

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)

ANNUAL REPORT AND FINANCIAL STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2004

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WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)**FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 31 MARCH 2004****Directory**

Nature of Business	An Incorporated Charitable Trust
Accountants	Accountants on London Limited Chartered Accountants 1 London Street HAMILTON
Bankers	Kiwibank Limited Level 11 155 The Terrace Private Bag 39888 WELLINGTON
Auditors	Owen McLeod & Co 91 Clarence Street PO Box 389 HAMILTON

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)

Trustees' Report

For the period ended 31 March 2004

This is the first annual report for the Waikato Catchment Ecological Enhancement Charitable Trust.

The Trust was formed with the execution of the Trust's Trust Deed on 13 June 2003. The Waikato Catchment Ecological Enhancement Trust originated from the process of renewing the resource consents for the continued operation of the Waikato Hydro System. Mighty River Power, the owner and operator of the Waikato Hydro Scheme applied under the Resource Management Act (RMA) to replace the expiring resource consents that authorise the operation of the Hydro Scheme. Those organisations who are parties to this Trust worked together over a period of two years to develop an appropriate response in RMA terms to those applications. They recognised that there are a variety of ecological changes occurring in Lake Taupo, the Waikato River and its tributaries and the hydro lake environments as a result of natural processes, other activities in the catchment and the operation of the Hydro Scheme.

In response to these changes the parties considered it desirable to develop a practical means of achieving:

- an acceptable response to the ongoing ecological changes occurring throughout the Lake Taupo and Waikato River catchments;
- an acceptable response to changes associated with the operation of the Waikato hydro system; and
- wider ecological benefits.

Accordingly the parties who have made Trustee appointments to the Trust Deed worked together to develop a response to these matters. This resulted in an agreement titled "Mighty River Power Ecological Interests Group Future Directions - Memorandum of Understanding, 15 October 2002" ("the Memorandum of Understanding"). The outcomes of that agreement expected by the parties were:

- The means to appropriately respond in a RMA context to Mighty River Power's resource consents proposals is defined, funded and resourced using ecological experts.
- An acknowledgement that the process, including the response package, constitutes the best means currently available to all the parties to maximise their collective contribution to positive ecological outcomes in the Lake Taupo and Waikato River catchments while giving effect to each parties other separate responsibilities.
- Organisations and groups with common interests will work together in partnership to achieve common ecological objectives in a constructive manner.
- The sustainable management of ecological resources in the Lake Taupo and Waikato River catchments.

The Waikato Catchment Ecological Enhancement Charitable Trust (“Waikato Catchment Ecological Enhancement Trust”) was established to implement commitments agreed to in the Memorandum of Understanding. To enable the Trust to achieve its objectives Mighty River power, in accordance with its commitments in the Memorandum of Understanding, Mighty River Power has the following financial commitments to the Trust:

1. Payment of \$300,000 plus GST if any (adjusted for CPI) on establishment of the Trust
2. Payment of \$2 million plus GST if any (adjusted for CPI) when the resource consents for the Waikato Hydro System applied for in March 2001 become operative; and
3. Annual payments of \$143,000 plus GST if any (adjusted for CPI) each year during the term of the resource consents for the Waikato Hydro System.

The first Trustees who are the appointees of the organisations that combined to form the Trust are:

Gordon Stephenson CNZM – Royal Forest and Bird Protection Society Incorporated appointee (Chairman)

Don Scarlet – Mighty River Power appointee (Secretary)

Tim Densem – Mighty River Power appointee

Paul Green – Director General of the Department of Conservation appointee

Vicki Carruthers - Director General of the Department of Conservation appointee

Gwyneth Verkerk – Advisory Committee for Regional Environment appointee

Andy Garrick – Fish and Game Eastern Region appointee

Doug Emmett - Fish and Game Auckland Waikato Region appointee

As the means for implementing the commitments in the Memorandum of understanding the Trust was established for the following charitable purposes:

- 1 To foster and enhance the sustainable management of the ecological resources in the Lake Taupo and Waikato River catchments;
- 2 To mitigate adverse effects of the operation of the Hydro Scheme on the ecological environments in the Lake Taupo and Waikato River catchments;
- 3 To maintain and enhance
 - a) indigenous biodiversity; and
 - b) sports fishery and game bird populations
 in the Lake Taupo and Waikato River catchments through appropriate and sustainable species and habitat management by:

- (i) identifying important habitats and/or species;
- (ii) identifying risks and threats to those identified habitats and/or species;
- (iii) identifying most practicable means to ameliorate or resolve risks and threats to habitats and species in the catchment;
- (iv) identifying practical means to enhance important habitats and/or species;
- (v) establishing an enduring and beneficial working partnership between Mighty River Power and the Trust; and

4 To receive monitoring reports on key ecological indicators in order to:

- (a) identify ecological changes, their causes and implications (including determining the extent of Mighty River Power's influence on these changes);
- (b) identify whether ecological changes are in accordance with Mighty River Power's predictions of ecological changes associated with its operations as set out in the Assessment of Environmental Effects (Taupo Waikato Resource Consents Application and Assessment of Environmental Effects, March 2001, Section 7.7, and its supporting documents).

Following the formation of the Trust the Trustees worked hard to make the Trust operational. Key achievement milestones in this regard this year have been:

- Development and adoption of the Trust's Strategic Plan on 18 September 2003.
- Development of the Waikato Catchment Ecological Enhancement Trust brand
- Development of the Trust's website at www.wceet.org.nz
- Development of an application form, a brochure and associated materials required to conduct the Trusts first funding round
- Launch of the Trust's first funding round with applications closing 31 January 2004.

33 Applications were received in response to this funding round. Following consideration of those applications the following grants were made by the Trust:

APPLICATION	APPLICANT	AMOUNT
2004-1	Mercer School	\$ 1,500
2004-2	Cambridge Cluster of Children with Special Abilities	\$ 2,000
2004-3	Reporoa College	\$ 4,500
2004-6	Pukawa Wildlife Management Group	\$ 2,400
2004-11	Lower Waikato River Enhancement Society	\$15,000
2004-16	Fish & Game NZ –Eastern Region	\$30,000
2004-18	The Cocks Wetland Society	\$ 2,000
2004-19	Hakarimata Restoration Trust	\$10,000
2004-20	Department of Conservation – BOP Conservancy	\$15,000
2004-26	Ecosourced Waikato	\$ 6,000
2004-27	National Wetland Trust	\$ 5,000
	Total	\$93,400

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE PERIOD ENDED 31 MARCH 2004

2004
\$

INCOME

Mighty River Power Limited – Contribution	300,000.00
Interest Received	<u>9,513.81</u>
TOTAL INCOME	<u>309,513.81</u>

EXPENDITURE

Trust Establishment and Launch related expenses	4,382.52
Grants Made	<u>85,288.89</u>
TOTAL EXPENDITURE	<u>89,671.41</u>
NET SURPLUS	<u>219,842.40</u>

These statements are to be read in conjunction with the Notes on pages six and seven and the Auditors Report on page seven

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)**STATEMENT OF MOVEMENTS IN EQUITY****FOR THE PERIOD ENDED 31 MARCH 2004**

	2004
Opening Balance	NIL
Net Surplus for the period	<u>219,842.40</u>
Total Recognised Revenue and Expenses	<u>219,842.40</u>
EQUITY AS AT 31 MARCH 2004	<u>219,842.40</u>

These statements are to be read in conjunction with the Notes on pages six and seven and the Auditors Report on page seven

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2004

	2004 \$
EQUITY	
Total Equity	<u>219,842.40</u>
represented by:	
CURRENT ASSETS	
Kiwibank Limited	304,633.82
GST Refund Due	<u>8,608.58</u>
	313,242.40
CURRENT LIABILITIES	
Grants Approved	93,400.00
Working Capital	219,842.40
TOTAL NET ASSETS	<u>219,842.40</u>

Trustee.....

Trustee.....

*These statements are to be read in conjunction with the Notes
on pages six and seven and the Auditors Report on page seven*

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2004

1 STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Waikato Catchment Ecological Enhancement Charitable Trust (Inc) was incorporated under the Charitable Trusts' Act 1957, on 22 August 2003.

MEASUREMENT BASIS

The measurement basis adopted is that of historical cost

DIFFERENTIAL REPORTING

These Financial Statements have been prepared by applying differential reporting exemptions. The Waikato Catchment Ecological Enhancement Charitable Trust (Inc) qualifies for these exemptions on the grounds that it is not publicly accountable and is not large. Application of the exemption relates primarily to FRS -10 as the Trust has not prepared a Statement of Cash Flows.

2 SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies, which significantly affect the Trust's measurement of results and financial position, have been applied:

(a) Taxation

The Trust has been granted Charitable status for the purposes of the Revenue Acts, and in particular is exempt from income tax under Section CB4(1)(c) of the Income Tax Act 1994. Accordingly, no provision for taxation has been made on the net income derived during the period to 31 March 2004.

(b) Goods and Services Tax

The Trust is registered for Goods and Services Tax purposes and the Financial Statements have been prepared on a GST exclusive basis

(c) Investments

Investments are recorded at market value as at balance date.

(d) Changes in Accounting Policy

These are the first Financial Statements prepared by the Trust, and all policies have been applied on a consistent basis.

3 COMMITMENTS

Outstanding Grants approved but not paid as at balance date have been accrued as Creditors. There are no other commitments at 31 March 2004

4 CONTINGENT LIABILITIES

The Trust did not have any contingent liabilities at 31 March 2004

Audit Report

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