

Appendix

**Statement of Intent
&
Budget Estimates**

Eastland Community Trust

For the Year Ending 31 March 2006



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1 BACKGROUND

The Eastland Energy Community Trust (the Trust) was created on the 7th day of May 1993 and has as its governing document a deed of trust effective from this date. The Trust subsequently changed its name to Eastland Community Trust on the 6th of December 2004.

Clause 16.7 of the trust deed requires the Trust to prepare and deliver to the Gisborne District Council a statement of intent no later than one month prior to the end of each financial year ending on the 31st of March. The information that follows in this statement of intent has been prepared to satisfy the requirements of clause 16.7 in respect of the income year ended 31 March 2006.

2 PURPOSE OF TRUST

The Trust was established for the following purposes:

- 2.1 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.
- 2.2 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:
 - 2.2.1 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.
 - 2.2.2 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.

No trust purpose shall be deemed to have greater significance than any other such purpose.

[The term "company" means Eastland Network Limited (previously Eastland Energy Limited)]

1 BENEFICIARIES

The term “beneficiary” is defined as follows:

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 Council; or
- Whose name appears on the ratepayer electoral roll of the Council; or
- Whose nominee’s name appears on the ratepayer electoral role of the Council pursuant to section 7BG of the Local Elections and Polls Act 1976; or
- Who at any time is listed on a role of voters entitled to vote at an election of councillors of the Council; or
- 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.

[The term “company” means Eastland Network Limited (previously Eastland Energy Limited)]

2 MISSION STATEMENT

The Trust’s mission statement is as follows:

“to foster the Gisborne district’s economic prosperity, through acquiring, owning and prudently governing investments, and distributing wealth to selected commercial and community enterprises”

1 OBJECTIVES

The principle objective of the Trust is to transact business with the aim of fulfilling the purpose of the Trust as set out in the trust deed.

The Trust intends to achieve this by:

- 1.1 Monitoring its investment in subsidiaries with a view to ensuring that value is added by the achievement of appropriate commercial rates of return.
- 1.2 Diversifying the Trust's investments where possible to ensure that concentrations of risk are minimised.
- 1.3 Managing its investments in a prudent manner to ensure that the capital of the trust is not diminished.
- 1.4 Adding value to the trust fund by retaining a portion of the net income of each year for investment in suitable income producing assets.
- 1.5 Providing for the income beneficiaries of the Trust by targeting initiatives through a grants process and/or by identifying appropriate community projects.
- 1.6 Providing a development fund to assist locally based businesses reach their potential thereby encouraging economic development within the region.
- 1.7 Ensuring the Trust has appropriate management resources to:
 - Oversee the investments of the Trust to ensure that they are being managed effectively;
 - Assist the trustees in identifying new commercial investments and development capital opportunities; and
 - Target appropriate community initiatives worthy of funding by the Trust.

1 NATURE AND SCOPE OF ACTIVITIES TO BE UNDERTAKEN

- 1.1 To ensure that the boards of each subsidiary compile an appropriate Statement of Corporate Intent and to monitor the achievement of the objectives contained therein.
- 1.2 To regularly review the appropriateness of the continued ownership of the equity securities in each subsidiary taking into account developments that may have an impact on their long-term value.
- 1.3 To appoint appropriate representatives to the boards of each subsidiary company.
- 1.4 To provide for funding of community projects and other activities within the district based on an application process and/or through proactive initiatives promoted by the trustees.
- 1.5 To provide development funding for businesses within the district based on criteria adopted by the Trust's wholly owned subsidiary, Eastland Development Fund Limited.
- 1.6 To continually review the investment strategies of the Trust to take account of any changed circumstances within the Trust's environment.

1 PERFORMANCE TARGETS

- 1.1 Consult and agree with the boards of each subsidiary the content of their Statement of Corporate Intent no later than 30 June 2005.
- 1.2 Monitor the performance of each subsidiary by receiving and considering financial information on at least a quarterly basis and requesting regular updates from the chairman of each board.
- 1.3 Identify and provide funding for suitable community initiatives during the year.
- 1.4 Proactively seek to identify suitable projects for development funding throughout the year with the aim of making at least one investment during the year.
- 1.5 Meet all accountability and reporting requirements contained in the trust deed by their due date.
- 1.6 Send trustee representatives to Energy Trust Association of New Zealand seminars in order to keep abreast of changes in the industry that may impact on the value of the trust's investments.
- 1.7 Meet at least nine times during the year to transact trust business.

1 INFORMATION TO BE PROVIDED TO BENEFICIARIES

- 1.1 In terms of the trust deed, all meetings of the trustees are to be advertised in the local newspaper and are open for the public to attend as observers. The trustees do however retain the right to discuss matters of a private or commercially sensitive nature with the public excluded.
- 1.2 Each year's Statement of Intent and budget estimates are to be provided to the Gisborne District Council no later than one month prior to the end of the previous financial year.
- 1.3 The Trust's annual report, Statement of Intent and budget estimates will be made available for inspection by the public no later than four months after the end of the financial year. These documents will be made available at the H B Williams Memorial Library and the Gisborne District Council offices at Fitzherbert Street in Gisborne and at the service centre in Te Puia.
- 1.4 Copies of the trust deed will also be made available at the locations specified above.
- 1.5 A trust 'information sheet' setting out a summary of extracts from the trust deed and other pertinent information is available on request.
- 1.6 The Trust will hold an annual public meeting within five months of the trust's balance date of 31 March.
- 1.7 The trustees will meet with the Gisborne District Council from time to time to discuss issues as the trustees deem appropriate.
- 1.8 The Trust will distribute regular newsletters during the year to keep beneficiaries informed of trust activities.

2 TRANSACTIONS WITH EASTLAND NETWORK LIMITED AND COUNCIL

- 2.1 With the exception of the receipt of investment earnings, it is not envisaged that any other transactions will be entered into between Eastland Network Limited and the Trust.
- 2.2 As has been the case in the past, it is likely that the Gisborne District Council, either directly or through associated entities, will apply for and may be granted funds for various community based projects.

1 INVESTMENTS OR DIVESTMENTS OF A SIGNIFICANT NATURE

- 1.1 The Trust will continue to monitor its investments and will make changes as the trustees consider appropriate. No specific investments or divestments are planned at the time of writing this statement.

Signed this 28th day of July 2005
for and on behalf of the
Eastland Community Trust by:



G L Alexander
Chairman

Eastland Community Trust

Budgeted Statement of financial performance

For the year ending 31 March 2006

Revenue:	
Interest income	2,343,700
Dividend income	-
	2,343,700
Total revenue	2,343,700
Less expenditure:	
Accounting & secretarial	73,200
Advertising	18,000
Audit fees	3,500
Consulting fees	60,000
General expenses	1,200
Insurance	19,600
Legal fees	24,000
Management expenses	18,000
Office expenses	50,400
Printing & stationery	6,000
Public relations	30,000
Salaries	135,000
Seminar expenses	4,000
Special project costs	24,000
Sponsorship	50,000
Subscriptions	4,400
Travel expenses	6,000
Trustees' fees	60,000
	587,300
Total expenditure	587,300
Net operating surplus before taxation	1,756,400
Taxation expense	414,600
	\$1,341,800
Net operating surplus after taxation	\$1,341,800