

WHERE DOES THE TRUST FUND COME FROM?

Income

The Trust Fund comes from EBET's investments. The Trust's biggest investment is its shareholding in Horizon Energy Distribution Limited. The Trust owns 77.3% of the Horizon Energy shares, making it the majority shareholder.

The Trust receives income each year as dividends from its shareholding in Horizon. The Trust also receives income from its other investments.

WHAT HAPPENS TO THE TRUST'S INCOME?

Administration of the Trust

After administration costs are deducted, the Trustees decide how to make the best possible use of the Trust's income.

The Trustees decide how much to distribute to the Trust's beneficiaries for energy related purposes, over the next 12 months.

At the same time, the Trustees must decide how much to invest, to grow the Trust Fund.

Usually, 60% of the income is distributed to the Trust's beneficiaries, and 40% is invested (after administration costs have been deducted).

While the Trustees like to distribute as much funding as possible to the community for energy related projects, they also have a legal duty to maintain and enhance the Trust Fund. An important part of their job is planning for the future.

Why do we need to plan for the future?

As the single largest source of discretionary funding in the Eastern Bay of Plenty, EBET distributes funds for energy related purposes throughout the Eastern Bay community.

It is important that this distribution of funding continues into the future. For this reason, the Trustees are committed to managing the Trust's investment portfolio to minimise risk, and to maintain and grow its value in the long term.

Why do the Trustees need to grow the Trust Fund?

The Trustees invest some of the Trust's income each year to grow the Trust Fund for the future. This will ensure that there are sufficient funds for distribution to the Trust's beneficiaries for many years to come.

While EBET is the majority shareholder in Horizon Energy, it is not prudent to have 'all the eggs in one basket', and as is usual with organisations such as this, the Trust is seeking to diversify its investments, across a wider base.

The Trust's investments portfolio includes a mix of shares, bonds, subsidiary businesses and commercial property.

What shares does EBET own?

As well the Horizon shares, EBET's share portfolio includes a diversified mix of investments.

The Trust has recently purchased shares in Bay of Plenty companies OPAC and Comvita, through its subsidiary company DEL (Development Enterprises Limited).

Commercial properties

DEL has purchased two commercial properties, both located in Whakatane, on behalf of the Trust.

SUBSIDIARY BUSINESSES

The Eastern Bay Energy Trust invests its funds in the Eastern Bay of Plenty community whenever possible, making a positive contribution to the social and economic development of the region.

The Trust group includes a small number of subsidiary businesses which fit well with the Trust's focus on, and commitment to, energy efficiency.

The Trust's subsidiary businesses include DEL (Development Enterprises Limited), Energy Options Limited, Parkwood Investments Limited, Eco Finance Limited and Energy Options Charitable Company Limited.

WHAT DO THE SUBSIDIARY BUSINESSES DO?

Development Enterprises Limited

DEL was set up as the business and investment arm of the Trust. This company proactively investigates investment opportunities on behalf of the Trust, and oversees much of the Trust's investment portfolio. This is because the Trustees may not have the time or the necessary skills to be able to do this. DEL's role is to grow the Trust Fund, and it must provide a return of 9% to the Trust as its owner.

Energy Options Limited

DEL is the owner of Energy Options Limited, the successful Whakatane based company which was set up by the Trust in 2003. Energy Options has a reputation as a leader in the energy efficiency field, and is now operating nationwide.

Parkwood Pellet Fires

DEL also owns Parkwood Investments Limited. This company owns 50% of Parkwood Biomass Solutions, a partnership which manufactures energy efficient, low emission Parkwood Pellet Fires at the factory at Papamoa.

The partnership also includes a distribution business in Australia, for the sale and distribution of the fires.

The Parkwood is the only pellet fire that is manufactured in New Zealand.

Eco Finance

DEL has also set up Eco Finance to provide affordable finance to customers of the Trust group. This promotes sales of energy efficient products (eg solar water heating, insulation, pellet fires) among the Trust's subsidiaries, while at the same time providing a reasonable return to the Trust.

Energy Options Charitable Company Limited

Energy Options Charitable Company Limited remains a charitable company under direct ownership of the Trust, to carry out many of the Trust's energy efficiency community projects.

HOW IS REGULATION AFFECTING OUR INCOME?

The electricity lines business is now heavily regulated.

Trustees of the 24 energy trusts throughout New Zealand are all very concerned about the effect of regulation on the allowable rate of return on their network company investments.

The Trustees of the Eastern Bay Energy Trust can no longer rely on the dividend income from their investment in Horizon Energy. They have an obligation to develop alternative income streams – if only to keep pace with inflation.

