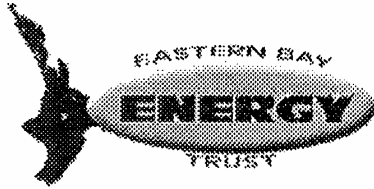


ANNUAL REPORT

Year Ending 31 March 2003



CHAIRMAN'S REPORT

For the Year Ended 31 March 2003

It is with pleasure that I present the 9th Annual Report for the Eastern Bay Energy Trust. The year has been significant for the consolidation of the Trust and the completion of a number of key tasks.

TRUST DEED

The completion in July 2002 of the first group of Trust Deed changes proved to be controversial, but was essential to the stabilisation of the Trust. These changes saw the number of elected Trustees reduced from 5 to 4, and the addition of two appointed Trustees. Changes were also made to the Deed to incorporate the requirements of the Electricity Amendment Act 2001.

We still need to make further changes to the Deed to reflect inadequacies of the original document, and our consideration of the November 2001 consultation process. However the process for further change is not easy, there being no provision within the Deed to make further changes the document itself. We are currently working with our legal advisors, and Horizon Energy Distribution Limited, as the settlors of the Trust, to determine the path forward from here.

STRATEGIC & ANNUAL PLANS

An organisation such as the Eastern Bay Energy, which manages a substantial public asset, and has control over how the income from that investment is disbursed, is subject to ongoing public scrutiny. Part of the formalisation of the Trust processes has seen the development and publication of a 5 year Strategic Plan. The process commenced in September 2002, with the preparation of a scoping paper by McKinlay Douglas in Tauranga. McKinlay Douglas then led the Trustees through a planning day. The Trustees issued a draft strategic plan for public consultation in February 2003, with the final plan being released in June 2003.

The process has taken somewhat longer than expected, but the Trust now feels it has, for the first time, a blueprint for the future.

The process indicated at our 2002 Annual Meeting for consulting and implementation of Annual Plans is now able to be put in place. The 2003 Annual Meeting will see the publication of the 2003/04 Annual Plan, and the Draft 2005 Annual Plan.

DISTRIBUTIONS

Our Annual Plan for 2002/03 allowed for distributions of \$2,000,000. During the year we added a further \$300,000 to the pool as a result of the higher than anticipated June 2002 dividend from Horizon Energy Distribution Limited, and a further \$50,000 from previously approved grants either not uplifted or expired, bringing total budgeted distributions for the year ended 31 March 2003 to \$2,350,000. Trustees approved total distributions of \$2,345,990 for the year. Since 1 April 1996 the Trust has distributed \$9,967,360 into the Eastern Bay of Plenty district through a variety of Trust initiated projects and reactive grants.

Major distributions approved for the year were:

RECIPIENT	PURPOSE	AMOUNT
Energy Trust Retrofit	Insulation	\$ 610,000
Opotiki Heritage & Agricultural Society	Solar tubes, lighting & wiring	\$ 122,132
Te Totara Marae	Electrical systems	\$ 100,000
Thornton Primary School	Heat pumps & electrical upgrade	\$ 99,000
Whakatana Town Soccer Club	Field lights, hot-water systems & heat pumps	\$ 80,000
Whakatane Senior Citizens club	Wiring, lighting, heat pumps & appliances	\$ 80,000

The grants approved for the year fall into ten main categories:

	2002		2003	
	No	Value	No	Value
School	6	\$ 305,500	7	\$ 236,300
Pre-school	4	\$ 193,987	5	\$ 140,246
Elderly	0	\$ -	1	\$ 80,000
Marae	9	\$ 245,009	4	\$ 235,000
Sport	6	\$ 176,870	8	\$ 324,800
Church	2	\$ 99,684	7	\$ 180,394
Community org.	14	\$ 406,241	13	\$ 378,170
Scholarships			1	\$ 10,000
Health	3	\$ 64,796	1	\$ 20,000
Energy efficiency	2	\$ 220,000	4	\$ 675,000
Energy safety	1	\$ 2,010	3	\$ 66,080
	47	\$ 1,714,097	54	\$ 2,345,990

I am proud of the way in which the Eastern Bay Energy Trust continues to be recognized nationally as a leader in energy efficiency initiatives. The continued development of retrofit, solar heating and other similar projects will benefit all consumers for many years to come. Our move to more proactive projects will ensure that we are more able to control the benefits which flow out of the Trust to the benefit of all consumers over time. The team at Opotiki Trade Training deserves special mention for their enthusiasm and input into our projects.

INVESTMENT STRATEGY

The Trust has a sound commercial relationship with Horizon Energy Distribution Limited, in which it holds 77.3% of the shares. The company continues to produce strong returns to the Trust, and we have no reason to review our current holdings. The Trustees are aware of the lack of diversification of the Trust investment portfolio, and will continue to explore suitable avenues for diversification where they are secure and can provide similarly strong returns.

Since 31 March 2003 we have initiated the acquisition of the Retrofit Division of Opotiki Trade Training Limited via the charitable company Energy Options Limited, in which the Trust is the sole shareholder. This company will continue to advance the energy efficiency projects of the Eastern Bay Energy Trust.

COMMUNITY CONSULTATION

A formal relationship protocol has been negotiated and signed with the EBOP Community Power Society Inc. The Trust has recently met with Local Bodies to complete negotiations on a similar agreement, and has since approved and signed the document. We are currently awaiting formal adoption by the various Councils in the district.

The formalization of these relationships will enhance the ability of the Trust to ensure that distributions and projects within our district have the greatest possible positive impact on the people and communities the Trust represents.

Although limited the consultation with groups about the Trust Strategic plan were well received, and aided the Trustees in their decision making. I would like to formally thank all those groups and individuals who took the time to contribute to this process.

TRUSTEES

For the first time since the 1995 there have been changes to the group of Trustees. The July changes to the Trust Deed resulted in Colin Hammond being ineligible to continue as a Trustee, with Mike Shepherd and Robin Wray being selected as the first two appointed Trustees. Kevin Hennessy was appointed to fill the casual vacancy in the Opotiki District which arose when Jim Towersey resigned, having moved from Opotiki. I would like to take this opportunity to thank both Colin and Jim for their work with the Trust since their election in 1995.

I also thank Brian Ponting, Malcolm Law, Kevin Hennessy, Mike Shepherd and Robin Wray for their dedication to the Trust, and the commitment to the electricity consumers of the District. It is the combined strengths of all the Trustees which make our Trust the unique resource which it is.

TRUST ADMINISTRATION

In August 2002 the Trust engaged its first fulltime employee. Angelia Le Sueur, our Secretary/Executive Officer has helped the Trust to further develop systems to enable us to deliver better services to our beneficiaries, and manage the Trust more independently.

Angelia finished with us on the 11th July and we are currently in the process of appointing a Trust Manager. I wish Angelia and her partner Paul well in their future roles as parents.

SUMMARY

The Eastern Bay of Plenty continues to grow and develop, and the Eastern Bay Energy Trust is committed to playing an active role in this development by ensuring there remains strong infrastructural investment in the Eastern Bay of Plenty, particularly in the energy sector. Where our Trust Deed enables us to be active, and our duties as Trustees are not compromised, we will be proactive, and doing our best for the electricity consumers of the District.



Toni Owen
15 July 2003

EASTERN BAY ENERGY TRUST
SCHEDULE OF DISTRIBUTIONS APPROVED
For the Year Ended 31 March 2003

**EASTERN BAY ENERGY TRUST
SCHEDULE OF DISTRIBUTIONS APPROVED
FOR THE YEAR ENDED 31 MARCH 2003**

Recipient	Amount Granted	Purpose of Grant
Energy Trust Retrofit csc	400 000	CSC 100% Funded
Energy Trust Retrofit 50/50	167 535	50/50 Project
Opotiki Heritage & Agriculture Society	122 132	Solar tube system; wiring; lighting
Te Totara Marae	100 000	Upgrade Dining & Meeting House
Thornton Primary School	99 000	Heatpumps and electrical upgrade
Poroporo Rugby Club	85 000	Floodlighting
Whakatane Town Soccer Club	80 000	Park lights; hot-water system, heatpumps
Whakatane Senior Citizens	80 000	Electrics, lights, heatpumps & appliances
Energy Trust Retrofit	65 000	Solar Heat Pilot Programme
Central Nth Island Kindergarten	64 846	Electrical upgrade & Heat-pumps
Kawerau Enterprise Agency	60 000	Heat Pumps
Whakatane Intermediate School	60 000	Classroom Lighting System
Tauarau Marae	60 000	Water heating, insulation & Re-wiring
Horizon Energy Distributor	53 950	Undergrounding
Taiwhakaea Marae	50 000	Marae electrical upgrade
Opotiki Golf Club	47 500	Irrigation Equipment
WDC - Eve Rimmer Netball & League Lighting	45 500	Lighting
Opotiki Squash Club	45 000	Lighting, re-wiring, kitchen appliances
Energy Trust Retrofit 3way	42 465	EECA/EBET/HomeOwner
Hiona St Stephens Church	39 494	Electrical upgrade and heating
Anglican Parish of Kawerau & Edgecumbe	32 400	Electrical upgrades of Churches
Kawerau DC	31 000	Library & Chambers Lighting/heating
Opotiki Drama Club	30 000	Lighting Equipment
Trident High School	30 000	Sound Equipment
Bethel House	30 000	Cooking facilities, insulation & Heatpumps
Opotiki Rose Garden Pre-School	30 000	Electrical Upgrade
Rangitaiki Presbyterian Church	30 000	Upgrade electrics, lights and heatpumps
Whakatane Bridge Club	30 000	Heatpumps and appliances
Ohope Beach School	28 000	Wall Insulation and Electrics
The Lions Club of Ohope	27 000	Coin Operated Barbeques x 3
Whakatane Presbyterian Day-Care	26 200	Insulation, Wiring Lighting
Tu Wharetoa Marae	25 000	Transformer, wiring, lighting, insulation
Takatutahi Church	23 500	General Electrics, Heatpumps, Lighting
Te Manaaki Preschool	23 000	heatpumps and dishwasher
Whakatane St Josephs School	20 000	Alarms, heat-pumps appliances
Whakatane Prebyterian church	18 800	Heat-pumps & appliances
Kawerau DC	18 000	Skatebowl Lighting
Te Akoranga Pre-School	17 100	Upgrade Kitchen and appliances
Whakatane Chartered Club	15 000	Heatpumps
Opotiki College Community Office	14 500	Upgrade Electrics and heatpumps

St Joseph's Catholic School	10 000	Heatpumps
Kawerau Presbyterian Church	10 000	Heatpumps
Scholarship	10 000	Alissa Quinn & Louise Cook
Radio Kawerau	8 000	Electrical wiring
Galatea School	7 500	Security Lighting
Fire Service	7 500	Kitchen Appliance Safety Campaign
Te Teko Kohanga Reo	5 300	Heatpumps
Whakatane Chistmas in the park	5 000	Sound & lighting
Betta Electrical	4 630	Electric Blanket Testing
Life Education Trust	3 138	Lighting & Sound
Whakatane Amateur Swim Club	2 800	Clubroom Appliances
Murupara Chistmas in the park	2 400	Sound & lighting
Matata Public School	1 800	Carpark lighting
Taneauta Skatebowl	1 000	Security Lighting

TOTALS YEAR ENDED MARCH 2003 2 345 990