



EASTLAND COMMUNITY TRUST
ANNUAL REPORT
2017



SUPPORTING
A POSITIVE, PROSPEROUS
& ATTRACTIVE COMMUNITY.

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Chairman's and General Manager's Report

This year, the Trust continued to focus significant energy and effort on economic development.

In February, two economic development strategies were released - the Tairāwhiti Economic Action Plan and the Tairāwhiti Māori Economic Development Report. Both, identify ECT as a key partner in leading economic growth, and it's a position we welcome.

We have already made a significant investment in the reports' key priority areas such as wood processing, tourism and regional economic development with a view to creating more and better jobs around the region. This work reaffirms our priorities.

As noted in the report, our work at Prime is now beginning to bear fruit. To date, this investment has generated 20 jobs directly, with a further 80 jobs likely in the coming 12 months. The Trust will continue to push forward in this area and should create 200 jobs directly in wood processing in the coming financial years. This success will contribute to the region's improving economic performance.

The Trust's economic development work has been paralleled by our community work. In the year, over \$4.3 million was given to 61 community organisations. We have supported a range of initiatives - supporting organisations, contributing to assets and buildings, funding events and making an impact where we can. It has been satisfying to back groups doing great work.

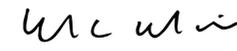
The Trust has also faced some internal challenges. Managing several significant projects has stretched the organisation. The Trust reviewed its internal structure to ensure it was still fit-for-purpose. As a result, the Trust identified the need for additional staff and the enhancement of internal systems. This saw the Trust establish two new roles, with a Financial Analyst and a Project Manager recruited late in the year.

The Trust has continued to evolve, with the decision to absorb Activate Tairāwhiti necessitating a second review, changes from which will take effect in the coming financial year. An early task will be to bring together the strategies, plans and projects of the two agencies working closely with Gisborne District Council.

The Trust performed well financially. Prudent fund management, responsible investment and increased returns from Eastland Group made positive contributions.

The Eastland Group makes up nearly 80% of the Trust's assets, and has continued to provide strong income and capital growth returns that have allowed the Trust the financial ability to have an impact on the community. The Eastland Network is committed to ensuring the security of our power supply, it is constantly upgrading its services and investing in the region. Eastland Port continued to break records, with more than 2.5 million tonnes of product (mostly logs) being exported from the port during the financial year, up 8.49% on the previous year. The volume of logs is forecast to double and to accommodate the growth, the port is embarking on a twin berth development — a staged multimillion dollar construction project that is likely to take up to five years. Good progress has been made on the Te Ahi O Maui geothermal project near Kawerau. Gisborne Airport continued to grow under Eastland Group's management. This year, total passenger movements increased by more than 15,000 to 156,146.

The Trust continues to focus on the future, and is excited about the opportunity to influence our region's economic prosperity.



Michael Muir, Chairman, ECT.



Leighton Evans, General Manager, ECT

01

Getting to Know Your Community Trust

Empowering the Community



At ECT we're passionate about creating a community that is positive, prosperous and attractive. But what does that mean?

A positive community is one that is resilient. We are a community of passionate people working towards a greater good. We dream big. Our organisations have excellent leadership and infrastructure, and are focused on making a difference. We celebrate diversity; we are self-reliant, lively and well-connected.

A prosperous community is one in charge of its economic future. We drive economic development and generate solutions that make sense for our community. We live in a region where business thrives, whanau have access to sustainable and well-paid jobs, and communities prosper.

An attractive community is one where our assets, facilities and major projects give us a sense of identity and pride. They inspire community connection, enhance the way our communities function, support manaakitanga (our ability to host or entertain), provide for economic growth and contribute to our enjoyment of the place we call home.

Central to delivering these aspirations is the way we sustainably manage a significant community taonga – our Trust fund. Creating and retaining capital for the future, while investing in the region's economic, social and cultural future.

Purpose

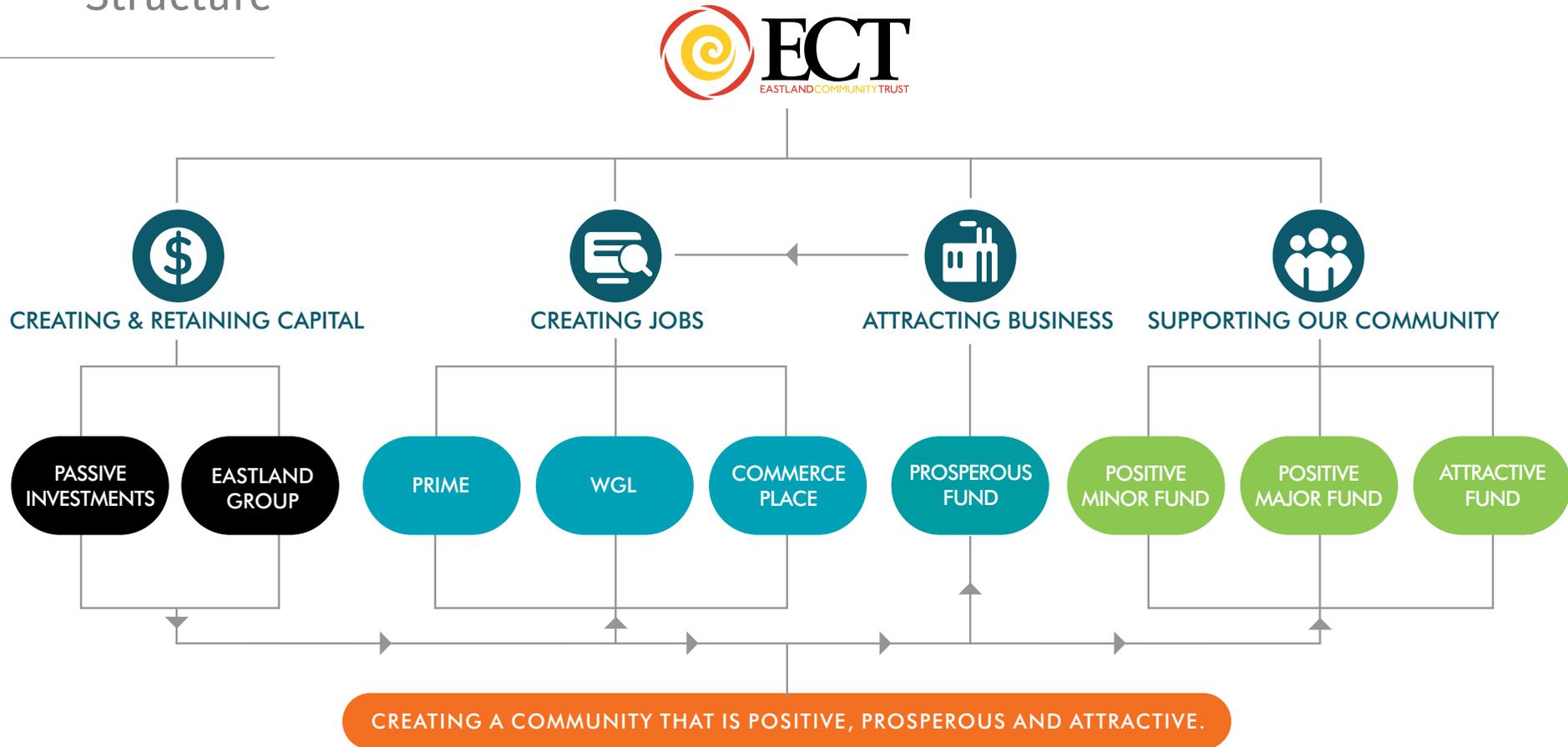
According to our Trust Deed, the Trust was established for the following purposes:

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.

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 of 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.

Structure



ECT’s organisational structure enables us to deliver on our purpose.

The income received from our passive investments and our investment in Eastland Group allows us to preserve capital, retain some earnings for major projects and purposefully invest in our community. We invest in the creation of jobs with direct investments in projects like Prime and WGL. We retain, expand and foster business via our Prosperous fund. We 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.

Your Representatives

A Board of seven highly experienced trustees governs ECT. Each is passionate about the region and committed to making a positive difference.



John Clarke

John Clarke, QSO, was born in Gisborne and has spent his entire working life here. John is a former Waikohu County Council Chair and Mayor of Gisborne District Council. John is currently on the Board of The Sunrise Foundation, is Deputy Chairperson of New Zealand Wine Growers and a former Director of Eastland Group.



Mayor Meng Foon

As Council's elected member, Mayor Meng Foon has a passion for advancing the wellbeing of our community. Meng is on the Board of a range of community organisations sitting as President on the NZ Chinese Association and chairing local chapters of Art in Public Places and Social Sector Trials, amongst others.



Te Rau Kupenga

Te Rau Kupenga, Te Aowera/Te Aitanga-a-Mate, has a legal background, but has spent the past ten years in executive leadership roles in the public and private sectors. He is the Principal Consultant for Te Amokura Consultants, and is passionate about tribal and community development. Te Rau, sits on the Board of Te Rungananui o Ngati Porou, Nga Taonga Sound & Vision and is also a member of the Broadcasting Standards Authority.



Michael Muir

Michael Muir, OBE B Com FCA, is Managing Director of The Gisborne Herald and has extensive involvement in business, health and education governance in the Gisborne district. He is currently chairman of the Chelsea Hospital Trust, chair of Tairawhiti Museum and on the Board of the Newspaper Publishers Association (NZ).



Dr Paul Reynolds

Paul Reynolds, BSc (Hon) PHD, Biochemistry, was born and raised in Gisborne, and educated at Campion College. In addition to his role as Deputy Chair of Landcare Research, Paul serves as a Director of AgResearch, as Chair of the Our Land and Water Science Challenge, and as Chair of the Sir Peter Blake Trust.



Phillip Searle

Phillip Searle has built a twenty-year career in commercial and business sales as principal of one of the region's largest real estate firms. Phillip manages a range of business interests, is a Board Member of the Real Estate Institute of NZ and the Stepping Stone Foundation.



Vicki Thorpe

Vicki Thorpe, LLB, is a registered Barrister and Solicitor practicing family law, Vicki has a strong desire to see Gisborne thrive. Vicki is well connected to the local charitable sector, with roles on the Board of the Gisborne SPCA and the East Coast Hawke's Bay Conservation Board.

Note: In this year, Matanuku Mahuika retired with Te Rau Kupenga appointed to the casual vacancy. Since this period, Vicki Thorpe and Phillip Searle have retired. Gisborne District Council has appointed Ailsa Cuthbert and Jill Chrisp in their stead.

02

Financial Year in Review



A Story of Steady Growth



Makauri Aquifer Recharge – Image courtesy of The Gisborne Herald.

Trustees characterise the Group's financial performance as one of steady growth achieved through prudent investment and management.

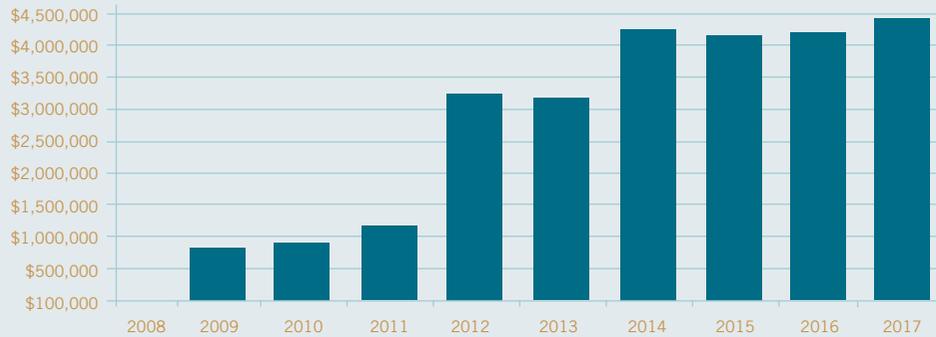
The Group enjoyed consistent operating performance and is in a sound financial position with net assets of \$308 million. This is compared to \$295 million in the 2016 year.

This performance was underpinned by an increased dividend from Eastland Group – the Trust receiving \$8.265 million in dividends and interest this year and a further \$1.635 million by way of subvention payments, up on the previous year's \$7.75 million.

This increased dividend was intentionally negotiated by the Trust. It was used strategically to support an increased distribution and direct investment programme - the tools we use to transform the community, create jobs and support economic growth.

Accordingly, we distributed \$4.3 million to a range of community projects and organisations. We highlight some of these projects later in the annual report, pages 27-28 give a full list.

Distributions 2008-2017



Over the past ten years, the Trust's approach to distributions has evolved markedly – enabling ECT to support a variety of organisations and projects, and impact the economic, social, and cultural life of our community. In the 2016/2017 financial year the distributions team assessed 120 applications and distributed \$4.3 million.

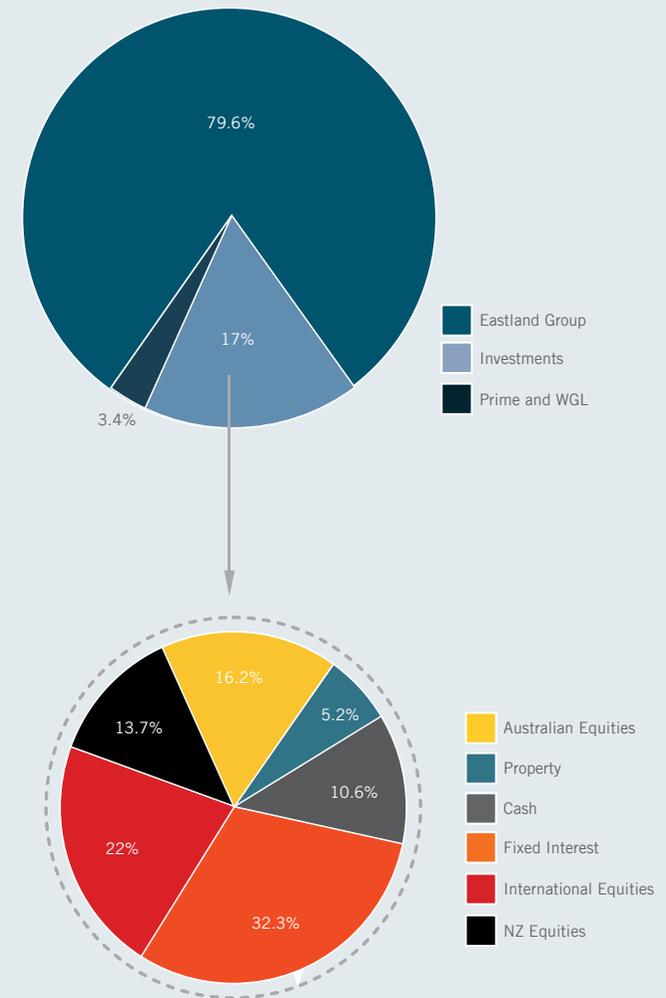
Group Capital Preservation 2008-2017



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 \$199,999,000

Our Investments



03

Direct Investments



Eastland Group



A year of expansion

Eastland Group is the Gisborne-based infrastructure company 100% owned by Eastland Community Trust. It's the business behind the businesses powering our regional economy.

As ECT's primary commercial arm, Eastland Group is responsible for delivering strong returns to the Trust, while maintaining and developing its regional assets and supporting economic growth in Tairāwhiti.

Eastland Group's operations include Eastland Port and Gisborne Airport, one of the major gateways to our region. Eastland Network provides electricity distribution and transmission services for Gisborne, Wairoa and the East Coast, while Eastland Generation produces electricity from hydro, diesel and geothermal plants.

The 2017 financial year has been one of expansion.

Great progress has been made at the Te Ahi O Maui geothermal project near Kawerau, which was given the green light to proceed by ECT in September 2015. The port broke export records once again, with planning underway for major capital improvements to unlock the port's full potential.

At the same time, Eastland Group's strategic objectives have broadened to include a new focus on the challenges and opportunities in the rapidly changing energy sector.

2017 Highlights

\$76.2 million total income

\$14.8 million profit

7.0% return on equity

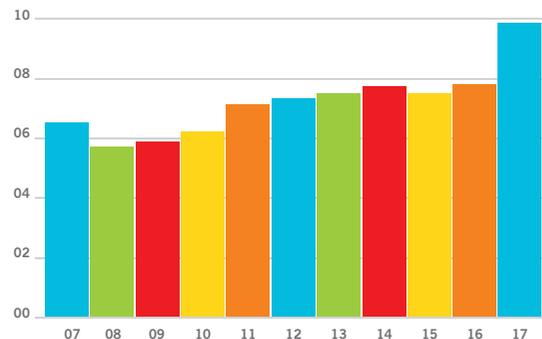
\$481 million asset value

\$72.2 million capital spend

\$28.7 million invested in Tairāwhiti

Returns made to ECT

Last 10 years (\$ millions)



In 2017, Eastland Group paid ECT a record \$9.9 million (total distributions and interest on capital notes). This is a \$2.2 million increase on 2016, and an excellent result that will benefit the entire region.

Eastland Network

In November, Eastland Network celebrated its 90th birthday. Interestingly, in 1930 the Poverty Bay Electric Power Board had just 4,000 customers. Today, Eastland Network manages over 25,000 connections, more than 3,500km of overhead lines and 397km of underground cables covering almost 12,000 km².

Committed to ensuring the security of our power supply, Eastland Network is constantly upgrading its services and investing in the region. In this year, the focus included the renewal of aged and underperforming assets, reticulation upgrades and the conversion of overhead to underground lines.

Over the past 12 months, the region's electricity usage remained steady with a warm winter and energy-saving appliances keeping consumption and demand at rates slightly less than the previous year.

Unplanned outages presented the network with unforeseen challenges. Widespread outages in August (as a result of snow affecting Transpower's supply to the East Coast and Hawke's Bay) and December (as a result of an accident) were of particular note. The latter contributed significantly to Eastland Network exceeding the annual quality limit for average customer outage duration as set by the Commerce Commission - the first time Eastland Network has been non-compliant in a three-year period.

In July 2016, Eastland Group increased its investment in electricity retailer Flick to 18.6%. Eastland Port continued to break records. More than

Eastland Port

2.5 million tonnes of product (mostly logs) were exported from the port during the 2017 financial year, up 8.49 percent on the previous year.

The volume of logs is forecast to double to five million tonnes of wood in the future. To accommodate the growth, the port is embarking on the twin berth development, a staged multi-million dollar construction project likely to take five years. This will help ensure that the forestry sector, the single biggest contributor to regional GDP since 2012, continues to flourish.

Consent for the redevelopment of the wharfside log yard was granted during the year. Once completed, all of the port's log yards will be sealed with world class storm water treatment systems.



Eastland Generation

Worldwide, advances in conversion and storage are disrupting the energy industry. Eastland Network is learning more about how the adoption of solar energy will impact on the network so that the company can develop opportunities that see our region leading and benefiting from this emerging technology.

In the meantime, Eastland Group continues its wider commitment to renewable generation in New Zealand. In partnership with the Kawerau A8D Ahu Whenua Trust, construction of the Te Ahi O Maui geothermal project near Kawerau continued throughout 2017. Once operational, the plant will generate around 25MW of energy (enough to power 25,000 homes) and provide returns to Eastland Group for more than 30 years.

Normal operation of the Waihi hydro scheme resumed following extensive repairs to the dam flood gates, which were damaged by extreme weather during the previous year. Production for the year was slightly below target, however, due to lower than average rainfall in the catchment.



Gisborne Airport

A vital regional asset and transport link, the airport continues to grow under Eastland Group's management. This year, total passenger movements increased by more than 15,000 to 156,146. This is a direct result of the boosted capacity and lower fare structures provided by the larger aircraft and Air New Zealand's commitment to this region.

The larger aircraft led to the deployment of a Fire Rescue Service on site with a dedicated fire appliance and duty officer. The aging car park system was also replaced, making for a greatly improved customer experience.

Redevelopment of the terminal has been in the wind for some time. The current terminal cannot comfortably accommodate the simultaneous arrival and departure of two Q300 aircraft. The terminal also requires some earthquake strengthening. With this in mind, work has progressed on the development of a new terminal complex capable of accommodating more people and larger aircraft – future proofing a key regional asset.



Community

In February, Eastland Group held the inaugural Flywheels event at Gisborne Airport. More than 2,000 adults and children cycled, scooted, skated and rollerbladed along the runway during this unique event. The historic Wa165 steam train made a special appearance, and funds were raised for the ECT Rescue Helicopter.

Eastland Group's other community sponsorships range from the speaker series held with the Gisborne Chamber of Commerce, to Eastland Group Raceway, engineering tertiary scholarships, and the port's Enviroschools and Poverty Bay Kayak Club partnerships.



Environment

In this year, the team at Eastland Port has worked hard to improve storm water discharge quality, with a further rain garden installed in the upper log yard and significant testing of storm water to determine what further treatment methods may be available. A 60,000L reservoir was installed to capture storm water off the primary storage block for treated logs. The reservoir now captures 90% of all rain events under 13mm. This water is then recycled for use by our debarking operation instead of town supply.

As a result of these initiatives, and Eastland's long term commitment to environmental stewardship, the port's comprehensive testing programme confirms no significant adverse effects on aquatic life and compliant seabed sediments.

With a focus on clean and renewable electricity, Eastland Group will be well placed to advance their environmental credentials into the future.



Making it Happen

Making it happen for staff, the community and the future; Eastland Group is committed to providing safe, healthy environments for employees, contractors and the public.

Initiatives include the creation of a '5 by 5 safety process', an upgraded safety management system, the establishment of a new executive position – general manager people and performance – and the introduction of a new performance management system, 'Making It Happen'.

The number of harm related injuries continues to fall year on year. The target for 2017 was a 25% reduction in harm related injuries compared with 2016, and this was achieved with nine incidents recorded.



Ownership Review

The Trust Deed requires that ECT undertakes an ownership review every three years. This review should appraise the performance of Eastland Group as well as considering options to hold or divest some or all of the investment. This review was undertaken independently by PwC in the later part of the financial year.

The report concluded that, over time, the investment in Eastland Group has performed well and has the fundamentals in place to continue to do so. As such, there was no immediate or urgent need to alter the investment in Eastland Group or its subsidiaries.

However, the report also identified that - as with any businesses - there are risks and opportunities which could impact Eastland Group in the future and which might require the investment to be restructured in some way.

The Trustees will discuss the report and the risks and opportunities with Eastland Group, as part of the ongoing process to help continue to shape a shared view of the company's strategic direction.

Capital investment planned over the next five years

Networks **\$50.5 million**

Generation **\$52.2 million**

Energy solutions **\$1.0 million**

Ports **\$96.0 million**

Prime and WGL



Dawn blessing of the Prime site prior to construction of the WGL facility.

One of the key messages we received in a 2013 community survey was that ECT must take an active leadership role in economic development.

This aligns with our Deed, which requires us to provide for the people of Gisborne by supporting business, community and other initiatives which are likely to sustain economic growth within the district.

Last 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.

An operating sawmill will have a positive impact on jobs, wages, and the quality of choices we can make. For the local business sector supporting an operating sawmill, there is potential for long-term growth.

In this financial year, WGL cemented its place on site. Construction of their new premise was completed and the installation of the plant and its ground-breaking technology is underway. WET's innovative process enables the transforming of lower grade K logs into high value certified structural lumber for the New Zealand and global building industry. It's a process that will fundamentally change the economics of the sawmilling for engineered structural timber products globally - making much more efficient use of the East Coast's renewable raw materials. WGL's presence on site is scalable, with each plant contributing 20 jobs.

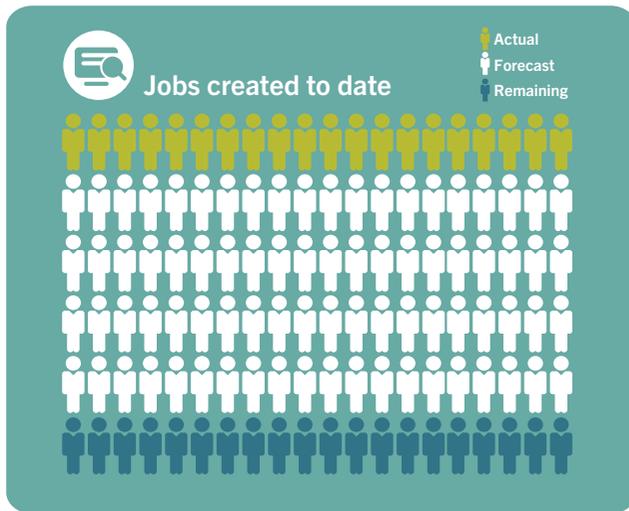
In February, Hon Simon Bridges announced a \$2 million Callaghan Innovation grant for WET, demonstrating confidence in the direction of the Trust and those we choose to partner with.

Commerce Place

In this year, ECT also began the search for an operator for the sawmill. Once operational the mill will create another 60 jobs.

Subsequent to Balance Date

Prime SPV Ltd has entered negotiations for the sale and purchase of the sawmill plant, equipment and selected buildings. To create 60 direct jobs, we are prepared to accept a value lower than that recorded in the financial statements. Accordingly, an impairment of \$3.6 million was recorded in the current year against the Asset Held for Sale. This impairment is linked to the economic benefits and job opportunities expected to be derived.



In 2013, ECT bought Commerce Place through its subsidiary EDFL. ECT bought the land, zoned light industrial, with a view to attracting new business to the region and supporting the expansion of existing local business.

Trustees have been openminded about the development, taking a long-term view of the investment and what a light industrial cluster might look like. The overriding principle however, is that Commerce Place be used to support those businesses that embed and further capitalise on our regional strengths.

This year, EDFL entered an agreement with Eastland Group to purchase Lots One and Two. This was a strategic move, which will enable us to better control the future of Commerce Place.

In November, the Trust also entered lease arrangements for Units Two and Three. As a result, a new tenant – a world leader in the manufacture of surf sports equipment – will be able to expand their existing operation and create four new jobs.



04

ECT in the Community

Helen Keller said it better than we can - Alone we can do so little; together we can do so much.

The collective power our community can exert through the Trust's distribution funds is one of our region's greatest strengths. This significant taonga enables us to support the economic, social and cultural aspirations of our region. It's a team effort, and one we can all be proud of.

Our year in distributions can be characterised in one word – impact.

Through the ECT distributions programme we supported 61 initiatives against an SOI target of 50, distributing \$4.3 million to a range of collaborative, innovative and impactful projects.

In this section we explore some of the projects we think are pretty special, which respond to the unique needs of our region, and are run by people passionate about delivering meaningful outcomes for our beneficiaries.

A full list of our distributions is found on page 27 and 28

Swim for Life



Swim for Life in action - Image courtesy of The Gisborne Herald.

Statistics show our children's swimming ability is declining. Swim for Life's Swim and Survive education programme provides potentially lifesaving skills to those who cannot afford private swimming lessons.

The programme gives our young people the skills needed to enjoy the water and keep themselves safe – critical in a region surrounded by oceans, lakes and rivers.

This programme gets kids swimming 200m, teaches them to respect the water and understand their limits.

It ensures our children can reach their full potential within the aquatic environment and take full advantage of the natural recreational opportunities this region has to offer.

This summer, Swim for Life achieved amazing results, ECT is proud to be a small part of their story.

2500 Students

21 Schools

25,000 Lessons

Ngati Porou Hauora

Eastland Community Trust committed \$90,000 to help fund the roll-out of broadband into seven Ngati Porou Hauora community health centres across the region.

The clinics in Ruatoria, Tokomaru Bay, Tolaga Bay, Te Puia Springs, Tikitiki, Te Araroa and Gisborne provide a range of high quality, integrated health services for 9,000 patients including general practice consultations, maternity, mental health, immunisation and other specialist services. Broadband will improve services and health outcomes for Ngati Porou and the wider East Coast community.



Sunshine Service

Most drivers will be familiar with the Sunshine Service's fleet of yellow vans. But many will be unaware of the critical role the service plays in connecting some of the more vulnerable in our community to essential services such as doctors, government agencies, the library and supermarkets. This service enables many elderly and disabled to continue to lead vibrant and fulfilled lives.

A distribution of \$50,000 contributed to the purchase of a new van.



Citizens Advice Bureau

The Citizens Advice Bureau provides an increasingly necessary service for our community – assisting thousands of people each year with a range of issues from relationship advice to budgeting and employment issues. Very often it is advice for those who have nowhere else to turn.

The Trust was delighted to approve a \$10,000 distribution toward their operational costs, accounting for about one-third of the organisation's running costs.



Whinray Reserve



A unique kiwi experience.

A \$33,000 grant from ECT supported the further development of The Whinray Ecological Charitable Trust's wild ecological experience, enabling the team to complete the development of their unique Tuatara and Kiwi experience.

A new predator fence will encase a wild forest setting in which visitors will enjoy supervised, barrier-free interaction with wild Tuatara during the day and young, feeding kiwi at night.

This project will transform the educational potential of the reserve - promoting environmental care and education by allowing people, and particularly our school children, to experience Kiwi, Tuatara and other unique species at a personal level.

There are also genuine economic benefits to the Motu community. By mid-2018, the Trust expects the Tuatara and Kiwi experience will attract around 2,000 visitors, improving the reserve's sustainability and that of small businesses in the Motu community.

2,000 visitors

Sustaining local business

Improving environmental education

He Awa Ora, He Tai Ora

The He Awa Ora, He Tai Ora programme consists of a series of two-day community workshops, designed for those with a keen interest in freshwater science and monitoring, as well as the protection, restoration and enhancement of our waterways.

The Trust accommodates school groups and works with local hapu and community groups wishing to learn more about protecting their waterways. Each year, the team delivers programmes to over 2,000 students and 500 community participants – from parents, whanau, community groups and visitors.



Sunsplash

Focused on the late summer holiday period and encompassing Wellington Anniversary weekend, Auckland Anniversary weekend and Waitangi Day - this 'festival' saw the efforts of more than 30 summer events supported with a combined marketing and event management structure.

Events spanned the summer recreational offering. Activate Tairāwhiti and Air New Zealand identified an influx of Wellington and Auckland-based visitors attending the festival as contributing to a five percent jump in visitor spending from the same month last year.



Pa Wars

In its 22nd year, The Ngati Porou Inter-marae Sports Festival – Pa Wars – is an iconic East Coast event. Held in Te Araroa in January, thousands of whanau travelled to the northern end of the Coast to take part in this one day event, which boasted fierce competition across 37 events ranging from Rugby 7s and Basketball to Karaoke and Dining Room Etiquette.

Hinerupe Marae was crowned the 2017 Pa Wars Champions. But ultimately it was Ngati Poroutanga that won – in a day that celebrated family values and kinship, in an atmosphere of friendly inter-marae rivalry and healthy lifestyle.



Tairawhiti Voyaging Trust - Waka Hourua



The Blessing of Tairawhiti's hull - image courtesy of Maori Television.

The Waka Hourua 'Tairawhiti' is a floating classroom – a base from which to teach cultural history and traditions, life skills and the practices and responsibilities of kaitiakitanga, centred on sustaining the health of our oceans. It will also be a crucial link to the 2019 Sestercentennial with the potential to continue as a legacy initiative beyond 2019.

In addition to the important educational and cultural aspects of the project, Trustees anticipate a substantial economic impact. Research suggests every \$1 spent on operating the Waka Hourua in the Tairawhiti region will add \$1.80 to a range of local businesses. There is also the potential for the project to create up to 11 full-time jobs.

1:1.8 economic benefit

11 fulltime jobs

Supporting cultural and environmental education

Events and conferences



In this financial year, ECT invested over \$166,000 in the hosting of national events and conferences. Combined, these events have the potential to attract around 12,000 people and contribute approximately \$3.4 million to the local economy.

These events benefit our region in multiple ways. As well as the obvious economic impact they celebrate our unique regional assets, raise the region's profile, enhance our reputation for manaakitanga, and support on the benefits that come with a community engaged in an active and healthy lifestyle.

\$166,000 invested

12,000 visitors

\$3.4 million into local economy

Images courtesy of The Gisborne Herald.

Gizzy School Lunches



Volunteers ready to go - Image courtesy of The Gisborne Herald.

Gizzy School Lunches is a 30-strong team of volunteers united by a common belief that well-fed children will learn more efficiently and have a far more positive experience at school. The team prepares up to 170 lunches a day for children in need.

The service comes at a cost to families - just \$5 for five lunches a week for one child and then \$1 a week per additional child. However, it costs about \$8 a week to prepare a child's lunch. ECT's contribution of just over \$8,000 helps meet that shortfall, while also supporting the costs associated with food handling certificates and equipment needed for food storage and lunch distribution.

Anecdotally, the programme is having a significant impact. In the children they work with, truancy rates are down and academic achievement is improving. An amazing result all round!

30 Volunteers

33,000 Lunches a year

Great outcomes for students

Spreading the Funding



ECT funded \$2.9 million worth of projects that advantaged beneficiaries right across the region.

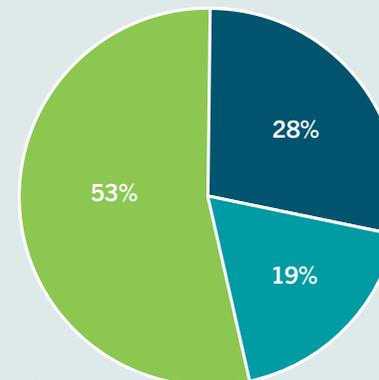
ECT funded \$822,000 worth of projects that specifically advantaged our beneficiaries living on the Coast.

ECT funded \$379,500 worth of projects focused on our Gisborne beneficiaries.

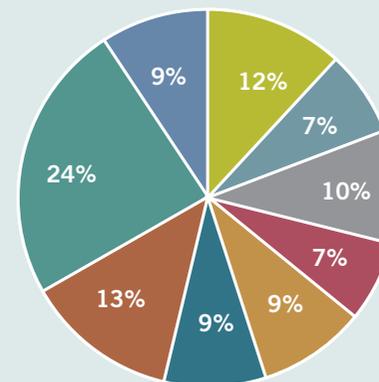
ECT funded \$194,000 worth of projects to the west of our region.

Our region is one of the most geographically remote in the country and our beneficiaries live, work and play across all of it. That's why we work hard to spread the benefit of the distributions programme across the region. These figures represent investment in events, initiatives, community assets and economic development projects the length and breadth of the East Coast.

Funding by Sector



- Attractive**
Great quality community assets that connect our community.
- Positive**
Events, projects and organisations that have a positive impact on our community.
- Prosperous**
Driving economic growth and job creation.



- Arts
- Community Events
- Economic Development
- Education
- Environment
- Sport
- Community Assets
- Tourism & National Sporting Events
- Social-Health, Safety & Security

Total Positive Minor Approved

\$

Activate Tairawhiti - Westpac Business Excellence Awards	5,000
Black Fig - Beats Bites and Brews	* 6,000
Citizens Advice Bureau - Operational costs	* 10,000
Ease Up Tairawhiti - Tairawhiti Sidelines project	10,000
Eastland Swim - HB/Gisborne Summer Swim Champs	* 4,903
ExpressPR - Sunsplash Summer Festival	* 10,000
Gisborne Aero Club Inc - Patient stretcher lifter	* 8,970
Gisborne Contract Bridge Club Inc - Clubroom refurbishment	* 5,000
Gisborne Judo Club - National training camp	* 10,000
Gisborne Volunteer Centre - Capability workshops	10,000
Gizzy Food Month	* 9,000
Gizzy School Lunches	* 8,972
Hikurangi Huataukina Trust - Hati Nati Maori Kai Festival	6,000
Life Education Trust - Fight for Life Ed	* 5,000
Massey University - National Biomechanics Day Gisborne	9,700
Matapuna Training Centre - Driver licencing programme	* 10,000
Matawai School - Pool upgrade	10,000
NZ Concert Bands - Concert bands festival	* 7,000
Poverty Bay A&P Association - A&P Show	* 10,000
Poverty Bay Hockey Association - NZ Secondary Schools' Tournament	* 5,000
Poverty Bay Hunt Incorporated - 125 anniversary hunt	6,600
Rongopai Marae Committee - Governance training	* 5,875
SAFE Tairawhiti Community Trust - Tairawhiti Maori Sports Awards	* 6,500
Sport Gisborne Tairawhiti - 2017 Weetbix Tryathlon	* 10,000
Surf Lifesaving NZ - Beach education programme	5,000
Tairawhiti Softball Association - National Under 15 Boys' Tournament	* 5,000
Te Kuri Walkway - Public track repairs	* 1,000
Te Riu o Waiapu - Computer hub	* 2,000
Te Runanganui o Ngati Porou - Pa Wars	* 10,000
TMS Sport Promotions Ltd - Motu Special Mountain Bike Race	5,000
Tu Ake Te Karaka Trust (distribution returned) - Feasibility study	* (6,475)
Waiohiki Intellectual Property Ltd - Te Araroa community meeting	* 2,000
Whangara Angus Stud - Educational workshop	10,000

223,045

Total Positive Major Approved

\$

2020 Communications Trust - Computers in Homes	* 50,000
Black Fig - The Explorer Adventure Sport Weekend	10,000
Gisborne Boardriders Club - Development camp and competitions	* 10,000
Gisborne Chamber of Commerce - YES programme	* 12,000
Gisborne Museum of Art and History - Ko Rongowhakaata marae exhibition	* 66,490
He Awa Ora He Tai Ora - Science education programmes	* 39,000
Inner Fit - Crackerjacks Kids	* 100,000
Kapai Kaiti Inc - Ilminster pool summer lifeguards	* 21,200
Matawai Volunteer Fire Brigade - New 4 x 4 vehicle	* 30,000
New Zealand Symphony Orchestra Foundation - School visits and family concert	* 20,000
Ngati Porou Hauora - Installation of fibre in all health clinics	* 90,000
Plant-based New Zealand Health Trust - Healthy lifestyle programme	* 100,000
Poverty Bay Golf Club - Pump station	* 96,400
Sunshine Service Inc - Van replacement	* 50,000
Swim for Life Tairawhiti - Swim programme	* 20,000
Tairawhiti Cultural Development Trust - National Primary School Kapahaka Competition	* 100,000
Tairawhiti Technology Trust - Teach Expo	40,000
Te Ha 1769 Sestercentennial Trust - Year 2 of the Community Partnerships plan	* 100,000
Te Runanga o Turanganui a Kiwa - Nga Puawai o Hineakua	* 100,000
Te Whare Hukahuka - Governance training programme	55,000
Whinray Ecological Charitable Trust - Predator fencing for kiwi enclosure	* 33,060

1,143,150

Total Prosperous Approved

\$

Activate Tairawhiti - Regional tourism marketing	paid \$711,000 *	1,185,000
Tourism Eastland - iSite fence replacement		8,460
		1,193,460

Total Attractive Approved

\$

Connex Trust - Bikes in Schools		* 200,000
Eastland Group Ltd - Energy Hub		300,000
St John Ruatoria Area Committee - Ruatoria Ambulance station upgrade		250,000
Turanganui a Kiwa Voyaging Trust - Waka Hourua	paid \$380,000 *	625,000
Whakarua Park Trust Board - Facility upgrade		400,000
		1,775,000

Total distributions approved this year \$4,334,655

* Total distributions paid this year \$3,616,348

In accordance with the Trust Deed we must disclose the distributions paid in the financial year. These payments are denoted by an asterix.

Approved Last Year and Paid in This Financial Year

\$

BDO - Governance training		* 8,000
Eastland Helicopter Rescue Trust - Operating costs (multi-year)	paid \$375,000 *	1,250,000
Gisborne District Council - HB Williams Memorial Library upgrade	paid \$430,000 *	860,000
Gisborne International Music Competition (multi-year)	paid \$30,000 *	90,000
Gisborne Riding for Disabled - Panic bars		* 17,423
Gisborne Trampoline Club - North Island Trampoline and Tumbling Champs		* 10,000
Gisborne Volunteer Centre - Governance workshops		* 3,060
Hackfalls Arboretum Charitable Trust - Plant collection book		* 6,120
Hikurangi Takiwa Trust - Economic Development Opportunities mapping	paid \$5,000 *	10,000
Matawai Memorial Hall Assn - Upgrade of hall interior		* 19,000
Poverty Bay Rugby Football Union - Feasibility study		* 6,500
Sisterson Lagoon Restoration Trust - Visitor shelter		* 17,000
Taki Rua Productions - Gisborne school performances		* 10,000
Te Kura Awhio Trust - Purchase Mixed Martial Arts cage		* 10,000
Te Kura Kaupapa Maori o Tapere Nui a Whatonga - Playground upgrade		* 27,350
Te Runanganui o Ngati Porou - Paikea Gym Facility		* 150,000
Te Whare Whai Matauranga o Turanga - Operating costs		* 9,000
Whakarua Park Trust Board - Professional services		* 8,000
Approved prior years paid current year		2,511,453

05

Financial Statements



Michael Muir
Chairman, ECT



John Clarke
Trustee, ECT



Summary Statement of Comprehensive Revenue and Expense

For the year ended 31 March 2017

	Group		Parent			
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000	Budget 2016 \$'000
Revenue						
Operating revenue	78,257	75,675	11,512	9,760	9,926	9573
Non-operating revenue	1,576	1,605	1,391	-	1,190	-
Total revenue	79,833	77,280	12,903	9,760	11,116	9,573
Operating, admin and personnel expenses	(38,925)	(32,713)	(1,485)	(1,550)	(1,405)	(1,293)
Depreciation and amortisation	(15,113)	(14,883)	(4)	-	(3)	-
Finance expenses	(5,684)	(6,238)	-	-	-	-
Non-operating expenditure	(1,115)	(523)	-	-	-	-
Total expenditure	(60,837)	(54,357)	(1,489)	(1,550)	(1,408)	(1,293)
Surplus before joint ventures	18,996	22,923	11,414	8,210	9,708	8,280
Share of surplus of joint venture	(559)	788	-	-	-	-
Surplus before income tax	18,437	23,711	11,414	8,210	9,708	8,280
Income tax expense	(6,383)	(6,450)	(1,522)	-	(1,236)	(1,423)
Surplus after tax	12,054	17,261	9,892	8,210	8,472	6,857
Profit from discontinued operations	-	(45)	-	-	-	-
Net surplus	12,054	17,216	9,892	8,210	8,472	6,857
Other comprehensive revenue and expenses						
Cashflow hedges	4,720	(9,780)	-	-	-	-
Revaluations	454	19,244	779	-	120	-
Tax on comprehensive income	(1,287)	(2,165)	-	-	-	-
Total other comprehensive revenue and expenses	3,887	7,299	779	-	120	-
Total comprehensive revenue for the period	15,941	24,515	10,671	8,210	8,592	6,857
Attributable as:						
Net surplus:						
Equity holders of the parent	12,082	17,237	9,892	8,210	8,472	6,857
Non-controlling interest	(28)	(21)	-	-	-	-
	12,054	17,216	9,892	8,210	8,472	6,857
Total comprehensive revenue:						
Equity holders of the parent	15,969	24,536	10,671	8,210	8,592	6,857
Non-controlling interest	(28)	(21)	-	-	-	-
	15,941	24,515	10,671	8,210	8,592	6,857

Summary Statement of Financial Position

For the year ending 31 March 2017

	Group		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	12,399	8,521	7,104	5,566
Other current assets	11,287	16,299	1,304	1,042
Total current assets	23,686	24,820	8,408	6,608
Non-current assets				
Property, plant & equipment	448,697	389,229	9	10
Other non-current assets	75,456	74,241	106,431	100,116
Total non-current assets	524,153	463,470	106,440	100,126
Total assets	547,839	488,290	114,848	106,734
LIABILITIES				
Current liabilities				
Current liabilities	17,057	18,873	2,614	1,885
Total current liabilities	17,057	18,873	2,614	1,885
Non-current liabilities				
Loans and borrowings	166,000	114,000	-	-
Other non-current liabilities	56,522	60,130	-	-
Total non-current liabilities	222,522	174,130	-	-
Total liabilities	239,579	193,003	2,614	1,885
Net assets	308,260	295,287	112,234	104,849
EQUITY				
Equity	307,805	294,804	112,234	104,849
Non-controlling interest	455	483	-	-
Total equity	308,260	295,287	112,234	104,849

Summary Statement of Changes in Net Assets/Equity

For the year ending 31 March 2017

	Group		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	295,287	274,016	104,849	99,686
Total comprehensive income	15,941	24,515	10,671	8,592
Transactions with owners	318	185	-	-
Distributions (net of tax)	(3,286)	(3,429)	(3,286)	(3,429)
Total equity	308,260	295,287	112,234	104,849

Summary Statement of Cash Flows

For the year ending 31 March 2017

	Group		Parent	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Net cash flow from (used in) operating activities	28,180	32,410	8,718	9,553
Net cash flow from (used in) investing activities	(72,686)	(48,545)	(4,613)	(12,094)
Net cash flow from (used in) financing activities	48,384	11,959	(2,567)	(2,505)
Net cash flows from discontinued operations	-	739	-	-
Net (decrease)/increase in cash and cash equivalents	3,878	(3,437)	1,538	(5,046)
Cash and cash equivalents at beginning of period	8,521	11,958	5,566	10,612
Cash and cash equivalents at end of period	12,399	8,521	7,104	5,566

Notes to the Summary Financial Statements

For the year ending 31 March 2017

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 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.

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 of 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

The summary is extracted from the full financial statements authorised for issue by the trustees on 24 July 2017. The full financial statements have been audited and an unmodified opinion has been given. This summary has also been examined by Deloitte, Wellington and a copy of the unmodified audit opinion on the summary financial statements 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.



**Independent Auditor's Report
on the Summary Consolidated and Separate Financial Statements**

To the Trustees of Eastland Community Trust

Opinion

The summary financial statements of Eastland Community Trust (the 'Trust') and its subsidiaries (the 'Group'), which comprise the summary consolidated and separate statement of financial position as at 31 March 2017, 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 2017.

In our opinion, the accompanying summary consolidated and separate financial statements, on pages 30 to 33, are consistent, in all material respects, with the audited consolidated and separate financial statements, in accordance with PBE FRS 43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

**Summary consolidated
and separate financial
statements**

The summary consolidated and separate financial statements do not contain all the disclosures required by Public Benefit Entity Standards. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report.

**The audited consolidated
and separate financial
statements and our
report thereon**

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated date.

**Board of Trustees'
responsibility for the
summary consolidated
and separate financial
statements**

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

Auditor's responsibilities

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) ('ISA (NZ)') 810 (Revised): *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 the Trust or any of its subsidiaries. These services have not impaired our independence as auditor of the Trust and Group.

Restriction on use

This report is made solely to the Trustees, as a body, in accordance with Section 16 of the Trust Deed. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Deloitte Limited
Wellington, New Zealand
24 July 2017

This audit report relates to the summary consolidated and separate financial statements of Eastland Community Trust (the 'Trust') and its subsidiaries (the 'Group') for the year ended 31 March 2017 included on the Trust's website. The Board of Trustees are 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 consolidated and separate financial statements since they were initially presented on the website. The audit report refers only to the summary consolidated and separate financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these summary consolidated and separate 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 summary consolidated and separate financial statements and related audit report dated 24 July 2017 to confirm the information included in the summary consolidated and separate financial statements presented on this website.

