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# THE FUTURE OF TECT

## CONSUMER INFORMATION MEMORANDUM

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18 February 2021



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# 1. Notice of Proposal

## TRUSTPOWER IS CHANGING, SO TECT MUST CHANGE TOO.

### 5 things you need to know:

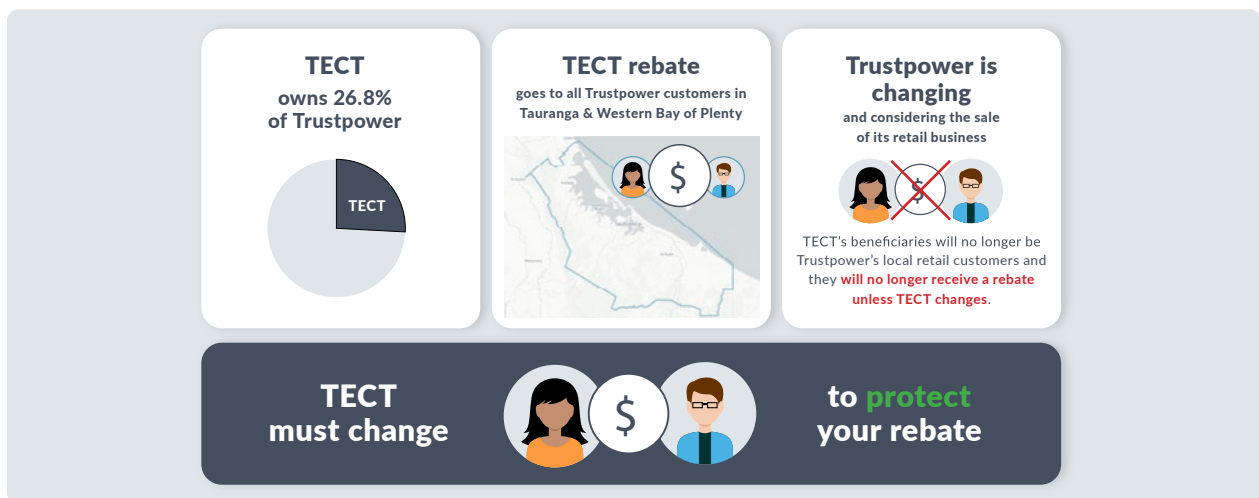
1. Trustpower is undertaking a strategic review of its Retail Business that includes considering its sale. This means that TECT also needs to review its structure and any changes required to it.
2. If a sale does take place, unless TECT changes its structure, the status of you - its beneficiaries - will be under threat.
3. The TECT rebate is protected under the new structure for approximately 30 years. Based on current financial projections you will continue to receive it until the end of 2050.
4. As a beneficiary you do not need to do anything further.
5. If you'd like to know more, read on or go to [www.tect.org.nz](http://www.tect.org.nz)

### What is happening and why is TECT putting forward this proposal?

We know that many of you will be wondering why TECT is again considering changes to its structure. The simple answer is because we have to.

Trustpower's decision to conduct a strategic review and potentially sell its Retail Business means that TECT must also consider changes to its structure and the way it operates.

This is because a sale of Trustpower's Retail Business to a third party means that, under the TECT Trust Deed, TECT's beneficiaries will no longer be you - Trustpower's local retail customers. This means that you would no longer be entitled to receive a rebate.



Instead, the beneficiaries after a sale would be only a small number of larger commercial and industrial electricity users in the Tauranga and Western Bay of Plenty region who will remain customers of the Trustpower Generation business if the Retail Business is sold.

As such, if and when a sale occurs TECT will not be able to fulfil its purpose, which is to benefit the broad base of electricity customers of Trustpower in Tauranga and the Western Bay District. In practice, this means that the Trustees will not be able to distribute rebates to local retail customers and TECT will effectively be frozen. The direct TECT rebate to you will stop.

Even if the current strategic review by Trustpower does not lead to a sale in the short term, it demonstrates the ongoing uncertainty of the ownership of the Retail Business and the Trustees believe that the structure of TECT needs to change to future-proof the Trust and the rebate.

Following Trustpower's announcement, the Trustees are therefore required to act now to consider updating the structure of TECT in order to meet their obligations under the TECT Trust Deed. The Trustees note that they wish to proceed with a restructure of TECT irrespective of whether Trustpower is ultimately successful in selling the Retail Business.

We are now seeking your views on this proposed new structure for TECT.

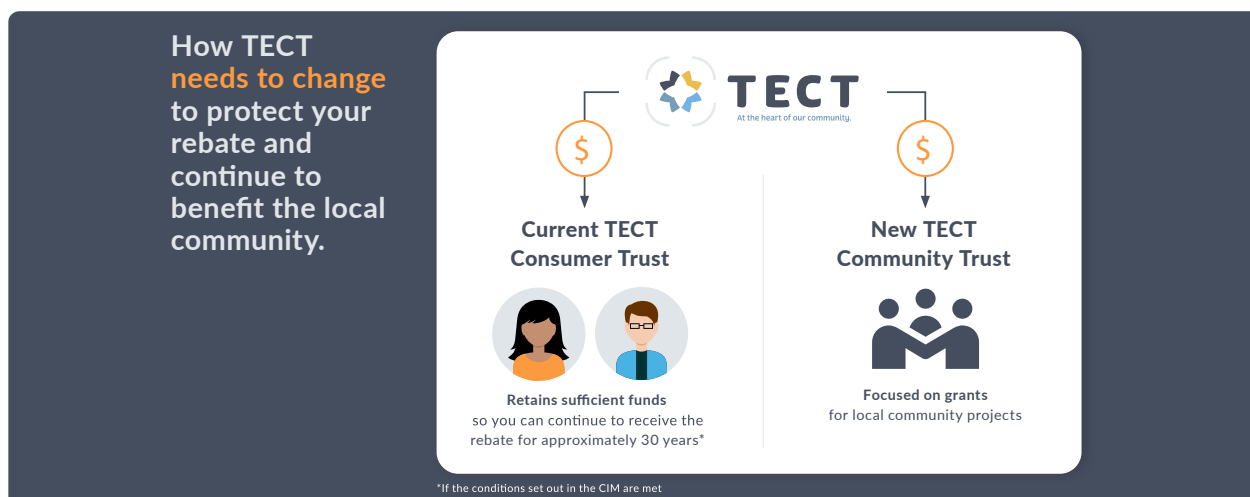
### How is TECT changing?

In considering options for a new structure for TECT and the transition to it, the Trustees have been guided by four key principles:

1. **TECT's purpose** – the purpose and intent for which TECT was created.
2. **Maintaining TECT's capital** – so that a trust can continue for future generations.
3. **Legal obligations and Trustee duties** – doing nothing is not an option.
4. **Fairness** – current beneficiaries and future generations all benefit.

We also heard your feedback in 2018 loud and clear and know how important the TECT rebate is to you.

The proposal therefore ensures that the rebate will continue to be paid for approximately 30 years, to every existing retail customer who remains an electricity customer of Trustpower or a buyer of Trustpower's Retail Business.



The steps for change include:

#### Step 1:

TECT would retain funds which are sufficient to pay a yearly rebate to all existing beneficiaries (as of **Thursday 28 January 2021**) for approximately 30 years (i.e., the intention is to retain enough funds to pay, based on current financial projections, rebates until 31 December 2050). The amount and structure of that retention has been developed using independent customer information from Trustpower to determine an appropriate churn assumption, and financial modelling from KPMG. The range is in the order of \$291 million to \$413 million. The Trustees have yet to finalise the retention, but intend to focus towards the high end of the range.

An existing beneficiary is essentially a customer of Trustpower in the defined Tauranga and Western Bay of Plenty District who currently is eligible to receive a rebate.

- The rebate will be \$500 a year for the first ten years, will increase to \$600 in 2030 and increase further to \$700 in 2040, to take account of inflation. \$500 was the averaged median rebate payment over the five previous years.
- Rebates will be paid on a usual six monthly TECT cycle.

- To receive a rebate a beneficiary must remain a customer of Trustpower or the buyer of the Retail Business (or a subsequent buyer), in the district - subject to limited exceptions. If you leave, the rebate stops<sup>1</sup>.
- New customers and the current customers of the new business do not become beneficiaries.
- At 31 December 2050, TECT must be wound up (if it has not been wound up earlier for example, due to the trust fund all having been paid out as rebates), and its remaining assets will go to the new TECT Community Trust described below.

There is no guarantee that rebates will be paid out until the end of 2050, but that is the current projection based on financial modelling. If the trust fund has been paid out in full earlier, TECT will end and rebates will end.

The changes will be implemented by changing the TECT Trust Deed as summarised in the Consumer Information Memorandum dated 18 February 2021, such as changes to the definition of Consumer, the distribution clauses to lock in the rebates, the removal of the restrictions on selling Trustpower Shares, the provisions regarding trustees and the provisions about winding up.

## Step 2:

The balance of TECT's funds (including its shareholding in Trustpower) would be transferred to a new long-term community trust focused on grants for local community projects.

## Why is TECT proposing to change this way?

The decision by Trustpower to conduct a strategic review and potentially sell its Retail Business means the Trustees must act now to futureproof the structure of TECT and protect the rebate for existing beneficiaries.

The proposed new structure will also resolve several important issues with the existing structure that have developed in recent years and pose ongoing risks to TECT:

1. **A shrinking beneficiary base** – when TECT was formed in 1993, 100% of electricity consumers in the Tauranga and Western Bay of Plenty region were beneficiaries. Today it's around 59% and decreasing by the day as more consumers choose to move to other electricity providers.
2. **Structural issues** – concern has been expressed previously about matters such as the relationship between the TECT rebate and Trustpower and there is a risk that this could be raised again.
3. **Trust law changes** – Trustees need to balance current and future beneficiaries, and to provide in effect intergenerational benefits. The new Trusts Act, which came into force in January 2021, changes TECT so that it has a total life of 125 years, placing more emphasis on future beneficiaries.

The changes to TECT's structure we are proposing will help resolve all these challenges and make sure that Trustees are meeting their obligation to maximise the benefit of the Trust for all beneficiaries.

## What can't we do?

In considering options for the future of TECT, the Trustees have also carefully considered and ruled out the following.

1. **Stop Trustpower selling the Retail Business** – TECT is a minority shareholder in Trustpower with only a 26.8% stake and therefore could not stop Trustpower from undertaking any proposed sale of the Retail Business.
2. **Continue with the status quo** – any potential sale of the Trustpower Retail Business would mean that only those customers of the remaining Trustpower generation business (commercial and industrial customers) would be beneficiaries of TECT. The previous retail customers would no longer be beneficiaries. This is unfair, which is why it is proposed that rebates continue for those who were beneficiaries on Thursday 28 January 2021. In addition, the other issues with the structure noted above would become even more pronounced.
3. **TECT remains unchanged and simply makes the customers of the new company the beneficiaries of TECT** – this would be against the scheme and purpose of TECT, as at that point TECT would not own any shares in the new company.
4. **Wind up TECT and pay out beneficiaries** – winding up TECT would be against the scheme and purpose of TECT.

<sup>1</sup> Some exemptions apply. See the proposed TECT Consumer Trust deed on the TECT website for more information.

## What now?

The strategic review and potential sale of Trustpower's Retail Business means that TECT must act to safeguard its future - we have no choice.

As Trustees, we believe that the new structure set out for TECT in this Consumer Information Memorandum will ensure the success of TECT for the Tauranga and Western Bay community for current and future generations, while protecting the rebate for existing beneficiaries for approximately 30 years.

We are particularly excited about the ability the proposed new structure will deliver to TECT in the future to fund more community projects, like the local rescue helicopter service and St John's, which serve and benefit everyone in our community.

We urge you to read the Consumer Information Memorandum carefully, to visit [www.tect.org.nz](http://www.tect.org.nz) for more information, and to come along to the public consultation meetings being held over the next month. You have the ability to make a submission in writing, and you will also have the opportunity to talk to your submission should you wish to.

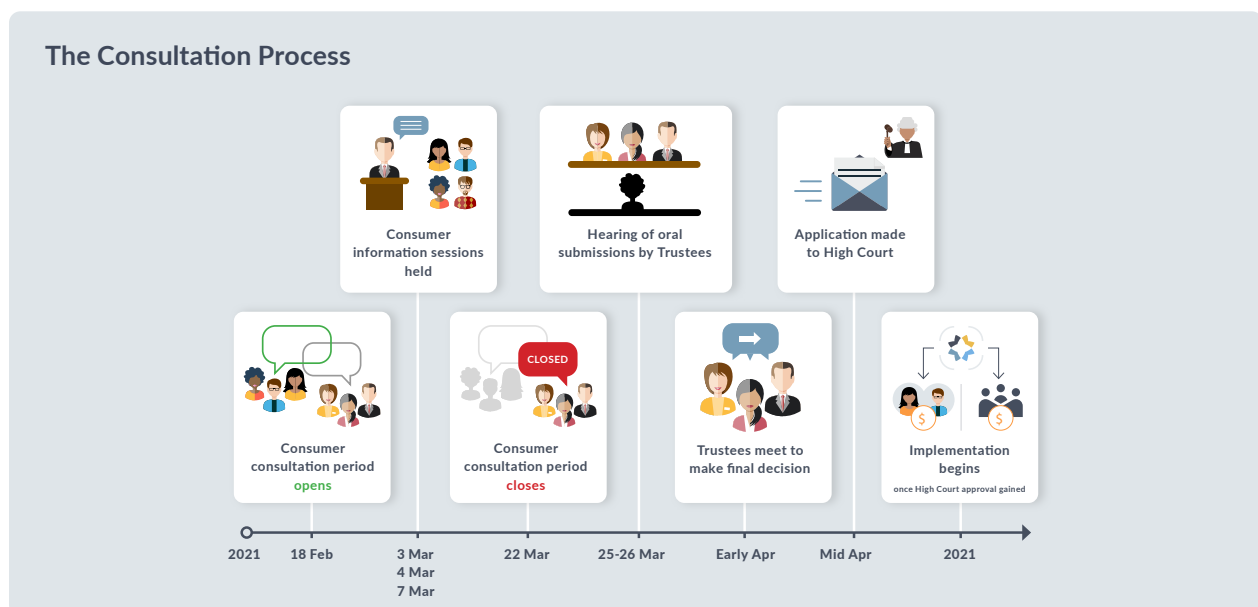
Once the public consultation process is complete, Trustees will make a decision on how to proceed.

As a final independent step, any changes the Trustees then propose will be reviewed by the High Court which will be asked to endorse the proposal and process. Consumers will be given an opportunity to make submissions to the High Court if they wish.

Please see the remainder of the Consumer Information Memorandum for further important information.

Yours sincerely,

The Trustees of TECT



## Formal Notice of Proposal

This document is a formal notice of proposal under the TECT Trust Deed.

Notice is hereby given by the Trustees of TECT in accordance with clause 11 of the TECT Trust Deed dated 21 December 1993 (as amended from time to time) to all of its Consumer beneficiaries of the proposal set out in this notice.

The following proposal is required to be disclosed pursuant to the Consumer Consultative Procedure set out in Schedule III to the TECT Trust Deed and therefore this Notice of Proposal is being given for that purpose.

**The Trustees propose the following:**

*“That TECT restructures in the manner set out in the Notice of Proposal dated 18 February 2021 and as referred to in the Consumer Information Memorandum dated 18 February 2021, including by amending the TECT Trust Deed, establishing the TECT Community Trust, causing TECT’s indirectly held shares in Trustpower to be transferred into that new trust, and making the distributions and rebate payments referred to in those documents.”*

## 2. Why are the Trustees making this Proposal?

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The Trustees of Tauranga Energy Consumer Trust (TECT) (the **Trustees**) seek Consumers<sup>2</sup> feedback on a proposal to:

- Future-proof TECT in light of the strategic review, and potential sale, by Trustpower of its consumer electricity, gas and telecommunications businesses (**Retail Business**); and
- Whether that sale occurs or not, resolve several important issues with the existing structure that have developed in recent years and pose ongoing risks to TECT.

### **Why are the Trustees making this Proposal now?**

#### **TRUSTPOWER IS CHANGING, SO TECT MUST CHANGE TOO.**

Trustpower has announced a strategic review of its Retail Business, and a possible outcome of that review is that Trustpower sells its Retail Business.

If a sale of Trustpower's Retail Business proceeds:

- The current retail and consumer customers of Trustpower's Retail Business will cease to be "Consumers" under the TECT Trust Deed on a sale occurring, as legally the buyer does not become a "successor" of Trustpower under the TECT Trust Deed.
- The only "Consumers" of Trustpower for the purposes of the TECT Trust Deed will be the small number of larger commercial and industrial electricity customers retained by Trustpower in the Tauranga and Western Bay of Plenty district.

That would mean that TECT would no longer be able to be administered in a way that is consistent with its terms and objectives, and in a practical sense its purposes will have been frustrated.

Therefore, if a sale proceeds, there is no choice but to undertake some form of change to preserve and protect those objectives. With no change, current consumers who transfer to a buyer of Trustpower's retail assets would get no future rebates.

Even if a sale by Trustpower does not follow the strategic review, the Trustees believe that the review indicates that Trustpower is unlikely to remain the owner of the Retail Business for the whole of the remaining life of TECT (almost another 100 years), and as Trustpower itself notes there are significant changes in the energy market. That belief, when combined with the range of other structural issues (noted below) that have also emerged, reinforce that there is a need for change whether a sale occurs or not.

As a result of all this, the Trustees of TECT are of the strong view that doing nothing is not an option. Trustees have agreed on a proposal for change. The Trustees' proposal is a response to Trustpower's strategic review, but the Trustees are clear that they wish to proceed with the restructure whether or not Trustpower's review leads to an immediate sale by Trustpower of its Retail Business.

The proposal in Section 3 of this Consumer Information Memorandum is advantageous to the current Consumers of Trustpower's Retail Business, as they will continue to receive rebates from TECT. It also benefits current and future members of the Tauranga and Western Bay community through the new charitable trust.

The Trustees have of course considered other options, and they are discussed later in Sections 3 and 4 of this Consumer Information Memorandum along with the reasons why the Trustees are not proposing them.

<sup>2</sup> A "Consumer" under the TECT Trust Deed is defined, in summary, as a person who is named in the records of Trustpower as being liable to pay Trustpower any amount for electrical energy supplied or to be supplied to premises situated in the defined Tauranga and Western Bay of Plenty districts.



## What other structural issues point to a change being appropriate?

The structural issues that have been identified over time are as follows:

- The beneficiaries of TECT, the Consumers, are reducing over time. When the trust was formed in 1993, TECT served all consumers connected to the electricity lines within the TECT district. Today it is only 59%, and declining.
- There is a tension between making grants and declining numbers of Consumers - as grants should provide benefits to Consumers principally. That gets harder over time, and of course there is a degree of impracticality that has emerged as no charity or community group has only the same beneficiaries as TECT.
- There is ongoing interest in the relationship between TECT and Trustpower, and the impact of rebates on electricity pricing. That interest has been from the Commerce Commission and consumers, some of whom have complained to the Commerce Commission. The issue was referenced in the recent NZ Electricity Pricing Review. While no issues were found, the matter will no doubt be examined again at some point.
- The Trustees need to balance current and future beneficiaries, and to provide in effect intergenerational benefits. The new Trusts Act, which came into force in January 2021, changes the trust so that it has a total life of 125 years, arguably placing more emphasis on future beneficiaries. The TECT Trust Deed has provision for an automatic extension to that 125 years, which confirms this intention to operate beyond the current consumers.

The Proposal addresses these issues, providing for current and future beneficiaries and providing certainty around the rebate allowing Trustpower and other market participants to structure their offers to consumers with transparent information about the rebate.

### 3. What is the Proposal?

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#### The Proposal

The Trustees have aimed to develop a proposal that seeks to preserve the interests of Consumers, and grow the amount it invests for the wider benefit of the community to benefit generations to come.

The following is a summary of the main aspects of the proposal:

- TECT would be renamed the TECT Consumer Trust.
  - Consumers (as defined in the TECT Trust Deed) in the Tauranga and Western Bay of Plenty District (also as defined in the TECT Trust Deed) who are Trustpower electricity customers (**Eligible Consumers**) on Thursday 28 January 2021 (**Record Date**), being the date of Trustpower's announcement of its strategic review, will continue to receive a rebate from TECT, irrespective of whether Trustpower's Retail Business is sold or kept.
  - Eligible Consumers include both retail consumers and commercial and industrial customers. Current customers of a buyer of the Retail Business, and future customers of Trustpower or such a buyer are not Eligible Consumers, and will not receive a rebate.
  - The annual rebate would be \$500 per eligible ICP for each Consumer, irrespective of size or type of consumer. The number of ICP's will be capped at the number recorded against the Eligible Consumer on the Record Date plus the ability to add an additional five (any additional ICP's must be in the TECT district, and meet the eligibility criteria).
  - \$500 is the averaged median amount of the annual rebates Eligible Consumers received in the previous five years.
  - Other key attributes of the rebate are:
    - The rebate is to be paid in two instalments, i.e. \$250 every six months. The trustees would have the right to modify the frequency of payments.
    - The rebate amount will increase to \$600 in 2030 and \$700 in 2040, to reflect inflation. The TECT Consumer Trust Deed will prohibit other adjustments, down or up, other than following a detailed procedure including a consumer consultation and vote, and approval by the High Court.
- The current rebate eligibility criteria will largely apply (i.e. must be customer of the relevant company for the 6 month period) - see [www.tect.org.nz/rebates/](http://www.tect.org.nz/rebates/)
- If a consumer misses a rebate due to not meeting the 6 month eligibility period, they remain a consumer and can be included in the next rebate if they meet the following 6 month eligibility requirements. However, if they miss 3 consecutive rebates, they become ineligible for all future rebates.
  - Eligible Consumers would remain entitled to receive a rebate for so long as they remain electricity customers of Trustpower or of the buyer (or any subsequent buyer) of the Retail Business, in each case in the District, until TECT is wound up.
  - A new charitable trust (the **TECT Community Trust**) would be set up to benefit community groups and organisations in the Tauranga and Western Bay of Plenty District. The TECT Consumer Trust would distribute a portion of its assets (including its shares in Trustpower) to the TECT Community Trust when the Proposal was implemented. In this way, the proposal looks after the interests of future beneficiaries and the entire community of electricity users in the District.
  - The TECT Consumer Trust would retain sufficient assets to pay for the rebates to Eligible Consumers (estimated currently to be approximately 49,000). The amount has been determined by financial modelling undertaken with support of Trustpower, KPMG and Findex. The amount retained would be loaned to the TECT Community Trust who would invest it, and would pay interest and repay principal to the TECT Consumer Trust in amounts sufficient for it to make the rebate payments. The range is in the order of \$291 million to \$413 million. The Trustees have yet to finalise the retention, but intend to focus towards the high end of the range.

- The TECT Consumer Trust would be wound up, and its remaining assets would be distributed to the TECT Community Trust, in approximately 30 years' time. The intention is that the TECT Consumer Trust will continue to pay rebates until 31 December 2050, but if the trust fund is fully spent earlier then the TECT Consumer Trust would then be wound up.
- The existing TECT Charitable Trust would be wound up when the proposal was implemented.

The Trustees note that they wish to proceed with a restructure of TECT irrespective of whether Trustpower is ultimately successful in selling the Retail Business, for the reasons noted earlier.

### **How long will I continue to receive a rebate?**

As a result of the above proposal you will continue to receive your rebate, until:

- You change electricity supplier from Trustpower or the buyer of Trustpower's Retail Business (or a subsequent buyer).
- If you miss a rebate, because you cease to be eligible, but then re-join Trustpower or such a buyer before the next rebate, then you become eligible again.
- If you cease to meet the eligibility requirements of a Consumer for 18 months, you lose eligibility forever.
- The TECT Consumer Trust is wound up in approximately 30 years.

### **Who will not get a rebate?**

The following groups will not receive a rebate:

- The existing customers of a buyer of Trustpower's Retail Business, whether in the Tauranga and Western Bay of Plenty region or elsewhere.
- New customers of Trustpower or a buyer of Trustpower's Retail Business, whether in the Tauranga and Western Bay of Plenty region or elsewhere.

## What alternative proposals have been considered?

In formulating and agreeing on the proposal, the Trustees considered a wide range of options, and some of those are set out below along with the reasons they are not proposed and are not acceptable to the Trustees.

| Alternative   | Trustee Comments  |
|---|---|
| TECT remains unchanged and simply makes the Tauranga and Western Bay of Plenty customers of the buyer of the Retail Business the Consumers of TECT by making the “Company” under the TECT Trust Deed refer to that buyer. | <p>This is inconsistent with the scheme and purpose of the TECT Trust Deed, particularly as TECT would have no shareholding in that company.</p> <p>The Trustees also consider that it would be unfair as it would benefit consumers who did not support Trustpower.</p>  |
| TECT is wound up and its assets are distributed to Consumers.   | This would be inconsistent with the purposes for which TECT was established and therefore is unlikely to be approved by the High Court.   |
| TECT continues with changes to pay rebates to Eligible Consumers but only for a short period of time (e.g. under 10 years).   | <p>The Trustees consider that a smaller defined period is not appropriate and that Eligible Consumers should receive an ongoing rebate for so long as they are customers of Trustpower or the Trustpower Retail Business and remain eligible to do so, for a long period of time.</p> <p>The Trustees have listened to this feedback from 2018.</p> |
| TECT pays a lump sum capital payment to existing beneficiaries, as well as ongoing rebates.   | This would be inconsistent with the purposes for which TECT was established and therefore is unlikely to be approved by the High Court.   |
| TECT continues and pays rebates to all existing customers of the buyer of Trustpower’s Retail Business, as well as Eligible Consumers.  | <p>The Trustees consider that this would be inconsistent with the purposes of TECT, as it would benefit customers who had chosen not to be Trustpower customers.</p> <p>Additionally, it would mean the trust funds may need to be applied to a much wider group of consumers, and rebates may decrease.</p>  |
| TECT continues and pays rebates to all existing customers and all new customers of the buyer of Trustpower’s Retail Business, as well as Eligible Consumers.  | <p>The Trustees consider that this would be inconsistent with the purposes of TECT, as it would benefit customers who had chosen not to be Trustpower customers.</p> <p>Additionally, it would mean the trust funds may need to be applied to a much wider group of consumers, and rebates may decrease.</p>  |

## 4. How will the proposal be implemented and how are Consumers involved?

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### Implementation of the Proposal

The Trustees all support the proposal, as described in Section 3 of this Consumer Information Memorandum.

However, while they have to date voted unanimously to put the proposal to Consumers for consultation, they will not vote finally on the proposal until the following steps have occurred:

- All the requirements of the TECT Trust Deed have been met, including completion of the Consumer Consultative Procedure under the TECT Trust Deed.
- Completion of a series of Consumer Information Sessions.
- Receipt and consideration of feedback and submissions of Consumers.
- Finalisation of any changes to the proposal as a result of the consultation and feedback/submission process.

At that point, the Trustees will vote on the final proposal. For it to proceed, the Trustees must approve it unanimously.

The final stage would be a High Court approval. Trustees would lodge an application to the High Court for final approval of the proposal.

These are explained more below.

### Requirements of the TECT Trust Deed

The amendments required to the TECT Trust Deed to implement the proposal would be made in accordance with clause 13 of the TECT Trust Deed and will require a unanimous approval of the Trustees, and that the Consumer Consultative Procedure in the TECT Trust Deed be followed.

The distribution of assets to be made by the TECT Consumer Trust to the TECT Community Trust will be made in accordance with clauses 5.3, 6 and 9.3 of the TECT Trust Deed (as amended as part of the proposal).

The TECT Trust Deed's Consumer Consultative Procedure requires that the Trustees implement the following:

- a. Place notice of the proposal before a meeting of the Trustees;
- b. Give notice of the proposal to Consumers in accordance with clause 11 of the TECT Trust Deed;
- c. In every notice given under paragraph (b), specify a period within which Consumers interested in the proposal may make submissions on the proposal to the Trustees;
- d. Ensure that any Consumer who makes written submissions on the proposal within the period specified in the notice given under paragraph b. is given a reasonable opportunity to be heard by the Trustees;
- e. Ensure that every meeting at which submissions are heard are open to Consumers; and
- f. Make all written submissions on the proposal available to Consumers.

The period specified pursuant to paragraph c. above will not be less than one month and no more than three months.

The Trustees are now implementing this procedure, and this Consumer Information Memorandum is a part of that process.

The Trustees wish to consult widely with Consumers and will also hold Consumer Information Sessions.

### Consumer Information Sessions

The Trustees and TECT management will hold a series of Information Sessions on the proposal.

These will be informal sessions where Consumers can talk to Trustees directly, and provide feedback.

All Consumers, and other interested stakeholders and persons, are welcome to attend the sessions<sup>3</sup>.

The sessions will be held at the places and times set out in Section 8.

<sup>3</sup> The Trustees continue to closely monitor the situation in New Zealand with regard to COVID-19. In the event of any significant developments, the Trustees may, at their discretion, elect to reschedule or hold as an online-only meeting any of the Consumer Information Sessions, if there are potential risks to the health of session attendees, or if an in-person meeting is prohibited by law. In such circumstances, TECT will provide Consumers with as much notice as is reasonably practicable by way of an announcement on TECT's website at [www.tect.org.nz](http://www.tect.org.nz).

## **Submissions and Submission Hearings**

The Trustees welcome submissions from all Consumers. A feedback form is attached to this Consumer Information Memorandum or can be downloaded from [www.tect.org.nz](http://www.tect.org.nz)

These are due by 4pm on 22 March 2021, and can be provided to Trustees at the Consumer Information Session or as set out in Section 8.

In accordance with the TECT Trust Deed, all written submissions will be available for Consumers to view.

The Trustees will also hold formal submission hearings, where Consumers can come and talk to their views. Submitters who wish to attend formal submission hearings and be heard should indicate this on their submission form. Submitters who wish to speak to their submission will each be allocated ten minutes to be heard.

The Submission hearings will be held at the places and times set out in Section 8.

## **Trustees' Deliberations**

The Trustees will consider all written and verbal submissions, and then consider if they wish to proceed to the next stage, and if any modifications should be made to the proposal. Based on the feedback and submissions, the Trustees will finalise a proposal.

## **Trustee Decision**

Once the Trustees have a final proposal, they will vote on it.

For a proposal to proceed, they must vote on it unanimously.

## **High Court Approval Process**

A final step is to seek a High Court endorsement of the Consumer and Trustee approved proposal under s 133 of the Trusts Act 2019.

Courts in New Zealand have legislative and inherent jurisdiction in respect of trusts, including TECT. Where a decision that the trustees need to make is particularly significant in its potential impact on the trust, the trust's beneficiaries and/or its assets, the Trustees can apply to the High Court for approval of their proposed course of action.

Here, the Trustees believe that given the significant restructuring the Trustees intend to undertake, an application to the High Court for endorsement of the Consumer and Trustee approved proposal (i.e. once that proposal is finalised) is appropriate.

The Trustees would make this application on the basis that:

- There is a need for the restructuring. If the strategic review of Trustpower leads to the sale of its Retail Business to a third party purchaser, this would be a change of such substance to the circumstances surrounding TECT, that its purpose and objectives would be frustrated. If the strategic review does not lead to a sale of the business, the fact of it occurring indicates to the Trustees that Trustpower is unlikely to remain the owner of the business for the whole of the remaining life of the Trust. In addition, there are other structural issues with TECT that compel a change.
- The TECT Trust Deed gives the Trustees the express powers to undertake the necessary steps for the proposed restructuring.
- The Trustees would not be in breach of their duties by undertaking the proposed restructuring. The duties that are most relevant to the current issues are to act in the best interests of the beneficiaries and to act for a proper purpose. The Trustees are satisfied that they are complying with both of these duties, however, they intend to apply to the High Court to confirm the validity of these actions.
- The Trustees have considered the alternative restructuring options and believe that the proposed restructuring is in the best interests of the beneficiaries.

This application can only be made after the Consumer Consultative Procedure has been concluded and the Trustees have made their decision. Any earlier High Court application would be hypothetical and the High Court would be unlikely to hear the application.

Chapman Tripp has prepared a memorandum to Consumers setting out a more detailed analysis of the submission that the Trustees intend to make to the High Court. This is available on the TECT website.

Beneficiaries will be notified of the High Court application, and will be able to obtain a full copy of the Court documents on request. Beneficiaries are entitled to participate in the hearing, including by being represented by counsel if they wish. At an early stage in the proceeding, the High Court will consider whether it should appoint any counsel to represent beneficiaries generally or any subset of beneficiaries.

The timeframe for a High Court decision being made depends on the availability of the High Court and whether the application is opposed. The first step will be to seek initial orders as to how the proceedings are to be notified to beneficiaries and whether to appoint lawyers to represent beneficiaries or any subset of beneficiaries.

### Summary of expected timetable

| Event  | Date                        |
|--|-----------------------------|
| Public Release of Proposal   | 18 February 2021            |
| Consultation Period Opens  |                             |
| Consumer Information Sessions (refer to page 26 of this Information Memorandum for Session dates & times)                              | 3 March 2021 – 7 March 2021 |
| Submission Period Closes   | 4pm 22 March 2021           |
| Hearing of Verbal Submissions and deliberation on Consumer feedback  | 25 & 26 March 2021          |
| Trustees' Meeting to determine whether to proceed or not and agree final proposal<br>Resolution of the Trustees to proceed or not      | Early April 2021            |
| Trustees file their application in the High Court seeking orders approving the restructure   | TBC                         |
| The High Court application will be notified to beneficiaries, probably by way of posted material, advertisements and on-line materials | TBC                         |
| A hearing will be held at which TECT will present its submissions. Beneficiaries can participate if they wish.                         | TBC                         |
| High Court decision released   | TBC                         |

## 5. TECT – Its Current Structure, Governance and Funding

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### Background

In 1993 TECT was established out of the electricity reforms with a straightforward purpose based on its shareholding in Trustpower Limited, to hold shares for the benefit of current and future Consumers. It is now one of New Zealand's largest energy trusts.

TECT's income and capital is used to provide benefits to Consumers during the term of the trust. Consumers (approximately 49,000 Consumers with 53,000 connections (ICPs)) are Trustpower account holders located in Tauranga City and the Western Bay of Plenty District.

It is important to remember that TECT is an entirely separate entity to Trustpower.

Currently the assets of the Trust are held by TECT, TECT Charitable Trust, TECT Holdings Limited and TECT Property Limited. These entities form the TECT Group.

As at TECT's latest balance date (31 March 2020), the TECT Group owns an investment portfolio valued at over \$870 million.

### Trust Beneficiaries and Community Distributions

The TECT Group provides benefits to Consumers in two ways:

- Through the annual TECT rebate that comprises approximately 80% of the distribution (the averaged median payment for the last five years was approximately \$500 per Consumer).
- Through the grants programme that comprises approximately 20% of the distribution (in 2019/20 \$9 million was available to distribute via the grants programme).

TECT makes grants and donations to community organisations throughout Tauranga and the Western Bay of Plenty District each year. TECT makes grants in the education, arts, sport, recreation, environment, energy efficiency, heritage, health and social services areas. Last year TECT received approximately 250 applications and approved 231, the highest in TECT's history.

TECT has also led or contributed to significant projects such as the new Tertiary Campus, TECT Park, and has also provided community groups with a modern co-working space at The Kollektive, which houses a number of community groups at the Historic Village.

### Trustees and Management

At present the trustees of TECT and the existing TECT Charitable Trust are the same, and an election is held every two years.

The Trustees are elected by approximately 49,000 Consumers.

The terms of appointment of Trustees are four years and are staggered so that three Trustees retire every two years. There are currently six Trustees who are:

- Bill Holland (Chair)
- Natalie Bridges (Deputy Chair)
- Peter Blackwell
- Peter Farmer
- Mark Arundel
- Tina Jennen

Wayne Werder is TECT's General Manager and he is supported by a small team.

Biographies for the Trustees and senior management are available on the TECT website.



## Grants Programme

TECT provides funding to community and charitable groups, who:

- are located or delivering services in the Tauranga and Western Bay of Plenty Districts; and
- can deliver positive community outcomes in the opinion of the Trustees, consistent with the distribution policies of TECT.

The Trustees have an existing distribution policy for giving to community organisations. Trustees revisit the policy as appropriate. The key aspects of the policy are as follows:

- approved grants must contribute towards the achievement of the strategic priorities of TECT;
- the project/organisation must demonstrate good decision-making, and a clear element of community or charitable benefit in the outcomes, including the number of people positively impacted;
- distributions are intended to supplement Government responsibilities rather than replace them.

## Annual Distribution Plan

The current Annual Distribution Plan policy is:

- Where corporate activity and/or incomes allow, TECT aims to distribute at least 75% of its net income. A draft annual distribution plan is published and Trustees consult with Consumers on that document.
- The Trustees confirm the funds available and the number of application rounds per fund and make cut off dates public.
- The criteria for what TECT will fund will be determined by each fund and be made clear to all prospective applicants.

## 6. TECT – Its Proposed Future Structure, Governance and Funding

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### Structure

#### 1. TECT Consumer Trust

TECT will be amended to ensure that Eligible Consumers continue to be entitled to the rebates described in Section 3 of this Consumer Information Memorandum, and to implement the other aspects of the proposal in that Section. It will retain sufficient assets to fund the rebates over time.

#### 2. New TECT Community Trust

This trust will be a new modern charitable trust established under the proposal for the benefit of the public in the District, and to which the balance of TECT's assets (other than those assets which will be retained by TECT to fund the rebate) will be transferred.

#### 3. Existing TECT Charitable Trust

This trust will be wound up under the proposal.

### Trustees and Management

The Trustees of the new TECT Community Trust will be elected from the people registered on the electoral roll of the Tauranga City and the Western Bay of Plenty District Councils.

Those Trustees would also be Trustees of the TECT Consumer Trust.

- There will be up to six trustees elected.
- If the elected trustees so decide, up to two (2) additional Trustees can be appointed by the elected trustees. Any appointment requires unanimous approval of all Trustees.
- Elections will be held every two years, and an Independent Returning Officer will be appointed by the trustees to oversee the election process.
- Trustees once elected will serve four year terms. Trustees will not be permitted to serve more than three terms.

On implementation of the proposal set out in Section 3 of this Consumer Information Memorandum, the trustees of both the TECT Consumer Trust and the TECT Community Trust will be the existing Trustees of TECT. The first election for new trustees will be held in 2022.

It is proposed that the current TECT management team would transition to the new TECT Community Trust, which would provide administrative services to support the operation of the TECT Consumer Trust.

### Funding Distributions from the Trusts

Rebates paid by the TECT Consumer Trust would be funded from the assets retained within the TECT Consumer Trust for this purpose. To ensure efficient management and investment of those assets, they would be loaned to the new TECT Community Trust who would invest them, and who would make principal and interest payments each year, sufficient to pay the rebates to Eligible Consumers.

It is intended that distributions to community groups and organisations will be made by the new TECT Community Trust and will continue to be guided by an Annual Distribution Plan. However, the actual amount of funding available to community groups and initiatives will likely increase more than threefold over time. This will have a transformative impact on the Tauranga and the Western Bay of Plenty community sector.

### Community Engagement

It is intended that the future type of community consultation / engagement undertaken by the new TECT Consumer Trust would be similar to what occurs now.

It is intended that the future type of community consultation / engagement undertaken by the new TECT Community Trust would be also similar to that which occurs currently. This includes a commitment to continue with:

- an annual meeting / annual reporting;
- consultation on the Annual Distribution Plan;
- grants functions that publicise grant recipients;
- regular communications (e.g. e-news, website); and
- consultation with community on significant decisions / grants.

The community will be able to request disclosure of information about the TECT Community Trust, and the TECT Consumer Trust as it can currently about TECT.

### **Future Investment Approach**

As is currently the case with TECT (and which will continue), the TECT Consumer Trust and the TECT Community Trust will be governed by a Statement of Investment Policies and Objectives (SIPO).

The Trustees will continue to take independent investment advice and will update the SIPO from time to time. The SIPO will set out the guidelines for future investment.

## 7. Summary of Changes to the Trust Deeds

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### Summary of Changes to the TECT Trust Deed

If the proposal by the Trustees proceeds, there will be a number of material changes to the current TECT Trust Deed. This is a summary only of the changes, and reference should be made to the full copy of the proposed TECT Consumer Trust Deed that can be found at [www.tect.org.nz](http://www.tect.org.nz). A summary of the changes and rationale for these can also be found on the website.

### Purposes of the TECT Consumer Trust

The purposes of TECT as currently stated in clause 4 of the TECT Trust Deed would be updated by removing reference to the holding of shares in Trustpower and receiving Trustpower dividends. The decision whether the TECT Consumer Trust or the TECT Community Trust would hold or continue to hold some or all of the Trustpower shares would be made by the relevant Trustees from time to time. These changes reflect that TECT's asset base is significantly more extensive than just its interests in Trustpower. However, the key purpose of applying Trust income that Trustees do not resolve to accumulate to or for the benefit of Consumers in the manner provided in clause 5 of the TECT Trust Deed would remain the same.

### Reason for the Changes

The TECT Trust Deed would be amended to permit:

- Consumers to continue to receive the rebates described in Section 3 of this Information Pack, irrespective of whether Trustpower's Retail Business is sold.
- The TECT Consumer Trust to distribute to the TECT Community Trust the balance of its assets not required to pay rebates.
- The winding up of the TECT Consumer Trust and the distribution of its remaining assets to the TECT Community Trust to occur on 31 December 2050, if the TECT Consumer Trust has not been wound up earlier.

### Key changes

#### 1. Consumers

- (a) Currently, Consumers are defined as: (i) any person who is named in the records of Trustpower as being liable to pay for electricity supplied to premises in the District (comprising the Tauranga City and Western Bay of Plenty District, with some small exceptions – see footnote 4 below), (ii) the Existing Charitable Trust, and (iii) any other entity wholly owned and/or controlled by TECT and whose beneficiaries and objectives are substantially the same as TECT's.
- (b) Under the changes, Consumers will be limited to: (i) electricity customers of Trustpower in the District on Thursday 28 January 2021, being the date that Trustpower announced the sale process for the Retail Business (**Record Date**), for so long as they remain an electricity customer of Trustpower or a purchaser of the Retail Business and (ii) the TECT Community Trust, on the winding up of the TECT Consumer Trust.
- (c) It would not include: (i) any consumer who ceases to be an electricity customer of Trustpower or a purchaser of the Retail Business after the Record Date (subject to limited exceptions described earlier in this Consumer Information Memorandum), (ii) any existing customer of a purchaser of the Retail Business, whether in the District or elsewhere, or (iii) any new customers acquired by a purchaser of the Retail Business after the Record Date, whether in the District or elsewhere.

<sup>4</sup> "District" means:

- (i) The territory over which the Board was authorised to supply electricity immediately prior to the "Vesting Date" pursuant to the Tauranga Electric Power Board Supply Licence granted to the Board under section 20 of the Electricity Act 1968; and
- (ii) The territory over which Tauranga Electricity Limited was authorised to supply electricity immediately prior to its merger with Trustpower in 1997 and includes, for the avoidance of doubt, that area comprising the Tauranga City peninsula north of the centreline of 17th Avenue, Tauranga.
- (iii) Parts of Waihi Beach are excluded from the District. 106 Seaforth Rd – Bowentown end is included in the District. 104 Seaforth Rd – Waihi Beach is excluded.

## **2. Distributions**

- (a) At present, TECT may make distributions to, or for the benefit of, Consumers.
- (b) The TECT Trust Deed would be changed so that: (i) distributions by the TECT Consumer Trust during its life may be made to Consumers only, and (ii) distributions of both income and capital would be allowed as rebates.

The amount of the rebate payable to Consumers would be \$500 per annum, and will increase to \$600 in 2030 and \$700 in 2040 to reflect inflation, as described earlier in this Consumer Information Memorandum.

## **3. Trustpower shares**

- (a) The sale of Trustpower shares above a certain level currently requires the Trustees to first complete the Consumer Consultative Procedure.
- (b) Under the changes, the requirement to undertake the Consumer Consultative Procedure on the sale of any Trustpower shares (or the shares of any successor) will be removed. The Trustpower shares that TECT currently owns will be transferred to the new Community Trust, and decisions about the future sale of those shares would be made by the trustees of that new trust.

## **4. Trustees**

- (a) Currently, Trustees of TECT are elected by Consumers and automatically become trustees of the existing TECT Charitable Trust.
- (b) This would be changed so that the trustees of the TECT Consumer Trust would be the trustees elected as trustees of the TECT Community Trust.
- (c) There will be up to six trustees elected.
- (d) If the elected trustees so decide, up to two (2) additional trustees can be appointed by the elected trustees. Any appointment requires unanimous approval of all Trustees.
- (e) Elections will be held every two years, and an Independent Returning Officer will be appointed by the trustees to oversee the election process.
- (f) Trustees once elected will serve four year terms. Trustees will not be permitted to serve more than three terms.

## **5. Winding up of the TECT Consumer Trust**

- (a) At present, taking into account the changes brought about by the new Trusts Act, the vesting date of TECT is December 2118, being 125 years after establishment (unless wound up earlier). If the trust holds less than 5% of Trustpower's shares, the Trustees must implement a Consumer Consultative Procedure to determine whether to wind up the Trust.

Under the changes, the vesting date of the TECT Consumer Trust would become 31 December 2050.

- (b) At present, upon the winding up of TECT, all surplus assets after payment of costs, debts and liabilities are currently paid or applied for the benefit of Consumers.

This would be changed so that all surplus assets on a winding up of the TECT Consumer Trust are distributed to the TECT Community Trust, to be applied for the benefit of the community in accordance with the provisions of that trust.

# Summary of the new TECT Community Trust Deed

## Purposes of the trust

The TECT Community Trust will be a community trust established for charitable purposes which benefit the community in a newly defined District (to be based on the boundaries of the two councils; Tauranga City Council, and Western Bay of Plenty District Council). This change simplifies some historic boundary issues particularly in regard to Waihi Beach.

“Charitable purposes” are essentially any purposes where there is benefit for a wide section of the public. It includes what are traditionally recognised as charitable purposes such as relief of poverty, advancement of education and religion but also includes matters such as environmental protection and preservation, restoring or protecting heritage sites, providing community facilities, improving health outcomes for the community, helping vulnerable members or sections of the community, and assisting in natural disaster recovery.

Grants will also be able to be made for charitable purposes outside TECT’s District, but only where there is a benefit to the community in the District. An example of this would be a charitable organisation outside the District which is used frequently by members of the District.

## Governance of the trust

The trust will be governed by a group of trustees in essentially the same way as TECT is now. There will be up to six trustees elected by members of the public in the District who wish to vote, and up to two trustees appointed from time to time by the other trustees. Elections will be held every two years, and an Independent Returning Officer will be appointed by the trustees to oversee the election process.

Trustees once elected will serve four year terms. Trustees will not be permitted to serve more than three terms.

The trustees will have broad powers to govern the trust and invest the trust’s assets, similar to other community and charitable trusts in New Zealand. Reflecting modern trends, the TECT Community Trust Deed will permit the trustees to consider what is known as “impact investing”, where assets are investing in projects that have a blended return, i.e. a financial return but also a social or environmental impact.

## Public consultative procedure

The concept of the consultative procedure has been carried over from the existing TECT Trust Deed. Certain key variations to the TECT Trust Deed will require the trustees to undertake public consultation, as will the winding up of the trust. The procedure provides that public notice of the relevant proposals is to be given in the District and members of the public who wish to make submissions will have the opportunity to do so and to be heard by the trustees.

## Duration of the trust

As a charitable trust, the trust can exist indefinitely in law, so there is no fixed life (maximum duration) for the trust. If the trustees did for some reason decide to wind up the trust, all assets in the Trust Fund must be paid or applied to other charitable organisations or charitable purposes within the District chosen by the trustees that have similar charitable purposes to the trust.

## 8. Frequently Asked Questions

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### 1. Why is TECT proposing this change?

Trustpower's decision to conduct a strategic review and potentially sell its Retail Business means that TECT must also review and change its structure and the way it operates.

Under the TECT Trust Deed, the sale of Trustpower's Retail Business to a third party means that TECT's beneficiaries will no longer be Trustpower's local retail customers. This means they would no longer be entitled to receive a rebate. Instead, the beneficiaries will be only a small number of larger commercial and industrial electricity users in the Tauranga and Western Bay of Plenty region who will remain customers of the Trustpower Generation business if the Retail Business is sold.

This means that TECT will not be able fulfil its purpose, which is to benefit the broad base of electricity customers of Trustpower in Tauranga and the Western Bay region.

In practice, this means that Trustees will not be able to distribute rebates to retail customers and the Trust will effectively be frozen. The direct TECT rebate to retail customers will stop.

Given the Trustpower strategic review and the potential retail business sale process, the Trustees are required to act now to review the structure of TECT in order to meet their obligations under the TECT Trust Deed.

### 2. What changes are being proposed?

The steps for change include:

#### Step 1:

TECT (renamed as TECT Consumer Trust) retains sufficient funds to pay a yearly rebate of \$500 to all existing beneficiaries (as of Thursday 28 January 2021). The amount and structure of that retention has been developed using independent customer information from Trustpower to determine an appropriate churn assumption, and financial modelling support from KPMG. The range is in the order of \$291 million to \$413 million. The Trustees have yet to finalise the retention, but intend to focus towards the high end of the range.

Beneficiaries must remain a customer of Trustpower or a buyer, in the region - if you leave, the rebates stop with limited exceptions. New customers and the current customers of the new business do not become beneficiaries.

In about 30 years' time the TECT Consumer Trust must be wound up.

Any remaining funds in the TECT Consumer Trust at this point are transferred to the new TECT Community Trust.

#### Step 2:

The balance of TECT's funds are transferred to a new long-term community trust focused on grants for local community projects.

### 3. Why is this different to the change proposed in 2018 that failed?

The strategic review and potential sale by Trustpower of its Retail Business means that TECT must also review its structure - we have no choice.

### 4. Why do I lose my rebate if I change electricity supplier?

The Trustees consider that allowing you to keep receiving your rebate if you moved to another electricity supplier would be inconsistent with the purposes of TECT. At the outset, Trustees decided to keep the structure of the rebate consistent with the current scheme to protect the entitlements of current beneficiaries and ensure fairness for both current beneficiaries and future generations.

## **5. What happens if Trustpower does not sell its Retail Business?**

Even if a sale does not proceed at this time, there are compelling reasons for proceeding with the proposed restructure. The strategic review has identified the ongoing risk of a change in Trustpower's ownership. Under its Trust Deed and given the recent trust law changes, TECT has nearly 100 years to run. When TECT was established in the early 1990s none of this was foreseen. The Trustees are clearly of the view that TECT needs to change in order to protect the rebate for existing beneficiaries.

In addition, the proposed new structure will also resolve several important issues with the existing structure that have developed in recent years and pose ongoing risks to TECT. The Trustees therefore wish to proceed with a restructure of TECT irrespective of whether Trustpower is ultimately successful in selling the Retail Business at this time.

## **6. Does TECT agree with the decision by Trustpower to carry out a strategic review and consider a potential sale of its Retail Business?**

That's a commercial decision for the Trustpower board. TECT's Trustees duty is to assess what that decision means for TECT and its beneficiaries and take appropriate action, which we are doing.

## **7. The Trustees didn't stand on a change mandate so why make them now?**

Trustpower has announced a strategic review of its Retail Business, and a possible outcome of that review is that Trustpower will sell its Retail Business.

If such a sale occurs, TECT will no longer be able to be administered in a way that is consistent with its terms and objectives, and in a practical sense its purposes will have been frustrated.

As such the Trustees need to review TECT's structure with a view to preserving and protecting those objectives. With no change to TECT's structure, current consumers who transfer to a buyer of Trustpower's Retail assets, if such a sale occurs, would get no future rebates.

In addition, over time a range of other structural issues have also emerged that reinforce the need for change.

## **8. Why not wind up the Trust and transfer the existing assets back to beneficiaries?**

This would be inconsistent with the purposes for which TECT was established and therefore unlikely to be approved by the High Court.

Trustees need to balance the rights of current beneficiaries and future generations, to provide in effect intergenerational benefits.

## **9. Why is TECT consulting before agreeing the final proposal?**

The TECT Trust Deed's Consumer Consultative Procedure requires that the Trustees implement the following:

- a. Place notice of the proposal before a meeting of the Trustees;
- b. Give notice of the proposal to Consumers in accordance with clause 11 of the TECT Trust Deed;
- c. In every notice given under paragraph (b), specify a period within which Consumers interested in the proposal may make submissions on the proposal to the Trustees;
- d. Ensure that any Consumer who makes written submissions on the proposal within the period specified in the notice given under paragraph (b) is given a reasonable opportunity to be heard by the Trustees;
- e. Ensure that every meeting at which submissions are heard are open to Consumers; and
- f. Make all written submissions on the proposal available to Consumers.

The Trustees are now implementing this procedure, and this Consumer Information Memorandum is a part of that process.



## **10. Why don't beneficiaries get to vote on the proposed changes to TECT?**

Trustees have been advised that they cannot delegate their decision-making responsibility to beneficiaries. The process requires a consumer consultation, a Trustee decision on the final proposal, and then Trustees must take an application to the High Court.

## **11. Why does the proposal need to go to the High Court?**

Courts in New Zealand have legislative and inherent jurisdiction in respect of Trusts, including TECT. Where a decision that the Trustees need to make is particularly significant in its potential impact on the Trust, the Trust's beneficiaries and/or its assets, the Trustees can apply to the High Court for approval of their proposed course of action.

The Trustees believe that an application to the High Court for endorsement of the approved proposal is appropriate to ensure that the proposed course of action is consistent with the TECT Trust Deed, in the best interests of Consumers and for a proper purpose.

## **12. If the proposal proceeds, what input would Consumers have around the types of community initiatives that get funded each year?**

It is intended that the future type of community consultation / engagement undertaken by the new TECT Consumer Trust would be similar to the process that is currently undertaken.

This includes a commitment to continue with:

- An annual meeting / annual reporting.
- Consultation on the Annual Distribution Plan.
- Grants functions that publicise grant recipients.
- Regular communications (e.g., e-news, website); and
- Consultation with community on significant decisions / grants.

## **13. What groups or initiatives will be funded through the community grants?**

As is the case now it is intended that distributions to community groups and organisations will be guided by an Annual Distribution Plan. This will include a commitment to engage with the community to design and confirm the policies that inform the Trustees' decision making. This will be ongoing and reflect the needs in the community at any point in time.

## **14. How much money will be available to community organisations?**

It is intended that distributions to community groups and organisations will be made by the new TECT Community Trust and will continue to be guided by an Annual Distribution Plan. However, the actual amount of funding available to charitable and community groups and initiatives will likely increase more than threefold over time. This will have a transformative impact on the Tauranga and the Western Bay of Plenty community sector.

## 9. Have Your Say

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All TECT beneficiaries are entitled to provide feedback on the proposal. A feedback form is attached to this Consumer Information Memorandum or can be downloaded from [www.tect.org.nz](http://www.tect.org.nz)

Beneficiaries who wish to comment on the proposal are invited to make a submission in writing by 4:00pm, 22 March 2021.

Submissions can be made through:

|   |   |  |   |
|---|---|--|---|
| <b>Online at:</b><br><a href="http://www.tect.org.nz/submissions">www.tect.org.nz/submissions</a> | <b>Delivered to:</b><br>TECT Office<br>The Kollektive<br>Historic Village<br>145 Seventeenth Ave<br>Tauranga 3112 | <b>Mailed to:</b><br>TECT Submissions<br>PO Box 637<br>7th Avenue<br>Tauranga 3144 | <b>Scan and email to:</b><br><a href="mailto:submissions@tect.org.nz">submissions@tect.org.nz</a> |
|---|---|--|---|

In accordance with the TECT Trust Deed, all written submissions will be available for Consumers to review.

### Consumer information sessions

The Trustees will hold a series of consumer information sessions. These will involve a short presentation from Trustees on the proposed changes to TECT and the reasons for them, followed by a Q & A session.

| Time   | Date         | Location  |
|--------|--------------|---|
| 6:30pm | 3 March 2021 | Club Mount Maunganui,<br>45 Kawaka Street,<br>Mount Maunganui.                  |
| 2:30pm | 4 March 2021 | Tauranga Yacht Club,<br>90 Keith Allen Drive,<br>Tauranga.                      |
| 12pm   | 7 March 2021 | Te Manawaroa, Level 1 University of Waikato,<br>101 Durham Street,<br>Tauranga. |

### Verbal submissions

The Trustees will hold meetings at which submitters can talk to their submissions. Consumers who have chosen to speak will be allocated a ten-minute speaking slot on either the 25th or 26th March 2021.

## 10. Where to find further information

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Copies of the following documents are available free of charge at [www.tect.org.nz](http://www.tect.org.nz), or from the TECT office.

1. Consumer Information Memorandum.
2. Feedback Form.
3. Current TECT Trust Deed.
4. Current trust deed for the TECT Charitable Trust.
5. Proposed TECT Consumer Trust Deed.
6. Chapman Tripp summary of the changes (with rationale) to the TECT Consumer Trust.
7. Proposed TECT Community Trust Deed.
8. Chapman Tripp summary of arguments that the Trustees will put before the High Court.
9. TECT Annual Reports.
10. Annual Distribution Plan (2020/21).

## 11. Have your say – TECT Beneficiary Feedback Form

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### Beneficiary Feedback Form

TECT beneficiaries\* who would like to give feedback on the proposal are invited to make a written submission by 4pm 22 March 2021. We request that you indicate if you would like to speak to your submission.

Please note that all submissions, including the name of the submitter, will be made available to beneficiaries. However, no contact details will be made available.

\*A TECT beneficiary is a Trustpower power account holder who is situated in the **Tauranga City or Western Bay of Plenty District (the old Tauranga Electric Power Board area)**.

Name:

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Email address:

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Postal address:

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Daytime phone number:

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Trustpower account number:

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My feedback is:

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I wish to speak to my feedback at a hearing on either 25 March or 26 March: [ Y / N ]

(If yes, TECT will be in contact with further details, including hearing time and location)

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**To submit your feedback please:**

**Send feedback form to:**

TECT Submissions  
PO Box 637  
7th Avenue  
Tauranga 3144

**Scan and email to:**

submissions@tect.org.nz

**Submit online at:**

[www.tect.org.nz/submissions](http://www.tect.org.nz/submissions)