



# 2015 ANNUAL REPORT

## Thank You!

Thanks to the community support, the Trust was able to purchase all of the remaining shares in Horizon.



### Eastern Bay Energy Trust Staff and Trustees

From left: Kristy Jenkins, Don Lewell, Donna Smit, Wade Brown, Edwina O'Brien, Kevin Hennessy, Kay Hitchcock, David Bulley, and Rawinia Kamau.

## Directory

### Trust Manager

**Rawinia Kamau**

Trust Office: 5 Richardson Street, Whakatane  
 Postal: PO Box 567, Whakatane 3158  
 Phone: 07 307 0893 | Freephone: 0800 323 800  
 Fax: 07 307 0896 | Email: [ebetrust@ebet.org.nz](mailto:ebetrust@ebet.org.nz)  
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### Chairman

**Don Lewell** Phone: 07 308 7244 | Mobile: 027 270 9632

### Deputy Chairman

**Kevin Hennessy** Phone: 07 315 7348 | Mobile: 027 625 9379

### Trustees

**Wade Brown** Phone: 07 312 5615 | Mobile 021 530 245  
**David Bulley** Phone: 07 312 5874 | Mobile: 027 291 0297  
**Edwina O'Brien** Phone: 07 323 8513 | Mobile: 021 0831 3757  
**Donna Smit** Phone: 07 304 9921 | Mobile: 027 265 6668

### Advisors

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

# Chairman's Report

## INTRODUCTION

Welcome to the Annual Report of the Eastern Bay Energy Trust (EBET). The year has been a good one, with the highlight being the acquisition of the balance of the Horizon Shares.

As trustees we continue to debate hard through our strategic planning sessions on the role that the Trust plays in meeting the terms of the Deed, and in best supporting the Eastern Bay of Plenty.

To this end we are convinced that returning Horizon to 100% local ownership is best for the district and the customers that the Horizon network serves. We were delighted to be able to finally reach an agreement with Marlborough Lines thereby allowing the full acquisition process to take place.

Through the process we realized that there were a number of local small shareholders who were keen to retain ownership of the local lines company and we are sorry that there was no way that their desire could be met. We are committed to ensuring the assets are held in good stead, and that they are managed well and play an appropriate role in the Eastern Bay.

The following sections highlight some of the issues that the Trust has faced through the year and how the trustees have allocated or invested the Trust funds.

## DISTRIBUTIONS

### Grant funding

In the year ended 31 March 2015, the trustees approved a total of \$1,793,815 funding for energy related purposes.

Of this amount, \$945,361 was approved as 'reactive' and was allocated to grants for projects that were initiated by not-for-profit community organisations. Feedback from these organisations indicates that many of these projects would not have been possible without Trust funding.

The trustees also approved \$848,454 for the Trust's ongoing 'proactive' projects. These are Trust-initiated projects which are making a significant contribution towards the Trust's vision of 'Energising our Community'. These proactive projects have a major focus on energy efficiency, electricity safety and industry training, and include a comprehensive energy education programme for schools, free home energy audits, scholarships and apprenticeships.

With \$4,778 of unused funds returned to the grant pool, a total of \$1,789,037 funding was distributed.

Since 1996, a total of \$31,382,710 has been distributed for energy related projects across the Eastern Bay of Plenty.

## OPERATING COMPANIES

### EBET Investments Limited (formerly Energy Options Limited)

As has been previously reported, the Energy Options Limited business was sold to Smart Energy Solutions Limited on 30 June 2012.

There continues to be a small amount of outstanding money being collected and once this has been completed this company will be wound up.

### Energy Options Charitable Company Limited (EOCCL)

Along with the sale of Energy Options, the associated Energy Options Charitable Company Limited (EOCCL) had a sale and purchase offer at 31 March 2015 which was finalised in June, 2015.

This company had past retained earnings that were required to be used for its charitable purposes and these funds were used in insulation work during the 2014/15 year. This company has now been sold to Smart Energy Solutions Limited.

## INVESTMENTS

### Horizon Energy Distribution Limited

At 31 March 2015 the shares in Horizon Energy were trading at \$3.05 on the NZX, which was a decrease of 15 cents per share over the trading price at 31 March 2014.

Subsequent to balance date, EBET have been successful with a full takeover offer for the balance of the Horizon shares, taking the shareholding to 100%. These additional shares were acquired at \$4.41 per share.

### Bond Portfolio

The Trust's bond portfolio produced a very modest return for the 2015 financial year due to the various bonds having to be valued at their trading value on the secondary market at 31 March 2015. The Trustees will hold onto all the bonds until maturity meaning the coupon interest rate will continue to be received. The portfolio is managed by the ASB Bank and had a balance of \$1,718,338 at 31 March 2015.

### Share Portfolio

During the year the Trustees invested \$2,000,000 in a share portfolio which is managed by Craigs Investment Partners. This portfolio performed well and as at 31 March 2015 had a balance of \$2,166,617. It is the Trustees' intention to hold onto this portfolio as a long term investment.

### Other Investments

The Trust's 100% subsidiary company Development Enterprises Limited (DEL) continues to hold a number of investments on behalf of the Trust. A summary of Trust investments is tabled later in this report.

**Commercial Properties:** The Whakatane commercial property market continues to be quite difficult. The Richardson Street property is fully tenanted on a long term lease, and is occupied by the Trust administration team and Arrow Accountants, with a small area at the rear of the building being utilised by the Eastern Bay branch of Curtain Bank. The Pohutu Street property was sold earlier this year.

**Opotiki Packing & Coolstorage Limited:** OPAC continues to recover from the lost production caused by Psa. Volumes are predicted to rise strongly over the next few years, providing the company with a sound platform for future growth. This growth will require some capital investment but this will cause little problem as the company has a very strong equity ratio. After considering all matters the Trust continues to record this investment at cost of \$4.00 per share

**OTK Orchards Limited:** This investment is in kiwifruit orchards in Omaio and Te Kaha. While all the orchards were affected by Psa, the re-establishment and recovery is on track. All orchards have been re-established with the new G3 variety of fruit and some of the orchards have recently had their first successful harvest of this new variety. The trustees have taken a conservative approach to the valuation of this investment and have retained the value at \$151,000.

**CT scanner:** The lease of the CT scanner to the Bay of Plenty District Health Board expired in December 2013 but was continued for several months to allow negotiation on the supply and lease of a new unit, which has now been installed in the new Whakatane Hospital facilities.

The new \$977,055 scanner has been purchased by Development Enterprises Limited (DEL), partly with a loan from the Trust, and partly with a \$200,000 grant to the hospital. The old scanner was also used as a trade-in. The scanner has been leased to the hospital under a seven year operating lease, with repayments including interest which means that the Trust (through DEL) receives an appropriate rate of return on the investment.

This is the third CT scanner provided by the Trust. We are very keen on supporting the local community and ensuring that such a facility is available within the Eastern Bay.

## TRUSTEES

The varied makeup and background of the trustees ensures that there is a good representation of all sectors of our beneficiaries, resulting in strong debate and sound decision making. This is important for the management and growth of the funds held in trust for both current and future entitlement.

## Elections

Trustee elections are held every two years, for two trustees. The recent election for the two trustees representing the Opotiki and Kawerau District resulted in two nominations for two positions, with Kevin Hennessy and Edwina O'Brien being re-elected for Opotiki and Kawerau respectively.

## Appointments

The Trust Deed allows for the appointment of two trustees to balance the makeup and skillset of the Trust. Donna Smit was re-appointed in February 2015 for a further two year term, with the trustees appreciative of the skills, knowledge and expertise that she brings.

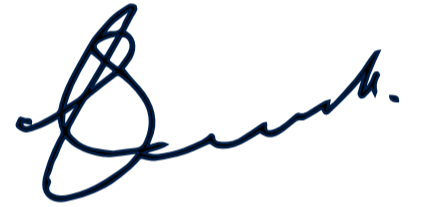
## STAFF

In December 2014, Kaye Jamieson retired after 11 years with the Trust. The Trust was very appreciative of the great effort that Kaye made over her term and we wish her well in retirement.

The Trust was very pleased to appoint Rawinia Kamau to the manager's position. Rawinia threw herself into the role and was confronted immediately with all the work associated with the poll requirements and other issues related to the acquisition of the Horizon shares. The trustees wish to thank Ra and her team of Kristy Jenkins and Kay Hitchcock for the support they provide.



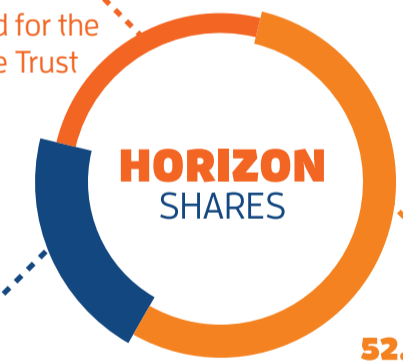
**Don Lewell**  
Chairman



Shares owned in Horizon: **100%**

**25%** shares allocated for the formation of the Trust in 1994

**22.71%** shares purchased in 2015



**52.29%** shares purchased in 1999

# Investment Summary

Investment	No of shares owned	Total shares on issue	% of total shares on issue	Cost per share	Cost price	Extra costs	Total cost	Value at 31.3.15
<b>Horizon Energy Distribution Limited</b>	19,316,130	24,991,385	77.29%	1.76	33,915,325		33,915,325	58,914,197
<b>Energy Options Limited (EOL)</b>	24,000	24,000	100%		120,000	200,000	320,000	31,400
<b>Opotiki Packing &amp; Cool Storage Ltd (OPAC)</b>	147,489	4,470,622	3.30%	4	589,956		589,956	589,956
<b>OTK Orchards</b>	568,000	3,857,000	14.70%	1	568,000		568,000	151,265
<b>5 Richardson Street</b>					400,000	415,866	815,866	715,000
<b>13 Pohutu Street</b>					585,000		585,000	320,000
<b>CT Scanner (7 year operating lease)</b>					777,055		777,055	609,211
<b>ASB Bond portfolio</b>					1,450,000		1,450,000	1,718,338
<b>Craigs Share portfolio</b>					2,000,000		2,000,000	2,166,617
							<b>41,021,202</b>	<b>65,215,984</b>

# SCHEDULE OF DISTRIBUTIONS

FOR ENERGY RELATED PURPOSES 2014-2015

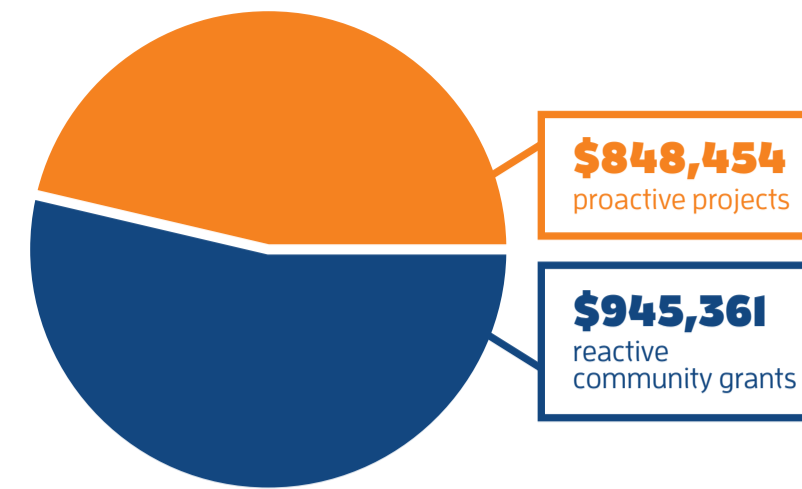
## REACTIVE COMMUNITY GRANTS INITIATED BY THE COMMUNITY

<b>Aged</b>	<b>Kawerau Social Services Trust</b>	Electrical, lighting and heating	26,526	
<b>Arts/Culture</b>	<b>Te Runanga o Ngati Awa</b>	Audio visual equipment for mobile library	6,830	
	<b>Theatre Whakatane</b>	Insulation, electrical, heating, air conditioning, security and fire alarm systems, sound and wiring	160,048	
<b>Churches</b>	<b>Whakatane Seventh Day Adventist Church</b>	Heat pumps and fan heaters	11,190	
<b>Community Events</b>	<b>ANZAC Commemoration 2015</b>	Sound and lighting hire	3,917	
	<b>Business Excellence Awards 2014</b>	Audio visual, sound and lighting hire	4,535	
	<b>Fibre &amp; Fleece 2015</b>	Sound and lighting hire and video production	5,000	
	<b>Fight for Life 2014</b>	Sound and lighting hire	5,000	
	<b>Kapa Haka Festival 2014</b>	Sound and lighting hire and video production	5,000	
	<b>Kawerau Christmas in the Park 2014</b>	Sound system hire	5,000	
	<b>Kawerau Woodfest 2014</b>	Sound and lighting hire	2,891	
	<b>Matata Christmas in the Park 2014</b>	Sound system hire	3,475	
	<b>Ohope Beach Concert 2014</b>	Sound and lighting hire	3,937	
	<b>Opotiki Lantern Festival 2015</b>	Sound and lighting hire	3,500	
	<b>Rangitiki Kapa Haka Festival</b>	Sound and lighting hire	3,000	
	<b>Te Taunga Waka (3 day celebration)</b>	Sound and lighting hire	4,664	
	<b>Whakatane Touch Tournament 2015</b>	Sound system hire	2,999	
	<b>Community Organisations</b>	<b>Rangitaiki Cosmopolitan Club</b>	Heat pumps	28,022
		<b>Te Whare Manaaki</b>	Insulation, extractor fans, heating and cooling, hot water cylinder	19,835
<b>District Council projects</b>	<b>Kawerau District Council</b>	Town hall heating upgrade	25,671	
	<b>Kawerau District Council</b>	CCTV camera upgrade	34,213	
	<b>Kawerau District Council</b>	Pool changing rooms upgrade	62,954	
	<b>Opotiki District Council</b>	Christmas lighting 2014	3,288	
	<b>Whakatane District Council</b>	Christmas lighting 2014	35,040	
	<b>Whakatane District Council</b>	Strand Plaza lighting	65,946	
	<b>Whakatane District Council</b>	Murupara Hall rebuild – security system, data cabling, heating, electrical	75,000	
	<b>Whakatane District Council</b>	CCTV project	70,109	
<b>Whakatane District Council</b>	Taneatua BBQs and electricity supply	12,049		
<b>Education – Preschools</b>	<b>Otakiri Community Childcare Centre</b>	Heat pump and washing machine	3,262	
	<b>Nga Whetu o Tawera Kohanga Reo</b>	Under floor insulation	1,337	
<b>Health</b>	<b>Bay of Plenty District Health Board</b>	CT Scanner – Whakatane Hospital	100,000	
<b>Marae</b>	<b>Rautahi Marae</b>	Heating, lighting, electrical and a bain marie	13,104	
	<b>Te Runanga o Ngati Awa</b>	Exterior lighting	8,588	
<b>Sport</b>	<b>Plains Rangers Football Club</b>	Sports field lighting	14,865	
	<b>Opotiki Surf Life Saving Club</b>	Security lighting, security alarm and meter box relocation	8,541	
	<b>Ohope Golf Club</b>	Water reticulation, upright double door freezer, washing machine and water heating	18,597	
	<b>Whakatane Town Soccer Club</b>	Sports field lighting	68,736	
	<b>Whakatane Athletic and Harrier Club</b>	Club room upgrade – insulation, heat pumps, stove, microwave, over sink boiler, pie warmer & fridge/freezer	12,992	
	<b>Ohope Bowling Club</b>	Commercial dishwasher	5,000	
<b>TOTAL REACTIVE COMMUNITY GRANTS</b>			<b>\$945,361</b>	

## PROACTIVE DISTRIBUTIONS INITIATED BY THE TRUST

<b>Retrofit Insulation Project</b>	Healthy Homes Eastern Bay of Plenty	400,000	400,000
<b>Undergrounding power lines</b>	EBET / Horizon Energy / District Councils	100,000	100,000
<b>Industry Education &amp; Training</b>	Apprenticeships	30,000	80,000
	Electricity Supply Taster Course	20,000	
	Scholarships	30,000	
<b>Electricity Safety</b>	Electric blanket testing	5,000	12,949
	Safe & Smart Packs	7,949	
<b>Energy Efficiency</b>	Solar water heating project – Trident High School	4,000	4,000
<b>Energy Education</b>	Energy Education Programme for Schools	140,349	140,349
<b>Advocacy</b>	Neighbourhoods of Healthy Homes	110,656	111,156
	Citizen's Advice Bureau	500	
<b>TOTAL PROACTIVE DISTRIBUTIONS</b>			<b>\$848,454</b>

Total Funds Allocated	Less Funds Returned to the Trust Fund	Total Funding Distributed
\$1,793,815	\$4,778	\$1,789,037



Funds allocated in **2014-2015**

Grants to the Value of  
**\$31.38 million**

How we have benefited **the community**



# Reactive Community Grants

# Highlights

Great things are happening in our community



## Aged

Kawerau Social Services Trust received \$26,526 towards dementia wing renovations at Mountain View Rest Home, including electrical, lighting and heating.

## Arts & Culture

Theatre Whakatane (left) upgraded its facilities at Gateway Drive with EBET contributing \$160,048 towards insulation, electrical, heating, air conditioning, security and fire alarm systems and sound and wiring. Te Runanga o Ngati Awa also received funding for audio visual equipment for the new mobile library.

## Community Events

The trustees approved a total of \$52,918 for sound system, lighting or audio-visual equipment hire at 13 community events. The Trust supported Fight for Life 2014, two Kapa Haka Festivals, Christmas in the Park events in Kawerau and Matata, Kawerau Woodfest 2014, Horizon Business Excellence Awards 2014, Ohope Beach Concert 2014, Opotiki Lantern Festival 2014, Te Taunga Waka, Fibre & Fleece 2015 (right), Whakatane Touch Tournament 2015 and the ANZAC Commemorations 2015.



Photo Credit: Artist Te Mete [www.newzealandmaoriart.com](http://www.newzealandmaoriart.com)



### District Council Projects

District Council projects received a total of \$227,112, or 41% of the total distributions. Projects supported by the Trust included lighting for Wharaurangi (left) in Whakatane, Kawerau Town Hall heating upgrade, CCTV camera upgrades for both the Whakatane and Kawerau districts, BBQs at Jack Knowles Reserve in Taneatua, Kawerau swimming pool changing room upgrade, and Christmas lighting for the Opotiki and Whakatane districts. Kawerau District Council also received funding towards rebuilding of the Murupara Hall on Pine Avenue.

### Community Organisations

Two community organisations received energy related project funding. Te Whare Manaaki installed insulation, extractor fans, heating and cooling and a hot water cylinder. The Trust also funded heat pumps for the Rangitaiki Cosmopolitan Club in Edgecumbe.



### Health

In 2013, the Trust purchased a new CT scanner for Whakatane Hospital (right). The Trust has now provided three scanners, the first in 1997 and the second scanner in 2006. The new \$977,055 scanner has been purchased by the Trust's subsidiary Development Enterprises Limited (DEL), partly with a loan from the Trust, and partly with a grant to the hospital \$100,000 in 2013-2014 and \$100,000 in 2014-2015 financial years. The old scanner was also used as a trade-in. The scanner is leased to the hospital under a seven year operating lease. The repayments include interest which means that the Trust (through DEL) receives an appropriate rate of return on the investment.



### Sport

The trustees approved funding for six Eastern Bay sports clubs. Whakatane Athletic and Harrier Club upgraded its club rooms including insulation, heat pumps, stove, microwave, pie warmer, fridge/freezer and an auto boiler. Plains Rangers Football Club and Whakatane Town Soccer Club received funding for sports field lighting. Opotiki Surf Life Saving Club installed security lighting and an alarm system and relocated its meter box, Ohope Golf Club (left) upgraded its water reticulation and purchased an upright double door freezer and washing machine and Ohope Bowling Club now has a new commercial dishwasher.



### Marae

Rautahi Marae (right) benefited from Trust funding with heating, lighting and electrical upgrades and a new bain marie and Te Runanga o Ngati Awa installed exterior lighting at Mataatua, Te Manuka Tutahi.

### Education - Pre Schools

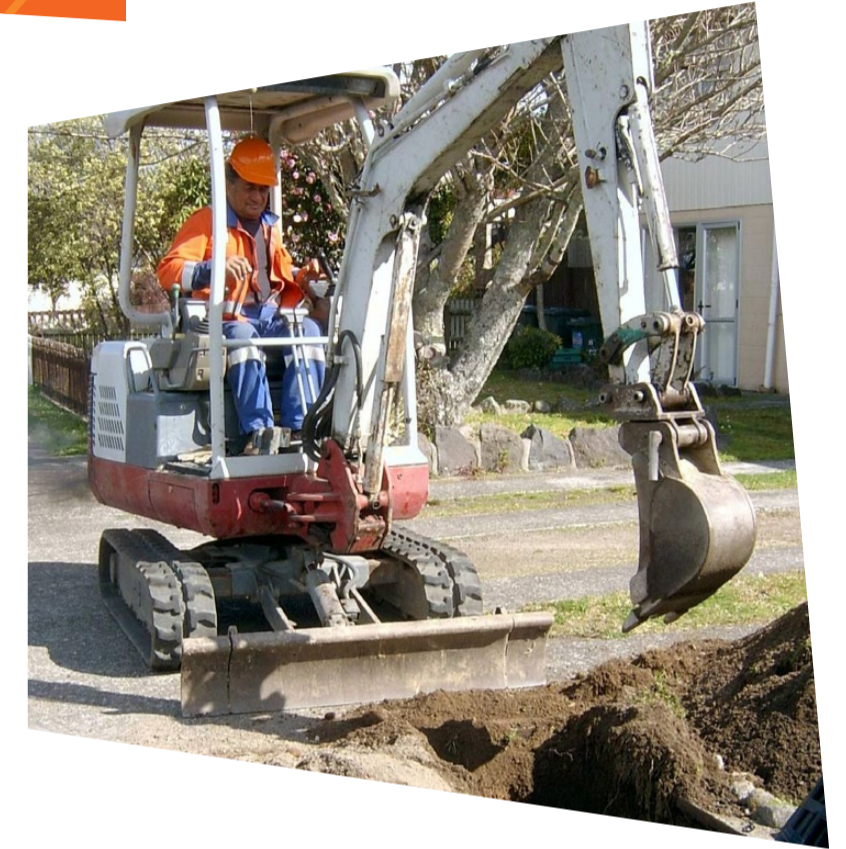
Nga Whetu o Tawera Kohanga Reo was able to install under floor insulation thanks to Trust funding, while Otakiri Community Childcare Centre purchased a heat pump and a washing machine with its grant.

# Proactive Projects

## Highlights Energising Our Community

### Undergrounding

The Trust's undergrounding programme started on 1 July 1997 and is run in conjunction with Horizon Energy and the three district councils. This year, the trust co-funded the undergrounding of Hinemoa Street. As with previous years, this was a joint project with Whakatane District Council. The Trust's contribution was \$69,000. This brings the total of the Trust's contribution to undergrounding in our community to over \$1,500,000.



### 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, EBET's contractors One Planet Solutions and Green Gauge Limited visited 71 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 17 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 \$9,069,826, 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 2014-2015 year, a total of 275 homes were insulated. Of these, 123 homes were fully-funded under the Healthy Homes EBOP Community Services Card Project (EBET 40%/EECA 60%). Another 67 homes were made warmer and drier for tenants under the Rentals Project (EBET 25%/EECA 60%/Landlord 15%) and a further 85 homes were insulated under the General Income Project, with Smart Energy Solutions providing 30%, EBET 20% and the householder 50%.



# Industry Training Programme

## Energy Education Programme for Schools

Between April 2014 and March 2015, the Trust's Energy Education programme was delivered to 109 primary and intermediate age classes in 15 schools, with 2,300 students taking part in 642 teaching sessions.

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

## THE EASTERN BAY ENERGY TRUST HAS A MAJOR FOCUS ON INDUSTRY EDUCATION AND TRAINING

Our 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.



## Scholarship Programme

The Trust's scholarship programme started in 2003. Since then, the trustees have awarded 96 scholarships totalling \$367,700. This year, scholarships were awarded to nine students for study in energy related fields, including Bachelor of Engineering (Electrical), National Certificate in Electrical Engineering, Bachelor of Engineering Technology, and Energy Management. The Horizon Energy Scholarships were awarded to Peter Whyte, who is in his final year of a Bachelor of Electrical Engineering degree at the University of Canterbury, and Kapo Tauranga who will be completing the final year of his Bachelor of Engineering degree at Auckland University.

## Apprenticeship Programme

The Trust provided funding to cover the course fees for 10 apprentices. This included two electrician apprentices employed by Karam Electrical and Christie Electrics, as well as one electrician apprentice and one refrigeration and air conditioning apprentice employed by Independent Refrigeration & Electrical. Funding support was also provided to cover the course fees for six line mechanic apprentices – five employed by Horizon Energy, and one employed by Powerlines & Services.



## Taster Course

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 2014, another 10 students from Eastern Bay high schools took part in the ninth 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 was organised and co-funded by the Trust and Connexis.



## Notice of Annual Meeting

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

**Date:** Wednesday, 9<sup>th</sup> September 2015  
**Time:** 7.00 pm  
**Location:** Concert Chambers, Kawerau District Council Building

## Copies

Copies of the annual report are available upon request.

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

**0800 323 800**  
**www.ebet.org.nz**