



Eastland Group update **June 2011**

Great Team Produces Record Result for Eastland Group



By Eastland Group chief executive **Matt Todd**

It was with great pleasure and a sense of pride that I recently

announced the financial result for the year ended 31 March 2011 was Eastland Group's best ever. The company delivered a record net profit after tax of \$8 million compared with \$5.6 million the previous year.

The last few years have been challenging internationally, nationally and provincially, and while other businesses have faltered, Eastland Group has stayed true to its core strategy of focused diversity. It has dealt with the challenges thrown up by the global financial crisis in a competent and efficient manner. At an operational level every business within the group improved its financial

performance on the previous year.

This is something that each employee of the group should be just as proud of as me, because a great team producing great results is a direct consequence of focused and coordinated individual effort.

The overarching strategy for Eastland Group is to be a Gisborne-based national company, investing in and managing a targeted portfolio of businesses. There is a focus on the energy and logistics sectors, in addition to holding some key regional assets and other investments, all of which must be capable of delivering value to its shareholders, customers and stakeholders.

What that means is that our heart is in Gisborne, but we want to grow and geographically diversify the company through new investments in our targeted sectors outside the region.

One only has to look at events such as the Christchurch earthquake to see how easily companies with no geographic

diversity can be destroyed or severely damaged by a natural event. Likewise Pike River should make us aware that a single business operating in one location doesn't enjoy any diversity and along with the tragic human loss, Pike River paid a high financial toll. During the year, dividend distributions were made to Eastland Group's 100% shareholder, the Eastland Community Trust. These totalled \$4.2 million, fully meeting the shareholder's stated dividend expectation, and up from \$4 million the previous year. In addition, capital note interest of \$2.6 million was paid to the trust.

Revenue for the group was also up on the previous year from \$61.9 million in 2010 to \$73.2 million in 2011. This resulted in the operational earnings (EBITDA) for the business growing considerably in the same period from \$22.5 million to \$32.3 million.

Total assets have increased to \$345 million, while equity grew from \$122 million to \$162 million. ●

One Down, Nine to Go

It's all go at Eastland Port's new \$15 million asphalt project with the first 8,000 square metre section already covered with logs.

Project development manager Marty Bayley says stage one has gone well and he's expecting the next similar-sized section to be completed in late June. In all there are nine sections and the project, the biggest Eastland Port has ever undertaken, is set to be finished over the next two years.

"It's exciting to see that first section completed and in use," says Marty. Project contractors Downer East Coast have moved a mobile asphalt plant to Gisborne specifically for the port work.

The plant, which is one of only a handful in the country, can produce 60 tonnes of high polymer-modified asphalt an hour and runs up to 10 hours a day. The asphalt is then carted by truck to the port from the plant site at Gisborne Airport.

In all seven hectares will be laid with asphalt throughout the main log yard area as part of the port's ongoing development plan focusing on delivering fit-for-purpose



A bird's-eye view of the first stage of the multi-million dollar asphalt project underway at Eastland Port.

infrastructure for the region's burgeoning forestry industry. ●

Movin', Groovin' and Having Fun

Hundreds of people can't be wrong.

The revamped 2011 Harbour the Beat Jazz, Blues and Roots Festival was a hit with punters, musicians, organisers and just about everyone who had anything to do with it.

Organiser Bridgette Penny says that planning for next year's event is already underway and further announcements on dates and artists will be made soon. "I think we covered the genres really well for all tastes and ages, and have set that bar pretty high for the coming years." San Franciscan blues diva Edna Love

was a big hit with the crowds, but so were Brilleaux, Cornerstone Roots, Caitlin Smith, Darcy Perry and the local acts. "The local acts stood out for their quality performances," says Bridgette.



Caitlin Smith is in a world of her own during the 2011 Harbour the Beat Jazz, Blues and Roots Festival.

"This is not a money making venture for Eastland Group so it's fantastic to have the company behind something that is so good for the region. We're lucky they think like that." Hopes are high of getting another sponsor on board for the 2012 festival to build it even more. ●

Top Notch

Eastech has the best graduate linesman in the country – and that's official.

Henry Hood (right) just graduated top of his course as the latest qualified linesman

with the company. He's been with Eastech since it was created and says while the study was "pretty intense" he set out to be



the best he could. It took him two-and-a-half years to get his ticket, which included five block courses. 🌱

New Geothermal Development for Group

Eastland Group has signed an exclusive deal to be part of a ground-breaking international indigenous peoples project.

It's part of the group's energy development plans, and involves the exclusive development right for 170 hectares in Kawerau on a Maori trust block belonging to the Kawerau A8D Ahuwhenua Trust.

There is an existing commercially viable geothermal well on the land, but Eastland Group chief executive Matt Todd says an assessment of the entire area has shown a significant additional resource underneath the A8D block. "This is an exciting development for us to be involved in," says Matt. "While Gisborne-based Eastland Group is a large local business, it is not a multinational or huge corporate, and as a result we have similar provincial values with a strong sense of community responsibility, as does the Trust we are working with on this project."

"We think there is a niche for us at a level below what would be attractive to the large generators and

retailers, but which is well above the reach and capability of small to medium businesses. "

The other company involved in the deal is the Hawaiian-owned Innovations Development Group (IDG), and this project has allowed them to successfully create the world's first Native to Native trade deal.

Native to Native trade has been established to help indigenous peoples who want to develop their lands and resources, but need assistance to see that realised. Such trade encourages ownership in projects, shared profits and socially, environmentally and culturally appropriate practices.

"This is very much a three-way partnership," says IDG founder Robbie Cabral. "IDG were brought on as development experts by the Kawerau A8D Ahuwhenua Trust, and Eastland Group became involved when they sought out financial backing and technical experts in power generation." The new operation is not far from Eastland Group's 9 megawatt geothermal power station which was bought in early 2010. The group is keen to expand further into the power

generation sector with a particular focus on renewable energy.

A cultural consultation process will be worked through to ensure the right protocols are in place before any development on the trust land is started. The project has been named Te Ahi O Maui, which loosely translated means "the fire of Maui", capturing the essence of the history of the ngawha's (geothermal fluid) journey from Hawaii to Aotearoa, and the belief that the Chief Ngatoroirangi summoned the heat from his homeland Hawaii'iki. The demigod Maui sent it from Hawaii through another demigod Pele, the Hawaiian goddess of fire.

Matt Todd says he anticipates the development to be done over several stages, with the first likely to take approximately two years. The initial stage one project is potentially a 10MW to 15MW plant with a capital cost of \$45 million to \$60 million.

The power generated will be fed back into the Bay of Plenty community using local electricity lines, where possible.

"The synergies between our two geothermal sites are strong and can only be beneficial for all involved." says Matt. 🌱

Composting Towards a Better Future for All

It may seem like just another truck load of compost heading out of Eastland Port to a local school but the positive effects are so much more far reaching.

A visit to Te Kura o Whatatutu School with EnviroSchools facilitator Kirsty Gaddum quickly underlines the ongoing positive reverberations throughout the wider community. Chat with the children involved and you really get a handle on how much it means to them.

"We can grow our own healthy kai," says one as she calls instructions to the others about the need for more greens, browns, compost or dung to add to the growing pile.

Another stands by with a metre ruler to ensure it stays within its parameters.

"The vegies taste so much better when we grow them ourselves," says 12-year-old Ethan Tuhi.

The donation of compost and mulch is not a new thing either. The port has been giving compost to worthy causes for years now, and the kids at Whatatutu have probably grown up helping their parents tend their own gardens at home. "It's just like what I do with my mum," says 11-year-old Aroha Brown.

"And it's so much fun learning about it this way," adds nine-year-old Destiny King.


The 27 students at Whatatutu, ranging in age from five to 12, also have a worm



Lots of fun in the dirt... Eastland Group project development manager Marty Bayley has a blast making compost using mulch from Eastland Port, with youngsters from Te Kura o Whatatutu School as part of the EnviroSchools programme.

farm and learn about planting by the moon, what it means when certain trees are in bloom and the importance of passing traditions down whanau lines. Teacher Horowai Smith says it's all about helping the students get in sync with the earth, moon and sea. Whatatutu is one of 14 schools that Kirsty Gaddum visits.

"The whole kaupapa behind this is about recycling waste, feeding the land and getting kids to understand the whole process," she says. She's passionate about what she does and that enthusiasm quickly rubs onto the children helping build the pile.

"At Whatatutu, this is very much part of the culture, so the kids here are very aware of what we are doing." So far Eastland Port has donated about 50 cubic metres to eight different schools through the EnviroSchools programme. Port project development manager Marty Bayley says it is something they're happy to support. "Environmental education in our schools is vitally important in the world we live in and this is one small way we can show the port takes the environment and our responsibility to it very seriously." 

Top Standards reaps Top Award

It's now official! The crew at Flightline Dunedin knew they ran the best maintenance shop in the country and now they've been crowned New Zealand Aircraft Owners and Pilots' Association 2011 Maintenance Shop of the Year.

Chief engineer Neville Williamson, who accepted the award, says his whole team has an "ongoing dedication to getting it right the first time".

"We make every effort to take our quality of service to the next level," he says. "Our engines are, without doubt, the best in the country, the airframe rebuilds and repaints on par with


anything available in the South Pacific, and the maintenance and stores contribution completes the package."

The whole team – a nucleus of very experienced senior staff leading a motivated team – was delighted with the AOPA recognition and Neville says they'll all continue to strive to keep up the standards worthy of such an award.

The award – a plaque and mounted aircraft engine piston – was presented by life member Merv Halliday, on behalf of his crew. While it was an informal gathering, NZ AOPA also sent in new



A very proud chief engineer Neville Williamson holds the trophy awarded to the Flightline Dunedin crew as New Zealand Aircraft Owners and Pilots' Association 2011 Maintenance Shop of the Year, while Brenda Semple holds the plaque.

life member Murray Patterson, executive committee member Kevin Anderson and secretary Ian Vercoe. 

Setback for Breakwater Project

Huge storms have wreaked havoc on the million dollar refurbishment of Eastland Port's inner breakwater putting the project behind schedule.


But general manager – port, Andrew Gaddum, says work on the 130-year-old

wall, damaged by an “abnormally large swell event”, will still continue.

“The storm damaged the concrete work and we’re currently reassessing design,” he says.

Work is continuing on the surface, and Andrew is hopeful the refurbishment of

the end of the main breakwater can be restarted by mid-July.

The project is one in a run of reinvestment projects being undertaken at the port as part of the asset management plan. 


Smart New Macrocarpa Plinths at Inner Harbour

Watch out for a smarter look at the Inner Harbour in the coming weeks.

Two large macrocarpa plinths will be put up in the garden triangle on Wainui Road. The plinths – one at 2.5 metres and the other at 3.65 metres – will have the name routed out and will be topped with a couple of friendly seagulls. Eastland group property manager Jacqui Blair says the timber plinths are part of an ongoing effort to spruce up the area.

“We want to encourage people to come down, wander around and enjoy what is one of Gisborne’s gems,” she says.

There’s a bright colourful map on the side of the toilet and a new bike rack behind the harbourmaster’s office at the side of the Gisborne Tatapouri Sports Fishing Club.

“We’re going to be linking into the navigation project too with clear markings along the proposed pathway,” she says. 



An artist's impression of just how the new Inner Harbour naming plinths will look.


Improvements at Matawhero

The newly-opened Matawhero log yard is about to gain a new scaling station, weighbridge and gantry crane.

The \$500,000 improvements are stage two of development at the 3 ½ hectare purpose-built log yard.

General manager – port, Andrew

Gaddum, says the facilities will give Eastland Port flexibility in their operation and will reduce double-handling costs for clients.

The yard was officially opened in May. 

Good Samaritan

It's lucky Eastech linesman/faultsman Nathan Otton (right) is an observant kind of chap... just ask the elderly man he recently saved.



The 41-year-old was recently out on a job and, as they so often do, was knocking on people's doors letting them know the power was going off.

He noticed a pile of newspapers hadn't been collected at one address and when Meal on Wheels turned up and they couldn't get an answer either, the alarm bells really started ringing. “I made a bit of an executive decision,” says the solo dad.

He called 111, kicked the door down and found the 90-plus-year-old resident cast on the floor.


“He'd been there a couple of days and was all black and blue,” says Nathan.

“He was stuck between the kitchen and hallway and couldn't get up.”

He was taken to hospital by ambulance, and Nathan went back later to

fix the door.

Nathan says it's not uncommon for him and his team to help people.

“Being a bit of a good Samaritan is all part of the job really.” 

Pete's in the hot seat

There's a new face in the hangars at the Flightline Dunedin base.

Queenstown's Pete James is the new helicopter service manager and joins the team with an impressive and extensive background in the aviation industry. He's been involved in aviation for more than 37 years and his joining allows Alastair Thurlow to step back a little after four years in the hot seat, and prepare for the imminent arrival of his new baby. 

The Power Must Get Through



What's a little snow between mates? Not much it seems if you're one of the teams tasked with ensuring the power is back up and running when the big storms blow through, bringing with them high winds, torrential rain and even snow.

Winter may only just be upon us but the crews and contractors helping Eastland Network stay live have already put in some impressive days.

Eastland Network contracts manager Tony Leggett says three big storms have meant some big

efforts from the teams at Eastech and other contractors to the network. "While everyone else is cosy at home, these chaps are out in some pretty nasty conditions throughout the East Coast, Gisborne and Wairoa regions," says Tony. That could mean in trucks or even helicopters, as work is undertaken to fix lines and ensure the power gets through. 🌱

Your ride Awaits...

Having a brand new MD500E helicopter call by school to pick you up can't be bad for anyone's image or ego.

Tuakau College student Louis Hockly had just that, and all because he opted to work at Flightline Aviation at Ardmore as part of the Gateway Programme. Flightline Aviation maintenance planner and Gateway liaison Michelle Jagiello couldn't speak highly enough of Louis, who spent an intensive two weeks full time working with the team. "He was brilliant," she says. "Louis is

very self-motivated and keen to learn, and our team have loved having him here." Flightline Aviation has been involved with the programme for the past three years.

"It's a good chance for students to try different things to see just what they want to do when they leave school," says Michelle. They've had a run of great students, including one who loved it so much he is now studying to be an aeronautical



Flightline Aviation national sales and marketing manager Chris Barry with Tuakau College Gateway student Louis Hockly.

engineer. Perhaps not surprisingly, after Louis was picked up by helicopter and whisked off to help the Flightline crew deliver a Robinson helicopter to a customer, they've got a rather full list of prospective students for the coming months. 🌱

Comings and Goings...

The tides of change are flowing through the Inner Harbour area.

Boutique real estate company Bronwyn Kay has spread its wings and moved to a new and much larger area in Customhouse Street. Taking Bronwyn Kay's wharfside spot is VintechPacific Wine Technologies – formerly Armourtech – who are a nationwide company that specialises in cutting edge mobile technology processes for the wine industry.

The remaining downstairs space in Shed 3 is available for lease and has been listed with LJ Hooker. 🏠

Major Sponsorship of Speedway to Continue

There's plenty to celebrate at the end of the 2010-2011 Gisborne speedway season.



Action aplenty was enjoyed by thousands throughout the season at the Eastland Group Raceway. Photograph by Paul Rickard/The Gisborne Herald

Eastland Group will continue their sponsorship of the sport, with another three-year deal.

Chief executive Matt Todd, says the group is proud to support Gisborne's biggest

summer sport and one that embraces such a wide cross section of the community.

There were plenty of highlights over the season – just ask the thousands who headed to Eastland Group Raceway each meeting.

In the end though, the biggest tip of the hat must go to father and son Deane and Rob Miller who topped a hugely successful season with the honour of competitor of the year at the club's annual prizegiving.

The sidecar team competed all over the North Island and claimed the plate 3NZ at the national champs in Nelson, as well as a fistful of ribbons, cups and trophies and a coveted qualification for the world sidecar championships in Australia later this year. ●

Monitoring Set to Start on Potential Hydro Project

The hunt for local hydro prospects has taken an exciting turn with an exclusive exploration and monitoring agreement signed between Eastland Group and the proprietors of Te Whakaari Blocks.

General manager – business development, Gavin Murphy, says it may be early days but he's excited to be starting the first monitoring project. "We're keen to expand our generation portfolio and hopefully this is something that can develop into an economic project that is sustainable and benefits both parties."

The proprietors were approached after Eastland Group identified potentially good hydro resource rivers on the

properties on the south western side of the Whareratas. River flows and rainfall will be monitored to allow the group to build up a picture of what the resource

is like, with the first gauges likely to be installed into two rivers on the property within the next few months.

"If the information and data we collect looks good, we then move to producing a business case to see if there is an economic hydro project



Eastland Group general manager – business development, Gavin Murphy, Te Whakaari Blocks chairman Tom Te Kahu and Eastland Group project development manager Peter Swann.

there," says Gavin. He sees it as complementary to the 5 megawatt Waihi scheme the group already owns.

Eastland is particularly keen to seek out generation that is in the local region.

"That's good for many reasons. By embedding generation in the local region,

we offset the total load on the single transmission line coming in and that potentially pushes out the time before it needs to be upgraded by Transpower." 🇳🇿

Wood Awards a Chance for all to Celebrate

Forestry was the toast of the town at the 2011 Eastland Wood Council Forestry Awards.

Before more than 300 industry professionals, employers, workers and supporters, the cream of the crop were congratulated and awarded trophies and certificates for their efforts.

The big award of the night went to Peter "Snow" Baty, who was a popular winner of Eastland Wood Council Skilled Professional of the Year.

It had been a tough choice for the trio of judges – John Stulen, chief executive of FICCA, John Ruru, director and owner of Ruru & Willis, and Ian Boyd, chief executive of FITEC.

In the end it had come down to two outstanding candidates – Snow, from Stubbs Contractors, and Paul Teddy, from Pan Pac Forest Products.

Chairman of the Eastland Wood Council Andrew Gaddum said Snow was a worker recognised among his peers as a "disciplined no-nonsense character".

"He's earned a great deal of respect from all for his determined, unwavering and resolute nature. His targets are met on time, every time," said Andrew. "He has been in the industry for many years and still he continues to contribute value – that long-term contribution is his point of difference."

Snow also won the Stihl Harvesting

Excellence Individual Award.

Paul was also recognised for his top-flight efforts, as a young contributor who is always seeking new technologies and techniques. He won the UDC Distribution Excellence Award.

Honours throughout the evening were spread well across the industry, from the small operators to the district's giants. Andrew said the awards were as much about celebrating the recipients as it was the industry.

"This is an industry that contributes so much to our regional economy," he says. "Although forestry often comes under a level of public scrutiny for effects or perceived effects we have on the local community, that is more than counterbalanced with the amount we put back in."

It is an industry that requires a level of professionalism and skill that Andrew described as significantly advanced on what it was in the past.

"This is a highly skilled profession and tonight is about celebrating those who help make the industry what it is today – congratulations to both nominees and winners."

Andrew said the whole industry should be proud of what it contributes to the local community.



Overall winner Peter "Snow" Baty with Eastland Wood Council chair Andrew Gaddum.

"One of the key initiatives of the wood council over the coming six months will be the completion of a comprehensive study on the economic impact the forestry industry has on the Gisborne and East Coast region."

That would help many to see a true figure and reflection of just how valuable the forestry industry is to the region.

"And remember – it's still growing."

While there was no environmental management award presented, MC Neil Waka underlined the importance it had in the industry.

It was the second Eastland Wood Council Forestry Awards, with trophies carved by Henare Tahuri from EIT Tairawhiti Toihoukura. 🇳🇿

So, what do you think?

We'd love to hear from you. Please send your comments to info@eastland.co.nz

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