



**EASTLAND COMMUNITY TRUST  
STATEMENT OF INTENT**

**2013 | 2014**



# INTRODUCTION

The Eastland Community Trust is proud to present its Statement of Intent for 2013-2014. This is our guiding document and sets out our intentions for the coming financial year.

The Trust is quietly optimistic that the coming year will be positive both in an organisational, and a regional sense. This optimism has not built complacency. The Trust still expects to face significant challenges with difficult economic times set to continue but is looking forward to the opportunities this creates.

The Trust remains focused on working hard to balance preservation of capital and provision for beneficiaries.

Key themes to this focus will be:

- Continuing to build relationships and confidence with beneficiaries.
- Prudently managing the diversification and growth of our investments.
- Initiating and responding to new project ideas. This may require us to take on some risk.

We look forward to the coming year.

For further information about the Trust and what we are doing please visit our website [www.ect.org.nz](http://www.ect.org.nz).

*From left: Phillip Searle, Brian Wilson, Michael Muir, Richard Brooking (chair), Geoff Milner, Joe Martin, Vicky Thorpe.*

An aerial photograph of a coastal town, likely Eastland, New Zealand. The town is densely packed with buildings and is situated on a peninsula or near a bay. The water is a vibrant turquoise color, and the sky is filled with soft, white clouds. In the foreground, there are rolling green hills with patches of forest. A semi-transparent green horizontal band is overlaid across the bottom half of the image, containing the text.

# BACKGROUND

Under the provisions of the Trust Deed, the Eastland Community Trust is required to produce a Statement of Intent each year.

## **THIS STATEMENT OF INTENT SHALL INCLUDE:**

1. The objectives and directions of the Trust
2. Nature and scope of the activities to be undertaken
3. Performance targets and other measures
4. The kind of information the Trust will provide to beneficiaries throughout the year
5. Details of any transactions entered into with the Council
6. Any acquisitions, investments or divestments of a significant nature.

## **OUR PURPOSE**

To preserve the capital of the Trust and provide for beneficiaries.

## **OUR VISION**

ECT will assist in creating a more positive, prosperous and attractive community.

## **OUR MISSION**

To contribute towards increasing the quantity and quality of choices people and groups can make to

build meaningful and fulfilled lives. Our focus will be on fostering the Gisborne district's economic prosperity through acquiring, owning and prudently governing investments, and utilising resources to support and encourage selected commercial and community initiatives.

## **PREVIOUS 12 MONTHS**

The 2012/13 year was successful for the Trust.

Building on the foundation of previous years, the Trust opened its new office and continued to build its project management capacity. The fruit of this was the approval of over \$5.1million in grants, and in doing so committed much of the stockpiled reserve that had been accumulated. Over \$100,000 was also given to 32 small organisations to enhance community focused activities in our sponsorship programme.

The Eastland Group and our other investments continued their strong performance despite a challenging operating environment. Secure dividend payments and income streams have given the Trust confidence to look at community investment projects in 2013/14 while managing prudent growth of the Trust fund.



# IN 2013–2014

In the coming financial year the Trust intends to embark on a wide range of activities.

## EASTLAND GROUP LTD

The company has continued its path of success and as such the Trust expects an increased return on their investment.

The Trust continues to back the Group's aspirations in its core businesses of energy and logistics. Investment by the Group in both its people and the wider region will be supported.

The Trust will continue to work with the company on its strategic documents including the Owner's Expectation Manual and Statement of Corporate Intent. These documents provide a solid foundation for the relationship between the company and the Trust.

As part of the annual processes, two directors on the company board are due to retire. Both are able to seek reappointment.

## THE PROJECTS

In 2013-14 the Trust will make available an estimated \$2.7m for distribution. In addition to this, \$100,000 will be made available for sponsorships.

Trust management will continue to be proactive with community based projects. Proactivity of Trust

management should not be taken to mean trustee support. Trustees are obliged to remain independent and make decisions in accordance with their legal obligations as trustees.

The Trust will continue to follow a robust application evaluation process and support projects that meaningfully contribute to our vision for the region.

It will use its resources to ensure community projects are actually delivered into reality.

In the coming 12 months the Trust has identified specific projects it will be involved with including:

- facilitating, and potentially participating in, the delivery of an artificial turf facility;
- participating in discussions around the Navigational Traditions project and also initiating some discussion about preparing our region for the 250-year celebration of Cook's landing in 2019;
- investigating and assisting with the creation of a community endowment fund;
- reviewing and assessing the outcomes of a commissioned review on secondary educational choices within the region;
- building momentum and support for a collaborative approach to regional economic development.

## DISTRIBUTION EFFICIENCIES

The Trust is to review the most efficient structure for making distributions throughout the Trust and its subsidiaries.

This could achieve taxation savings that will increase funds available for future distributions.

## EASTLAND DEVELOPMENT FUND LTD

The Trust has agreed it will use this entity to deliver the Trust's regional economic development plans. The objective for driving this is to deliver a regional development strategy that will:

- Improve the profitability and productivity of businesses within our region.
- Grow existing, and foster the creation of new businesses within our region.
- Maximise the efficiency of current regional economic development activity by working collaboratively with Council, the Chamber of Commerce and others.

The roles adopted by the entity will be that of:

- Catalyst – exchanging information between currently unrelated parties so that they are able to develop further on their own.

- Facilitator and initiator – identifying economic development opportunities, ensuring initiatives have relevance to industry, supporting projects at a feasibility study level.
- Implementor – investing funding and resources with a committed involvement of delivering services.

## RELATIONSHIPS

The Trust will continue to build on existing relationships with Council, Iwi, other key regional development agencies and the community. These relationships in the next year will focus on regional economic development.

The Trust intends to enhance its communication plan. This will assist beneficiaries to understand the value the Trust and Group provide to the region.

## OTHER OPPORTUNITIES

The Trust will continue to initiate and review opportunities presented to trustees as they arise. These opportunities will look to stimulate economic growth for the region, or provide our beneficiaries' with greater choices to lead meaningful lives.

The Trust will also continue its work in updating the deed. The changes proposed will be minor in nature and involve consultation with Council as required by the deed.







# INVESTMENT PORTFOLIO

## OBJECTIVES OF THE INVESTMENT PORTFOLIO ARE TO:

- Preserve the Trust's capital by generating a sufficient risk-weighted return on existing investments.
- Grow the net income to benefit the Trust's beneficiaries.
- Diversify investments to minimise risk.
- Acquire, own and prudently govern the Trust's investments.

## THE GENERAL NATURE AND SCOPE OF INVESTMENT ACTIVITIES

In discharging its responsibilities the Trust in its investment portfolio will:

- Operate a performance quality control process to ensure the Trust's objectives are met.
- Facilitate the allocation of Trust assets across all of its activities so as to meet the totality of the Trust's objectives.
- Ensure investment activities do not either directly or indirectly compromise objectives of the Trust.
- Prudently assess investment opportunities as they arise.

## EASTLAND GROUP

The Trust supports the Group's desire to be one of New Zealand's great companies.

It is no secret that the Group has grown significantly since its inception and has become an increasingly successful owner/operator of key infrastructural

assets. Since 2002 the value of the Trust's investment in the Group has grown from \$40m to \$164m. Over the same period the Trust has received over \$34m in dividends. This has allowed the Trust to make significant contributions to a range of projects on behalf of beneficiaries.

The Group's aspiration to continue this growth is supported. The Trust has placed some significant parameters on the Group to direct this growth and meet expectations.

To achieve these aspirations, the Trust will work with the Group to assess funding strategies on a project by project basis. This may include joint ventures, internal funding options, or additional investment by the Trust.

## PASSIVE INVESTMENTS

The Eastland Community Trust will review the current managed portfolio with the intention of phasing in an additional manager once this portfolio exceeds \$30m. This is expected to occur during the second quarter of 2013/14.



# PROJECT PORTFOLIO

## OBJECTIVES OF THE PROJECT PORTFOLIO ARE TO:

- Support business, community and other initiatives.
- Encourage or sustain economic growth within the district.
- Deliver a transformational project.
- Have a clear, consistent and transparent funding process that is well communicated.

## NATURE AND SCOPE OF PROJECT ACTIVITIES

The project portfolio comprises investments in community infrastructure and projects that will enhance the district's economic prosperity and/or contribute to local community life.

The Trust is committed to allowing the management team to be proactive and supportive of community projects. This will allow the management team to be more involved with projects and assist with bringing the project to fruition.

This involvement does not imply the Trust will commit financially to the project. All financial distributions are the responsibility of the trustees whom make independent decisions on whether the Trust will support a project, and if so the amount of funding it receives.

## CURRENT ALLOCATION

Consistent with previous years, the Trust plans to allocate up to 50% of its post-tax income to distributions and investment into community projects. This will amount to around \$2.7m being made available.

Distribution estimates are a forecast of how much the Trust plans to distribute. Any amounts are always at the discretion of trustees and subject to financial considerations. It is envisaged that uncommitted project funds will be carried over from year to year at the discretion of the trustees.

## OUR PREFERENCES

The projects we prefer are those that help create a dynamic environment which would encourage or sustain economic growth.

From this vision, the Trust will prefer distributions which contribute to the following outcomes:

### Economics

- Help business sectors grow or become more efficient.
- Remove barriers for establishing new businesses.
- Build governance and leadership capacity within our region.
- Improve our regional economic performance.
- Foster innovation.

**Infrastructure**

- Connect the region physically or virtually.

**Community assets or facilities**

- Support establishment of community assets or facilities that other comparable regions have and that Gisborne does not have already.
- Make community assets or facilities more financially sustainable through capital improvement.

**Cultural / social**

- Improve the image of the Gisborne region.
- Increase the number of individuals involved in arts or cultural enterprises.

**Projects will not be considered where:**

- The project does not benefit the Trust's beneficiaries.
- The project is for essential services or functions that are normally the responsibility of local or central government.
- All information requested is not provided.
- The application is for a political objective.

**Projects are unlikely to be funded where:**

- The application is for debt repayment or refinancing existing loans.
- The project has received previous financial assistance.
- The project is an established commercial activity.

**SPONSORSHIPS**

The Trust will continue on the success of the sponsorship programme and will maintain the allocation of \$100,000 during the 2013/14 year.

The maximum sponsorship available per application is \$5000. Preference will be given to applications which can demonstrate some or all of the following:

1. Have wide community support.
2. Maximise exposure of the Trust to beneficiaries.
3. Enhance existing community focused activities.
4. Have not received Trust support previously.
5. Demonstrate the applicant's commitment in practical or financial terms.
6. Cover additional costs that will be incurred by a club or school resulting from having achieved something of national significance.



A long, narrow pier made of dark, weathered wood extends from the foreground into the distance, receding towards the horizon. The pier is flanked by calm, blue water that reflects the sky. The sky is filled with soft, white and grey clouds, suggesting a dawn or dusk setting. In the far distance, a range of low mountains or hills is visible on the horizon. A small, white structure is visible at the end of the pier.

# MONITORING OF PERFORMANCE

The Trust, throughout the coming year, will continue to monitor performance against its objectives.



## KEY INDICATORS

Trustees will establish a dashboard of key indicators to measure the health of our operations. While the Trust anticipates everything working to plan, if it doesn't then corrective action will be taken.

KEY MEASURE	METHOD	TARGET
Value of equity in Eastland Group	Growth in net assets excluding revaluations	>8%
Assets invested outside the Group	Value of net assets	>\$39M
Net profit before interest, tax and distributions	Compliance with budget	Within 5% of budget
Total fixed cost of administration	Compare to income	<8%
Amount available for distribution	Annual budget allocation	>\$2.8M
Timely processing of applications	Applications processed in under 3 months	85%
Sponsorships	Sum distributed	>60% of budget



## ECT 2014 BUDGET

For the year ended 31 March 2014.

	2014 Budget
<b>INCOME</b>	
EGL - Capital Notes	2,580,000
EGL - Dividends (3001)	4,800,000
Craigs Investments	1,365,000
Investment Funds	440,000
<b>Total Income</b>	<b>9,185,000</b>
<b>EXPENSES</b>	
<b>Fixed Trust Administration Cost</b>	
Accountancy Fees	9,000
Audit Fees	21,000
Communications	38,000
Consulting & Legal	20,000
Management Expenses	177,000
Office Expenses	143,000
Trustee Expenses	158,000
Wages	161,000
<b>Total Fixed Trust Administration Cost</b>	<b>727,000</b>
<b>Post operational pre taxed profit</b>	<b>8,458,000</b>
<b>VARIABLE TRUST COSTS</b>	
Sponsorship	100,000
Project Portfolio	200,000
Audit & Finance Portfolio	20,000
Innovation Portfolio	35,000
Investment Portfolio	100,000
<b>Total Variable Trust Costs</b>	<b>455,000</b>
<b>Post activity pre tax profit</b>	<b>8,003,000</b>
Taxation	2,641,000
<b>Net Surplus / (Deficit)</b>	<b>5,362,000</b>
<b>Amount available for distribution</b>	<b>2,800,000</b>



# **BACKGROUND AND PURPOSE OF THE TRUST**

The Eastland Energy Community Trust (the Trust) was created on May 7, 1993 and has as its governing document a deed of trust effective from this date. The Trust changed its name to Eastland Community Trust (ECT) on December 6, 2004.

Clause 16.7 of the Trust deed requires the Trust to prepare and deliver to the Gisborne District Council a Statement of Intent and Budget no later than one month before the end of each financial year ending on March 31.

This Statement of Intent has been prepared to satisfy the requirements of clause 16.7 of the Trust deed in respect of the income year ending 31 March 2014.

#### **THE TRUST WAS ESTABLISHED FOR THE FOLLOWING PURPOSES:**

1. To preserve the value of the capital of the Trust fund having regard to the effect of inflation and profits and losses from time to time earned or sustained by the trustees in the exercise of their powers and duties of this deed, or any other losses sustained by the trustees.
2. To provide for the beneficiaries in such manner

as the trustees shall from time to time decide including, without limiting the generality of the foregoing:

- Paying for or subsidising the installation or maintenance of electricity reticulation or the supply of electricity in areas of the district where the trustees are of the opinion that the provision of those services by the company will not provide an acceptable commercial return. And that the cost to the consumer of that electricity is excessive in comparison with the majority of consumers with similar load profiles, connected to the company's electricity distribution system.
- Supporting business, community and other initiatives, which in the opinion of the trustees are likely to encourage or sustain economic growth within the district which may, directly or indirectly, benefit the beneficiaries.



# BENEFICIARIES

## A BENEFICIARY IS DEFINED AS:

Any natural person domiciled in the Gisborne district and any other person (whether corporate or unincorporate) conducting an activity or carrying on business in the district:

- i. Whose name appears on the residential electoral role of the Gisborne District Council
- ii. Whose name appears on the ratepayer electoral roll of the Gisborne District Council
- iii. Whose nominee's name appears on the ratepayer electoral role of the Gisborne District Council pursuant to section 7BG of the Local Elections and Polls Act 1976
- iv. Who at any time is listed on a role of voters entitled to vote at an election of councillors of the Gisborne District Council
- v. Who, on a date which is 30 days prior to the date of distribution to or for the benefit of that person of any payment pursuant to this deed, is listed in the records of the company as a person connected to the company's electricity distribution system.

The term "beneficiaries" has a corresponding meaning.

## INFORMATION TO BE PROVIDED TO BENEFICIARIES

The trustees are committed to continual communication with beneficiaries.

1. The Trust website is [www.ect.org.nz](http://www.ect.org.nz)
2. The website contains the Trust Deed, Annual Report, Statement of Intent and Budget, newsletters and other pertinent information which will be updated on a regular basis.
3. The Annual Report, Statement of Intent and Budget will be available for inspection by the public no later than four months after the end of the financial year. These documents will be made available on the Eastland Community Trust website, or offices.
4. The 2015 Statement of Intent and Budget will be provided to the Gisborne District Council no later than the end of March 2014.
5. All meetings of the trustees are advertised in the local newspaper and are open for the public to attend. The trustees do however retain the right to discuss matters of a private or commercially sensitive nature with the public excluded.
6. The Trust will hold an annual public meeting within five months of the Trust's balance date of March 31, 2013.
7. The trustees will endeavour to meet formally with the Gisborne District Council on at least a six-monthly basis to discuss the Trust related activities and other community related matters.
8. The trustees and Trust management will develop a working relationship with the chief executive of the Gisborne District Council.
9. The Trust will develop a formal communication strategy and plan which may include distributing regular newsletters and other communications during the year to keep beneficiaries informed.

