



2016 ANNUAL REPORT

Vision

To create a positive, educated and healthy community.



Eastern Bay Energy Trust Trustees and Staff

Seated from left: Edwina O'Brien, Rawinia Kamau, Don Lewell, Donna Smit, David Bulley
Standing from left: Kay Hitchcock, Allison Windley, Kevin Hennessy, Wade Brown

Directory

Trust Manager

Rawinia Kamau

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Advisors

Legal Sharp Tudhope | Tauranga
Legal Osborne Attewell Clews | Whakatane
Financial & Business Deloitte | Wellington
Accountants Arrow Accountants | Whakatane
Auditors KPMG | Tauranga
Bankers ASB Bank | Auckland

Chairman's Report

Creating a positive, educated and healthy community

It's a great pleasure to reflect on another notable year for the Eastern Bay Energy Trust, highlighted by the achievement of the long-sought goal of 100% ownership of Horizon Energy. This significant milestone returns the assets of the distribution company back to the local community. The resulting increased dividend has enabled us to plan for an extra \$700,000 in distributions this year – a great outcome.

We can report a \$50 million growth in our investments. We can tell you that we've made \$1.906 million in grants to around 50 community organisations and energy-related education and training initiatives, and that in the last twenty years we have allocated \$33.22 million to the Eastern Bay of Plenty . . . but those are simply numbers.

The true value of the Trust's work is incalculable. While our grants fund energy-related activities undertaken by a huge range of community groups and organisations, the flow-on effects are priceless. How do you measure the worth of sports-field lighting that means parents get an extra half hour of productivity before they have to deliver their children to practice; how do you put a dollar value on an early diagnosis from a CT scan at your local hospital; or the life opportunity that a scholarship represents?

Months of work went into the re-shaping of our strategic plan, which led to the adoption of a new distribution policy. We can already see the contribution it is making to achieve our vision: to create a positive, educated and healthy community.



Don Lewell
Chairman

In closing, I'd like to thank my fellow Trustees for their thoughtful debate and deliberation through the year, and our Trust Manager and her team, who are all so dedicated to their Trust responsibilities. I'd like to acknowledge Kevin Hennessy, who stepped down as deputy chairperson after six years; and David Bulley who was appointed to that position in September 2015.

It was very sad to note the passing of two former Trustees, Robin Wray and Jim Towersey. Jim was an all-round great guy who brought huge experience in the electrical supply industry to his role as a Trustee, from 1995 to 2003. Robin too, held a wealth of knowledge, particularly in the area of community development, which he enthusiastically shared with us as a Trustee from 2002 - 2009. Their efforts have added great value to the Trust's assets and objectives.

Don Lewell Chairman

Manager's Report 2016

Funding through energy, to make great things happen in our community

In the past 12 months, it has been my privilege to lead our team of committed staff through the operational requirements to achieve the vision and mission set by the Trustees.

Their adoption of the Strategic and Funding Distribution Plans was followed by a period of consultation with our community, particularly with our three local Councils. **The distribution chart on page 3** of this report illustrates the areas the Trust wishes to support, the levels of distribution available within those areas, and the frequency of allocations.

This reporting year, we've distributed \$1.16 million in response to grant applications from our community and another \$731,775 in proactive distributions, which include initiatives aimed at energy safety, energy efficiency, education, advocacy and industry training; the undergrounding of electricity supply; and creating healthier homes through the Retrofit Insulation Project.

We achieved a first for the Trust by securing naming rights sponsorship of the 2016 New Zealand Surf Life Saving Championships and we also supported an additional ten fantastic events – from the Kawerau Woodfest and Matata Christmas in the Park, to the Opotiki Lantern Festival. We funded Christmas lighting across the region; assisted rescue services; marae; churches; schools; a dozen sporting organisations; and various community groups to make great things happen in our community.



Rawinia Kamau
Manager

Our chairman notes the significant financial benefit resulting from the Trust's 100% ownership of Horizon Energy. From an operational perspective we also see positive impacts through the strengthening of closer working relationships with key personnel at Horizon Energy.

We're very mindful that around 140 shareholders are still to claim their portion of \$1.4million - the proceeds of the acquisition of their shares in Horizon Energy by the Eastern Bay Energy Trust. If you think your household, business, or perhaps a community group you are involved in is yet to claim, please contact the Trust office for further information.

It has been a rewarding year in which we can point to so many examples of how the Trust is "energising our community".

We look forward to continuing to allocate funds, guided by our new distribution plan, which has been designed to make the process as clear and relevant as possible for our community.

It is a great joy for Trustees and staff to see projects we have funded come to fruition – to see the contribution we are making to create a positive, educated and healthy community. We're excited to see what the next 12 months presents.

Rawinia Kamau Manager

The Trust's Investment Strategy

- Approximately 40% of the Trust's net income will be placed in investments that provide a fair and reasonable return.
- The trustees are responsible for maintaining the Trust Fund and are committed to a path of diversification of the Trust's investments in accordance with sound investment principles, to ensure that the Trust Fund is sustainable in the long term.
- The trustees are committed to managing the Trust's investment portfolio to maintain and grow its value, while balancing risk and return.
- The trustees will, where appropriate, take independent investment advice.
- The Trust has the risk profile of a moderate investor with a low to medium risk. The trustees prefer to have a higher allocation of income assets than growth assets. In achieving the capital growth required the trustees are not prepared to experience significant fluctuations in investment returns.
- The investment strategy of the Trust is to develop a moderate investment portfolio.
- Local investments will be considered provided they meet the risk profile.
- When considering investments, the trustees should be cognizant of the principles of diversification, in line with the Trust's investment profile
- The Horizon investment is guided by a Statement of Corporate Intent (SCI)

Investment Portfolio

Horizon Energy Distribution Ltd	94.72%	\$110,212,008
ASB Bond Portfolio	1.56%	\$1,811,323
Craigs Share Portfolio	1.97%	\$2,291,984
Opotiki Packing and Cool Storage Ltd ^{OPAC}	0.51%	\$589,956
OTK Orchards Ltd	0.18%	\$207,000
CT Scanner	0.45%	\$522,409
DEL Richardson Street	0.61%	\$715,000

(Diagram is indicative only, not accurate or to scale.)

Total Investment
\$116,349,680
As at 31st March 2016

Investment Ratios

Excluding Horizon, it's the trustees' intention to achieve the following portions at the appropriate time:

- 10 – 15% **CASH**
- 50 – 55% **FIXED INTEREST**
- 8 – 10% **PROPERTY**
- 15 – 25% **AUSTRALASIAN SHARES**
- 0 – 10% **WORLD SHARES**

Funding Distribution Chart

Vision

To create a positive, educated and healthy community

Mission

Funding through energy

Community Events

To assist the delivery of Community Events which will be enjoyed by a significant number of residents in our district.

Monthly



Total Grant Pool
\$50,000

Grant Value
Up to \$5,000

Community Development

To support community organisations and projects that have a positive impact on our community.

Monthly



Total Grant Pool
\$400,000

Grant Value
Up to \$50,000

Community Amenities

To support Community Amenities that provide a significant benefit to the wider community.

6 Monthly
May, November



Total Grant Pool
\$400,000

Grant Value
Over \$50,000

Iconic Projects

This fund targets significant regional projects that will deliver inter-generational benefit and have a wide impact.

6 Monthly
May, November



Total Grant Pool
\$450,000

Grant Value
\$50,000

Education and Training

To facilitate local interest in the supply industry. To provide education opportunities on energy efficiency and safety in our schools.

Annual
March



Total Grant Pool
\$240,000

Community Health, Safety and Wellbeing

To provide programmes that ensure electrical safety. To facilitate energy efficiency in homes that could also provide health benefits and warmer, drier homes.

Annual
March



Total Grant Pool
\$540,000

Discovery (Research and Consultation)

Investigating community needs from a global perspective. **Total Grant Pool** \$120,000

SCHEDULE OF DISTRIBUTIONS

FOR ENERGY RELATED PURPOSES 2015-2016

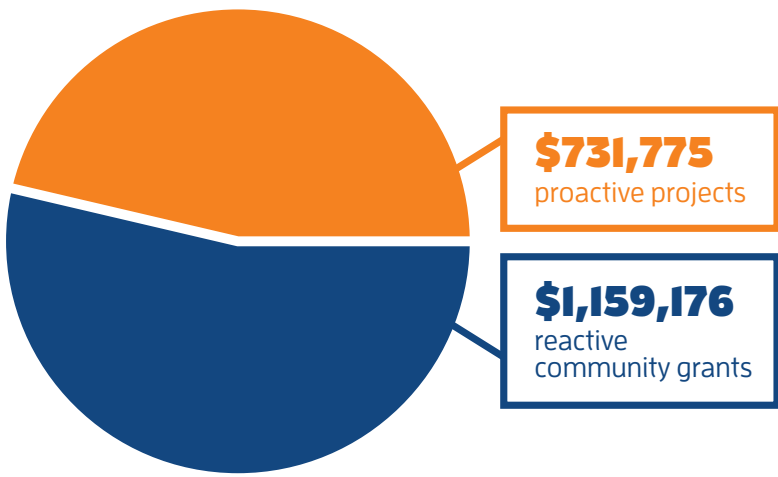
REACTIVE COMMUNITY GRANTS INITIATED BY THE COMMUNITY

Arts/Culture	Opotiki Heritage & Agricultural Society Museum	Exhibition lighting	38,000
Churches	Anglican Church of Edgecumbe	Heat pump replacement	6,000
	Ohope Presbyterian Church	PA system	10,000
	Whakatane Baptist Church	Heat pumps	5,000
Community events	Jazz in the Park	Sound system hire	1,633
	Kawerau Christmas in the Park 2015	Sound and lighting hire	5,000
	Kawerau Woodfest 2015	Sound and audio visual equipment hire	4,726
	Lions Club of Opotiki	Lions Convention sound and audio visual equipment hire	4,478
	Matata Christmas in the Park 2015	Generator and sound system hire	3,440
	Ohope Beach Concert 2015	Sound and lighting hire	4,881
	Opotiki Lantern Festival 2015	Generator, sound and lighting hire	4,819
	Whakatane Christmas in the Park	Sound and lighting hire	4,835
	Whakatane RSA Anzac Dawn Service	Lighting, sound and audio visual equipment hire	4,541
	Yeah Nah It's Not OK Songquest 2015	Sound and lighting hire	2,000
	Community Organisations	Kawerau SPCA	Heat pump, industrial washing machine and fridge-freezer
Kawerau Ex-Navalmen's Association		Heat pump supply and installation	9,000
Whakatane Bridge Club		Heat pumps	10,000
District Council projects	Kawerau District Council	Multi-function sound system for Kawerau town hall and concert chamber	30,595
	Kawerau District Council	Netball court, car park and pavillion lighting	25,000
	Kawerau District Council	Firmin Field building project	25,000
	Kawerau District Council	Christmas lighting	13,000
	Opotiki District Council	Christmas lighting	6,214
	Whakatane District Council	Museum & Research Centre redevelopment	40,000
	Whakatane District Council	Christmas lighting	41,702
	Whakatane District Council	Wairaka Centennial Park	115,000
Education – school	Apanui School	Insulation	8,587
	Edgecumbe College	Ovens	12,235
	Opotiki College	Insulation and electrical wiring in the fire reinstated wharenuui	5,000
	Tarawera High School	Astro turf lighting	150,000
Health	Hospice Eastern Bay of Plenty	Electric beds, electric lazy boy chairs and air mattresses	17,121
	Hospice Eastern Bay of Plenty	Sunshine and a Plate sound and lighting hire	4,350
Marae	Kokohinau Marae	Wharekai upgrade	64,527
	Maungarongo Marae	Electrical and lighting upgrades, insulation, heat pumps and appliances	48,000
	Puawairua Marae	Heating and electrical work	20,000
	Terere Marae	Electrical upgrade, insulation, lighting, extractor fan and appliances	117,828
Rescue services/safety	Matata Volunteer Fire Brigade	Heat pump, insulation, appliances, coolroom condenser and LED helmet torches	20,859
	Whakatane Volunteer Fire Brigade	Air compressor upgrade	21,003
Sport	EBOP Kart Club	Electric mains supply	11,218
	Edgecumbe Sports Club	Sports field lighting	56,729
	Galatea Rugby & Sports Club	Heat pumps, electrical wiring, gas hot water and kitchen appliances	48,371
	Marist Rugby & Sports Club	Sports field lighting	50,000
	Opotiki Bowling Club	Alarm and security system and portable PA system	5,270
	Paroa Rugby & Sports Club	Electrical mains supply and lighting	21,950
	Sports Opotiki Inc	Score board, turbo oven, dishwasher and heat pumps	24,847
	Surf Life Saving New Zealand	Sound system hireage	5,000
	Taneatua Squash Rackets Club	Heat pump	9,907
	Whakatane Amateur Swimming Club	Portable sound system purchase	2,458
	Whakatane District Pony Club	Portable sound system purchase	7,000
	Whakatane Touch Association Charitable Trust	PA system hire	2,596
	TOTAL REACTIVE COMMUNITY GRANTS		

PROACTIVE DISTRIBUTIONS INITIATED BY THE TRUST

Retrofit Insulation Project	Healthy Homes Eastern Bay of Plenty	400,000	400,000
Undergrounding	EBET / Horizon Energy / District Councils	100,000	100,000
Industry Education & Training	Apprenticeships	30,000	71,208
	Electricity Supply Taster Course	11,208	
	Scholarships	30,000	
Electricity Safety	Safe & Smart Packs	7,882	7,882
Energy Efficiency	Renewable energy project – Trident High School	4,000	14,000
	EnergyChecks and Energy Audits	10,000	
Energy Education	Energy Education Programme for Schools	138,185	138,185
Advocacy	Citizens Advice Bureau	500	500
TOTAL PROACTIVE DISTRIBUTIONS			\$731,775

Total Funds Allocated	Less Funds Returned to the Trust Fund	Total Funding Distributed
\$1,906,317	\$94,039	\$1,812,278



Funds allocated in **2015-2016**

Grants to the Value of **\$33.22 million**

How we have benefited **the community**



Proactive Projects

Highlights

Energising Our Community

EnergyCheck

The Trust's free EnergyCheck programme is designed to provide Eastern Bay of Plenty householders with a full report on all of the energy aspects of their homes, including recommendations to reduce electricity accounts and improve their homes' energy efficiency. This year, the Trust's contractors visited 40 homes and gave householders advice on how they can save power and money.



Healthy Homes EBOP

The trustees are very proud of the Trust's retrofit insulation programme which has now been running for 18 years. It is not only the Trust's largest project, the model developed in the Eastern Bay of Plenty is now being copied throughout New Zealand resulting in the insulating and upgrading of a large number of sub-standard homes. The Trust's total contribution to retrofit insulation in the Eastern Bay has now reached \$9,469,826 and this has been used to leverage co-funding from the Energy Efficiency & Conservation Authority (EECA).

The Trust's retrofit insulation work in the Eastern Bay is contracted to Smart Energy Solutions (SES). During the 2015-2016 year, a total of 465 homes were insulated. Of these, 220 homes were fully-funded under the Healthy Homes EBOP Community Services Card Project (EBET 40%/EECA 60%). Another 85 homes were made warmer and drier for tenants under the Rentals Project (EBET 25%/SES 5%/EECA 60%/Landlord 10%) and a further 160 homes were insulated under the General Income Project, with SES providing 30%, EBET 20% and the householder 50%.

Project Highlights



Galatea Substation Upgrade

Since its construction in the 1960's, the Galatea substation has been supplying the greater Galatea, Murupara and Kaingaroa areas with electricity. While regularly maintained and serviced, equipment has reached the end of its technical life and is currently being replaced. Horizon Energy is taking this opportunity to improve safety and reliability by revising the substation design. The project is expected to be completed by September 2016, at a cost of \$1.3M.

completed by
Sept '16

project cost
\$1.3m



Opotiki Substation

A new substation under development in Opotiki will soon improve power quality and continue to support future load growth through further stages of development. The expansion of Kiwifruit processing plants and the planned future Opotiki Harbour development means an increased demand on the supply into and around the Opotiki township. Land has been purchased to house the new substation and civil works commenced, which will provide the infrastructure to supply the town's key industry and future developments. The first stage of development includes an 11kV switchboard and is expected to be completed by January 2017 at a cost of \$2M.

completed by
Jan '17

project cost
\$2.0m



Transformer Replacement

Horizon Energy is committed to maintaining a safe and reliable power supply to the region. We recently replaced the 50 year old transformers at our Plains Substation with a modern equivalent capable of handling future growth in the region. The new transformer supplies the Edgecumbe area or over 2,500 homes and businesses. Our engineers took the opportunity to improve safety by installing technology to limit the power flowing into faults and filling the transformer with environmentally friendly bio-oil. The project was commissioned in June 2016 at a cost of \$1.3M.

commissioned
June '16

project cost
\$1.3m



Undergrounding

The Trust's ongoing undergrounding programme started on 1 July 1997 and is run in conjunction with Horizon Energy and the three district councils. To date the total of the Trust's contribution to undergrounding in our community is over \$1,500,000.

In the financial year ended 31 March 2016 Horizon Energy completed the following undergrounding projects in conjunction with the Trust and respective District Councils: **Hinemoa Street, Whakatane – \$460k**. Additionally, Horizon Energy undergrounded the following assets: **Bridge Street, Edgecumbe – \$325k; St John Street, Opotiki – \$33k; Westbank Road, Edgecumbe – \$36k; Pohutukawa Avenue, Ohope – \$51k**.

commissioned
Mar '16

project cost
\$0.9m

Reactive Community Grants

Highlights

Great things are happening in our community

Community Organisations

Three community organisations received energy related project funding. The Whakatane Bridge Club (right) installed heat pumps in their clubrooms. The Trust also funded heat pumps for the Kawerau Ex-Navalmen's Association and a heat pump, industrial washing machine and fridge-freezer for the Kawerau SPCA.



Community Events

The trustees approved a total of \$40,351 for sound system, lighting or audio-visual equipment hire at 10 community events. The Trust supported Yeah Nah It's Not OK Songquest 2015, Opotiki Lantern Festival, Christmas in the Park events in Kawerau, Matata and Whakatane, Kawerau Woodfest 2015, Ohope Beach Concert 2015, Jazz in the Park, Lions Club of Opotiki Convention and the ANZAC Commemorations 2016 (left).

Health

Hospice EBOP (right) received funding of \$17,121 for the purchase of electric beds, lazy boy chairs and air mattresses. The trustees also approved funding for sound and lighting hire during the Sunshine and a Plate fundraising event by Hospice EBOP.



Marae

Te Maungarongo Marae (left) received funding for the upgrade of their lighting, electricity supply and installation of heat pumps, insulation, and appliances. Kokohinau Marae upgraded their wharekai. Electrical work took place at Pawairua Marae and included installation of heating. Terere Marae installed insulation, lighting and kitchen appliances following an electrical upgrade.



Sport

Twelve Eastern Bay sports clubs benefited from Trust funding. Edgumbe Sports Club (right) upgraded its sports field lighting to greatly increase their training ability across all codes. Marist Rugby & Sports Club also received funding for sports field lighting. Whakatane District Pony Club and Whakatane Amateur Swimming Club purchased portable sound systems. EBOP Kart Club upgraded their electric mains supply. Galatea Ruby & Sports Club installed heat pumps, electrical wiring, gas hot water and kitchen appliances. Opotiki Bowling Club purchased a portable PA system and installed an alarm and security system. Paroa Rugby & Sports Club upgraded their electrical mains supply and installed LED lighting in their clubrooms. Taneatua Squash Rackets Club replaced a heat pump. Sports Opotiki Inc now has a new commercial dishwasher, turbo oven and heat pumps in their clubrooms and a scoreboard. Sound system hire was provided for the Whakatane Touch Association 2015 tournament. Sound system hire was also provided to the Eastern Bay Energy Trust Surf Life Saving National Championships held at Ohope in March 2016.



Industry Training Programme

The Eastern Bay Energy Trust has a major focus on industry education and training. The industry training programme includes scholarships for energy-related study at university and polytechnic level, supporting local contractors to create apprenticeship positions, and an annual electricity supply taster course for senior secondary school students.



Taster Course

The purpose of the Taster Course is to encourage young people into the electricity supply and electrical sectors. The Trust puts considerable effort and funding into an annual electricity supply taster course for years 12 and 13 students who are considering a career in the industry.

In 2015, another 10 students from Eastern Bay high schools took part in the eleventh annual electricity supply taster course, which was held at Tarawera High School during the September – October school holidays.

The students not only learned how the New Zealand electricity supply industry works, but also gained an insight into career opportunities within the industry, as well as taking part in a range of site visits to electricity supply companies. Three of these students were employed as trainees with Horizon and four students are now studying in energy related fields at Wintec and EBOP Polytech.

The course continues to be organised and co-funded by Eastern Bay Energy Trust and Connexis.



Peter Whyte
Recipient

Scholarship Programme

Peter Whyte

The Trust's scholarship programme started in 2003. Since then, the trustees have awarded 98 scholarships totalling \$395,015. This year, scholarships were awarded to seven students for study in energy related fields, including Bachelor of Engineering (Electrical), National Certificate in Electrical Engineering, Bachelor of Engineering Technology, and Energy Management.

Peter Whyte, a past recipient of the Horizon Energy Scholarship, has now completed his Bachelor of Engineering degree. Peter said "the Taster Course provided me with early insight into the industry; planting a seed in my mind of the career path I could follow. The Trust's financial assistance was a huge aid, allowing me to focus on my study and reducing my overall student debt. Workplace experience at Horizon Energy as part of the scholarship was invaluable in allowing me to gain industry experience and later securing a graduate job this year in New Zealand's power system."



Energy Education Programme for Schools

Between April 2015 and March 2016, the Trust's Energy Education programme was delivered to 128 primary and intermediate age classes in 15 schools, with 2,519 students taking part in 644 teaching sessions.

The programme is delivered by Louise and Peter Maple of Green Gauge Limited.



Apprenticeship Programme

The Trust provided funding to cover the course fees for five apprentices. This included one electrician apprentice employed by Independent Refrigeration & Electrical. Funding support was also provided to cover the course fees for four line mechanic apprentices employed by Horizon Energy.

Notice of Annual Meeting

The Annual Meeting (AGM) of the
Eastern Bay Energy Trust

Date: Wednesday, 7th September 2016
Time: 7.00 pm
Location: Opotiki Golf Club, Fromow Road

Copies

Copies of the annual report and financial statements are available upon request.

To order a copy please contact us on our freephone number, or visit the website.

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