



2011-12

Statement of Intent & Budget

For the year ending 31 March 2012



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Introduction

The Eastland Community Trust is pleased to present its Statement of Intent for the 2011-2012 year.

This is our guiding document and sets out our intentions for the 2011/12 year and it explains the challenges we will be addressing below:

- Balancing the multitude of approaches from our beneficiaries;
- Progressing the charitable and tax exempt status of the trust;
- Reviewing trustee remuneration;
- Reviewing the ownership of the Eastland Group;
- Prudently managing the diversification and growth of our investments;
- Developing a monitoring and evaluation framework;
- Reviewing the Healthy Homes programme;
- Progressing the Churchill Park and the Navigational Traditions projects; 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.

A handwritten signature in black ink, appearing to read 'Richard Brooking'.

Richard Brooking
CHAIRMAN

Background

During the 2010/11 year, the ECT trustees carried out a major strategic review to refine and update the Trust's long term direction.

The outcome of this review is that the Trust has a renewed vision and clear purpose and mission.

This agreed strategic direction provides a solid platform for our future.

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 2011 – 2012

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

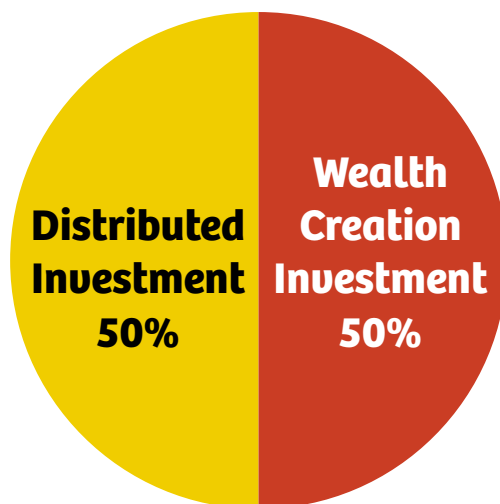
Balance saving and spending

At the heart of Trust decisions is the need to balance growth in the Trust Fund to increase future income and distributions to provide immediate benefits.

The key task for the Trust is therefore to balance longer term wealth creation (saving) and shorter term distribution investment (spending).

In 2011/12 trustees intend to allocate up to 50% of income to distribution investment and the balance to wealth creation investment.

Income allocation



Charitable status and tax exemption

There will be an evaluation of the costs and benefits of the Trust gaining charitable and tax exempt status. This will require the Trust deed and organisational structures to be reviewed and changed.

In this process the Trust will be considering:

- The purposes of the Trust;
- The way trustees are appointed;
- The capital beneficiary and the winding up of the Trust; and
- Possible resettlement of the Trust.

The Trust will consult with the Gisborne District Council as the changes needed to achieve tax exempt status will have an impact on the Council's current relationship with the Trust.

Trust deed review

In conjunction with seeking charitable status and tax exemption the 19 year old Trust deed is in need of review. This will be based on the most up to date "best practice" for trusts and clarify existing ambiguities.

In 2011 – 2012

Trustee Remuneration

The Trust will seek approval from the Gisborne District Council for an increase in the fees paid to trustees to a reasonable level as provided for in the deed. The Trust sees this as a critical issue to ensure quality trustees are able to be attracted and retained.

Eastland Group ownership review

In accordance with the trust deed the Trust will review its ownership of the Eastland Group.

Monitoring and evaluation framework

The Trust plans to work where practical with other monitoring agencies to develop a monitoring and evaluation framework. This framework will ensure that the Trust's investments and any complementary investment from other agencies are contributing to the Trust's goals.

Increasing our management resources

The Trust will need to develop our project management services to meet the increasing project demands the Trust is facing. Service delivery options around location, staffing, contractors and the use of consultants will be optimised to deliver the most cost effective trust administration and project management support.

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.

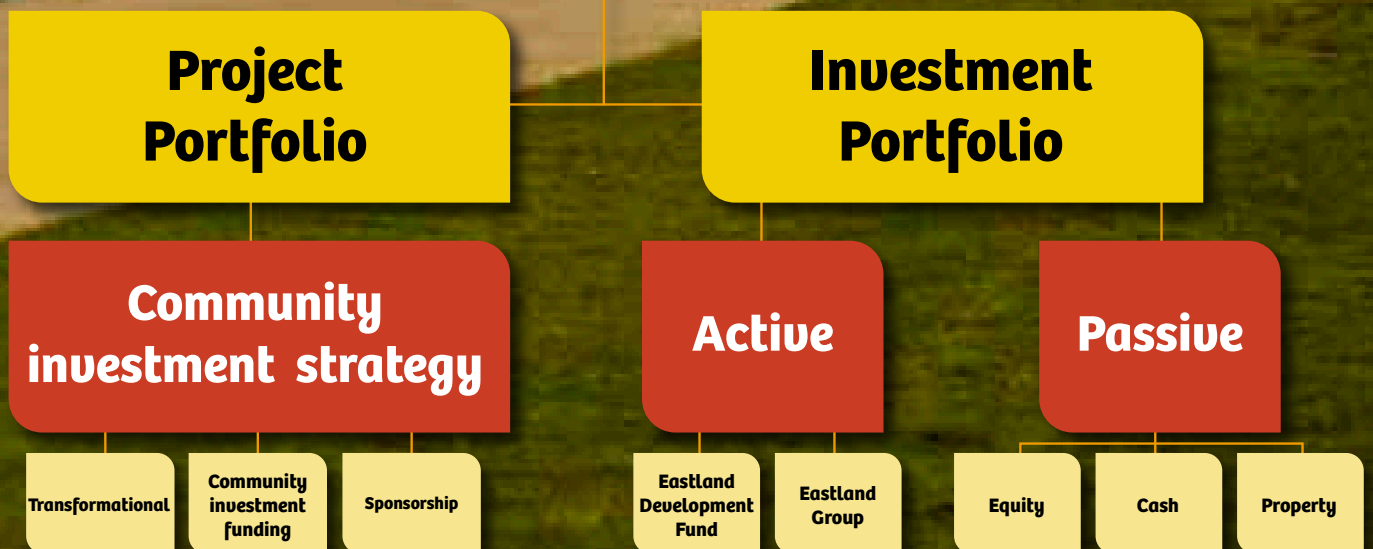
The projects

The Trust has currently over \$100M worth of projects on the horizon to look at in 2011/12. We are already committed to significant investments in the Rescue Helicopter, Healthy Homes and the Tolaga Bay Wharf. In the coming 12 months other projects that the Trust will be investigating are the continuation of the Healthy Homes initiative, the Community House, the role of ECT in a regional Economic Development Agency and the developments in the Waikanae Precinct.

Our structure



ECT
EASTLANDCOMMUNITYTRUST



How are we going to do this?

Investment portfolio

The objectives of the Investment Portfolio are:

1. To grow the Trust's net income by at least 5% per annum.
2. To preserve the Trust's capital.
3. To monitor investment in majority owned companies to ensure shareholder value is added.
4. To diversify the Trust's investment, as practicable, to ensure concentrations of risk are minimised.
5. To ensure the Trust has appropriate management and governance resources to execute the strategy.
6. Proactively look for investment opportunities.

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.



Project portfolio

Objectives of the project portfolio:

- 1. To take a proactive approach in seeking out and/or facilitating significant community investment.*
- 2. Have sufficient reserves and resources to fund projects of such size and scope to effect transformational change in the community.*
- 3. To enhance the Gisborne district economy by aiding capacity for growth, including expansion of business activity.*
- 4. To make a significant contribution to the community's way of life.*
- 5. To allow for an allocation of Trust funds to projects. All projects will be required to have sustainable financial and social returns to the region over the life of the project.*

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 2012 financial year are \$2.7M.

The distribution estimates are the maximum that the Trust plans to distribute and any amounts are always at the discretion of the trustees and subject to financial considerations. It is envisaged that funds will be carried over from year to year if appropriate projects are not available in any one year or the trustees wish to hold over the distributions to fund a particular project.

Projects will not be considered where:

1. The project does not benefit the Trust's beneficiaries
2. The project is for essential services or functions that are normally the responsibility of local or central government
3. All information requested is not provided
4. The project is an established commercial activity
5. 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 following projects have already been committed to for the 2011/12 financial year:

- **Eastland Rescue Helicopter \$300,000**
- **Healthy Homes \$212,500**
- **Tolaga Bay Wharf \$500,000**

How will we know we are on track?

Monitoring of Performance

The Trust throughout the coming year will continue to monitor its performance against our objectives. In monitoring, 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 Performance Indicators for 2012

Performance Sector	Measure	Target
Finance and Administration	Net Income before Distributions and Tax	<5% from budget
Finance and Administration	Total Income	Increase 2011 total income by \geq 5%
Investment	Eastland Group Ownership	Review completed by 30 June 2011.
Investment	Portfolio distribution	An asset allocation plan will be developed by March 2012.
Projects	Processing applications	100% of projects receive a formal: a) letter of receipt b) update every two months until a decision has been made c) notice of final decision

Budget

For the year 1 April 2011 to 31 March 2012

Income

Active Portfolio

Eastland Group

Dividend	\$4,400,000
Capital Note Interest	\$2,595,000

Passive Portfolio

Craigs Portfolio	\$1,208,730
Investment Fund Cash	\$562,200
Project Funds	\$167,500

Total Income **\$8,933,430**

Expenditure

Trust Administration

Trustees Fees	\$149,000
Management Cost	\$177,200
Accounting and Secretarial	\$51,000
Communications	\$34,950
Consulting and Legal	\$20,000
Audit	\$16,000

Total Trust Administration Costs **\$448,150**

Special Activity Costs

Investment Portfolio	\$10,000
Audit and Finance Portfolio	\$10,000
Office Establishment	
Secretarial	\$51,360
Office lease	\$30,000
Office infrastructure	\$24,000

Total Special Activity Costs **\$125,360**

Trust Operational Expenditure **\$573,510**

Post Operational Pre Tax Profit **\$8,359,920**

Project Activity

Project Portfolio	
Investigations	\$439,624

Total Project Activity Cost **\$439,624**

Post Activity Pre Tax Profit **\$7,920,295**

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 2012.

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 2011 Statement of Intent and Budget will be provided to the Gisborne District Council no later than the end of March 2011.
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, at the H.B. Williams Memorial Library and the Gisborne District Council offices at Fitzherbert Street in Gisborne and the service centre in Te Puia.
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, 2011.
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.

