

ANNUAL PLAN 2010 - 2011

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'Energising our community'

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A. Introduction

This annual plan is developed from the Strategic Plan for 2010 - 2015. Similarly its aim is to provide the Trust with a road map for the next year and years. It also aims to provide external interested parties with a clear snapshot of the Trust's intended objectives and activities for the near future.

Working within such a dynamic social and economic framework the trustees foresee that the beneficiaries will best be served by adopting these strategies and tactics. However they also recognise the need to maintain flexibility and a willingness to adapt to current or future changes.

The current year has seen us achieve the majority of our goals and key actions. While the overriding purpose of the Trust is to ensure the fulfilment of the terms of the Trust Deed and adherence to trustee law and the relevant legislation, the trustees' focus is to ensure that we continue to get the best results and returns for our community in the short and long term.

B. Vision, Guiding Principles and Mission

As this annual plan is one part of a longer journey it is important to keep that end point in the forefront. Therefore a reminder of the vision, guiding principles and mission is included here:

B.1: Vision

'Energising our community'.

B.2: Guiding Principles

In their decision making and actions the trustees are guided by strong and important principles, these being:

- Fulfilment of the Trust Deed, trustee law and the relevant legislation;
- Use of professional ethics;
- Efficient and transparent operation of the Trust;
- Ensuring sustainability of the trust and the Trust Fund;
- Adding value to the Eastern Bay community as a whole;
- Helping the community to become more energy wise;
- Acting in good faith and doing what is right for the Trust's beneficiaries, long term.

B.3: Mission

To create long term benefits for the Trust's beneficiaries and their communities, and to enhance the standard of living of those beneficiaries by appropriate application of the Trust Fund towards energy related projects.

This will be achieved through the fulfilment of four key roles, these being:

1. Administrator
2. Investor
3. Distributor
4. Consumer advocate



C. Key Roles

C. 1. Administrator

Goal:

To maintain an efficient, accountable, transparent and approachable organisation.

Strategies:

1. Maintain an infrastructure that will enable the Trust to effectively manage the proposed strategies and actions.
2. Maintain a working Operating Manual including policies and procedures.
3. Maintain and adhere to Standing Orders for Trust meeting procedures.
4. Maintain and adhere to the Guidelines for Access to Information by Beneficiaries of Electricity, Consumer and Customer Trusts.

Key 2010 / 2011 actions:

	Action	Timeframe
1	Present annual report and audited accounts to the Trust's beneficiaries.	AGM / Annual Meeting of Beneficiaries – 15 September 2010
2	Undertake a strategic planning exercise.	October / November 2010.
3	Abide by Code of Conduct for trustee behaviour.	Ongoing.
4	Maintain a formal trustee performance review process.	Ongoing.
5	Maintain a trustee training programme.	Ongoing.
6	Maintain annual director training programme and review/appraisal process for internal Trust group boards.	Ongoing.
7	Continue consumer communication initiatives.	Ongoing as per Communications Plan. Approve 2011-12 Communications Plan by 31 March 2011.



C. 2. Investor

Goal:

To manage the Trust's investment portfolio in order to minimise risk, maintain and grow its value.

Strategies:

1. Allocate at least 40% of net Trust income each year to developing and maintaining a diversified portfolio of investments.
2. Work towards increasing the Trust's shareholding in Horizon Energy Distribution Limited to 100%.
3. Observe trustee law and good governance principles when considering and reviewing Trust investments.
4. Maintain protocols with Horizon Energy for:
 - Nomination and appointment of directors;
 - Communications.
5. Engage the services of appropriate advisors to assist in the development and management of the Trust's investments.
6. Enhance the Trust's investment in the District through the support of its operating businesses.

Key 2010 / 2011 actions:

	Action	Timeframe
1	Trust's Finance & Investment committee to oversee Trust investments, to maintain appropriate investment policies, and to ensure that the Trust continues to invest to achieve both asset growth and efficient cash flow.	Ongoing.
2	Review and maintain the Shareholder's Agreement with the directors of Energy Options Limited (EOL) and Energy Options Charitable Company Limited (EOCCL).	Annual review by 30 September 2010.
4	Ensure that the Trust's investments produce a fair and reasonable return.	Ongoing.
5	Investment portfolio outside Horizon Energy to achieve long term average return of OCR (Official Cash Rate) + 2% per annum, being a mixture of both revenue return and capital growth in the value of investments. <i>A lower return is acceptable on specified investments where the trustees consider there is justifiable public good.</i>	Ongoing.
6	Use regional economic benefits as a measure in assessing potential investments.	Ongoing.
7	Review quality of financial reporting on Trust investments.	Ongoing.

C. 3. Distributor

Goals:

To achieve the best possible social and economic return on the funds distributed as grants.

To cement the Trust as a major stakeholder and provider of funds for the development and growth of the Eastern Bay of Plenty.

Strategies:

1. **Allocate no more than 60% of Trust net income** after deduction of operating expenditure to energy related distributions under the terms of the Trust Deed.
Of this sum, **no more than 50%** of funds allocated for distributions to consumers to be placed in a pool for reactive distributions, and **no less than 50%** of funds allocated for distributions to consumers to be proactively applied to projects initiated by the Trust.
2. Develop distribution strategies, which in any one financial year will address some aspect of each of the energy related purposes named in the Trust Deed.
3. Encourage new participants into the energy sector.
4. Set objectives for Trust initiated (proactive) projects and monitor outcomes against the set objectives.
5. Maintain an appropriate review and monitoring strategy for community initiated (reactive) distributions.
6. Recognise and respond where appropriate to identified community issues affecting the Trust's beneficiaries.

Key 2010 / 2011 actions:

	Action	Timeframe
1	Ongoing consultation on Trust activities and distributions as required.	Ongoing.
2	Maintain and manage an industry education and training programme, to include: <ul style="list-style-type: none"> • Scholarship grants for energy-related tertiary education; • Apprenticeship grants for industry training; • Taster Course to introduce senior secondary school students to the electricity supply and electrical sectors. 	Ongoing.
3	Budget for rural project funding.	Ongoing.
4	Initiate and support energy efficiency projects.	Ongoing.
5	Maintain proactive and reactive distribution percentages.	Ongoing.
6	Maintain an appropriate process for applications to the Trust's proactive projects budget.	Ongoing.
7	Work as a group to target partnership funding.	Ongoing.
8	Maintain and use score sheets to assist with the assessment of applications to the Trust's reactive distributions programme.	Ongoing.
9	Allocate funding to cover the cost of generator hire when required in cases of civil emergency.	As necessary.
10	Complete review of grants policy and processes.	30 June 2010.



a) 2010 - 2011 Proactive Distributions programme

	ENERGY RELATED PURPOSE	PROJECT	AMOUNT
A	Retrofit insulation	Healthy Homes EBOP <i>Retrofit insulation</i> <i>Marketing retrofit programme</i> <i>Performance & Investment monitoring</i>	300,000
B	Energy efficiency	Eastern Bay School Energy Strategy 165,250 <i>School energy audits</i> <i>Energy education for schools</i> EnergyCheck home energy audits 70,000	235,250
C	Electricity safety	Undergrounding 100,000 <i>Whakatane/Kawerau/Opotiki</i> <i>Services to houses</i> Electric Blanket Testing 10,000 Safe & Smart Packs 18,000 <i>1,500 packs</i>	128,000
D	Industry education & training	<i>Scholarship Programme</i> 50,000 <i>Apprenticeship Programme</i> 25,000 <i>Taster Course</i> 25,000	100,000
E	Remote projects	Rural continuity of Supply <i>Research & Development projects</i> <i>Horizon uneconomic projects</i>	34,750
F	Advocacy	<i>General energy related</i>	2,000
G	Investigation of generation & co-generation opportunities	<i>Research more efficient ways of producing and distributing electrical energy</i>	
H	Contingency		
	TOTAL		800,000

b) 2010 - 2011 Reactive distributions programme - budget

Of the total budget of \$1,645,000 to be distributed during the 2010-2011 financial year, the trustees have budgeted to allocate \$845,000 for energy related projects initiated by community organisations (reactive projects).



C. 4. Consumer advocate

Goal:

To promote the Trust's role as an advocate for the Trust's beneficiaries.

Strategies:

1. Maintain relationship protocols with local and central government groups to enable the Trust to achieve better regional outcomes from energy related projects.
2. Apply some Trust resources each year to the recognised role as an advocate for electricity consumers. These resources may be either funds or Trust personnel time.
3. Develop relationship protocols with those consumer groups that demonstrate a formal structure and significant membership.
4. Develop and maintain procedures for consulting with the Trust's beneficiaries.
5. Investigate and identify effective advocacy processes.

Key 2010 / 2011 actions:

	Action	Timeframe
1	Meet annually with the Trust's beneficiaries.	AGM – 15 September 2010.
2	Produce audited consolidated financial accounts within 4 months of balance date.	By 31 July 2010.
2	Build relationships with energy retailers.	Ongoing.
3	Continue the support of Energy Options as one provider of the Trust's advocacy services.	Ongoing.
4	Build and maintain strong ties with: <ul style="list-style-type: none"> • Eastern Bay of Plenty Power Society • Other energy consumer representative groups • Iwi • Local and regional authorities • Business organisations (EBOP Chamber of Commerce, Federated Farmers, Fonterra Networkers). • Educational and industry training organisations (ESITO, Wintec, BOP Polytechnic, ETITO, local high schools) • Energy Trusts of New Zealand (ETNZ) • Energy Efficiency and Conservation Authority (EECA) • Neighbouring / regional community funding organisations (Bay Trust, RECT, TECT). 	Ongoing.

D. Organisational Development

Goal:

To have an organisational structure that empowers the Trust to assist in the development of the community.

To have an organisation that is best placed to identify, respond to and develop any significant commercial and non-commercial opportunities.

Strategies:

- 1 Develop an infrastructure that allows flexibility and growth.
- 2 Appoint and retain trustees and directors that have the appropriate mix of strategic, operational and philosophical experience and expertise.
- 3 Continually look to future demands and needs of the community.
- 4 Maintain long term organisational goals and strategies.

Key 2010 / 2011 actions:

	Action	Timeframe
1	Maintain a formal succession plan for the Trust and its investments.	Ongoing
2	Develop local data base and contact with Institute of Directors (DEL).	Ongoing
2	Recruit the best person for the position.	Ongoing.
3	Maintain a people development plan for Trust personnel including: <ul style="list-style-type: none">• Annual review;• Training and development programme;• Succession planning.	Ongoing.
4	Maintain an investment portfolio that allows organisational development and movement.	Ongoing.
5	Undertake a review of the strategic plan in 2010.	By 30 November 2010.
6	Use external facilitation services to ensure appropriate strategic direction and challenge.	October / November 2010.



**EASTERN BAY ENERGY TRUST
BUDGET & CASHFLOW FORECAST
FOR THE 12 MONTHS ENDED 31 MARCH 2011**

NOTE	TOTAL	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
INCOME													
1 Dividends Received	4,482,813	-	2,483,502	-	-	-	-	-	-	1,999,311	-	-	-
2 Interest Received-ASB	76,398	3,535	3,097	7,910	7,327	6,889	6,452	6,014	5,577	5,056	7,618	7,181	6,743
3 Interest Received-DEL	31,983	2,972	2,917	2,863	2,807	2,752	2,696	2,639	2,583	2,525	2,468	2,410	2,351
4 Interest Received-Energy Options	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Interest Received-Eco Finance	2,739	233	225	233	225	233	233	225	233	225	233	233	210
	4,593,933	6,739	6,240	2,494,508	10,359	9,874	9,380	8,879	8,392	2,010,117	10,319	9,823	9,304
LESS EXPENSES													
6 ACC Levies	750	-	-	-	-	-	750	-	-	-	-	-	-
7 Annual Report & Meeting Costs	7,000	-	-	7,000	1,250	1,000	3,500	3,500	1,000	5,000	1,250	1,000	1,000
8 Communications	28,000	2,500	5,000	13,000	2,500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	-
9 Audit Costs	18,000	-	-	-	-	-	2,500	-	-	-	-	-	-
10 Bank Fees	660	55	55	55	55	55	55	55	55	55	55	55	55
11 Conference & Meeting Fees	4,900	600	1,200	-	1,000	200	-	-	1,200	-	350	350	350
12 Development & Research	26,667	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222
13 Election Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Electricity	1,200	100	100	100	100	100	100	100	100	100	100	100	100
15 ETNZ Levy	3,556	3,556	-	-	-	-	-	-	-	-	-	-	-
16 Fringe Benefit tax (on vehicles)	1,316	-	-	-	-	-	-	-	-	-	-	-	-
17 General Expenses	12,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
18 Insurance	15,650	-	-	-	-	1,650	-	-	14,000	-	-	-	-
19 Legal Expenses - Other	6,000	500	500	500	500	500	500	500	500	500	500	500	500
20 Office Rental	13,596	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133
21 Office Support	6,000	500	500	500	500	500	500	500	500	500	500	500	500
22 Motor Vehicle Expenses	3,600	300	300	300	300	300	300	300	300	300	300	300	300
23 Printing & Stationery	7,800	650	650	650	650	650	650	650	650	650	650	650	650
24 Subscriptions	1,200	100	100	100	100	100	100	100	100	100	100	100	100
25 Telephone & Tolls	6,000	500	500	500	500	500	500	500	500	500	500	500	500
26 Training	3,000	250	250	250	250	250	250	250	250	250	250	250	250
27 Travelling & Accommodation	8,200	500	500	1,600	500	500	500	500	1,600	500	500	500	500
28 Treasurer Fees	98,170	18,170	15,800	13,600	6,200	4,600	5,000	4,600	11,800	4,600	4,600	4,600	4,600
29 Trustee Fees	112,350	-	-	28,088	-	-	28,088	-	-	28,088	-	-	28,088
30 Trustee Expenses	10,092	-	-	1,955	-	-	2,356	-	-	3,082	-	-	2,700
31 Wages	110,708	8,516	8,516	12,774	8,516	8,516	8,516	8,516	12,774	8,516	8,516	8,516	8,516
33 Project Costs	250,000	55,000	130,000	65,000	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	756,414	96,152	188,326	150,326	27,276	23,776	59,519	25,426	48,594	58,195	22,176	22,276	54,380
NET OPERATING SURPLUS	3,837,518	89,413	162,086	2,344,181	16,917	13,903	50,139	16,548	40,192	1,951,922	11,858	12,453	45,075
Taxation (Imputation credits)				745,051	-	-	-	-	-	599,793	-	-	-
NET SURPLUS AFTER TAXATION	2,492,674	89,413	162,086	1,599,130	16,917	13,903	50,139	16,548	40,192	1,352,128	11,858	12,453	45,075

**EASTERN BAY ENERGY TRUST
BUDGET & CASHFLOW FORECAST
FOR THE 12 MONTHS ENDED 31 MARCH 2011**

	TOTAL	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
CASH IN													
Net Surplus after Tax	2,482,674	89,413	162,086	1,599,130	16,917	13,903	50,139	16,548	40,192	1,352,128	11,868	12,453	45,075
Net GST movement	1,226	6,445	9,022	2,782	14,949	438	4,468	4,262	2,363	1,734	4,502	13	4,013
Repayments from Energy Options	7,164	597	597	597	597	597	597	597	597	597	597	597	597
Repayments from Kawerau Cosmopolitan Club	90,616	7,245	7,299	7,354	7,409	7,465	7,521	7,577	7,634	7,691	7,749	7,807	7,866
DEL (ex CT Scanner Lease)	2,589,228	88,019	163,212	1,609,864	5,938	5,403	46,489	4,112	34,324	1,358,683	991	4,062	40,626
CASH OUT													
Transfer to Grants Account	34			900,000			150,000	100,000	100,000	700,000			
Transfer to/from Investment	700,000		150,000	650,000						550,000			
Repayment of Creditors (HEDL)	36	144,000											
Capital Expenditure	35	5,000		1,250				1,250			1,250		
	2,449,000	145,250	150,000	1,550,000	1,250		150,000	98,750	100,000	1,250,000	1,250		
NET DIFFERENCE	140,228	233,269	13,212	59,864	4,888	5,403	103,511	94,638	65,676	108,683	259	4,062	40,626
OPENING BANK BALANCE	297,823	297,823	64,554	51,342	111,206	115,894	110,490	214,001	308,639	374,315	482,998	482,739	478,677
CLOSING BANK BALANCE	438,051	64,554	51,342	111,206	115,894	110,490	214,001	308,639	374,315	482,998	482,739	478,677	438,051
GRANTS													
Grants Payments Owing	935,480	935,480	1,652,147	1,568,813	1,485,480	1,352,147	1,268,813	1,185,480	1,102,147	1,018,813	935,480	852,147	768,813
Add New Grants Approved - Proactive	800,000	800,000											
Add New Grants Approved - Reactive	800,000	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667
Less Grants Paid	1,850,000	150,000	150,000	150,000	200,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Balance of Grants Owing	685,480	1,652,147	1,568,813	1,485,480	1,352,147	1,268,813	1,185,480	1,102,147	1,018,813	935,480	852,147	768,813	685,480
Opening Balance of Grants Account	1,155,174	1,155,174	1,005,174	855,174	1,605,174	1,405,174	1,255,174	1,105,174	955,174	805,174	1,355,174	1,205,174	1,055,174
Add Funds Transferred in	1,600,000			900,000						700,000			
Less Grants Paid	1,850,000	150,000	150,000	150,000	200,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Closing Balance of Grants Account	905,174	1,005,174	855,174	1,605,174	1,405,174	1,255,174	1,105,174	955,174	805,174	1,355,174	1,205,174	1,055,174	905,174

**EASTERN BAY ENERGY TRUST
PROJECTED BALANCE SHEET
FOR THE 12 MONTHS ENDED 31 MARCH 2011**

	31/03/10	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
CURRENT ASSETS													
Cash on Hand - Grants Account	1,155,174	1,005,174	855,174	1,605,174	1,405,174	1,255,174	1,105,174	955,174	805,174	1,355,174	1,205,174	1,055,174	905,174
Cash on Hand - Administration	287,823	64,654	51,342	111,206	115,694	110,490	214,001	306,639	374,315	482,998	482,739	478,577	438,051
Term Deposits - Investment	1,161,962	1,161,962	1,011,962	1,661,962	1,661,962	1,661,962	1,511,962	1,411,962	1,311,962	1,861,962	1,861,962	1,861,962	1,861,962
Debtors	44,729	51,177	60,196	57,416	42,567	42,130	46,598	42,336	44,698	46,432	41,930	41,942	45,955
Fixed Assets	21,239	22,489	22,489	22,489	23,739	23,739	23,739	24,989	24,989	24,989	26,239	26,239	26,239
Loan - Energy Options Ltd	205,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Loan - Eco Finance Limited	396,222	388,977	381,679	374,324	366,915	359,450	351,929	344,352	336,718	329,027	321,278	313,471	305,606
Loan - DEL (CT Scanner)	1,114,707	1,114,707	1,114,707	1,114,707	1,114,707	1,114,707	1,114,707	1,114,707	1,114,707	1,114,707	1,114,707	1,114,707	1,114,707
Loan - DEL	6,045,006	6,045,006	6,045,006	6,045,006	6,045,006	6,045,006	6,045,006	6,045,006	6,045,006	6,045,006	6,045,006	6,045,006	6,045,006
Redeemable Shares - DEL	17,919	17,322	16,725	16,128	15,531	14,934	14,337	13,740	13,143	12,546	11,949	11,352	10,755
Kawerau Cosmopolitan Club	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000
Shares - Development Enterprises Ltd	1,018,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000
Shares - Energy Options Ltd	72,435,488	72,435,488	72,435,488	72,435,488	72,435,488	72,435,488	72,435,488	72,435,488	72,435,488	72,435,488	72,435,488	72,435,488	72,435,488
Shares - Horizon Energy Distribution Ltd	84,308,269	83,924,855	83,512,769	85,061,899	84,844,982	84,681,080	84,480,940	84,314,393	84,124,201	85,326,329	85,164,471	85,002,018	84,806,943
TOTAL ASSETS													
LESS LIABILITIES													
Creditors	222,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000
Grant Payments Owing	935,480	1,652,147	1,568,813	1,485,480	1,352,147	1,268,813	1,185,480	1,102,147	1,018,813	935,480	852,147	768,813	685,480
TOTAL LIABILITIES													
NET ASSETS													
Trustees Capital Account	83,150,789	82,194,709	81,965,956	83,498,419	83,414,836	83,334,266	83,217,460	83,134,246	83,027,387	84,312,849	84,234,325	84,155,205	84,043,463
Trustees Income Account	26,637,168	26,637,168	26,637,168	26,637,168	26,637,168	26,637,168	26,637,168	26,637,168	26,637,168	26,637,168	26,637,168	26,637,168	26,637,168
Opening Balance	56,513,621	55,557,541	55,328,788	56,861,251	56,777,668	56,697,098	56,580,292	56,497,078	56,390,219	57,675,681	57,597,157	57,518,037	57,438,917
Add Net Income	-	89,413	162,086	13,903	16,917	16,548	16,548	16,548	16,548	16,548	16,548	16,548	16,548
Less Grants Approved	866,667	866,667	866,667	866,667	866,667	866,667	866,667	866,667	866,667	866,667	866,667	866,667	866,667
Closing	56,513,621	55,557,541	55,328,788	56,861,251	56,777,668	56,697,098	56,580,292	56,497,078	56,390,219	57,675,681	57,597,157	57,518,037	57,438,917
TOTAL TRUST EQUITY													
	83,150,789	82,194,709	81,965,956	83,498,419	83,414,836	83,334,266	83,217,460	83,134,246	83,027,387	84,312,849	84,234,325	84,155,205	84,043,463