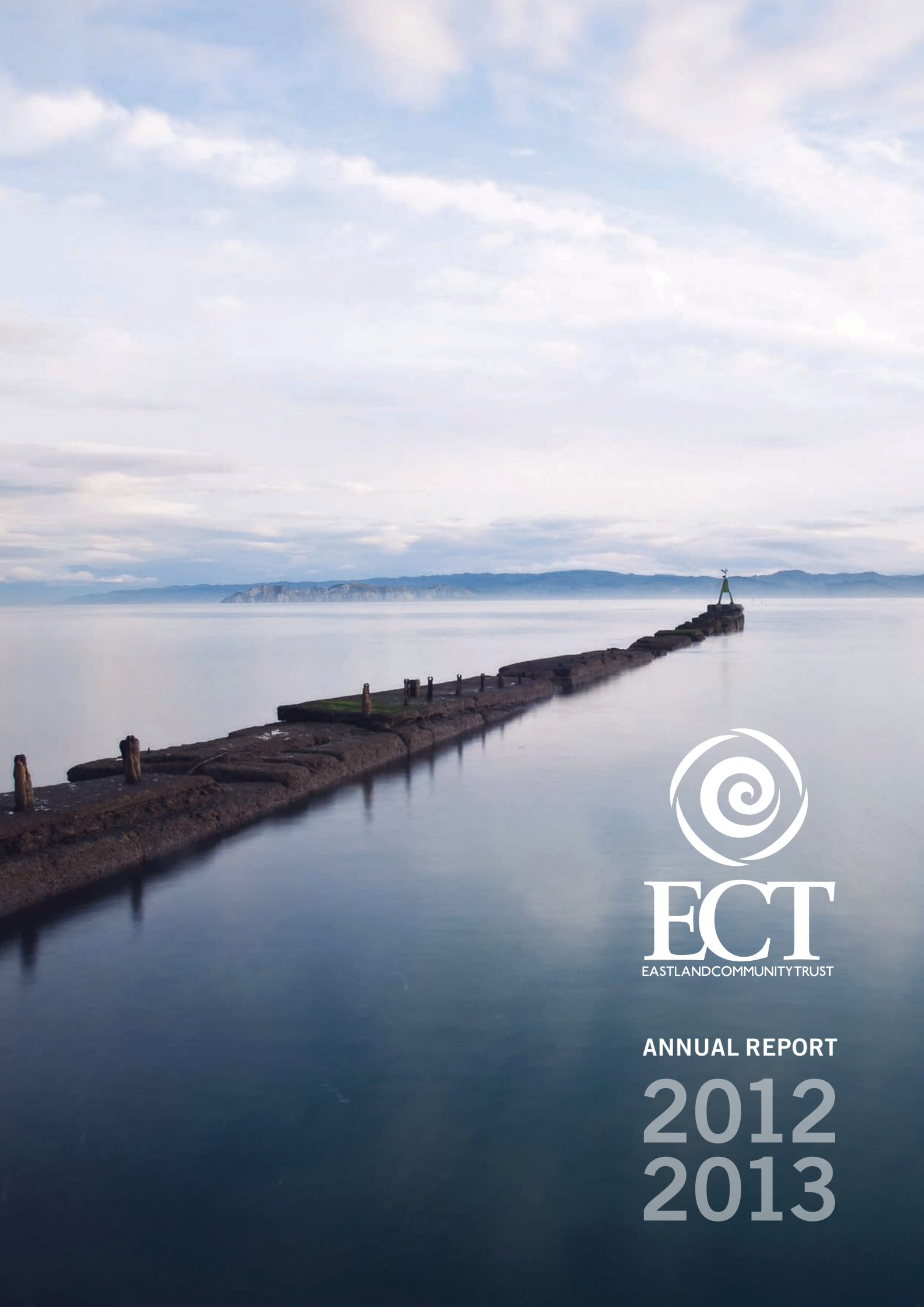




ECT
EASTLANDCOMMUNITYTRUST

ANNUAL REPORT

**2012
2013**

Eastland Community Trust

PO Box 800
Gisborne 4040
New Zealand

260 Gladstone Road
(at the rear of OPSM Eastland Eyecare)
Gisborne 4010
New Zealand

Email: office@ect.org.nz
Phone: 06 867 2640



ANNUAL REPORT

**2012
2013**

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CHAIRMAN'S REPORT



2013 has been a very good year for the Trust across all elements of our business. The organisation continues to perform well and, I believe, is more than meeting the expectations of beneficiaries.

Trustee reflection on performance was given special emphasis this year, because the Trust has now been in operation for almost 20 years. A booklet recognising the contributions of all those people responsible for establishing the Trust, all the Chairs and Trustees through the years and some of the key activities will be published in the coming financial year.

The Trust was created to preserve the Trust capital and to provide for beneficiaries, and every year Trustees refer to these objectives to ensure that they are being achieved.

The details of the Annual Report will show that for 19 of the 20 years the Trust's funds have grown. In 1993 the Trust had a net value of \$20 million, the work of both the Trust and the Eastland Group has seen this value rise to over \$252 million.

While this has principally been due to growth in the Eastland Group, the Trust has also grown significantly and has been able to accumulate over \$67 million.

Since 1993, the Trust has distributed over \$17.29 million to 264 beneficiary initiatives in the region. Over the same period, it also committed a further \$409,500 in smaller sponsorships to 161 different organisations.

Trust activity, beyond direct funding, has included advocacy on behalf of beneficiaries to central and local government on projects of regional significance. These have included the home insulation project, rescue helicopter service and more recently an event venue study, sport infrastructure review and education projects.

As trustees, we continue to challenge our performance to ensure that the Trust and Group are acting in the best interest of beneficiaries and meeting expectations.

I am pleased to say that the Trust management team and Eastland Group have continued to meet the expectations of the Trustees. The annual achievements including project outcomes and financial results have been outstanding.

Since 1993, the Trust has distributed over \$17.29 million to 264 beneficiary initiatives in the region. Over the same period, it also committed a further \$409,500 in smaller sponsorships to 161 different organisations.

Nelson Cull and the Eastland Group Board, together with Matt Todd and his management team need to be congratulated on the performance of the Company.

The Company has generated a strong underlying growth in profit. The continued investment into the Port and lines network in the region and proactive approach in identifying new opportunities within the mandate set between the Trust and company is very positive.

A handwritten signature in black ink, appearing to read 'R. Brooking'.

Richard Brooking
CHAIRMAN

GENERAL MANAGER'S REPORT



In the Statement of Intent last year, Trustees set challenging targets for management in all areas of the Trust activity.

I am pleased the Trust successfully met and, in some cases, exceeded these targets.

This success came as a result of prudent governance and management of the Trust's investments, the ongoing success of the Eastland Group and the continued implementation of a clearly thought out distribution programme.

In the financial year ending 2013, the Trust committed to a record \$5.3 million towards community projects, \$3.4 million of which was paid this financial year. The largest commitment was \$3 million to the War Memorial Theatre restoration. It was immensely satisfying to make a contribution of this magnitude to such an iconic Gisborne project and a great result for the hard work of those involved.

Significant donations were also made to support the region's rescue helicopter and home insulation programmes. The Trust is proud to hold these up as our marquee projects and they are highlighted further in this report.

While these investments in themselves are significant, what was arguably as significant was the amount of \$103,000 which was given to 32 small organisations as part of our wider sponsorship programme. It was great to be able to get behind these grassroots initiatives and contribute to the overall wellbeing of our region.

In 2013 the Trust saw an increasing number of applications for funding, many for large sums of money, with requests far exceeding the funding available. As a Trust we are continually challenged to get the most amount of benefit for the limited amount of funding available. This has meant the application process has had to be rigorous. It has also meant that some worthwhile projects were unsuccessful in receiving funding. For this we do not apologise and beneficiaries can be reassured that funding is being prudently spent.

The funding available for community projects can only continue to occur, due to the strong and steady income

streams of the Trust. Our success is undoubtedly coupled with that of the Eastland Group. Income from the Eastland Group totalled \$7.2 million, up from \$7 million the previous year. The Trust management team works hard to grow its other income sources.

Significantly, we were able to grow our non-Eastland Group income at a rate of 12 percent receiving about \$1.9 million from these activities. Additionally we grew the net assets of the Trust by 7.7 percent which in these difficult investment times will be a challenge to replicate.

...what was arguably as significant was the amount of \$103,000 which was given to 32 small organisations as part of our wider sponsorship programme. It was great to be able to get behind these grassroots initiatives and contribute to the overall wellbeing of our region.

With the effort required to drive the distribution programme and investment activity it could have been easy to let the cost to run the organisation get away. This was not the case. Total administration costs were actually down against budget and the previous year. This contributed to a bottom line increase of about 6% from the previous year.

Behind all the numbers and success is a dedicated team of staff and advisors. Your energy, commitment and enthusiasm often goes above and beyond expectation and is appreciated. I look forward to working with you to produce another positive result in 2014.

A handwritten signature in black ink, reading 'Leighton Evans'.

Leighton Evans
GENERAL MANAGER



OUR YEAR IN REVIEW

The Eastland Community Trust results for 2013 were extremely pleasing.

We achieved better than our projected results in terms of income and, combined with reduced costs, resulted in an increase of \$1.6 million in profit after tax.

We have increased our Trust fund value by more than \$6 million and received more than \$1.8 million from other investments.

KEY HIGHLIGHTS

\$7.18 million was received from Eastland Group from dividends and interest on capital notes.

\$5.2 million committed to projects and organisations, **\$3.4 million** distributed.

Trust equity increased by **7.7%**.

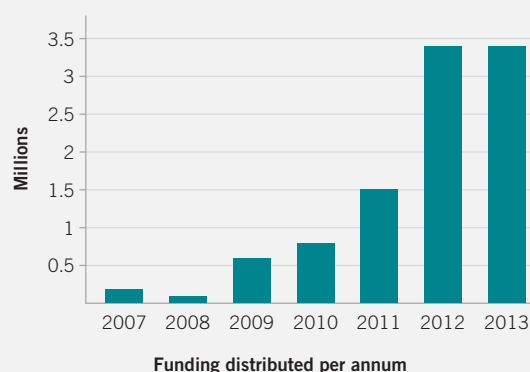
Total income increased by **4.6%**.

Total net pre-tax operating profit increased by **6%**.

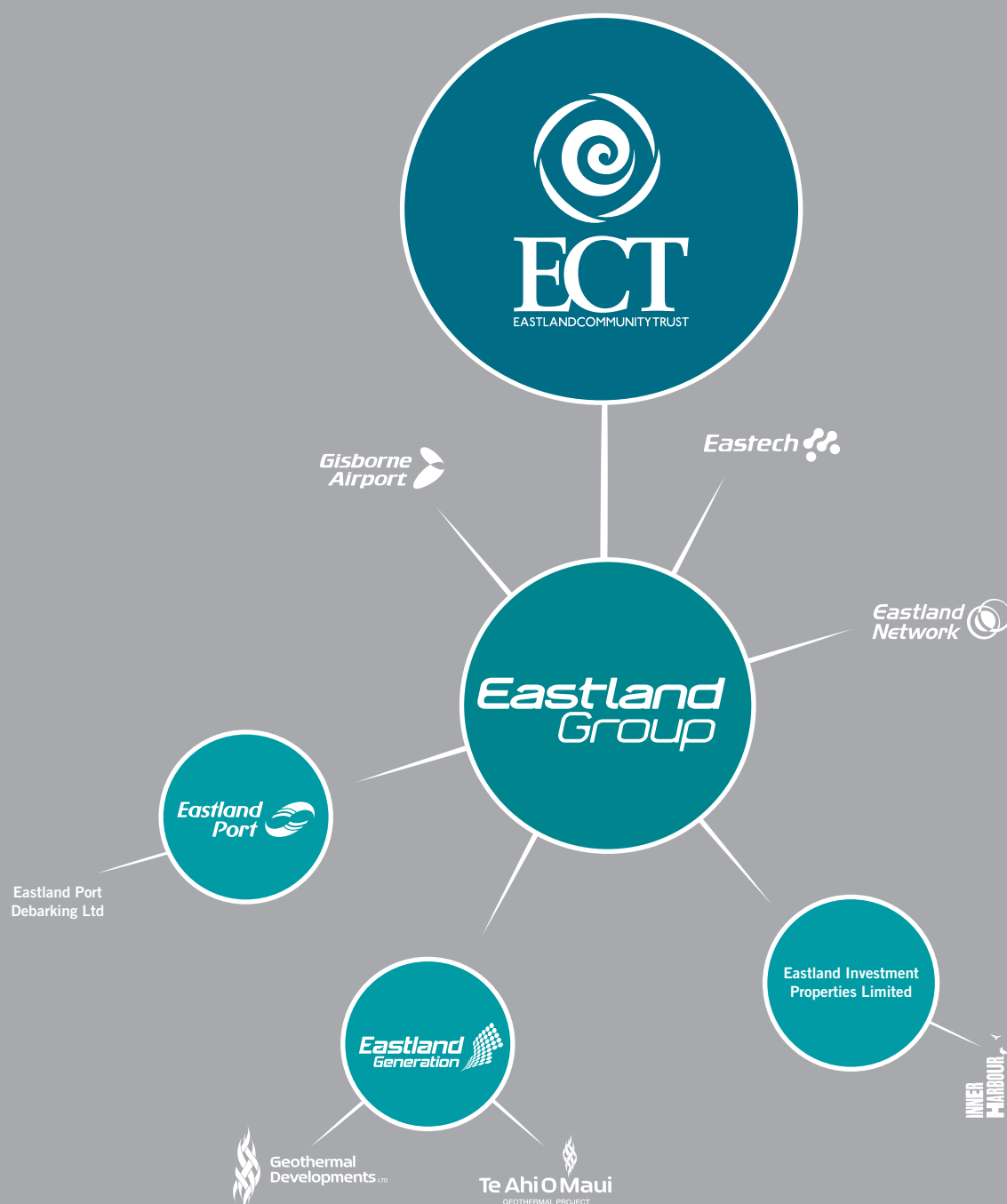
OUR YEAR IN REVIEW

	SOI Budget	Actual	
	2013 \$'000	2013 \$'000	2012 \$'000
Financial performance			
Income			
Eastland Group	7,195	7,180	6,987
Non-Eastland Group	1,662	1,888	1,685
	8,857	9,068	8,672
Expenses			
Fixed administration	727	786	709
Variable administration	657	307	443
	1,384	1,093	1,152
Net pre-tax operating profit	7,473	7,975	7,520
Profit after tax	5,007	6,673	6,287
Balance sheet			
Assets			
Eastland Group		45,400	45,400
Non-Eastland Group		41,787	35,819
		87,187	81,219
Liabilities		184	416
Net assets		87,003	80,803
Distributions paid		3,349	3,404

FUNDING DISTRIBUTED PER ANNUM

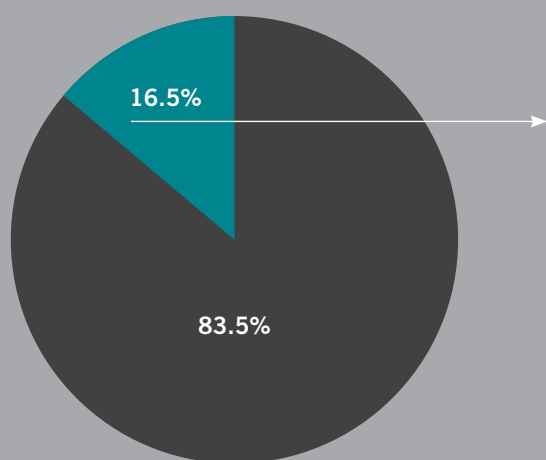


OUR STRUCTURE

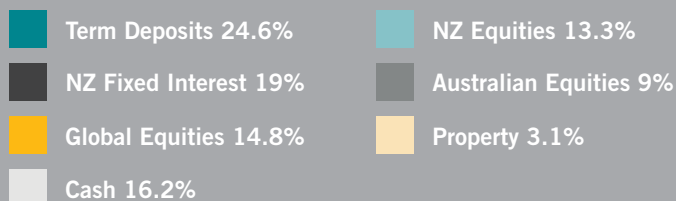
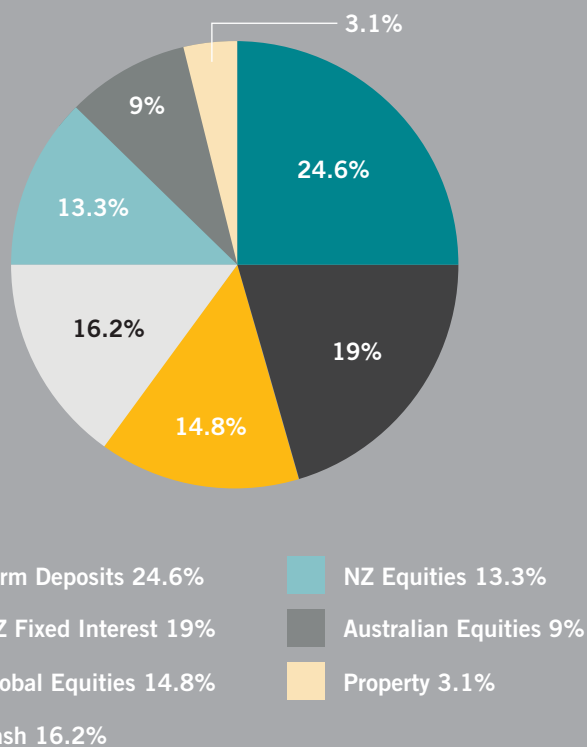


OUR INVESTMENTS

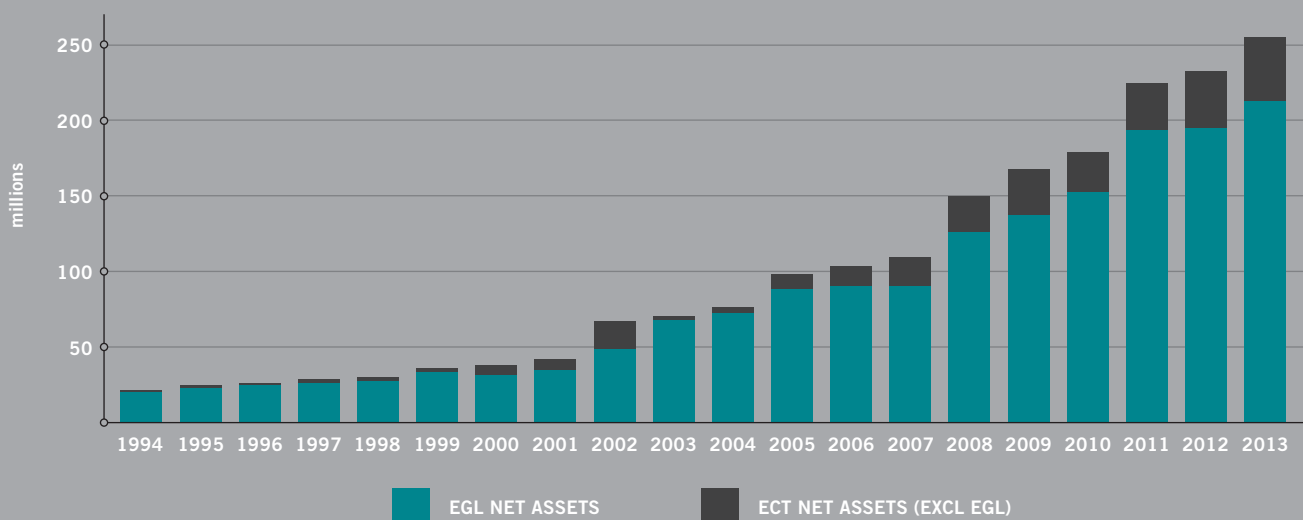
INVESTMENT ALLOCATION



BREAKDOWN OF OTHER INVESTMENTS



ECT ADJUSTED NET ASSETS



EASTLAND GROUP PERFORMANCE

The company delivered a record post tax profit of \$12.8 million, well ahead of the previous year and the 2010–11 result of \$5.3 million.

Eastland Group now has three great businesses operating in the infrastructure sectors, a regulated energy distribution business, an international seaport and domestic airport, as well as an electricity generation business.

The big contributors are the port, electricity network and energy generation businesses which collectively represent more than 90 percent of the company's total investments.

This is consistent with the company's strategy to focus on the energy and logistics sectors.

The Eastland Port handled more than two million tonnes, highlighting significant growth since the 382,000 tonnes in 2006.

Gisborne Airport successfully negotiated an increase in landing fees, required to underwrite future investment.

Overall, while the company is not making "super-profits" it is making strong and appropriate returns from its investments.

It is investing heavily in local infrastructure, while continuing to provide growth and an ever increasing return to its shareholder – the Eastland Community Trust.

The company has continued to look for investment outside of the region as part of its desire to continue to grow as well as having geographic and sector diversification.

At the highest level, Eastland group's aspirations are simple and audacious – to be one of New Zealand's great companies.

Further information can be obtained from the Eastland Group annual report 2013.

2012/2013 PERFORMANCE IN A NUTSHELL

**Underlying profit up 20%
to \$10.4 million** from 2012.

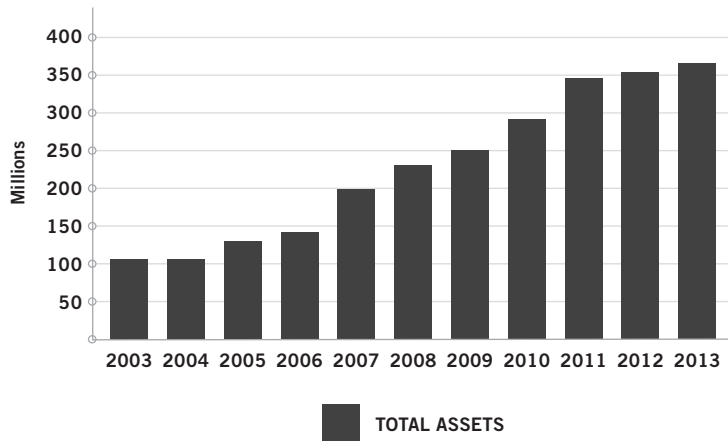
**Investment into local
economy (goods, services,
wages) approximately
\$25 million.**

Bank debt \$93 million
(25% of assets).

**Return on equity 7.1%,
up from 3.2%** from 2012.

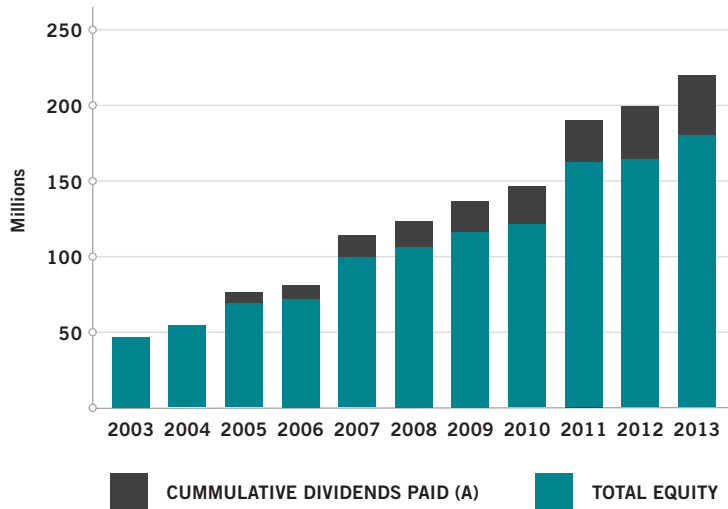
**Total dividend and interest
paid to shareholders
\$7.2 million.**

EASTLAND GROUP – TOTAL ASSETS



Assets up 3.5% to **\$366.1 million** from 2012.

SHAREHOLDER VALUE

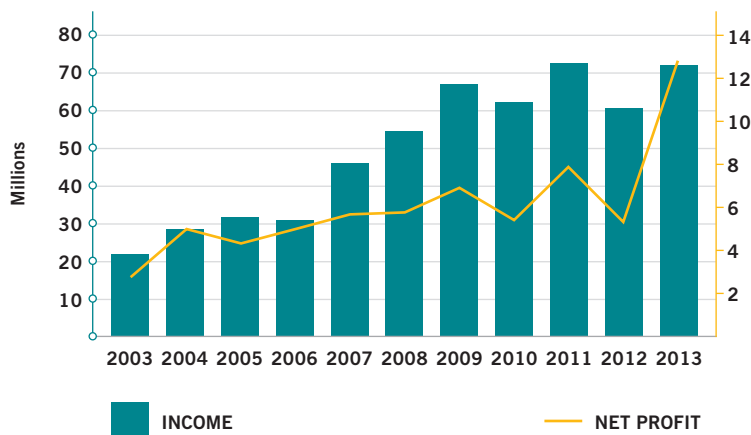


Equity up 10.1% to **\$181 million** from 2012.

Interest paid to shareholder on capital notes **\$2.6 million.**

Dividend paid to shareholder **\$4.6 million.**

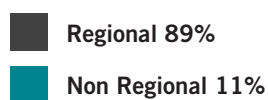
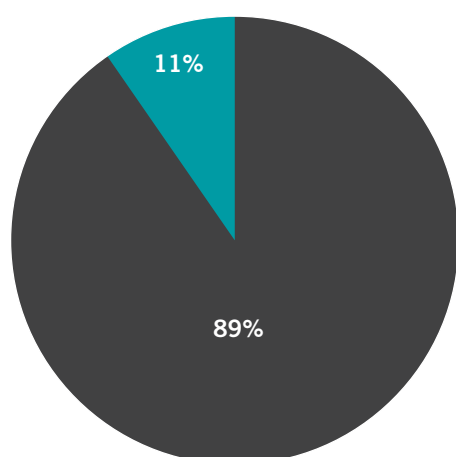
INCOME VS NPAT



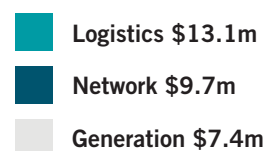
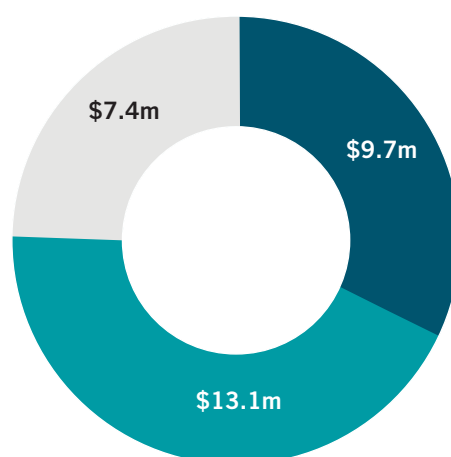
Income up 18.7% to **\$72.3 million** from 2012.

NPAT up 141.5% to **\$12.8 million** from 2012.

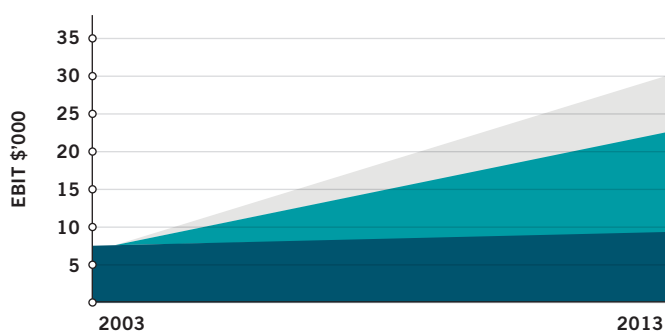
INVESTMENT ALLOCATION



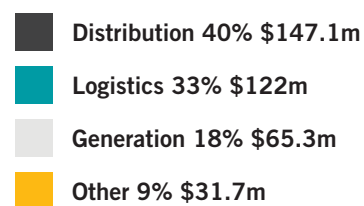
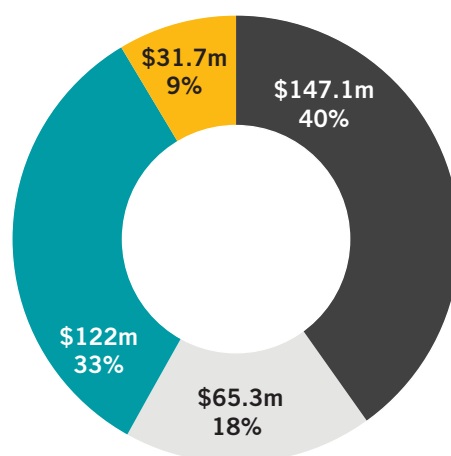
OPERATING INCOME 2012/2013



THREE GREAT BUSINESSES



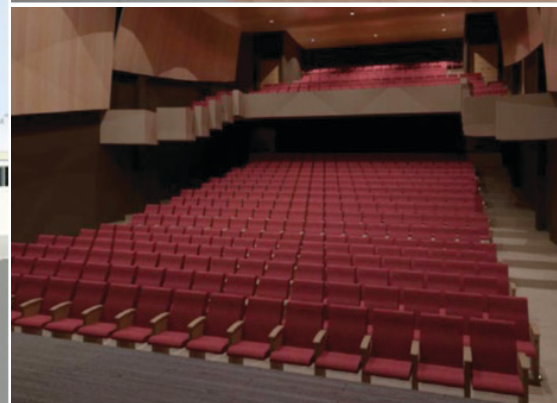
TOTAL ASSETS



RELATIONSHIPS AND COMMUNITY INVESTMENTS

A young boy with dark hair, wearing a green and yellow plaid shirt and dark pants, is sitting on a large, moss-covered log in a forest. He is looking down at a small fern plant he is holding in his hands. The background is a dense forest with many trees and green foliage. The lighting is soft and natural, suggesting a sunny day with some shade.

The Trust has significantly increased its Trust fund value and distributed \$3.4 million to a wide range of key projects and community services. The success of this past year will contribute to the longevity and substantiality of support the Eastland Community Trust can offer its beneficiaries.



WAR MEMORIAL THEATRE

\$3 million

The biggest grant in the Trust's history was approved for the War Memorial Theatre upgrade, to be completed in 2014. The \$3 million grant will contribute to the facility being a significant asset to the Gisborne community.

Every area of the current building will be upgraded and fully earthquake strengthened to create a modern, safe, functional theatre. The renovations will not only allow existing arts and cultural enterprise to grow, but will also bring bigger, more technical shows to Gisborne.

The Gisborne community made a significant contribution to the War Memorial Theatre fundraising effort. The success of this great community project was driven by the historical and future need for these facilities and the emotional attachment that the War Memorial Theatre evoked.

“The ECT commitment recognised the importance of the War Memorial Theatre redevelopment to the Gisborne community. The early indication of a \$3 million grant was hugely instrumental in the subsequent success of fundraising activities. With ECT behind the project, other philanthropic organisations and the wider community had the confidence to contribute to the current \$5.1 million realised.”

Pat Seymour
CHAIRMAN WAR MEMORIAL TRUST AND
GISBORNE DISTRICT COUNCILLOR



TAIRAWHITI MUSEUM

\$300,000

The Tairawhiti Museum extension project will see the development of three new galleries, increase storage space and allow Gisborne's visitors and residents greater access to the museum's collections.

The new galleries will create a more engaging experience for visitors to the museum. Frequent gallery changes and a greater variety of touring exhibitions will encourage increased use of this valuable community asset.

The Museum holds precious taonga of national and historic interest. The extension will improve the housing and professional care of these items.

The Eastland Community Trust has contributed \$300,000 to the project, recognising the importance of the museum's collections and exhibition programmes to the community.

“The contribution of \$300,000 by the Eastland Community Trust was one of the key building blocks of our extension project. The museum needed to reach \$1.2 million funding to qualify for the Ministry of Culture and Heritage to fund one third of the project costs. ECT's contribution was one of the larger funding donations without which, the project would not have been able to proceed.”

Laura Vodanovich
TAIRAWHITI MUSEUM DIRECTOR



WARM UP EASTLAND

\$750,000

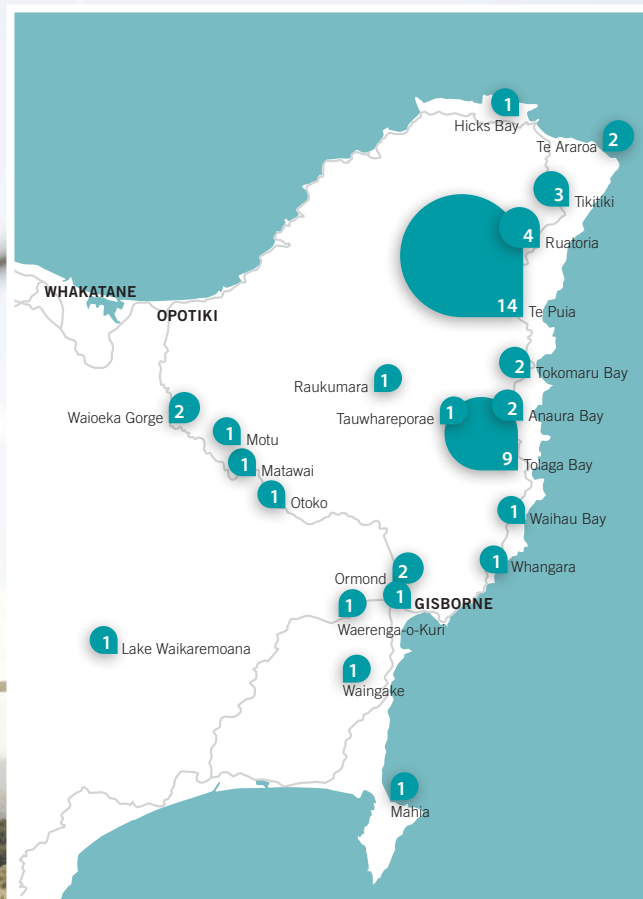
Warmer houses are a key contributor to healthier people, meaning more productivity, less money spent on heating and overall better general wellbeing. It is estimated that an \$1800 insulation project in a house will conservatively save that household up to \$2857 every year.

The Eastland Community Trust has invested a further \$750,000 into extending this programme to include subsidised insulation to those who previously did not qualify. As a result, the ECT has now committed \$4.5 million to insulation programmes for beneficiaries in the past five years.

This commitment has resulted in over \$60 million worth of economic benefit to the region.

“Smart Energy Solutions is proud to have worked with the Eastland Community Trust for the past two years. Having insulated over 1400 homes to date, we have received wonderful feedback from recipients who are extremely grateful for ECT’s support, which has made a noticeable difference to the warmth and comfort of their homes.”

Dan Hunter
SMART ENERGY HAWKE’S BAY/GISBORNE
REGIONAL MANAGER



EASTLAND RESCUE HELICOPTER

\$250,000

Eastland Community Trust has contributed \$250,000 in year one of a five year commitment to the Eastland Rescue Helicopter Trust. The Trust has built a strong relationship as naming sponsor of the ECT Rescue Helicopter, cemented with a further \$1 million over the next four years.

The Trust considers the service crucial to the Gisborne and East Coast region due to its geographical terrain, the distances between towns and medical facilities and nature of the region's remote rural economy.

The chopper flies over 80 missions every year, providing emergency care to patients suffering from critical medical conditions and life-threatening injuries caused as a result of farming, forestry, hunting and vehicle accidents.

“The Eastland Rescue Helicopter Trust (ERHT) is extremely grateful for the five year funding partnership it has with the ECT. Without its support, the ERHT would find it almost impossible to provide this service. With most of the operating costs covered, we have the confidence to begin fundraising for much needed capital works, such as our facilities at the airport, which are very basic and well below the expected standard of modern work practices.”

Patrick Willock
ERHT CHAIRMAN

Fight For Life Ed

Life Education's Harold the Giraffe and his mobile classroom has been servicing schools in our region for over 25 years. It visits 65 schools in the Gisborne district, educating over 5000 children from the ages of five to 13 in making good life choices.

It costs over \$100,000 per year to run Life Education in Gisborne. With no government funding, the Trust relies heavily on fundraising endeavours to survive. ECT contributed \$5000 to Life Education as naming sponsor of 'Fight for Life Ed' in November 2012.

"The Life Education Trust is appreciative of the \$5000 grant the ECT provided to assist the 'Fight for Life Ed' in 2012. Fundraising to provide running costs for the learning centre and educator expenses are major costs of our Trust and 'Fight for Life Ed' was extremely helpful to our fundraising last year."

Pat Seymour

LIFE EDUCATION TRUST GISBORNE,
EAST COAST, WAIROA CHAIRMAN



International Music Competition

The Gisborne International Music Competition ensures Gisborne continues to have access to high quality, live musical performances with instruments that are rarely heard locally.

Over 2500 people attend the competition, with young musicians gaining experience in performing for large audiences and encouraging the growth and development of the arts and culture in the community.

The Eastland Community Trust contributed \$10,000 over a two-year period. This contribution provided free entry for the community to observe the competition's first round and semi-finals, eliminating cost as a barrier for participation in the event. It also contributed to outreach activities, including visits to local schools and retirement homes to engage a larger number of beneficiaries.

"Participating in the Gisborne International Music Competition has given me the confidence that I had always lacked. Knowing that the judges are there not only to compare performances, but to appreciate and enjoy them, encouraged me to truly play with abandon."

James Dong

VIOLINIST AND WINNER OF THE 2012 GISBORNE
INTERNATIONAL MUSIC COMPETITION



Gizzy-Fi

In December 2012, Gisborne's new CBD wi-fi network, named "Gizzy-Fi" was launched, offering 25mb of free wi-fi data each day with the option to purchase more data.

A joint project between Heart of Gisborne, Tourism Eastland and the Eastland Community Trust, Gizzy-Fi enables locals and visitors to access the internet and email from just about anywhere within the central business district. There are also a number of unmetered websites that are free all the time.

The Eastland Community Trust aims to assist in growth and efficiency within the business sectors and connect the region physically and

virtually and support commercial and community initiatives such as Gizzy-Fi that help achieve these objectives.

The Trust contributed \$5000 which was used to cover some of the costs of installing new hardware for the Gizzy-Fi service.

"We're really grateful for the support of the Eastland Community Trust, which saw the benefits of free wi-fi for the community and the merit of a collaborative approach."

Darryl Monteith

COMMERCIAL MANAGER TOURISM EASTLAND

Feast

The SunnyDay Trust provides an essential transportation service for the elderly and disabled and was in need of an additional bus to cater for demand.

Feast, a cookbook that highlighted the East Coast region, our natural resources, diverse culture and special links to the land and sea, provided tourism opportunities for the Gisborne region and significant fundraising revenue for the SunnyDay Trust. On the back of Feast's success, the Trust's profile was significantly raised and the Trust was also able to fund on-going operating costs.

The Eastland Community Trust was an initial sponsor of Feast, kick-starting the fundraising venture, which later received a Highly Commended award at the PRINZ awards.

"The Feast cookbook proudly celebrates all the great things about living and eating on the East Coast. Great recipes, beautiful photos and local food heroes are featured on every page. The Eastland Community Trust was one of the first sponsors to show real faith in the project, which has a fundraising goal of \$80,000 for the SunnyDay Trust."

Barbara Clark
SUNNYDAY TRUST
CHAIR



Business Awards

The Westpac Gisborne Business Excellence Awards are an opportunity for Gisborne businesses of all sizes to recognise their hard work and achievements.

The Eastland Community Trust sponsored the Business Excellence: Medium Business trophy at the inaugural awards in 2012, run by the Gisborne Regional Business Partner Group.

ECT is committed to business growth and development in the region, and this initiative celebrates and recognises outstanding local businesspeople, providing value to local business and the economic profile of the region.

"The Westpac Gisborne Business Excellence Awards are an outstanding opportunity to celebrate the success of our local business people and business excellence. ECT's contribution assists with the operating costs of this event and subsidises ticket entry for members of the community to attend the awards."

Prue Younger
AWARDS
COORDINATOR



Weet-Bix Kids Tryathlon

The Weet-Bix Kids Tryathlon was held in Gisborne for the first time in 2013. The Eastland Community Trust subsidised 50 percent of the entry fee for 500 participants, eliminating the cost barrier to entry for many families and enabling more children to take part in an event that promoted health and fitness in the community.

Over 650 children competed in the event, which has had huge flow-on benefit to the region, with junior membership to the Triathlon club nearly doubling and retail bike repairs and sales increasing dramatically in the days leading up to the event. The Tryathlon encouraged children to aim high, have fun, take pride in their achievements and prioritise their personal wellbeing.

"I want to thank the ECT for its kind donation to Gisborne's inaugural Weet-Bix Kids Tryathlon. The event was a roaring success and only possible due to the kind donation of the Trust for a community that faces many socio-economic challenges. If it was not for this opportunity, many youth would have travelled through life, never knowing the thrill and sheer joy of participating in a 'top shelf' event like this."

Brent Sheldrake
CEO SPORT GISBORNE



Photo courtesy of The Gisborne Herald.

Careers Expo

The Careers Expo held in March 2013 showcased the range of education opportunities and career paths available to school leavers in the Gisborne region.

An objective of the Eastland Community Trust is to increase the quantity and quality of choices and resources available to its beneficiaries. The ECT contributed to the expo by providing \$6000 funding for a bus service to transport rural children from the wider Gisborne region to the expo to ensure they had equal opportunity to benefit from this huge resource.

"The assistance that The Eastland Community Trust gave by sponsoring \$6000 towards the travel component of the 2013 Gisborne Careers Expo proved invaluable."

It allowed students from the wider Gisborne region, who otherwise would not be able to attend, to investigate the huge range of career options on display."

Kirsten Hopkins
ADVERTISING MANAGER GISBORNE HERALD

SPONSORSHIPS

The sponsorships granted in the list below are additional to those featured in the previous pages of the Eastland Community Trust annual report.

Bowls Riverside – national tournament	\$1614
Baby Expo	\$1500
East Coast Body Building Championships	\$3245
Jazz, Blues & Roots Festival sponsorship	\$1725
Gisborne A & P Show	\$5000
Gisborne Basketball Association – national tournament	\$300
Gisborne Chamber of Commerce	\$3000
Gisborne District Council – R & V Hub costs	\$5000
Gisborne District Council – Westpac Business Awards	\$5750
Gisborne Intermediate – Transit of Venus	\$5000
Gisborne Rotary – International Music Competition sponsorship	\$20,000
Gisborne Tairāwhiti Rugby League – national tournament	\$5000
Gisborne Volunteer Centre	\$750
H B Williams Memorial Book Trust	\$5000
Kiwanis Gisborne – Junior Chef competition	\$1000
New Zealand Police – “It’s all about the kids” day	\$500
East Coast Rugby Union – cup finals hosting	\$3450
Tairāwhiti Computer Hubs Trust – Techxpo	\$1000
Te Araroa Progressive Association – Pohutukawa Music Festival	\$2000
Turanganui School Māori Cultural Festival	\$3000
Uawa Community of the year	\$2870
Uawa Media Centre – radio transmitter	\$1000
Women’s Native Tree Project Trust	\$500
Xrace	\$5000



www.ect.org.nz