



# EASTLAND COMMUNITY TRUST: FACT SHEET

April 2018

**The Gisborne District Council is responsible for appointing Trustees to the Eastland Community Trust.**

## Eastland Community Trust Overview

The Eastland Community Trust was created on 7 May 1993 and has as its governing document a deed of trust. The Trust deed, Annual Reports, Statement of Intent, budgets and other pertinent documents are available on the Trust website <http://www.ect.org.nz/about-ECT/governance-documents/>. The Statement of Intent details the Trust's plans for the coming financial year.

## Purpose and Visions

The Trust has a clear purpose:

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

Our vision adds meaning to this purpose:

**ECT will assist in creating a more positive, prosperous and attractive community**

The Trust will do this through its mission statement:

**to foster the Gisborne district's economic prosperity through acquiring, owning and prudently governing investments, and utilising resources to support and encourage selected commercial and community enterprises**

Over the last few years, the Trust has built its capital base to allow significant transformational community investment to be undertaken. The Trust will play an important role as an investor within the community using the provisions contained within the Trust deed to initiate community and economic investment aimed at delivering community wellbeing and encouraging and sustaining economic growth in the Tairāwhiti Gisborne region.

## Commercial Investments & Income

The Trust pre-tax net income for the financial year ending 31 March 2018 was \$ 24.4 million at a group level.

Investments include externally managed investment portfolio's and 100% ownership of Eastland Group, which is governed by an independent Board of Directors. Eastland Group activities primarily comprise strategic asset intensive businesses crucial to the Gisborne district's economy focussed on energy (lines network and power generation), and logistics (Port and airport management).

The Trust is committed to supporting new investment initiatives outside Eastland Group where the projects are aligned to the objectives of the Trust.

The Trust subsidiary, EDFL is the vehicle for development and implementation of community investment projects. EDFL may be structured to include existing entities within the district that are focused on economic and community development. ECT has invested \$11.52 million via Prime SPV Ltd to create a wood cluster at Matawhero. To date it has on-sold the sawmill, creating 50 - 60 direct jobs and has a 49% investment in an engineered wood business, creating a further 20 high profile jobs.

The externally managed investment portfolio's had a value at 31 March 2019 of approximately \$52 million. The Portfolio's are intended to provide diversified returns while maintaining relatively liquid.

## Community Investment & Distributions

The Trust has allocated \$12 million for distribution in the 2019/20 year for community projects and investment initiatives. These investments look to support a range of business and community initiatives. A key objective of this work is to encourage or sustain economic growth within the District.

The preferences of the Trust are to make distributions which contribute to the following community wellbeing focussed outcomes:

- 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 the 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.

The Trust will proactively seek out projects that have transformational impact on wellbeing within the community. Smaller projects, in terms of funds required, are likely to have a less hands on approach by the Trust than larger projects.

In all cases of investment by the Trust, either commercial or non-commercial, high standards of governance, management, transparency and accountability will be essential prerequisites for consideration of any investment. The Trust is committed to continued collaboration with like-minded community agencies where a partnership approach to economic development initiatives can be pursued.

In addition the Trust is now the majority funder and 100% owner of Activate Tairāwhiti Limited, the regions economic development agency, which also now includes responsibility for the regional tourism activity. Both regional marketing and destination development, as well as the Regional Tourism Operator, incorporating the I-site activity and regional promotion. Activate Tairāwhiti Limited delivers the economic activity described above.

Trustees have instigated an Advisory Board to oversee Activate Tairāwhiti and Trustees appoint Directors to this board, a critical governance function to deliver on this activity.

## Purpose of the Trust

- (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 Trustee in the exercise of their powers and duties under the 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 -
  - (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, after taking such advice as they think fit and having regard to the cost of supplying power to those areas, are of the opinion that the provision of those services by the Company will not provide an acceptable commercial return to the Company except at a cost to the consumer of that electricity that is excessive having regard to the cost to the majority of consumers who are connected to the Company's electricity distribution system and who have similar load profiles;

- (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 that is or may be directly or indirectly for the benefit of the beneficiaries.

### Persons to be Appointed as Trustees

The Gisborne District Council in appointing Trustees must take all reasonable steps to ensure that:

- (i) The Trustees to be appointed are persons capable of representing the interests of the community as a whole;
- (ii) The Trustees to be appointed have adequate business and commercial ability;
- (iii) The Trustees to be appointed are persons who are likely to ensure that the purposes of the Trust are attained;
- (iv) While equity securities and debt securities in the Company are held as part of the Trust Fund, the Trustees to be appointed are persons who are likely to ensure that the Company operates as a successful business and who have regard to the desirability of ensuring the efficient use of energy.

There are also several restrictions placed on potential Trustees. These include:

- The number of Councillors, Council or company employees or ex-employees
- Persons who are, or have been bankrupt, insolvent or financially stressed
- Person who has been convicted of an offense punishable by imprisonment

If you are at all uncertain, please refer to section 10 of the [Trust deed](#).

### Extract from Gisborne District Council's Policy on Appointments

The selection of candidates to receive the Council's support for appointment to the Board will include a consideration of criteria such as:

- (a) The balance of skills on the Board;
- (b) The views of the Board's Chairman in this regard;
- (c) A connection with the Gisborne district;
- (d) An appreciation of the operating environment ie: public entity with local authority majority shareholder;
- (e) Commercial acumen, success and innovation;
- (f) Quality of judgements and integrity;
- (g) The ability to attend board meetings, especially emergency meetings;
- (h) Any constraints or conditions in the trust deeds or constitution.

A decision on the appointment of Trustee's will be a decision for the whole Council. Under existing Standing Orders, this vote is required to be taken by Division.

Council will undertake this process in private and in accordance with the provisions of the Local Government Official Information and Meetings Act.

### Meeting Frequency

- Eastland Community Trust (ECT) meetings are generally held monthly, (generally excluding January and August), beginning at 9.00am at the ECT office. They generally require most of the day.
- Sub-committees of the Trust meet as necessary. Committees in place are: Audit and Risk and Remuneration.
- Special meetings are held as required.
- The Annual General Meeting is held once a year to present the accounts which is held within four weeks after the audit report to the Trustees - now in July.

### Eastland Network Charitable Trust

Trustees appointed to the Eastland Community Trust are also appointed as trustees of the Eastland Network Charitable Trust. This is a registered charitable Trust aligned to Eastland Community Trust.

For further information on the Trust please contact the Trust's Chief Executive Officer, Gavin Murphy, on 021 760 029 or visit the Trust website [www.ect.org.nz](http://www.ect.org.nz).

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