

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)

FINANCIAL STATEMENTS

For the fifteen months period ended 30 June 2005

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WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)**FINANCIAL STATEMENTS****FOR THE FIFTEEN MONTHS PERIOD ENDED 30 JUNE 2005****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
1 April 2004 to 30 June 2005

Executive Summary

This is the second annual report for the Waikato Catchment Ecological Enhancement Charitable Trust (Waikato Catchment Ecological Enhancement Trust). This year was the first full year's operation of the Trust. This year has seen the consolidation and refinement of the systems set up by the Trust in its inaugural year. The strong constructive working relationships between the parties to the Trust which resulted in the formation of the Trust have further matured and are at a healthy and strong with all Trustees contributing fully to the activities of the Trust. This year 33 applications were received by the Trust. These applications were of a superior standard to those the Trust received previously. The Trust made grants totalling \$177,964 to 18 projects which were well distributed across the Trust's area.

1. Background

The Waikato Catchment Ecological Enhancement Trust was formed with the execution of the Trust's Trust Deed on 13 June 2003. The Trust originated from the renewal of 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 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 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 organisations that are parties to this Trust 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 with 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 party's 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. The Trustees for this financial year who are the appointees of the organisations that worked together to form this Trust are:

- Gordon Stephenson – 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

2. Purposes of the Trust

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).

3. Primary Activities of the Trust in 04/05

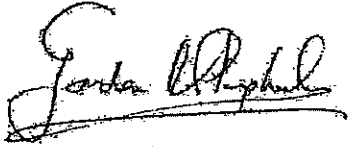
The primary activities of the Trust this year have been:

- i. Appointment of Owen McLeod & Co as the Trust's auditors (10 May 2004).
- ii. Received a payment of \$180,823 incl. GST from Mighty River Power in accordance with the requirements of clause 4.1 (2) third bullet point of the Memorandum of Understanding (annual payment).
- iii. Received payment of \$2,508,750 Incl. GST from Mighty River Power in accordance with the requirements of clause 4.1 (2) second bullet point of the Memorandum of Understanding. This payment was made by Mighty River Power in advance of the resource consents for the Waikato Hydro Scheme becoming operative (the pre-condition to such payment contained in clause 4.1 (2) second bullet) to recognise the professional manner in which the parties to the Trust have worked to make the Trust operative and effective, and to help the Trust maintain its "momentum".
- iv. Appointment of Helen Broome from Mighty River Power as Trust Administrator (5 August 2004)

- v. Development and refinement of the Trust's administrative procedures including development of guidelines for Grant Project Managers, procedures for management of GST responsibilities (including the use of buyer created invoices), reviewed the Trust's grant application form and improved communications to prospective grant applicants.
- vi. Initiated the development of priority habitats and priority species for the Trust's actions.
- vii. Preliminary discussion on the nature of the Peer Review Panel required by the Memorandum of Understanding (and the resource consents for the Waikato Hydro System).
- viii. Decided to seek a proposal from ABN ANRO Craigs to advise the Trust on management of its trust monies. This included a decision that such investments are to be at least A rated and the investments are to be only made in New Zealand. Gordon Stephenson (Chairman), Don Scarlet and Doug Emmett were constituted as the committee to work with ABN AMRO Craigs (17 September 2004).
- ix. Maintained and updated the Trust's website at www.wceet.org.nz. This included providing advice on the Trust's priorities.
- x. Launched the Trust's second funding round with applications closing 31 January 2005.
- xi. Received 33 applications in response to the Trust's January 2005 funding round. These applications were of a superior standard to those the Trust received previously. Following consideration of those applications the Trust made grants totalling \$177,964 to 18 projects which were well distributed across the Trust's area. The grants made are detailed in the table below:

Waikato Catchment Ecological Enhancement Trust Grants made for 2004 -05 year				
Application No.	Applicant	Funding Commitment		Trust Project Manager
		2005	2006	
2005/1	Hamilton Fish & Game Association and NIWA	2000		Doug
2005/2	Pukawa Wildlife Management Group	3000		Gordon
2005/3	Department of Conservation - 1	13500		Andy
2005/4	Department of Conservation - 2	10000		Andy
2005/5	Department of Conservation - 3	17000	17000	Andy
2005/8	Tongariro National Trout Centre Society	12000		Paul
2005/9	Punawhakaata Wetland Trust	20000		Don
2005/10	Upper Whirinaki Wetland Restoration Project	10000		Don
2005/13	Blythen Wetland Society Inc	2000		Doug
2005/18	Ecosourced Waikato	6000		Vicki
2005/20	Tongariro National History Society	42634		Andy/Paul
2005/21	Fish & Game NZ, Eastern Region	2230		Andy
2005/22	Lower Waikato River Enhancement Society Inc		10000	Tim
2005/23	Fish & Game NZ, Auckland/Waikato Region	8000		Doug
2005/24	Training, Recovery & Environmental Education	5000		Gwyneth
2005/25	Tihoi Venture School	8400		Gwyneth
2005/26	Environment Waikato	15000	30000	Vicki/Gordon
2005/33	Forest & Bird Protection Society	1200		Gordon
	Total	177964	57000	

- xii. Accept a proposal from ABN AMRO Craigs to manage the Trust's investments, subject to the fees being as stated with no additional charges and any commission, trailings and brokerage rebated to the Trust.
- xiii. Resolved to change the end of the Trust's Financial Year from 31 March to 30 June. This decision is reflected in this report which reports on the year from 1 April 2004 to 30 June 2005.



Gordon Stephenson
CHAIRMAN



Don Scarlet
SECRETARY

COMPLETED PROJECTS SUMMARY SHEET ANNUAL REPORT - 2004

PROJECT NUMBER	PROJECT NAME	DESCRIPTION OF ECOLOGICAL ENHANCEMENTS DELIVERED BY WCEET GRANT	TRUSTEE
2004/2	Development of Propagation Facilities Cambridge Cluster of Children	Education of children at Leamington School about plant propagation and planting; development of understanding on the part of children as well as others associated with the project of planting of indigenous plants	Gordon Stephenson/ Gwyn Verkerk
2004/6	Pukawa Wildlife Management Pukawa Wildlife Management Group	Preservation of bird life in the Pukawa Bay area - this project supported and extended for one year of the Pukawa Residents Wildlife Management Group in their project to enhance birdlife in the area by protecting it from predators. At the time of the grant this project had already run for two years and a monitoring programme was to be developed (trap records, tracking tunnels and bird counts). This was subsequently reported with an application for a grant in 2005 and indicated that there was effective management of pest species.	Gordon Stephenson/ Gwyn Verkerk
2004/11	Huntly Riverbank Restoration Project Lower Waikato River Enhancement Society	Restoration of river banks, suppression of exotic weeds, increased indigenous biodiversity of plants, development of a wildlife corridor along the lower Waikato river that links wetlands, lakes and forested areas, education of school children assisting in the project in planting and its benefits, education of public that pass the site	Don Scarlet
2004/18	Purchase of Spray Equipment The Cocks Wetland	Increased native vegetation and wildlife and a decrease in predator habitat.	Doug Emmett
2004/20	Control of Wilding Pines - Lake Ohakuri Department of Conservation	Management of wilding pines allows regeneration of indigenous species and so enhances indigenous biodiversity and assists in the maintenance of water quality	Andy Garrick

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE FIFTEEN MONTHS PERIOD ENDED 30 JUNE 2005

	2005	(12 months) 2004
	\$	\$
INCOME		
Mighty River Power Limited – Contribution	2,390,732	300,000
Interest Received	<u>195,672</u>	<u>9,514</u>
TOTAL INCOME	2,586,404	309,514
EXPENDITURE		
Trust Establishment and Launch related expenses	-	4,384
Grants Made	<u>211,880</u>	<u>85,289</u>
TOTAL EXPENDITURE	<u>211,880</u>	<u>89,671</u>
NET SURPLUS	<u>2,374,524</u>	<u>219,842</u>

The accompanying notes form part of these financial statements

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE FIFTEEN MONTHS PERIOD ENDED 30 JUNE 2005

	2005	(12 months) 2004
Opening Balance	219,842	NIL
Net Surplus for the period	<u>2,374,524</u>	<u>219,842</u>
Total Recognised Revenue and Expenses	<u>2,374,524</u>	<u>219,842</u>
EQUITY AS AT 30 June 2005	<u>2,594,366</u>	<u>219,842</u>

The accompanying notes form part of these financial statements

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2005

	2005	(12 months) 2004
	\$	\$
EQUITY		
Total Equity	2,594,366	<u>219,842</u>
represented by:		
CURRENT ASSETS		
Kiwibank Limited – Cheque Account		304,634
- Term Deposit Account	2,826,312	
Mighty River Power Limited	1,196	
GST Refund Due	<u>28,127</u>	<u>8,609</u>
Total Current Assets	2,855,635	313,242
CURRENT LIABILITIES		
Kiwibank Limited – Cheque Account	28,126	
Grants Approved – not yet paid	<u>233,143</u>	<u>93,400</u>
Total Current Liabilities	261,269	93,400
Working Capital	<u>2,594,366</u>	<u>219,842</u>
TOTAL NET ASSETS	<u>2,594,366</u>	<u>219,842</u>

Trustee.....Date.....

Trustee.....Date.....

The accompanying notes form part of these financial statements

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)**NOTES TO THE FINANCIAL STATEMENTS****FOR THE FIFTEEN MONTHS PERIOD ENDED 30 JUNE 2005****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. These financial statements have been prepared in accordance with the generally accepted accounting practice as defined by Financial Reporting Standards and Statements of Standard Accounting Practice as issued by the Institute of Chartered Accountants of New Zealand.

MEASUREMENT BASIS

The accounting principles recognized as appropriate for the measurement and reporting of financial performance and financial position have been applied on an historical cost basis.

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.

2 SPECIFIC ACCOUNTING POLICIES

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

1. 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 30 June 2005.

2. 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

3. Investments

Investments are recorded at market value as at balance date.

4. Changes in Accounting Policy

There have been no changes in Accounting Policies. All policies have been applied on a basis consistent with those applied in previous years.

5. Comparative Figures and change of balance date

The Trust changed its balance date to 30 June so as to re-align with the annual funding commitment from Mighty River Power. The comparative figures are for a period of 12 months.

3 COMMITMENTS

Outstanding Grants approved but not paid as at balance date have been accrued as Creditors. There are no other commitments at 30 June 2005

4 CONTINGENT LIABILITIES

The Trust did not have any contingent liabilities at 30 June 2005 (2004 NIL)

5 RELATED PARTY TRANSACTIONS

Funding for operations to date has been received from Mighty River Power Limited (MRP) under the terms provided for in the Memorandum of Understanding (MoU) of 15 October 2002 between MRP and the Trust. As part of the MoU, MRP has agreed to provide administrative support including the payment of administrative and audit expenses. The audit expenses for the current year amounted to \$675.00

6 EVENTS SUBSEQUENT TO BALANCE DATE

There are no material events subsequent to balance date.

7 PARTNERSHIPS OR JOINT VENTURES

The reporting entity has no interest in joint ventures or partnerships.

Audit Report
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