



EASTLAND COMMUNITY TRUST
ANNUAL REPORT
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At ECT we're passionate about creating a community that is positive, prosperous and attractive.

We believe we need a more positive and vibrant business community.

We need quality community assets, children to have confidence in their futures and a population that respects each other. All these needs must be achieved in partnership with our unique cultural history and the indelible connection between Maori and Pakeha.

Although this vision needs support from the whole community, ECT will commit our resources to those investments that will make the greatest contribution towards achieving this vision and transforming our region.

In our annual report, we reflect on the year that's been. We take a look at some of those distributions that have made a difference to our community. Thank-you to all those organisations that have shown such passion and dedication to our region. We also look at the performance of the Trust and the stewardship it exercises over a significant community asset.

Chairman's and General Manager's Report

Consistent performance is the theme for 2015/16.

The Trust has successfully delivered in the key areas it challenged itself in. Over the past 12 months, the Trust has invested over \$16 million into economic growth and community projects compared to the previous year where we invested just over \$4 million. This significant step-up in Trust activity and the complex nature of some of that activity has provided challenges, which the trustees and staff have had to meet. The beneficiaries should be well satisfied with the outcomes from the efforts which are summarised in this annual report.

We are proud to be part of this community and we are constantly impressed with the positive work that people within our community do. In this year's report we showcase a handful of the amazing people and projects we have come across.

Prime and WET Gisborne Limited

As well as a focus on community grants, the Trust has paid keen attention to economic growth and job creation.

In a 2014 survey of the Trust's beneficiaries, almost two thirds of respondents felt unemployment was one of the most important strategic issues facing Tairāwhiti, and 59% rated the attraction of new business and investment to the region as one of ECT's most important tasks. According to that same data, 75% of those surveyed felt the most important priority for the Trust was to invest in projects that create jobs.

In response, the Trust has worked with Activate Tairāwhiti to identify areas where it could make strategic investment and help grow the economy. The Trust also recognised that it will have to assume some of the risk that comes with making things happen. While cautious, the Trust needs to be brave enough to make bold decisions.

It has done just that entering into a \$10 million wood processing joint venture with Wood Engineering Technology Ltd, creating the structural lumber production company WET Gisborne Ltd (WGL). WGL is the first venture of its kind for the Trust and our aim is to see Gisborne become home to a ground-breaking wood processing capability. The joint venture will build its first plant over the next 18 months and there is an opportunity to grow to three plants creating 120 direct jobs over the long term.

To partner this investment, the Trust has purchased the Prime sawmill site with a view to reactivate the mill and attract other processors in a wood processing cluster – a project that in itself is expected to create a significant number of jobs..

Generating the funding

None of this would be possible without the hard work and diligence needed to generate the income in the first place. The Eastland Group is the Trust's largest

investment making up almost 80% of the funds invested. The remainder is diversified through passive investments such as shares, bonds, property and cash.

The Trust's investments performed in 2015/16 well generating over \$11.1 million in earnings directly for the Trust - with \$7.75 million coming from Eastland Group. This is a 10.5% increase from last year and was significantly helped by one-off gains made in our share portfolio.

The Trust's total equity ended at \$295 million - well above the original \$20 million used to establish the Trust in 1993. This is a great long-term story, one this community should be proud.

Eastland Group Limited

This year, the Eastland Group has achieved what it describes as unprecedented highlights and, by its own admission, faced some tremendous challenges. Throughout these highs and lows, the diligence of the whole Eastland Group team is acknowledged and appreciated.

From a sole shareholder's point of view, the Eastland Group has continued to provide strong income and capital growth returns that have allowed the Trust the financial ability to have an impact on our community.

At the same time, they have continued to grow and develop the regional assets over which they are stewards - investing \$25.6 million in the past year completing improvements at the port, upgrading the Gisborne airport runway and other capital projects within Tairāwhiti.

Importantly the Eastland Group has continued to advance its growth outside Tairāwhiti, beginning the next stage of the geothermal power generation project in Kawerau. From our perspective, this project will allow the Eastland Group to grow its earnings, increase shareholder value and diversify risk - thus making sure its long-term contribution to this community is maintained.

The idea to transform into a Consumer Trust

During the year, the Trust was challenged by some on the benefits of establishing a power rebate programme, similar to those delivered by a number of other Consumer Trusts around the country.

The Trust was originally set up to ensure that we didn't lose a significant community nest egg, to take care of our beneficiaries and community groups, and to support regional economic growth. It was expected that we wouldn't value any one priority above the others.

When our community made the decision to hold those funds in Trust, they did so with a vision for the future and an understanding of how powerful this community asset could be. It wasn't a decision made in isolation. There was a community-wide consultation and engagement process. Community workshops were held, there was much public debate. It was a formal, robust process that took a lot of time

and resource.

We accept that 20 years is a long time and that much has changed. But we're not convinced that the principles and aspirations of our community in guiding that decision have fundamentally changed. In our last community survey (taken in 2014) our community told us resoundingly that the most important thing we could do is undertake initiatives that attract business and create jobs. They also wanted us to invest in community assets (of all kinds) and contribute to community groups and events. As a direct response, our distributions strategy has solidified our focus in these areas.

As an organisation

The Trust has continued its journey of evolution and change over the past 12 months.

This was noticed at the Board table with long-serving trustees Geoff Milner and Joe Martin being replaced with Matanuku Mahuika and Dr Paul Reynolds. The Trust is appreciative of the energy and enthusiasm that both Geoff and Joe brought to the organisation over their tenure. They should look back at their time with satisfaction. Equally, the contribution and experience that Matanuku and Paul have brought has added value and been well received.

The Trust continued to look at the capability and capacity of the organisation to make sure it remains fit for purpose. This resulted in Audine Grace-Kutia and Kerry Donovan joining the team to further support the community grants and communications parts of the organisation. The hard work by them and all the staff at the Trust is acknowledged and appreciated.

Looking ahead

In 2017/18 the Trust will continue to focus on regional economic growth projects. In doing so, the Trust will advance existing projects like Prime and WGL, but also look for new opportunities. Channelling funding into actively supporting the growth of the economy and creating jobs will remain a priority.

The Trust is expecting to distribute a similar amount of funding into the community as the \$4.2 million worth of distributions over the past year, and has set a consistent expectation and budget to do so. We are seeing some exciting projects on the horizon and look forward to what else may come.

The Trust remains excited about the future of this region and the role it needs to play in ensuring we reach our potential. We are a region that has great people doing awesome things, we look forward to supporting and being a part of future successes.

Michael Muir, Chairman, ECT.

Leighton Evans, General Manager, ECT

Governance



RICHARD BROOKING

Richard has spent a significant period of his life as a public servant, and has a detailed understanding of the “machinery of government” and the impact of policy making on provincial areas. He has a strong sense of community service and has eight years’ experience in community-led economic and employment development projects. During the last 40 years Richard has volunteered leadership, guidance and support for a wide range of community groups, initiatives and projects and has chaired a number of local and national organisations.



PHILIP SEARLE

Philip brings a wide range of business experience to the ECT board. He began his career as an electrician, before moving into real estate and starting his own company in 1996. For ten years Philip was on the Waikato Bay of Plenty district committee of the Real Estate Institute of New Zealand, where he was president for three years. In 2010, Philip was elected regional director on the National Board of the institute.



VICKI THORPE

Vicki is a lawyer and mediator who has been practicing in Gisborne for over 30 years. She has been widely involved in community groups and activities in Gisborne, has served in a number of senior Board roles in the legal and education sectors, and remains a ministerial appointment to the East Coast Hawke's Bay Conservation Board.



MICHAEL MUIR

Michael Muir, was appointed to the Trust in July 2010. Michael is managing director of The Gisborne Herald Co. Ltd and has extensive involvement in business, health and education governance in the Gisborne district as well as newspaper industry bodies nationally and internationally. He is currently chairman of Chelsea Hospital Trust, chair of the Tairāwhiti Museum and on the board of the Newspaper Publishers Association (NZ).



MENG FOON

Mayor Meng Foon has assumed his role on the Trust board as the Council's elected member. Meng Foon's dedication and service to his community and his ability to help others in his leadership role as Mayor, gives him great satisfaction. His passion to advance the wellbeing of his community is clearly articulated in his vision. His role as a trustee of ECT enhances this passion as an enabler to support his community in many ways.



MATANUKU MAHUIKA

Matanuku was born in Te Puia Springs and attended school in Wellington, Tikitiki, and Gisborne Boys' High School. Matanuku is a former President of the Maori Law Society. He is currently Director of Sealord and Ngati Porou Holding Company Limited. He is also a director of the New Zealand Merino Company. Matanuku chaired the Te Ture Whenua Maori Act 1993 Review Panel, is a current member of New Zealand Geographic Board and chairs the LINZ Business with Maori Advisory Board. He was also a member of the former arts funding body, Te Waka Toi.

The Eastland Community Trust is managed by a board of seven trustees, each passionate about the region and committed to making a positive difference.

Note: Since this period Richard Brooking was retired and the Council has appointed John Clarke.



DR PAUL REYNOLDS

Paul was born and raised in Gisborne. He was educated at Campion College. Paul served as chief executive of the Ministry for the Environment from 2008 until 2015 amongst other things. In addition to his role as deputy chair of Landcare Research, Paul serves as a director of AgResearch and as chair of the Our Land and Water Science Challenge.

Creating a more positive, prosperous and attractive community.

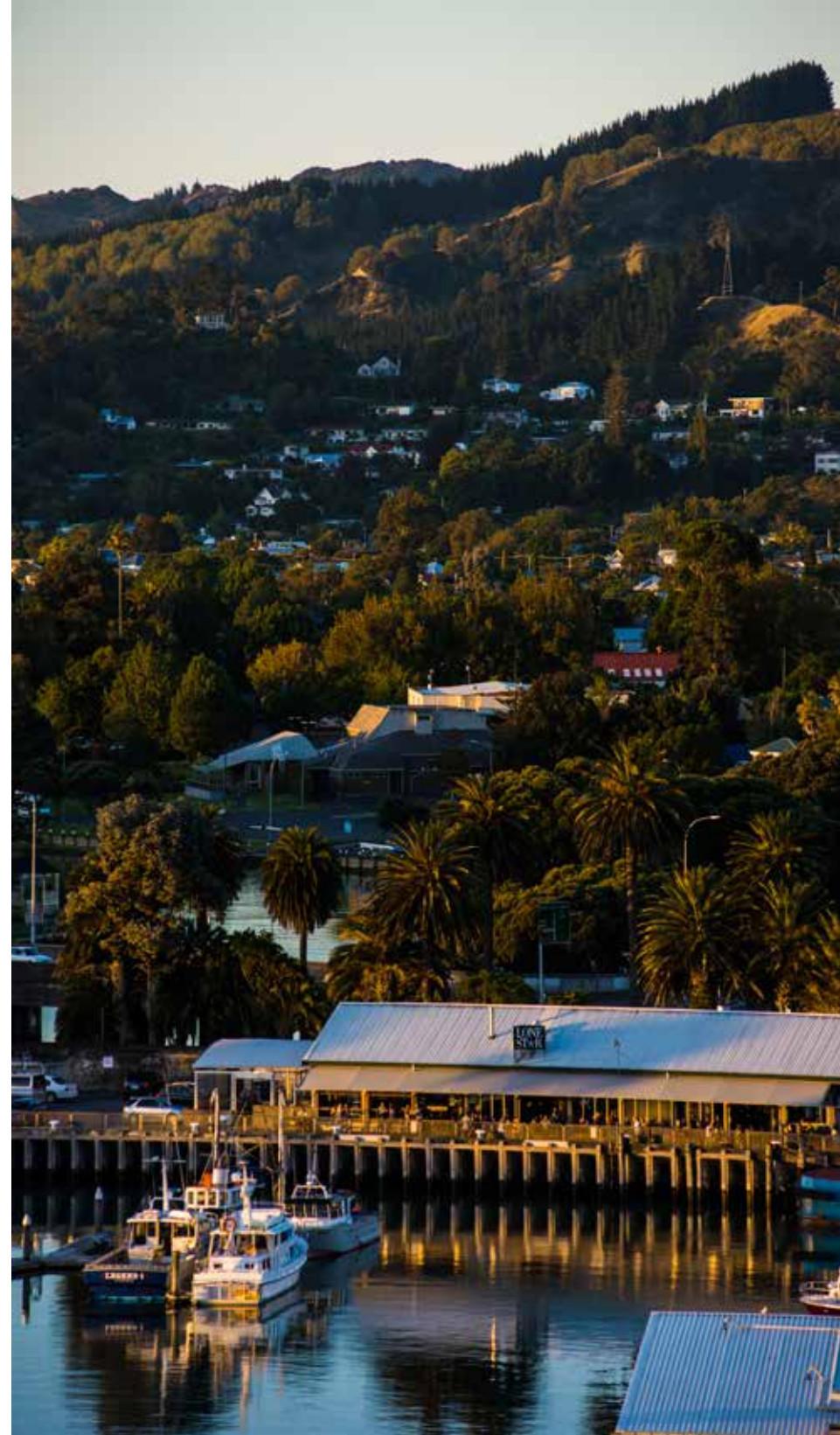
It is our mission to contribute towards increasing the quantity and quality of choices people and groups can make to build meaningful and fulfilled lives. Our focus is on fostering the Gisborne district's economic prosperity through acquiring, owning and prudently governing investments and utilising resources to support and encourage selected commercial and community initiatives.

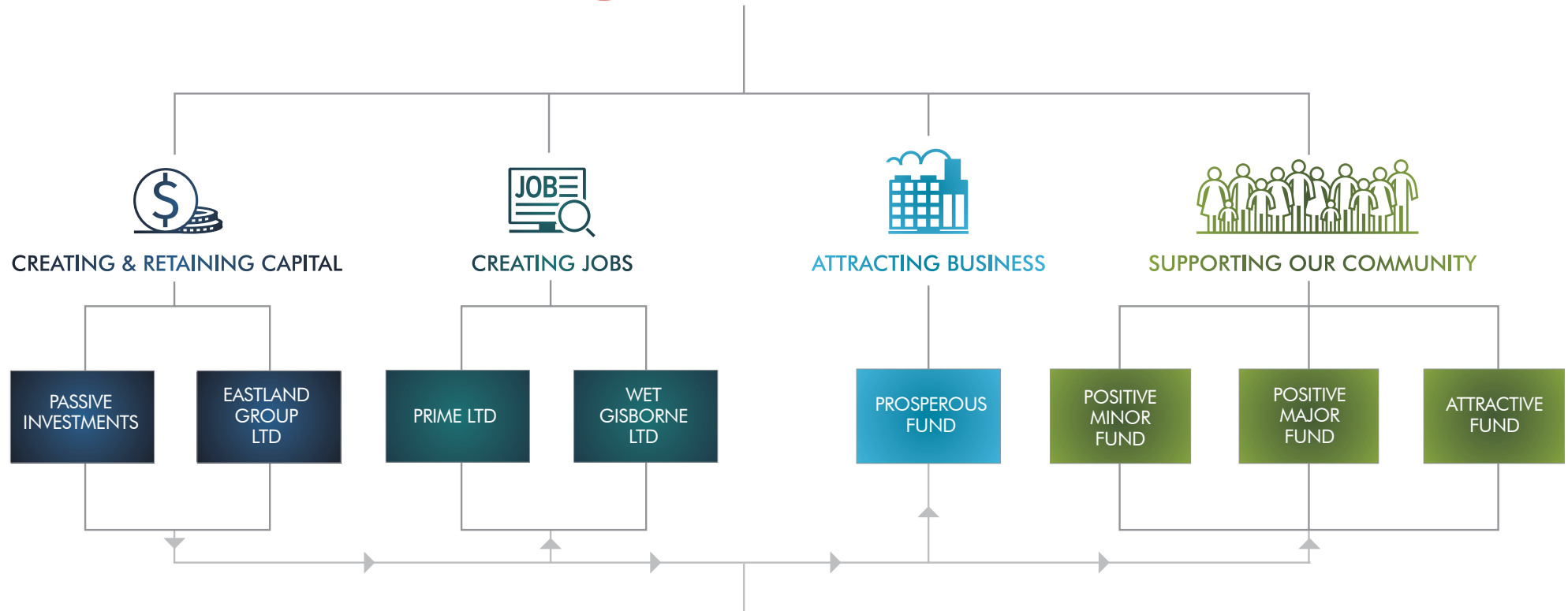
The Trust is established for the following purposes:

1. To preserve the value of the capital of the Trust Fund having regard to the effect of inflation and profits and losses from time to time earned or sustained by the trustees in the exercise of their powers and duties under this deed, or any other losses sustained by the Trustees.
2. To provide for the beneficiaries in such manner as the Trustees shall from time to time decide including, without limiting the generality of the foregoing:
 - a. Paying for or subsidising the installation or maintenance of electricity reticulation or the supply of electricity in areas of the district where the Trustees, after taking such advice as they think fit and having regard to the cost supplying power to those areas, are of the opinion that the provision of those services by the Company will not provide an acceptable commercial return to the Company except at a cost to the consumer of that electricity that is excessive having regard to the cost to the majority of consumers who are connected to the Company's electricity distribution system and who have similar load profiles.
 - b. Supporting business, community and other initiatives which in the opinion of the Trustees are likely to encourage or sustain economic growth within the district that is or may be directly or indirectly for the benefit of the beneficiaries.

We have developed an organisational structure that enables us to deliver on that promise. The income we receive from our passive investments and our Eastland Group dividend allows us to preserve capital, retain some earnings for major projects and purposefully invest in our community in a number of meaningful ways.

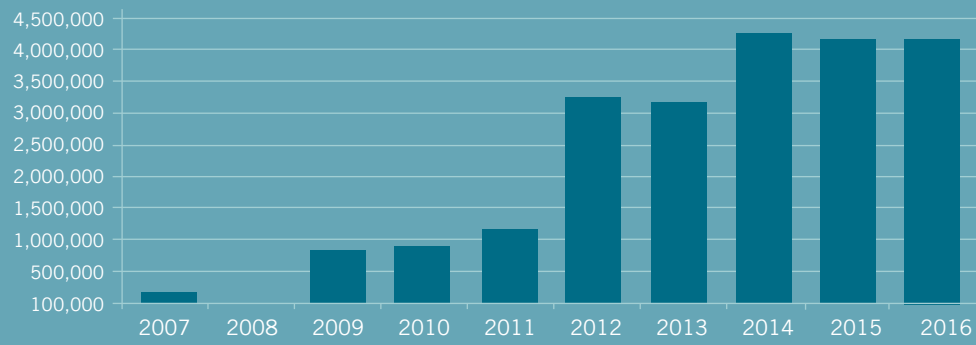
We are able to invest in the creation of jobs with direct investments in projects like Prime and WGL. We are able to retain, expand and foster business via our Prosperous fund. We are able to support our community's aspirations for quality facilities via our Attractive fund, and we can ensure we have a vibrant and resourceful community via our Positive funds.



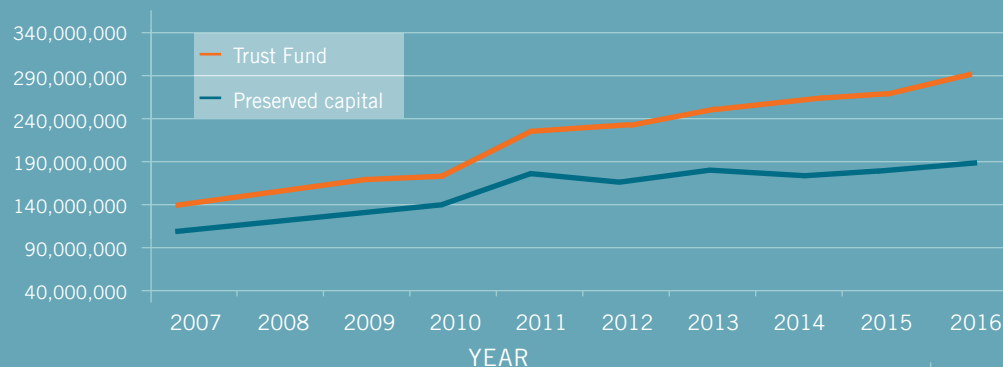


CREATING A COMMUNITY THAT IS POSITIVE, PROSPEROUS AND ATTRACTIVE.

Distributions 2007-2016



Group Capital Preservation



The Trust is established in part to preserve the value of the capital of the Trust Fund having regard to the effect of inflation and profits and losses from time to time earned or sustained by the trustees in the exercise of their powers and duties under this deed, or any other losses sustained by the Trustees.

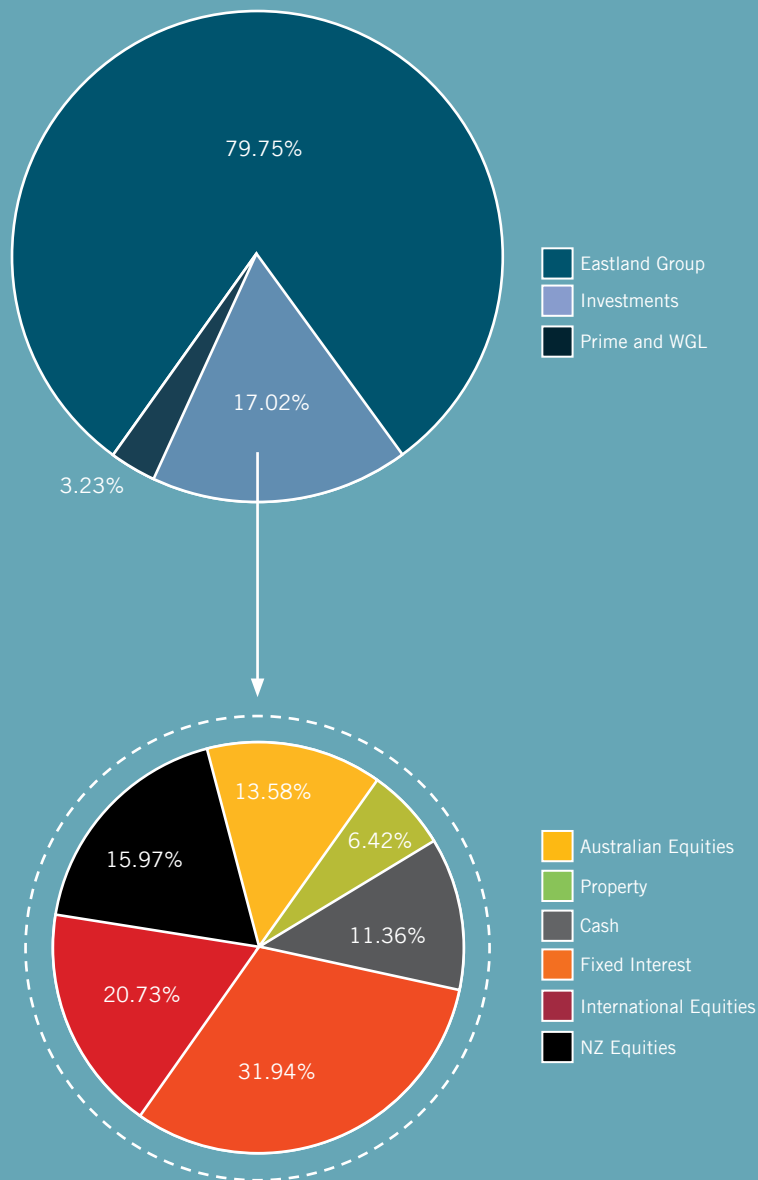
The amount of capital preserved as determined by trustees is \$191,317,000

Eastland Community Trust A Year in Review

The financial performance of Trust continued the trend of strong performance. It has been satisfying to be able to maintain the level of distribution at **\$4.2 million**.

The capital value of the Trust has increased through prudent investment and management. Importantly this has also given the Trust confidence to actively invest in job creation through direct investments, supporting clause 2b of our Trust deed.

Our Investments

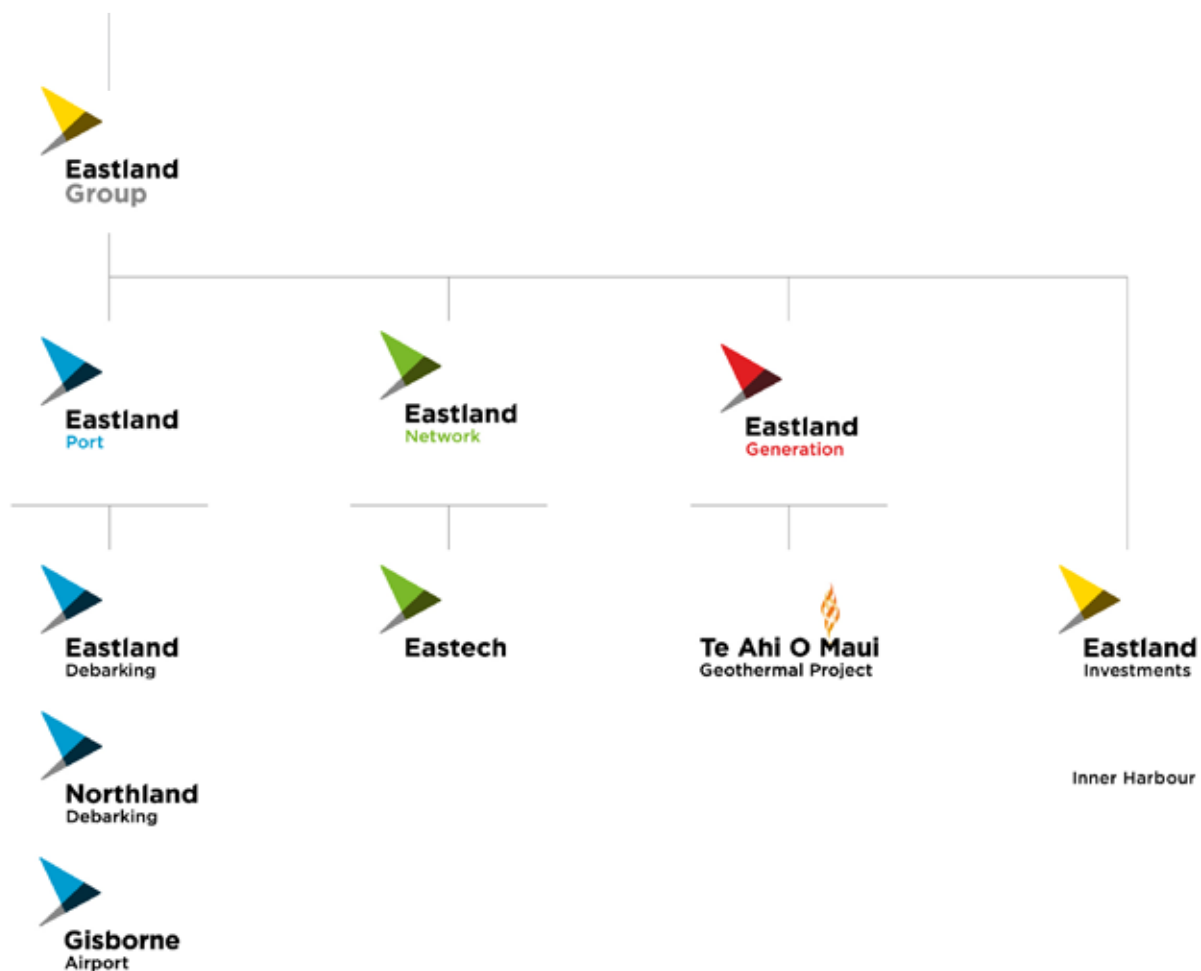


Key Financial Highlights

\$7.75 million was received from Eastland Group during the year from dividends and interest on capital notes. This represents **78.1%** of ECT's operations income, as compared to **76.9%** last year.

ECT's net assets increased by **\$21.2 million (7.8%)**.

ECT committed **\$4.2 million** to community projects and initiatives.



Eastland Group A Year in Review

Eastland Community Trust is the sole shareholder of Eastland Group.

Eastland Group's operations include Eastland Port, Gisborne Airport and Eastland Network – the electricity network for Gisborne, Wairoa and the East Coast – as well as Eastland Generation, which produces electricity from hydro, diesel and geothermal plants.



In September 2015, ECT gave Eastland Group the green light to proceed with development of its Te Ahi O Maui geothermal project near Kawerau.

The company's subsidiary, Eastland Generation, holds consents for a 25 megawatt geothermal power station situated in Kawerau on land owned by the A8D Ahu Whenua Trust. By 31 March 2016, excavations were well underway. Drilling began in mid-May 2016 and marked a significant milestone for the company and its strategy of investment within the renewable electricity generation sector. To date, Eastland Group has invested \$9 million in Te Ahi O Maui; the final figure is expected to be \$120 million, an investment which will generate a significant return to ECT's beneficiaries for more than 30 years.



This year, the port enjoyed record export volumes of 2.3 million tonnes, an increase of 59,000 tonnes on the 2015 year and eclipsing the previous best result of 2.27 million tonnes.

The port's \$12 million makeover of the upper log yard was the result of seven years' consultation and planning. This was driven by customers' requirements for an even more efficient port and the combined aspirations of the community and the company for the Port to make a more positive contribution to the Inner Harbour ecosystem. The upper log yard now boasts a world-class storm water treatment system, which can treat up to fifty cubic meters of water every hour. Eastland Group's significant investment means that community can now look upon the Port as world-class community asset.



A \$2.5 million project to reseal Gisborne Airport's runway was completed in April 2016 and marks a significant commitment to investment in a key piece of regional infrastructure.

Since 2005, Eastland Group has operated, managed and developed the airport, investing more than \$5 million in capital projects that will ensure the long term viability of this key regional transport link.



In December 2015, Eastland Group took a cornerstone investment in high-growth electricity business Flick Electric Co.

The company was attracted to Flick's technology-driven model, disruptive potential and strong customer engagement. While the investment stands on its own merits as Flick continues to grow, the company also views the investment as a way to gain a foothold in the electricity retail sector.



Eastland Group A Year in Review

Eastland Group is the main vehicle for providing dividend and capital note interest income to ECT. While not its only investment, it is the Trust's largest.

The 2016 financial year has seen Eastland Group enjoy significant success including a positive financial performance, an exemplary health and safety record, substantial capital investments at the port and airport, and an increased dividend to ECT.

That success has not come without its challenges, however, the company views this as a year of growth that will lay the foundation for an exciting future, with plans to invest \$100 million in local infrastructure over the coming five years.

Health, Safety and Environment

Eastland Group has an aspirational target of having no Lost Time Injury (LTI) accidents and achieving continued reduction in our harm related injuries. Our target was a reduction of incidents causing harm by 25 percent. During the year 13 incidents causing harm were recorded; this was a 35 percent reduction in comparison to the 20 the previous year.

During the year 13 incidents causing harm were recorded; this was a 35 percent reduction in comparison to the 20 the previous year.

As the company focuses on building a truly safe culture – one where everyone goes home safely at the end of each day – Eastland Group has broadened its attention to include all people who come into contact with the company, not just employees. The board of directors is very engaged in the health and safety discussions and also undertakes site audits on the company's behalf. Eastland Group is committed to doing whatever it takes to make sure we are offering safe and healthy environments for employees, contractors and any member of the public.

Eastland Group also continues to take its environmental responsibilities very seriously. The damage that was sustained by the Waihi Dam following the floods in September 2015 became newsworthy as a team worked in extreme conditions (often underwater), to get the gates repaired and stem the flow of silt into the Waiau river system. Eastland Group understands that a dirty river over the summer season reduced people's ability to enjoy the water and sincerely apologises for that. Thankfully the river system appears to be recovering well.

Key Highlights

Total income **\$73.9 million.**

Profit **\$15.2 million.**

Total dividend and interest paid to shareholder **\$7.7 million.**

Assets **\$422.2 million, 86%** based within the region.

\$32.3 million capital expenditure, **79%** or **\$25.6 million** spent within Tairāwhiti.

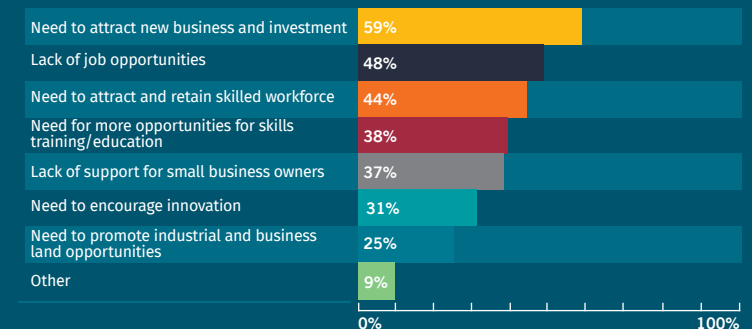


ECT's Direct Investments

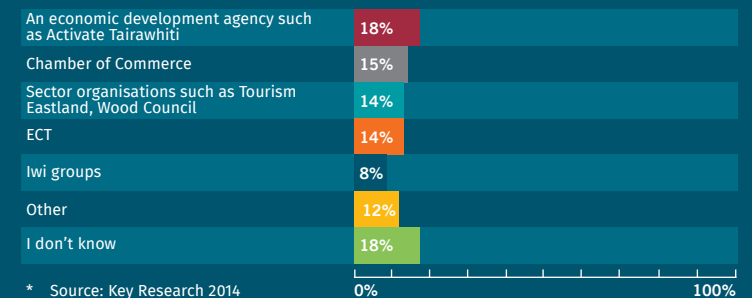
ECT was established to provide for the people of Gisborne by supporting business, community and other initiatives which are likely to sustain economic growth within the district.

One of the key messages ECT recently received from the community was that it must take an active leadership role in economic development – creating jobs and attracting new business to the region.

Key Economic Issues

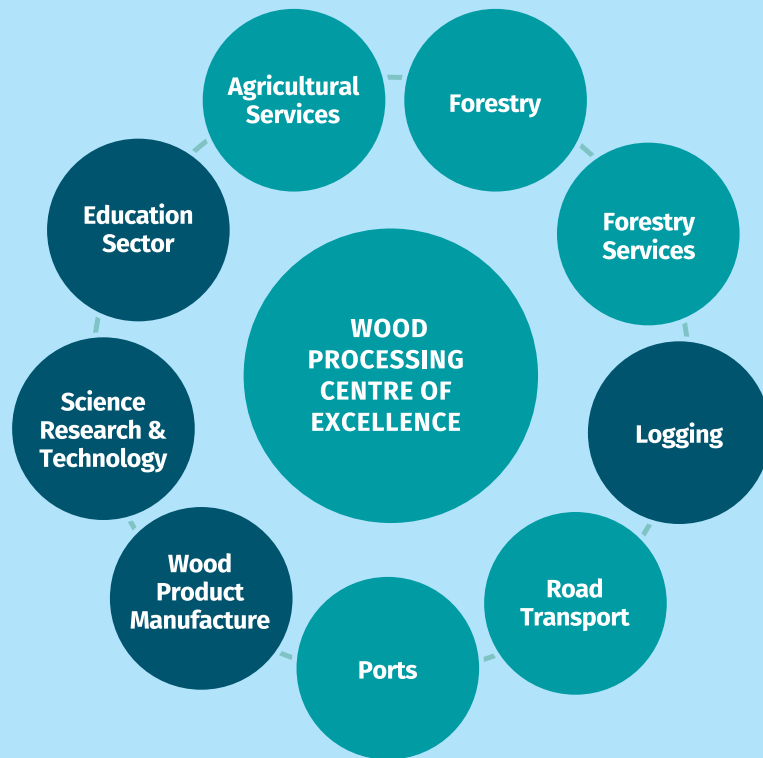


Groups to Lead Economic Development



* Source: Key Research 2014

** Please note some options allowed for multiple answers so results in the graphs can be greater than 100%



120
jobs
created within
the region

\$50,000
average wage
per annum for local
staff

\$7,700,000
per annum
injected into the local
economy

Prime and WGL

This year, ECT made a significant commitment to economic development and job creation by approving the **\$7.4 million** purchase of the Prime Sawmill with a view to developing a wood processing cluster that, when fully operational, is expected to create as many as 120 jobs and inject \$7.7 million per annum in to the local economy.

Because they work collaboratively, clusters are the driving force in many regional economies. They help cities direct their economic development efforts and help communities focus their efforts on existing industries in a strategic way. Since the announcement of the Prime purchase and cluster there has been significant national and international interest in the center of excellence.

As a result, in this financial year ECT also entered negotiations with the cluster's first tenant, announcing a landmark \$4.7 million joint venture with revolutionary wood processing firm Wood Engineering Technologies (WET).

WET Gisborne Ltd has patented a revolutionary process that enables low value logs to be turned in to high grade lumber. The venture adds strategically to the local industry – using an alternative log supply to the existing local industry and making more efficient use of our renewable raw materials. It will contribute almost 40% of the projected jobs and economic impact of the cluster.



ECT in the Community

ECT aims to distribute up to 50% of its post-tax income to local projects. This means the more income the Trust generates, the more money there is available to distribute to the wider East Coast region.

In this financial year, we distributed over \$4 million to a number of community initiatives that will have a significant impact on the community.



HB Williams Memorial Library

Fundraising for the HB Williams Memorial Library received an \$860,000 boost courtesy of the Eastland Community Trust. A significant funding decision, the project accounted for almost half of the annual \$2 million Attractive fund.

The fund was specifically designed to support community infrastructure and assets or projects of regional significance, and trustees felt the importance of the library to the community warranted the investment.

“It is Gisborne’s most used facility with over 240,000 individual visits per year and contributes to a number of social, education and economic outcomes,” says general manger Leighton Evans.

Fifty years ago the library was designed for three key purposes – as a lending library, a reference library and a reading room. This redevelopment will see the library completely reconfigured to create community spaces that better reflect the needs of our 21st century community. It will also feature drop-in zones, an informal active / youth lounge, an external learning court and a multi-purpose lecture / reception / exhibition space. While research, retreat and support zones will cater for more traditional library users.

“A world-class library that reflects the needs of a young and diverse population is a key component in addressing some of the educational achievement issues our community faces,” he says.



Picture courtesy of The Gisborne Herald

Safe Tairawhiti Community Trust

Safe Tairawhiti established the Ruia Gang Transformation project with a clear vision to ensure that whanau in Tairawhiti are fully employed, well educated, healthy and connect in positive ways with the wider community.

The programme was established in 2012 with research, engagement and the development of an action plan (the Whanau Future Narratives Toolkit) the key focuses.

Ruia is currently working with gang affiliated whanau, particularly women and children to improve outcomes for their whanau by providing opportunities to develop goals for their futures. They also cultivate trust and understanding between gang whanau and those agencies with the capacity to provide opportunities and support for whanau toward a positive future.

Ruia co-ordinates positive engagement for whanau in the areas of education, health and employment. They are actively supporting Ministry of Education and others in developing a robust action plan focused on engaging gang affiliated children in their education and investing in their education pathway moving forward.

In this financial year, ECT was proud to support the programme's important work within our community.

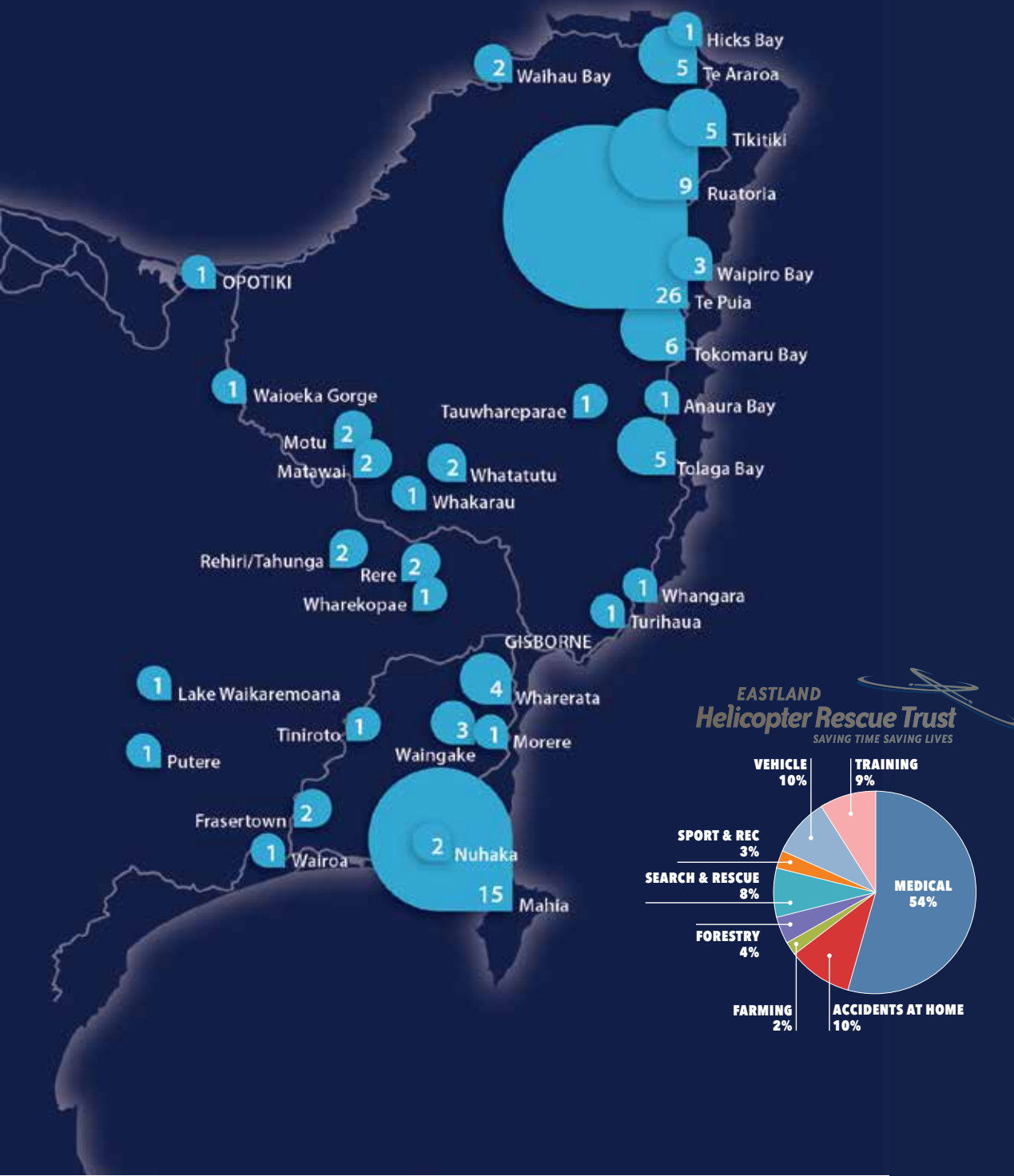
Eastland Helicopter Rescue Trust

In this financial year the Trust continued its support of the ECT Rescue Helicopter, which had one of its busiest years on record, completing over 150 missions across the region.

ECT entered a five-year funding agreement with the service in September 2012, supporting the delivery of critical emergency medical support across Tairāwhiti understanding that the region would be significantly worse off without the service.

The ECT Rescue Helicopter requires fundraising of around \$600,000 per annum to deliver lifesaving services including primary response for accidents and critically ill patients, search and rescue (including off-shore missions), and inter-hospital transfers throughout New Zealand. The helicopter also supports Police, Coast Guard, the Fire Service and Civil Defence.

The service benefits the community by ensuring that those who work in high risk situations on our remote farms, forests and roadways, and those that recreate in our rugged and isolated landscape have 24/7 access to emergency medical support within the “golden hour” - increasing chances of survival by 30 to 60%.





Pukehapopo Revegetation and Community Mara Kai

The East Coast has a long history of valuing, preserving and restoring its natural environment.

Much of that work happens at a grass-roots level with Iwi, community groups, friends and whanau gathering to create unique solutions to local issues. There is a growing understanding of these groups and their importance in the sustainable development of our region - improving our standard of living by protecting our health, conserving the environment, using resources efficiently and advancing long-term economic competitiveness. The Pukehapopo Revegetation and Biodiversity project is one such project that received funding in this financial year.

This community-led native planting initiative will enhance the biodiversity of Whangara, provide protection from erosion and enable the development of a community learning and education resource. The mara kai includes a community garden, which will supply vegetables to the community and marae. Whangara Marae kaitiaki Peter Gibson says the vision for the project was born from the community.

“The Paikea Whitirea Trust has been set up to promote, protect and maintain the cultural integrity of Ngati Konohi and we see our Marae as the centre of economic and cultural growth for our hapu, whanau, iwi and wider community,” he says.

The outcome of this project will see Pukehapopo and the surrounding waterways planted in native vegetation. Specific areas will be established for specialist plants including pingao for weaving, kawakawa which can be used for medicinal purposes and totara for carving.

The project will mitigate erosion, supply food and materials to the local community, develop and grow community capacity, and may even lead to employment. Members of the community will gain new skills and the nursery will enhance the capacity of the community to solve a local problem.



Picture courtesy of The Gisborne Herald

Major National Surfing Events

ECT supported Gisborne Boardriders' Club in their pursuit of establishing Gisborne as New Zealand's development center for junior surfing with a grant of \$10,000 toward the hosting of two high profile national junior surfing events.

The National Primary Schools Surfing Competition, held in Gisborne in November, is designed for primary and intermediate aged surfers. The National Scholastic Surfing Championships, held in late September, is a competition for high school aged competitors and is considered the pinnacle of junior surfing in New Zealand.

"These are both high profile competitions, which attracted hundreds of competitors and their supporters to our region at traditionally quiet times of the year," says Boardriders president Don Pearson.

"Being able to secure these events was a major coup for the region and our club, whose mission is to establish Gisborne as the development centre for junior surfing in New Zealand," he says.

The benefits of these events fitted well within the new funding assessment framework – they attract people to the region, raise the region's profile and celebrate our region and its assets.





Life Education Trust

Life Education Gisborne is a non-profit organisation teaching health in schools across Tairāwhiti. With ECT's support, their educator worked with 5555 children in 60 schools in our region including a number of Kura Kaupapa Māori, Area Schools and small rural schools.

Life Education teaches children about the wonder of life, themselves, and other people, with the aim of showing them how to reach their full potential. Life Education does not necessarily work on changing children's behaviour, it works on changing desires. This enables the child to make decisions about any negative influences that might impede the development of their fullest potential.

They do this by taking children on an adventure in a mobile classroom that is equipped with sight and sound equipment designed to capture children's imaginations. Their educators (registered teachers) take children on this journey, along with Harold the Giraffe, their mascot. These educators are chosen for their x-factor and together with Harold make the journey fun as well as educational.

In this financial year ECT supported a number of initiatives that enabled Life Education (Gisborne, Wairoa, East Coast) to make significant sustainable inroads on their fundraising requirements.

Tairāwhiti the Learning Region

This year, ECT commissioned one of the most comprehensive studies of Gisborne education ever conducted with the publication of the report Educational Excellence to Economic Prosperity.

We believe education in our region, from the youngest learner to the highest level, is crucial to changing our long-term economic performance.

Our goal, is not to set the direction of education in our region, but to:

- Understand how we can support our school leaders and teachers.
- Assist in the nurturing of a healthy workforce that can think critically and work together.
- Enable our community to move ahead with confidence as a city focussed on our young learners.

In doing this we will create a more positive, prosperous and attractive community, home to a population with confidence in their futures.

In collaboration with education, social service and business leaders, teachers, students and kaumatua, Educational Excellence to Economic Prosperity, identified a number of deceptively simple priorities.

The Trust is continuing to work through the Ministry of Education's Gisborne Communities of Learning initiative.

Hikurangi Takiwa Trust

The Hikurangi Takiwa Trust received funding for a project focused on mapping economic development opportunities within the Waipiro Bay, Makarika, Huriharama, Te Aowera, Whareponga and Ruatoria areas.

The project will see an economic development plan produced for the hapu and will add to the work the organisation is doing in the cultural, economic, social and environmental sectors.

The Trust is made up of local marae representatives with a vision to create new locally-led opportunities to accelerate development within the hapu. The Trust will map existing local businesses, and identify their training, staffing and capital needs. It will also identify the lessons to be learned from previous economic development initiatives in the Waiapu Valley area.

The economic wellbeing of the community and sustainable development in the region are key priorities for the Hikurangi Takiwa Trust, priorities that align well with ECT and the Prosperous fund. This project should result in an economic development action plan which identifies opportunities for business capability improvements, business expansion, and research and development investment.

Wyllie Cottage

The Gisborne Museum of Art and History Trust received \$77,410 toward the upgrade of Wyllie Cottage. This Historic Places Trust category two listed building is of major regional, cultural and historical significance.

In approving this grant, ECT joins other funders in ensuring that Wyllie Cottage receives specialist historic restoration to preserve the building so that it can continue to serve the community as an accessible heritage museum.

The grant will go towards funding the upgrade of the interior appearance, interpretation and displays ensuring a better quality visitor experience as well as improving the standards of care for the taonga housed within. In doing so they will also enhance the region's tourism mix and support Tairāwhiti's capacity to deliver on long term projects such as the 2019 sescentennial.

We are but a small part of this project's funding puzzle, but we are very pleased to be able to support the restoration.

Total Positive Minor Approved

Hospice Tairawhiti - Girl's Day Out	*\$3,500
Gisborne Boardriders Club - 2015 National Primary Schools Competition and 2015	
National Scholastics surfing competition	*\$10,000
Black Fig Catering	*\$7,000
Poverty Bay A & P Association	*\$10,000
BDO - Governance training	\$8,000
FI360 - Fiduciary Essentials training	*\$5,000
Activate Tairawhiti Regional Development Trust - Co-Starters digital workshop	*\$10,000
Gisborne Business and Professional Women - Womens Empowerment Principles	*\$2,000
Gizzy School Lunches	*\$3,495
Radio Ngati Porou Charitable Trust - Radio station upgrade	*\$10,000
Paikea Whitireia Trust - Pukehapopo revegetation and community mara kai	*\$10,000
Poverty Bay Blues Incorporated - Blues and Roots Music Festival	*\$10,000
Gisborne Budget Advisory Service Inc - Operational costs	*\$10,000
Ease Up Tairawhiti - Educational workshops	*\$5,000
Life Education Trust - Fight for Life Ed	*\$5,000
Life Education Trust - Nigel Latta fundraising event	*\$5,000
TMS Sport Promotions Ltd - Motu Special mountain bike race	*\$3,000
Black Fig Catering - Summer Street Festival	*\$5,500
Hospice Tairawhiti - Celebrate Gisborne auction fundraiser	*\$5,000
Activate Tairawhiti - Westpac Business Excellence Awards	*\$5,000
Eastland Rescue Helicopter Trust - Charity auction	*\$6,326
Eastland Sports Foundation Education Trust - Weetbix Tryathlon	*\$9,999
Hackfalls Arboretum Charitable Trust - Catalogue project	\$6,120
He Awa Ora He Tai Ora Healthy Rivers Living Sea Education Charitable Trust - Open days	*\$5,000
Rongowhakaata Iwi Trust - Marae Exhibition Series	*\$5,000
Turanganui a Kiwa Voyaging Trust	*\$10,000
The Boardroom - Summer Slam	*\$4,500
Gisborne Trampoline Club - North Island Trampoline and Tumbling Champs	\$10,000
Te Whare Whai Matauranga o Turanga - Operating costs	\$9,000
Tourism Eastland - Sun Splash	*\$10,000
Eastland Sports Foundation Education Trust - Sporting Excellence Awards 2015	*\$4,000
Poverty Bay Rugby Football Union - Feasibility study	\$6,500
Taki Rua Productions Society Incorporated - Free Whakaahuatua Mai performances	\$10,000
Te Kura Awhio Trust - Mixed martial arts cage	\$10,000
Whakarua Trust Board - feasibility study	\$8,000
Gisborne Volunteer Centre - Governance workshops	\$3,060
	\$250,000

Total Positive Major Approved

Wainui Surf Lifesaving Club - Facilities upgrade	*\$36,000
Tairawhiti Technology Trust - TeachExpo	*\$40,000
Te Kura Kaupapa Maori o Tapere Nui a Whatonga - Playground upgrade	\$27,350
TMS Sport Promotions Ltd - 2016 Oceania Triathlon Championships	*\$40,000
Gisborne Riding for Disabled - Panic bars	\$17,423
Sisterson Lagoon Restoration Trust - Shelter construction	\$17,000
Matawai Memorial Hall Assn - Facilities upgrade	\$19,000
Eastwoodhill Trust Board - Tree Cathedral project	*\$65,500
Gisborne International Music Competition 2015/16	*\$30,000
Gisborne International Music Competition 2016/17	\$30,000
Gisborne International Music Competition 2017/18	\$30,000
Gisborne Crime Prevention Camera Trust - New camera sites	*\$23,201
SAFE Tairawhiti Community Trust - Ruia Gang Transformation Project	*\$25,000
Gisborne Museum of Art and History Trust - Wyllie Cottage restoration	*\$77,410
Ngai Tamanuhiri Whanui Trust - Te Kopua Sanctuary	*\$38,990
Gisborne Crime Prevention Camera Trust - War Memorial Theatre Camera	*\$14,435
Gisborne District Council - Regional Facilities Strategy	\$68,050
	\$599,359

Total Prosperous Approved

Gisborne Vintage Railway - Muriwai line restoration	*\$195,000
Naati Beez - Research funding	*\$5,000
Hikurangi Takiwa Trust - Economic development opportunities mapping (*Paid \$5,000)	\$10,000
Gisborne District Council - Makauri Aquifer (*Paid \$100,000)	\$200,000
Activate Tairāwhiti - Co-Starters Workshops (*Paid \$17,115)	\$22,820
Activate Tairāwhiti - Feasibility and business case fund	*\$50,000
Akina - Social enterprise programme	*\$51,300
Tu Ake Te Karaka Trust - Economic development feasibility study	*\$28,000
	\$562,120

Total Attractive Approved

Gisborne District Council - HB Williams Memorial Library Upgrade (*Paid \$430,000)	\$860,000
Waikanae Surf Life Saving Club - Clubrooms	*\$140,000
Te Runanganui o Ngati Porou - Paikea performance centre	\$150,000
ENCT - Gisborne Wainui Lions Club - Junior Cycle Park (*Paid \$250,000)	\$470,000
	\$1,620,000

Approved Previously Paid 2015/2016

Eastland Helicopter Rescue Trust - Annual funding (*Paid \$250,000)	\$650,000
ENCT - Navigations Project	*\$100,000
Smart Energy Solutions - Warm Up Eastland	*\$77,726
Art in Public Spaces	*\$40,000
Activate Tairāwhiti (*Paid \$180,000)	\$360,000
	\$1,202,726

* Total paid during the year \$2,491,454



ECT and Group Summary Financial Statements

For the year ended 31 March 2016

Michael Muir, Chairman, ECT.

Matanuku Mahuika, Trustee, ECT.

Summary Statement of Comprehensive Revenue and Expense

For the year ended 31 March 2016

	Group		Parent			
	Actual	Actual	Actual	Budget	Actual	Budget
	2016	2015	2016	2016	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
Operating revenue	75,675	76,810	9,926	9,573	9,852	9322
Non-operating revenue	1,605	235	1,190	-	208	-
Total revenue	77,280	77,045	11,116	9,573	10,060	9,322
Operating, admin and personnel expenses	(32,713)	(34,030)	(1,405)	(1,293)	(1,237)	(1,106)
Depreciation and amortisation	(14,883)	(12,740)	(3)	-	(3)	-
Finance expenses	(6,238)	(6,204)	-	-	-	-
Non-operating expenditure	(523)	(1,829)	-	-	-	-
Total expenditure	(54,357)	(54,803)	(1,408)	(1,293)	(1,240)	(1,106)
Surplus before joint ventures	22,923	22,242	9,708	8,280	8,820	8,216
Share of surplus of joint venture	788	1,403	-	-	-	-
Surplus before income tax	23,711	23,645	9,708	8,280	8,820	8,216
Income tax expense	(6,450)	(6,850)	(1,236)	(1,423)	(1,354)	(2,176)
Surplus after tax	17,261	16,795	8,472	6,857	7,466	6,040
Profit from discontinued operations	(45)	(185)	-	-	-	-
Net surplus	17,216	16,610	8,472	6,857	7,466	6,040
Other comprehensive income and expenses						
Cashflow hedges	(9,780)	(4,174)	-	-	-	-
Revaluations	19,244	1,948	120	-	3,438	-
Tax on comprehensive income	(2,165)	926	-	-	-	-
Total other comprehensive revenue and expenses	7,299	(1,300)	120	-	3,438	-
Total comprehensive revenue and expenses	24,515	15,310	8,592	6,857	10,904	6,040
income for the period						
Attributable as:						
Surplus for the year:						
Equity holders of the parent	17,237	16,663	8,472	6,857	7,466	6,040
Non-controlling interest	(21)	(53)	-	-	-	-
	17,216	16,610	8,472	6,857	7,466	6,040
Total comprehensive income:						
Equity holders of the parent	24,536	15,363	8,592	6,857	10,904	6,040
Non-controlling interest	(21)	(53)	-	-	-	-
	24,515	15,310	8,592	6,857	10,904	6,040

Summary Statement of Financial Position

As at 31 March 2016

	Group 2016 \$'000	2015 \$'000	Parent 2016 \$'000	2015 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	8,521	11,958	5,566	10,612
Other current assets	16,299	10,115	1,042	1,080
Total current assets	24,820	22,073	6,608	11,692
Non-current assets				
Property, plant & equipment	405,579	369,106	10	9
Other non-current assets	57,891	48,069	100,116	88,164
Total non-current assets	463,470	417,175	100,126	88,173
Total assets	488,290	439,248	106,734	99,865
LIABILITIES				
Current liabilities				
Current liabilities	18,873	8,127	1,885	179
Total current liabilities	18,873	8,127	1,885	179
Non-current liabilities				
Loans and borrowings	114,000	105,000	-	-
Other non-current liabilities	60,130	52,105	-	-
Total non-current liabilities	174,130	157,105	-	-
Total liabilities	193,003	165,232	1,885	179
Net assets	295,287	274,016	104,849	99,686
EQUITY				
Equity	294,804	273,582	104,849	99,686
Non-controlling interest	483	434	-	-
Total equity	295,287	274,016	104,849	99,686

Summary Statement of Changes in Net Assets/Equity

For the year ended 31 March 2016

	Group 2016 \$'000	2015 \$'000	Parent 2016 \$'000	2015 \$'000
Balance at 1 April	274,016	262,720	99,686	91,713
Total comprehensive income	24,515	15,310	8,592	10,904
Transactions with owners	185	(1,006)	-	-
Distributions	(4,234)	(4,280)	(4,234)	(4,203)
Tax adjustment on distributions	805	1272	805	1272
Total equity	295,287	274,016	104,849	99,686

Summary Statement of Cash Flows

For the year ended 31 March 2016

	Group 2016 \$'000	2015 \$'000	Parent 2016 \$'000	2015 \$'000
Net cash flow from (used in) operating activities	32,410	26,801	9,553	8,616
Net cash flow from (used in) investing activities	(48,545)	(28,396)	(12,094)	1,741
Net cash flow from (used in) financing activities	11,959	8,023	(2,505)	(4,372)
Net cash flows from discontinued operations	739	(54)	-	-
Net (decrease)/increase in cash and cash equivalents	(3,437)	6,374	(5,046)	5,985
Cash and cash equivalents at beginning of period	11,958	5,584	10,612	4,627
Cash and cash equivalents at end of period	8,521	11,958	5,566	10,612

Notes to the Summary Financial Statements

For the year ended 31 March 2016

1. Reporting Entity

The Eastland Energy Community Trust ("the Trust") was established on the 7th of May 1993 pursuant to the Energy Companies (Eastland Energy Limited) Vesting Order 1993 upon the vesting in the Trust of the equity and debt securities issued by Eastland Energy Limited. The Trust changed its name to Eastland Community Trust on 6 December 2004. The Trust is governed by the Trust Deed including variations made by Deed Polls. The Trust has a termination date of 7 May 2073 unless an earlier date is appointed by Deed by trustees.

The financial statements for the Trust are for Eastland Community Trust as established by Deed. The consolidated financial statements for the Group are for the economic entity comprising Eastland Community Trust and its subsidiaries.

The Group is involved in Electricity Distribution, Energy Generation, and Port sectors in New Zealand. The primary operations include electricity distribution and generation, the operation of Gisborne's port and airport, the ownership of strategically located investment properties and investment portfolios.

For the purposes of financial reporting, the Trust is a Public Benefit Entity (PBE) and as such the financial statements and Group financial statements have been prepared in accordance with Tier 1 Public Benefit Entity reporting standards.

Notes to the Summary Financial Statements

Continued

2. Basis of Preparation

Statement of compliance

The summary financial statements have been prepared in accordance with Public Benefit Entity Financial Reporting Standard 43: Summary Financial Statements and have been extracted from the full financial statements. The full financial statements and full Group financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Tier 1 PBE Standards, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Basis for measurement

The financial statements have been prepared on the historical cost basis modified as defined in the specific accounting policies in the full financial statements (principally fair valuation of investments and revaluation of certain property, plant and equipment).

Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$), which is the Group's functional currency, and have been rounded to the nearest thousand unless otherwise stated.

Summary financial statements

This is the first set of summary financial statements presented in accordance with the new PBE Accounting Standards. Although there has been no material impact resulting from the new accounting standards, the Group has recognised changes to the accounting for the exchange and non exchange revenue and receivables.

The summary is extracted from the full financial statements authorised for issue by the trustees on 27 July 2016. The full financial statements have been audited and an unmodified opinion has been given. An unmodified audit opinion on the summary financial statements has been issued on the 27 July 2016 and is included in this report.

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

A copy of the full financial statements can be obtained from the ECT website www.ect.org.nz and is available from the office at 260 Gladstone Road, Gisborne.

3. Guidelines for access to information

Pursuant to clause 10.1 of the Guidelines for Access by Beneficiaries of the Eastland Community Trust (the Guidelines), the Trust received eight requests for information. No costs were incurred in responding to these requests and no recoveries were made. There were no Trust decisions that were subject to review.

4. Explanation of significant Actual and Budget variances

Financial year ended 31 March 2016

Non-Operating revenue relates to realised gains on sale of investments.

Financial year ended 31 March 2015

Actual revenue was up \$738,000 on budget. The majority of this related to improved investment performance gains made on sale of investments.



REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS TO THE TRUSTEES OF THE EASTLAND COMMUNITY TRUST

The accompanying summary financial statements of Eastland Community Trust and its subsidiaries ('the Group') on pages 27 to 30, which comprise the summary consolidated and separate statement of financial position as at 31 March 2016, and the summary consolidated and separate statement of comprehensive revenue and expense, summary statement of changes in net assets/equity and summary statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated and separate financial statements of the Group for the year ended 31 March 2016. We expressed an unmodified audit opinion on those consolidated and separate financial statements in our report dated 27 July 2016.

The summary financial statements do not contain all the disclosures required for full consolidated and separate financial statements under Public Benefit Entity Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited consolidated and separate financial statements of the Group.

This report is made solely to the Group's Trustees for the purpose of expressing an opinion on the summary financial statements for the year ended 31 March 2016. Our audit has been undertaken so that we might state to the Group's Trustees those matters we are required to state to them in an auditor's report on summary financial statements and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group's Trustees for our audit work, for this report, or for the opinions we have formed.

Trustees' Responsibility for the Summary Financial Statements

The Trustees are responsible on behalf of the Group for the preparation of a summary of the audited consolidated and separate financial statements, in accordance with FRS-43: *Summary Financial Statements*.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810: *Engagements to Report on Summary Financial Statements*.

Other than in our capacity as auditor and the provision of other assurance services relating to the audit of regulatory disclosure statements, we have no relationship with or interests in Eastland Community Trust or any of its subsidiaries.

Opinion

In our opinion, the summary financial statements derived from the audited consolidated and separate financial statements of Eastland Community Trust and its subsidiaries for the year ended 31 March 2016 are consistent, in all material respects, with those financial statements, in accordance with FRS-43: *Summary Financial Statements*.

Chartered Accountants

27 July 2016

Wellington, New Zealand

This audit report relates to the summary financial statements of Eastland Community Trust (the 'Trust') for the year ended 31 March 2016 included on the Trust's website. The Trust's governing body is responsible for the maintenance and integrity of the Trust's website. We have not been engaged to report on the integrity of the Trust's website. We accept no responsibility for any changes that may have occurred to the summary financial statements since they were initially presented on the website. The audit report refers only to the summary financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these summary financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary financial statements and related audit report dated 27 July 2016 to confirm the information included in the audited summary financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements and summary financial statements may differ from legislation in other jurisdictions.

