



EASTLAND COMMUNITY TRUST
STATEMENT OF INTENT

2012
2013



*Back from left: General Manager Leighton Evans, Geoff Milner, Michael Muir, Philip Searle, Brian Wilson.
Front from left: Joe Martin, Chairman Richard Brooking, Vicki Thorpe.*

INTRODUCTION

The Eastland Community Trust is pleased to present its Statement of Intent for the 2012-2013 year.

This is our guiding document, it sets out our intentions for the coming financial year and explains the challenges we will be addressing which include:

- Balancing the multitude of approaches from our beneficiaries.
- Prudently managing the diversification and growth of our investments.
- And initiating or responding to any new project ideas.

The coming year will be dominated by prudently managing demands placed on the Trust. While these will not be easy, we look forward to the challenge.

For further information please contact us or visit our website on www.ect.org.nz.



Richard Brooking CHAIRMAN





BACKGROUND

The Eastland Community Trust is perfectly placed to capitalise on some golden opportunities.

With the success of the Eastland Group, established investment frameworks and a growing relationship with our beneficiaries the Trust now has the chance to influence regional change and make a significant difference.

This Statement of Intent outlines this year's activity to take advantage of opportunities before the Trust.

OUR PURPOSE

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

OUR VISION

The 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.



IN 2012–2013

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

EASTLAND GROUP

The Eastland Group has continued its path of success offering an increasing return on the Trust investment. The Trust is fully supportive of the Eastland Group and wants the company to grow further and offer continued improving returns.

To allow this to happen the Group requires additional equity to fund that growth. During the coming year the Trust, with the company, will look at ways this additional funding can be accessed and how it might necessitate a change in the equity structure of the company.

GROWTH

The Trust has been working hard to improve its performance and provide good service to its beneficiaries. In order to continue to meet the expected demand of this growth phase the trust will need to change the way it is administered.

The need to manage growth brings with it, increased time

pressure, the need for more resources and operational costs. These will have to be managed carefully within the annual budget.

THE PROJECTS

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

The Trust continues to be faced with a significant number of community project requests. With robust application evaluation processes in place the Trust will support projects that meaningfully contribute to our vision for the region.

The Trust will focus, in the coming year, on using its resources to ensure community projects are actually delivered into reality.

The Trust has been in discussion with the Council in respect to community development projects in its Long-term planning process. As part of our community investment

plans, significant funding is likely to be made available to projects that align within the scope of our deed and preference criteria.

In the coming 12 months the Trust will investigate our support for the rescue helicopter as well as the Warm Up Eastland initiative. The Trust has also committed itself to projects such as the Transit of Venus celebration in June 2012.

CHARITABLE STATUS AND TAX EXEMPTION

The Trust is reviewing whether it will continue seeking charitable status.

We also want to continue working with the Council on updating the Trust Deed, which may include reviewing the appointment model.

EASTLAND DEVELOPMENT FUND

In limbo since 2009, the future purpose of this entity is planned to be settled in the coming year. Future direction is likely to see this entity re-engineered to provide some or all of the following:

1. A commercial vehicle for the Trust to have direct investments outside the Eastland Group.
2. Co-ordinate economic development support services to the region.
3. Administrative and project services to the Trust or on behalf of the Trust.

RELATIONSHIP MANAGEMENT

Building and maintaining strong relationships with key sectors of our community will continue to be a focus of the Trust in the coming year. Key groups for the Trust are the capital and income beneficiaries.

The Trust is also looking at creating positive relationships with entities outside the region that will be beneficial to the prosperity of our region. Relationships with Crown Research Institutes and others will be actively pursued.

INVESTMENT PORTFOLIO



OBJECTIVES OF THE INVESTMENT PORTFOLIO ARE:

- 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.

EASTLAND GROUP

The Eastland Community Trust is the sole shareholder of the Eastland Group Ltd. It is no secret that the Eastland Group has grown significantly since its inception and has become an increasingly successful owner/operator of key infrastructural assets. Since 2002 the value of ECT's investment in the company has grown from \$40m to \$160m and it has received over \$30m in dividends.

ECT supports the Eastland Group's desire to keep growing, expanding into new regions and new ventures and understands the need for investment in some of its existing operations including the Eastland Port and the Gisborne Airport refurbishment for the runway. The Group is also keen to expand and pursue development opportunities. To achieve this, the Group has indicated additional capital funding is necessary.

In order to meet this need, the Eastland Community Trust has resolved to look at options that involve other investors.



PROJECT PORTFOLIO





OBJECTIVES OF THE PROJECT PORTFOLIO

- 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 continued collaboration with like-minded community agencies where a partnership approach to economic development initiatives is pursued.

As well as obtaining community input, Trust management and trustees will proactively facilitate, and where appropriate, initiate economically based community projects and community infrastructure initiatives within the district. The Trust sees itself as playing various roles depending on the nature and needs of any project.

Acting as a catalyst, the Trust will commit management support to help set up or enhance a project. If warranted the Trust may also facilitate a project, encouraging it into reality by committing funding and/or management support. The Trust may also act as an initiator, committing large amounts of funding and/or support to make a project happen.

CURRENT ALLOCATION

ECT will specify a budgeted amount available for distribution in any one year. This figure is linked to the Trust's income. The estimated funds available for distribution for the 2013 financial year are \$2.7M.

Distribution estimates are a forecast of how much the Trust plans to distribute. Any amounts are always at the discretion of the 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. This might be because there are no available projects or the trustees want to hold funds to cover a larger project.

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 project is an established commercial activity.
- 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.

SPONSORSHIPS

The Trust has widened the scope and increased the quantum it will make available for sponsorships in its 2012/13 programme.

Up to \$100,000 will be made available with a maximum sponsorship of \$5000. Preference will be given to applications which can demonstrate some or all of the following:

1. Have wide community support.
2. Maximise the 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.





MONITORING OF PERFORMANCE

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

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
Total equity of trust group	Total Net Assets	>\$256M
Value of yield return and capital growth	Growth Total Net Assets	>8%
Assets invested outside the Group	Growth Total Net Assets	>7%
Amount available for distribution	Annual budget allocation	>\$2.7M
Timely processing of applications	Application processed in under 3 months	80%
Sponsorships	Sum distributed	>30% of budget
Net profit before interest, tax and distributions	Compliance with budget	Within 5% of budget



ECT

EASTLAND COMMUNITY TRUST

2013 BUDGET

Income		2013 Budget
EGL - Dividends		4,600,000
EGL - Capital Notes		2,595,000
Craigs Portfolio		1,194,003
Investment Fund Cash		468,144
Total income		8,857,147
Expenditure		
Fixed Trust Administration Cost		
Accounting	33,000	
Audit	31,950	
Communications	34,931	
Consulting & Legal	20,000	
Management Expenses	178,728	
Trustees Expenses	180,296	
Office Operations	75,120	
Wages	172,500	
Total Fixed Trust Administration Costs		726,525
Post Operational Pre Tax Profit		8,130,622
Variable Trust Administration Cost		
Audit & Finance*	130,000	
Investment Portfolio**	320,000	
Project Portfolio	207,500	
Total Variable Trust Administration Costs		657,500
Post Activity Pre Tax Profit		7,473,122
Provision for tax		2,466,000
Amount Available for Distribution		2,723,758

*\$120k provision for charitable status and tax exemption.

**\$310k provision for EGL capital raising project.

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 2013.

The Trust was established for the following purposes:

1. To preserve the value of the capital of the Trust fund having regard to the affect 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:

- Whose name appears on the residential electoral role of the Gisborne District Council
- Whose name appears on the ratepayer electoral roll of the Gisborne District Council
- 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
- Who at any time is listed on a role of voters entitled to vote at an election of councillors of the Gisborne District Council
- 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
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 2013 Statement of Intent and Budget will be provided to the Gisborne District Council no later than the end of March 2012.
4. 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.
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.





Eastland Community Trust
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www.ect.org.nz