

EASTLAND COMMUNITY TRUST ANNUAL REPORT 2015



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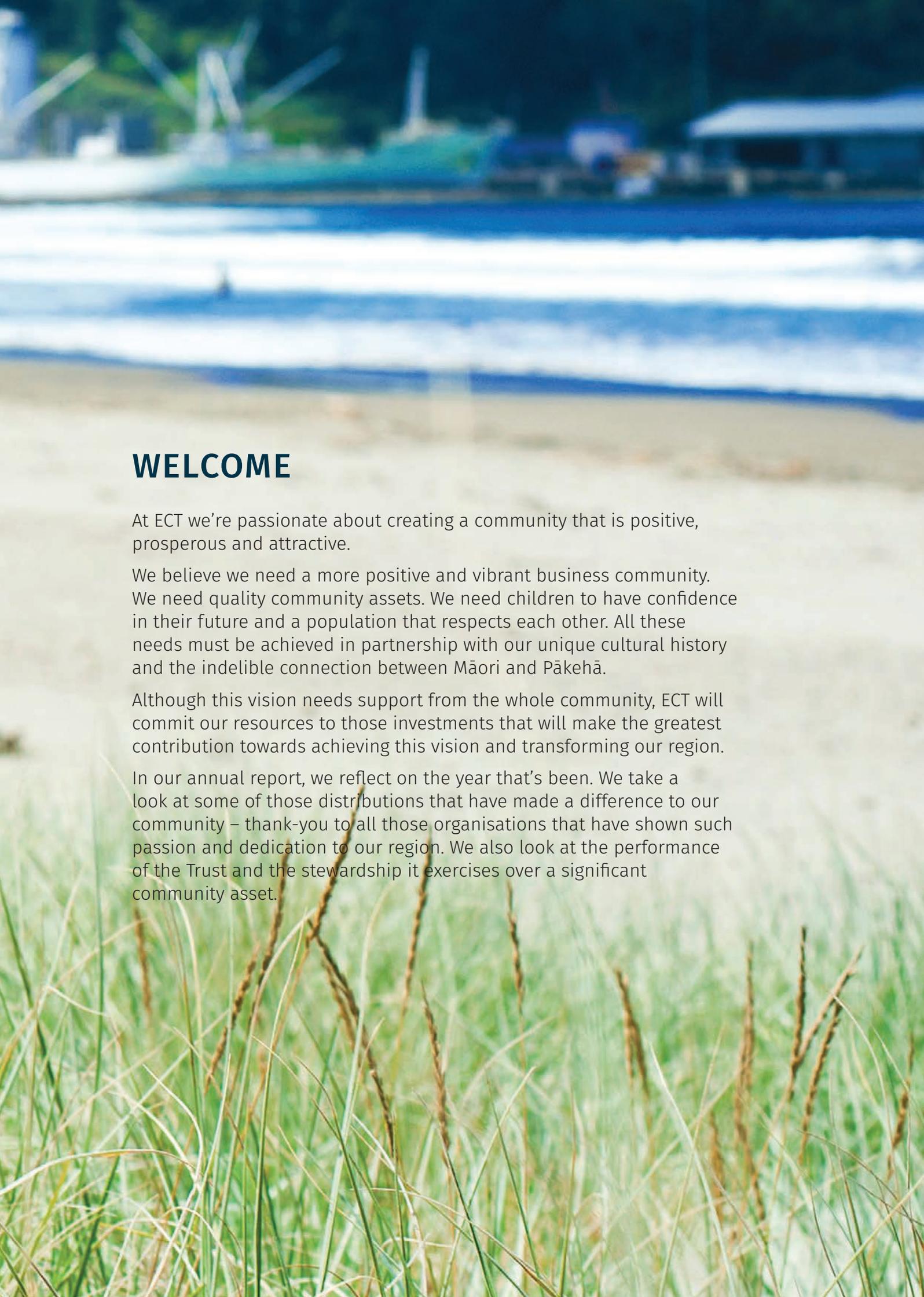
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WELCOME

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. We need children to have confidence in their future 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 Māori and Pākehā.

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 AND GENERAL MANAGER'S REPORT

2015 has been a significant year for ECT and one that we are particularly proud of.

OVERVIEW

The Community Awareness and Satisfaction Survey undertaken during the year provided much needed positive feedback on the activities of the Trust. It also provided valuable insight into beneficiary priorities and preferences, and will be used to inform our activity going forward. It also prompted the development of a new distributions strategy which will create a whole new set of opportunities for our community.

This year the Trust maintained a high level of distributions and community investments with many of these directed at projects with significant benefits to the region, particularly in education and economic development.

Trust income increased by \$557,000 to \$10.6 million, while operating profit was up by \$394,000. This achievement was, in the main, the result of a dividend payment from Eastland Group of \$5 million, as well as robust management of the Trust's accumulated funds.

EASTLAND GROUP

Eastland Group's profit of \$14.1 million is slightly down on last year, following some challenging times in the logistics sector. These challenges were anticipated and, by reducing expenses company-wide, they were able to navigate their way through those challenges and still provide an increased dividend to ECT.

We remain extremely proud of Eastland Group and the contribution it makes to the community – both in its own right and in the dividend it returns to the Trust.

That dividend contributes to our distributions and grant 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, the Trust would not be able to distribute as much as it does, which this year was \$4.2 million into community projects and assets.

OPERATING THE TRUST

The Trust had another great year at an operational level, meeting all performance targets set for the organisation. The Trust fund continued to grow, while we continued our positive work in the distributions space.

Our total net pre-tax operating profit increased by 4.7% and our net assets grew by \$8 million or 8.7%

from 2014. We maintained our existing investment strategy with a focus on preserving the Trust's capital by generating a sufficient risk-weighted return on existing investments.

We continued to review our governance performance against the Trust deed and Statement of Intent.

PROVIDING FOR OUR BENEFICIARIES

Consistent with previous years, the Trust allocated up to 50% of its post-tax income and distributions and investment into community projects.

In our Community Awareness and Satisfaction Survey, almost one half of respondents felt ECT should play a leading role in delivering economic growth for the region.

Mandated by this and our Trust deed, this year ECT continued to cement our role in the economic development space – supporting and taking on projects we believe will have long-term benefits to the region and our beneficiaries.

On the back of work in the previous financial year, Activate Tairāwhiti, the region's economic development agency, was established. Activate Tairāwhiti focuses on transformational economic development initiatives based on extensive consultation with industry, stakeholders

and others. An Economic Development Workplan has now been completed, and early projects are under way.

We continued our work in the education sector, understanding that education is crucial to changing our long-term economic performance. In the previous year, the CORE Education report challenged us to think about how to support a more vibrant learning community. This year, we supported a number of initiatives that enabled us to rise to that challenge, creating the Learning City project.

We supported The Mindlab by Unitech – a specialist education lab dedicated to enhancing the digital literacy capability of our region's youth as well as the implementation of contemporary practice for our region's teachers. We also began our search for an Education Change Agent who will advance the work of the Learning City project – working with education leaders, business and the community to develop a prioritised action list ready for a separate implementation phase of the project.

Beyond economic development, we have been supporting other initiatives that have the potential to transform our community. We approved our largest single distribution ever this year, with the announcement of \$5 million to the Gisborne District

Council for the \$12 million Tairāwhiti Navigations project. An independent analysis of the project showed the economic benefits were significant enough to justify such a major investment. However, it was the cultural and social benefits of this project (and many others like it) that also inspired the Trust's support.

OUR PARTNERSHIP WITH COUNCIL

A close working relationship between our two organisations continues. Political and financial support has been critical in getting a number of key initiatives across the line, including the establishment of Activate Tairāwhiti.

CHANGING OF THE GUARD

Our relationship with Council was strengthened even further with the appointment of Mayor Meng Foon to the Trust this year, as Council's representative on the Trust. Meng replaced Brian Wilson, who had represented Council and community since 2005. We would like to thank Brian for 10 years of outstanding service.

Vicki Thorpe, was also reappointed to the Trust for a second term.

Great results like these do not happen in a vacuum. Behind all of this is a dedicated

team of staff and advisors. Their energy, enthusiasm and commitment to the cause often goes above and beyond expectation, and is always appreciated.

We look forward to another positive result in 2016.



OUR TRUSTEES

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



RICHARD BROOKING “I was born and raised here, my local whakapapa – the two major iwi groups in Tairāwhiti – stretches back several hundred years, and most of my long-term friendships are with people who are also from here.”



GEOFF MILNER “Our family are dedicated to the Eastland region because it’s a fantastic place to raise a family. There’s a real community spirit where different cultures engage and there is an understanding and acceptance of different cultures.”



PHILIP SEARLE “Gisborne is a very special place to me. I was born here and have lived virtually my whole life here. The friendliness of the people, lovely beaches, great fishing and great climate makes the area my pick of places to live.”



VICKI THORPE “I have a strong desire to see the Gisborne community thrive – economically, socially, culturally and environmentally. They are all aspects that contribute to a community’s well-being, each one is important and they all must go hand in hand.”



MICHAEL MUIR “Over the years I have had the opportunity to see the level of support this community gives to one another and it is awesome. I am pleased that my family and I have been a part of contributing to an informed and engaged community.”

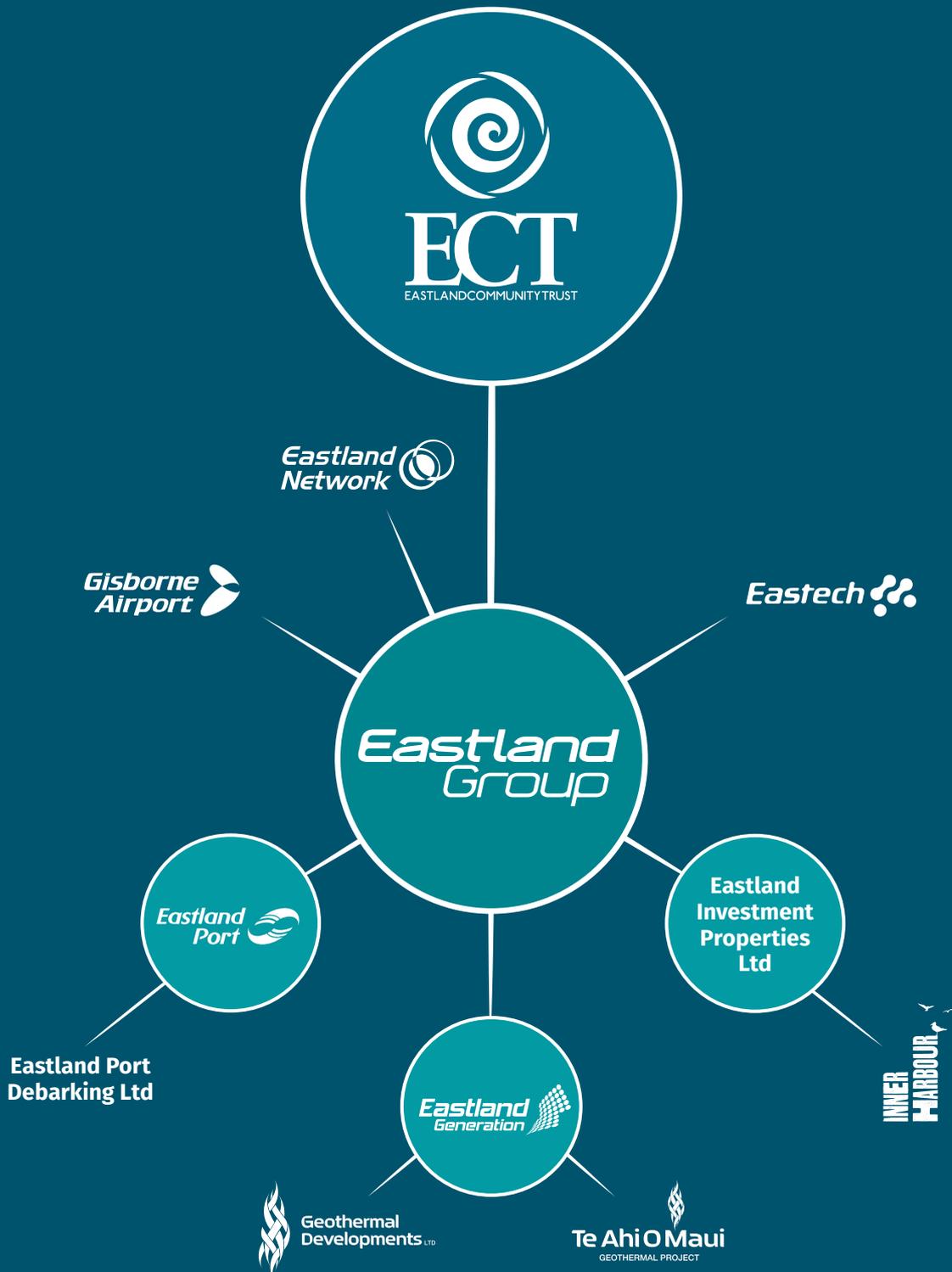


JOE MARTIN “My family has been in Gisborne many years. I was born and grew up here, and have a deep love for our region. Our region is steeped in nationally significant history and being able to contribute to this legacy and be a part of that is special.”



MENG FOON “I love this community and want to see us all achieve our dreams and aspirations – that’s what makes Tairāwhiti an outstanding region. My role as a trustee of ECT enhances this passion and enables me to support our community in many ways.”

OUR STRUCTURE



OUR YEAR IN REVIEW

The Eastland Community Trust has recorded a net profit before tax of \$8.8 million. Trust income was up \$557,000 to \$10.06 million and operating profit up by \$394,000. The result was supported by dividend payments of \$5 million from the Trust's 100% owned shareholding in the Eastland Group.

Please note: In the 2015 SOI investments outside of EGL were nett of management fees. For comparative purposes these have been adjusted and included in fixed admin.

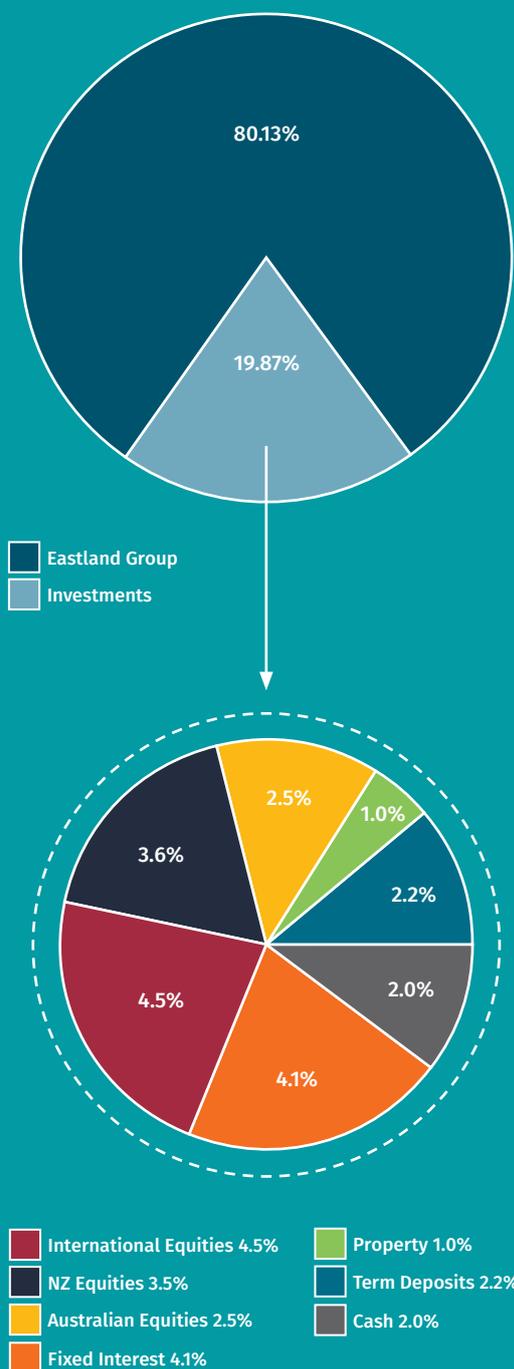
	SOI BUDGET		ACTUAL	
	2015 \$'000	2015 \$'000	2015 \$'000	2014 \$'000
Financial performance				
Income				
Eastland Group	7,580	7,580	7,380	
Non-Eastland Group	1,864	2,480	2,123	
	9,444	10,060	9,503	
Expenses				
Fixed administration	888	942	833	
Variable administration	240	184	170	
Sponsorship	100	114	74	
	1,228	1,240	1,077	
Net pre-tax operating profit	8,216	8,820	8,426	
Profit after tax	6,039	7,466	7,121	
Balance sheet				
Assets				
Eastland Group		45,400	45,400	
Non-Eastland Group		54,465	46,600	
		99,865	92,000	
Liabilities				
		179	287	
Net assets		99,686	91,713	
Distributions paid		4,203	4,300	

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 red line shows the target Trustees have set themselves to achieve this purpose. The yellow line shows the Trust equity. The strong performance of the Trust and the Eastland Group have contributed to the successful achievement of this purpose.

Our investments



Key highlights

\$7.58 million was received from Eastland Group during the year from dividends and interest on capital notes. This represents **75.3%** of ECT's income, compared to **77.7%** last year.

Total income of ECT increased by **5.9%**.

ECT's total net pre-tax operating profit increased by **4.7%**.

The net assets of ECT increased by **\$8 million (8.7%)**.

ECT committed **\$4.2 million** to community projects and initiatives, with **\$114,000** committed to sponsorships.

EASTLAND GROUP HIGHLIGHTS

Eastland Group achieved another strong commercial performance, despite challenging times in the logistics sector.

However, by reducing expenses company-wide in response to this, they were able to pay dividends and interest of \$7.6 million – as against \$7.4 million in the previous year.

Total income \$73.9 million.

Profit \$14.1 million.

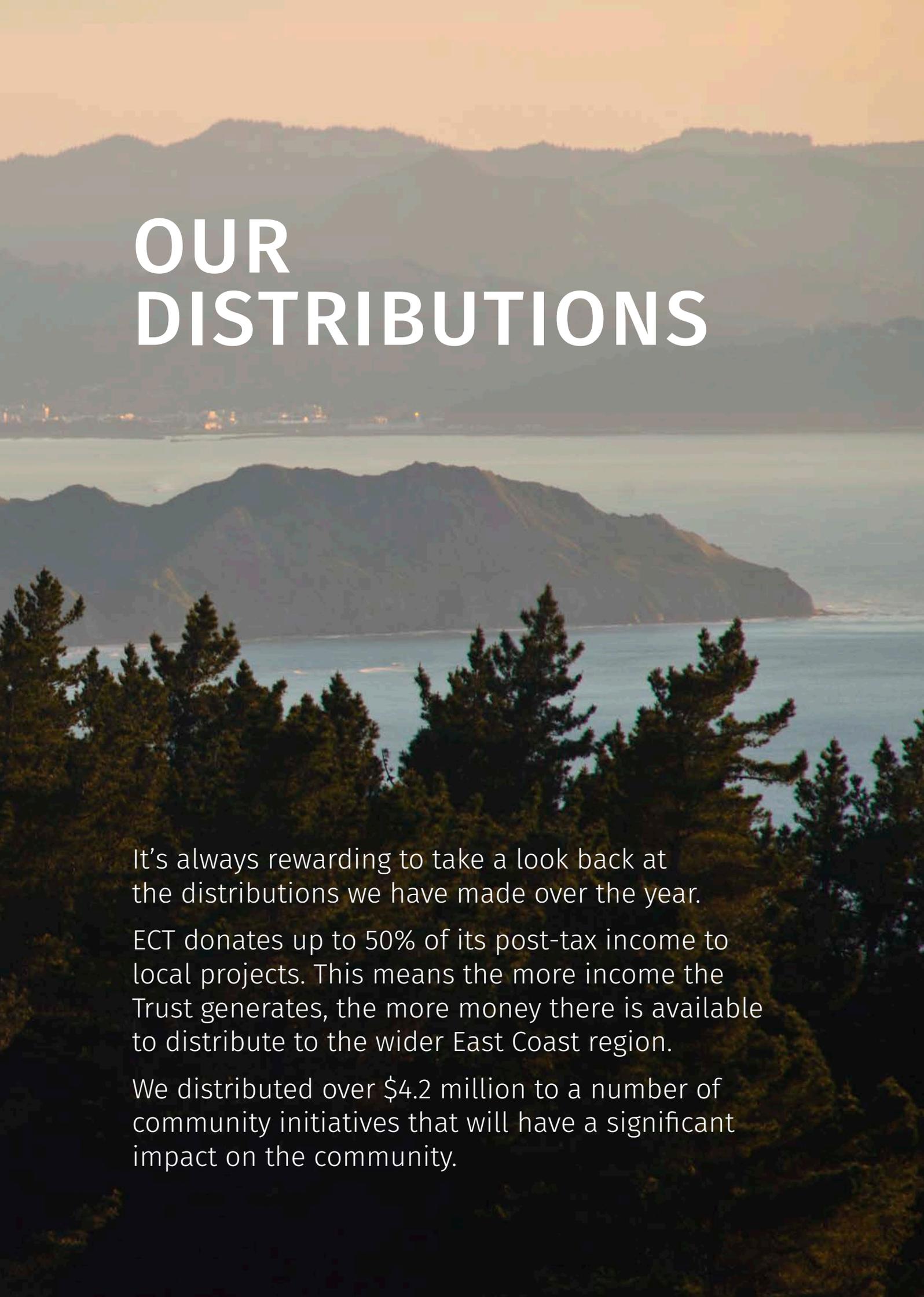
Dividend paid to ECT \$5.0 million up from \$4.8 million in 2014.

Interest paid on shareholder capital notes \$2.6 million.

Total dividend and interest paid to shareholder \$7.6 million.

Assets \$385.7 million.

\$35.2 million invested in the development of assets, 97.2 percent or \$34.2 million invested in Tairāwhiti.



OUR DISTRIBUTIONS

It's always rewarding to take a look back at the distributions we have made over the year.

ECT donates 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.

We distributed over \$4.2 million to a number of community initiatives that will have a significant impact on the community.





TAIRĀWHITI NAVIGATIONS PROJECT

The Eastland Community Trust approved its largest single distribution ever this year, with the announcement of \$5 million to the Gisborne District Council for the \$12 million Tairāwhiti Navigations project.

The Turanganui River and surrounds has a long association with voyaging dating back to the landing of various waka including the Horouta and then the arrival of Captain Cook's Endeavour.

While this cultural and heritage project will see the largest redevelopment of the harbour area in 30 years, the Tairāwhiti Navigations project will also extend to sites around the region that have navigation, contact and settlement stories to share.

An independent analysis of the project shows the economic benefits are significant enough to easily justify the investment. Additionally, the project will generate significant cultural and social benefit – potentially changing the way we as a community look at ourselves. To get the maximum return possible the full Navigations project needed to be delivered and this grant ensures that.

Photo courtesy of Johann Schutte.





MINDLAB

In a joint project with Activate Tairāwhiti, ECT approved an \$825,000 distribution to bring this state-of-the-art digital teaching programme to Gisborne for three years.

Gisborne joined Wellington as the first of two cities outside Auckland to offer Mindlab, enhancing the digital capability of our teachers and young learners, and encouraging collaborative teaching methods in the classroom, placing our kids way ahead of the national game.

ECT's contribution subsidises the programme so that (the approximately 6,000) primary and intermediate aged children across the district have access to this revolutionary programme. So too do the region's 240 teachers, with access to the NZQA accredited Postgraduate Certificate in Applied Practice (Digital and Collaborative Learning).

The importance of education from the youngest learner to Postgrad level is crucial to changing our long term economic performance. Supporting this initiative aligns closely with the outcomes from the research ECT had done by Core Education on education and really advances the concept of 21st Century learning.

Photo courtesy of Stephen Jones Photography.





TE POHO O RAWIRI

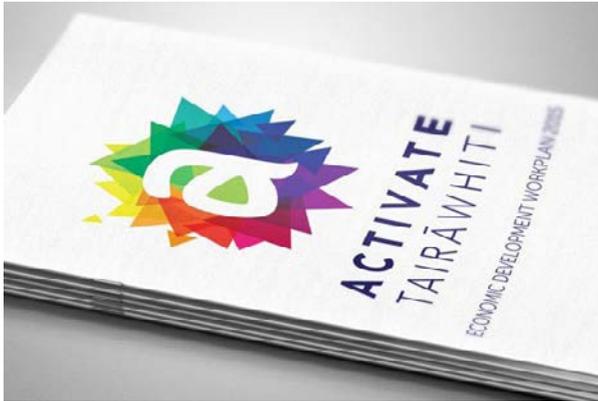
The Eastland Community Trust approved a distribution of \$550,000 to the Te Poho o Rawiri Marae committee to contribute to its \$2.7 million redevelopment.

Te Poho o Rawiri is hailed as a national treasure – often used by the region to welcome dignitaries and as an event venue for key hui and events. The redevelopment has significant benefits for the whole community through many different layers. Te Poho o Rawiri is a cultural stage and a community facility and asset serving all of us, not just Māori. Te Poho o Rawiri Marae was the first urban marae built in New Zealand, a place where education programmes, youth court justice proceedings, national meetings of Māori and non-Māori entities, and special occasions for families are held.

With this investment, we continue to celebrate the Marae's importance in the community and ensure it continues to play this important role into the future – especially leading up to the 2019 250th anniversary of the first meeting between Māori and Pākehā.

This grant will allow the first of a three stage redevelopment of this significant taonga. Stages one and two will see the redevelopment of the wharepaku and wharekaī. Stage three will focus on the restoration work of the wharenuī and whare karakia.

Photo courtesy of Te Poho o Rawiri Marae committee and Ian Ruru.



ACTIVATE TAIRĀWHITI

Gisborne's economy has been underperforming for many years. Employment shows the slowest growth rate for all regions, worker productivity is 26% behind the New Zealand average and internet connectivity is the lowest of all regions. Youth not in employment, education and training show that Gisborne is the worst performer of all the regions for this measure. Intervention is required to lift Gisborne's economic performance and accelerate growth.

Not only does ECT have considerable community support to be more active in the economic development space, it also has an obligation, supported by its trust deed, to support business, community and other initiatives that are likely to encourage or sustain economic growth for the benefit of its beneficiaries.

ECT was originally tasked with creating an economic development agency proposal and seeking the necessary funding to establish it. To do that, ECT analysed the environment and looked at the best possible way to set up the agency for Tairāwhiti. Those results and the proposal were put to GDC and the ECT board for approval.

In this year, we agreed to provide financial support for Activate Tairāwhiti at the rate of \$180,000 a year for three years until at least June 30, 2017.



SURF LIFE SAVING NEW ZEALAND

In March 2015, over 1500 athletes, 110 coaches and managers, 200 officials, 150 volunteers and 2500 supporters converged on Gisborne for the National Surf Life Saving Championships.

Accommodation providers were booked out and, with an estimated \$125 spent per day, retailers, eateries and entertainment business also reaped the benefit of the 4,000 outside visitors.

This event was made possible, in part, thanks to a \$50,000 distribution from ECT.



LONGBUSH ECOSANCTUARY

The Longbush Ecosanctuary is a haven for rare and endangered species of native birds, plants and animals, just nine kilometres from Gisborne city.

The Welcome Shelter is designed as an outdoor classroom from which to explore different aspects of Longbush and its rare and endangered species of plants and animals.

This project provides activities for locals and visitors within the region, and will enhance the tourism sector. It also incorporates the strong cultural heritage of the region and, as the visitors to the ecosanctuary increase, so will the exposure to those cultural experiences.

The Longbush team raised sponsorship and funding from many sources, and organised teams of volunteers to prefabricate and erect the structure – an outstanding exercise in collaborative place making.

ECT was pleased to be part of this project, contributing \$65,000.

Photos courtesy of Jamie Troughton (Surf Life Saving New Zealand) and Patrick Reynolds (Longbush Ecosanctuary).

DISTRIBUTIONS REVIEW

One of the most significant pieces of work we did this year was to commission the Community Awareness and Satisfaction Survey.

This research looked at two key issues:

- How well we've been servicing our community to date.
- The ways in which we can make a significant and lasting impact in the future.

Overall there was a high awareness of ECT, nine out of ten (87%) respondents are aware of ECT and more than half (51%) were aware that ECT's main role is to provide community funding.

Of those respondents who are aware of ECT, 64% were satisfied or very satisfied with ECT overall. The most common reasons for satisfaction were that we do a good job (21%) and because we help the community (19%).

The results of this survey made it abundantly clear that our community was calling for us to make a more meaningful difference in the economic development space. 75% of respondents told us the most important priority for ECT should be projects that create jobs.

However, more than half (57%) still wanted us to focus on the development of community and sporting facilities as well as supporting the hosting of national and local events. While 52% felt support for community groups and organisations should still remain a priority.

This feedback helped us shape the new Distributions Strategy, which we believe will strengthen our ability to support a positive, prosperous and attractive community in a balanced, proactive and collaborative way.

DISTRIBUTIONS PAID

Eastland Helicopter Rescue Trust	\$187,500
Harry Barker Sports Facility Trust	\$100,000
Tairāwhiti Navigations Project	\$1,700,000
Mindlab	\$825,000
Te Poho o Rawiri Marae	\$550,000
Surf Life Saving New Zealand	\$50,000
Papawhariki Society Inc.	\$30,000
Longbush Ecosanctuary	\$65,000
Tairāwhiti Cultural Development Trust	\$50,000
Smart Energy Solutions – Warm Up Eastland	\$312,945
Eastland Development Fund	\$280,000
Gisborne District Council – Gigatown	\$52,500

SPONSORSHIPS

Gisborne Basketball Association	\$3,000
Life Education Trust	\$5,000
Public Impressions Ltd	\$2,000
Tairāwhiti Museum	\$5,000
Turanganui School Māori Cultural Festival	\$3,000
Weetbix Tryathlon	\$10,000
Eastland Helicopter Rescue Trust	\$10,000
East Gate – Careers Expo Transport	\$8,000
Spellbound Harbour Radio	\$5,000
Gissy Food Month	\$5,000
Gisborne Chinese Association	\$3,000
Tairāwhiti Reap	\$3,000
Eastwoodhill Arboretum	\$1,000
Poverty Bay A&P Association	\$5,000
Te Ha 1769 Sestercentennial Trust	\$5,000
Gisborne Tairāwhiti Rugby League	\$5,000
Voyaging Trust	\$5,000
Tairāwhiti Youth Awards	\$2,000
Gisborne International Music Competition	\$5,000
Hawke's Bay United Football – local game hosting	\$1,500
Gisborne Baby Expo	\$1,000
East Coast Rugby Football Union	\$2,000
Papawhariki Society	\$5,000
Poverty Bay and East Coast Badminton Club	\$5,000
Gisborne Camera Crime Prevention Trust	\$2,000
Tairāwhiti Māori Bowls	\$5,000
Minor Sponsorships	\$2,515
TOTAL	\$114,015



www.ect.org.nz