



2017 COMMUNITY UPDATE LIFT-OUT

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Vision

To create a positive, educated and healthy community.

Directory

Trust Manager

Rawinia Kamau

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Edwina O'Brien Phone: 07 323 8513 | Mobile: 021 0831 3757

Donna Smit Phone: 07 304 9921 | Mobile: 027 265 6668



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

Chairman's Report

Creating a positive, educated and healthy community

It's a great pleasure to be able to reflect on the first full year of Eastern Bay Energy Trust's performance under 100% ownership of Horizon Energy. There was a need to increase our debt levels in order to achieve the purchase, and the benefits that the Trust has been able to generate with full ownership has seen the repayment of the loan faster than was anticipated.

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 one years we have allocated \$34.73 million to the Eastern Bay of Plenty.

Our grants fund energy-related activities undertaken by a huge range of community groups and organisations, the flow-on effects are priceless. The most satisfying role that I have is in the sign off of projects that we have funded. The appreciation and benefits that flow from these projects are clear to see in the way that organisations and the lives of individuals are improved.

Every year we undertake an intensive strategic planning process to ensure our funding best meets the needs of the community and complies with the intent of the Trust deed and the requirements of the Charities Act. We continue to make a significant provision each year for an iconic project. Due to the restriction of energy related purposes this has proved difficult at this stage to find worthy projects that meet the requirements. One of the projects that we have undertaken under this banner was the funding of the electric car charging station here in Whakatane. It is an exciting

time when this technology (provided by increased penetration of solar, and in the future, battery technology) will have an increased influence on our lives.

This year is an election year for the elected Trustees that represent the Whakatane District and Kaingaroa areas and we are happy to see that we have four individuals who have put their names forward for the two positions available. I would 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 give special thanks to Donna Smit who resigned from the Trust in June of this year. Donna had been with the Trust for 6 years and through that time has been of great value through the financial expertise that she brought to the Trust and also in her ability to present a valued 'alternative' view. Her robust debate will be missed and we wish her well with her new ventures. Donna was an appointed trustee and the vacated position has been filled with the appointment of Wade Brown to the role. Wade has been an elected member for many years and is strong in the banking and commerce sector, skills that we need through this time of consolidation of debt and Horizon expansion.



Don Lewell
Chairman

Manager's Report 2017

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

In addition to heading a committed team of staff, one of the most satisfying aspects of my role is continuing to raise awareness of the Trust and how it benefits our community, which in turn encourages groups and organisations to undertake projects to strengthen the Eastern Bay. Work stories don't come much better than mine.

On a regular basis I get to share our stories with Managers of other philanthropic Trusts across the wider Eastland, Bay of Plenty and Waikato regions. This Managers' Forum allows us to exchange ideas and information and explore areas of collaboration to ensure our organisations are the best grant-makers we can be. Each of our areas is benefitting from these conversations, which encourage lateral thinking about initiatives that result in more effective and efficient funding organisations, now and into the future.

This reporting year, the Eastern Bay Energy Trust distributed just over \$848,000 in response to grant applications from our community and another \$967,000 to fund proactive projects, which include initiatives aimed at energy safety, energy efficiency, education, advocacy and industry training; the undergrounding of electricity supply; and investment in future technologies.

The Trust's largest proactive distribution supports the Healthy Homes insulation project. It's a model that's been picked up throughout the country. After the devastating impacts of the April flood and cyclone events in the Eastern Bay, our Board's response was to fund free insulation, meaning that people in over 170 households - predominantly in Edgecumbe - will be returning to warmer, drier and healthier homes.

This year we doubled the number of events we supported - ensuring that professional-standard lighting and audio-visual equipment enhanced artistic, sporting, family and community events across the region. In addition to adding vibrancy to our district, events provide wide-ranging benefits, including growing participation in sports, showcasing our region to visitors - and thereby encouraging tourism and economic development - and spreading positive community messages; the Yeah Nah It's not OK Song Quest is a great example.

As noted by our chairman, we continue to enjoy the financial benefit resulting from the Trust's 100% ownership of Horizon Energy. Operationally, we continue to strengthen relationships between key personnel of both organisations, working collectively to increase return for the community.

The Trustees are always mindful of the impacts of its decisions on our community. How the Trust invests and the way it allocates the revenue from those investments is a powerful vehicle for community development across the Eastern Bay.

We acknowledge that responsibility by putting a high emphasis on planning. Each October, we engage an external facilitator to work with us to ensure that the Trust is clear in its direction. From our strategic planning workshop in 2016, we undertook to work more collaboratively with other funding bodies; continue to strengthen our relationship with Horizon Energy; invest in future technologies; and continue to review our investment strategies.

The Trust puts the highest importance on planning as a mechanism to achieve its obligations to the community. The strategic plan also 'sets the scene' and in part is the way Trustees communicate their expectations of staff.

In the coming year, my aim is to encourage the Trustees to continue to be even more strategic in their thinking and to explore how we can best benefit our community in the medium to long-term. We have partnered in the Bay-wide Vital Signs project, which will provide research-based evidence about what our community needs and aspires to.

Again, it has been a great joy for staff and Trustees to support reactive community grants that contribute such a positive energy to the great part of New Zealand that we choose to live in.



Rawinia Kamau
Trust 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	94.33%	\$110,212,008
ASB Bond Portfolio	1.59%	\$1,853,602
Craigs Share Portfolio	2.10%	\$2,454,239
Opotiki Packing and Cool Storage Ltd ^{OPAC}	0.50%	\$589,956
OTK Orchards Ltd	0.51%	\$601,569
CT Scanner	0.32%	\$374,455
DEL Richardson Street	0.64%	\$745,000

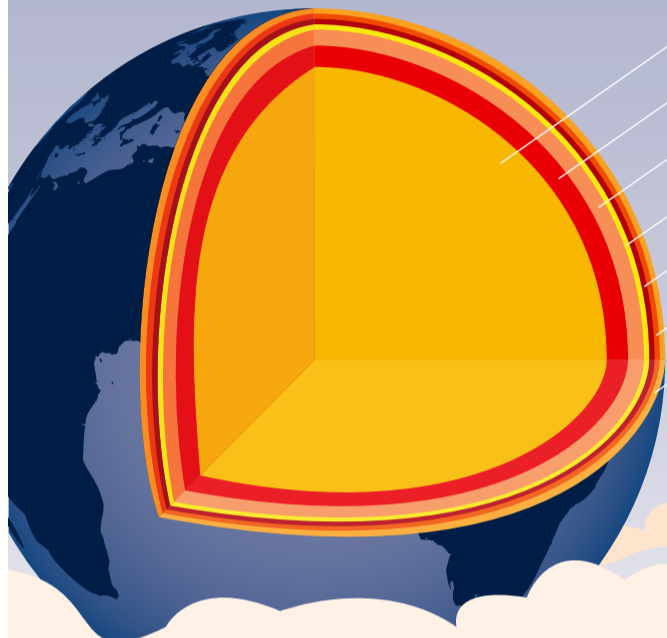
(Diagram is indicative only, not accurate or to scale.)

Total Investment
\$116,830,829
As at 31st March 2017

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



Schedule of Distributions for Energy Related Purposes 2016 -2017

Reactive Community Grants Initiated by the Community

Arts/Culture	Whakatane Society of Arts & Crafts Inc	Kiln extractor fan, heat pumps and insulation	13,200
Churches	Opotiki Baptist Church	Electrical services, kitchen appliances, insulation & fire security	52,151
Community Events	Eastern Bay Chamber of Commerce	Lighting hire and audio visual equipment hire	4,535
	Eastern Bay Primary Health Alliance	Sound and lighting - Rheumatic Fever Awareness Day 2016	1,302
	EBOP Business & Leisure Show Inc	Sound, video & lighting	1,000
	EBOP Life Education Trust	Fight for Life fundraising event 2016	1,000
	Have a Heart Charitable Trust	Sound and lighting hire for the Yeah Nah It's not OK Song Quest 2016	3,000
	Hospice Eastern Bay of Plenty	Sunshine and a plate	2,755
	Kawerau District Council	Audio visual equipment and sound system hire - Kawerau Woodfest 2016	4,726
	Kawerau District Council	Christmas in the park	5,000
	Matata Community Resource Centre	Christmas in the park	3,489
	Ohope Beach Festival	Sound, lighting & generator hire	4,881
	Opotiki District Council	Sound and lighting equipment - Lantern festival	4,500
	Rotary International District 9930	Sound, video & lighting hire	4,500
	Te Parahia Trust	Sound and lighting - Christmas in the park 2016	4,500
	The Light Party	Sound & speakers	994
	The Rotary Club of Whakatane Sunrise	Lighting hire for 6 artwork stands	1,000
	Whakatane Community Arts Council	Jazz in the park 2017	2,500
	Whakatane District Council	Wild Food Challenge	500
	Whakatane District Council	Kiwi Junior Rugby League Festival - sound & speaker hire system	2,000
	Whakatane RSA Inc	Sound, audio visual & lighting hire	4,541
	Whakatane Touch Association Charitable Trust	PA system hire	2,999
Community Organisations	EBOP Brass Band	Heating & cooling system, security, lights, hot water urn, oven, electrical wiring	17,585
	Edgumbe Development Improvement Team	Christmas Lighting - Norfolk pine	17,294
	Galatea War Memorial Hall	Lighting, LED exit signs, fire alarm system, upgrade kitchen appliances, hot water units	37,195
	Kutarere Community Water Scheme	Booster pump relocation, telemetry control system, sub pump electrics	40,089
	Probus Club of Opotiki	Sound system and speakers	3,048
	Probus Whakatane Central	Sound, projector and screen	3,235
	Quota International of Whakatane	Purchase a PA system	997
	Taneatua Volunteer Fire Brigade	Heat pumps & boil and brew	9,744
District Council Projects	Kawerau District Council	Museum building development	68,000
	Opotiki District Council	Power to showgrounds pavilion	12,107
	Opotiki District Council	CCTV power supply	23,670
	Opotiki District Council	Christmas lighting	7,077
	Opotiki District Council	Replacement Christmas tree lights & power supply Omaio toilet block	19,146
	Whakatane District Council	Airport lighting	175,000
Education - School	Central Kids Matata	LED Lighting	2,261
	Galatea School	Pool solar heating	13,199
	Te Aka Toitu	Electrical components	18,200
	Toroa Kohanga Reo	Oven	1,145
	Woodlands School	Heating for swimming pool	10,465
Health	Tuwharetoa Ki Kawerau Health Education & Social Services	Supply & installation 2 heat pumps	4,085
Marae	Hahuru Marae	Commercial oven and walk in chiller	39,902
	Opape Marae & Urupa Trust	Electrical upgrade, insulation, heating, ceiling fans & lighting	26,271
Rescue Services/Safety	Opotiki Fire Brigade	Streamlight scenelights	42,157
Sport	EBOP Rugby Sub Union	Electronic scoreboard & solar battery & charging system	6,164
	Marist Rugby & Sport Club	Sports field lighting	15,000
	Whakatane Golf Club	Lighting, heating and electrical	50,000
	Whakatane Squash Rackets Club	Lighting control system, heat pumps & LED lighting	60,000
TOTAL REACTIVE COMMUNITY GRANTS			848,106

Proactive Distributions Initiated by the Trust

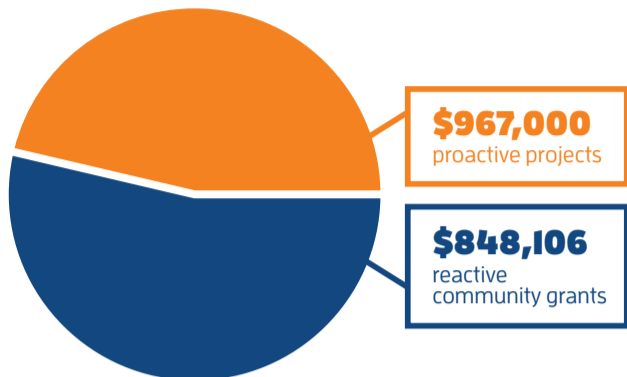
Retrofit Insulation Project	Retrofit CSC EBOP Healthy Homes 2016-2017	245,000	400,000
	Retrofit General Income EBOP Healthy Homes 2016-2017	100,000	
	Retrofit Rentals EBOP Healthy Homes 2016-2017	55,000	
Undergrounding	Undergrounding 2016-2017	100,000	100,000
Industry Education & Training	Scholarship programme 2016-2017	30,000	100,000
	Apprenticeship programme 2016-2017	30,000	
	Taster Course 2016	20,000	
	Pre-employment course 2016-2017	20,000	
Electricity Safety	Safe & Smart Packs 2016-2017	7,500	7,500
Energy Efficiency	Electric vehicle charger	67,000	81,000
	Renewable Energy Project - Trident High School	4,000	
	EnergyChecks and Energy Audits 2016-2017	10,000	
Energy Education	Energy Education programme 2016-2017	116,030	157,500
	Schools project (4 x \$4,000)	19,970	
	Investigation of generation & co-generation opportunities	21,500	
Discovery	Discovery	120,000	120,000
Advocacy	Citizen's Advice Bureau Whakatane - Advocacy services	1,000	1,000
TOTAL PROACTIVE DISTRIBUTIONS			\$967,000

How We Have Benefited the Community

Total Funds Allocated in 2016–2017
\$1,855,454

Less Funds Returned to the Trust Fund
\$39,984

Total Funding Distributed in 2016–2017
\$1,815,470



Grants to the Value of
\$34.73 million



Proactive Projects Highlights

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 100 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 2016-2017 year, a total of 429 homes were insulated.

Stronger as One - 12 Month Highlights

Horizon Energy Group comprises of New Zealand and South Pacific business units - each with a single-minded determination to be a nationally recognized infrastructure service provider. Over the years, we have diversified our offerings by stepping outside the Eastern Bay of Plenty to identify key complementary businesses to our existing networks operations, allowing us to be more flexible and versatile. We are proud of our strong roots in the Eastern Bay of Plenty, being 100% locally owned by the Eastern Bay Energy Trust and serving the communities we live in. Without the confidence and trust we have been shown by our customers and communities, we would not have been able to become stronger as one.

Our Community



Electric Vehicle Fast Charging Station Installed

The Eastern Bay of Plenty's first electric vehicle fast charger has been installed in Whakatāne. The charging station, located on Quay Street, is a partnership between Horizon Networks, the Eastern Bay Energy Trust and Whakatāne District Council.

Horizon Networks will install a further three EV fast charging stations in Opotiki, Te Kaha and Murupara - commencing in November 2017.

Cyclone Cook

Cyclone Cook had a significant impact on an already devastated Eastern Bay. The team at Horizon Networks, and their contractors worked tirelessly to restore more than 19,000 lost connections over the Easter weekend. The support of our teams, and the patience of our community, made us stronger together.



Opotiki Substation

A new substation in Opotiki, featured in Horizon Network's asset management plan since 2011, was completed in April 2017. Not only will this new substation improve power quality, but will continue to support future load growth through further stages of development and other increases in demand on the supply into and around the Opotiki township.

Edgecumbe Flood Relief Package

Following devastating floods in Edgecumbe, Horizon Energy Group and its shareholder, the Eastern Bay Energy Trust announced a flood relief package to customers impacted by the flooding.

Our Growth and Changes

A new name

Our electricity distribution and electrical contracting businesses that has been operating as Horizon Energy and Horizon Services respectively, have been rebranded and will trade as Horizon Networks going forward. Our head office on Commerce Street, Whakatāne has also been rebranded as Horizon Energy Group.



ElectriNET

Effective from Thursday 1 December 2016, the operations of ElectriNET Limited, based in Gisborne, became a trading division of Horizon Services Limited, and continues to trade as ElectriNET and supplying services to the Eastland network.

Aquaheat South Pacific Limited

On 1 November 2016, Horizon Energy Group through its subsidiary Aquaheat South Pacific Ltd acquired Airpro South Pacific. Aquaheat South Pacific Limited delivers specialist building services throughout Fiji with offices in Nadi and Suva.



Pictured Right: HEG Board Chairman Tony de Farias with Assistant Minister for Health and Medical Services Alex O' Connor during the Aquaheat South Pacific Limited launch at Radisson Blu Resort on Denarau Island.



Our Support



Stadium Horizon

As part of the rebranding of Horizon Networks, Stadium Horizon also underwent a minor facelift with new roadside and building signage. Horizon Networks' own Paraone Muru was also selected to represent New Zealand in the Junior Blacksticks.

Horizon Energy Group Scholarship

This year's recipient was Alec Lilley, a University of Auckland Bachelor of Electrical and Electronic Engineering student.

"Electronics has always been an interest of mine, since a young boy when I was introduced to a simple circuit. Having access to my father's industry knowledge and a home workshop throughout my childhood has cultured a 'tinkerer/maker' within me. Attending the University of Auckland to study Electrical Engineering is an opportunity to turn my passion into a career. This scholarship will help bring my passion and career into my home town."



Theatre Whakatāne Inc.

Horizon Energy Group has signed a 5-year sponsorship agreement with Theatre Whakatāne Inc. We are committed to making a positive difference in our region. By supporting local endeavors we hope to bring more people together, creating a wider sense of community.



Hospice Tairāwhiti

ElectriNET, a member of the Horizon Energy Group, has recommitted to Hospice Tairāwhiti with a 3-year sponsorship agreement. We anticipate that this partnership will bring greater opportunities and benefits to the community Hospice Tairāwhiti serves.

PROUD TO BE

100% LOCALLY OWNED.

hegroup.nz



@Horizon Energy Group



HEGTM
Horizon Energy Group

Reactive Community Grants Highlights



District Council Projects

The Kawerau District Council received funding to upgrade their main swimming pool switchboard and full electrical supply to their upgraded changing rooms and a ventilation system. The Opotiki District Council received funding to power their showground pavilion, CCTV power supply, Christmas lighting and replacement Christmas tree lights and power supply to the Omaio toilet block. The Trustees also approved funding for the Whakatane District Council to install airport lighting.

Sport & Recreation

Four Eastern Bay sports clubs benefitted from Trust Funding. The EBOP Rugby Sub Union received funding for an electronic scoreboard and a solar battery and charging system. The Marist Rugby and Sports Club were able to purchase new field lighting. The Whakatane Squash Rackets Club purchased a lighting control system, heat pumps and LED lighting. The Ohope Bowling Club (shown) used their grant this year for a lighting upgrade.



Community Events

The trustees approved a total of \$59,720 for a sound system, lighting and audio-visual equipment hire at 20 community events. The Matata Community Resource Centre received funding for its 2016 Christmas in the Park event. The Trust also supported the Eastern Bay Chamber of Commerce, the Eastern Bay Primary Health Alliance, EBOP Business & Leisure Show Inc, EPOB Life Education Trust, Have a Heart Charitable Trust, Hospice Eastern Bay of Plenty Sunshine and a Plate, Kawerau Christmas in the Park and Woodfest, Ohope Beach Festival, Opotiki Lantern Festival, Rotary International, Te Parahia Trust Christmas in the Park, The Light Party, Rotary Whakatane Sunrise -Sunshine and Canvas, Jazz in the Park 2017, Wild Food Challenge, Kiwi Junior League Festival, Whakatane RSA and the Whakatane Touch Association Charitable Trust.



Community Organisations

Eight community organisations received energy related project funding. The Trust supported the EBOP Brass Band, Edgcumbe Development Improvement Team, Galatea War Memorial Hall, Kutarere Community Water Scheme, Probus Clubs of Opotiki and Whakatane Central, Quota International of Whakatane and Taneatua Volunteer Fire Brigade.



Industry Training Programmes

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 year 12 and 13 students who are considering a career in the industry.

In 2016 another 8 students from Eastern Bay high schools took part in the twelfth 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.

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

Scholarship Programme

The Trust's scholarship programme started in 2003. Since then, the trustees have awarded 103 scholarships totalling \$448,012.52. This year's scholarships were awarded to 5 students for study in energy related fields, including Bachelor of Engineering Technology, Bachelor of Electronic Engineering, Bachelor of Engineering (Electrical) and Certificate of Electrical Engineering (Level) 3.

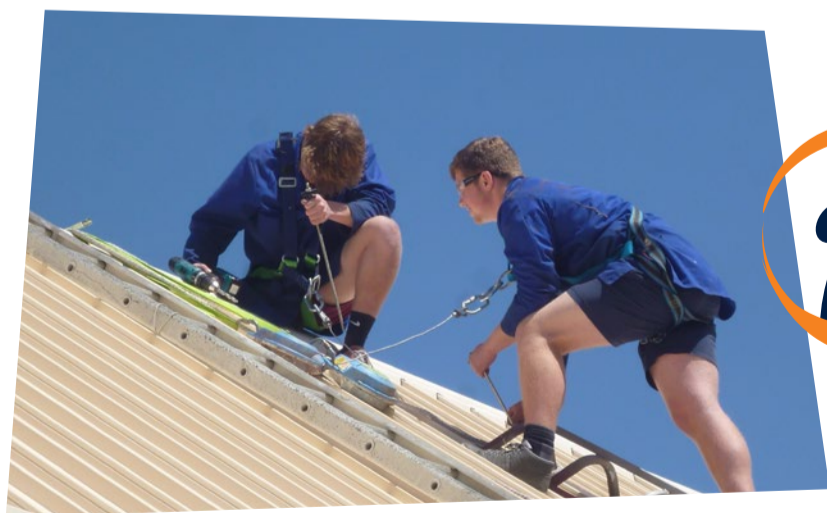
Oscar Langley (pictured) participated as a trainee during the Electricity Supply Taster Course held at Tarawera High School in Kawerau in September/October 2015. He then received a scholarship towards his Level 3 Certificate in Electrical Engineering at the BOP Polytechnic for the 2016 tertiary year.



Energy Education Programme for Schools

Funding was allocated for teaching 550 energy sessions and 551 were delivered. By the end of the financial year over 2,000 students will have been engaged in the programme.

Energy education has been delivered to 97 different primary and intermediate age classes in 12 Eastern Bay schools ranging from small rural schools such as Omarumutu and Nukuhou North School to larger town schools such as Kawerau South and Apanui Primary. 2,000 Horizon funded electrical safety leaflets have been distributed to families with school age children.



Annual Update Notice

The Annual Update of the Eastern Bay Energy Trust

Date: Wednesday, 6th September 2017

Time: 5.30pm

Location: Whakatane Athletics and Harriers Club, Short Street, Whakatane

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.

Advisors

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