



**ECT**  
EASTLANDCOMMUNITYTRUST

ANNUAL REPORT

**2013  
2014**

## END OF YEAR RESULTS

The Eastland Community Trust has recorded a net profit before tax of \$8.4 million.

Trust income was up \$219,000 to \$9.4 million and operating profit up by \$397,000. The result was supported by a dividend payment of \$4.8 million from the Trust's 100% shareholding in the Eastland Group.

## KEY HIGHLIGHTS

**\$7.38 million** was received from Eastland Group during the year from dividends and interest on capital notes. This represents **77.7%** of ECT's income, compared to **79.2%** last year.

Total income of ECT increased by **4.8%**, while total income of the Group increased by **3.8%**.

ECT's total net pre-tax operating profit increased by **5.7%**, while the Group's increased by **8.8%**.

The net assets of ECT increased by **\$4.7 million** (5.4%), while Group net assets increased by **\$10.2 million** (4.0%).

ECT committed **\$4.3 million** to community projects and initiatives.

Sponsorships were granted to 26 organisations totalling **\$73,577**.



# CHAIRMAN AND GENERAL MANAGER'S REPORT

## OVERVIEW

2014 has been a significant year for the Eastland Community Trust and one that we are particularly proud of. We have seen record distributions, increased value to our balance sheet, record Eastland Group performance and we have initiated a number of our own important projects to start driving tangible regional benefits.

Our after tax profit of \$7.1 million is a 6.7% increase on the previous year and significantly higher than projected profit forecast of \$5.4 million. This achievement comes largely from dividend and interest payments from Eastland Group Ltd as well as favourable investment trading from the Trust's accumulated funds.

## EASTLAND GROUP

The Eastland Group's 2014 result of \$14.9 million profit is a solid increase on the \$12.8 million achieved in 2013. It shows that while the group continues to grow it is also maintaining profitability within its existing businesses. We are tremendously proud of the company, the people who make it tick and the returns it provides for the community of this region. Chairman Nelson Cull, the board, chief executive Matt Todd, the management team and staff are all to be congratulated on another very successful year.

The dividend from the Eastland Group contributes to our distribution and grants activity. We agree on the dividend that we expect each year and ECT forecasts a sum for distribution back to the community. Without these funds from the group, the Trust would not be able to distribute as much as it does, which this year was a record \$4.3 million into community projects and distributions. There is always a tension between income for today and foregoing this for future generations. The Trust is continually mindful that the short-term income must be balanced against the long-term benefit.

This year we reappointed two of our existing directors, Nelson Cull and John Rae, to the Eastland Group board and we also appointed a new director, Tony Gray. We look forward to their future contribution.

## TRUST OPERATIONS

The Trust had a good year, meeting all of its key performance targets in 2014. The Trust fund continued to grow, more money was given out than ever before and administrative costs were controlled.

These successes do not happen by chance and are the result of a dedicated hard working management team which, following a year of capacity building, has looked to consolidate and deliver benefits from the growth phase.

Total income of the Trust grew at 4.8% from 2013 and importantly, income from sources outside the Eastland Group, grew by 12.5%. The Trust now has over \$45 million invested independently from the Eastland Group generating revenue of over \$2 million annually. This along with capital growth recorded a return of 5.81%.

The Trust distributed a record \$4.3 million to community organisations and projects. These are highlighted on the back page of this annual report.

The number of applications for funding the Trust received increased by 28% this year and totalled almost \$10 million. This increase is exciting and has been stimulating but it also presents operational and process challenges. We will look at how we can

improve this part of our business. Each application is assessed individually and these can take a considerable amount of time. As a result of this, in the coming year, we will be working on how we manage our distributions more efficiently and effectively.

Through this report you will appreciate the Trust's increased activity. This was achieved with less being spent on administration than 2013. While this may not be sustainable, and the administrative systems need to expand to enable further sustained growth, the Trust team remains dedicated to meeting the increasing operational challenges we face.

## KEY PROJECTS

A key area of achievement for us this year was the Trust taking on some of its own projects which we felt, over the long-term, have the potential to be important for the region.

One of our key successes was the instigation of the Economic Development Agency (EDA) in conjunction with the Gisborne District Council and the Gisborne Chamber of Commerce. This is a project the Trust feels passionate about and one where we have a clear investment mandate; "to provide for the beneficiaries of this region".

The establishment of an entity to advance our regional economic development thinking is seen by the Trust as a critical factor that will lead to our region's long-term success. The Trust is aware that economic development is a long run game. Our commitment for three years will support the agency through the initiation phase at which point we can re-evaluate the programme and ensure it is meaningful, targeted and effective.

Support financially and politically from the Council was significant and highlights the importance of a closer working relationship between our organisations.

Continuing our intent to try and support economic growth the Trust also invested in land at Commerce Place, an industrial park on the outskirts of Gisborne city. This was an opportunity to put some tangible support into business creation, expansion and relocation. Complimentary to this, the Trust was active in looking at opportunities within the dairy, wood processing, manufacturing and energy sectors. The objective of these discussions was to try and stimulate investment to create employment. This intent is likely to mean we will continue to make investments that could be seen as being contentious but all with a clear line of sight back to our main objectives to create a positive prosperous and attractive community.

In addition, the first stage of our secondary school project reached a milestone with the production of the CORE Education report. In it, the Trust was challenged as to how it might support a more vibrant learning community. We see this as being critical to building a workforce capable of producing and delivering economic growth to the region.

This project dovetails well with the EDA activity we have initiated because education is a clear driver of better economic performance. The challenge over the next 12 months will be to advance this project significantly and really start to influence meaningful change.

We look forward to the year ahead and to working with our stakeholders and beneficiaries for the benefit of this unique and special place that we live in.



**Richard Brooking**  
CHAIRMAN



**Leighton Evans**  
GENERAL MANAGER

# EASTLAND COMMUNITY TRUST INITIATED PROJECTS

In the 2013–14 year the Eastland Community Trust led a number of community initiatives designed to either inform or provide value for the region in the medium to long term.

## ESTABLISHING THE EDA

The most high profile of these was undoubtedly the development and implementation of a proposed economic development agency in conjunction with the Gisborne District Council and the Gisborne Chamber of Commerce.

The Trust spent some time working through the possible options for an EDA and how it could most realistically be set up to achieve long term economic growth for the region. The Trust also agreed to fund the EDA up to \$180,000 per annum for three years and it worked with the GDC to get them to match this amount – giving the EDA an annual operating budget of \$360,000 per annum for three years.

This project has taken a lot of time and work this year but it is one the Trust is proud of and we are now working on the implementation including appointment of a chair and Board, strategic direction and comparative advantages.

## CORE EDUCATION

Eastland Community Trust believes that education is a key economic driver in our region and a catalyst for long term social change. As a result, it commissioned a study to investigate what could be done to further improve education offerings in our region.

After extensive consultation with the education sector, business and community stakeholders the CORE Education report highlighted a number of initiatives to enhance and add value to education in the Tairāwhiti region.

As a result ECT has committed a further \$160,000 in the 2015 financial year to ensure this work is taken to implementation stage. The project plan for this is currently being worked on with stakeholders and education representatives.



## COMMERCE PLACE

Purchased in late 2013, Commerce Place will be actively used to help business growth within the region. The Trust bought this land to facilitate business growth and development in the region. By owning this land we can provide economically sustainable options to assist new and developing businesses set up in our city.

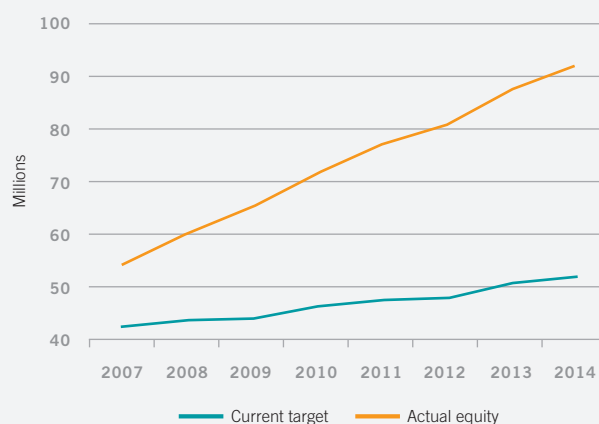
Targeted outcomes are: increased numbers of jobs, increased business activity, higher levels of private investment and a wider diversification to our regional economy.

We believe this can be achieved by lowering the barriers for businesses locating to the region, lowering barriers for Gisborne based businesses to expand and increasing reasons why businesses would relocate here.

## OUR YEAR IN REVIEW

|                              | ECT          |               |               | GROUP          |                |
|------------------------------|--------------|---------------|---------------|----------------|----------------|
|                              | SOI Budget   | Actual        |               | Actual         |                |
|                              | 2014         | 2014          | 2013          | 2014           | 2013           |
|                              | \$'000       | \$'000        | \$'000        | \$'000         | \$'000         |
| <b>Financial performance</b> |              |               |               |                |                |
| Income                       |              |               |               |                |                |
| Eastland Group               | 7,380        | 7,380         | 7,180         |                |                |
| Non-Eastland Group           | 1,894        | 2,123         | 1,888         |                |                |
|                              | 9,274        | 9,503         | 9,068         | 75,677         | 72,895         |
| Expenses                     |              |               |               |                |                |
| Fixed administration         | 816          | 833           | 786           |                |                |
| Variable administration      | 355          | 170           | 195           |                |                |
| Sponsorship                  | 100          | 74            | 112           |                |                |
|                              | 1,271        | 1,077         | 1,093         | 51,710         | 50,863         |
| Net pre-tax operating profit | 8,003        | 8,426         | 7,975         | 23,967         | 22,032         |
| <b>Profit after tax</b>      | <b>5,362</b> | <b>7,121</b>  | <b>6,673</b>  | <b>17,086</b>  | <b>14,852</b>  |
| <b>Balance sheet</b>         |              |               |               |                |                |
| Assets                       |              |               |               |                |                |
| Eastland Group               |              | 45,400        | 45,400        |                |                |
| Non-Eastland Group           |              | 46,600        | 41,787        |                |                |
|                              |              | 92,000        | 87,187        | 411,432        | 407,228        |
| Liabilities                  |              | 287           | 184           | 148,707        | 154,661        |
| <b>Net assets</b>            |              | <b>91,713</b> | <b>87,003</b> | <b>262,725</b> | <b>252,567</b> |
| <b>Distributions paid</b>    |              | <b>4,300</b>  | <b>3,349</b>  | <b>-</b>       | <b>3,349</b>   |

## CAPITAL PRESERVATION



Trustees are tasked with preserving the capital of the fund from inflation, taking into account potential losses or gains from its investments.

The blue line shows the target Trustees have set themselves to achieve this purpose. The orange line shows the Trust equity.

The strong performance of the Trust and the Eastland Group have contributed to the successful achievement of this purpose.

## COMMUNITY ENDOWMENT FUND

Another of the Trust's initiatives this year was the setup of a community endowment fund. This practice has been used in other regions, encouraging philanthropy and making it easier to be philanthropic.

ECT has committed \$220,000 to the initial set up of a community endowment trust and other funders have also made lead donations to the cause.

The main idea of these funds is that they are received from people who want to leave money to local or national organisations. The money is invested and the interest is available to give away. Some donors stipulate who the money should go to each year while others leave it open.

They are described as the funds that just keep on giving – because the capital never diminishes.

## EASTWOODHILL

The Eastwoodhill Trust Board will receive a capital projects grant of \$466,000 from the Eastland Community Trust to develop new attractions and better visitor services at the arboretum.

The grant was split into three portions, \$66,000 to complete design phases for capital projects including a “wow factor” natural playground, upgrades to the visitor centre and café, an interpretation project in the park creating stories throughout the collection, the recreation of a replica Cathedral – a project to carry Douglas Cook's legacy forward for the next 100 years – and a new entrance and gate way.

A total of \$200,000 is attributed to the playground build and \$200,000 for the upgrade to the Visitor Centre and Café. The grant follows an initial investment by ECT of \$20,000 into the feasibility study and will be paid out once the rest of the funding has been secured.



## HARRY BARKER SPORTS FACILITY TRUST

After years of discussion over the artificial turf and where it might go, the Eastland Community Trust agreed to become part of a Trust that would oversee developments at the Harry Barker Reserve.

As well as committing \$510,000 to the turf, ECT agreed to provide additional support through project management and governance. A staff member is a trustee and the project looks to be on track to start in September 2014.

## GRANTS AND DISTRIBUTIONS

|                                      |             |
|--------------------------------------|-------------|
| Harry Barker Sports Facility Trust   | \$510,000   |
| Eastwoodhill Trust Board             | \$466,000   |
| Eastland Rescue Helicopter Trust     | \$375,000   |
| Home Insulation                      | \$308,841   |
| War Memorial Theatre Trust           | \$300,000   |
| Community Endowment Fund             | \$220,000   |
| Economic Development Agency          | \$165,000   |
| Waikanae Surf Club                   | \$150,000   |
| EDFL                                 | \$91,035    |
| C Company Building Project           | \$50,000    |
| Chelsea Hospital Trust / TDH         | \$27,000    |
| Eastland Triathlon Club              | \$15,000    |
| Gisborne District Council (Gigatown) | \$12,500    |
| Hospice                              | \$10,000    |
| Navigations Project                  | \$1,600,000 |

## SPONSORSHIPS

|   |                     |
|---|---------------------|
| <b>East Coast Rugby Union</b>                     |                     |
| Hurricanes under 16 tournament                    | \$5,000             |
| <b>Gisborne A &amp; P show</b>                    | A & P Show          |
|   | \$5,000             |
| <b>Life Education Trust</b>                       | Fight for Life      |
|   | \$5,000             |
| <b>Life Education Trust</b>                       | Nigel Latta         |
|   | \$5,000             |
| <b>Turanga Health – Breakers</b>                  | Breakers visit      |
|   | \$5,000             |
| <b>Westpac Gisborne Business Awards</b>           |                     |
|   | \$5,000             |
| <b>GDC Maori Language Week</b>                    |                     |
|   | \$5,000             |
| <b>Te Runanganui o Ngati Porou</b>                |                     |
| Inter Marae Sports Festival                       | \$5,000             |
| <b>Comet Swimming Club</b>                        | Swim for Life       |
|   | \$5,000             |
| <b>Eastland Rescue Helicopter Trust</b>           | Signage             |
|   | \$5,000             |
| <b>Gisborne Judo Club</b>                         | National Tournament |
|   | \$3,600             |
| <b>Eastland Junior Football Inc</b>               | Paint Clubrooms     |
|   | \$3,500             |
| <b>Chamber of Commerce</b>                        |                     |
|   | \$3,500             |
| <b>Gisborne Host Lions</b>                        | Barn Dance          |
|   | \$2,000             |
| <b>Turanganui Schools Maori Cultural Festival</b> |                     |
|   | \$2,000             |
| <b>Careers NZ</b>                                 | Connect Forum       |
|   | \$1,800             |
| <b>NZ Malayan Veterans Association</b>            |                     |
| Host National Conference                          | \$1,500             |
| <b>Te Unga Mai</b>                                | Annual Celebrations |
|   | \$1,500             |
| <b>Tairawhiti Multicultural Council</b>           |                     |
| National Meeting                                  | \$1,000             |
| <b>Poverty Bay A&amp;P Show</b>                   | Monster Truck       |
|   | \$1,000             |
| <b>Minor Sponsorships</b>                         |                     |
|   | \$2,177             |
|   | <b>\$73,577</b>     |