



Waikato Catchment Ecological Enhancement Charitable Trust

Annual Report for the Year Ended 30 June 2012

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WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST

BUSINESS DIRECTORY For The Year Ended 30 June 2012

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

COMPILATION REPORT TO THE TRUSTEES and DISCLAIMER OF LIABILITY

Scope

We have compiled the attached financial statements of Waikato Catchment Ecological Enhancement Charitable Trust for the year ended 30 June 2012 on the basis of information provided to us by the Trustees and in accordance with Service Engagement Standard No. 2: Compilation of Financial Information issued by the New Zealand Institute of Chartered Accountants.

These are special purpose financial statements which have been prepared for Trustee reporting purposes only. Accordingly, they may not contain all the disclosures necessary for a fair presentation in accordance with generally accepted accounting practice.

Responsibilities

The Trustees are solely responsible for the information contained in the financial statements and have determined that the financial reporting framework used is appropriate to meet their needs and the purpose for which the financial statements were prepared.

The financial statements were prepared exclusively for the Trustees benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No audit or review engagement undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information provided to us by the Trustees. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Disclaimer of Liability

Neither we nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

28th August 2012

Director
BDO Waikato Ltd
Chartered Accountants
Hamilton

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)
TRUSTEES' REPORT FOR THE PERIOD
1 JULY 2011 TO 30 JUNE 2012

Executive Summary

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

- The annual funding meeting was held on 6th March 2012. The Trust received 12 applications for projects this year requesting \$502,000 in funds. Nine projects were confirmed for funding totaling \$261 680 for work to be carried out over the next four years.
- 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 projects at Whangamarino, Lake Maratoto, Karapiro and Maungatautari.

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;

Note: This Statement is to be read in conjunction with the accompanying Notes and the Accountant's Disclaimer

- 2) To mitigate adverse effects of the operation of the Waikato 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 2011/2012

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. Nine new projects were confirmed for funding with total funds of \$261 680 allocated to these over the years from 2012 to 2015, additional to commitments made in previous years.

The Trust notified its funding round through its community networks and received 8 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.

In 2012 the Waikato River Authority (WRA) initiated its first funding round. WCEET welcomes the opportunity that this new fund presents for the future betterment of the Waikato River catchment. Four applications to the WRA were supported by WCEET in a conditional co-funding arrangement (Projects 2012/01 to 2012/04, inclusive). All were successful in attracting additional investment from the WRA for their restoration and enhancement projects. WCEET trustees view this as a good outcome, and hope that it can serve as a model to promote further projects of particular merit that might be eligible to funding by the WRA. Trustees were also delighted that the WRA provided funding for the National Wetlands Centre at Lake Rotopikopiko/Serpentine near Ohaupo, a project which the Trust supported in 2011 with seed funding of \$100,000.

The list of successful projects (see Table in Section 4) continues to reflect the Trust's ongoing engagement with its community partners. This year two projects (2012/07 and 2012/08) were funded on private land, raising the issue of methods to ensure that such investments by the Trust are protected into the foreseeable future. Several mechanisms to establish protective covenants were considered. Some would have required external involvement e.g. QEII Trust, which is not always acceptable to land-owners, while development of specific schemes for WCEET projects would require ongoing monitoring activity by Trustees or an agent acting on their behalf. The projects concerned both involved Waikato Regional Council in their planning and implementation, and included land owner and included encumbrances in the property title to legally protect the works done and the

regional investment made. It was therefore decided that this approach provided adequate protection in these particular instances. This is likely to be an issue again in the future where funding is provided for ventures on private land.

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.

Trustees continue to reflect on assessment criteria for project evaluation. While the process of funding allocation is primarily made by appraising project proposals against the Trust's purposes, further efforts have been made to develop a process to evaluate and quantify their ecological delivery once completed. To this end an assessment framework has been developed for trialing in 2012/13 as a means to gather more objective information about project outcomes. Key categories are largely derived from the Trust's purposes, and completed projects will be assessed and reported against their:

- Contribution to the restoration, maintenance or enhancement of:
 - Wetland values – area (hectares) and whether the wetland is nationally, regionally or locally significant
 - Indigenous biodiversity and native plantings – quality and quantity of area involved, special features of species involved e.g. endangered classification, area/number of pest animals and plants controlled
 - Sports fishery and game bird populations – number of fish stocked, area of fish habitat restored/maintained/enhanced, area of open water habitat developed, area of pest control
 - Riparian zones – km of fencing, area protected
 - Ecological connectivity – extent of enhanced fish passage, area of new habitat
- Other ecological benefits (miscellaneous additional benefits)
- Contribution to mitigation of adverse effects of operation of the hydro system on the ecological environments of Lake Taupo and Waikato River catchments.

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)
- 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 which has continued to benefit from her extensive knowledge and expertise. In addition, support was provided by Megan Dredge who assisted during the 2012 funding round and also led the formation of methodology to record the Trust's ecological deliveries. 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 2011/2012

Key milestones for the Trust this year have been:

- i. Launch of the Trust's ninth funding in November 2011 with applications closing 31 January 2012.
- ii. Receipt of 8 applications for the ninth funding round. These applications were considered by the Trustees on 6 March 2012.
- iii. In addition to the normal application process, WCEET provided support to four projects for their applications to the Waikato River Authority (WRA). All these projects were subsequently given WRA funding. In addition the National Wetlands Centre which WCEET provided conditional funding of \$100,000 in 2011 was fully supported by the WRA
- iv. Following consideration of those applications and conditional support to WRA applications, the Trust made grants to nine projects totaling \$261,681.93 for the next four years as detailed below:

Application Number	Applicant	Funding Commitments			
		2012	2013	2014	2015
2012/01	Waikato RiverCare – Three site enhancement project	40,000			
2012/02	Waikato River Trails – River trail extension and ecological restoration	6,666	6,666	6,666	
2012/03	Raukawa Charitable Trust – wetland and ecological restorations in the Raukawa rohe	10,000	10,000		
2012/04	Oruanui 9/10 Farm Block – Riparian fencing and enhancement project	20,000			
2012/05	Howick Tramping Club – Northern Pureora Kokako Recovery Project	12,018	11,936	14,450	
2012/07	Syart Wetland – riparian fencing and native plantings	13,552.75	3,467.25	1,357	
2012/08	Sargent Family Trust (Hilltop Farm) - riparian fencing and native plantings	26,999.70	5,911	5,313	4,646
2012/11	Ngati Tahu Ngati Whaoa Runanga Trust- Te Toke Road Enhancement, stage 2		12,031.25		
2012/12	Ngati Tahu Ngati Whaoa Runanga Trust – Tutukau wilding pines project for the protection of geothermal area.		50,000		

Note: This Statement is to be read in conjunction with the accompanying Notes and the Accountant's Disclaimer

5. Projects completed in 2011/2012


Progress on most projects provided funding in previous years continues, however during the year the following projects were completed:

Application Number	Applicant	Benefits
2006/10	Maurea Marae Trust	Waikato River bank plantings and enhancement
2006/12	Mangakino Pouakani Sub-committee	Waikato River bank plantings and enhancement of an area of high public use
2006/14	Waikato River Trails	Waikato River bank plantings and enhancement of an area of high public use
2006/17	Maungatautari Ecological Enhancement Trust	Restoration of native Koaro and Kokupu fish populations on Maungatautari Mountain
2008/16	Auckland Waikato Fish & Game	Creation of open water game bird habitat within the Whangamarino
2011/14	Tui 2000	Plantings of the wetland areas on the Waiwhakareke Natural Heritage Park in Hamilton

6. Summary

2011-2012 has been another successful year for the Waikato Catchment Ecological Enhancement Trust. We are looking forward to the coming year and the new opportunities that are likely to come out of the next funding round. The jointly funded projects across the catchment continue to help raise the profile of WCEET and overall awareness of the work being carried out by many parties to improve the health of the Waikato River.

 18/09/2012
Gwyneth Verkerk
CHAIRPERSON

 18/09/2012
Michelle Archer
SECRETARY

WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST

STATEMENT OF FINANCIAL PERFORMANCE

For The Year Ended 30 June 2012

	This Year		Last Year	
	\$	%	\$	%
INCOME				
Mighty River Power	199,119	42.8	189,074	41.0
Donations Received	-	-	1,000	0.2
Interest Received	265,728	57.2	270,528	58.7
	<u>464,847</u>	<u>100.0</u>	<u>460,602</u>	<u>100.0</u>
Less: EXPENSES				
Administrative Fees	84	0.0	166	0.0
Advertising	1,310	0.3	1,492	0.3
Management Fee - Craigs	4,357	0.9	4,372	0.9
Grants Approved	212,378	45.7	598,844	130.0
Bank Charges	3	0.0	3	0.0
Realised Loss on Sale of Investments	23,929	5.1	-	-
	<u>242,061</u>	<u>52.1</u>	<u>604,876</u>	<u>131.3</u>
CASH SURPLUS	<u>222,786</u>	<u>47.9</u>	<u>(144,274)</u>	<u>(31.3)</u>
Less: NON-CASH EXPENSES				
Unrealised Loss on Investment	(59,807)	(12.9)	(6,430)	(1.4)
	<u>59,807</u>	<u>12.9</u>	<u>6,430</u>	<u>1.4</u>
NET SURPLUS BEFORE BENEFICIARIES DISTRIBUTION	<u>162,979</u>	<u>35.1</u>	<u>(150,704)</u>	<u>(32.7)</u>
Less Distribution to Beneficiaries	-	-	-	-
NET SURPLUS BEFORE TAXATION	<u>162,979</u>	<u>35.1</u>	<u>(150,704)</u>	<u>(32.7)</u>
Income Tax Expense	-	-	-	-
NET SURPLUS AFTER TAXATION	<u><u>162,979</u></u>	<u><u>35.1</u></u>	<u><u>(150,704)</u></u>	<u><u>(32.7)</u></u>

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

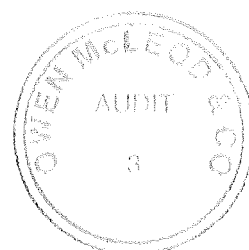


WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST

STATEMENT OF MOVEMENTS IN EQUITY For The Year Ended 30 June 2012

	This Year \$	Last Year \$
Trust Opening Equity	2,745,159	2,895,863
Residual Income Current Year	162,979	(150,704)
Total Recognised Revenues & Expenses for the Period	162,979	(150,704)
Movements in Trust Capital	-	-
Movements in Trustees Income Account	-	-
Equity at End of Period	<u>2,908,138</u>	<u>2,745,159</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 2012

	This Year \$	Last Year \$
CURRENT ASSETS		
SBS Bank	107,135	63,707
Craigs Cash Management Account	161,647	86,576
G S T	135,581	176,766
	<u>404,363</u>	<u>327,049</u>
Less: CURRENT LIABILITIES		
Grant Approved & Unpaid	1,044,005	1,214,209
	<u>1,044,005</u>	<u>1,214,209</u>
WORKING CAPITAL DEFICIT	<u>(639,642)</u>	<u>(887,160)</u>
INVESTMENTS		
Craigs Investments	3,347,477	3,632,319
Westpac Term Deposit	200,303	-
	<u>3,547,780</u>	<u>3,632,319</u>
NET ASSETS	<u><u>2,908,138</u></u>	<u><u>2,745,159</u></u>
REPRESENTED BY:		
Trust Capital Account	-	-
Trust Income Account	2,908,138	2,745,159
	<u><u>2,908,138</u></u>	<u><u>2,745,159</u></u>

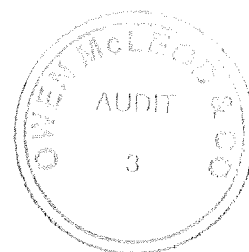
Judge

pp. Chairperson

18/09/2012

Date

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 2012

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 2012

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 (2011: \$2,500)). Some grants are paid to organisations represented by current trustees.

4 COMMITMENTS

Capital Commitments

The Trust has no contracts for capital expenditure or lease commitments at 30 June 2012. (2011:\$Nil).

5 CONTINGENT LIABILITIES

The Trust has no contingent assets or liabilities at 30 June 2012. (2011:\$Nil)

6 SIGNIFICANT EVENTS OCCURRING AFTER BALANCE DATE

There have been no events occurring after Balance Date that would have a significant effect on the Trust.



Waikato Catchment Ecological Enhancement Charitable Trust
Audit Report
For the Year Ended 30 June 2012

	<i>2012</i>	<i>2011</i>
Auditor's Report		

Note: This Statement is to be read in conjunction with the accompanying Notes and the Accountant's Disclaimer

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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 8 to 12, which comprise the Financial Position as at 30 June 2012 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' 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.

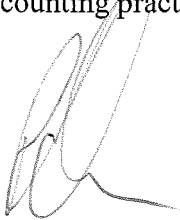
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 8 to 12 present fairly, in all material respects, the financial position of Waikato Catchment Ecological Enhancement Trust as at 30 June 2012, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

A handwritten signature in black ink, appearing to be 'R K Owen', written in a cursive style.

R K Owen

20 September 2012

Owen McLeod & Co
Hamilton