



ECT

EASTLAND COMMUNITY TRUST
STATEMENT OF INTENT

2017/18



SUPPORTING
**A POSITIVE, PROSPEROUS
& ATTRACTIVE COMMUNITY.**

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INTRODUCTION

The Eastland Community Trust is pleased to present its Statement of Intent for 2017 – 2018.

This Statement of Intent is our guiding document for the financial year. It sets out the Trust's direction and provides an overview of the activities we intend to carry out.

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 that clause in respect of the income year ending 31 March 2018.

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.

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 a manner as the Trustees shall, from time to time, decide including, without limiting the generality of the foregoing:
 - a. 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.
 - b. 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.

OVERVIEW OF ECT'S 2018 KEY PERFORMANCE INDICATORS

Priority One: Maintaining a Financially Sustainable Trust

We aim to:

1. Grow the capital base by at least the rate of inflation, with a target of 2.7%.
2. Grow the total income the Trust receives by at least the rate of inflation, with a target of 2.7%.
3. Generate a pre-tax return between 5.5% and 6.5%, including capital growth, from all investments.

Priority Two: Actively Investing Capital and Time into Growing our Regional Economy and GDP per Capita

We aim to:

1. Be able to credit our direct investment strategy with assisting in creating 50 new direct jobs.
2. Invest in businesses that assist in doubling the regional GDP baseline growth rate of 0.9%.

Priority Three: Supporting our Community, its Organisations and its Assets

We aim to:

1. Make available a distributions pool of at least \$10 million.
2. Distribute at least 60% of that budget.
3. Support organisations and fund projects that will contribute to an improved performance in key wellbeing indicators when compared to the rest of New Zealand.

4. Have healthy and transparent relationships with beneficiaries.

Key Strategic Enabler: Our Relationship with Gisborne District Council

We aim to:

1. Ensure GDC Councillors and senior management understand, support and champion ECT's strategic direction.
2. Ensure GDC staff have a working knowledge of our funding priorities and processes.
3. Be aware of all upcoming Council projects towards which we might be requested to make a contribution.

Key Strategic Enabler: Our Relationship with Eastland Group

We aim to:

1. Have an open and professional relationship with the Company both at Board and Management levels.
2. Receive a minimum dividend payment of \$6.0 million in the year covered by this Statement of Intent.
3. Have Eastland Group comply with its Statement of Corporate Intent and Shareholder's Letter of Expectation.

Key Strategic Enabler: Our Relationship with Beneficiaries

We aim to:

1. Have a well-informed community that is kept in touch with ECT's activities.
2. Be clear about how our operations relate to our purpose and how we add value to the community.
3. Further develop confidence in the work we are doing in preserving capital, and supporting a positive, prosperous and attractive community.

STRATEGIC PRIORITIES

Priority One: Maintaining a Financially Sustainable Trust

Our Objectives

The Trust Deed requires us 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".

In the period covered by the Statement of Intent, our key priority is to sustainably manage the Trust's capital asset base through:

1. Ensuring the continuation of appropriate risk management processes for the Trust's finances.
2. Providing adequate oversight and control of the Trust's investments.
3. Having a fit-for-purpose organisation.

Our Intentions

We will continue to act as a prudent shareholder of the Eastland Group by requiring its strong financial performance. This will be balanced with a desire to see the Company continue its commitment to good corporate citizenship.

We will endeavour to build greater income and capital resilience by growing and diversifying our investment portfolio.

We are committed to ensuring the organisation is well-placed to meet the obligations and expectations of our partners, stakeholders and beneficiaries. We will carefully monitor appropriate budgets, and ensure our team has both the capacity and capability to achieve organisational KPIs.

2018 SOI Budget \$'000

Revenue	
EGL - Capital Notes	2,130
EGL - Dividends	6,820
Prime interest	652
EDFL interest	692
Craigs Portfolio	1,319
Forsyth Barr Portfolio	410
Total revenue	12,023
Core operating costs	
Business & strategy development	(250)
Communications	(41)
Compliance	(47)
Investment monitoring and activities	(253)
Office & operational	(198)
Sponsorship	(100)
Staffing	(746)
Trustee remuneration and costs	(255)
Total core operating costs	(1,890)
Profit before income tax	10,133

Priority Two: Actively Investing Capital and Time into Growing our Regional Economy and GDP per Capita

Our Objectives

A purpose of our Trust is to support “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”.

In the period covered by this Statement of Intent, we will concentrate on actively investing in the attraction and support of emerging, innovative or growing businesses - particularly those with the potential to create jobs and positively impact on regional GDP.

Our Intentions

We will continue to work on our existing economic development efforts:

- The Prime Sawmill Wood Processing Centre of Excellence will remain a key workstream, with the team committed to realising the potential of this project - 120 jobs and the injection up to \$7.7million into the local economy over the next three years.
- We will continue to explore opportunities for Commerce Place.
- We will work closely with Activate Tairāwhiti to support the delivery of those regional economic growth initiatives that align with our strategic direction.

We also intend to continue our work with the Gisborne District Council regarding the development and delivery of the Regional Economic Action Plan. This work potentially includes the further strengthening of relationships with the Ministry of Business, Innovation and Employment (MBIE) and Iwi.

Priority Three: Supporting our Community, its Organisations and its Assets

Our Objectives

The trust will consider investment into activities and projects which:

- Build community resilience and capability by supporting community organisations and events.
- Target community assets and large special projects, ensuring our region has great facilities and assets for everyone.
- Enable the Trust to create jobs and economic growth.

Our Intentions

In the period covered by this Statement of Intent, we aim to add value by funding a portfolio of projects, organisations and assets. We hope to provide leadership by advocating, facilitating and intervening on behalf of selected projects and initiatives that contribute to our objectives.

To ensure impact, we intend to be well-connected to our community and understand their issues and aspirations. We will have the right seats at the right tables to be able to facilitate and support change.

Key Strategic Enabler: Our Relationship with Gisborne District Council

Our Objectives

The Trust acknowledges the relationship it has with the Gisborne District Council and commits to working on that relationship for the benefit of the region and our beneficiaries.

Our Intentions

We will consider investment in strategic community assets and projects – supporting the aspirations of our community and those charged with the responsibility to facilitate those ambitions. Accordingly:

- Members of the ECT Board will continue to meet two-monthly with council representatives.
- Management will develop and maintain a working relationship with the GDC chief executive and executive team.
- Board and/or management will present to full Council six-monthly.

We will carry out our obligations in accordance with our Trust Deed as they relate to Council. These include:

- Notifying Council of all trustees who have given notice of retirement or who those disqualified from acting as trustees or who are due to retire by rotation.
- Delivering, the Statement of Intent and Budget estimates.

Key Strategic Enabler: Our Relationship with Eastland Group

Our Objectives

Eastland Group specialises in regional infrastructure: ports, electricity distribution and transmission networks, and electricity generation. Its operations include Eastland Port, Gisborne Airport and Eastland Network – the electricity network for Gisborne, Wairoa and the East Coast – as well as Eastland Generation, which produces electricity from hydro, diesel and geothermal plants.

The Trust is the 100% owner of Eastland Group and supports its aspiration to become New Zealand's best regional infrastructure company.

Our Intentions

The Trust will continue to support Eastland Group's interest in scoping opportunities within its broader business sectors, especially when an investment:

- Provides regional benefit.
- Maximises value to our beneficiaries.
- Improves the financial sustainability of the Company.

We expect Eastland Group will operate in a way that is environmentally aware and is compliant with all Council consents.

We will support Eastland Group's development of The Village Electric – a hub that will promote new and renewable energy solutions.

We will complete the triennial ownership review as required by the Trust Deed and report this to the AGM in August 2018.

There are no significant purchases forecast for the period.

Key Strategic Enabler: Our Relationship with Beneficiaries

Our Objectives

We want to build a strong relationship with our community. We can achieve this by providing well-crafted, well-timed information, actively seeking feedback and monitoring our environment. We can be transparent in our intentions and clear about how we add value to our purpose and mission – and ultimately our beneficiaries.

Our Intentions

Trustees are committed to ongoing, quality communications with our beneficiaries and other stakeholders.

1. www.ect.org.nz houses relevant content, the Trust Deed, Annual Report, Statement of Intent and other pertinent information is kept publicly accessible.
2. The Annual Report, Statement of Intent and Budget will be available for inspection by the general public in accordance with our obligations under the Trust Deed.
3. Will provide the 2018/2019 Statement of Intent to the Gisborne District Council no later than the end of February 2019.
4. All meetings of the trustees are advertised in the local newspaper and are open for the public to attend. Trustees retain the right to discuss matters of a private or sensitive nature with the public excluded.
5. The Trust will hold an Annual General Meeting on August 16, 2017 (within five months of the Trust's balance date of March 31, 2017). The AGM will include financial statements, auditor's report and a summary of our activities.
6. The Trust will maintain a formal communications strategy and plan, which will include distributing communications during the year to keep beneficiaries informed.
7. We will seek to engage in opportunities to gather both formal and informal feedback – connecting with our community at events, on social media and through various other channels.