

**ROD DONALD BANKS PENINSULA TRUST**  
**Te Pataka o Rakaihautu**

**Statement of Intent**

**For the year ending**  
**30 June 2015**

*Draft V3*

**ROD DONALD BANKS PENINSULA TRUST STATEMENT OF INTENT (SoI)  
For the year ending 30 June 2014**

- 1. Introduction**
- 2. Objectives of the Trust**
- 3. Nature and Scope of Activities of the Trust**
- 4. Corporate Governance Statement**
- 5. Accounting Policies**
- 6. Performance Targets and Measures**
- 7. Information to be Provided**
- 8. Acquisition of Shares in any Company**
- 9. Ratio of Consolidated Trust Funds to Total Assets**
- 10. Estimate of Distributions of Accumulated Profits and Capital Reserves**
- 11. Commercial Value of Investment**
- 12. Activities for Which Compensation is Sought From any Local Authority**

**APPENDIX 1 – Map of the district administered by the former Banks Peninsula District**

**APPENDIX 2 – Summary of significant accounting policies**

**APPENDIX 3 – Investment principles**

## **1. INTRODUCTION**

This Statement of Intent (“Sol”) is prepared in accordance with Section 64(1) of the Local Government Act 2002.

The Sol specifies for the Rod Donald Banks Peninsula Trust (“RDBPT”) the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the Trust may be judged in relation to its objectives, amongst other requirements.

The process of negotiation and determination of an acceptable Sol is a public and legally required expression of the accountability relationship between the RDBPT and its Settlor the Christchurch City Council, and its Trustees.

The Sol is reviewed annually by the Council and covers a three year period.

The RDBPT’s registered office is at the offices of Christchurch City Council, 53 Hereford Street, Christchurch.

The contact details for the RDBPT and its officers are:

Postal Address: P.O. Box 5, Little River, Banks Peninsula 7591 or  
[secretary@roddonaldtrust.co.nz](mailto:secretary@roddonaldtrust.co.nz)

Physical Address: c/o Simon Mortlock, Mortlock McCormack, 99 Clarence Street,  
Riccarton, Christchurch

The RDBPT is a council-controlled organisation (“CCO”) for the purposes of the Local Government Act 2002.

## **2. OBJECTIVES OF THE TRUST**

The RDBPT is a trust for charitable purposes.

The RDBPT exists for the benefit of the present and future inhabitants of Banks Peninsula and for visitors to Banks Peninsula.

The RDBPT’s activities will focus on the area within the district administered by the Banks Peninsula District Council immediately prior to its amalgamation with the Christchurch City Council (the “Region”). A map of this Region is included as Appendix One to this Statement of Intent.

The objectives of the RDBPT are:

- (a) to promote sustainable management and conservation (consistent with the purposes and principles of the Resource Management Act 1991 and the Conservation Act 1987 and any replacement legislation) of the natural environment in the Region;
- (b) to establish, support or facilitate environmental based projects that are focussed on:

- (i) the maintenance and development of recreation facilities including parks, reserves, walkways and affordable camping grounds in the Region;
  - (ii) providing public access to recreation facilities including parks, reserves, walkways and affordable camping grounds in the Region;
  - (iii) the reinstatement and preservation of native vegetation in the Region;
  - (iv) the enhancement of the natural biodiversity of the Region;
  - (v) the restoration of the Region's waterways to their natural state; and
  - (vi) the protection of native endangered species present in the Region;
- (c) to establish, support or facilitate projects that are focussed on the protection, preservation and enhancement of areas of historical or cultural significance, or the built heritage of the Region;
  - (d) to undertake or facilitate in any other way research projects or scientific enquiries to carry out the Objects;
  - (e) to provide educational opportunities to further the public's understanding or enjoyment of the natural, historical and cultural qualities of the Region;
  - (f) to commission or otherwise support research and monitor projects relating to the status and quality of the natural and physical environment throughout the Region;
  - (g) to purchase or lease land to:
    - (i) carry out any improvements on land for the sustainable management of the environment or more general environmental or conservational purposes of the Trust,
    - (ii) provide facilities or opportunities for the educational purposes of the Trust;
  - (h) to source and allocate funds for projects which support, promote or otherwise contribute to the Objects;
  - (i) to seek the support and involvement of appropriate persons, organisations and agencies, (including the Christchurch City Council) and

work alongside or collaboratively with such persons, organisations and agencies to carry out the Objects;

- (j) to hold seminars, tutorials and lectures within the Region and throughout Canterbury to demonstrate research relating to the objects, and to encourage the public to become involved with or to generally promote the aims and purposes of the Trust to the community;
- (k) to carry out any other charitable purpose which is capable of being carried out in connection with the Objects or may directly, or indirectly, advance the Objects;
- (l) to raise money and to seek, accept and receive gifts, donations, grants, endowments, legacies and bequests of money or in kind for the Objects; and
- (m) to do all such other acts and things that are incidental or conducive to the attainment of the Objects.

In pursuance of the objectives of the RDBPT, the Trustees are required to have regard to:

- (a) the views of Te Hapu o Ngati Wheke (Rapaki), Te Runanga o Koukourarata, Wairewa Runanga, Te Taumutu Runanga and Onuku Runanga in respect to the value of Banks Peninsula's Mana Whenua (Land), Mana Moana (Waterways) and Mana Tangata (People);
- (b) the potential for alignment between the activities of the Trust and any existing or future projects or initiatives of the Christchurch City Council;
- (c) whether other sources of funding or support are available, including assistance provided through industry or regional development policies and programmes of local authorities or central government;
- (d) the objectives, roles and activities of any other organisation engaged in similar activities on Banks Peninsula.

### **3. NATURE AND SCOPE OF ACTIVITIES OF THE TRUST**

The long term vision of the RDBPT is that Banks Peninsula is restored to its traditional status as Te Pataka o Rakaihautu – the storehouse that nourishes. This vision encompasses the following goals for Banks Peninsula:

- a rich biodiversity;
- all streams are re-vegetated;
- the lakes and rivers flow with clean water;
- people are active in their care of the environment;

- it is regarded as a special recreation place and is actively but respectfully used by people;
- people of Banks Peninsula are prospering and passionately participate in engaged conservation;
- there is a walkway right around Banks Peninsula connecting all communities;
- a centre for environmental education and creative environmental thinking is established;
- people describe Banks Peninsula as an Ecological Island.

The RDBPT cannot achieve these goals on its own or in the short term. Instead, the RDBPT will focus on acting as a facilitator, conduit and connector - to assist groups and projects which have aims that align with the objects of the RDBPT.

The RDBPT has been established to honour the memory of Rod Donald and his commitment to the Banks Peninsula area. Therefore, the RDBPT's hallmark will be entrepreneurship and practical achievement, these were important values to Rod Donald. The RDBPT's funds will be well husbanded and will be used to achieve things that individual groups and projects cannot achieve on their own.

The "Performance Indicators" section of this Sol sets out the initial goals of the RDBPT. These Performance Indicators reflect the initial actions that the RDBPT will take towards achieving the RDBPT's long term vision.

Four key pillars will underpin the Trust as it works on projects to achieve these goals. These pillars are:

- Access
- Biodiversity
- Knowledge
- Partnership

#### **4. CORPORATE GOVERNANCE STATEMENT**

This statement gives readers an overview of RDBPT's main corporate governance policies, practices and processes to be adopted or followed by the RDBPT Trustees.

##### **Role of the Trustees**

The Trustees will manage the affairs of RDBPT in accordance with their legal obligations, the objectives of RDBPT and the terms of the RDBPT Trust Deed.

In addition the Trustees' decisions will reflect the following values and principles:

- *Leading* – the RDBPT should be a trusted and credible body making unique and courageous decisions and instigating projects
- *Linking* – the RDBPT will focus on the big picture issues of Banks Peninsula and link people and projects.
- *Influencing* – the RDBPT will engage with existing people and groups, supporting their passion for Banks Peninsula.
- *Enhancing* – the RDBPT will work as an entrusted steward/guardian enhancing the historic work of previous generations.

- *Enduring* – The funds and work of the Trust are to be used to create an enduring legacy for the Peninsula

The Trust will adhere to the following principles in its own work and partnerships:

- Respect and engage with the Peninsula community
- High trust relationships
- Transparency between partners
- No surprises, full disclosure
- Behave in an ethical manner
- Be well documented
- Have a process for dispute resolution and exiting
- Be formal in its processes – things properly approved and documented.
- Have clear benefits for the Peninsula community

## **Responsibility to Settlor**

### *i. Statement of Intent*

In accordance with the Local Government Act 2002, the RDBPT will submit an annual draft Statement of Intent (SoI) to the Council for consultation and approval. The SoI will set out the RDBPT's overall objectives, intentions and performance targets.

### *ii. Information flows*

The Trustees will aim to ensure that the Council is informed of all major developments affecting the RDBPT's state of affairs. Information will be communicated to the Council through the RDBPT by periodic reports and through both the annual report and the half-yearly report.

The RDBPT will endeavour to operate on a "no surprises" basis with regard to all issues of relevance to the Settlor. Early notice will be given to the Settlor of issues that arise requiring its consent.

## **Trustees**

Trustees have been appointed by Christchurch City Council unless indicated as co-opted.

Claudia Reid  
3/14 Andover Street, Merivale,  
Christchurch 8014

Stewart Miller (co-opted)  
7 Heaphy Court  
Rolleston 7614

Garry Moore  
103 Warrington Street  
Mairehau  
Christchurch 8013

Stuart Wright-Stow  
255 Okuti Valley Road

Little River 7591

Tutehounuku (Nuk) Korako  
PO Box 210  
Lyttelton

Nicola Shirlaw  
236 Wilsons Road  
Waltham  
Christchurch 8023

Simon Mortlock (co-opted)  
PO Box 13 474  
Christchurch 8141

Andrew Turner  
PO Box 209  
Lyttelton 8841

### **Subsidiary and Monitored Companies**

The RDBPT has no investments in other companies.

### **Financial Results**

The Trustees will receive and review the RDBPT's financial and other reports regularly, and will provide financial statements to the Council on a 6 monthly basis.

### **Distributions**

The Trust has developed an investment policy based on the eventual distribution of the entire capital fund. The rate and method by which this distribution is to be achieved will depend on the emergence of opportunities matching the Trust's objectives. In order to provide some working guidelines, the Trust has invested its funds and planned its operational arrangements with the view to expending up to \$1,385,000 (approximately 40% of its original capital by the year 2017 and the remainder in years to follow. For the purpose of financial forecasting this has been apportioned into an even annual capital spending sum of \$346,250. In practice the amounts spent will be determined by the availability of suitable projects that leave an enduring legacy for Banks Peninsula.

The Trust has determined that income derived from the capital fund will be used to cover its operational expenses and minor projects that do not leave an enduring legacy.

In the financial year 2012/13 the Trust committed three years of grant funding to two partner organisations, the Banks Peninsula Conservation Trust and Orton Bradley Park from its annual income totalling \$50,000 per annum. These organisations have aims that align with the Trust and the funding is aimed at assisting them to achieve financial sustainability.



## 5. ACCOUNTING POLICIES

As a result of the adoption in New Zealand of a new accounting standards framework developed by the External Reporting Board, the RDBPT is required to adopt Public Benefit Entity (PBE) Accounting Standards from 1 July 2014.

PBE Accounting Standards allow the RDBPT to elect which of the four tiers of the framework that it will report under. The RDBPT has elected to report under Tier 2 of the framework and will adopt Public Sector PBE Accounting Standards with reduced disclosure requirements. These standards are broadly the same as has been adopted in the last several years under New Zealand International Financial Reporting Standards with differential reporting.

The financial statements are prepared on the basis of historical cost, except for the revaluation of certain non-current assets.

The current accounting policies are attached to this Statement of Intent in Appendix Two.

## 5. PERFORMANCE TARGETS AND MEASURES

### Financial Performance Targets

The financial performance targets for the Trust are as follows

	2014/15	2015/16	2016/17
<b>Operating Surplus</b>			
Revenue*	133,759	123,001	109,562
Operational expenditure	45,900	46,818	47,754
Committed grants	50,000	50,000	50,000
Minor projects	31,600	32,232	32,877
	<hr/>		
Operating Surplus/(Deficit)	6,259	(6,049)	(21,069)
	<hr/>		
<b>Trusts Funds</b>			
Opening funds	3,301,839	2,961,848	2,609,550
Operating Surplus/(Deficit)	6,259	(6,049)	(21,069)
Capital grants and project expenditure**	346,250	346,250	346,250
	<hr/>		
Closing balance	2,961,848	2,609,550	2,242,230

\*Revenue is made up of interest income only.

\*\*Note that in line with the Trust's Investment policy the capital expenditure forecast is based on the aim of investing \$1,121,839 over the next 3 years in projects which leave an enduring legacy. This is unlikely to be spread evenly over the 3 years as shown in the forecast, as it will depend on the development of the Trust's strategies and availability of matching opportunities. The even spread shown above is done for the purpose of revenue forecasting and provides a reference point against which actual expenditure can be compared.

The Trustees will report financial results as set out below in the “Information to be Provided” section.

## **Other Performance Measures**

In addition to the above financial performance measures, the RDBPT Trustees may use other measures to assess the RDBPT’s performance over the 2014/15 to 2016/17 financial years.

## **Performance Indicators**

### ***Indicator 1***

Inform the public and relevant interest groups about on-going activities and progress of the Trust

### ***Achievement***

Ensure the Trust website is kept up to date with news, activities and documents and its usage monitored.

Send a newsletter at least once per year to people who have registered on the Trust website.

Send press releases to local media when significant events have occurred

### ***Indicator 2***

Develop relationships with, and gain the trust of, existing interest groups on Banks Peninsula with aims aligned to those of the RDBPT, along with relevant government agencies and territorial authorities.

### ***Achievement***

Build strategic relationships with Peninsula runanga.

Base strategic relationships with key interest groups on working together project by project.

### ***Indicator 3***

Invest the Trust fund prudently to minimise risk to the capital while achieving the aims of local and ethical investment. In the longer term ensure that the capital fund is invested or spent in ways that leave a long term legacy for the people of the Peninsula and visitors. Keep annual operating costs within the income generated from the invested funds.

### ***Achievement***

Identify other bodies which have funds available for projects aligned with the objectives of the RDBPT, develop strategic relationships with these bodies with the aim of a 5:1 leverage on Trust capital where possible.

Investigate attracting donations, sponsorship and other means of augmenting the Trust’s funds

Review the Trust’s investment policy to ensure that it is meeting Trust goals.

#### **Indicator 4**

The Trust has determined four key pillars on which its projects will be based; Access, Biodiversity, Knowledge, and Partnerships.

#### **Indicator 5**

Provide tangible support for the key projects and leadership building the Access pillar

#### **Achievement**

Develop a robust framework to identify and review potential projects to determine how they meet the four key pillars the Trust objectives and ongoing legacy costs.

Make submission to relevant policy documents in support of the pillars.

#### **Achievement**

Publish the Walking strategy incorporating the comprehensive inventory of walks and maps.

Keep the comprehensive inventory and map of walks up to date and keep visitor centres supplied with information.

Work to enable public walking and cycling access to support the objectives of the Walking strategy through continual review of potentially strategic property, key projects of Lyttelton Head to Head, Spine of the Lizard and projects emerging from the community.

Determine appropriate mechanisms to achieve access, aiming for in perpetuity.

Work towards improved track signage.

Develop links with community and user organisations with a shared interest in developing and maintaining walking tracks and build up links with Christchurch outdoor recreation groups, schools and student associations.

Determine location of Council property within the territory covered by the Trust and consider if it could be strategically better utilised.

**Indicator 6**

Provide tangible support and leadership for projects building the Knowledge pillar.

**Achievement**

Support publications relating to the objectives of the Trust.

Incorporate knowledge building into the Trust walking strategy and walking products.

Conduct research into the historical initiatives around walking and places to stay, camping and hostelry aimed at facilitating economic viability for small communities and forming a strategy.

**Indicator 7**

Provide tangible support for partners

**Achievement**

Work with key partners Banks Peninsula Conservation Trust and Orton Bradley Park to assist them toward achieving a greater degree of long term financial sustainability.

Ensure that the partnership arrangements entered into with other groups are formalised with a Memorandum of Understanding.

**Indicator 8**

Provide tangible support for biodiversity

**Achievement**

Support groups as appropriate who are directly working to improve biodiversity and mechanisms to achieve this.

**Indicator 9**

Develop relationship with Community Boards

**Achievement**

Invite the Banks Peninsula Ward Councillor, Akaroa/Wairewa and Lyttelton/Mt. Herbert Community Board chairs to attend an RDBPT meeting.

RDBPT Trustees attend a joint workshop of the Akaroa/Wairewa and Lyttelton/Mt. Herbert Community boards and discuss respective activities.

Keep the Akaroa/Wairewa and Lyttelton/Mt. Herbert Community boards informed of significant achievements and progress.

## **6. INFORMATION TO BE PROVIDED**

### **Statutory Information Requirements**

#### *i. Annual Statement of Intent*

The RDBPT will provide this in accordance with Section 64(1) of the Local Government Act 2002. The Trustees will include any other information they consider appropriate.

#### *ii. Half yearly report*

The RDBPT will provide a half yearly report in accordance with Section 66(1) of the Local Government Act 2002. This will comply with with Tier 2 PBE Accounting Standards and generally accepted accounting practice and include any other information the Trustees consider appropriate.

#### *iii. Annual report*

The RDBPT will provide an annual report including audited financial and performance statements in accordance with Section 67 of the Local Government Act 2002. Again this will comply with with Tier 2 PBE Accounting Standards and generally accepted accounting practice and will include any other information the trustees consider appropriate.

The RDBPT will provide its annual reports to the Lyttelton/Mt Herbert and Akaroa/Wairewa Community Boards, for the information of the Community Boards.

### **Other Information to Meet the Needs of the Council**

The RDBPT will invite the Banks Peninsula Ward Councillor and the Chairpersons of the Akaroa/Wairewa and Lyttelton/Mt. Herbert Community Boards to attend one of its Board meetings each year. If called upon by the Council the RDBPT will meet with these representatives on a further two occasions in any one financial year.

The RDBPT Trustees will attend a joint workshop of the Akaroa/Wairewa and Lyttelton/Mt. Herbert Community Board once per year to discuss the RDBPT's activities and the respective Boards activities.

## **7. ACQUISITION OF SHARES IN ANY COMPANY**

The Trust will only acquire securities or debt shares in any company after having notified Council.

## **8. RATIO OF CONSOLIDATED TRUST FUNDS TO TOTAL ASSETS**

The RDBPT's funds equal its total assets, therefore the ratio of total trust funds to total assets is 1:1.

## **9. ESTIMATE OF DISTRIBUTIONS OF ACCUMULATED PROFITS AND CAPITAL RESERVES**

The Trustees will explore options to attract funds from other sources to grow the trust fund and/or to serve the trust objectives.

The RDBPT will identify projects that it wishes to support. This support may be in the form of the distribution of accumulated profits or the through use of the capital. Any projects identified and the related estimated distributions of accumulated profits will be signalled in the RDBPT's six monthly reports to the Council. The RDBPT will develop a distributions policy in regard to these distributions.

## **10. COMMERCIAL VALUE OF INVESTMENT**

The commercial value of the investment is equal to the net assets of the RDBPT. The current asset of the RDBPT is approximately \$3,717,977 cash (31 December 2013). The commercial value will be reviewed on a 6 monthly basis when the financial reports for the RDBPT are prepared.

## **11. ACTIVITIES FOR WHICH COMPENSATION IS SOUGHT FROM ANY LOCAL AUTHORITY**

Currently there are no activities for which compensation will be sought from any local authority.

**APPENDIX 1 - MAP OF DISTRICT ADMINISTERED BY THE FORMER BANKS  
PENINSULA DISTRICT COUNCIL**



## **APPENDIX 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary is set out in a form consistent with the form in which the accounting policies will be set out when presented with the financial statements of RDBPT. No financial statements are included with this SOI.

### **Statement of Significant Accounting Policies**

#### **a. Basis of financial statement preparation**

In accordance with the new Accounting Standards Framework the RDBPT is a Public Sector PBE. The RDBPT while meeting the requirements to apply Tier 3 PBE Accounting standards (is not publically accountable and has expenses less than \$2 million) has elected to apply Tier 2 PBE standards with effect from 1 July 2014.

There has been no significant change in the Trust's accounting policies as a result of the new accounting standards.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain non-current assets.

The functional and presentation currency is New Zealand dollars, and all values are rounded to the nearest dollar.

#### **b. Revenue**

Revenue is measured at the fair value of consideration received. Interest income is recognised using the effective interest method.

#### **c. Borrowing Costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

#### **d. Income tax**

The Inland Revenue Department (IRD) has confirmed that the Trust has charitable status for tax purposes and is therefore not liable for income tax.

#### **e. Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less.

#### **f. Trade and other receivables**

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less impairment provision.

#### **g. Trade and other payables**

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost.



h. Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

i. Goods and Services Tax

The Rod Donald Banks Peninsula Trust is registered for GST. All amounts stated are exclusive of GST where applicable.

j. Provisions

A provision is recognised in the balance sheet when the Trust has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

k. Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

## APPENDIX 3 – INVESTMENT STRATEGY

This appendix lays out the

- Rod Donald Banks Peninsula Trust Investment Principles
- Available funds
- Method to achieve principles
- Proposed annual expenditure budget

### Trust's Investment Principles

The strategy is aimed at the 5 year period from the start of the financial year on July 1 2012 to the end of the financial year on June 30, 2017. It incorporates the following principles:

- In support of its Trust Deed and Statement of Intent, the Trust will invest funds locally and ethically. Locally means in the first instance Canterbury and then New Zealand, but not overseas.
- Ensure a prudent spread of investments so that risk on the capital fund is minimised.
- To limit risk the following hierarchy of conditions has been applied to investments falling outside of the Christchurch City Council Investment Policy; at the time of their investment and subsequent reinvestment:
  - a. no more than 30% of fixed income investments will be in instruments falling outside of the Christchurch City Council Investment Policy,
  - b. no more than 15% of the total fixed income funds will be invested in non credit rated Non Bank Deposit Takers (NBDT),
  - c. no more than 7% of the total fixed income funds will be invested in any single non-credit rated NBDT,
  - d. no more than \$250,000 will be invested with any single non credit rated NBDT, and
  - e. any such investments should be assessed by the Investment Sub-Committee for credit risk acceptability.
- The Trust will only acquire securities or debt shares in any company after having notified Council.
- Ensure funds are available to cover the annual basic running costs of the Trust.
- Have some funding available annually for Trust minor projects and grants to partners.
- Funding for the Trust's operational costs, minor projects and grants will be derived from income.
- Expend up to 40% of the capital in investments over the 5 year period July 1, 2012 to June 30, 2017 years in ways that will leave a long term legacy.
- Aim to achieve a multiplier effect of 5:1 through partnerships with other organisations – i.e. for every \$1 the Trust invests, it would look for \$4 to come from partners or other sources.
- Retain approximately 60% of the capital for the next period.
- Any decisions on re-investment are to be approved by the Board with the proviso that if the Board is not available a decision can be made by the

Secretary in conjunction with the Chair or another Board member if the Chair is not available and will need to be affirmed at the next Board meeting.

•  
**Available Funds**

The following table reflects the Trust's available cash and investments as of February 2014.

<b>Bank</b>	<b>Amount</b>	<b>Capital Allocated for</b>
BNZ cash	\$91,236	
Kiwibank	\$1,385,000	Earmarked for use by June 2017 or earlier subject to suitable projects, including \$45,000 for the Spine of the Lizard project
Kiwibank	\$30,000	Surplus interest from 2013/14. Reserved to cover future operational costs when, due to capital depletion, annual interest earnings become insufficient to cover operational costs
Prometheus Finance	\$250,000	Earmarked for use after June 2017 or earlier subject to suitable projects
Kiwibank	\$1,150,000	Earmarked for use after June 2017
TSB	\$500,000	Earmarked for use after June 2017
Heartland/CBS	\$250,000	Earmarked for use after June 2017
<b>Summary</b>	\$354,397	Current liabilities and forecast amount to be spent by end of 2013-14 financial year. Assumes \$346,250 capital will be spent in 2013-14 year. At Feb 2014 only \$53,530 of this has actually been spent or allocated to projects.
	\$1,094,267	Total earmarked as capital funds until June 2017
	\$2,150,000	Total earmarked for use after June 2017
Total February 2014	<b>\$3,656,236</b>	Current total funds in February 2014
<b>Total Forecast funds July 2014</b>	<b>\$3,301,839</b>	<b>Amount forecast as available at start of 2014-15 financial year</b>

**Methods to achieve principles**

The total capital sum forecast as available for use from the start of the financial year on July 1, 2014 is \$3,301,839. \$1,121,839 (33.98%) is earmarked as funds for capital expenditure over the next three years (the remainder of the first five year period), and \$30,000 reserved to cover anticipated operational costs. The remaining \$2,150,000 (66.02%) is earmarked for the next period.

As funds mature they will be reinvested using the principles to produce income for the Trust. A mix of longer and shorter term investments will be used to ensure that the Trust has access to sufficient capital funds each year to meet the demands of any projects that have been accepted and are in its forecast, or are pending. However, the Trust may break a longer term deposit if a sufficiently compelling opportunity arises and this cannot be avoided. The capital will be used on projects that leave an enduring legacy.

The annual operational expenditure of the Trust, its minor operational projects, and grants to assist with the operational activities of partner organisations will be funded

from income, or from a mix of income and income surplus to operational costs from previous years.

### **Annual Expenditure**

The proposed Annual expenditure includes the Trust's annual operational expenditure and an allocation for minor project work, to be carried out either directly by the Trust or through grants to key partners.

### **Total annual budget**

<b>Item</b>	<b>Budgeted amount p.a.</b>
Annual operating expenditure	\$45,900
Grant to BPCT annually	\$25,000
Grant to OBP annually	\$25,000
Other minor project work	\$31,600
<b>Total annual budget</b>	<b>127,500.00*</b>

The Annual operating expenditure is based on the rates the Trust is currently paying for a Secretary/Project Management service of approximately 4 days per week, website hosting, accounting, auditing and insurance costs. Applying an assumption of 2% p.a. CPI inflation on operating expenditure and other minor project work, total annual expenditure is expected to rise to \$130,631 by 2017.

### **Estimated annual income**

The Trust aims to fund its operational expenditure, minor projects and minor grants from its annual income.

The annual income of the Trust for the remaining three years of the first period has been forecast based on the following assumptions;

- the income will be solely derived from interest on the investments,
- approximately 33% of the capital (\$1,121,839) will be expended over the next four years to June 30, 2017,
- the capital will be depleted evenly at a nominal rate of \$346,250 per annum,
- the \$346,250 may be spent at the start of the year and therefore the model assumes that it attracts no interest the year in which it is nominated for spending,
- each investment will continue to attract the same interest rate

This is an idealised forecast developed to demonstrate that the annual income should be sufficient to cover the annual expenditure. In practice the Trust is likely to depart from this idealised pattern as it will expend capital as and when appropriate opportunities emerge rather than at a set rate per annum.

The forecasts given in this Investment Policy therefore provide a basis against which to assess such opportunities and determine the impact that capital expenditure will have on the annual income.

**Forecast Income and expenditure**

<b>Financial year</b>	<b>Anticipated income</b>	<b>Operational budget</b>	<b>Surplus/(Deficit)</b>
2014-15	133,759	127,500	6,259
2015-16	123,001	129,050	(6,049)*
2016-17	109,562	130,631	(21,069)*

\* Surplus from the 2013-14 and 2014/15 will be used to fund operational costs in deficit years