

## Words from the Chair 2019

As we reflect on the Trust's activities and achievements this past year, there is good reason for Trustees to feel proud that they have supported some great environmental initiatives in the Waikato Catchment.

As New Zealanders' awareness of sustainability increases, many consider that our natural assets need better protection. Our ecological amenities are, in fact, finite, and furthermore they have been seriously eroded over the last century. One response has been introduction of stronger regulation, which may or may not prove effective in the long run; however the more exciting prospect for the future is that land managers are becoming more attentive in their stewardship efforts. The trend towards comprehensive farm planning processes is encouraging and should result in more appropriate land use and by promoting land management systems that protect soil and water resources.

This is important for WCEET since more and more farmers start working to protect their wetland areas, rather than putting a digger through to drain them. The important ecological functions of wetlands, to filter water and buffer flood events, are being recognised. Although the rich wetlands of the Waikato Catchment have been seriously reduced, we now see a trend in the opposite direction, as land managers recognise their role. In recent years WCEET has been able to facilitate some of this change, by supporting the development of wetland areas on farms. It is rewarding to see the enthusiasm of land-owners undertaking projects with support and coordination by agencies such as Fish and Game and Waikato RiverCare.

This past year has also been one in which, with the assistance of Mercury, we have taken time to document WCEET achievements. Mercury hosted a Waikato University summer student who has collated all projects funded over the last decade into an Access database, allowing us to quantify where our financial support has been directed. While this project has given us a good base, we need to think more about how it can be extended to quantify project outcomes. The current documentation remains at a very high level being based on proposed works and their inputs - how can we document the delivery of these projects, that is, the outputs. While we can take comfort in the visual evidence of benefits that our projects bring such as dead wilding pines, improved pest management, more riparian protection and increased wetland development, we need to be able to document the biodiversity outcomes of this work as well, as it aligns with our Trust objectives.

10 October 2019

The Chairperson  
The Waikato Catchment Ecological Enhancement Charitable Trust  
PO BOX 445  
Waikato Mail Centre  
Hamilton 3240

Dear Sir/Madam

**Audit Management Letter For The Year Ended 30 June 2019**

**1. Introduction**

We have completed the audit of The Waikato Catchment Ecological Enhancement Charitable Trust performance report for the year ended 30 June 2019 and enclose the performance report 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 International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised), 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 board.

**2. Audit Scope**

The audit aimed to:

- provide an audit opinion on whether the performance report 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 unmodified (clear) audit opinion on the performance report for the year ended 30 June 2019.

**4. Issues Arising From the Audit**

No issues arising from the audit.

**5. Reporting Requirements**

Under the NZ International Standards on Auditing (NZ ISAs), we are required to advise you of the following:

We have had no disagreements with management during our audit nor have we had any serious difficulties in dealing with management.

We have not noted any significant risk or exposures that are required to be separately disclosed in performance report.

We have not identified any instances of fraud involving senior management or any other frauds that have caused a material misstatement in the performance report.

We reaffirm we are independent of your organisation, and that we have no relationship with your organisation that impairs our independence.

**6. 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 LTD

A handwritten signature in black ink, appearing to read 'Liyan Yao', with a stylized flourish at the end.

Liyan Yao

# **Performance Report**

The Waikato Catchment Ecological Enhancement Charitable  
Trust



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# Compilation Report

## The Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2019

Compilation Report to the Trustees of The Waikato Catchment Ecological Enhancement Charitable Trust.

### Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the financial statements of Waikato Catchment Ecological Enhancement Charitable Trust for the year ended 30 June 2019.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

### Responsibilities

The Trustees are solely responsible for the information contained in this financial report and have determined that the accounting policies used are appropriate to meet your needs and for the purpose for which the financial statements were prepared.

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

### Independence

We have no involvement with Waikato Catchment Ecological Enhancement Charitable Trust other than for the preparation of financial statements and management reports and offering advice based on the financial information provided.

### Disclaimer

We have compiled these financial statements based on information provided. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. 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 this financial report.

Director  
PKF Hamilton Ltd  
1026 Victoria Street  
Hamilton

# Entity Information

## The Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2019

### Legal Name of Entity

The Waikato Catchment Ecological Enhancement Charitable Trust

### Entity Type and Legal Basis

Charitable Trust and Registered Charity

### Registration Number

CC25746

### Purpose or Mission

The Waikato Catchment Ecological Enhancement Trust (WCEET) assists organisations, agencies and individuals with projects that foster and enhance the sustainable management of ecological resources in the Lake Taupo and Waikato River catchment. We do this by considering applications from parties wishing to undertake appropriate projects within the Waikato River catchment, providing funding grants where projects meet the Trust's criteria, and monitoring and reporting on such projects.

### Trust Structure

Our trust deed states that we must have between seven and twelve Trustees. Currently the Trust has eight Trustees that constitute our governance board which includes a Chairperson. The eight trustees nominated, two are from Department of Conservation, Fish and Game, and Mercury Limited and one each by ACRE (Advisory Committee for Regional Environment) and Royal Forest and Bird Protection Society Incorporated. Waikato Regional Council nominates an Observer without voting rights.

### Main Sources of the Entity's Cash and Resources

The entity's activities are funded by earnings from the Trust's investment portfolio and the annual payment from Mercury Limited (formerly Mighty River Power Limited), as well as any interest earned through bank accounts.

### Main Methods Used by Entity to Raise Funds

Investment Capital

### Entity's Reliance on Volunteers and Donated Goods or Services

Mercury Limited supports costs associated with the administration of the Trust's functions e.g. secretarial services, accountancy, audit, website and all administration costs. Trustees are not paid any honorarium, and effectively donate their time for meetings and to action their responsibilities to liaise with projects undertaken. Most of the Trustees are in paid employment and their employer effectively donates their time.

### Additional Information

The Waikato Catchment Ecological Enhancement Trust was formed with the execution of the Trust Deed on 13 June 2003. The Trust originated from the resource consent process for Mercury's continued operation of the Waikato Hydro System. Mercury, 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.

The organisations that are party to the Trust worked together to develop an appropriate response, in RMA terms, to the consent applications. They recognised that a variety of ecological changes were occurring in Lake Taupo, the Waikato River and the hydro lake environments resulting from a combination of natural processes, other activities in the catchment and the operation of the Hydro Scheme.



The contributing organisations sought to develop practical means to achieve:

- 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.

A Memorandum of Understanding was developed between the interested parties which included establishment of a fund from Mercury, and formation of the Trust with representation allocated to all interested parties, to invest that fund in projects that meet the Trust's criteria.

A fund was established to address issues of concern due to effects of system operation on riparian areas and the ecological resources they could sustain. At its inauguration, the Trust was paid a lump sum contribution which was placed into an investment fund. The balance of the agreed amount is received as an annual increment, adjusted annually for changes in the CPI over the 35 year term of the Resource Consents for the Waikato Hydro System.

## Contact Details

### Physical Address

17 Grantham Street, Hamilton

### Postal Address

PO Box 445, Waikato Mail Centre

### Email

enquiries@wceet.org.nz

### Website

www.wceet.org.nz



# Statement of Service Performance

## The Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2019

### Description of Entity's Outcomes

The outcomes of The Waikato Catchment Ecological Enhancement Charitable Trust includes:

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 Waikato Hydro Scheme on the ecological environments in the Lake Taupo and Waikato River catchments;
3. To maintain and enhance:
  1. Indigenous biodiversity; and
  2. Sports fishery and game bird populations, in the Lake Taupo and Waikato River catchments through appropriate and sustainable species and habitat management by:
    1. Identifying important habitats and/or species;
    2. Identifying risks and threats to those identified habitats and/or species;
    3. Identifying the most practicable means to ameliorate or resolve risks and threats to habitats and species in the catchment;
    4. Identifying practical means to enhance important habitats and/or species;
    5. Establishing an enduring and beneficial working partnership between Mercury and the Trust

	2019	2018
<b>Description and Quantification of the Entity's Outputs</b>		
Projects Completed - Total Paid	396,012	304,545
Projects Considered at Annual Funding Round/Grants Awarded	389,712	528,896

### Description and Quantification of the Entity's Outputs

#### Projects Completed in the 2019 Financial Year

Application Number	Applicant	Project	Total
2006/07	Wildflowers Associates of NZ	Operation of Willow Pond	\$18,140
2014/04	Oraukura 3 Incorporations	Oraukura Willow Control	\$44,923
2014/13	Tamahere Mangaone Restoration	Tamahere Reserve Restoration	\$20,000
2014/21	Fish and Games, Auckland/Waikato Region	Jeff Tucker Wetland Restoration	\$18,750
2014/23	Fish and Games Auckland/Waikato Region	Brad Marsh Wetland Restoration	\$5,600
2015/01	Waikato Rivercare	Taupiri ki Weanganui	\$57,802
2016/06	Waikato River Trails	Waikato River	\$60,000
2016/09	Howick Tramping Club	Northern Pureora Kokaka Recovery	\$28,274
2016/10	Waikato Rivercare	Lake Ohinewai Project	\$74,791



Application Number	Applicant	Project	Total
2016/28	Waikato Regional Council	Lake Hotoananga Planting Project	\$10,188
2017/08	Fish and Game, Auckland/Waikato Region	Andrew Ewen Wetland	\$7,500
2017/11	Fish and Game, Auckland/Waikato Region	Colin Hickey Wetland	\$26,917
2017/16	Fish and Game, Auckland/Waikato Region	Piggott Wetland Block Enhancement	\$3,450
2018/10	Waitahanui Marae	Koropupu Restoration Project	\$12,807
2018/13	Brendon Webby	Webby Wetland Project	\$6,870
<b>Total</b>			<b>\$396,012</b>

**List of Applications Approved during 2019 Funding Round**

All funds approved are GST inclusive

Application Number	Applicant	Project	2019	2020	2021	2022	2023	Total
2019/01	Waikato Rivercare	Wai O Te Atua Stream Project	\$13,675	\$49,560		\$10,620	\$13,175	\$87,030
2019/02	Howick Tramping Club	Northern Pureora Kokako Recovery Project	\$11,162					\$11,162
2019/03	TL & S L Taylor Ltd	Taylor Wetland Project	\$6,165					\$6,165
2019/04	Fish & Game, Auckland/Waikato Region	Frontier Farms Wetland Enhancement Project	\$33,000					\$33,000
2019/05	Riverview Oaks Ltd	Waiora Awa Project	\$12,880	\$6,708				\$19,588
2019/06	Fish & Game, Auckland/Waikato Region	Andrew & Michael Caldwell Wetland Project	\$18,000					\$18,000
2019/09	Jim & Lousie Fotte	Restoring and Protecting Tutaenui Stream	\$6,375	\$22,496				\$28,871
2019/10	Greening Taupo	Taupo Control Gates Park Restoration Project	\$21,290	\$10,299	\$11,397	\$37,401	\$11,900	\$92,287



Application Number	Applicant	Project	2019	2020	2021	2022	2023	Total
2019/13	Glen & Graham Wilson	Restore & Protect a Karioitahi Wetland	\$26,600					\$26,600
2019/15	Waikato River Trails	River Margin & Wetland Enhancement Project	\$11,622	\$7,597	\$7,597			\$26,816
2019/14	Tongariro Natural History Society	Te Matapuna Wetlands Restorations	To be confirmed					
2019/16	Barrie Stewart	Rangaakiaki Stream Headwaters	\$9,142					\$9,142
2019/17	Gary Driver	Driver Farms Riparian Project	\$18,687	\$12,363				\$31,050
<b>Totals</b>			<b>\$188,599</b>	<b>\$109,023</b>	<b>\$18,994</b>	<b>\$48,021</b>	<b>\$25,075</b>	<b>\$389,712</b>



# Statement of Financial Performance

## The Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2019

	NOTES	2019	2018
<b>Revenue</b>			
Donations, fundraising and other similar revenue	1	213,679	210,470
Interest, dividends and other investment revenue	1	276,508	181,480
Other revenue	1	13,676	33,302
<b>Total Revenue</b>		<b>503,863</b>	<b>425,251</b>
<b>Expenses</b>			
Costs related to providing goods or services	2	291	44
Grants and donations made	2	340,335	451,300
Other expenses	2	4,348	4,348
<b>Total Expenses</b>		<b>344,974</b>	<b>455,692</b>
<b>Surplus/(Deficit) for the Year</b>		<b>158,889</b>	<b>(30,441)</b>



These financial statements should be read in conjunction with the notes to the financial statements and attached audit report.



# Statement of Financial Position


The Waikato Catchment Ecological Enhancement Charitable Trust  
As at 30 June 2019

	NOTES	30 JUN 2019	30 JUN 2018
<b>Assets</b>			
<b>Current Assets</b>			
Bank accounts and cash	3	382,756	228,247
Debtors and prepayments	3	243,982	243,602
Total Current Assets		626,738	471,849
<b>Non-Current Assets</b>			
Investments	3	3,606,610	3,581,880
Total Non-Current Assets		3,606,610	3,581,880
Total Assets		4,233,348	4,053,729
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Creditors and accrued expenses	4	1,834,637	1,813,907
Total Current Liabilities		1,834,637	1,813,907
Total Liabilities		1,834,637	1,813,907
Total Assets less Total Liabilities (Net Assets)		2,398,711	2,239,822
<b>Accumulated Funds</b>			
Accumulated surpluses or (deficits)	5	2,398,711	2,239,822
Total Accumulated Funds		2,398,711	2,239,822

For and on behalf of the Board

Chairperson:

Date:

  
07/10/19

Trustee:

Date:

  
7/10/19



These financial statements should be read in conjunction with the notes to the financial statements and attached audit report.

# Statement of Cash Flows

## The Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2019

	NOTES	2019	2018
<b>Statement of Cash Flows</b>			
<b>Cash Flows from Operating Activities</b>			
<b>Cash was received from:</b>			
Donations, fundraising and other similar receipts		213,679	210,470
Interest, dividends and other investment receipts		180,031	187,905
<b>Cash was applied to:</b>			
Payments to suppliers & employees		4,588	4,392
Donations or grants paid		315,015	489,447
Net GST		(8,654)	6,129
<b>Net Cash Flows from Operating Activities</b>		<b>82,761</b>	<b>(101,594)</b>
<b>Cash Flows from Investing and Financing Activities</b>			
<b>Cash was received from:</b>			
Receipts from sale of investments		71,748	297,845
<b>Cash was applied to:</b>			
Payments to purchase investments		-	-
<b>Net Cash Flows from Investing and Financing Activities</b>		<b>71,748</b>	<b>297,845</b>
Net Increase/(Decrease) in Cash		154,509	196,251
Cash and Cash Equivalents at Beginning of Period		228,247	31,996
Cash and Cash Equivalents at End of Period	3	382,756	228,247
Net change in cash for the period		154,509	196,251



These financial statements should be read in conjunction with the notes to the financial statements and attached audit report.

# Statement of Accounting Policies

## The Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2019

### Basis of Preparation

The Waikato Catchment Ecological Enhancement Charitable Trust has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

### Goods and Services Tax (GST)

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for debtors and creditors which are stated inclusive of GST.

### Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to The Waikato Catchment Ecological Enhancement Charitable Trust and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

### Donations, Fundraising and Other Similar Revenue

Donations are recognised as revenue upon receipt.

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to the grant has been compiled with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to income as the conditions are fulfilled.

### Interest Income

Interest income is recognised on an accruals basis.

### Other Income

All other income is accounted for on an accruals basis and accounted for in accordance with the substance of the transaction.

### Grants Made

Grants expenses consists of grants approved during the year.

### Income Tax

The Waikato Catchment Ecological Enhancement Charitable Trust is registered as a charitable entity under the Charities Act 2005 and is exempt from income tax under the income tax legislation

### Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturity dates of 90 days or less.



### **Investments**

Investments are valued at market value.

### **Creditors and Accrued Expenses**

Creditors represent liabilities for grants approved but unpaid at balance date. Creditors are recorded at the amount of cash required to settle the liability.

### **Debtors**

Debtors are recorded at expected realisable value.

### **Tier 2 PBE Accounting Standards Applied**

The entity has not adopted any Tier 2 PBE Accounting Standards in the preparation of these accounts.

### **Changes in Accounting Policies**

There have been no changes in accounting policies.



# Notes to the Performance Report

## The Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2019

	2019	2018
<b>1. Analysis of Revenue</b>		
<b>Donations, fundraising and other similar revenue</b>		
Mercury Limited	213,679	210,470
<b>Total Donations, fundraising and other similar revenue</b>	<b>213,679</b>	<b>210,470</b>
<b>Interest, dividends and other investment revenue</b>		
Interest Received	164,009	185,002
Realised Gain/(Loss) on Sale of Investments	(21,229)	2,623
Unrealised Gain/(Loss) on Investments	133,728	(6,145)
<b>Total Interest, dividends and other investment revenue</b>	<b>276,508</b>	<b>181,480</b>
<b>Other revenue</b>		
Grants Written Back	13,676	33,302
<b>Total Other revenue</b>	<b>13,676</b>	<b>33,302</b>
	<b>2019</b>	<b>2018</b>

## 2. Analysis of Expenses

<b>Costs related to providing goods or services</b>		
Administrative Fees	240	44
DIA Charities Services	51	-
<b>Total Costs related to providing goods or services</b>	<b>291</b>	<b>44</b>
<b>Grants and donations made</b>		
2015/11 South Waikato Royal Forest & Bird	-	13,986
2016/16 Fish & Game, Auckland/Waikato Region	-	4,075
2017/12 Fish & Game, Auckland/Waikato Region	-	2,998
2017/22 Tui 2000 Incorporated	-	(10,435)
2018/02 Waikato RiverCare	-	26,087
2018/03 Waikato RiverCare	-	29,565
2018/04 Waikato Regional Council	-	52,770
2018/05 Fish & Game, Auckland/Waikato Region	-	34,783
2018/06 Dave & Leann Gamble	-	13,652
2018/07 John Fenwick	-	52,174
2018/08 Farny McFarm	-	2,174
2018/09 Stu Muir	-	21,739
2018/10 Waitahanui Marae	-	11,137
2018/11 Project Tongariro	-	11,739
2018/13 Brendon Webby	-	5,974
2018/14 Sandie Redpath-Baird & Allan Baird	-	3,513
2018/15 Sean Francis & Janie Barnes	-	12,794
2018/16 Lower Mangapiko Streamcare Group	-	3,600
2018/17 Waikato Regional Council	-	25,000
2018/19 Laurence Humphrey	-	2,870



2018/22 Ryedale Farm Partnership	-	22,191
2018/23 Ngati Haua Mahi Trust	-	69,783
2018/24 Mark Waters	-	4,348
2018/25 James Bailey	-	34,783
2019/01 Waikato RiverCare	75,679	-
2019/02 Howick Tramping Club	11,162	-
2019/03 TL & SL Taylor Limited	5,361	-
2019/04 Fish & Game Auckland/Waikato Region	28,696	-
2019/05 Riverview Oaks Ltd	17,033	-
2019/06 Fish & Game Auckland/Waikato Region	15,652	-
2019/09 Jim & Louise Foote	25,105	-
2019/10 Greening Taupo	80,250	-
2019/13 Glen & Graham Wilson	23,131	-
2019/15 Waikato River Trails	23,318	-
2019/16 Barrie Stewart	7,950	-
2019/16 Gary Driver	27,000	-
<b>Total Grants and donations made</b>	<b>340,335</b>	<b>451,299</b>

**Other expenses**

Management Fee - Craigs	4,348	4,348
<b>Total Other expenses</b>	<b>4,348</b>	<b>4,348</b>

2019 2018

**3. Analysis of Assets****Bank accounts and cash**

Craigs Cash Management Account	286,632	220,101
SBS Bank	96,124	8,146
<b>Total Bank accounts and cash</b>	<b>382,756</b>	<b>228,247</b>

**Debtors and prepayments**

G S T	243,982	243,602
<b>Total Debtors and prepayments</b>	<b>243,982</b>	<b>243,602</b>

**Investments**

Craigs Investments	3,606,610	3,581,880
<b>Total Investments</b>	<b>3,606,610</b>	<b>3,581,880</b>

2019 2018

**4. Analysis of Liabilities****Creditors and accrued expenses**

Grants Approved & Unpaid	1,834,637	1,813,907
<b>Total Creditors and accrued expenses</b>	<b>1,834,637</b>	<b>1,813,907</b>

**Grants Approved and Unpaid**

Grants for future years are all classified as current liabilities as the payment dates may change.



2019 2018

**5. Accumulated Funds**

<b>Accumulated Funds</b>		
Opening Balance	2,239,822	2,270,263
Accumulated surpluses or (deficits)	158,889	(30,441)
<b>Total Accumulated Funds</b>	<b>2,398,711</b>	<b>2,239,822</b>
<b>Total Accumulated Funds</b>	<b>2,398,711</b>	<b>2,239,822</b>

**6. Commitments**

The Waikato Catchment Ecological Enhancement Charitable Trust has no commitments at 30 June 2019 (2018: nil).

**7. Contingent Liabilities and Guarantees**

There are no contingent liabilities or guarantees as at 30 June 2019 (2018: nil).

**8. Goods or Services Provided to the Entity in Kind**

Secretarial Services are provided by Mercury Limited at no cost.

**9. Events After the Balance Date**

There were no events that have occurred after the balance date that would have a material impact on the Performance Report (2018: nil).

2019 2018

**10. Related Parties**

<b>Contributions</b>		
Mercury Annual Contribution	213,679	210,470
<b>Total Contributions</b>	<b>213,679</b>	<b>210,470</b>

**Interpretation of Related Parties**

For the purposes of this report, the Trust has, under advice, interpreted the term Related Parties in its broadest sense. Inherent in the Trust's establishment (refer to Page 5), was the recognition that the organisations that are party to the Trust are engaged in projects and activities that align with Trust objectives.

The Trust has a clear policy to manage any conflict of interest which may arise due to these organisational alignments (e.g. when a funding application is received from an organisation that a Trustee represents). Conflicts are required to be declared and recorded, and any conflicted Trustee must stand down from voting. If the application is approved, then a Trustee other than those that are conflicted are appointed to oversee the project and any subsequent approvals for payments.

These organisational alignments have been laid out in the table below, which describes grants made to the organisations that are party to the Trust.



Description of Related Party Relationship	Description of the Transaction	2019 Value of Transactions Approved during the year	2019 Amount Outstanding	2018 Value of Transactions Approved during the year	2018 Amount Outstanding
Trustees	Trustees regularly provide their time and skills to the oversight and operation of the trust at no charge				
Judith Van Rossem is a trustee and also the project manager for bio-diversity at the Waikato Regional Council	The Trust provided funding for the below Waikato Regional Council projects:				
	2018/17 Fish Passage Research & Development Project			\$28,750	\$28,750
	2018/04 Waipa Rerenoa River Restoration Project	\$19,446	\$38,323	\$60,686	\$60,686
	2016/29 Karapiro Stream Riparian and Wetland Restoration				\$10,672
	2016/28 Lake Hotoananga Planting Project – Chris Jew’s Wetland	\$4,934			\$5,674
	2016/27 Lake Maratoto Manuka Wetland Enhancement Project	\$9,240	\$18,657		\$29,284
	2016/25 Mangaotama Wetland Restoration and Stream Enhancement Project	\$2,174	\$10,000		\$12,500
	2016/12 Continuation of Lake Waahi Planting Project – Shaw Wetland				\$8,133





Description of Related Party Relationship	Description of the Transaction	2019 Value of Transactions Approved during the year	2019 Amount Outstanding	2018 Value of Transactions Approved during the year	2018 Amount Outstanding
	2015/13 Mangaotama Wetland Restoration and Stream Enhancement Project				\$62,724
	2014/03 Continuation of Restoration of the Lake Mangahia Wetland	\$796	\$4,386		\$5,302
Matthew McDougall is a trustee and also a senior officer at Fish and Game NZ - Eastern Region	The Trust provided funding for the below Fish and Game NZ Eastern - Region projects:				
	2016/16 Hardcastle's & Mihi Bridge Wetlands			\$4,686	\$11,500
Douglas Emmett is a trustee and also an advisor at Fish and Game Auckland/Waikato	The Trust provided funding for the below Fish and Game Auckland/Waikato projects:				
	2018/05 Frontier Farms Wetland Enhancement Project			\$40,000	\$40,000
	2017/16 Piggott Wetland Block Enhancement	\$3,000			\$5,000
	2017/13 Kelvin Babington Wetland	\$8,500	\$1,225		\$11,000
	2017/12 Pete Shaw & Stan Walker Predator Control			\$3,448	
	2017/11 Colin Hickey Wetland	\$23,406			\$35,000
	2017/10 Bruce Grant Wetland				\$21,500
	2017/09 Kevin Ramsey Wetland				\$4,000
	2017/08 Andrew Ewan Wetland	\$6,522			\$7,500
	2016/34 Predator Trapping Waikare West				\$1,380
	2014/26 David Saxton Wetland Restoration				\$2,139
	2014/23 Brad Marsh Wetland Restoration	\$510			\$587
	2014/21 Jeff Tucker Wetland Restoration	\$972			\$1,118



Description of Related Party Relationship	Description of the Transaction	2019 Value of Transactions Approved during the year	2019 Amount Outstanding	2018 Value of Transactions Approved during the year	2018 Amount Outstanding
Donald Scarlet is a trustee and also a key relationships manager at Mercury Limited. Larnie Chrystall is a trustee and also a commercial advisor at Mercury Limited	The Trust provided funding for the below Mercury Limited projects:				
	2017/01 Rotopiko Restoration	\$22,280	\$40,378		
	2016/20 Mangakowhiriwhiri Stream Wetland Restoration	\$10,480	\$24,554		\$36,606
Larnie Chrystall is a trustee and also an Executive Committee Member at Waikato RiverCare	The Trust provided funding for the below Waikato RiverCare projects:				
	2018/03 Butler Farm Project	\$4,609	\$28,700	\$34,000	\$34,000
	2018/02 Hickey Farm Project			\$30,000	\$30,000
	2017/04 Koheroa Road Project Black Farm	\$57,170	\$54,166		\$119,912
	2016/10 Lake Ohinewai Project	\$11,379			\$10,420
	2016/11 Mangawara Catchment				\$5,082
	2015/01 Taupiri Ki Weanganui	\$3,565			\$4,100
Gwyneth Verkerk is a trustee of Predator Free Hamilton	The Trust provided funding for the below Predator Free Hamilton projects:				
	2017/25 Pest Free Riverlea				\$12,867

#### Terms and conditions of transactions with related parties:

Funding for operations to date has been received from Mercury Limited (formerly Mighty River Power Limited) under the terms provided for in the Memorandum of Understanding (MoU) of 15 October 2002 between Mercury Limited and The Waikato Catchment Ecological Enhancement Charitable Trust. As part of the MoU, Mercury Limited has agreed to provide administrative support including the payment of administrative and audit expenses. Some grants are paid to organisations represented by current trustees. Transactions with related parties are recorded on normal commercial terms.



# Independent Auditor's Report

The Waikato Catchment Ecological Enhancement Charitable Trust  
For the year ended 30 June 2019

## INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Waikato Catchment Ecological Enhancement Charitable Trust

### Report on the Performance Report

#### Opinion

We have audited the performance report of The Waikato Catchment Ecological Enhancement Charitable Trust, which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 30 June 2019, the statement of financial position as at 30 June 2019, and the statement of accounting policies and other explanatory information.

In our opinion:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- b) the accompanying performance report presents fairly, in all material respects:
  - the entity information for the year then ended;
  - the service performance for the year then ended; and
  - the financial position of The Waikato Catchment Ecological Enhancement Charitable Trust as at 30 June 2019, and (of) its financial performance, and cash flows for the year then ended

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board.

#### Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of The Waikato Catchment Ecological Enhancement Charitable Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

#### Other Information

The Trustees are responsible for the other information. The other information comprises the information included on page 3 for the Compilation Report and the Words from the Chair 2019 which form part of the trust's annual report, but does not include the performance report and our auditor's report thereon.

Our opinion on the performance report does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the performance report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

### **Responsibilities of the Trustees for the Performance Report**

[The Trustees] are responsible for:

- (a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- (b) the preparation and fair presentation of the performance report on behalf of the entity which comprises:
  - the entity information;
  - the statement of service performance; and
  - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board, and

- (c) such internal control as the Trustees determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Trustees are responsible on behalf of The Waikato Catchment Ecological Enhancement Charitable Trust for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate The Waikato Catchment Ecological Enhancement Charitable Trust or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Performance Report**

Our objectives are to obtain reasonable assurance about whether the performance report is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Liyan Yao  
**Owen McLeod & Co Ltd**  
 10 October 2019  
 Hamilton