

# By Email only 15/10/19

Dear Mr Gunnell

I feel obliged to comment on the latest submission dated 9 October 2019 by the Eastland Network (“Eastland Lines”) in Gisborne.

## Background

1 Eastland Lines submission does not correctly reflect its true legal status. It is a monopoly distribution network owned by the Eastland Community Trust (“the Trust”) via a holding company called the Eastland Group Ltd (“the Holding Company”)

2 Income beneficiaries of the Trust are, in the majority householders and small businesses in the Gisborne District Council (“GDC”) territorial area. Excluded, by long standing executive decision of the Trust, are consumers in Wairoa.

3 It is true the sole capital beneficiary in 2073 is GDC. But it is misleading for the Eastland Lines submission to refer only to the beneficiary GDC.

4 Since 1993 the Holding Company, with approval and financial backing from the Trust (including a \$20,000 start-up loan from the Trust in 1993), has acquired the operating lease of Gisborne Airport, (the dearest to fly into or out of in NZ because of a passenger levy imposed by the Holding Company). The Holding Company has also acquired ownership of the Gisborne Sea Port which is among the most profitable but dearest log ports in NZ with on-going expansion plans to double its log berth capacity. The Holding Company and ECT have successfully lobbied the Provincial Fund against the repair of the Gisborne-Napier rail link to preserve the Port’s log shipping monopoly. In addition, the Holding Company has acquired a major shareholding (including two directorships) in electricity retailer Flick Electric Limited which it markets aggressively in Gisborne and surprise surprise Wairoa.

Note: Wairoa District residents and businesses, although included in the Eastland Lines supply network, are not beneficiaries of the Trust because they came into the network after 1993 when the Trust was established. In short Wairoa consumers get no benefit from the Trust but pay the highest price in NZ for their electricity supply.

5 The Trust from its annual dividend returns from the electricity company over the past 20 years via the Holding Company (including repayment of the start-up loan) has enabled ECT to accumulate over \$400,000,000 in capital assets according to the Trust's 2019 annual accounts.

6 The Trust and the Holding Company invest outside our District to the detriment of our District and it is a major employer of out of District consultants such as Deloitte and, more recently, the Auckland resource planning consultancy 4Sight for the Port expansion.

7 Last year the Trust distributed \$300,000 to the Holding Company itself as a beneficiary ostensibly for the purchase and installation of electric car charging points.

8 Eastland Lines make much of their extended distribution network. Modern technology has enabled it to shed most of the traditional linesmen and to reach remote lines with technicians in relative comfort and in minutes.

9 Modern technology offers alternative energy solutions for householder supply that do not require miles of transmission line and associated infrastructure.

10 In recent years, while continuing to accumulate capital investments, the ECT trustees have distributed millions to pet charitable projects such as the Eastland Arboretum and **Theatre buildings and** this year a record single distribution of \$1m for a new hospice. Much better the trustees reduced the price of electricity to their domestic consumers **or made rebate distributions like other electricity distributors.** As Eastland Lines say in their submission "our network supply area is one of the lowest socio-economic regions in New **Zealand ."**

Yours Sincerely

Winston Moreton

Electricity Consumer

Past Electrical Supply Authority Chair

Gisborne Tairawhiti