the income statement approach currently applied. The balance sheet approach provides for all temporary differences between the carrying amount of assets and liabilities for accounting and tax purposes. Deferred tax will be recognised in the income statement except to the extent that it relates to items recognised directly in equity or as part of a business combination.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Any deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The future realisation of the tax benefit is subject to the requirements of income tax legislation being met.

B. FINANCIAL INSTRUMENTS

Accounting for financial instruments under NZ IFRS may involve some major changes from our current policies. Under NZ IFRS it is anticipated that the Tauranga Energy Consumer Trust Group will not have significant influence over TrustPower and the investment will be classified as 'available for sale'. Tauranga Energy Consumer Trust Group are in the process of assessing whether the current

measurement base of fair value, the share price of those shares which are actively traded, is the most appropriate basis to determine fair value under NZ IFRS or whether an alternative approach should be adopted in light of the relative size of the Group's investment, and the relatively small parcels of shares that are actively traded on the New Zealand Stock Exchange.

The Tauranga Energy Consumer Trust Group is also in the process of determining whether the Russell World Share and Bond Funds should be classified as 'available for sale' or 'fair value through the profit and loss' account under NZ IFRS. The former would recognise the investments at fair value on the Group's balance sheet with all movements (except impairment) being recognised within equity. The latter would also recognise the investments at fair value but all movements in fair value would be recognised in the Group's profit and loss account.

8. 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 2007 have been extracted. In our full report dated 4 July 2007 we expressed an opinion that the Financial Statements:

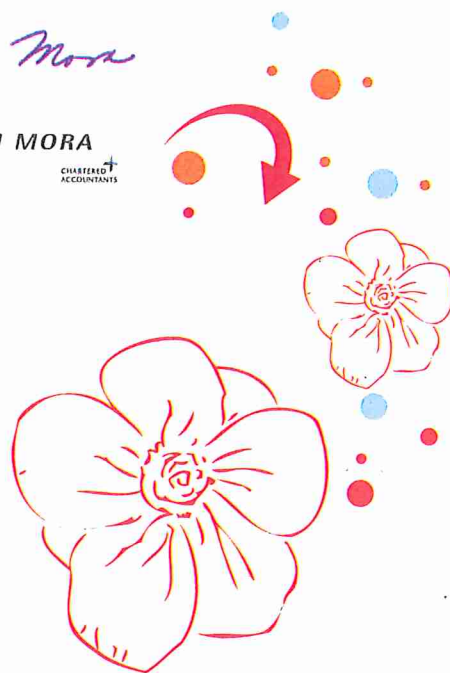
- Comply with generally accepted accounting practice.
- Give a true and fair view of the financial position of the Trust and group as at 31 March 2007 and the results of operations and cash flows for the year ended on that date.

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

Ingham Mora

INGHAM MORA
TAURANGA

CHARTERED
ACCOUNTANTS



TRUSTEES

MJ Cooney, Chairperson
BW Cronin, Deputy Chairperson
MH Cameron
F Denz
IR Harris
RJC Scott

SECRETARY

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

AUDITORS

Ingham Mora, Tauranga

SOLICITORS

Holland Beckett, Tauranga
Quigg Partners, Wellington

FINANCIAL ADVISORS

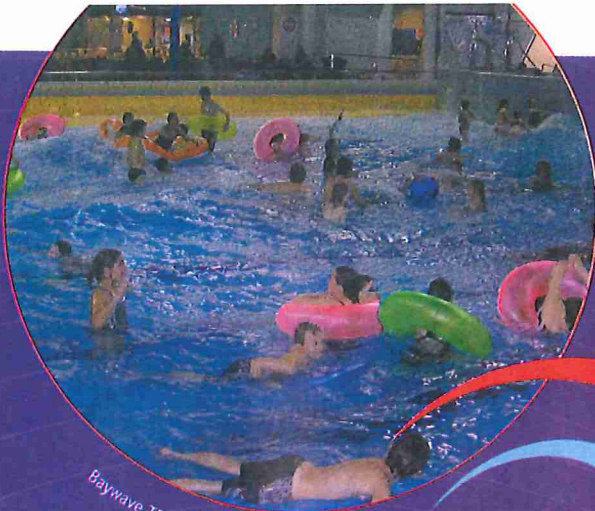
Strategic Finance Limited, Auckland
KPMG, Christchurch
KPMG, Wellington

BANKERS

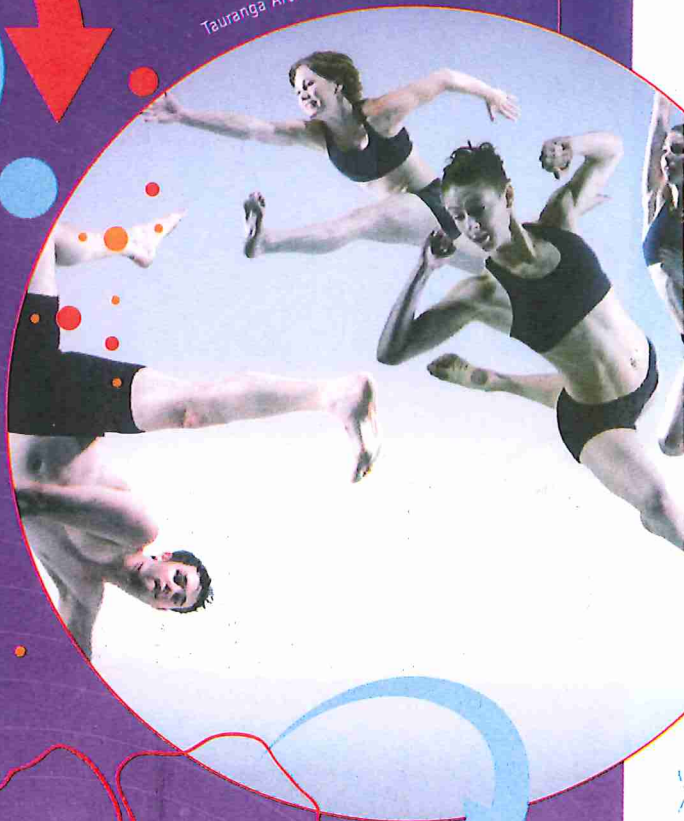
Westpac, National Bank, ANZ Bank, Kiwibank
and Bank of New Zealand

DATE OF COMMENCEMENT

21 December 1993



Baywave TECT Aquatic & Leisure Centre



Tauranga Arts Festival



TrustPower TECT Rescue Helicopter

Benefiting Consumers and their Communities

www.tect.org.nz



273 Devonport Rd

PO Box 356

Tauranga

Tel: 07 578 5095

Fax: 07 578 9050

Email: info@tect.org.nz

