

**WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)**

**FINANCIAL STATEMENTS**

For the year ended 30 June 2009

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**WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**Directory**

<b>Nature of Business</b>	An Incorporated Charitable Trust
<b>Accountants</b>	Accountants on London Limited Chartered Accountants 3 London Street <b>HAMILTON</b>
<b>Bankers</b>	Kiwibank Limited Level 11 155 The Terrace Private Bag 39888 <b>WELLINGTON</b>
<b>Auditors</b>	Owen McLeod & Co 91 Clarence Street PO Box 389 <b>HAMILTON</b>

## **WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)**

### **TRUSTEES' REPORT FOR THE PERIOD**

**1 JULY 2007 TO 30 JUNE 2009**

#### **Executive Summary**

This is the sixth annual report for the Waikato Catchment Ecological Enhancement Charitable Trust (Waikato Catchment Ecological Enhancement Trust).

- The Trust received 8 applications for project funding in this year's grant round of which 6 were confirmed for funding with the final decision on a further 1 held-over pending further information. The Trust made grants to projects totaling \$57,192.80 for 2009 as well as committing to payments of \$40,775.00 for years 2010 and 2011.
- The allocation of funding to new grants was less than in previous years. This was mainly because of substantial multi-year funding commitments made in 2008.
- The Trustees are pleased to report that the investment fund has maintained its value despite the economic recession. The Trustees have continued to act upon the advice of their investment consultant to maintain their structured portfolio based on secured banking bonds to provide income for investment into projects in the coming years.
- A project commenced to revamp the Trust website during the year. New features will include project progress reports and a map and photo gallery of current and completed projects. Information on the Trust and its objectives, as well as a description of priorities for funding and an application form will continue to be available.
- During the year the Trust supported an urgent request for funds for a research project to investigate a novel fish pass design for use in roading culverts.
- Trustees have continued to discuss the implications of the Co-Management agreement between the Waikato River Iwi and the Crown for the Trust's strategic direction. It has been agreed to seek a strategic alliance with the Guardians Establishment Trust and look for opportunities for synergy in our work programmes where our purposes are similar.
- Trustees took the opportunity during the year to visit and view a number of project sites in the Whangamarino and Reporoa areas.

#### **1. Background**

The Waikato Catchment Ecological Enhancement Trust was formed with the execution of the Trust Deed on 13 June 2003. The Trust originated from the process of replacing 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 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.

The formation of this Trust was a significant part of the response of those organisations to developing 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 in the Lake Taupo and Waikato River catchments.



## 2. Purposes of the Trust

The Waikato Catchment Ecological Enhancement 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

## 3. Primary Activities of the Trust in 08/09

The Trust utilised its own networks and those of its Trustees and connected organisations to notify its funding round. The Trust received 8 applications for project funding which was less than all preceding years. The reason for this is uncertain but was not at all a matter for concern because the Trust had significant pre-existing grant commitments for 2009. As usual the standard of applications was high and the projects were well focused on the Trust's objectives providing clear benefits for ecological enhancement and an ability to support habitat or mitigate the adverse effects of the hydro scheme operation. Six projects were confirmed for funding (see Table in Section 4). One other project was also considered of interest but further detail and planning was requested.

The most significant project supported in this grant round was for restoration of the perimeter of Lake Maratoto. This Waikato peat lake has been identified in a recent Environment Waikato survey as the most viable of the Waikato peat lakes so its protection is an urgent priority. Additional funding is being sought from other sources, and subject to the success of this, the Trust has agreed to support the project over a three year period.

The total funds allocated to new grants was \$97,967.80 (2009 - 2011) which was less than distributed during previous funding rounds. While it was partly a reflection on the number of applications, the available funds to be allocated were reduced compared to previous years because of multi-year funding commitments already made. At the close of the 2008/09 year, the total funds committed but not yet paid were \$1,182,978. This is the result of large multi-year projects which had major works and payments scheduled in 2009. Closer examination of the amounts allocated per year reveals that the total funds for various projects to be completed in 2009 (including new projects) was \$443,068 which is higher than the average annual amount allocated for grants during the previous 5 years of \$170,000.

During the year the Trustees have continued to act upon the advice of their investment consultant to maintain their structured portfolio based on secured banking bonds. This approach has proved resilient in the face of the economic recession such that the fund has retained its value and continued to accrue income at a satisfactory rate. The Trust's conservative policy for fund management has served it well in

the difficult economic climate and the Trustees are pleased to report that the investment portfolio has maintained its value despite the economic recession.

A project to revamp and update the Trust website commenced during the year. The new format is intended to increase the friendliness of the user interface to make information about Trust projects more accessible and to enhance the profile of the Trust. New features will include news releases as progress reports are received. There will also be enhanced project descriptions with a map and photo gallery features for both current and completed projects. Information about the Trust's objectives and funding priorities and an application form will continue to be available.

During the year the Trust supported an urgent request for funds for a research project (2008/24) to implement a novel fish pass design for use in roading culverts. The urgency arose as the project needed to be completed in time for the native fish species migration period. The design incorporated baffle blocks to be placed in the culvert to provide rest areas from the swift culvert current. In light of the urgent nature of the request and the design's potential to mitigate a serious problem for migrating fish, the Trustees agreed to consider the project outside the normal funding cycle and provided \$10,000 towards the installation of the baffles. The prototype device proved highly successful and this early strategic funding has provided proof of concept and enabled its incorporation into culvert fish pass design.

Trustees have continued to discuss the implications of the Co-Management agreement between the Waikato River Iwi and the Crown for the Trust's strategic direction. The direction of the Guardians Establishment Trust is similar in many respects to our own objective to foster and enhance the sustainable management of the ecological resources in the Lake Taupo and Waikato River. In view of this the Trustees agreed to seek to develop a strategic alliance with the Guardians Establishment Trust. In that way we should be able to identify opportunities for synergy in our work programmes.

There have been no changes to the Trustees during the course of the year. The Trustees for this financial year were:

- Gwyneth Verkerk – Advisory Committee for Regional Environment appointee (Chair)
- Vicki Carruthers – Director General of the Department of Conservation appointee (Vice Chair)
- Paul Green – Director General of the Department of Conservation appointee
- Doug Emmett – Fish and Game Auckland Waikato Region appointee
- Matt McDougall – Fish and Game Eastern Region appointee
- Don Scarlet – Mighty River Power appointee
- Cherry Connew – Mighty River Power appointee
- Judy van Rossem – Royal Forest and Bird Protection Society Incorporated appointee

In addition to the Trustees listed above additional support was provided by Kate Scarlet who assisted during the 2009 funding round from November 2008 until March 2009. After this time Michelle Caird of Mighty River Power was appointed to the role of Secretary to the Trust. Mike Hanaray of Accountants on London provided accounting services. Derek Brewster of ABN Amro Craigs provided the Trustees with investment analysis until November 2008 after which time he was replaced by Graeme Barrett also of ABN Amro (recently rebranded as Craigs Investment Partners).



#### 4. Trust Milestones for 08/09

Key milestones for the Trust this year have been:

- i. An upgrade of the Trust's website at [www.wceet.org.nz](http://www.wceet.org.nz).
- ii. News releases through local and regional media in relation to Trust activities and projects being supported.
- iii. Launch of the Trust's sixth funding round on November 1<sup>st</sup> 2008, with applications closing 31 January 2009.
- iv. Receipt of 8 applications in response to the Trust's sixth funding round. These applications were considered by the Trustees on 5 March 2009.
- v. Following consideration of those applications the Trust made grants totaling \$57,192.80 for 2009 as well as committing to payments of a further \$40,775 conditional funding for 2010 and 2011.

The grants made during 2009 are detailed in the following table:

Application Number	Applicant	Funding Commitments		
		2009	2010	2011
2009/01	Lake Kaituna and Lake Komakorau Care Group – Fencing at Lake Kaituna	\$5,000		
2009/03	Environment Waikato - Lake Maratoto Wetland Restoration	\$5602.80	\$33,500*	\$7,275*
2009/04	Blue Duck Charitable Trust – Predator trapping project	\$9,590		
2009/06	Progress to Health – native plant cultivation	\$6,000		
2009/07	Tongariro Natural History Society	\$25,000		
2009/08	Pukawa Wildlife Management Trust	\$6,000		
* Conditional on party obtaining additional funding				

## 5. Projects completed in 07/08

Application Number	Applicant	Benefits
2005/18	Ecosourced Waikato	Ecological restoration in the Meremere area
2005/23	Fish & Game Auckland /Waikato Region	Scoping study identified potential for wetland restoration at Hampton Downs. When road works complete the land is expected to be vested in F&G allowing restoration to proceed
2005/25	Tihoi Venture School	Restored the south bank of the Huruhurumaku Stream at the Venture School
2007/04	Pukawa Wildlife Management Group	Native wildlife, primarily birds are flourishing at Pukawa due to extensive predator trapping
2007/07	Department of Conservation - Turangi	Weed control at the Waiotaka Scenic Reserve has enabled native species to flourish in the area.
2007/08	Tongariro Natural History Society	Willow management, planting and restoration of wildlife habitat at Waimarino Recreation Reserve, Lake Taupo
2007/09	NZ Landcare Trust – Lake Serpentine	Assisting the expansion of the East Buffer zone provides a greater riparian margin around the lake and additional room for native plantings
2007/11	Progress to Health	Cultivation of locally sourced native plants to be planted in the Waikato Region
2008/03	Hukanui Golf Club	Fencing has excluded stock from the gully and native plantings established a riparian buffer for the Komakorau Stream
2008/11	The Cocks Wetland Society	Predator control in the wetland assists bird survival
2008/15	Waikato RiverCare	Native plantings at the Taupiri B site
2008/24	NIWA	Baffle blocks were installed in a stream culvert to assist native fish passage by providing resting areas for the fish.



**Gwyneth Verkerk**  
CHAIRPERSON



**Michelle Caird**  
SECRETARY

**WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)**

**STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	\$	\$
<b>INCOME</b>		
Mighty River Power Limited – Contribution	185,121	175,323
Interest Received	<u>332,195</u>	<u>311,615</u>
<b>TOTAL INCOME</b>	517,316	486,938
<b>EXPENDITURE</b>		
Administration Expenses	73	1,996
Contract Expenses	-	28,014
Investment Fees	5,000	5,265,
Grants Made	<u>439,830</u>	<u>472,923</u>
<b>TOTAL EXPENDITURE</b>	<u>444,903</u>	<u>508,198</u>
Cash Surplus (Deficit)	72,413	(21,260)
Unrealised Investment Revaluation Surplus (Deficit)	<u>(3,334)</u>	<u>(50,217)</u>
<b>NET SURPLUS (DEFICIT)</b>	<u><b>69,079</b></u>	<u><b>(71,477)</b></u>

*The accompanying notes form part of these financial statements*





**WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)**

**STATEMENT OF MOVEMENTS IN EQUITY**

**FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
Opening Balance	2,648,658	2,720,135
Net Surplus (Deficit) for the period	<u>69,079</u>	<u>(71,477)</u>
Total Recognised Revenue and Expenses	<u>69,079</u>	<u>(71,477)</u>
<b>EQUITY AS AT 30 June 2009</b>	<b><u>2,717,737</u></b>	<b><u>2,648,658</u></b>

*The accompanying notes form part of these financial statements*



**WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	\$	\$
<b>EQUITY</b>		
Total Equity	<u>2,717,737</u>	<u>2,648,658</u>
<b>represented by:</b>		
<b>CURRENT ASSETS</b>		
Kiwibank Limited – Cheque Account	84,549	70,603
ABN AMRO Craig Cash Management Ltd	336,033	225,002
GST Refund Due	<u>106,386</u>	<u>96,916</u>
Total Current Assets	526,968	392,521
<b>CURRENT LIABILITIES</b>		
Grants Approved – not yet paid	<u>1,182,978</u>	<u>909,708</u>
Total Current Liabilities	1,182,978	909,708
Working Capital	(656,010)	(517,187)
<b>INVESTMENTS</b>		
Interest Bearing Investments and Bonds	<u>3,373,747</u>	<u>3,165,845</u>
<b>TOTAL NET ASSETS</b>	<u><b>2,717,737</b></u>	<u><b>2,648,658</b></u>

Trustee.....*SA Verbeke*.....Date.....02/10/09.....

Trustee.....*Don*.....Date.....25/9/09.....

*The accompanying notes form part of these financial statements*



# **WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2009**

### **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 New Zealand Institute of Chartered Accountants.

#### **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 is registered with the Charities Commission as a charitable entity under the Charities Act 2005, 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 2008

#### **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 except that grants approved and unpaid as at balance date are recorded in the Statement of Financial inclusive of GST

#### **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.





**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 2009

**4 CONTINGENT LIABILITIES**

The Trust did not have any contingent liabilities at 30 June 2009 (2008 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. (Audit fee \$2000.00 (2008 \$1,500.00))

**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.



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## Audit Report

To: The Readers of the financial report of Waikato Catchment Ecological Enhancement Charitable Trust Inc.

We have audited the financial report on pages 7 to 11. The financial report provides information about the past financial performance of the Trust and its financial position as at 30 June 2009. This information is stated in accordance with the accounting policies set out on page 10.

## Trustees Responsibilities

The Trustees are responsible for the preparation of a financial report, which fairly reflects the financial position of the Trust as at 30 June 2009 and of the results of operations for the year ended 30 June 2009.

## Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial report presented by the Trustees and report our opinion to you.

## Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Trustees in the preparation of the financial report, and
- whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations, which we considered necessary. We obtained sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

Other than in our capacity as auditors we have no relationship with or interests in the Trust.

## Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion the financial report on pages 7 to 11 fairly reflects the financial position of Waikato Catchment Ecological Enhancement Charitable Trust Inc as at 30 June 2009 and the results of its operations for the year ended on that date.

Our audit was completed on 5 October 2009 and our unqualified opinion is expressed as at that date.

  
OWEN McLEOD & CO  
Chartered Accountants  
Hamilton  
New Zealand

 ...navigating your business!

Principal: Richard Owen BMS. C.A. Manager: Scott McDonald C.A.

**CHARTERED**  
ACCOUNTANTS