

# Annual Report

Waikato Catchment Ecological Enhancement Charitable Trust  
For the year ended 30 June 2015

# Trust Directory

## Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2015

### Nature of Business

Sustainable Management

### Address

Hamilton

### IRD Number

085-810-715

### Settlor

Mighty River Power

### Trustees

Gwyneth Verkerk  
Judy van Rossem  
Dave Lumley  
Doug Emmett  
Matt McDougall  
Don Scarlet  
Wayne Green  
Larnie Chrystall

### Bankers

SBS

### Solicitors

Chapman Tripp

### Chartered Accountants

BDO Waikato Limited

### Auditors

Owen McLeod & Co

### Beneficiaries

New Zealand Charitable Organisation

**WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST**  
**COMPILATION REPORT AND DISCLAIMER OF LIABILITY TO THE TRUSTEES**

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**Scope**

We have compiled the attached Cash Movements Report of Waikato Catchment Ecological Enhancement Charitable Trust for the period under review 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 management reporting purposes only. Accordingly they may contain estimates and do not contain all the disclosures necessary for a fair presentation in accordance with generally accepted accounting practice. This report does not represent a financial position at a point in time. No accounting adjustments have been made to the Cash Movement Report. It is primarily a compilation of cash movements gathered by way of company bank data for the time period represented.

**Responsibilities**

The Trustees are solely responsible for the information contained in the Cash Movements Report and have determined that the financial reporting framework used is appropriate to meet their needs and the purpose that the Cash Movements Report was prepared.

The Cash Movements Report was prepared exclusively for the Trustees' benefit. We do not accept responsibility to any other person for the contents of the Cash Movements Report.

**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.

5 October 2015

Director  
BDO Waikato Limited  
Chartered Accountants  
Hamilton



**WAIKATO CATCHMENT ECOLOGICAL ENHANCEMENT CHARITABLE TRUST (INC)**  
**TRUSTEES' REPORT FOR THE PERIOD**  
**1 JULY 2014 TO 30 JUNE 2015**

**Executive Summary**

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

- The Trust received 14 applications for projects requesting \$946,935 in funds. Of these, 10 projects were confirmed for funding with a total investment of \$490,121 to 2019.
- The investment fund continues to maintain its value and provide income for investment into projects in the coming years.

**1. Background**

The Waikato Catchment Ecological Enhancement Trust was formed with the execution of the Trust Deed on 13 June 2003. The Trust originated out of the resource consent process for Mighty River Power's 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 2014/2015**

In 2014/15 the Trust met its' objectives by the principal activity of investing in projects throughout the Waikato River catchment. The Trust operated its annual funding round as in previous years, with notifications through its community networks.

Fourteen applications for projects were received through this process, with 10 projects confirmed for funding and notified in March 2015. Most projects in this round were funded for three years, with one for five years and three for one year. While the number of applications received in this funding round was fewer than previously, those received were generally of high quality with detailed project plans provided. Total investment in works in the catchment continues at a level similar to those of previous years.

Across all projects, the proportion of total project costs funded by WCEET averaged 47%. Trustees continue to look for opportunities where project applicants leverage further funding additional sources. On aspect of this is that the focus of WCEET funds can be targeted towards provision of plants and planting, an activity that supports the Trust's biodiversity objectives. In this regard the Trustees were very keen to support work coordinated by Waikato Regional Council to restore the Mangaotama Wetland, where WCEET contribution was at a level of 20% of the total project.

The community group Greening Taupo received funding for a series of projects being carried out over five years. The work is project-based and a decision about specific works during the second period of funding will be subject to progress review. It is of particular note that Greening Taupo is developing a programme with a strong emphasis on including children of the Taupo community to build their knowledge and conservation ethic.

The value of ecosystem services provided by wetland areas is increasingly recognised. They play a particular role to protect water quality in our streams and rivers. Their ability to remove sediment, nutrients and bacteria as water flows from land to stream serves multiple purposes. Projects such as those of Whaingaroa Harbourcare in the lower Waipa catchment continue to progress our total area of wetland that protected and undergoing restoration. While we will never again see the vast



wetlands of pre-European times, this will change as wetland systems are increasingly recognised for the vital support they can bring to improve land management practices to improve water quality and many “boggy areas” are returned to their proper function.

The Trust’s investment portfolio has again yielded satisfactory returns and maintained its value. Trustees maintain their conservative approach to investment. The website continues to provide our face to the community.

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)
- Wayne Green – Director General of the Department of Conservation appointee (replaced Lucy Roberts from September 2014)
- 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
- Larnie Chrystall - Mighty River Power appointee (Secretary)

Therese Balvert replaced Keri Neilson as the Waikato Regional Council Observer for the Trust in January 2015.

Helen Walker and Bernard Lamusse from BDO have provided accounting services. Steve Laurie of Craigs Investments provided the Trustees with investment analysis.

## Trust Milestones for 2014/2015

Key milestones for the Trust this year have been:

- i. Launch of the Trust's 12th funding round in November 2014 with applications closing 31 January 2015.
- ii. Receipt of 14 applications for the 12th funding round. These applications were considered by the Trustees on 11 March 2015.
- iii. In total, the Trust supported 10 projects with a total investment of \$490,121 out to 2019 as detailed below:

Applicat ion Number	Project					
		2015	2016	2017	2018	2019
2015/01	Taupiri Ki Weanganui: Waikato RiverCare	\$42802	\$7,500	\$7,500		
2015/02	Biological control of <i>Tradescantia</i> : Waikato District Council:	\$9200				
2015/03	Greening Taupo	\$20000	\$20000	\$20000	\$20000	\$20000
2015/07	Simpson's Ruatawiri Wetland Project	\$22034				
2015/08	Te La Trust Restoration Project	\$5000	\$5000	\$5000		
2015/09	Chinamen's Wetland Willow Control: Bike Taupo Advocacy Group	\$24429	\$17816	\$1489		
2015/11	Mokaihaha Kokako Restoration: South Waikato Forest and Bird	\$30000	\$25000	\$25000		
2015/12	Mangakotukutuku Stream Restoration at Resthills Park: Streamcare Group:	\$10540				
2015/13	Mangaotama Wetland Restoration and Stream Enhancement Project: Waikato Regional Council	\$93620	\$16318	\$16871		
2015/14	Lake Puketi and Lake Rotoiti Dune Lake Restoration: Waikato Regional Council	\$12000	\$7,000	\$6,000		

#### 4. Projects completed in 2014/2015

During the year sixteen projects were signed off as completed:

Application Number	Applicant	Project
2008/04	Eastern Region Fish and Game BOP	Ohaaki Wetland
2008/08	Department of Conservation	Sediment Whangamarino
2008/09	Punawhakaata Wetland Trust	Restoration of the Punawhakaata Wetland
2008/17	Tui 2000 Inc	Maungakawa Scenic Reserve/Sanatorium Hill Restoration Project
2009/03	Waikato Regional Council	Lake Maratoto Wetland Restoration
2010/03	Te Kawakawa Ahu Whenua Trust	Te Kawakawa Wetlands
2012/02	Waikato River Trails	Ecological Restoration Works
2013/14	Maungatautari Ecological Island Trust	Tautari Wetland
2013/18	Auckland/Waikato Fish & Game	Masters Thesis: Factors limiting productivity in central Waikato created/restored wetlands
2014/11	NZ Forest Managers	Waimarino River Whio Protection
2014/22	Auckland/Waikato Fish & Game	Calwell Predator Control
2014/27	Auckland/Waikato Fish & Game	K Smith Wetland Creation
2014/38	Waikato RiverCare	Delivery of priority restoration projects on the lower Waikato River and Catchments
2015/02	Waikato District Council	Biological Control of Tradescantia
2015/14	Waikato Regional Council	Lake Puketi & Lake Rotoiti Dune Lake Restoration

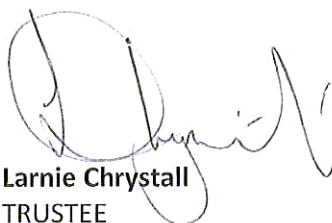
#### 5. Summary

Waikato Catchment Ecological Enhancement Trust has maintained its strong focus to support projects that meet its primary objectives. As projects are implemented and as restoration plantings grow, they increasingly bring pleasure.

On behalf of the Trustees, we thank the many people bringing projects to fruition at the sharp end of the spade. You are making a difference out there, and we congratulate you for your contribution and commitment to the work of the Trust.



**Gwyneth Verkerk**  
CHAIRPERSON



**Larnie Chrystall**  
TRUSTEE



# Contents

3	Trust Directory
4	Statement of Financial Performance
5	Statement of Changes in Equity
6	Statement of Financial Position
7	Notes to the Financial Statements

# Statement of Financial Performance

## Waikato Catchment Ecological Enhancement Charitable Trust

For the year ended 30 June 2015

	2015	2014
<b>Gross Income</b>		
Grants Written Back	116,299	36,837
Interest Received	201,050	193,747
Mighty River Power	205,606	202,517
Sundry Income	-	1,000
<b>Total Gross Income</b>	<b>522,956</b>	<b>434,102</b>
<b>Total Income</b>	<b>522,956</b>	<b>434,102</b>
<b>Expenses</b>		
Administrative Fees	92	84
Management Fee - Craigs	4,347	4,673
Realised Loss/(Gain) on Sale of Investments	(698)	1,269
Unrealised (Gain)/Loss on Investment	(115,008)	8,693
Grants Approved	442,833	842,005
<b>Total Expenses</b>	<b>331,568</b>	<b>856,725</b>
<b>Surplus / (Deficit) EBITDA</b>	<b>191,388</b>	<b>(422,623)</b>
<b>Operating Profit (EBIT)</b>	<b>191,388</b>	<b>(422,623)</b>
<b>Interest and Finance Charges</b>		
Interest - IRD	20	-
<b>Total Interest and Finance Charges</b>	<b>20</b>	<b>0</b>
<b>Net Profit Before Beneficiary Distribution</b>	<b>191,367</b>	<b>(422,623)</b>
<b>Net Profit For The Year</b>	<b>191,367</b>	<b>(422,623)</b>



This statement is to be read in conjunction with the accompanying Notes.

# Statement of Changes in Equity

Waikato Catchment Ecological Enhancement Charitable Trust  
For the year ended 30 June 2015

	2015	2014
<b>Equity</b>		
Opening Balance	2,513,365	2,935,989
<b>Increases</b>		
Retained Earnings	191,367	(422,623)
<b>Total Increases</b>	<b>191,367</b>	<b>(422,623)</b>
<b>Total Equity</b>	<b>2,704,733</b>	<b>2,513,365</b>



This statement is to be read in conjunction with the accompanying Notes.

# Statement of Financial Position

## Waikato Catchment Ecological Enhancement Charitable Trust As at 30 June 2015

	30 JUN 2015	30 JUN 2014
<b>Assets</b>		
<b>Current Assets</b>		
<b>Cash and Bank</b>		
Craigs Cash Management Account	30,526	176,659
SBS Bank	40,386	13,022
<b>Total Cash and Bank</b>	<b>70,912</b>	<b>189,681</b>
GST Receivable	186,559	166,185
Accrued Income	-	232,895
<b>Total Current Assets</b>	<b>257,472</b>	<b>588,761</b>
<b>Non-Current Assets</b>		
BNZ Term Deposit	661,150	201,851
Craigs Investments	3,213,525	3,079,325
Westpac Term Deposit	-	101,356
<b>Total Non-Current Assets</b>	<b>3,874,675</b>	<b>3,382,532</b>
<b>Total Assets</b>	<b>4,132,147</b>	<b>3,971,295</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Grants Approved & Unpaid	1,427,413	1,457,929
<b>Total Current Liabilities</b>	<b>1,427,413</b>	<b>1,457,929</b>
<b>Total Liabilities</b>	<b>1,427,413</b>	<b>1,457,929</b>
<b>Net Assets</b>	<b>2,704,733</b>	<b>2,513,365</b>
<b>Equity</b>		
Trust Capital	2,704,733	2,513,365
<b>Total Equity</b>	<b>2,704,733</b>	<b>2,513,365</b>

Chairperson

*[Signature]*

Date

06/10/2018



This statement is to be read in conjunction with the accompanying Notes.



# Notes to the Financial Statements

## Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2015

### 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.

#### 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.

#### Basis of Preparation

These financial statements have been prepared as Special Purpose Financial Statements.

The financial statements have been prepared for one or more of the following parties:

- the trustees
- Inland Revenue
- the trust's financiers.

#### Functional Currency

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except where otherwise indicated.

#### Historical Cost

These financial statements have been prepared on a historical cost basis.

#### Changes in Accounting Policies

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



## Comparative Figures

The comparative figures shown are for a twelve month period.

## Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the trust and revenue can be reliably measured.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

## Accounts Receivable

Accounts receivable are stated at expected realisable value.

## Income Tax

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.

## 2. Investments

The market value of Investment as at 2015 was \$3,213,525 (Last Year: \$3,079,325)

## 3. Contingent Assets and Liabilities

The Trust has no contingent liabilities at 30 June 2015.

## 4. Subsequent Events

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

	2015	2014
<b>5. Related Parties</b>		
<b>Mighty River Power Ltd - Settlor</b>		
Annual Contribution	205,606.00	202,518.00
<b>Total Mighty River Power Ltd - Settlor</b>	<b>205,606.00</b>	<b>202,518.00</b>

## Terms and conditions of transactions with related parties:

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 (2014: \$2,500)). Some grants are paid to organisations represented by current trustees. Sales to and purchases from related parties are recorded on normal commercial terms.



## 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 4 to 8, which comprise the Financial Position as at 30 June 2015 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 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 4 to 8 present fairly, in all material respects, the financial position of Waikato Catchment Ecological Enhancement Trust as at 30 June 2015, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.



R K Owen

9 October 2015

**Owen McLeod & Co**  
**Hamilton**