



# TARANAKI ELECTRICITY TRUST

## Annual Plan and Policy on Income Distribution

(As from 18 September 2019)

### **Background**

Taranaki Electricity Trust (TET) is a Charitable Trust. The Trust was originally formed in 1993 and receives investment income which is distributed by way of grants to suitable applicants from the area previously supplied by the Taranaki Electric Power Board.

### **Policy of Trust**

#### **Income**

The policy of the Trust is to distribute its budgeted available net income to suitable applicants by way of discretionary grants. By distributing funds to as wide a range of applicants as possible, it is hoped that the income will be returned to the community which originally built the power company.

#### **Capital**

The Trust's policy is not to distribute capital but could in exceptional circumstances in accordance with the Deed of Trust.

### **Investments**

The Trust has a written statement of Investment Policies and Objectives which is separate from this Annual Plan and Policy on Income Distribution.

### **Parties Eligible for Grants**

Applicants may be organisations or individuals but generally would be expected to be from the Trust area. Individuals who apply would generally be expected to live in the area and in the case of an organisation, the project concerned would be expected to be in the Trust area and the organisation would have to be based or operate from within the Trust area. An application would only be eligible where there would be a benefit to people in the Trust area. Currently it is the priority of the Trust to fund applicants from within the TET area.

### **Trust Area**

The Trust area is the area previously supplied by the old Taranaki Electric Power Board (in other words if power accounts were paid to Taranaki Electric Power Board then this will be in the Trust area but if power accounts were paid to New Plymouth Energy then this will be outside the area).

The Trust area extends to past Uruti in North Taranaki, includes Waitara, Inglewood, Stratford, Eltham and extends as far south as Te Roti. South of the mountain the west boundary is Awatuna and the eastern boundary extends well inland past Whangamomona. A detailed map of the exact area is available on the Trust's website.

## **Criteria for Qualifying for Assistance**

The overall criterion for assistance is that a grant must be for a “charitable purpose”. This is necessary to:-

- (a) Preserve the Trust’s exemption from income tax, and
- (b) To enable the trustees to comply with the Deed of Trust

“Charitable purpose” is not defined anywhere in our law, except in the Income Tax Act 1994, where the definition is not helpful. The trustees will therefore adjudge “charitable purpose” in accordance with the summary in CCH New Zealand Income Tax Law and Practice, volume 1, paragraph 163-000 to 163-175.

Subject to grants meeting the overriding requirement of being for a charitable purpose, grants can be made where projects meet any of the following criteria:-

- (a) For “Charitable Purposes”, including
  - (i) Projects benefiting the electors of the District.
  - (ii) Other purposes which in the discretion of the Trustees consider will benefit electors.
  - (iii) Purposes which will benefit residents of the District.
  - (iv) For the support of economic development of the District.
- (b) For “Energy Related Charitable Purposes”, including
  - (i) Safety improvements eg removing hazards caused by overhead power lines.
  - (ii) Activities relating to remedying or avoiding adverse effects on the environment.
  - (iii) For the promotion of energy efficiency research and development projects.
  - (iv) Financial assistance to charitable organisation relating to cost and use of energy resources.
  - (v) For the support of electrical supply works such as undergrounding of power and maintenance of uneconomic rural lines.
  - (vi) For the promotion of energy efficiency.
  - (vii) For the provision of bursaries and other educational assistance allied to the energy industry.
  - (viii) For the assistance of new businesses where employment opportunities will be created by subsidy of energy costs.
  - (ix) Rebates or subsidies on electricity accounts (provided it meets the definition of charitable purpose)

## **Application Forms**

An editable pdf file is available on our website for downloading.

Our preference is to receive the application for grant document and all supporting documents electronically as a **single** pdf file (file to be no larger than 5 MB). email to [taret@xtra.co.nz](mailto:taret@xtra.co.nz)

However, if you are supplying hard copies all documents must be A4 in size, please **do not fold, staple or bind any information** as the application will be scanned.

## **Information Submitted With Applications**

Please limit the information supplied as far as possible and be as concise as possible. i.e. please do not send large packs of information which may be largely irrelevant.

## **Closing Date for Applications**

### **Applications under \$100,000**

The 20<sup>th</sup> of each month. Please note that these applications would be considered by the Trustees over the following couple of months, therefore applicants may not receive a response for up to 8 weeks

### **Applications \$100,000 and over**

Annually on 15 August. Although this is the closing date, applications should be submitted as early as possible to allow Trustees to discuss the proposed project with the organisation concerned.

### **Income Available for Distribution**

Each application is considered on its merits and there is no maximum amount which can be applied for.

The Trustees have a budgeted income for distribution as grants for the 2019/20 year and will adhere to that figure.

### **Applicants**

#### **a) Individuals**

Individuals may apply for funding assistance but usually would only qualify in the area of educational assistance allied to the energy industry. Individuals with disabilities or suffering distress or hardship may also qualify for some assistance.

There is an annual scholarship available for those undertaking tertiary education. Applications must be made on the prescribed Scholarship application form which is available from around August each year.

In the case of individuals applying as sporting representatives, the Trustees will use their discretion as to the level of funding, particularly where representative selection is not involved.

#### **b) Education**

Special application forms will be sent to all Educational Institutions and the amount granted to each institution will be at the discretion of the Trustees. Factors taken into account will include the roll of the institution, the financial position and forthcoming projects.

#### **c) Non-Profit Organisations**

Non-Profit organisations can receive assistance from the Trust for a wide range of projects. Examples of successful applications include heating of halls, electrical appliances, building alterations etc. The purposes must however be beneficial for the community.

All organisations are required to submit with their application a copy of their rules. For unincorporated bodies, these rules, as a minimum, must include clauses prohibiting any pecuniary gain for members, how the rules can be changed and the process for liquidating the organisation including the distribution of assets. In all instances, the requirements of the IRD must be satisfied.

#### **d) Sports Clubs**

Sports Clubs can receive assistance in the same manner as non-profit organisations, provided the facilities are in the interest of social welfare.

#### **e) Churches & Religious Organisations**

Churches and religious organisations can receive funding from the Trust for a variety of projects. Examples of successful applications include heating of church halls and church buildings, building alterations, purchase of appliances. Generally the maximum amount for these organisations has been limited to \$6,000.

#### **f) District Councils**

District Councils can receive assistance where the Trustees believe there will be sufficient benefits to the TET area.

### **g) Commercial Enterprises**

Privately owned businesses will not normally be eligible for receiving assistance unless the application is in terms of criteria b (viii), i.e. where employment opportunities will be created by the new business.

### **Applications Likely to Receive Assistance**

#### **1. Types of Expenditure/Projects**

Applications are not limited to electrical applications or electrical work. The Trustees can approve any project which is for charitable purposes and which will be for the benefit of electors or residents in the district which enables a wide range of projects to be funded.

#### **2. Own Contributions**

Generally applications would be more favourably considered if the applicant can demonstrate that it has made some considerable effort of its own before requesting funding. Examples of this would be either cash reserves of its own or the use of extensive voluntary labour in the project.

### **Items Not Considered as Eligible**

**1.** Each application is considered individually on its merits although the following would not generally be eligible for assistance:

- (a) Expenditure incurred prior to the application being considered.
- (b) Expenditure on Motor Vehicles
- (c) Jubilees or reunions, unless there is full community involvement
- (d) Alcohol

#### **2. New Organisations**

Generally organisations that have been operating for less than 12 months would not be eligible for assistance.

### **Frequency of Applications**

An applicant who has received assistance by way of a Grant from the Trust would not be eligible for a further grant until at least twelve months has elapsed from date of approval.

### **Payment of Grants**

The Grant will only be paid on production of a claim form along with copies of suitably itemised invoices specifying all the work carried out. The Trustees must be satisfied that the amount granted is only used for the purposes which was originally applied for and approved. A signed declaration form may also be required on completion of the project. Any payment made would be direct to the applicant and any accounts incurred must not be in the name of TET.

Any organisation that has received a grant of \$100,000.00 and above is required, in their next annual audit/review, to have the contents of the grant spending reviewed in accordance with the conditions that it was awarded, including providing proof of payment.

An approved Grant must be uplifted within twelve months. After this time the Grant may lapse at the discretion of the Trustees.

**Discretion of Trustees**

Each application is considered on its merits and approval is at the discretion of Trustees, subject always to the trustees being satisfied the application is for a charitable purpose and falls within their powers under the Deed of Trust.

**G.S.T.**

Taranaki Electricity Trust is not registered for G.S.T. thus any payment will not have G.S.T. added to it.

Accordingly if the applicant is registered for G.S.T. and the invoice submitted amounts to less than the maximum granted, only the net amount of the invoice will be paid out.

Further information can be obtained from:-

The Administration Officer  
Taranaki Electricity Trust  
PO Box 163  
**INGLEWOOD**  
Phone: (06) 756 7563

84 Rata Street, Inglewood  
Email: [taret@xtra.co.nz](mailto:taret@xtra.co.nz)  
Website: [www.taranakielelectricitytrust.co.nz](http://www.taranakielelectricitytrust.co.nz)

Office hours are Wednesdays & Fridays 9.30am – 12.30pm

Applications can be posted in or left in the TET mail box at the Fun Ho Museum at any time during their office hours.