



Proposed Amendments to Trust Deed

Purpose of this document

The Hutt Mana Charitable Trust (the 'Trust') Trustees are considering changes to the way Trustees of the Trust are appointed. This document outlines the reasons for the proposed changes and the Trustees now seek your feedback. The Trustees want to ensure the Trust is able to continue supporting our community organisations into the future. We look forward to hearing from you.

Background

The origins of the Trust date back to 1993. The Hutt Mana Energy Trust as it was called then was established as part of the New Zealand energy reforms in the 1990s which saw the privatisation of the Hutt Valley Energy Board and the power line assets it held sold to the private sector.

In 2005 the Hutt Mana Energy Trust was wound up and majority of the funds were distributed to energy consumers within the old Hutt Valley Energy Board area. As part of the wind-up arrangements, \$35M was settled into the Hutt Mana Charitable Trust (HMCT) to fund energy efficiency projects and community initiatives in the region. Over the years the scope of the Trust has widened to include grants to community organisations that work tirelessly on behalf of local communities.

Currently, the Trust has an investment fund around \$42M, with grants to organisations totalling around \$1M per annum and operating expenses totalling approximately \$400K per annum. Ensuring the Trust continues to deliver for future generations while keeping up with inflation is a key priority and driver behind the proposed changes to how Trustees are appointed.

The Current system for appointing Trustees

Currently, Trustees are elected every three years from the four areas covered by the Trust (Lower Hutt, Upper Hutt, Porirua, North Wellington) as part of the local body elections.

Despite voter turnouts being low, the electoral process is transparent, open to any person, and candidates can be scrutinised.

The reality is however that usually only well-known individuals in the community get elected, which doesn't necessarily result in the ideal mix of skills at Trustee level. More importantly, the election process costs the Trust around \$300,000 every three years. This is a big expense for a relatively small Trust. That money could be better spent on growing the fund and improving the long-term sustainability of the Trust.

We believe we can retain the democratic aspects of Trustee selection by asking the four local councils (Hutt City, Upper Hutt, Porirua and Wellington) that cover the Trust area to select Trustees.

The proposed change

Instead of electing Trustees as part of the local body election process, it is proposed the Trust would call for nominations after the 2024 local body elections, and a short list would be sent to an appointment committee made up of a representative from the four Councils and an existing Trustee for consideration and appointment. It is proposed that the terms of each Trustee be staggered, beginning from 2025, so that Trustee continuity and knowledge is transferred and retained.

Trustees would be appointed for a three-year term (as is currently), with a maximum of six years' service per Trustee.

An appointment process such as this is considered best practice, especially when a trust fund of around \$42M is to be managed on behalf of the HMCT communities.

A key advantage of this proposal is that Trustees could be appointed based on skills, knowledge, and experience rather than public popularity. It would also allow for Councils to monitor the progress of the Trust and appoint Trustees from their communities as vacancies occur. The public elect their Councils and they in turn make decisions on behalf of their communities. Councils also understand the needs in their communities, which makes the appointment of local Trustees a good fit with their work. Mayors and councillors, who would be part of the appointment process, would not be eligible for appointment as a Trustee.

Another key advantage of the proposal is the ability to dispense with the approximately \$300,000 cost of holding an election for the Trustees every three years.

The estimated cost to administer the new appointment process is expected to be no more than \$9000 every three years. This results in a net savings to the Trust of \$291,000 every three years which could be reinvested in the fund to make sure funding is available for future generations.

The critical point is that over the years since the Trust began, the funds have not grown sufficiently to keep up with inflation. This puts the funding available to community organisations at risk in the future. Trustees consider that now is the time to address this issue.

There is quite a bit of catch up to do to ensure the Trust grows in real terms, while still maintaining our distributions to community groups. Trustees consider that the proposed change is a good step towards the principle of growing the fund over time, while continuing to support more community groups and organisations and their valuable work into the future.

The Trustees have also taken the time to have a tidy-up of the Trust's Deed and bring it into modern language and practice. Take a look at those changes as well and be sure to comment on them.

Conclusion

The proposed change is important for the future of the Trust. Trustees are keen to promote it widely, so that communities are informed and have the chance to comment before any decision is made.

A copy of the proposed amendments to the Trust Deed can be found on our website <https://hmct.org.nz/> or email us at secretary@hmct.co.nz for a copy.

Our aim is to make the Hutt Mana Charitable Trust the best it can be for our communities. This is your chance to help shape the future of the Trust. Every opinion matters and we hope to hear yours.

Thank you for your continued support.

Nick Leggett
Chairperson

How Can You Help?

1. **Written Feedback:** Share your thoughts and ideas in writing.
2. **Verbal Feedback:** Speak directly to our Trustees in a hearing.

Important Dates

- **31st October:** We present the consultation document.
- **31st October to 30th November:** We promote and share this consultation document. During this time, you can send us your written feedback.
- *Promotion of process through newspaper, email and social media occurs*
- **Submission Deadline:** Please send us your written feedback by **Thursday, 30th November 2023.**
- **8th December (Morning):** Trustees are holding hearings at PKF Kendons in Lower Hutt. Here, you can talk to our Trustees and share your thoughts verbally.
- **15th December:** The Trustees will consider all the feedback we get and advise our communities of our decision.

How To Share Your Feedback

1. **Written Feedback:** Send your written thoughts on the changes we are proposing to secretary@hmct.co.nz or mail to P.O. Box 31045 Lower Hutt, 5040 or go to our website (<https://hmct.org.nz/>) and complete our online feedback form.
2. **Verbal Feedback:** If you want to make a verbal submission to accompany your written submission and address our Trustees directly, please book a time slot for the hearing on 8th December. This hearing will be an opportunity for you to express your thoughts in line with your submission and Trustees to ask questions of you. Please email us at secretary@hmct.co.nz or call us at 04 566 4399.