



**ECT**  
EASTLANDCOMMUNITYTRUST

**EASTLAND  
COMMUNITY  
TRUST**

**STATEMENT  
OF INTENT**

**2014  
2015**





# INTRODUCTION

The Eastland Community Trust is proud to present its Statement of Intent for 2014–2015. This document outlines the Trust’s direction and provides an overview of the activities the Trust intends to carry out.

While the Trustees remain focused on preserving capital and providing for beneficiaries they have identified four themes for the coming financial year. We want to:

- Continue to improve our relationships and communications.
- Complete the triennial ownership review of the Eastland Group.
- Continue with and enhance the structure and targeting of our distribution programme.
- Take the investigation and research work the Trust has done in previous years to implementation.

An architectural rendering of a modern building. The building features a prominent glass and metal structure in the foreground, with a white and grey facade behind it. A tall palm tree is visible on the left side. The sky is a clear, light blue. A semi-transparent dark blue banner is overlaid across the middle 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 Trust continues to perform well.

The Eastland Group had a positive year with port operations, in particular, performing well. This was supported by a steady lines business and growing generation sector. Trust investments outside the company also performed well and grew 3.4% to well over \$40 million.

During the past 12 months, over \$3million was added to funds available for distribution, exceeding the \$2.7million target by around 10%. Significant funding was committed to Eastwoodhill Arboretum, an extension of the home insulation subsidy programme and the War Memorial Theatre Upgrade. In addition the Trust helped set up a new fund called the Community Endowment Fund which is an independently administered trust holding funds in an endowment programme for the benefit of local organisations and projects.





## IN 2014–2015

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

## EASTLAND GROUP

The Trust will continue to support the Eastland Group's aspiration to be a great New Zealand company – it is essential to the long-term success of the Trust and Gisborne region.

Eastland Group is a Gisborne based investment holding company that has defined growth objectives and operates primarily within the broader infrastructure sector.

Its current activities are based around three business areas;

- Regulated energy
- Unregulated energy
- Logistics

Each of these businesses is asset intensive and requires significant capital. However the Eastland Group is interested in looking at opportunities within the broader supply chain associated with these businesses, in particular where an investment provides some element of control or competitive positioning.

It also has a broader mandate to look at opportunities within Tairāwhiti that fit its investment criteria.

As required under the deed the Trust must, at three yearly intervals, review whether to continue to own equities in the company or look at divestment options. We will complete a review of this in line with the trust deed this year.

## RELATIONSHIPS AND COMMUNICATIONS

Investing in our relationships and improving communication is critical to the Trust. It is not only about building relationships but for those parties to be very clear about the Trust, what it is doing and how it can add value to their organisation's activity. We want to:

- Continue working with Council.
- Advance relationships with Iwi.
- Establish strong links with government sectors.
- Cement a strong relationship with the Eastland Group.
- Continue to educate beneficiaries about the Trust making them aware of our activities.

## OUR PROJECTS

In 2014–15 the Trust will make an estimated \$3 million available for its grant activity. During the year the Trust will review how this funding is made available to its beneficiaries. This work will include:

- Ensuring priority areas for funding are clear and still relevant
- Looking at the profile of the regional development projects over the next 10-years and assessing the Trust's future in them.
- Seeing if we can simplify and streamline the application process to make it easier and more efficient.

The Trust has initiated significant investigations over the past 24 months and these need to be advanced. It is now focused on moving those projects to the next level

which will include exploring what needs to be done, who will do it and we will work to resourse that work. Key works that need to be considered have been the:

- Regional economic development proposal.
- Education study.
- Heritage tourism study.
- Community endowment fund.
- 250-year commemoration planning of Cooks arrival.
- Events and sports infrastructure study.

## BUSINESS AS USUAL

With a full year of activity it is also important to not lose focus on the business as usual. Trustees will set aside time to understand and manage the risks facing the Trust, monitor and review its strategy and ensure all elements of compliance are met.



## COMMERCE PLACE

Purchased in late 2013, Commerce Place will be actively used to help business growth within the region.

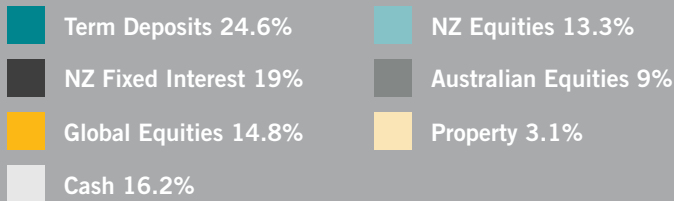
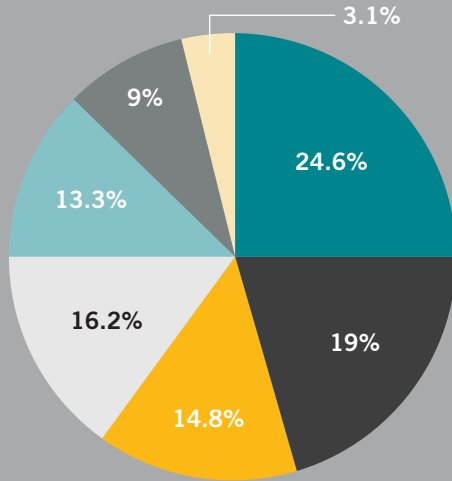
The Trust bought this land to facilitate business growth and development in the region. By owning this land we can provide economically sustainable options to assist new and developing businesses set up in our city. We are targeting businesses which bring with them job creation opportunities, product development and innovation.

Targeted outcomes are: increased number of jobs, increased business activity, higher levels of private investment and a wider diversification to our regional economy. This will be achieved by:

1. Lowering the barriers for businesses locating to the region.
2. Lowering the barriers for existing Gisborne-based businesses to expand.
3. Increasing the opportunity to entice new businesses to the region.



## BREAKDOWN OF OTHER INVESTMENTS



# 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 its activities to meet 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 \$181m. Over the same period the Trust has received over \$38.7m 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 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 investment portfolio performance and investment policy. This is expected to occur in the second quarter of 2014/15.

A white helicopter with yellow and red stripes is flying over a green, hilly landscape. The helicopter is the central focus, with its rotors blurred from motion. The background shows rolling hills and a clear sky.

# 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 \$3m 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

We prefer projects that help create a dynamic environment to 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 are more likely to be considered where:**

- The project shows a clear benefit to the Trust's beneficiaries.
- The project is not for essential services or functions that the Trust deems the responsibility of local or central government.
- All information is provided as requested.
- The application is not for political purposes.

**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 its sponsorship programme and will maintain an allocation of \$100,000 during the 2014/15 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.



Photo courtesy of The Gisborne Herald.





Thank you for your support and contribution to the ECT. We are proud to have you as a member of our community.



# 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.

### Performance against activity

KEY MEASURE	METHOD	TARGET
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%
Review funding model		December 2014
Review investment policy		August 2014

### Performance against trust deed

KEY MEASURE	METHOD	TARGET
Complete ownership review of Eastland Group.		March 2015
Publish Annual Report including auditor's report and financials.		By July 31, 2014
Hold Annual General Meeting.		By August 28, 2014







## ECT 2015 BUDGET

For the year ended 31 March 2015.

	2015 SOI Budget \$'000
<b>REVENUE</b>	
EGL – Capital Notes	2,580
EGL – Dividends (3001)	5,000
Craigs Growth Portfolio	1,063
Craigs Income Portfolio	112
Forsyth Barr Portfolio	344
Investment Funds	223
<b>Total Income</b>	<b>9,322</b>
<b>FIXED ADMINISTRATION COSTS</b>	
Accountancy Fees	(3)
Audit Fees	(18)
Communications	(29)
Consulting & Legal	(10)
Management Expenses	(36)
Office Expenses	(148)
Staff costs	(361)
Trustee Expenses	(160)
<b>Total fixed administration costs</b>	<b>(766)</b>
<b>Earnings before interest, income tax, depreciation and amortisation (EBITDA)</b>	<b>8,556</b>
<b>VARIABLE COSTS</b>	
Sponsorship	(100)
Project Portfolio	(30)
Audit & Finance Portfolio	(65)
Innovation Portfolio	(10)
Investment Portfolio	(135)
<b>Total variable costs</b>	<b>(340)</b>
<b>Profit before income tax</b>	<b>8,216</b>
Income tax expense	(2,176)
<b>Net profit after tax</b>	<b>6,039</b>
<b>Amount available for distribution</b>	<b>3,020</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 2015.

#### **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 roll 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 roll 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, 2014.
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.



