

## 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**

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

**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 continued 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 Trustees 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 Connew's maternity leave. Mike Hanaray of Accountants on London provided accounting services. Graeme Barrett of Craigs Investments provided the Trustees with investment analysis.

#### 4. Trust Milestones for 09/10

Key milestones for the Trust this year have been:

- i. Launch of the Trust's seventh funding round at the AGM Celebration on 14<sup>th</sup> 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 15 applications for the seventh funding round. These applications were considered by the Trustees on 24 February 2010.
- iv. Following consideration of those applications the Trust made grants totaling \$371,120 for the next three years as detailed below:

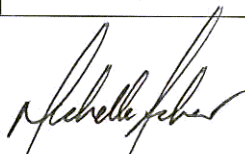
Application Number	Applicant	Funding Commitments		
		2010	2011	2012
2010/01	Tui 2000 – Waiwhakareke National Heritage Park	\$25,000		
2010/02	Auckland Waikato Fish and Game – Arapuni Trout	\$7,000	\$13,000	\$13,000
2010/03	Te Kawakawa Ahu Whenua Trust Wetland Restoration	\$41,380	\$9,712	\$2,228
2010/04	Environment Waikato – Lake Mangahia Wetland Restoration	\$8,100	\$2,700	\$2,700
2010/05	Department of Conservation – Lake Ngahewa Wetland Restoration	\$8,300	\$9,825	\$4,100
2010/06	Progress to Health – Native Plant Cultivation	\$6,000		
2010/07	Tongariro Natural History Society Te Matapuna o Taupo Moana Wetland	\$40,000		
2010/08	McKenzie Block Users Group – Game Bird Enhancement	\$10,000		
2010/09	Lower Mangapiko Streamcare Group – Montefiore Reserve	\$3,950	\$5,225	\$5,700
2010/10	Waikato RiverCare	\$34,400	\$34,400	\$34,400
2010/11	National Wetlands Trust – National Wetlands Centre Development	\$10,000		
2010/12	Mangakotukutuku Stream – Fish passage project	\$10,000		
2010/15	Rotorua District Council	\$10,000	\$10,000	\$10,000
		<b><u>\$214,130</u></b>	<b><u>\$84,862</u></b>	<b><u>\$72,128</u></b>

## 5. Projects completed in 09/10

Application Number	Applicant	Benefits
2006/08	Environment Waikato	Ecological enhancement of Opuatia Wetland
2007/03	Eastern Region Fish and Game	Created a riparian margin and undertook wetland restoration at Taahunaatara Reserve
2008/7	Hancock Forest Management	Pest control and enhancement of the Opareiti Catchment in Kinleith Forest
2008/10	Department of Conservation	Funded a workshop that brought various experts together to devise methods of excluding pest fish from the Lake Serpentine complex.
2008/22	Tongariro Natural History Society	Ongoing sponsorship of the South Taupo Wetland restoration project
2009/01	Lake Kaituna and Lake Komakorau Care Group	Fencing to exclude stock from fragile peat wetland and lake area
2009/04	Blue Duck Project Charitable Trust	Purchase of traps and support of volunteers carrying out a Blue Duck protection project on the Tongariro River
2009/07	Tongariro Natural History Society	Ongoing sponsorship of the South Taupo Wetland restoration project
2010/01	Tui 2000	Native tree planting of the wetland area at Waiwhakareke National Heritage Park



**Gwyneth Verkerk**  
CHAIRPERSON



**Michelle Archer**  
SECRETARY

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

**STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>INCOME</b>		
Mighty River Power Limited – Contribution	185,808	185,121
Interest Received	281,576	332,195
Donations Received	<u>1,000</u>	<u>-</u>
<b>TOTAL INCOME</b>	468,384	517,316
<b>EXPENDITURE</b>		
Administration Expenses	3,694	73
Investment Fees	5,000	5,000
Grants Made	<u>353,962</u>	<u>439,830</u>
<b>TOTAL EXPENDITURE</b>	<u>362,656</u>	<u>444,903</u>
Cash Surplus (Deficit)	105,728	72,413
Unrealised Investment Revaluation Surplus (Deficit)	<u>72,397</u>	<u>(3,334)</u>
<b>NET SURPLUS (DEFICIT)</b>	<u><b>178,125</b></u>	<u><b>69,079</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 2010**

	<b>2010</b>	<b>2009</b>
Opening Balance	2,717,737	2,648,658
Net Surplus (Deficit) for the period	<u>178,125</u>	<u>69,079</u>
Total Recognised Revenue and Expenses	<u>178,125</u>	<u>69,079</u>
<b>EQUITY at end of year</b>	<b><u>2,895,862</u></b>	<b><u>2,717,737</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 2010**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>EQUITY</b>		
Total Equity	<u>2,895,862</u>	<u>2,717,737</u>
<b>represented by:</b>		
<b>CURRENT ASSETS</b>		
Kiwibank Limited – Cheque Account	-	84,549
SBS Bank Hamilton	11,572	-
Craig Investment Partners - Cash Management Ltd	203,047	336,033
GST Refund Due	<u>154,800</u>	<u>106,386</u>
Total Current Assets	369,419	526,968
<b>CURRENT LIABILITIES</b>		
Grants Approved – not yet paid	<u>1,011,383</u>	<u>1,182,978</u>
Total Current Liabilities	1,011,383	1,182,978
Working Capital	(641,964)	(656,010)
<b>NON CURRENT ASSETS</b>		
Interest Bearing Investments and Bonds	<u>3,537,826</u>	<u>3,373,747</u>
<b>TOTAL NET ASSETS</b>	<u><b>2,895,862</b></u>	<u><b>2,717,737</b></u>

Trustee  Date 5/10/10

Trustee  Date 05/10/10

*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 2010

### 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. The Trust has taken advantage of all available differential reporting exemptions.

### 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 CW41(1) and CW42 (1) of the Income Tax Act 2007.

#### 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 2010

**4 CONTINGENT LIABILITIES**

The Trust did not have any contingent liabilities at 30 June 2010 (2009 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 \$2,000.00 (2009 \$2,000.00)

**6 EVENTS SUBSEQUENT TO BALANCE DATE**

There are no material events subsequent to balance date. (2009 NIL)

**7 PARTNERSHIPS OR JOINT VENTURES**

The reporting entity has no interest in joint ventures or partnerships. (2009 NIL)





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## Audit Report

To: The Trustees 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 2010. 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 2010 and of the results of operations for the year ended 30 June 2010.

## 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 2010 and the results of its operations for the year ended on that date.

Our audit was completed on 5 October 2010 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

5 October 2010

The Chairperson  
Waikato Catchment Ecological Enhancement Charitable Trust Inc  
PO Box 4335  
Hamilton

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owenmcleod@clear.net.nz

Dear Sir/Madam

**Audit Management Letter For The Year Ended 30 June 2010**

**1. Introduction**

We have completed the audit of Waikato Catchment Ecological Enhancement Charitable Trust Inc and enclose the financial statements with the audit report attached.

This letter provides a summary of:

- the audit scope
- the audit opinion
- the issues arising from the audit

You will appreciate that while our audit is carried out in accordance with generally accepted auditing standards, it cannot, and should not, be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency.

The responsibility for the implementation and monitoring of internal and management controls rests with management and the Trustees.

**2. Audit Scope**

The audit aimed to:

- provide an audit opinion on whether the financial statements fairly reflect the Trust's reported financial results and financial position.
- assess and report on aspects of the Trust's financial management and controls.

**3. Audit Opinion**

We have issued an **unqualified** audit opinion on the financial statements.

**4. Issues Arising From the Audit**


**GST issue**

We noted that you did not claim GST on three grant payments and we estimated that you have therefore overpaid GST by \$2,842. Please review and adjust your next GST return. This issue has been discussed with Michelle.

**5. Conclusion**

We wish to acknowledge the friendly assistance provided by your staff during the audit. If there is any further information you require, please do not hesitate to contact me.

Yours faithfully  
OWEN McLEOD & CO

  
Richard Owen

*...navigating your business!*

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

**CHARTERED**  
ACCOUNTANTS