



Eastland Group update **December 2008**

## Diverse base sets Eastland Group in good stead

By Eastland Group chief executive Matt Todd



Eastland Group is pleased to announce its financial result for the year ending 31 March 2008.

Since Eastland Group was formed in 2003, with the establishment of the management company Eastland Infrastructure to provide managerial oversight for Eastland Network and Eastland Port, it has continued to grow and expand.

All businesses in the Eastland Group are either directly or indirectly 100% owned by the Eastland Community Trust.

In the year ending 31 March 2003 the Eastland Group had revenues of \$22.6 million and net earnings of \$2.9 million, in 2008 revenues were \$53.9 million and net earnings were \$5.7 million.

During this time total assets of the group have grown from \$88 million in 2003 to \$230 million in 2008.

This growth in both earnings and assets has been achieved without recourse to the shareholder for additional equity.

Over the past six years Eastland Group has paid the shareholder dividends of \$17.6 million, including dividends in the 2008 financial year of \$3.6 million.

Eastland Group is now split into three key sectors being Energy (Eastland Network), Logistics (primarily Eastland Port) and Aviation. All three sectors made a positive contribution to the overall trading result and each was ahead of the comparative trading results for revenue and net earnings when compared to the year before.

Revenues for the Energy Sector in 2008 were \$26.7 million, the Logistics Sector \$9.6 million and the Aviation Sector \$20.5 million, with the residual sitting in Eastland Infrastructure.

The port had its best year ever in terms of import and export volumes (as well as revenue) with over 700,000 tonnes of product being moved across the wharves, the majority of it logs, but also processed forestry product, kiwifruit, squash, cement, fertiliser and fish. The work the port has done in the last few years to allow greater throughput from the existing port footprint is proving to be very worthwhile.

Likewise the efforts to vitalise and improve the commercial premises within the inner harbour is rapidly making this the premier area in Gisborne's CBD. A growing number of hospitality and light commercial businesses as well as offices are now operating in what is a vibrant and attractive waterfront location.

The Energy Sector's year was notable because the amount of electricity distributed fell slightly as consumers, especially industrial ones, were more focused on reducing their electricity use, given the high price charged by electricity retailers. Likewise the dry winter meant that output from the Waihi

Hydro power scheme was 12% less than predicted. Reliability of the network was better than the company's internal targets and significant better than the regulator's requirements.

The Aviation Sector, while still in its infancy, showed signs of what it can potentially achieve. At year end forward orders for aircraft were strong, with Skysales alone having seven helicopters sold and paid for and either en-route to New Zealand or ex factory in the United States. These seven orders were worth over \$8 million.

The year ahead looks challenging with effects of the global economic crisis being hard to predict to any degree of certainty, however Eastland Group, with its diversified investment base, is well positioned to ride out any adverse consequences. ⚙️

### All the best from the team

The team at Eastland Group would like to wish everyone a safe and happy Christmas and a wonderful New Year.

It's been a challenging 2008 for everyone but one thing is sure – the sun will always rise first in Gisborne, and that gives us all something to celebrate! Enjoy your family, the holidays and the region, and we look forward to a prosperous and fun 2009 for all. ✨

# Investing in the future

Need a little financial assistance to achieve your higher education goals? Then check out the scholarships on offer from Eastland Group.

Scholarships for 2009 have already closed, but it's never too early to gear your studies towards these for coming years.

Scholarships on offer are for those studying in either electrical power engineering or in the field of aviation.

The \$5,000 electrical power scholarship is open to only East Coast students studying towards a Bachelor of Electrical

and Electronic Engineering and comes with the opportunity of a summer holiday job with the Eastland Network.

There are two \$3,000 aviation scholarships up for grabs being offered by Flightline Aviation and the Marlborough Institute of Technology. The scholarships are available to students studying the Certificate in Advanced Aircraft Maintenance Engineering and includes money to help with study costs, but also the possibility of holiday employment with Flightline Aviation in Dunedin or Ardmore in South Auckland.

Preference for the scholarships will be given to applicants from the Gisborne/East Coast, Dunedin/Southland or South Auckland regions which are key staffing areas for Flightline Aviation and Eastland Group.

Eastland Group chief executive Matt Todd says the scholarships are the perfect way to invest in the future.

For more information on either of these visit [www.eastland.co.nz](http://www.eastland.co.nz) or contact Maree Kingsbeer at the Eastland Group.

## Taking it to the next stage



OPTION 1 - ESPLANADE GATEWAY TREATMENT

Palm tree planting frames the view through to the Port at the Esplanade gateway, creating a bold entrance to the Port site. Landscape features include palm tree planting, feature paving areas with seating, grass areas for relaxing, a sculptural installation, and coloured mood lighting set into the ground for night time effect.

There's a buzz in the air about plans to transform Gisborne's inner harbour area into a fun community area with cycleways and fishing platforms.

"It's early stages yet, but for us it is about recognizing the changing use of the inner harbour area and creating a vibrant and fun place for the whole community," says Eastland Group general manager – commercial, Ben Gibson.

"The inner harbour area has moved from being an operational part of the port to one where we are seeing higher amenity areas such as cafes, bars and businesses."

The completion of the Hirini Street Project means heavy traffic will, to some extent, be diverted from the area and this will be achieved once the issues around location and resource consents for the new weighbridge and gantry cranes are resolved.

"It's an opportune time to think about what the future may hold for the area," says Ben. "We need to ask ourselves how we all see the area, and debate how it can be further developed before taking things to the next stage."

That involves developing the concept plans so that they fit in with the port tenants, inner harbour users, Gisborne District Council and the wider community.

Eastland Group has already put a lot of money into making the inner harbour area a much smarter place for visitors, locals and businesses.

"These concept plans are merely ideas that we want to put out for people to consider," says Ben.

In a masterplan presented to council late November, Opus senior planner Duncan Rothwell laid out two options – one a contemporary, flowing design with curves and sweeping shapes, reflecting the riverside walkway koru and the curvature of the railway; and a second that was a more formal design, with structure, straight lines and grid patterns reflecting the urban layout of the city.

But both included timber decks, fishing platforms, venues, extra parking, landscaping and other Gisborne and East Coast orientated themes.

"We realise that there are still some issues that need to be worked through and our intention is to discuss the proposal and gain feedback from the various stakeholders of the inner harbour", says Ben.

For more information head to [www.eastland.co.nz](http://www.eastland.co.nz).

# Think first

Summer holidays may be the perfect time to catch up on all those chores around the house, but make sure you're safe before you pick up that paint brush or chainsaw.

General manager – energy, Brent Stewart cautions those planning to cut

trees near power lines or paint near the power entry point of the house. "It pays to have the power disconnected if you're contemplating anything like this," he says.

It's as simple as picking up the phone and calling 0800-206-207.

Safety is also the fore when everyone comes to stay, hooking up extra fridges and lights with extension cords running every which way.

Brent encourages people to use protective devices – like RCD units – when hooking up temporary power supplies.

Don't forget – for any faults over the Christmas period, call the 24-hour Eastland Network line on 0800-206-207. 📞

# Searching for the right rivers

The search is on for mini hydro opportunities in the district and Eastland Group is looking to the people of the region for a little local knowledge.

General manager – energy, Brent Stewart says they're on the look out for areas they can install small hydro electricity generators, that would range in size from 100kw through to 1000kw. "These are run of river hydro schemes that have a constant flow of water," he says.

The closer these spots are to existing Eastland Network poles and wires the better, but Brent says they are happy to look at all possibilities.

"We're keen to get this underway because it gives us imbedded generation within the network and adds to us being more self sufficient."

There are plenty of pluses to this project – costs are lower, it alleviates the need to upgrade capacity of transmission lines from Tuai and is far more environmentally friendly for all.



*Steady as she goes....a constant supply of water is key to successful small hydro electricity generation.*

Power generated would be used locally.

Anyone who thinks they may have a suitable spot should contact Brent at Eastland Group on 8690700 to arrange an evaluation. ⚙️

# Farams to focus on other opportunities

There have been changes at Faram Helicopters.

Eastland Group, who own the company, have sold Farams' local workload to Gisborne Helicopters, but kept the name and its air operating certificates, opting to focus on larger scale corporate and public sector work outside the Gisborne region.

Eastland Group chief executive Matt Todd says the intention has always been to target the more significant opportunities. He feels the sale rationalizes helicopter operations in the Gisborne and Wairoa districts.

"There were just too many helicopters competing for too little work," says Matt.

That coupled with rising interest costs and fuel prices, escalating fertilizer costs and low pastoral and forestry returns over the past year meant there were less hours and lower margins available.

The financial details of the transaction will not be disclosed but Eastland Group will book a profit on the transaction. 📈

# Savour the sounds

Don't forget to set aside Sunday, January 25, 2009 for the inaugural jazz and blues fest around the inner harbour area.

The fest is set to start at 1pm and will run through until 5pm, with the inner harbour's many fine hospitality establishments open well after that. 🎵

# Weighing up the options

Eastland Port are continuing to fine tune the port layout in their drive for a more efficient and effective operation.

The rejection of an application by the port for a weighbridge for logging trucks on Kaiti Beach Road is disappointing, but general manager – logistics, Andrew Gaddum says they are already looking at an alternate plan.

"Relocation of the weighbridge is central because it means we get all the logging

trucks out of the inner harbour area and makes it a better operation for all – including nearby residents."

He says with increasing truck numbers, the final outcome needs to be a solid one, and efficient option for the port and its layout.

"We're attempting to utilise the footprint we have and minimise expensive off site storage for our customers." 🚚

# Harbour swim challenge

The harbour area will be a hive of activity for a different reason on December 28 when competitors in the Eastland Port Harbour Swim take to the water.

The Sunday evening event features races of 1000m and 2000m for individuals – both men and women,

with a 1000 metre swim for two-person teams.

There's plenty of prize money up for grabs and lots of fun to be had. Registrations are from 3pm at the Eastland Port boat ramp, with the races beginning at 6pm.

Entries are expected to come in from racers as young as 10, right through to those in their sixties and seventies. Don't miss it!

For more information head to [www.eastland.co.nz](http://www.eastland.co.nz)

## Balancing the scales

Eastland Group's new chief financial officer Jeremy King loves a challenge. The former Wellingtonian has settled quickly into his new role, happy that he has a position with plenty of challenge and variety.

And it was more than work that brought Jeremy to Gisborne – his wife Jacqui Logan is a local girl and the pull to be nearer family was strong.

"Each year we were coming here for a holiday or two, and it seemed the right time to make a change. The lifestyle is very appealing in Gisborne and we're



Jeremy King

keen on the sea, fishing and water sports."

Jeremy has worked in a number of different fields throughout his

accounting career, including energy, property, fund management and in a general accounting firm.

His most recent posting was as finance manager for AMP Capital's largest property fund.

He is confident despite a challenging economic climate the world over, Eastland is in a good position.

"The changes in the financial market as a result of this turmoil are not all bad – it is going to make people more responsible about debt, and that's healthy."

Jeremy and Jacqui have bought a home at Wainui Beach and are looking forward to a great Gisborne summer with their young family.

## Joint venture a winner for all

Customers and the community are at the heart of the joint investment in a de-barker at Eastland Port.

General manager – logistics, Andrew Gaddum says the debarker is a valuable addition to the port.

"It's an important step for the port because it demonstrates our willingness to add value to our customer's products while increasing the range of services we offer."

The debarker, which has come from North Port in Whangarei, is a joint venture between Eastland Port and Hikurangi Forest Farms.

It will process pruned logs for export – the logs will have the bark stripped off then sprayed with an anti-sap stain product before being loaded onto ships and sent offshore.

"That pruned high grade wood is being used for its appearance in things like furniture and veneer, where any sort of staining immediately devalues the product."

Andrew estimates the debarking plant, which has been located on the former Caltex tank yard, has the capacity to

cope with around 150,000 cubic metres a year.

The new plant also brings with it employment opportunities – a full time manager will be put in charge of the project, with the loading and unloading services contracted out.



An investment in added value....general manager – logistics Andrew Gaddum with the port's new debarker.

# New IT system for Flightline

Flightline Aviation is flying high in more ways than one with the introduction of a new state of the art information technology system.

Eastland Group's Sector General Manager - aviation Gavin Murphy, says the system delivers the specific functionalities that Flightline Aviation requires – including tracking of serial-numbered and batch-numbered aircraft parts to fulfil CAA requirements.

It's a substantial re-investment in the company by Eastland Group, and

something that has been appreciated by staff and clients alike.

"Like any new system, we've had a few early challenges to work through but the end result is a system that will help us be more focussed on the needs of our customers," says Gavin.

The implementation of the system is a result of 12 months re-assessment of Flightline Aviation's systems and processes.

The new system integrates maintenance, inventory and financial processes, providing increased information accessibility, resource efficiency and a platform for staff to proactively manage customer information.

And it is all part of the company's quest to provide customers with service second to none.

The new system went live on November 1 and has the potential to incorporate even more streamlined options for clients in the future.

## Saving space while saving tonnage

Eastland Port's new bookends have proved so successful that a new shipment has been landed to boulder progress.

General manager – logistics, Andrew Gaddum says the 12 new 6-metre high bookends allows them to increase storage capacity even more.

The port earlier bought 21, which were five-metres high.

"These have been very successful and we will certainly be looking to buy more

in the future," says Andrew. However, with steel prices sky rocketing he says they'll wait a bit before buying in the new financial year.

The book ends are made locally by Gisborne Engineering. "They're a great investment for us and good for our customers," says Andrew.

The bookends increase log storage efficiency between 10-15%, allowing an extra 70,000-80,000 tonnes of logs a year to be stored at the port.



*In production... the new taller bookends, being made by Gisborne Engineering, are almost ready for placement.*



*It's a busy time at Eastland Port with record cart-in volumes of logs being recorded.*

Gisborne's status as one of the nation's leading log export ports continue to rise with the latest figures just out ranking us number two log exporter in New Zealand.

## Exciting times for Eastland Port and region

General manager – logistics, Andrew Gaddum says it's an exciting phase for Eastland Port and the East Coast forestry industry as a whole.

Monthly log exports over the past four months have averaged 74,000 tonnes, putting it second only to Tauranga.

"We're experiencing the highest cart-in volumes ever at the moment, with

rates of up to 3,700 tonnes a day, being achieved" says Andrew.

"Though the rapid increase in volumes has not been without its challenges, the port is working collaboratively with its customers and contractors to get through these."

It's heartening growth during a very challenging time.

# Fulfilling career for Alex

Skysales Aviation founder Alex Rodger is looking forward to just relaxing....but it's not something he is particularly accustomed to doing.

In September Alex saw off his last helicopter from the company he created in 1983 and switched to the less pressured role of contracting back as a helicopter salesman.

This entrepreneurial Canterbury businessman is perfectly at home building businesses from scratch – he's done it several times before in the boating and vehicle industries. But as he approached his 70th year, Alex thought there's more to life than work.

That said, he may have finished 'work' more than two months ago but he's been so busy working on properties they own in Kaiteriteri, near Nelson, planning a trip to Australia to work on another, and generally tying up loose ends, he's hardly had time to draw breath.

It has now been just over a year since Eastland Group bought Skysales Aviation from him, and he now looks back on a career filled with satisfaction

and accomplishment – thanks to a powerhouse of hard work.

Offering a round the clock business that delivered on its promises created a solid business that has blossomed. And it was more than bolstered by a bold move buying a large shipment of Hughes parts – it paid off.


That massive stockholding rivalled most in the world. Alex more than most understands the difficult time the whole world now finds itself in, but he is also more than capable of riding out the big challenges.

The MD500 he sent out in September was the fourth one in a year that Skysales Aviation sold – the only new ones to have been sold in New Zealand in the past 20-odd years.



*Looking forward to retirement....well sort of. Skysales Aviation founder Alex Rodger is changing focus.*

But the industry is a rapidly moving one. Alex welcomes the tightening of regulations surrounding helicopters and their parts, making it a safer place for all.

With Christmas just around the corner, Alex is looking forward to family time... but he's already thinking about next year with his new role at Skysales Aviation and helping take the company to the next level. 

## Extensive Aviation knowledge put to good use

Dave Macmillan counts himself incredibly lucky.


The Dunedin based Skysales Aviation helicopter salesman has been involved in the aviation industry for 30-plus years and still loves it just as much as the day he started.

"I am one of the fortunate few in the world who has a job they love." He's a bit unusual in the world of aviation because he holds pilot licences for both fixed wing and rotary aircraft. "It's the freedom of flying I love and I enjoy both types for their difference – rotary for its versatility and the speed and comfort of an airplane."

Aviation, so is well versed with Eastland Group businesses, and is one of only two registered aircraft valuers in New Zealand.

Clients appreciate that extensive aviation knowledge and experience, and know they can get a very educated answer to almost any problem or situation they come across.

Give Dave a call if you are in the market for a new or second hand helicopter.

Dave Macmillan  
T : 03 489 8040  
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### So, what do you think?

We'd love to hear from you. Please send your comments to [admin@eastland.co.nz](mailto:admin@eastland.co.nz)

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*Dave Macmillan*

Not long after he joined the industry, Dave, an aircraft engineer, started Airflite South, an international aircraft brokerage, maintenance and consulting company. He still runs that, with the backing of son Ben, who is also an air traffic controller in Queenstown.

He's also worked for 12 years as Dunedin branch manager for Flightline