



WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)

FINANCIAL STATEMENTS

For the year ended 30 June 2010

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WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)**FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2010****Directory**

Nature of Business	An Incorporated Charitable Trust
Accountant	Accountants on London Limited Chartered Accountants 3 London Street HAMILTON 3240
Banker	SBS Bank Hamilton 525 Victoria Street PO Box 19222 HAMILTON 3244
Auditor	Owen McLeod & Co 91 Clarence Street PO Box 389 HAMILTON 3240

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)
TRUSTEES' REPORT FOR THE PERIOD
1 JULY 2009 TO 30 JUNE 2010

Executive Summary

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

- The Trust received 15 applications for project funding in this year's grant round of which 13 were confirmed for funding. The Trust made grants to projects totaling \$308,899.25 for work to be carried out over the next 3 years.
- During the year the Trust hit the mark of over \$2.4 million in total committed to projects in the Waikato Catchment. To date over \$1.2 million has been spent and the Trust continues to work with applicants to ensure the success of the projects.
- The Trust celebrated 5 years of existence and held an afternoon event following its AGM. Guest speaker Bruce Clarkson enlightened the crowd on his life's work; natural forest chrono-sequence and how principles of studying environmental change can be applied to improve species biodiversity in the Waikato Region.
- The allocation of funding to new grants was slightly 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.
- 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 Rotorua 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 09/10

In October 2009 the Trust celebrated its fifth anniversary with an afternoon reception following its AGM. Representatives from many of the community groups and organisations with whom the Trust engages were invited, and Dr Bruce Clarkson from University of Waikato addressed the gathering. Dr Clarkson challenged the audience to advance restoration and rehabilitation programmes by understanding and exploiting knowledge of the chrono-sequence of natural processes of regeneration. He presented the learnings of his life-long study of the natural processes of forest regeneration and expanded the application of those principles to methods to restore and enhance species biodiversity in the Waikato Region.

The anniversary reception was also an opportunity for Trustees to engage more directly with the organisations with which they share common goals for the environment. The Trust acknowledges that partnership development has been a key focus of its early years; strong partnerships are valued because they empower synergy. The Trustees are delighted to observe that the environmental benefits being delivered by individual projects is enhanced and extended by community partners and their ongoing involvement.

The Trust again utilised its networks to notify its funding round. The Trust received 15 applications for project funding which were of a high standard. 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. Thirteen projects were confirmed for funding and total funds of \$371,120 were allocated. Five of these were for 2010, and the balance of projects were projected out to 2012. In addition, one project from the 2009 application round (Project 2009/02) for which further information had been sought was approved at the October meeting of the Trust. This level of funding allocation is at the lower end of the Trust's range of annual spend, but Trustees were constrained by ongoing commitments to several large multi-year projects.

The list of successful projects (see Table in Section 4), largely reflect the Trust's ongoing engagement with its community partners. Groups like Waikato RiverCare (2010/10) bring together significant community input and the progress of their work extending along the margins of the Waikato River, reflects the passion that these people bring to support the environment. We also see local community

input into projects such as the Mangakotukutuku Stream fish passage project (2010/12) where the funding will support this aspect of a local community action to protect a semi-rural stream.

The unifying focus of the projects funded by the Trust in this and preceding rounds has been wetland protection. Two of the nine projects completed in 09/10 (refer to Table in Section 5) were targeted towards wetlands. Wetland ecosystems were a particular feature of the landscapes of the Waikato River, and what remains is a unique and important habitat for many species. The Waikato peat lakes are nationally significant and the Whangamarino is an internationally-protected site under the Ramsar Convention. Even though the remnants have such significance, they are threatened in many ways. Sitting at the interface between our waterways and our land-based activities, wetland enhancement and restoration offers an important opportunity for bio-remediation of water quality.

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 continue to prove 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.

The Trust's website continues to be its important face to the community. The user interface has made information about the Trust's objectives and activities more accessible. News releases and enhanced project descriptions include a location map and photographs of ongoing and completed projects. Information about funding priorities and the application process are also available.

Trustees have continued to watch with interest as the Co-Management agreement between the Waikato River Iwi and the Crown has evolved. The Trust continues to view this process as being aligned with its own strategic direction and continues to seek an alliance with the Guardians Establishment Trust as work programmes develop.

The Trustees for this financial year were:

- Gwyneth Verkerk – Advisory Committee for Regional Environment appointee (Chair)
- Judy van Rossem – Royal Forest and Bird Protection Society Incorporated appointee(Vice Chair)
- Michael Lake – Director General of the Department of Conservation appointee
- 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
- Michelle Archer – Mighty River Power appointee (maternity cover for 9 months)

Founding Trustee Vicki Carruthers stepped down as one of the DOC representative's as she took up a new role at Environment Waikato during the year. However the Trustee's were pleased that Vicki has since been elected as the Environment Waikato Observer on the Trust so will continue to benefit from her expertise. In addition, support was provided by Mhairi Rademaker who assisted during the 2010 funding round from November 2009 until February 2010. Ian Wallace of Mighty River Power also stepped into the Secretary role to cover workload during Cherry Connews maternity leave. Mike Hanaray of Accountants on London provided accounting services. Graeme Barrett of Craigs Investments provided the Trustees with investment analysis.

