



Waikato Catchment Ecological Enhancement Charitable Trust

Annual Report for the Year Ended 30 June 2011

<i><u>Contents</u></i>	<i>Page</i>
Business Directory	1
Trustees' Report	2
Statement of Financial Performance	7
Statement of Movements in Equity	8
Statement of Financial Position	9
Notes to the Financial Statements	10
Auditor's Report	12

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST

BUSINESS DIRECTORY For The Year Ended 30 June 2011

Nature of Business:	Sustainable Management
Place of Business:	Hamilton
Settlor:	Mighty River Power
Bankers:	SBS Bank
Trustees:	Gwyneth Verkerk Judy van Rossem Shannon Patterson Dave Lumley Doug Emmett Matt McDougall Don Scarlet Lucy Roberts Michelle Archer
Solicitors:	Chapman Tripp
Accountants:	BDO Waikato Ltd Hamilton
Discretionary Beneficiaries:	New Zealand Charitable Organisation

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)
TRUSTEES' REPORT FOR THE PERIOD

1 JULY 2010 TO 30 JUNE 2011

Executive Summary

This is the eighth annual report for the Waikato Catchment Ecological Enhancement Charitable Trust (Waikato Catchment Ecological Enhancement Trust, 'the Trust').

- The annual funding meeting was held on 8th March 2011. The Trust received 20 applications for projects this year requesting \$1.9 million in funds. Eleven projects were confirmed for funding totaling \$466,067 for work to be carried out over the next 3 years.
- There was a modest increase in the allocation of funding to new grants compared to previous years. This has been a result of several large multi-year projects previously funded coming to their conclusions.
- The investment fund continues to maintain its value and provide income for investment into projects in the coming years.
- Trustees took the opportunity during the year to visit and view a number of project sites in the Kinleith Forest and in the Southern Lake Taupo area.
- Paul Green, a founding Trustee, retired as a Trustee. His extensive experience and widespread networks will be missed.

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 2010/2011

During that past year the Trust has continued to invest in projects throughout the Waikato River catchment which will serve to protect and enhance the river and the ecological values that it supports for the future. Eleven new projects were confirmed for funding with total funds of \$466,067 allocated to these over the years from 2011 to 2013, additional to commitments made in previous years. This represents a modest increase in funding allocations associated with several large multi-year projects drawing to a close.

The Trust notified its funding round through its community networks and received 20 applications for project funding. These were generally of a high standard, well planned and met the Trust's objectives to benefit ecological enhancement, to support habitat and to mitigate the adverse effects of the hydro scheme operation.

The list of successful projects (see Table in Section 4), largely reflect the Trust's ongoing engagement with its community partners. Two of the funded projects require particular note. The recipient of the first of these is the Tongariro Natural History Trust who received a commitment over the coming three years for their work to protect and enhance the Waimarino Wetland on the shores of Lake Taupo. This important programme continues work carried out within previous years, also funded in part by WCEET. This group which draws on a wider community for support has made real progress in preserving and restoring the wetland areas of Motuapa Lagoon, and they have now developed plans to extend this work further to link with DOC work at Waiotaka. One key aspect of this project which appealed to the Trust is the way in which the Tongariro Natural History Society has worked with the local community to build relationships and establish a united vision for wetland restoration in that area.

The second project of note is the grant made to support the the National Wetlands Society as they work to develop a National Wetlands Centre at Lake Rotopikopiko/Serpentine near Ohaupo. In particular the Trust has provided a seeding grant of \$100,000 for their project to build a 14 ha predator-free environment within the lake complex. Once established, this protected area will be a central component of the Society's aim to provide wetland experiences that promote the importance of wetlands in New

Zealand's natural landscapes and demonstrate their important role for maintaining the quality of our rivers and other waterways.

Paul Green, one of our founding Trustees, retired in June 2011. Paul brought extensive experience and knowledge to the Trust, and in his position as a nominee of the Department of Conservation, was integral to the development of the trust's networks, especially in the southern end of the catchment. We wish him well for a busy and active retirement and make a special note of thanks for the work he has done over the years both for the Trust and in his role with the Department of Conservation.

The Trust's conservative approach to investment and the sound advice of our investment consultant has maintained the value of our investment portfolio while ensuring satisfactory returns despite ongoing international economic difficulties. Our website continues to provide our face to the community and provides ongoing updates about the Trust's objectives and activities, as well as detailing our funding programme.

Assessment criteria for project evaluation remain a topic of discussion for the Trustees as they seek to refine funding allocation processes. Appraisal of projects against the Trust's purposes remains the primary means of evaluation, and there is an effort to focus on the ecological benefits that each project promises to bring; however as our portfolio of completed projects continues to build, and as Trustees reflect on the relative merits of each of these, some wider aspects that influence project success also merit consideration. Wide community involvement and good planning are inevitably features of those projects that are most successful in delivering the Trust's objectives. When projects also deliver in these categories, their benefits are multiply beyond the pure enhancement of ecological values, as they educate the community about the importance of water quality and environmental protection.

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)
- Shannon Patterson – Director General of the Department of Conservation appointee
- Lucy Roberts – Director General of the Department of Conservation appointee (maternity cover)
- Paul Green – Director General of the Department of Conservation appointee (founding Trustee stepped down after 8 years in June 2011)
- Dave Lumley – 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
- Michelle Archer – Mighty River Power appointee

Vicki Carruthers has continued as the Environment Waikato Observer on the Trust so has continued to benefit from her extensive knowledge and expertise. In addition, support was provided by Alasdair Mawdsley and Dylan Tarrant who assisted during the 2011 funding round from November 2010 until February 2011. Helen Walker and Bernard Lamusse from BDO have provided accounting services. Steve Laurie of Craigs Investments provided the Trustees with investment analysis.

4. Trust Milestones for 2010/2011

Key milestones for the Trust this year have been:

- i. Launch of the Trust's seventh funding round at the AGM Celebration on 14th October 2009, with applications closing 31 January 2010.
- ii. Winning \$1,000 in the monthly from SBS Bank prize draw for banking with on their Star Account.
- iii. Receipt of 20 applications for the eighth funding round. These applications were considered by the Trustees on 8 March 2011.
- iv. Following consideration of those applications the Trust made grants to eleven projects totaling \$466,000 for the next three years as detailed below:

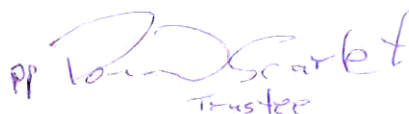
Application Number	Applicant	Funding Commitments		
		2011	2012	2013
2011/01	Tongariro Natural History Society – Te Matapuna o Taupo Wetland Restoration	\$40,000	\$40,000	\$40,000
2011/02	National Wetland Trust – National Wetland Centre Predator Free Sanctuary		\$100,000	
2011/05	Ngati Tahu Ngati Whaoa – Te Toke Road Enhancement	\$11,000		
2011/09	Ngati Rongomai Hapu – Restoration of the Waiotaka Catchment	\$50,000		
2011/12	Waikato RiverCare – Environment Enhancement Coordination	\$19,251	\$19,251	\$19,251
2011/13	Waikato Regional Council – Lake Waahi Riparian Planting Project	\$18,946	\$22,148	
2011/14	Tui 2000 – Waiwhakareke Natural Heritage Park		\$23,000	
2011/16	Advocates for the Tongariro River – Tongariro Restoration	\$10,000	\$3,000	
2011/18	Pukawa Wildlife Management Trust – Predator Control Project	\$2,885	\$2,885	
2011/19	Mighty River Power – Karapiro Downstream Eel Passage Research Project	\$14,450		
2011/20	Department of Conservation – Lake Serpentine Exotic Fish Barrier, Stage 2	\$30,000		
		<u>\$196,532</u>	<u>\$210,284</u>	<u>\$59,251</u>

5. Projects completed in 2010/2011

Application Number	Applicant	Benefits
2006/09	Punawhaakata Wetland Trust	Ecological enhancement of Punawhaakata Wetland
2007/03	Eastern Region Fish and Game	Created a riparian margin and undertook wetland restoration at Taahunaatara Reserve
2007/06	Advocates for the Tongariro River	Tongariro River edge enhancement
2009/06	Progress to Health	Native plant nursery
2009/08	Pukawa Wildlife Management Trust	Ongoing sponsorship of the predator control project in the settlement of Pukawa
2010/11	National Wetland Trust	Scoping report to determine the feasibility of the proposed National Wetlands Centre at Lake Serpentine
2010/12	Mangakotukutuku Streamcare Group	Culvert improvements to enhance fish passage into the Mangakotukutuku Stream in Hamilton City
2011/05	Ngati Tahu Ngati Whaoa	Fencing and planting to enhance a river side area



Gwyneth Verkerk
CHAIRPERSON



Michelle Archer
SECRETARY

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST

STATEMENT OF FINANCIAL PERFORMANCE For The Year Ended 30 June 2011

	This Year		Last Year	
	\$	%	\$	%
INCOME				
Mighty River Power	189,074	41.0	185,808	39.7
Donations Received	1,000	0.2	1,000	0.2
Interest Received	270,528	58.7	281,576	60.1
	<u>460,602</u>	<u>100.0</u>	<u>468,384</u>	<u>100.0</u>
Less: EXPENSES				
Administrative Fees	166	0.0	3,695	0.8
Advertising	1,492	0.3	-	-
Management Fee - Craigs	4,372	0.9	5,000	1.1
Grants Approved	598,844	130.0	353,961	75.6
Bank Charges	3	0.0	-	-
	<u>604,876</u>	<u>131.3</u>	<u>362,656</u>	<u>77.4</u>
CASH DEFICIT	<u>(144,274)</u>	<u>(31.3)</u>	<u>105,728</u>	<u>22.6</u>
Less: NON-CASH EXPENSES				
Unrealised Investment Income	(6,430)	(1.4)	72,397	15.5
	<u>6,430</u>	<u>1.4</u>	<u>(72,397)</u>	<u>(15.5)</u>
NET DEFICIT BEFORE BENEFICIARIES DISTRIBUTION	<u>(150,704)</u>	<u>(32.7)</u>	<u>178,125</u>	<u>38.0</u>
Less Distribution to Beneficiaries	-	-	-	-
NET DEFICIT BEFORE TAXATION	<u>(150,704)</u>	<u>(32.7)</u>	<u>178,125</u>	<u>38.0</u>
Provision for Taxation	-	-	-	-
NET DEFICIT AFTER TAXATION	<u><u>(150,704)</u></u>	<u><u>(32.7)</u></u>	<u><u>178,125</u></u>	<u><u>38.0</u></u>

This Statement should be read with the Notes to the Financial Statements.



WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST

STATEMENT OF MOVEMENTS IN EQUITY For The Year Ended 30 June 2011

	This Year \$	Last Year \$
Trust Opening Equity	2,895,863	2,717,738
Residual Income Current Year	(150,704)	178,125
Total Recognised Revenues & Expenses for the Period	(150,704)	178,125
Movements in Trust Capital	-	-
Movements in Trustees Income Account	-	-
Equity at End of Period	<u>2,745,159</u>	<u>2,895,863</u>

This Statement should be read with the Notes to the Financial Statements.



WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST

STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	This Year \$	Last Year \$
CURRENT ASSETS		
SBS Bank	63,707	11,572
Craigs Cash Management Account	86,576	203,047
G S T	176,766	154,801
	<u>327,049</u>	<u>369,421</u>
Less: CURRENT LIABILITIES		
Grant Approved & Unpaid	1,214,209	1,011,384
	<u>1,214,209</u>	<u>1,011,384</u>
WORKING CAPITAL DEFICIT	<u>(887,160)</u>	<u>(641,963)</u>
INVESTMENTS		
Craigs Investments	3,632,319	3,537,826
NET ASSETS	<u><u>2,745,159</u></u>	<u><u>2,895,863</u></u>
REPRESENTED BY:		
Trust Capital Account	-	-
Trust Income Account	2,745,159	2,895,863
	<u><u>2,745,159</u></u>	<u><u>2,895,863</u></u>

GA Versteck
Gwyneth Ann Versteck
 Chairperson
 07/10/11

This Statement should be read with the Notes to the Financial Statements.



WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These are the financial statements of Waikato Catchment Ecological Enhancement Charitable Trust. Waikato Catchment Ecological Enhancement Charitable Trust is a Trust established and domiciled in New Zealand by trust deed.

These financial statements of Waikato Catchment Ecological Enhancement Charitable Trust have been prepared in accordance with generally accepted accounting practice in New Zealand.

Measurement Base

The financial statements of Waikato Catchment Ecological Enhancement Charitable Trust have been prepared on an historical cost basis, except as noted otherwise below. The information is presented in New Zealand dollars.

Differential Reporting

Waikato Catchment Ecological Enhancement Charitable Trust is a qualifying entity in that it qualifies for Differential Reporting as it is not publicly accountable and there is no separation between the owners and the governing body (or, is not large as defined under the Framework for differential reporting).

All differential reporting exemptions have been applied.

Investments

Investments are valued at market value.

Taxation

The Trust is registered as a Charitable entity under the Charities Act 2005 and is exempt from taxation.

Goods and Services Tax

Waikato Catchment Ecological Enhancement Charitable Trust is registered for GST and the accounts have been prepared on a GST exclusive basis with the exception of Accounts Receivable and Accounts Payable which are shown GST inclusive.



WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous year.

Comparative Figures

The comparative figures shown are for a twelve month period.

2 NATURE OF BUSINESS

The business of the trust is Sustainable Management. The nature of the trust's business has not changed during the year under review.

3 RELATED PARTIES TRANSACTIONS

Funding for operations to date has been received from Mighty River Power Ltd (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 \$2,500 (2010: \$2,400)). Some grants are paid to organisations represented by current trustees.

4 COMMITMENTS

Capital Commitments

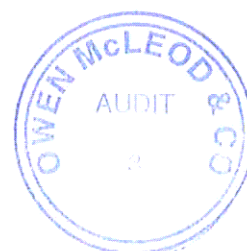
Waikato Catchment Ecological Enhancement Charitable Trust has no contracts for capital expenditure or lease commitments at 30 June 2011. (2010:\$Nil).

5 CONTINGENT LIABILITIES

Waikato Catchment Ecological Enhancement Charitable Trust has no contingent assets or liabilities at 30 June 2011. (2010:\$Nil)

6 SIGNIFICANT EVENTS OCCURRING AFTER BALANCE DATE

There have been no events occurring after Balance Date that would have a significant effect on Waikato Catchment Ecological Enhancement Charitable Trust .



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INDEPENDENT AUDITOR'S REPORT

To the Members of Waikato Catchment Ecological Enhancement Trust

Report on the Financial Statements

We have audited the financial statements of Waikato Catchment Ecological Enhancement Trust on pages 7 to 11, which comprise the Financial Position as at 30 June 2011 and the Statement of financial performance and Statement of Movements in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Waikato Catchment Ecological Enhancement Trust's Responsibility for the Financial Statements

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Waikato Catchment Ecological Enhancement Trust.

Opinion

In our opinion, the financial statements on pages 7 to 11 present fairly, in all material respects, the financial position of Waikato Catchment Ecological Enhancement Trust as at 30 June 2011, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.



R K Owen

10 October 2011

Owen McLeod & Co
Hamilton