



2019/20 Eastland Community Trust

Statement of Intent



An aerial photograph of a city and a river, viewed from a high vantage point. The image is partially obscured by a large, semi-transparent blue circle that frames the text. The text is written in a bold, yellow, sans-serif font.

**Turn your
face to the
sun and the
shadows fall
behind you.**

ECT is a reflection of the people in our region and the vision we share for a brighter future.



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Introduction

The Eastland Community Trust (ECT) is pleased to present its Statement of Intent for 2019-2020.

During the coming year we will release a revised strategic plan as a result of regional engagement on the work developing the community wellbeing framework and assessment tool. The engagement will be a platform for meaningful conversations with communities about their priorities, what community wellbeing means to them, how to assess wellbeing indicators and what they view as priorities for ECT investment.

We will also review the ECT and Activate Tairāwhiti brands, with the aim of better reflecting the region, communicating who we are, our relationships and our purpose.

ECT's SOI period objectives have been grouped in three Pou to the right.



Manage the trust capital through a sustainable approach to income distribution and risk management



Actively invest capital and time to create and grow thriving local businesses that enhance jobs and income levels



Fund, facilitate and support projects and organisations contributing to community wellbeing

Background and Purpose of the Trust

Created May 7, 1993, The Eastland Energy Community Trust's (the Trust) Deed of Trust, is effective from this date. The Trust changed its name to Eastland Community Trust (ECT) 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.

STRATEGIC ENABLERS

Gisborne District Council

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.

We will continue to foster an excellent working relationship with Council at multiple levels of the organisation. Accordingly, we will embed a new internal communications regime as follows:

- A strong CEO to CEO working relationship supported with regular formal and informal meetings.
- Strong governance relationships between Councillors and Trustees.
- Reciprocal CEO and Chair attendance at meetings every two months with the inclusion of formal presentations where necessary.
- Up to quarterly regional initiative meetings for both governance groups to attend.
- Update and execute a funding and delivery Memorandum of Understanding for Activate Tairāwhiti (including the tourism activity).

We will carry out those obligations defined by our Trust Deed as they relate to Council. These include:

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

We will consider the submissions received by Council during the year regarding this SOI - reviewing the issues, developing an action programme that will see us work with submitters where we can, and implementing a communications regime that ensures the community understands the Trust model and its benefits.

We will acknowledge the long-term community funding priorities as outlined by the GDC, and the request to consider partnership with Council to explore alternative commercial operating arrangements. We will work with Council to consider these alternative arrangements and expect the outputs of this work to inform how the Trust can best support Council's priority projects.

Iwi

We are committed to developing meaningful and authentic relationships with Iwi (Ngāti Porou, Te Aitanga a Mahāki, Rongowhakaata, Ngāi Tāmanuhuri) at all levels of the organisation, with a view to ensuring that we travel alongside in partnership and collaboration.

The Trust will:

- Initiate an engagement strategy with Iwi across the region.
- Develop and implement an action plan to respond to specific matter of interest for Iwi.
- Ensure that Iwi and Iwi perspectives are mainstreamed in all ECT's activities.



Eastland Group

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 strengthens its social licence to operate, is environmentally aware and is compliant with all Council consents.

We will continue to develop a shared services model designed to reduce administrative costs and burden on ECT, and seek best for region operating efficiencies.

We would like to see the company support the region's forestry aspirations by developing an investment case for unlocking remote East Coast wood volumes; investigating short-term operational support, long-term investment and ownership options at Prime, and investigating commercial possibilities for owning and operating a combined heat and power plant facility at Prime.

We expect the company will leverage its assets to align with the region's tourism aspirations, particularly in relation to its operations at the Inner Harbour and the Airport, including the planned terminal upgrade.

We expect the successful execution of Te Ahi o Maui this year and anticipate it generating both electricity and revenue in line with the business case. We also expect the company to advance its Port and Network asset management and development plans.

Trustees are aware of the dynamic technology environment in which the energy sector now operates and expect the Group will provide a continued understanding of the risks, opportunities and future investments across the energy sector.

At this point, there are no significant purchases or changes forecast for the period.



STRATEGIC PRIORITIES

Pou

1

Manage the trust capital through a sustainable approach to income distribution and risk management

Trustees will ensure investments contribute to the purposes of the Trust Deed, by facilitating equitable distributions and investments that both provide for income beneficiaries, and preserve Trust capital.

Priorities	Key Projects/Actions	Success Indicator
1.1 In accordance with the Trust Deed, grow the capital base by at least the rate of inflation each year.	<ul style="list-style-type: none"> Continual review of policies, risk management and investments to ensure Trustees can continue to meet the purposes of the Trust and deliver on strategy. 	<ul style="list-style-type: none"> Preserve a further \$5.3 million resulting in preserved capital of \$218.7 million at 31 March 2020.
1.2 Distribute or invest equitably to provide benefit to income beneficiaries via community distributions, businesses and economic initiatives.	<ul style="list-style-type: none"> Review and refine a 10-year economic model to support trustees in distribution decision making. 	<ul style="list-style-type: none"> Up to \$12 million distributed or invested in the region.
1.3 Have an open and professional relationship with Gisborne District Council, both at Councillor and Management levels.	<ul style="list-style-type: none"> Work with Gisborne District Council via a MOU, focused on best for Tairāwhiti outcomes. Deliver this SOI on time, with fully developed content. 	<ul style="list-style-type: none"> A strong CEO to CEO working relationship with Gisborne District Council. Reciprocal CEO and Chair attendance at meetings every two months, with the inclusion of formal presentations where necessary. Up to quarterly regional initiative meetings for both governance groups to attend. We will carry out those obligations defined by our Trust Deed as they relate to Council. These include: <ol style="list-style-type: none"> Notifying Council of all Trustees who have given notice of retirement, who are due to retire by rotation (including those seeking reappointment) or who are disqualified from acting as Trustees. Delivering, the Statement of Intent and Budget estimates.
1.4 Have an open and professional relationship with Eastland Group, both at Board and Management levels.	<ul style="list-style-type: none"> Provide the Shareholder’s Letter of Expectation to Eastland Group and in turn receive the Statement of Corporate Intent from Eastland Group. Work with Eastland Group to strengthen its social licence to operate and provide details of company initiatives to meet its obligations of environmental stewardship, and social responsibility. Actively participate in any alternative regional strategy asset ownership and/or operating model discussions, where appropriate. 	<ul style="list-style-type: none"> Receive a minimum dividend payment of \$10.15m before subvention payments.

STRATEGIC PRIORITIES

Pou

2

Fund, facilitate and support projects and organisations contributing to community wellbeing

The Trust will consider investment in activities and projects which demonstrate strong alignment to priority regional wellbeing indicators.



Priorities	Key Projects/Actions	Success Indicator
2.1 Introduce a draft wellbeing framework to communities of the Tairāwhiti region and seek feedback through a significant engagement programme.	<ul style="list-style-type: none"> • Identify people and organisations to work with and the resources required for the wellbeing framework. • Develop a communications campaign that tells our story, using a range of channels. • Initiate a community engagement programme that will map communities' feedback using phone and online surveys, presentations to focus groups, one-on-one interviews, vision boards and alignment with complementary community projects. 	<ul style="list-style-type: none"> • Communities have a clear understanding of the draft Community Wellbeing Framework. • Community Wellbeing Framework developed and implemented. • Community feedback is evident in the final Community Wellbeing Framework.
2.2 Support organisations and fund initiatives that contribute to improved performance in key wellbeing indicators.	<ul style="list-style-type: none"> • Make distributions decisions using the draft Community Wellbeing Framework as a guide. 	<ul style="list-style-type: none"> • The draft Community Wellbeing Framework is tested against distribution decision making. • Outcomes of testing the draft CWF contribute to finalising the Framework.
2.3 Measure the impact that distributions have on communities of the Tairāwhiti region.	<ul style="list-style-type: none"> • Develop and use a Community Wellbeing Impact Assessment Tool to evaluate the impact of distributions. 	<ul style="list-style-type: none"> • Community Wellbeing Impact Assessment Tool is used to evaluate the impact of distributions.
2.4 Have a constructive and transparent relationship with beneficiaries of the Trust.	<ul style="list-style-type: none"> • Implement a re-brand project that achieves clarity of the Trust's role and structure. • Ensure Iwi/Hapu/community/business/civil engagement in identifying priorities, generating locally-owned solutions and monitoring outcomes. 	<ul style="list-style-type: none"> • Re-brand launched • Engagement activity throughout region determines priority wellbeing indicators.
2.5 Consider key projects aligned to Gisborne District Council long term planning and support where agreed.	<ul style="list-style-type: none"> • Work with Council as the delivery agent for the extension to the Oneroa Walkway. • Participate in the execution and implementation of the Community Facilities Strategy with Sport Gisborne Tairāwhiti. • Contribute to additional projects identified as priorities throughout this SOI period. • Heart of Gisborne activities are amalgamated into the Trust. 	<ul style="list-style-type: none"> • Oneroa Walkway extension delivered. • Agreed support given in the delivery of the Community Facilities Strategy. • Amalgamation of Heart of Gisborne is complete and first year programme of activities is delivered.
2.6 Work with Eastland Group in relation to funding requirements of the new airport terminal	<ul style="list-style-type: none"> • Continue to work through best options for funding of the terminal, including Provincial Growth Fund funding. 	<ul style="list-style-type: none"> • Airport terminal funding is confirmed so building commences in 2019.

Eastland Community Trust Statement of Financial Performance (aligned to Pou 1 and Pou 2)

For the year ended 31 March 2020

	2020 Budget
	\$
Revenue	
Income from Subsidiaries	
Interest from subsidiary advances	1,955,000
EGL - Interest	2,130,000
EGL - Dividends	10,150,000
EGL - Subvention payment offset	(3,855,000)
Income from other investments and operations	
Investment Portfolio Income	1,295,000
Total Revenue	11,675,000
Expenditure	
Direct & operating costs	
Administration	558,000
Depreciation	60,000
Communication & Sponsorship	210,000
Trustee costs	314,000
Personnel	1,276,000
Total operating costs	2,418,000
Operating surplus	9,257,000
Strategic & economic development initiatives	
Strategic & community initiatives	250,000
Impact framework & community engagement	150,000
Total Strategic & economic development initiatives	400,000
Net surplus before taxation	8,857,000

Note: the use of intergroup subvention payments will be used for the investment into these entities as detailed further below.



STRATEGIC PRIORITIES

Pou

3

Actively invest capital and time to create and grow thriving local businesses that enhance jobs and income levels



Economic Development

Activate Tairāwhiti, in partnership with Gisborne District Council funding, will run, support and invest in activities that enable an economic future for those who live in Tairāwhiti Gisborne This includes addressing market failures and assisting businesses, to ensure a socially, economically and environmentally sustainable economy.

Priorities	Key Projects/Actions	Success Indicator
3.1 Partner with employers, schools, training providers, GDC and government agencies to fill available jobs.	<ul style="list-style-type: none"> Continue the Live/Work employment campaign to retain and attract talent. Provide locally led workshops and events that support business start-ups, youth entrepreneurship, Māori and women in business and local business endeavour. Work closely with employers and local talent to meet demand and grow a skilled workforce. 	<ul style="list-style-type: none"> 300 jobs filled by Activate Tairāwhiti partners.
3.2 Improve youth employability	<ul style="list-style-type: none"> Deliver the Licence to Work programme. 	<ul style="list-style-type: none"> 100 high school students participate in Licence to Work.
3.3 Support new and innovative tech-based businesses to grow	<ul style="list-style-type: none"> Continue to grow Launch! Coworking as a tech and innovation hub. Consider the business case for a larger commercial start-up innovation hub. 	<ul style="list-style-type: none"> Full occupancy of Launch! Full programme of business support events delivered. Business case for larger commercial start-up innovation hub delivered/reviewed and a decision made.
3.4 Support the Tairāwhiti Economic Action Plan (TEAP) steering group to deliver the revised action plan	<ul style="list-style-type: none"> Support the delivery of transformational economic development projects. Work with partners to submit quality Provincial Growth Fund applications. 	<ul style="list-style-type: none"> All Activate Tairāwhiti actions in the refreshed TEAP are delivered on time. Māori aspirations and economic development priorities are supported in the portfolio.
3.5 Connect with the Tairāwhiti Gisborne business community to identify and support growth opportunities and remove barriers to growth and employment	<ul style="list-style-type: none"> Deliver the Regional Business Partner programme. 	<ul style="list-style-type: none"> Actively support 120 local businesses. At least 30% of businesses engaged will be Māori.
3.6 Support a programme of business start-up events	<ul style="list-style-type: none"> Support start-up weekends and associated activities. 	<ul style="list-style-type: none"> Minimum of 10 businesses supported via start-up activities.
3.7 Continue to grow the Prime Wood Cluster Centre of Excellence	<ul style="list-style-type: none"> Facilitate growth through existing businesses plus an additional business, which would ideally be vertically integrated with Far East Sawmill. Form a partnership with private enterprise to create a commercial activity for the collection and transformation of wood waste. 	<ul style="list-style-type: none"> Create up to 80 additional jobs. Timber processing output increases.
3.8 Continue to develop Commerce Place	<ul style="list-style-type: none"> Complete and initiate developments at Commerce Place. 	<ul style="list-style-type: none"> Two developments underway with up to 10 new jobs created.

Tourism

Create a sustainable tourism industry (economically, socially, environmentally and culturally) that provides employment and income opportunities to communities across Te Tairāwhiti.

Priorities	Key Projects/Actions	Success Indicator
3.9 Destination development	<ul style="list-style-type: none"> • Research, define, share and maintain data and insights for targeted visitor markets. • Facilitate and enable high quality commissionable visitor experiences in Tairāwhiti. • Undertake a full assessment of regional cruise ship activity. • Create an inventory of regional accommodation. • Implement a regional visitor event strategy, aligned with visitor positioning. 	<ul style="list-style-type: none"> • Tourism employment grows as a share of total regional employment. • All tourism businesses supported by ECT commit to Qualmark and TIA NZ Sustainability Commitment. • 2-4 new Tourism products bought to market. • Assessment of regional cruise ship activity is complete and used to assist strategy and decision making. • Inventory of regional accommodation is complete and used to assist strategy and decision making.
3.10 Destination marketing	<ul style="list-style-type: none"> • Identify, develop and lead regional campaigns and communications to drive visitor numbers. • Evolve marketing campaign activity to highlight and align with Tuia 250 and Tupapa stories. • Redevelop and build resource in the Gisborne i-SITE Visitor Information Centre. 	<ul style="list-style-type: none"> • Visitor spend October/November and February/March, grows at a higher rate than the peak summer months of December/January. • Spend on visitor attractions and experiences as a share of total spend, increases. • Work conducted with delivery partners for quality Tuia 250, Tupapa and Tairāwhiti Arts Festival campaigns as priority campaigns for Tourism. • Gisborne i-SITE customer satisfaction exceeds national i-SITE average with implementation of NPS.
3.11 Destination management	<ul style="list-style-type: none"> • Provide regional leadership to enable inclusive communication and a collaborative approach in the tourism industry. • Develop mutually respected working relationships and connections with iwi to assist them in achieving their tourism aspirations. 	<ul style="list-style-type: none"> • Iwi are actively engaged as partners, operators and service providers in the visitor industry. • Tourism Industry tourism forum held. • Region wide engagement held across shareholders to inform 2019 and 2020 Tairāwhiti tourism industry development.

Activate Tairāwhiti Statement of Financial Performance (aligned to Pou 3)

For the year ended 31 March 2020

	Budget	ED	Tourism	Commercial
Revenue	\$	\$	\$	\$
Contract Income	1,175,404	655,396	520,008	-
Events, Workshops & On sold	38,004	-	38,004	-
Retail	131,772	76,776	54,996	-
Travel	180,000	-	180,000	-
Other income	-	-	-	-
Total Revenue	1,525,180	732,172	793,008	-
Expenditure				
Direct costs				
Contract costs	200,004	200,004	-	-
Event, Workshop & On sold costs	33,996	-	33,996	-
Retail costs	20,004	-	20,004	-
Travel costs	162,000	-	162,000	-
Cruise costs	-	-	-	-
Total direct costs	416,004	200,004	216,000	-
	1,109,176	532,168	577,008	-
Operating costs				
Marketing/Communications/Events	952,528	92,040	860,488	-
Administration expenses	395,016	239,016	156,000	-
Personnel expenses	1,828,036	829,464	718,572	280,000
Total operating costs	3,175,580	1,160,520	1,735,060	280,000
Operating investment - Activate Tairāwhiti Ltd	(2,066,404)	(628,352)	(1,158,052)	(280,000)
Non-Operating costs				
Depreciation	126,900	24,900	102,000	-
Finance Costs - Inter Entity	-	-	-	-
Total operating costs	126,900	24,900	102,000	-
Investment - Activate Tairāwhiti Ltd	(2,193,304)	(653,252)	(1,260,052)	(280,000)
Strategic & economic development initiatives				
Economic & tourism development initiatives	750,000	250,000	300,000	200,000
Total Strategic & economic development initiatives	750,000	250,000	300,000	200,000
Net investment before taxation	(2,943,304)	(903,252)	(1,560,052)	(480,000)

These investments will be covered via a subvention payment agreement with Eastland Group. In this case, we use the subvention payment for tax efficiencies between Eastland Group and the investments ECT makes in its subsidiaries including Activate Tairāwhiti, its Tourism function and the Eastland Development Fund.



**We should work
together for the
wellbeing of
everyone.**

For more information visit
www.ect.org.nz