

Annual Report

For the Year ended 31st March 2013





Trustees and Landcorp Farming Ltd staff on field trip to Mararoa Station, Te Anau Basin, February 2013.

Left to Right: Phil McKenzie (Landcorp, National Manager Technology & Property), Tim Smith (Manager, Mararoa Station), Andrew Beijeman (Landcorp, Senior South Island Business Manager), Mark Sutton (Trust Field Officer), Graeme Mulligan (Landcorp, National Business Manager), Roger McNaughton (Trustee), John Whitehead (Trustee), Cam McCulloch (Trust Chairman), Fred Inder (Trustee), Jan Riddell (Trust Planner), Glenys Dickson (Trustee).

Photo by Trish Smith.

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Front Cover:

The mouth of the Waiau River, looking out to Te Wae Wae Bay. This was taken in March 2013, after a long period of low flows in the river and low inflows to Lakes Te Anau and Manapouri.

All photographs in this report were taken by Mark Sutton, Trust Field Officer, unless stated otherwise.

The People - Trustees and Trust Services:

The Trustees are:

Mr C.A. McCulloch (Chairman) - Accountant of Invercargill, joint nominee of the Fish and Game New Zealand, Southland Region and the Department of Conservation.

Mrs G. Dickson – Secretary of Gore, nominee of the Department of Conservation.

Mr J.D. Whitehead - Farmer of Te Anau, nominee of the Department of Conservation.

Mr J. Twidle* – Team Leader, Manapouri Power Station, of Te Anau, nominee of Meridian Energy Ltd.

Mr F.H. Inder - Retired Garage Proprietor of Te Anau, nominee of the Fish and Game New Zealand Southland Region

Mr R. McNaughton – Farmer and Agricultural Contractor of Woodlands, nominee of the Fish and Game New Zealand, Southland Region.

Mr M. O'Brien – Farmer of Monowai, joint nominee of the Fish and Game New Zealand Southland Region and the Department of Conservation representing the rural community in the Waiau Catchment.

*In September 2012, John Twidle was replaced by:

Ms Sheila Watson- Natural Resources Manager for Meridian Energy Ltd, nominee of Meridian Energy Ltd.

The Trust is very appreciative of the work John did for the Trust from the date of his appointment in 2006. He was a very committed trustee and his input was invaluable.

Trust Services:

Independent contractors Mark Sutton and Jan Riddell continue to provide field and planning services, respectively. Fish and Game New Zealand, Southland Region continue to provide secretarial services to the Trust. Cheryl Mason is the key person involved in this contract.

Executive Summary:

The sixteenth full year of operation of the Waiau Fisheries and Wildlife Habitat Enhancement Trust has resulted in further advancement of the Trust's Objects. Project and administration expenditure for the year totaled **\$361,775**. Income for the year was **\$382,742**.

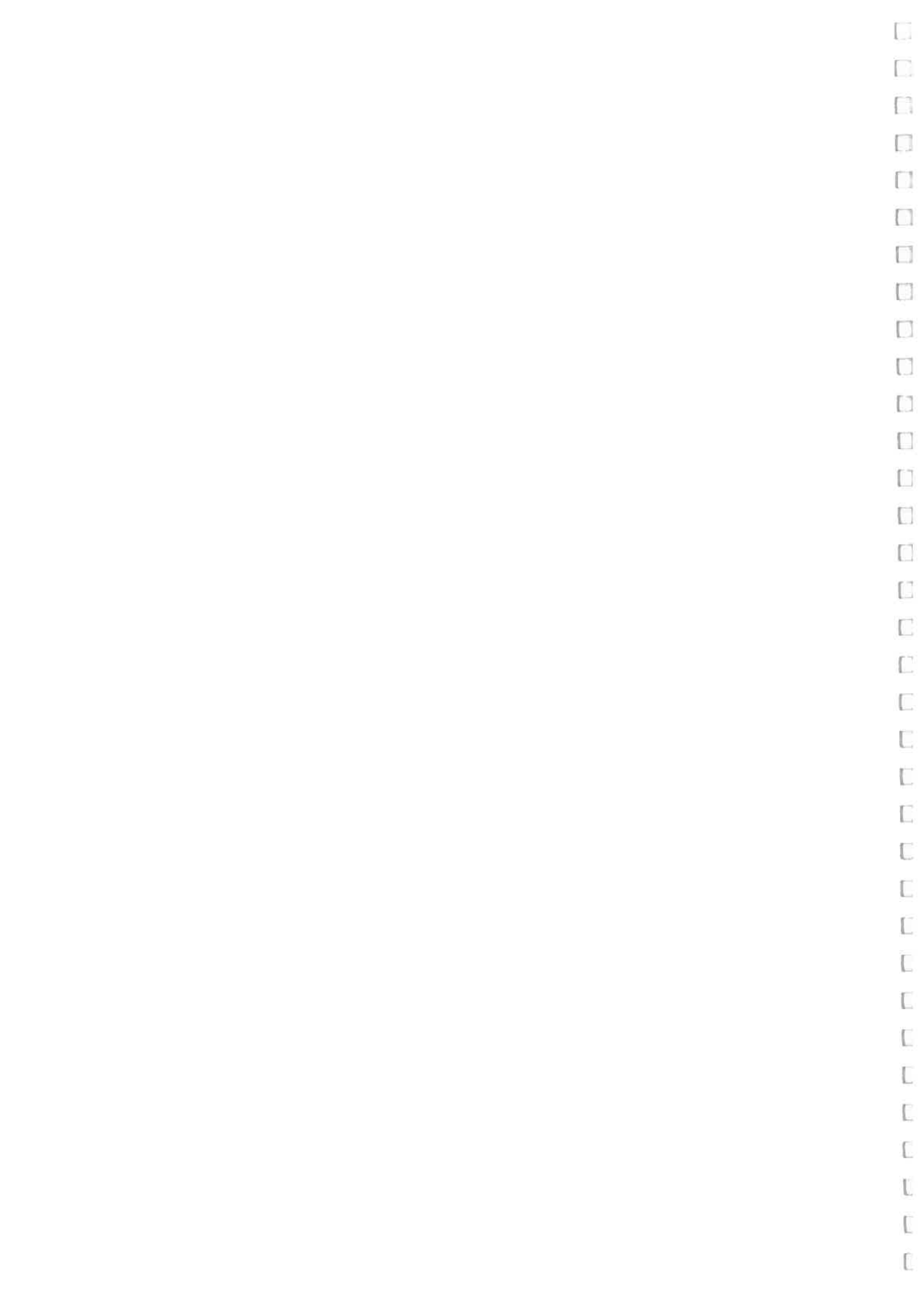
There were no changes to the management of the Trust Fund, during the year, but a review was initiated and is ongoing. The investment strategy, continued to focus on investment types designed to provide certainty of cash flow as well as providing for long-term growth of the Fund. The portfolio rose by 11.2% for the year.

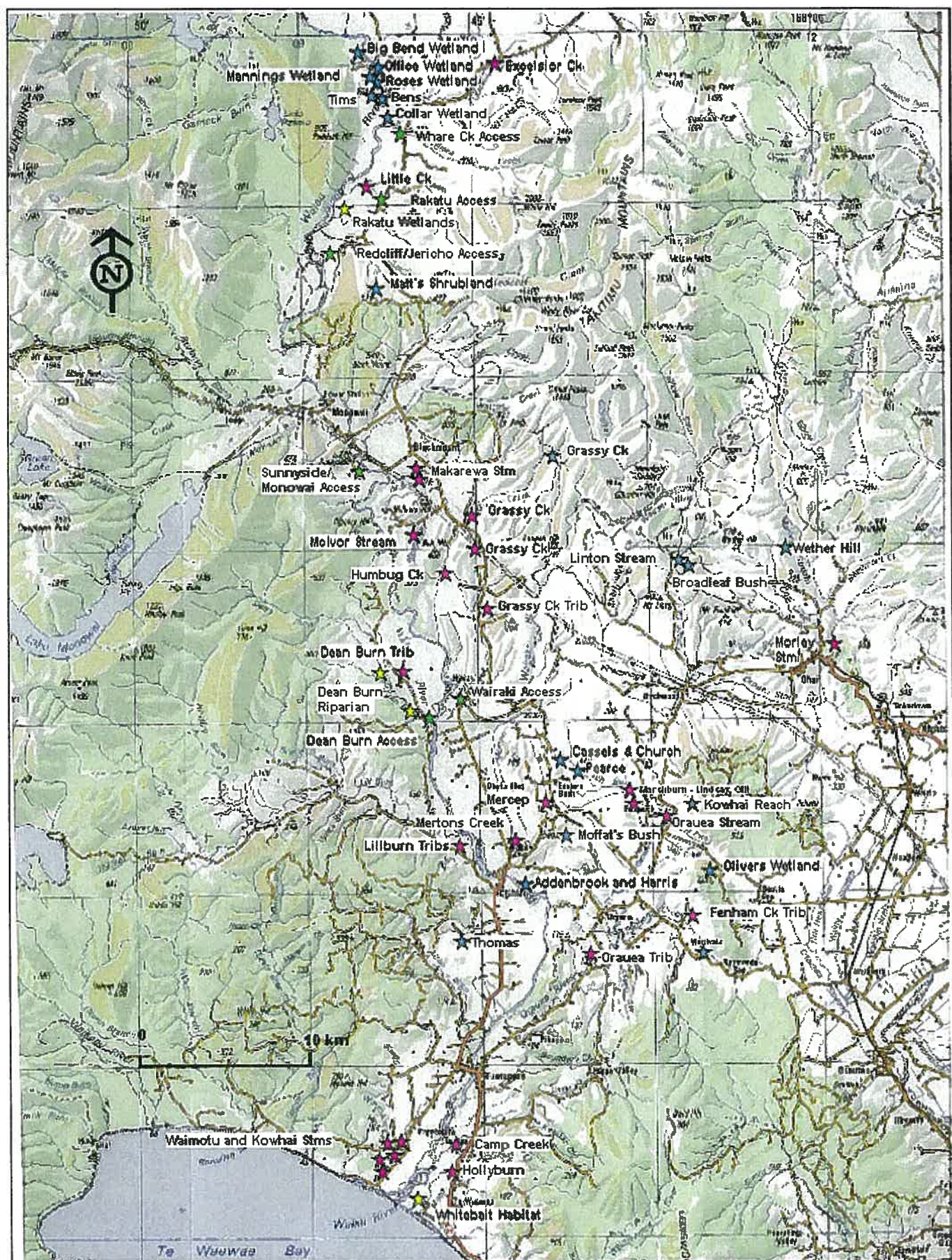
The Trust's habitat enhancement and public access work continues to make good progress.

The following is a list of achievements the Trust considers to be the highlights for the year:

- A review of the Trust Investment Strategy
- Ongoing filling and establishment of the whitebait habitats (Whitehead Suite) built in March 2009; the first phase of the expanded whitebait habitat project at the Waiau Mouth.
- Filling and monitoring of the McCulloch Suite of wetlands at the Waiau Mouth, constructed in March 2012.
- Baseline fish survey of the whitebait habitats in February.
- Signing of a Management Agreement with DOC over the land at the Waiau Mouth.
- Completion of 10 HEA projects protecting 13.9km of streams and their riparian margins.
- Completion of 10 joint Waiau Trust/QEII Trust projects protecting 144.8 ha of wetlands, streams and forest.
- Investigation of 24 new wetland and stream riparian protection projects.
- Maintaining the predator trap network at Rakatu/Redcliff wetlands.
- Monitoring of the ecological response of the open water habitat within the Trust owned Ramparts Wetland property, Te Anau basin.
- The ongoing relationships between the Waiau Trust and the QEII National Trust, Landcorp Farming Ltd and Meridian Energy Ltd.

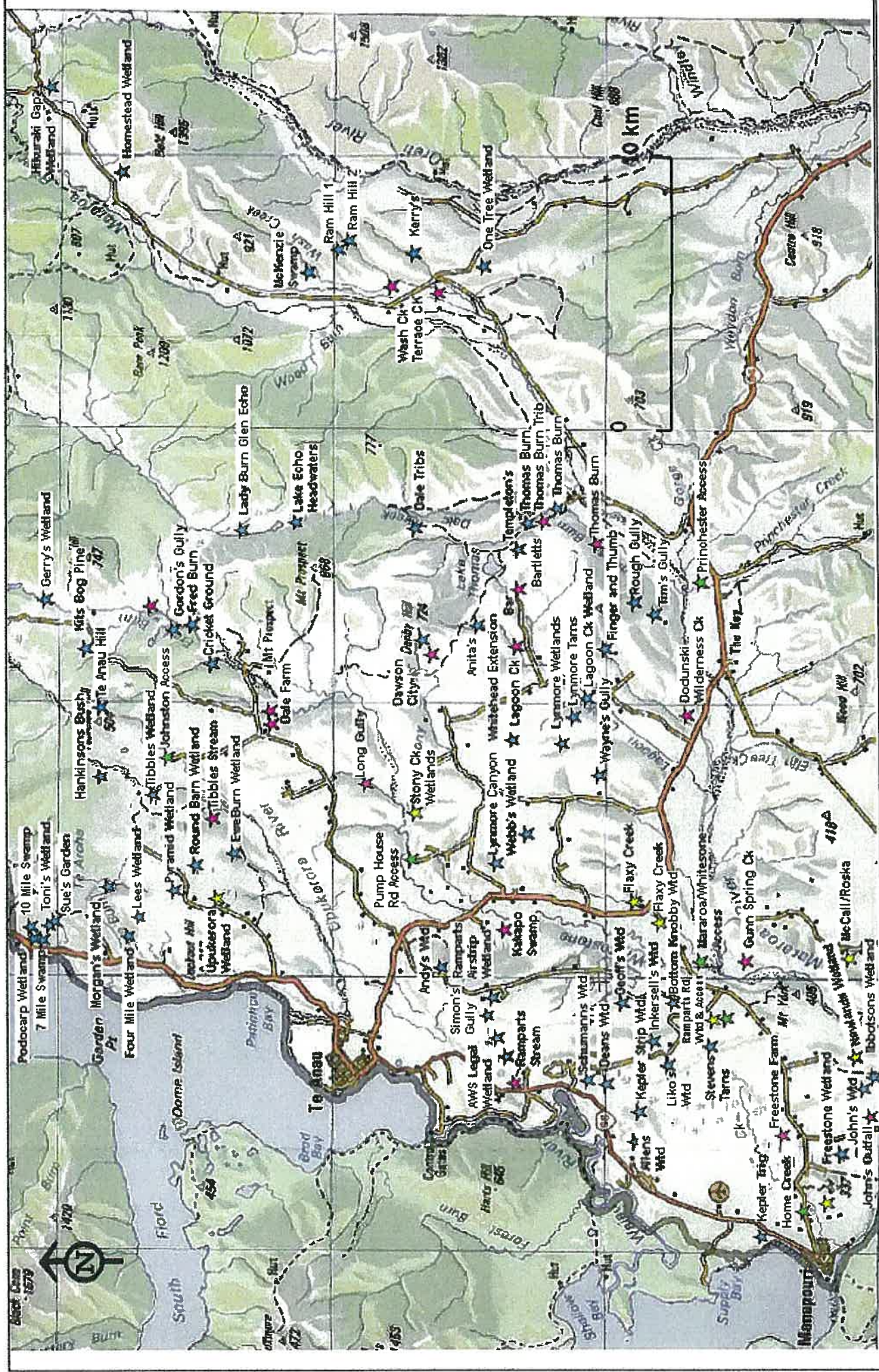
The following maps show the location of all the Trust's habitat enhancement and access projects, as at March 2013.





**Waiau Trust Projects,
below the Mararoa
Weir, at March 2013**

- ★ Habitat Projects
- ★ Habitat Enhancement Agreements (HEA)
- ★ Access Projects
- ★ Joint Waiau Trust/QEII Trust Projects



**Waiau Trust Projects: Te Anau Basin,
as at March 2013**

☆ Habitat Projects
☆ Access Projects

- ★ **Habitat Enhancement Agreements (HEA)**
- ★ **Joint Waiau Trust/QEII Trust Projects**

1. Introduction:

The Waiau Fisheries and Wildlife Habitat Enhancement Trust is pleased to present the sixteenth Annual Report.

The report is a Statement of Service Performance. It documents Inputs, Targets and Outputs in relation to established projects and new projects that arose during the year. The Output categories are derived from the Trust Deed Objects. It includes the mandatory Statement of Financial Performance.

It provides an assessment and evaluation of the Outputs in relation to the Trust Deed Objects and the Strategic Plan and expresses the Trust performance over time in terms of Outcomes.

This Annual Report also performs the important role of being an historical record of all Trust activities since inception in 1997.

1.1 The Trust Objects:

The document governing the Trust's activities is the Trust Deed.

The Trust Objects State:

“ The Settlor directs and the Trustees declare that the Trustees hold the Trust Fund upon the following trust, to be used to further the following charitable purposes and objects with the intent that the Trust Fund shall be expended on projects within the Waiau River catchment which, together with the minimum flow regime in the conditions of consent for the Manapouri Power Scheme, will create, enhance and maintain habitat for freshwater fish and wildlife to at least the quantity and quality which studies carried out for the Waiau Working party have identified as being the maximum achievable by flows of up to 30 cumecs from the Manapouri Lake Control Structure and to facilitate public access to the enhanced Waiau River, including:

- i. To identify and evaluate areas of the Waiau catchment worthy of protection, restoration, improvement, creation or procurement (primarily as fisheries and wildlife habitat) and to create habitat within the Waiau catchment.
- ii. In order to carry out the first purpose to negotiate, where appropriate the protection, restoration, improvement, creation or procurement of fisheries and wildlife habitat with landowners and to ensure the best possible public access to fisheries and wildlife resources.
- iii. To provide and maintain two access tracks for anglers' access in the vicinity of Whare Creek and Redcliff Creek confluences such that advantage can be taken of the fishery.
- iv. In accordance with the first and second purposes, to provide for the creation of additional areas of whitebait habitat on land owned by ECNZ¹ or held by the Minister of Conservation adjacent to the Waiau Lagoon as defined by studies carried out for the Waiau Working Party, as necessary.
- v. To provide for the rearrangement and ongoing maintenance of the rock weir immediately below the Duncraigen Bridge identified in studies carried out by ECNZ as necessary to enhance the habitat for fish and the aesthetic sense of landscape values of the river between the weir and the Manapouri Lake Control Structure at minimum flows.

¹ ECNZ is now Meridian Energy Ltd.

- vi. To provide for a study over 5 years of freshwater fish in Lakes Manapouri and Te Anau to demonstrate the present state of the fisheries and present trends.
- vii. To provide or assist with the provision of information or facilities to enhance the understanding of the public of the values for which the Trust was established.
- viii. Such further or other measures which, in the opinion of the Trustees will better provide for the matters set out in sections 5(2)(a), 5(2)(c), 6(a), 6(d), 7(a), 7(c), 7(f) and 7(h) of the Resource Management Act 1991.

The objects or purposes of this Trust are or shall be charitable as approved by the Commissioner of Inland Revenue and shall be deemed not to include or extend to any matter or thing which is or shall be held or determined to be non-charitable and the powers and purposes of the Board and trusts hereby created shall be so restricted.”

1.2 The Strategic Plan.

The Strategic Plan, reviewed and approved in 2005 provides the operational, ecological, investment and financial framework for the Trust. It is derived from the Trust Deed Objects and helps define Trust Outcomes.

2. Summary of Income and Expenditure:

Detailed financial statements for 2012/13 are presented in Section 6 of this report.

2.1 Investment of the Trust Fund:

The Trust initiated a review of its’ **Investment Strategy** (adopted in 2004) during the year. The fundamental principles are to create cash flow for the Trust in the short-term and growth of the Fund in the long-term and these remain the same. The revision has established clearer objectives and operational parameters around both the fixed income and equity assets investments.

A diversified portfolio is the key focus, being a mix of property securities, Australasian equities and short-term fixed interest investments. Forsyth Barr Ltd manage the Portfolio at present. As part of the review, other Fund Managers are being considered.

2.2 Investment Results.

The portfolio rose by 11.2% for the year. Investment returns were positive across both equity and fixed interest markets. The conservative portfolio benefited from lowering of interest rates and the continued recovery in asset prices and earnings. The Trust’s portfolio finished the year in a strong and defensive position.

2.3 Summary of Expenditure.

Project by project expenditure is outlined in Section 3 of this report

For the year 2012/13 the Trust budgeted to spend **\$421,125**. Adjustments were made to project targets during the year and priorities changed as the year progressed. Actual expenditure for the year was **\$361,775**. Trust total project expenditure since inception now totals **\$4,544,226**. This compares to total revenue for the same period of **\$5,636,718**.

WAIWU TRUST TOTAL EXPENDITURE SINCE INCEPTION 31/03/1997-31/03/2013

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	TOTAL
Habitat Projects:																		
Monowai Wetland		\$1,820		\$0														\$1,820
Wairaki Wetland		\$6,432		\$0														\$6,432
Home Creek Riparian Habitat		\$7,901	\$9,261	\$30,955	\$8,192	\$3,362	\$975	\$1,504	\$2,317	\$1,440	\$5,958	\$33,997	\$2,117	\$1,925	\$1,968	\$3,036	\$2,954	\$117,862
Lower Waiiau Whitebait Habitat		\$608	\$2,557	\$11,357	\$4,681	\$1,854	\$10,381	\$9,469	\$12,650		\$7,363	\$17,769	\$137,641	\$63,836	\$71,163	\$83,554	\$70,423	\$505,306
Stony Creek / Whitestone Habitat		\$2,247	\$388	\$1,432	\$12,194	\$27,758	\$1,282	\$201	\$589	\$242	\$4,786	\$8,930	\$827	\$302	\$600	\$577	\$1,106	\$63,461
Glen Echo Riparian Habitat		\$280	\$2,630	\$1,256								\$805	\$23,000	\$11,907				\$39,878
Dean Burn Kowhai Riparian Habitat		\$421	\$1,411	\$7,023	\$1,102	\$39	\$56					\$606	\$8,595	\$267				\$19,520
Lower Dean Burn Riparian Habitat		\$180	\$372	\$750	\$9,084	\$39						\$80						\$10,505
Flaxy Creek Riparian Habitat			\$310	\$336	\$8,900	\$230	\$39	\$118	\$90			\$748			\$10,986	\$357	\$1,047	\$23,161
Rakatu Wetland			\$4,564	\$2,532	\$439,998	\$112,821	\$77,607	\$113,191	\$137,540	\$184,995	\$46,970	\$34,017	-\$26,583	\$21,260	\$31,137	\$30,659	\$20,909	\$1,231,617
Monowai Riparian Lands			\$1,799															\$1,799
Mid-Whitestone Riparian Habitat			\$520															\$520
Upukerora Wetland			\$2,472	\$52,477	\$4,002	\$2,431	\$17,206	\$5,604	\$1,747	-\$182,369								-\$96,430
Ramparts Road Wetland				\$9,123	\$51,485	\$1,219	\$4,016	\$1,726	\$4,137	\$306	\$2,617	\$982	\$1,101	\$702	\$2,728	\$8,367	\$1,197	\$89,706
Habitat Enhancement Agreements				\$9,663	\$2,007	\$3,760	\$27,020	\$27,773	\$65,911	\$31,279	\$30,654	\$99,348	\$56,938	\$98,874	\$56,577	\$130,145	\$112,569	\$752,518
Newlands Wetland Complex						\$413	\$9,739	\$387				\$8,418	\$11,278	\$238	\$159	\$145		\$31,090
Kepler Trig Wetland														\$140		\$349	\$528	\$1,017
Access Projects:																		\$0
Whare Creek Access		\$17,027	\$371	\$2,002	\$47	\$180	\$508	\$90	\$636	\$219	\$742	\$100	\$583	\$1,015	\$859	\$617	\$463	\$25,459
Motu/Lower Dean Burn Access		\$420	\$11,942	\$954	\$51	\$261	\$196	\$49	\$258	\$278	\$10		\$100					\$14,519
Princhester Creek Access		\$280	\$4,066	\$7,846	\$6,733	\$7,904	\$1,798	\$1,453	\$1,172	\$304	\$1,139	\$3,817	\$268	\$396	\$4,854	\$277	\$407	\$42,714
Wairaki Access		\$180	\$2,940	\$211	\$8,457	\$3,651	\$7,223	\$161		\$194			\$730		\$65	\$231	\$174	\$24,217
Redcliff/Jericho Access			\$950	\$513	\$11,475	\$35,543	\$178	\$357	\$648	\$166	\$1,784	\$18,873	\$11,390	\$2,082	\$1,233	\$2,010	\$1,252	\$88,454
Otahu Flat Access			\$120															\$120
Johnston Upukerora Access									\$738	\$87,446	\$3,244	\$4,873	\$159			\$484	\$303	\$97,247
Soper Access Whitestone										\$8,388	\$7,868	\$649	\$378		\$139	\$65	\$65	\$17,552
Mararoa/Whitestone access												\$12,505	\$16,550	\$2,524	\$467	\$277	\$266	\$32,589
Sunnyside/ Monowai access												\$14,444	\$378	\$602		\$915	\$550	\$16,889
																		\$0
Lake Fisheries Research		\$4,413	\$49,222	\$22,268	\$16,539	\$21,003				\$1,333								\$114,778
Education and Public Awareness			\$2,097	\$471	\$360	\$983	\$458	\$4,240	\$1,687	\$2,365	\$4,491	\$15,097	\$1,861	\$4,310	\$7,511	\$16,904	\$11,022	\$73,857
Database & Photo Library		\$140		\$1,390	\$281	\$1,047	\$526	\$983	\$1,348	\$265	\$5,808	\$2,493	\$1,439	\$8,001	\$1,690	\$1,774	\$3,797	\$30,982
Dunraigen Weir				\$236	\$339													\$575
Gull Tern Study												\$533						\$533
Project investigation & facilitation				\$5,717	\$7,046	\$3,977	\$2,362	\$3,021	\$4,857	\$7,410	\$15,367	\$15,126	\$13,553	\$14,282	\$11,035	\$8,264	\$10,851	\$122,868
General Planning		\$12,704	\$13,031	\$7,172	\$9,189	\$9,229	\$8,149	\$8,538	\$12,375	\$14,192	\$18,907	\$18,772	\$20,024	\$23,678	\$17,187	\$21,153	\$20,241	\$234,541
General Field															\$7,173	\$11,873	\$15,852	\$34,898
																		\$0
Accounting & Audit Fees		\$355	\$3,049	\$2,664	\$2,636	\$2,528	\$2,488	\$2,470	\$2,624	\$2,717	\$2,828	\$3,257	\$3,657	\$4,086	\$4,029	\$4,073	\$4,299	\$48,461
Administration & Annual Report		\$2,464	\$15,454	\$15,960	\$12,799	\$11,106	\$10,203	\$13,418	\$7,669	\$9,510	\$11,934	\$8,165	\$11,922	\$10,547	\$14,269	\$12,065	\$13,115	\$192,443
Insurance					\$2,050	\$2,950	\$2,873	\$3,512	\$4,260	\$3,666	\$3,545	\$4,223	\$4,337	\$4,010	\$4,939	\$3,460	\$3,610	\$47,435
Legal Expenses		\$772		\$1,035	\$363					\$0	\$0	\$0	\$0	\$0	\$0			\$2,170
Tax opinions					\$1,882					\$0	\$0	\$0	\$0	\$0				\$1,882
Trust Board Exps		\$2,338	\$8,671	\$10,808	\$9,791	\$7,785	\$5,476	\$6,673	\$5,878	\$6,147	\$7,813	\$8,653	\$9,201	\$6,521	\$4,719	\$5,604	\$9,725	\$123,328
Investment Fees		\$13,235	\$5,310	\$7,044	\$7,984	\$7,788	\$7,260	\$15,641	\$24,516	\$25,615	\$28,473	\$29,274	\$26,869	\$25,380	\$27,257	\$28,441	\$46,050	\$326,137
Road Counter			\$736							\$0								\$736
Office Equipment (Computer & software)				\$7,400			\$307		\$889	\$700			\$315	\$1,034				\$10,645
Investment Review				\$5,000			\$3,000			\$0				\$0			\$9,000	\$17,000
Locking System															\$1,415			\$1,415
Total expenditure	\$5,157	\$92,740	\$140,632	\$225,595	\$639,667	\$269,861	\$201,326	\$220,579	\$294,536	\$206,808	\$221,252	\$368,881	\$327,588	\$307,840	\$284,313	\$375,676	\$361,775	\$4,544,226
Less Revenue & Revaluations of investment.	\$100,804	\$435,568	\$499,992	\$492,945	-\$2,933	\$173,970	-\$774,670	\$656,819	\$566,726	\$850,910	\$602,999	-\$195,006	-\$229,110	\$854,208	\$625,560	\$285,656	\$692,280	\$5,636,718
Difference	\$95,647	\$342,828	\$359,360	\$267,350	-\$642,600	-\$95,891	-\$975,996	\$436,240	\$272,190	\$644,102	\$381,747	-\$563,887	-\$556,698	\$546,368	\$341,247	-\$90,020	\$330,505	\$1,092,492

NB* Expenditure total includes purchase cost of assets and any sale of assets. Any gains/ losses of the asset sales are included in revenue

3. Statement of Service Performance

A) Project Expenditure and Achievements (Inputs and Outputs)

In April 2012, the Trust considered and adopted the Annual Plan and Budget for the year ending 31 March 2013. The Plan is a project based operational work plan, supported by relevant budgetary information. This Plan is always flexible, given the opportunistic nature of some of our work, so revisions can occur during the year, reflecting changing priorities.

This section reports on the projects, as planned and budgeted for, in the Annual Plan. Achievement of project targets, variations from targets, project progress, any additional projects commenced during the year and a summary of budgeted and actual expenditure are reported on, where relevant.

3.1 Output A – Habitat Enhancement Projects:

The habitat enhancement projects fulfill Objects (i), (ii) and (iv) of the Trust Deed.

A3 Home Creek Riparian Habitat.

Expenditure: Budgeted - \$3,950 Actual - \$2,954

Achievements and Progress:

This 14 ha project is located 1km east of Manapouri and is accessible via a sign-posted public road from the Manapouri-Hillside Road. The permanent protection, through fencing and removal of grazing animals, continues to benefit this unique meandering stream and its riparian habitat. The fencing (in 1997), removal of grazing, the re-vegetation and the pest plant control work are having positive physical impacts on the area. Visually the area continues to change, with the removal of crack willow and the growth of rank riparian vegetation, stream bank vegetation and in-stream macrophytes. The native restoration plantings are now particularly noticeable, with the red tussock and flax having become well established. Further native plantings were organized by Edith Jones in March, with help from Forest and Bird Southland Branch, but this expenditure did not come to charge this year.

The 1.6km circular walking and biking track around the lower part of the property, is continuing to be popular with local people and visitors to the area. The track is maintained to a high standard and was sprayed to keep it free of pest plants.

The original concept of this area becoming an integral part of the Manapouri community “green belt” continues to be achieved.

The annual pest plant spray programme (the main maintenance expenditure item) continues and includes spraying the emergent broom seedlings and the walking track. Two sprayings were planned, but only one was needed.

In September we signed a LINZ “Licence to Occupy” document, relating to the management of the LINZ administered Crown land within the Home Creek property boundary. We await the LINZ signature on this document. Once achieved, this will provide greater future security for our investment in the enhanced habitat.

A4 Lower Waiau Whitebait Habitat.

Expenditure: Budgeted - \$67,600, Actual - \$70,423

Achievements and Progress:

General:

This project is located on Meridian Energy Ltd (MEL) and DOC administered land, adjacent to the Te Wae Wae Lagoon, at the mouth of the Waiau River. Between 1999 and 2004 the Trust carried out whitebait habitat enhancement in the area on a small, experimental scale, creating 6 ha of open water *inanga* rearing habitat. Monitoring of the ecological outcomes of that work and expert advice received gave the Trust confidence to expand the scale of this project. This expansion involves the creation of large open water wetlands (24 ha in total), hydrologically linked to Te Wae Wae Lagoon, on the low lying flat paddocks adjacent to the Lagoon.

The Trust vision for the project is to:

Enhance whitebait (predominantly inanga) habitat in the vicinity of Te Wae Wae Lagoon and maximise opportunity for successful spawning and rearing of inanga, to benefit the whitebait fishery in the Waiau catchment.

In addition, maximise habitat benefits for other fish and wildlife species, as far as possible without detracting from the primary purpose and provide visitor facilities to enhance public use of the area and increase public understanding and appreciation of the habitat enhancement work at the site.

Wetland Progress:

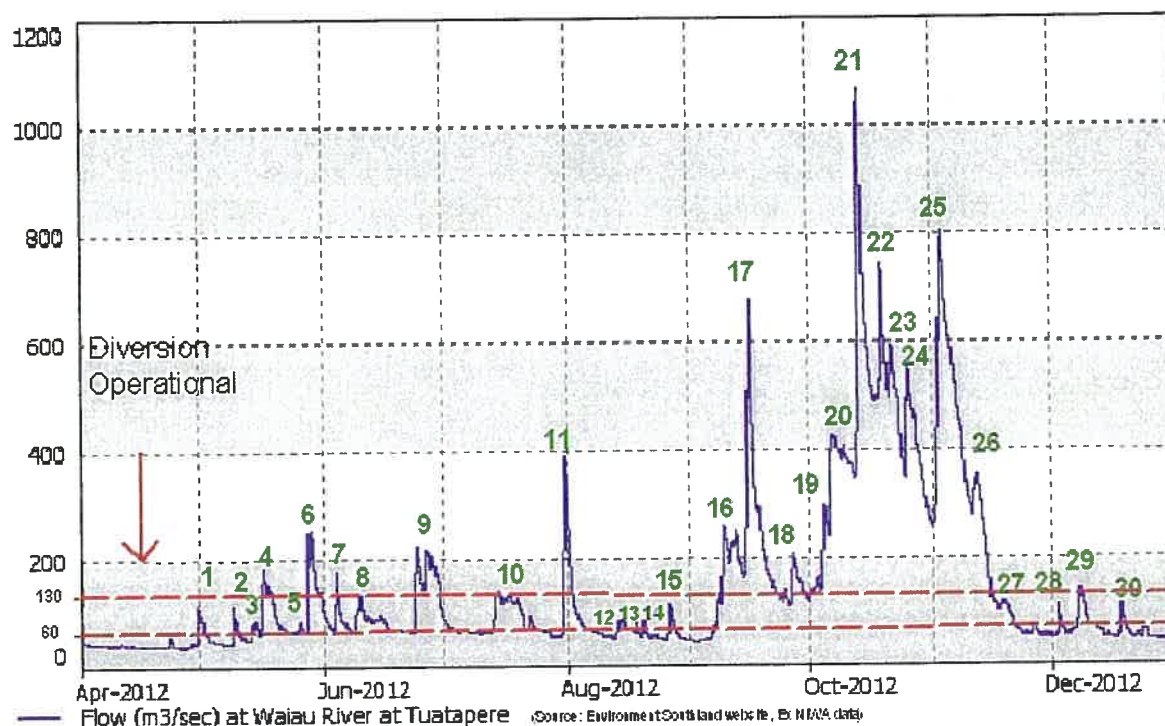
The first large set of wetlands, east of the Holly Burn and known as the “Whitehead Suite”, continue to fill and water levels are stabilising. These were constructed in March 2009 and supplied with pumped water from the Holly Burn from October 2009. The following set of aerial photographs shows the progressive filling of these wetlands.

Construction of the dams (known as the “McCulloch Suite”) and the diversion of water from a backwater of the Waiau River into these wetlands were completed in autumn 2012. The backwater and hence the diversion pipe operate when the Waiau River is flowing at more than about $45\text{m}^3/\text{s}$, but good volumes down the pipe occur when the river is greater than $60\text{m}^3/\text{s}$. The pipe flows full when the river is flowing at $130\text{m}^3/\text{s}$ or more. This means the diversion pipe provides pulses of flows into the wetlands, depending on river flows.

The diversion pipe became operative on 15 April 2012. The following hydrograph of flows in the Waiau at Tuatpatere shows the number of pulse events that occurred between 15 April and 31 December 2012. Lines on the graph highlight the $60\text{m}^3/\text{s}$ river flow, when the pipe is flowing well and $130\text{m}^3/\text{s}$ flows, above which the pipe is flowing full.

Our analysis of the pulse events showed that a total of 30 pulse events occurred, producing flows into the wetlands. For the 202 days the diversion has been operative there have been 179 days when there was water flowing into the wetlands and for 79 of these days the pipe was flowing full at 220 l/s. The average volume of water diverted into the wetlands has been 130 l/s.

Of particular note from the hydrograph is the prolonged period of high spring flows that occurred during September, October and part of November. This long event was fortuitous for the new wetlands and they were at design levels for this length of time.



Diversion Events, 15 April - 31 December 2012.

All the above information forms part of our resource consent reporting requirement to Environment Southland, based on the calendar year. This, along with on-site observations, provides us with a good understanding of how the wetlands are operating and what needs to be done to ensure their long term sustainability.

The beginning of 2013 (January) saw another period of high flows in the Waiau and full wetlands. Since that time Southland has been in a very dry period. This has been testing for the wetlands, with minimal inflows and low water levels.

Wetland Filling:

The free draining nature of the soils and underlying alluvial sediments of the beds of all the wetlands, continues to present a challenge in terms of getting wetlands to their design water levels and keeping them full. Good progress has been made but practices such as spraying off the rank grass and artificially compacting the beds of wetlands, (effective in speeding up the sealing and filling process), will be used as required. Time is still needed for water levels to permanently stabilize, particularly during the drier summer/autumn months.

The following sequence of aerals shows filling progress for the “Whitehead Suite” of wetlands. Aerials of the “McCulloch Suite” show these wetlands at maximum water levels. The pulsed nature of the diversion inflows, mean their water levels will be more variable.

Our ongoing experience with this project reinforces the need to be flexible. Adjustments to wetland design (outfall locations and their levels, wetland water levels and speed of water flow through connecting channels) have been made to assist the filling process, and make the best use of available water and thus ultimately maximizing fisheries and wildlife benefits.



Whitebait Project: Comparative shots of the Waiau River and the backwater, from which water is diverted to supply the McCulloch Suite of wetlands. Above shows the backwater at low flows (November 2012), below shows the Waiau in flood (October 2012), when the diversion pipe flows full. The diversion pipe intake is at the base of the rock protection work in the foreground.





Whitebait Project, Waiau Mouth.
The progressive filling of the **Whitehead Suite** of Wetlands.

Pre-dam building 2009. This shows the Holly Burn with the new bridge at right.



July 2010. The dams are in place. Good progress being made with wetland filling. Note the diversion channel from the Holly Burn, pump pond and pump shed at the bottom right of the photo.



August 2012. Further progress. These large shallow wetlands take time to fill and for water levels to stabilise.



An aerial photo of the McCulloch Suite of wetlands, at design level in August 2012. Note the diversion channel in the foreground.



Looking west, the Whitebait habitats full - August 2012. The Whitehead Suite is in the foreground, with the McCulloch Suite mid-picture. When full these wetlands become part of the Waiau Lagoon, which can be seen to the right of the beach barrier.



Above and below - the McCulloch Suite Wetlands, at design level, in October 2012. Water levels, as expected, have fluctuated depending on inflows down the diversion pipe from the Waiau River backwater.



Maintenance:

The nature of this project and its location in a highly dynamic environment means maintenance is an annual task. The high flows in the Waiau River meant some maintenance has been required around the diversion pipe. The key issue being removal of sediment carried through the pipe and deposited in the diversion channel. In very high flows the river overtops the bank and some scouring of the bank rock protection work has occurred. These issues are fixed as required.

Some major maintenance was required on the pump this year. The pump shaft and seal experienced some wear and needed replaced to ensure the pump delivers water volumes as per the specifications. Some decline in the volume of water being delivered had been noted. The wear is a result of the fine sediment and possibly semi-saline conditions that exist in the Holly Burn from time to time. We will now plan for such maintenance on a 2-3 year timeframe.

Monitoring:

a). Birds

Spring bird counts were undertaken on the Whitehead Suite of wetlands again this year. Observations of species present were noted at other times of the year. The results are set out in the table below.

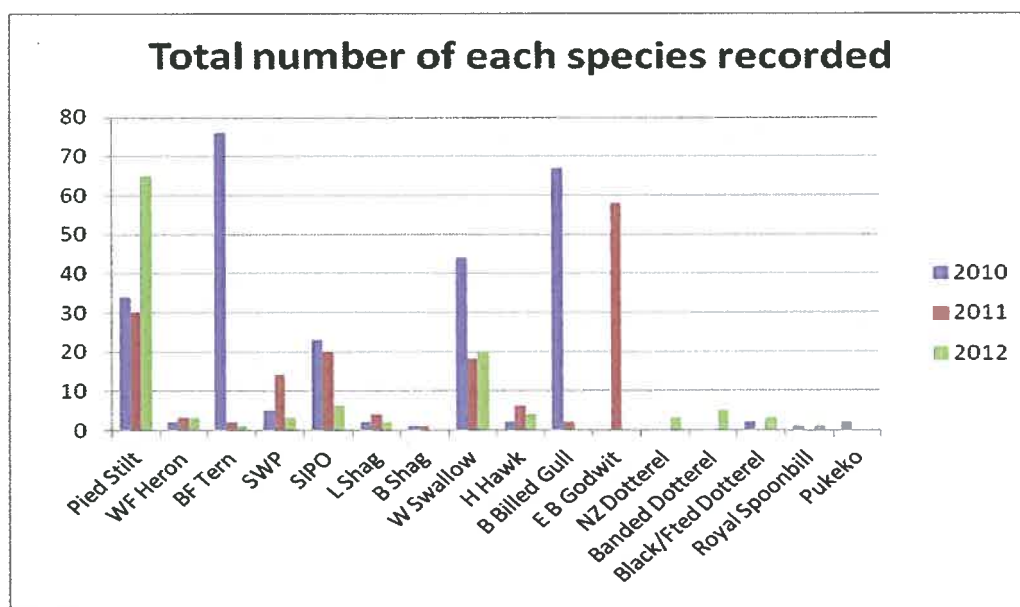
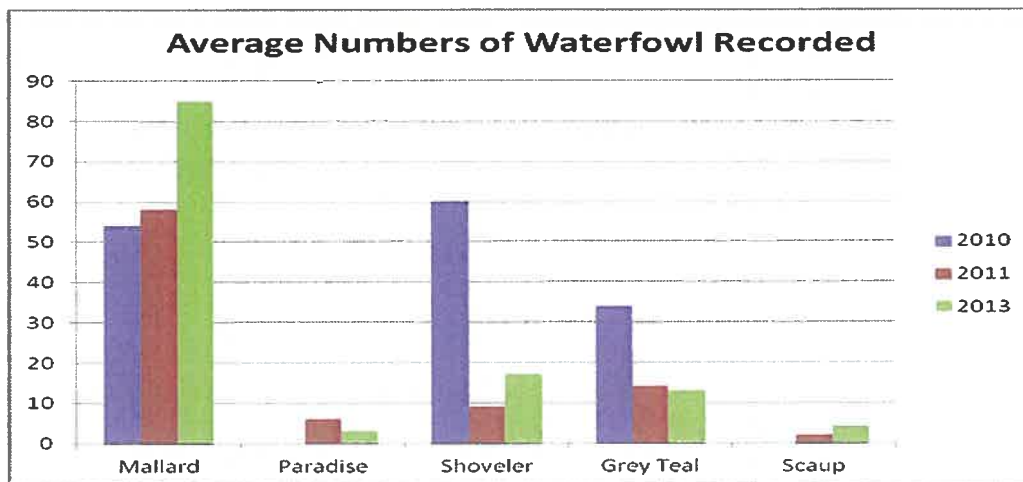
This information shows a diversity of wildlife species is using the wetlands. Two of the 5 resident waterfowl species were observed to be breeding this year (Mallard Duck and NZ Shoveler). A good diversity of water associated species frequent the full and filling wetlands. The shallow shorelines and fluctuating water levels provide good food sources for waders in particular. Some of the species present are international migrants – the Eastern Bar-tailed Godwit and the Banded Dotterel (some of which winter over in Australia). Of particular note this year was the presence of a White Heron (*Kotuku*) for a few weeks, an Australasian Bittern (*Matuku*) and the 3 Dotterel species. Invertebrate life within the wetlands is abundant.

Table: Results of 2012 Spring Bird Counts

Date	Waterfowl	Water Associated Species	Other Species
22/11/2012	Mallard: 15 + 3 broods Grey Teal: 4 Shoveler Duck: 23 Paradise Duck: 1	Pied Stilt: 22 White Faced Heron: 1 SW Plover: 3 SI Pied Oystercatcher: 2 Black Fronted Terns: 1 Little Shag: 1	
4/12/2012	Mallard: 6 + 1 broods Grey Teal: 11 Shoveler Duck 12 + 1 brood Paradise Duck: 14 NZ Scaup: 7	Pied Stilt: 12 White Faced Heron: 2 SI Pied Oystercatcher: 2 Black Shag: 1 NZ Dotterel: 3 Royal Spoonbill: 1	Harrier Hawk: 2
04/02/2013	Mallard: 235 + 1 brood Grey Teal: 24 Shoveler Duck 16 + 1 brood NZ Scaup: 6	Pied Stilt: 31 SI Pied Oystercatcher: 2 Little Shag: 1 Welcome Swallow: 20+ Banded Dotterel: 5 Black-fronted Dotterel: 3	Harrier Hawk: 2

NB:

Other species recorded this year, but outside the official counts were: Australasian Bittern (1) and White Heron (1), Pukeko.



b). Fish

In February 2013 the Trust, in collaboration with Andy Hicks of Environment Southland, undertook a baseline survey of fish of the Whitehead and McCulloch wetlands, plus the diversion channel. Twelve sites were sampled using fyke nets for large fish (eels) and G minnow traps for smaller species, including inanga. Standard methodologies were employed and all sites were GPSed – key factors for ensuring the survey is repeatable in the future. The final report is currently being written up. Baseline quantitative measures of fish densities will be a key component of the report. Large numbers of short and long-finned eel were caught. The G minnow traps were not very efficient at catching inanga, even though they are present in large numbers. We are investigating purchasing fine-meshed fyke nets as an alternative to G minnow traps. Once purchased the sampling for Inanga will be repeated. These nets will be able to be used at other Trust wetland sites (e.g. Rakatu) and for other projects around Southland.

Management Agreement:

In September the Trust and DOC signed a “Management Agreement”, setting out the wetland habitat creation and related activities the Trust can undertake on DOC administered land on which some of the wetlands are located. The Agreement formalizes our arrangements with



Eastern Bar-tailed Godwits, feeding in the wetlands. These birds migrate to New Zealand from their breeding grounds in Alaska. They arrive in September/October after their 11,000 km non-stop journey, leaving again in late March/early April.



The helicopter preparing to carry out the capital spraying of gorse - October 2012.

**Whitebait Habitat Fish Survey,
February 2012.**

Left: Andy Hicks (Environment Southland) and Jan Riddell (Planner) with a fyke net of Long and Short-finned Eels, being sorted for measuring. McCulloch 1 wetland in the background. Large numbers of predominantly Short-finned Eel were caught in all the wetlands.

The colonisation of the new McCulloch Wetlands has been very rapid indeed.

Below: A sample of adult *Galaxias maculatus* (Inanga) caught in a G minnow trap in McCulloch 3



the Department and provides long term security for the habitats, which we see operating in perpetuity.

Land Management:

The Trust sold two cuts of baleage off the top 11 ha flood free terrace and some standing hay, providing valuable income for the project. The lease over the remainder of the land, west of the Holly Burn ran out at the end of 2012. The Trust will use this land for making hay/baleage until decisions are made about wetland development on this part of the property.

An aerial capital knockdown spray of gorse patches on the property was completed in Spring. The capital spraying will be completed next year. Follow up ground spraying will occur as required.

Hunting Policy:

The Trust Hunting Policy developed in 2010 for game bird hunting of the area, is being implemented on the same basis for the current hunting season. Each year the Trust determines the number of hunters the wetlands can support (noting that they are being built over a number of years) and will then seek “expressions of interest” in hunting the wetlands, from hunters who have traditionally used the area. A ballot is run if the numbers of interested hunters exceed the capacity of the wetlands.

The Future:

Major progress has been made this year, with the “McCulloch Suite” becoming operational. Close monitoring of hydrologic behavior of the new “McCulloch Suite” of wetlands and the operation of the diversion will continue in the coming year.

There is still considerable potential for further wetland enhancement at the site. Ultimately public access and education will be a large component of the project, once wetland enhancement is complete. The completion of the section of new road to the Holly Burn bridge was a first step. Car parking, walking/cycling facilities around the wetlands and interpretative material about whitebait lifecycle and habitat requirements, are part of the overall project concept. The Trust expects this expanded whitebait project, once completed, to equal our Rakatu project in terms of its ecological significance.

A10 Rakatu Wetlands.

Expenditure: Budgeted - \$ 31,150 Actual - \$20,909

Achievements and Progress:

Rakatu Wetlands has been open to the public since March 2006. The property is located adjacent to the Lower Waiau River along the Clifden - Blackmount Road, 17 km from Manapouri township and 7 km downstream of the Manapouri Lake Control Structure (Mararoa Weir).

The Trust’s vision for the 278ha Rakatu property (purchased in June 2000) is:

To create an ecologically sustainable wetland/small stream ecosystem complex, for the benefit of fisheries and wildlife in the Rakatu/Redcliff area of the Lower Waiau River catchment. The complex will incorporate and link with the existing Redcliff Wildlife Reserve.

To provide public access to facilitate the public's enjoyment, recreational use and aesthetic appreciation of the resources, and to educate and enhance the public understanding of the fisheries and wildlife habitat and the Waiau Trust's objectives.

Key elements of the project are set out in the table below.

Actions	Details
Natural wetland protection	4 wetlands, totaling 65.5 ha de-stocked and protected allowing natural regeneration processes to re-establish. These natural areas link with, and incorporate, created wetlands.
Wetland creation	20 interconnected open water habitats created, totaling 49 ha, with 18km of shoreline. All fenced.
Stream protection	13.3 km of small stream habitat protected or incorporated into new wetlands.
Forestry	15.5 ha of forestry managed to provide ongoing income for the project.
Native vegetation restoration	Small areas to be trialed using natural regeneration processes, seed scattering techniques, native plantings and exotic plantings under planted by natives. Some amenity planting completed.
Visitor facilities	1.4km road and car park. 9.8 km of walking tracks, offering 4 different walking options, with stiles, bridges, toilet, lunch shelter, lookouts, signage and interpretative panels built.
Pest Plant Control	Annual spray programme to prevent spread on dry lands, wetland margins, access tracks and dams. Wetland water level design incorporates gorse/broom patches. Public walking tracks to be sprayed 2-3 times per year.
Pest Animal Control	Network of 35 DOC200 traps set around Rakatu and the neighbouring Redcliff wetlands. Check on a monthly basis.

Forestry:

Forestry Block 4 had the high prune and thin completed during the year.

Under the Emissions Trading Scheme (ETS), additional carbon units were added to the Trust's unit trading account during the year.

Ongoing Maintenance:

Ongoing ground maintenance spraying of the road, walking tracks, dams, boundary fences and pockets of broom occurred in spring. Other maintenance tasks carried out this year included the regular toilet and Lookout cleaning, track and minor fence repairs, and tree fall clean up. The cost of this work was less than expected.

Monitoring:

a). Trap Network.

The predator trap network installed around Rakatu and the neighbouring Redcliff Wetlands was checked and re-baited on 5 occasions during the year. The results for the 2 years the network has been running are set out below.

Year	Stoats	Ferrets	Weasels	Hedgehogs	Rats	Cats
1/4/2011- 31/3/2012	29	0	1	13	3	1
1/4/2012 – 31/3/2013	28	0	1	12	3	0

The numbers of each pest species caught this year, was similar to last year. The highest catch time for stoats and hedgehogs was in the February/March period. This is also the same pattern observed in 2011/12. We know a population of feral cat lives at the wetland complex, so cat specific traps will be purchased in due course. The network of traps is doing a good job in killing stoats. Future trapping results will demonstrate if stoat populations can be significantly reduced. It will be interesting to see if numbers of waterfowl broods and other

bird species increase over the coming years as the trapping and spring monitoring counts continue. The trap network complements all other restoration and enhancement work undertaken to date at the wetlands.

b). Spring Bird Counts.

The Trust has now been undertaking spring bird counts at Rakatu for four years. The table below is the summary of data from spring bird counts conducted during 2012. Two different wetland habitats were sampled. Two counts during December were completed.

Table: Results of 2012 Bird Counts at Rakatu – Species Present and Numbers.

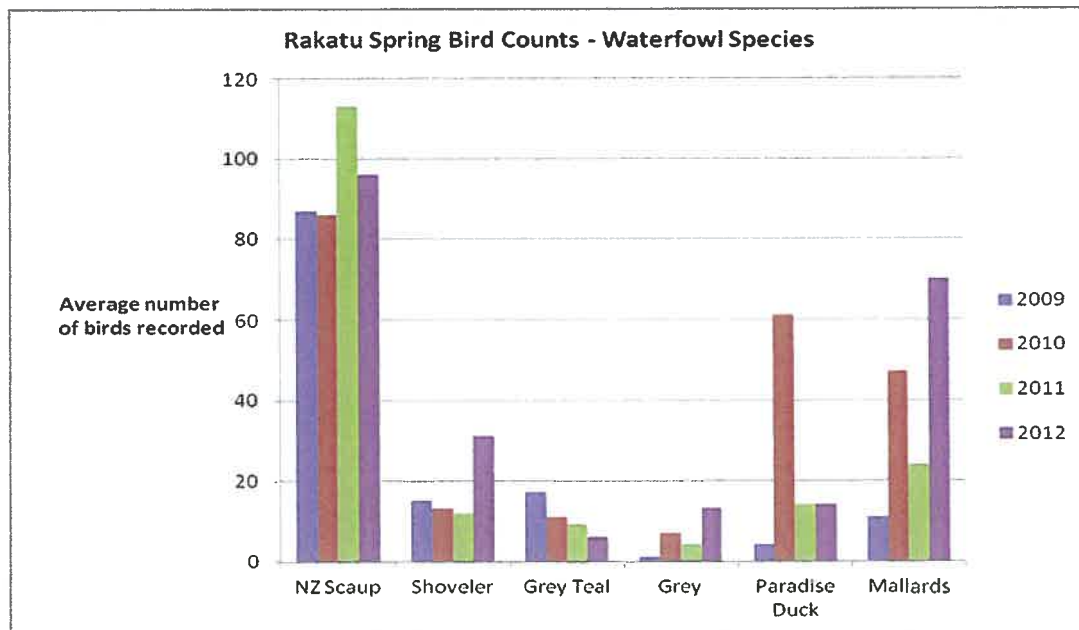
Dates	Waterfowl Species and numbers	Water Associated Species	Other
12/12/12	NZ Scaup: 74 + 3 broods, Shoveler : 40 Mallard : 42 Grey Teal : 7 Paradise Duck: 9 + 4 broods Grey Duck: 13 + 1 brood Black Swan: 4 + 1 brood Canada Geese: 15	Pukeko :1 SI Pied Oystercatcher : 2 Spur-winged Plover :19 Black Shag :1 Little Shag :11 Pied Stilt :20 Black-backed Gull:1 Black-billed Gull: 12	Harrier Hawk:1 Bellbird:2 Grey Wabler :2 Fantail: 1
20/12/12	NZ Scaup :118 +2 broods Shoveler: 12 Mallard: 56 + 1 brood Grey Teal: 4 Paradise Duck:17 + 4 broods Grey Duck 13+ 1 brood Black Swan: 3 + 1 brood	Pukeko:2 Little Shag :7 Pied Stilt: 19 Coot: 1	Harrier Hawk:3 Grey Wabler: 2

The table above shows a total of 8 waterfowl species and 9 water associated species were recorded this year. No S.I. Fernbird, White-faced Herons or Black-fronted Terns were observed this year, but one single Coot was recorded. The total number of different water associated species recorded since 2009 is 12. The number of waterfowl species is consistent from year to year. The data shows a good diversity of species is now resident or visiting the wetlands during the year.

Waterfowl data from this year and data from the previous 3 years surveys is presented in the bar graph below. Waterfowl dominate the wildlife population in terms of numbers of birds recorded. The graph also compares the waterfowl species numbers for the 4 years of data. Numbers of individual species vary from year to year. All waterfowl species have been recorded as breeding on site, at some stage, over the 4 year sampling period.

The diversity of water associated species at Rakatu reflects the scale and types of habitat available. Shallow shorelines and pasture margins suit the waders. Regenerating native wetland vegetation suit Fernbirds, plus the secretive Australasian Bittern and Marsh Crake (and chicks) both of which have been observed outside the official survey times. The Shag species and White-faced Herons are clearly finding a food source within the open water habitats.

The wetlands and their margins provide additional habitat and food source for the bush birds living in the wider area, including Fiordland National Park.



c). Fish Surveys:

Rakatu Wetlands now has a population of introduced Perch (*Perca fluviatilis*). They have probably been in Rakatu Wetlands for at least 2 years, noting that Futter (2008) did not record them in the summer of 07/08. This has been a natural colonisation process. This species is also present in the Waiau Arm of Lake Manapouri and Lake Rakatu in the Fiordland National Park. Their habitat preference is slow flowing or still waters, hence it is not surprising or unexpected they have colonised Rakatu. Their effect on the dynamics of the Rakatu ecosystem and on native fish species is not well understood. One positive is the food source they provide for species such as Shags and Herons. The presence of Rainbow trout was also recorded during the year.

No fish surveys were carried out this year, but it is planned to repeat the baseline fish surveys carried out by J. Futter (2008) during the summer of 2013/14. This will give us insight into the numbers of Perch and Rainbow trout present.

d). Visitor Numbers:

Visitor numbers to Rakatu, continue to be monitored. The visitation patterns reflect previous years, with greatest numbers during the “tourist” season (November to April). The **average number of people per day** over the last year was 7.6, ranging between 1 (during winter) to 11 (during the tourist season). These people mainly go to the Lookout and back to the car park. This figure is a minimum, as some walkers may bypass the counter. This year an additional people counter was installed along the long circular walking track at the southern end of the property. It recorded an **average of 1 person per day** over the summer/autumn period.

A5 Stony Creek/Whitestone Habitat Enhancement.

Expenditure: Budgeted - \$1,230, Actual - \$1,106

Achievements and Progress:

This Trust owned project is located in the mid-reaches of the Whitestone Catchment. Our objectives for this property include restoration of the natural river meander processes of the Whitestone River, wetland creation, protection of a small stream (Stony Creek) and protection of the native vegetation on the terrace escarpment. Two shallow water wetlands

were constructed in Dec 2006. As expected these wetlands are largely seasonal, filling over the winter months or during large floods and drying out over summer and autumn. They are built on free draining soils and underlying alluvial sediments. Seasonal wetlands provide valuable habitat for specific wildlife species (waterfowl and waders) and provide diversity of habitat type. Seasonal wetlands are of lesser fishery value. When full, these wetlands have a combined open water area of 2.6 ha and shoreline length of 1160m. At some stage in the future we intend to carry out further field work to assess the potential of supplementing the water supply into the wetlands, thus enhancing their fisheries values.

The Trust is of the view that the purchase of this 17.6 ha property has met its original objectives, in that the floodplain section of the property is again part of the Whitestone River berm, negating the need for ongoing expenditure on the maintenance of the adjacent stop banks. The planned spraying of dam faces and other weed control was not required.

A7 Dean Burn Kowhai Riparian Habitat.

Expenditure: Budgeted - \$200, Actual - \$0

Achievements and Progress:

The Dean Burn is a tributary of the Waiau River. It arises in Fiordland National Park and the Dean Forest and flows in a southeasterly direction before joining the Waiau River on the true right bank, 1.5km downstream of the Wairaki River.

This reach of the Dean Burn (1.5km) and the adjacent riparian habitat (5.9 ha) is protected, in perpetuity, by a QE II National Trust Covenant.

Under the QE II National Trust's Management Statement for the covenanted area, the Waiau Trust has an ongoing obligation to "progressively control or eradicate" the crack willow within the area, after consultation with the landowner. The 2008 willow removal work plus the 2009 follow up spray work was been successful. No further work at this project was required this year.

A9 Flaxy Creek Riparian Habitat.

Expenditure: Budgeted - \$8,000 Actual- \$1,047

Achievements and Progress:

Flaxy Creek is a spring-fed tributary of the Mararoa River and flows parallel to SH 94, east of the Whitestone River, in the Te Anau Basin. Being predominantly spring-fed, it is an important contributor to low flows in the Mararoa River. It is a very stable stream, but grazing stock over the years (mainly deer) has impacted the bed, banks and riparian margins. The stream has significant fisheries values, which need to be protected and enhanced. The Trust identified this stream as being a high priority for protection and enhancement, by riparian fencing back in 1997.

The total length of the main stem of Flaxy Creek from the confluence with the Mararoa River to the "Lynwood" property is about 9.7km. About 5.8km of the 9.7km length of Flaxy Creek is now fenced. The Trust has assisted with 2.94km of stream fencing, while 2.9km has been fenced by landowners themselves. The Trust has also provided grant money to fence an important spring-fed tributary. Further fencing opportunities were investigated, and budgeted for, during the year, with one landowner taking Trust advice about fence location, but opting to fund the fencing himself. The Trust provided some financial assistance with willow control work within the fenced riparian margin, upstream of SH94.

A15 Ramparts Road Wetland and Riparian Habitat.

Expenditure: Budgeted - \$1820, Actual - \$1,197

Achievements and Progress:

This wetland property is located 9km northeast of Manapouri, along the Hillside-Manapouri Road. It is accessible to the public from Ramparts Road, via two easements and one main access road has been created on the easement at the lower end of the property.

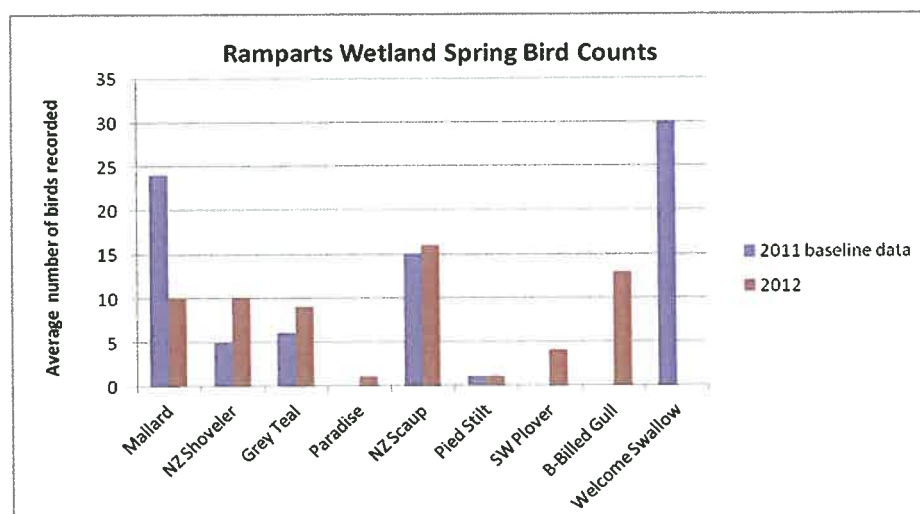
The Trust has owned this 44 ha property of wetland habitat and associated riparian margins, including 0.4km of outlet stream, since September 2000. This wetland complex is located immediately downstream, and connected to, the 16 ha DOC administered Stevens tributary wetland. A second wetland, of 8 ha, on Landcorp's Stevens Farm also lies upstream of the Ramparts Road wetland. This Trust project contributes significantly to habitat protection within this sub-catchment. The wetland complexes, lying in the valley floor of this small catchment, are significant habitats and play an important role in sustaining stream flows.

The wetland had been subject to fire, grazing and drainage over the years, resulting in considerable disruption to the ecosystem. Under Trust ownership, these activities no longer take place, so the natural restoration processes occur undisturbed. The native vegetation continues to flourish in the absence of grazing animals.

In 2011 a 1 ha open water wetland at the lower end of the property was constructed. Baseline spring bird counts were carried out in 2011. Two spring surveys were completed in the spring of 2012. The table below summarises the 2012 wildlife counts. The graph below shows the average numbers of each species recorded during 2011 and 2012.

Ramparts Wetland Spring Bird Counts- 2012.

Date	Species recorded
24/8/2012	Mallard: 13 NZ Shoveler: 6 Grey Teal: 11 NZ Scaup: 23
16/11/2012	Mallard: 7 NZ Shoveler: 14 Grey Teal: 6 NZ Scaup: 9 Paradise Duck: 2 Pied Stilt: 2 Spur-winged Plover: 7 Black-billed Gull: 26



Although a relatively small wetland, it has been colonised by 5 species of waterfowl and 4 water associated species. Colonisation has been rapid. Mallard Ducks and Grey Teal bred at the site in the first spring. This is a good result given the size, the marginal vegetation and the geographic location of the wetland. Its location within an intensively farmed landscape, disconnected from major rivers, lakes and native bush areas means the diversity of species it will support is limited.

The dry summer has seen water levels fluctuate. The exposed wetland beds become a valuable food source for species such as the Pied Stilts, Spur-winged Plovers and Black-billed Gulls and this can be seen in the number recorded this year.

The pest plant control programme, designed to maintain the integrity of the wetland and the indigenous vegetation cover continued this year. Inspections revealed some minor fence maintenance is required to ensure the integrity of the fences. This is yet to be completed.

A18 Newlands Wetland Complex.

Expenditure: Budgeted - \$1100, Actual - \$0

Achievements and Progress:

This project was completed in 2008. It is located on Landcorp's Freestone Farm, off the Hillside –Manapouri Road, 11 km from Manapouri township. A series of 5 wetlands were identified by Landcorp Farming Ltd as suitable for restoration. Over the years attempts had been made to drain these habitats, with little success, so it was decided to reverse that process. At the time some re-designing of farm infrastructure was taking place and the wetland habitat restoration was seen as part and parcel of that process. The original vegetation cover of these wetlands was a mix of wire rush beds and sphagnum moss, with red tussock and shrub margins.

Construction of the 5 small dams to restore water levels was completed in April 2007 and the fencing of the habitats and dam structures was completed in July 2007. The Trust contribution included the dam earthworks and 25% of the fencing cost. The 22 ha complex of wetlands (12.8 ha of open water) and their riparian margins are now protected, in perpetuity with a QEII National Trust Covenant. This Covenant provides adequate security over our investment in the restored habitats.

Wetland water levels are well on the way to re-establishing. The long term outcomes for this project will be open water habitat for water dependent bird species, regeneration of wetland plant species and riparian species. Some control of the dense stands of common rush, which can dominate open water areas, is desirable and was planned for this year, but it did not occur. No expenditure was incurred on this project this year.

A20 Kepler Trig Wetland

Expenditure: Budgeted - \$1500, Actual - \$528

Achievements and Progress:

The Kepler Trig Wetland is a 2.0 ha wetland located on Landcorp Farming Ltd's Kepler Farm, between the Manapouri – Te Anau Road and Supply Bay Road. It overlooks Lake Manapouri. The wetland is within the new Landcorp Estates Ltd subdivision (16 house sites) developed during 2010/11. The Wetland itself has a QEII National Trust Covenant (registered on 16/1/2006) and as part of the subdivision consent process, Landcorp Estates

Ltd offered to gift this parcel of land to the Trust. The Trust accepted the offer and the walking track and additional fencing were completed during the year as planned. The process of transferring the title of the wetland parcel of land to the Trust was completed in April 2012.

The wetland is a small 2.0ha tarn with a riparian margin, of regenerating native vegetation. Public access to the wetland is via one of the subdivision streets. A semi-circular walking track has been created with a further track leading toward Lake Manapouri and the DOC estate. Last year preliminary discussions were held with DOC Te Anau staff about forming a track from the DOC boundary to, or along, the Lake Manapouri shoreline to enhance public access to and from the wetland and lake. This initiative has not been progressed, due to funding cuts and other priorities within DOC.

Long term, the cost of this to the Trust will be minimal and involve minor track maintenance and spraying. No pest plant problem exists at present. The only costs incurred this year were rates.

A100 Habitat Enhancement Agreements and Joint Waiau Trust/QEII National Trust Projects.

Expenditure: Budgeted - \$ 177,555 Actual - \$112,569

Background:

This aspect of the Trust work is split into two parts.

a). The first relates to the Trust's **Habitat Enhancement Agreements (HEA)**. This Agreement is designed to provide grant monies to landowners for the fencing of stream and wetland habitats and their riparian margins. The signing of the Agreement by the landowner provides a degree of long-term security for the Trust's investment and security and protection for the enhanced habitat.

The philosophy behind this aspect of the Trust's work is to progressively achieve sub-catchment by sub-catchment wetland and stream enhancement from the headwaters to the confluence with main stem waterways, thereby restoring longitudinal (upstream to downstream) and lateral (riparian) ecological linkages and enhancing habitat for the benefit of fisheries and wildlife.

The Habitat Enhancement Agreement provides grant money as an interest free loan for a term of 20 years. At the 20 year point the grant money will be written off, if the Agreement has been complied with. The penalty for non-compliance during the 20 year period requires the repayment of the capital sum plus interest. If the land changes hands in the 20-year time frame, then the existing landowner must arrange for the new landowner to enter into a replacement agreement with the Waiau Trust. The 20-year term applies from the date of signing by the original landowner. The Trust has adopted the 20-year term, taking the view that riparian fencing will be standard practice within that time frame. Grants vary between 25 and 50% of the total cost of the fence, depending on the ecological value of the habitat.

b). The second part of this work is the **Joint Projects** we undertake with the QEII National Trust and landowners. Trust Field Officer, Mark Sutton is also the QEII National Trust representative for the Waiau Catchment. The joint approach of the Waiau Trust and QE II National Trust is an efficient use of resources, resulting in covenants over parcels of land with high conservation values and fisheries and wildlife habitat enhancement.



Erskine property, Waimotu Stream, Papatotora. Comparative photos taken October 2006 and in November 2012, showing stream enhancement and what can be achieved over a short time, in terms of riparian protection and in-stream cover.





HEA project - Lagoon Creek "Bar", Mararoa Station, Landcorp Farming. Before and after fencing, taken in 2012. Wide riparian margins have been created. This stream is connected to the upstream, previously protected, Bartlett's stream system.





Excelsior Creek, Duncraigen Farm - the first major tributary downstream of the Mararoa Weir. The lower reaches are now fenced and protected under the Trust's HEA agreement.



HEA project - John's Outfall, Riverslea Farm, Landcorp Farming. This is the outlet of Ibbotson's Wetland, protected by a QEII Covenant last year. This whole wetland/stream, which drains to the Waiau Arm of Lake Manapouri, is now protected. This is important for reducing nutrient inputs into the Waiau Arm, which can be susceptible to algal blooms.



Camp Creek, a tributary of the Lower Waiau, downstream of Tuatapere. This before (2009) and after (2013) set of photographs shows the extensive native plantings undertaken by Ternstone Ltd along the wide riparian margins of the stream. A great effort, with long-term benefits for this stream habitat.





HEA - Lagoon Creek, Lynmore Farm, Landcorp. Another tributary of Lagoon Creek was fenced and protected (5.7 ha) during the year, with fences being erected on the terraces. This project complements all the other protection measures in the upper reaches of Lagoon Creek.



An HEA project on the Mercep property, Clifden. Merton Stream is part of the Clifden Caves system. 2.12km has been protected and the owners have undertaken a planting programme on the left side of the stream.



Aarons, Dale Farm, Landcorp. Originally an HEA, this project is being upgraded to a QEII Covenant. Vegetation along the riparian margins of the protected stream includes red tussock, coprosma, matagouri and bog pine. It is connected to the DOC estate.



A sample of the native fish fauna in the stream running through Aarons. Koura, Upland Bully and non-migratory galaxiids were present in good numbers, when the stream was electro-fished in 2010.

In practice the joint approach means parcels of land that meet QE II criteria are covenanted, while those wetlands/streams/riparian margins with specific fisheries and wildlife values continue to be protected by the Waiau Trust's Habitat Enhancement Agreement. From a financial perspective, the Waiau Trust has contributed to the fencing of a number of QE II Covenants, at a grant rate of 25% of the value of the fence. In these cases the Trust does not require the landowner to sign a Habitat Enhancement Agreement, as we are of the view that the QE II Covenant also secures the Trust's interests in protecting the habitat in perpetuity. This arrangement works well.

Achievements and Progress:

This area of work remains a key focus for the Trust. Good progress continued to be made during the year. Interest in the Habitat Enhancement Agreement project scheme has continued, with ten (10) projects being completed this year. Eleven (11) joint Waiau Trust/QE II Trust projects were also completed. A small number of these 21 projects are in the Orauea catchment and sponsorship from Solid Energy helped secure their completion. A further 24 potential new projects were investigated during the year.

Time to completion of these projects can take from a few months to 2 years, which makes annual budgeting difficult. Those not completed in the current financial year are carried over and this was the case this year.

HEA Projects:

The table below documents the projects completed under the HEA category during the year. Protection of 22 km of stream and 34 ha of riparian habitat was achieved. The Trust now has 50 such agreements on its books. It should be noted, riparian fencing projects are often completed section by section, over a number of years. HEAs are signed at the completion of each section and once the whole project is complete, the HEAs already signed are amalgamated into one new agreement.

Table: Habitat Enhancement Agreements (HEAs) Signed This Year.

Landowner	Location/Stream	Length of Fence (m) Riparian Area (ha)		Stream Length Protected (m)	Capital Cost To Trust (\$)
G Dodd	Kowhai Creek	1100	0.9	550	2940
D Church	Merton Stream	505	1.5	505	1755
Landcorp Farming, Duncraigen	Excelsior Creek	1178	3.9	750	6305
P&R Mercep, Clifden Caves	Merton Stream	4410	5.3	2126	3330
Landcorp Farming, Riverslea	Johns Outfall**	2235	3.8	2090	4660
Landcorp Farming, Mararoa Stn	Lagoon Creek, "Bar"	1350	1.5	940	4887
Landcorp Farming, Lynmore Farm	Lagoon Creek	3608	5.73	1850	9181
Landcorp Farming, Dale Farm	Fred Burn	4800	8.7	2364	14000
C Lindsay	Marsh Burn, Orauea	800	0.6	800	2200
H & L Gill	Marsh Burn, Orauea	1960	2.3	1960	5880
TOTAL		21946 m	34.23 ha	13935 m	\$49,838

Joint Waiau Trust/QEII Trust Projects:

The table below details the 10 joint Waiau Trust/QEII National Trust projects completed this year, protecting 145 ha of habitat. These are mainly head water wetlands, gullies and stream

systems with significant native vegetation cover, hence they met the QEII National Trust criteria.

Joint Waiau Trust/QEII National Trust Projects completed this Year:

Landowner and General Location	Description	Fence Length (m)* Area Protected (ha)*		Capital Cost To Trust (\$)
G & R Cockburn	Dawson City, Mt Prospect	4800	30	9250
Landcorp Farming, Riverslea	Ibbotson's Wetland	1450	6.8	4350
P & W Stirling	Wether Hill, Orauea	800	17	1826
Landcorp Farming, Duncraig	Ben's Wetland, Lower Waiau	1420	8.5	4260
Landcorp Farming, Duncraig	Tim's Wetland, Lower Waiau	900	4.5	2925
Landcorp Farming, Eweburn	Podocarp Wetland, Lake Te Anau	720	3.0	3240
Landcorp Farming, Dale Farm	Gerry's Wetland, Whitestone	2050	9.0	5700
Landcorp Farming, Mararoa Stn	Anita's Wetland, Lagoon Creek	2280	21.0	6840
G & W Wilson	Moffats Bush, Orauea	2200	15.0	10450
R & K Pearce	Pearce Blks, Orauea	2075	30	6225 (paid 2012)
TOTALS		18695 m	144.8 ha	\$48841

•These measurements can be subject to final survey.

Waiau River Liaison Committee:

From time to time we are in contact with the Waiau River Liaison Committee to catch up on progress with their annual stream fencing programme, which we understand is going well with good uptake by qualifying landowners. The contact is important as our work is complementary. Such collaboration ensures best use is made of limited resources and good environmental outcomes are achieved.

3.2 Output B – Access Projects.

The access projects fulfill Objects (ii), (iii) and (vii) of the Trust Deed.

Expenditure: Total for all Accesses: **Budgeted** - \$7,900, **Actual** - \$3,480

Achievements and Progress:

The Trust's efforts to provide public access to the Waiau River and its tributaries continues to be a priority and all accesses are fully operational. The Mararoa and Lower Waiau Rivers and some tributaries are permanently affected by the foreign alga *Didymosphenia geminata*. The productivity of this organism varies according to the season and the number of larger floods down the river systems, that are capable of removing it from the stones on the bed of these rivers. Its presence detracts from the recreational enjoyment of the Waiau, however the Trust continues to take a positive approach to providing public access. Public access to the resources is a broad concept and includes access for specific water based activities such as angling and harvesting the game bird resource, where appropriate. Important also is access for passive recreational pursuits, and in the case of our wetland properties, for education purposes.

The total number of Access Projects remains at 12; the budgets for 3 of these (Rakatu, Ramparts and Home Creek) are associated with and therefore accounted for under Habitat



Anitas, Mararoa Station, Landcorp Farming. A joint project with QEII Trust, this 21 ha carex wetland and stream is now fenced along the high terraces and protected by Covenant. It is a tributary of Lagoon Creek which holds a diverse native fish fauna.



Podocarp Covenant, Eweburn - Landcorp Farming. A joint project, protecting 3 ha of remnant podocarp (rimu) forest. It is located along the Te Anau Milford Road and adjoins the protected Toni's wetland.



Joint Waiau Trust/QEII Trust project – Gerry's, Dale Farm, Landcorp. This is 11.8 ha of modified wetland, with a fern, matagouri, bog pine and beech escarpment. It is a tributary of the Fred Burn and drains from Snowdon Forest.



Joint WT/QEII project – Moffat's Bush on Wilson property, Eastern Bush. This 15 ha of lowland beech/podocarp forest on the Clifden limestone country, is now covenanted. The stream drains to Lyoncross Burn and on into the Orauea.

Projects. Key expenditure relates to the maintenance of these accesses, which involves grading, maintenance graveling and spraying of the carriage-way, road side verges and walking tracks from the car parks to the river, as required.

This year maintenance expenditure (in the form of road spraying) occurred at the Redcliff/Jericho, Whare Creek and Sunnyside/Monowai accesses. Maintenance costs for the other accesses were lower than expected, as spraying and grading is not always needed at every access every year.

The vehicle counter was installed at the Jericho access between late April 2012 and May 2013 to monitor usage of this access. The counter recorded 0.6 cars per day, in other words about 1 car every second day.

The Dean Burn Access is in need of some upgrade work, but the Trust is putting off this work until such time as we further investigate the potential for wetland enhancement on the nearby DOC land.

No new access projects were planned this year. The Trust has a number of potential access projects on the books, which will be investigated when funds allow.

The following table provides details for 9 of the 12 accesses.

Waiau Trust Access Projects

Access	Location	To Where	Type	Purpose
Whare Creek	Lower Waiau, Blackmount-Redcliff Road, 4.2km d/s Mararoa Weir	Waiau River	1.5km gravel road to car park	Anglers, general recreation
Dean Burn	Lower Waiau, west side, 25km upstream of Tuatapere	Dean Burn & Waiau River	0.5 km gravel road to car park	Anglers, general recreation
Wairaki	Lower Waiau, east side, 25km upstream of Tuatapere	Waiau & Wairaki River	1km gravel road to car park	Anglers, general recreation
Redcliff/Jericho	Waiau, Blackmount Redcliff Road, 12.6 km downstream of Mararoa Weir	Waiau River	1.62km gravel road to car park.	Anglers, general recreation
Princhester Creek	SH 94, 28 km east of Te Anau	Princhester Creek & Mararoa River	0.5km gravel road, then grassed walkway to river	Anglers, general recreation
Rakatu	Lower Waiau Blackmount -Redcliff Road, 8.8km downstream of Mararoa Weir	Waiau River and Rakatu wetlands	1.4km gravel road to car park, 9 km walking tracks round wetlands and to the Waiau River	Anglers, general recreation, walking, bird spotting, education
Home Creek	Manapouri- Hillside Road, 1.5km from Manapouri	Home Creek	0.8km gravel road, 1.6km circular walking track.	Anglers, general recreation, walking, education
Johnston Access	Dale Road Off Kakapo Road, 16 km from Te Anau	Upukerora River	1.2 km gravel road to car park	Anglers, general recreation.
Pump House Road	Pump House road, off Lynwood Road, 14 km from Te Anau	Whitestone River	0.4 km gravel road to car park	Anglers, general recreation.
Ramparts Wetland	Ramparts Road, off Hillside -Manapouri Road, 11.5 km from Manapouri	Wetland	0.2km gravel road to car park, freedom walking around wetland	General recreation, botanical interest.
Mararoa-Whitestone	Off Hillside-Manapouri Road, 13km from Manapouri and 17.8 km from Te Anau	Whitestone River, Mararoa River and Flaxy Creek	0.75km gravel road to car park	Anglers, general recreation
Sunnyside-Monowai	Off Sunnyside Road, 5km from Monowai Village	Lower Waiau River	0.32km gravel road to car park	Anglers, general recreation.

3.3 Output C – Research Projects.

The research projects fulfill Object (vi) of the Trust Deed.

No expenditure occurred under this Output category this year.

Expenditure: Budgeted - \$0, Actual - \$0

3.4 Output D – Education, Information and Consultation.

This Output fulfills Object (vii) of the Trust Deed.

Expenditure: Budgeted - \$10,500, Actual - \$11,022

Achievements and Progress:

Relationships within the community remain a top priority for the Trust. There is no doubt that the most important of all the people the Trust works with are landowners and farm managers. These are the people with whom we work to protect streams and wetlands and provide public accesses to the resources. We continue to work closely with the following organisations – QEII National Trust on protection of wetlands and streams, Landcorp Farming Ltd on protection of wetlands and riparian fencing of streams, Environment Southland (Land Sustainability Team) on riparian fencing issues, and the Waiau Working Party. In our day-to-day business we have contact with Department of Conservation, LINZ, Southland District Council, Waiau River Liaison Committee, Te Waiau Mahika Kai Trust, Te Ao Marama, Meridian Energy Ltd and Fish and Game NZ, Southland Region. These people and agencies help us progress projects. The Trust is grateful to all those people we have worked with, as their co-operation has enabled us to advance the objects of the Trust and good environmental outcomes in the Waiau catchment.

Our relationship with Meridian Energy Ltd is of particular significance to the Trust, given the role the Trust has in terms of mitigating and remedying the adverse effects of the Manapouri Power scheme on fisheries and wildlife habitat. It is important to keep the relevant Meridian staff up-to-date with Trust projects and progress.

Meridian Energy and the Waiau Working Party (of which the Trust is a member) are currently looking at ways of achieving additional environmental outcomes for the Waiau Catchment. The first step is to understand the current catchment issues, gaps in current research and monitoring programmes and then consider opportunities for aligning programmes to ensure better use of resources to achieve environmental outcomes in the future. This has particular relevance at this time, given the Government freshwater initiatives and will require a close working relationship with Environment Southland. The Trust will have a significant part to play in this initiative.

A significant event for the Trust this year was the Meridian Energy (Katy Glenie) initiative to nominate the Waiau Trust for the “Caring for Our Waters” section of the nationally based Green Ribbon Awards, run by the Ministry for the Environment. The “gala event” at Parliament in June saw the Trust win this section of the Awards. The Trust is very grateful to Meridian for taking the initiative and for the support (John Twidle, Trustee) on the night. We also thank Chris Kelly (CEO, Landcorp Farming Ltd) and Gerry Soanes (Landcorp Farming Ltd)) for their support on the night.

During the year a number of presentations about the Trust and our work have been made to various community groups.

Further work was completed on revamping the Trust's website; www.waiautrust.org.nz. It is hoped the new site will be live in the next few months, with the help of Tim Mann from Tim Mann Design Te Anau.

Each year we print 120 copies of our Annual Report and this is circulated widely in Southland and around NZ. Annual Reports are always sent to the Tuatapere Amenities Trust and Te Waiau Mahinga Kai Trusts, as required and to the Waiau River Liaison Committee.

The Trust education policy initiative, of using contract students to carry out project monitoring/research work is viewed as an important aspect of Trust work. No contracts were let this year, but the following list of Trust commissioned reports/research are held by the Trust. Some can be made available upon request:

- a) **Kovacs, Ben (2000):** "Survey Report for the Waiau Fisheries and Wildlife Habitat Enhancement Trust Home Creek Protected Area".
- b) **Goldsmith, Ruth (2000):** "Te Wae Wae Whitebait Habitat Survey".
- c) **Paterson, Rachel (2001):** "Te Wae Wae Whitebait Habitat Survey 21-26 January 2001."
- d) **Mason, Norm & Scott, Ben (2001):** "A Baseline Survey of Upukerora and Ramparts Road Wetlands for Long-Term Monitoring."
- e) **Paterson, Rachel & Goldsmith, Ruth (2002):** "Te Wae Wae Whitebait Habitat Survey, March 2002 and Recommendations 2001 – 2002".
- f) **Stoffels, R.J. (2003):** "Hierarchically Organised Littoral Invertebrate Communities in Large Oligotrophic Lakes". Thesis submitted for degree of Doctor of Philosophy, University of Otago.
- g) **Smith, Chelsea (2004):** "Survey of Whitebait Habitat Enhancement Ponds at Te Wae Wae Lagoon". Report presented as partial fulfillment of the requirements for the Diploma of Environmental Management.
- h) **Paterson, Rachel (2006):** "Wildlife Communities in Created and Natural Freshwater Wetlands of the Waiau River catchment, NZ". Thesis submitted for degree of M.Sc (Wildlife Management), University of Otago.
- i) **Futter, Julie (2008):** "Baseline Fish Community Surveys of the Rakatu Wetlands" Report submitted as partial fulfillment of the requirements for Post-graduate Diploma in Wildlife Management, University of Otago.
- j) **Risk, Jim (2008):** Dale Farm. Assessment of Riparian Management on Water Quality. Report prepared by Environment Southland for Landcorp Farming Ltd.

3.5 Output E – Databases.

This Output fulfills Object (vii) of the Trust Deed.

Expenditure: Budgeted - \$4,000, Actual - \$3,797

Achievements and Progress:

The Habitat Enhancement Agreement and Joint WaiauTrust/QEII Trust Project databases have been maintained during the year. Consistent effort is required to ensure the integrity of our databases. These databases are a very important tool, providing a record of all projects, GPS points, fence lengths and areas protected, expenditure and their progress. The extensive photographic record the Trust now has for all projects continues to be added to in both digital and hard copy form. The habitat enhancement ecological response monitoring reports commissioned by the Trust are also an important part of our information base.

All Waiau Trust projects are recorded on the 1:50,000 map series. These are a great visual tool and show the extent of the protection of wetlands and streams on a catchment basis. These require constant updating as projects are completed.



Mark Sutton and Jan Riddell at the Green Ribbon Awards at the Beehive, June 2012.

The Waiau Trust, nominated by Meridian Energy Ltd, won the “caring for our water” category.

Presentations were made by Minister for the Environment, Amy Adams and Dame Margaret Bazley.





3.6 Output G – Duncraigen Weir.

This Output fulfills Object (v) of the Trust Deed.

Expenditure: Budgeted - \$0, Actual - \$0

Achievements and Progress:

No work was required at the Duncraigen Weir this year.

3.7 Output J – Project Investigation and Advice.

This Output fulfills Objects (i), (ii), (iii) of the Trust Deed.

Expenditure: Budgeted-\$12,000, Actual- \$10,851

Achievements and Progress:

This output category covers expenditure on investigating new habitat and access projects and providing advice on habitat enhancement and protection. Several projects were investigated during the year.

The role of the Trust's Field Officer with the QEII National Trust requires clear delineation between the Waiau Trust and QEII National Trust interests. Initial project investigation involves a site visit, discussion with, and advice to, the landowner and assessment of the fisheries and wildlife habitat and conservation values. This then leads to a decision about proceeding with the project and if it is solely a Waiau Trust project, a QEII National Trust project or a joint project. The time involved in this process needs to be accounted for in a transparent manner.

This work is very preliminary in nature and often does not result in a project coming to fruition. Such preliminary investigations are often confidential in nature and involve discussions with individual landowners, so it is considered appropriate that recording and reporting expenditure should be under this general category. The Trust is of the view that reporting this expenditure in this manner is a good balance between transparency and the privacy of the Trust and individual landowners.

When potential projects progress to the stage of becoming a certainty, they are assigned separate project numbers.

3.8 Output H – Project Management.

H3 General Planning.

Expenditure: Budgeted - \$20,000, Actual - \$20,241

Achievements and Progress:

A number of projects have been worked on this year, in addition to the project planning work. The Annual Plan and Budget and the preparation of the Annual Report come under this output category, as does preparation of meeting agendas, meeting attendance and other day-to-day planning/management issues.

1). Monitoring:

Implementing the Trust's Monitoring Strategy continued this year, with bird counts at Rakatu, Ramparts and Whitebait project sites, a fish survey in the Whitetbait habitats and the pest trapping programme at Rakatu. The Strategy defines monitoring programmes that reflect the type and scale of our projects. Ecological response monitoring stems from the need to show the ecological benefits of habitat enhancement. It is a key accountability matter. The Trust hopes to maintain the momentum of this work in coming years.

2). Waiau Working Party and Meridian Energy Ltd (MEL):

The Trust involvement in the Waiau Working Party (Community Consultative Group) continued during the year. The WWP continued to work on the implementation of the Memorandum of Understanding (MOU), signed by most members of the Waiau Working Party (including the Waiau Trust) in 2010. All agree the future focus needs to be on environmental outcomes for the Waiau River and catchment. There will be ongoing discussion around rationalizing the current monitoring programmes associated with the Manapouri Power Scheme and potentially re-directing funds into environmental outcomes. This is of great significance to the Trust as there is potential to pool resources and have a collaborative approach to monitoring. There is also potential for the better use of resources to enhance degraded wetland habitats along the main stem of the lower Waiau River and for other environmental outcomes in the catchment.

3). Standard Operating Procedures:

During the year some time was spent drawing up Standard Operating Procedures (SOP's) for the Trust's major projects. These documents are designed to provide guidance to the next Contractors to the Trust. It is a succession planning exercise, to ensure the smooth operation of the Trust, as new personnel come on board.

4). Southland District Proposed Plan:

Late last year, the SDC released its new District Plan for public submission. The Biodiversity section of the Plan is most relevant for the Trust in terms of our work.

H4 General Field.

Expenditure: Budgeted - \$13000, Actual - \$15,852

Achievements and Progress.

This output covers all project related work, by Field Officer Mark Sutton, which cannot be readily attributable to a specific project, for example meeting agenda preparation, meeting attendances, general enquires and other day to day matters that arise.

3.9 Output H – Trust Servicing.

H1 General Administration

Expenditure: Budgeted - \$17,770, Actual - \$21,025

Achievements and Progress:

All targets, including maintaining the Trust's financial accounts and records, securing a set of audited accounts for the Annual Report, negotiating contracts on behalf of the Trust, general office running and performing other administration/secretarial duties as required have been met. Insurance costs relating to public liability, statutory liability and professional indemnity insurance are now accounted for under this Output.

H2 Trust Board.

Expenditure: Budgeted - \$8,450, Actual - \$9,725

Achievements and Progress:

The Trust met on five (5) occasions during the year, incorporating a field trip to the Mararoa Station in February. Trustees are of the view that this frequency of meetings enables them to keep abreast of project developments and maintain an appropriate level of continuity. The capped meeting fee/travel allowance scheme continued this year.

H7 Financial Planning.

Expenditure: Budgeted - \$29,000, Actual - \$55,050

The Investment Strategy was implemented and monitored by Forsyth Barr Ltd. Brokerage fees are now included under this output as well as Fund Management Fees. In terms of the accounts, the brokerage fees are fiscally neutral, as the investment return is net of the brokerage fees. Additional expenditure was incurred as a result of the independent advice sought in relation to the Investment Strategy review initiated during the year.

B). Compliance, Outcomes and Long -term Performance.

The Annual Reporting process provides an opportunity for the Trust to critically review, assess and evaluate its performance, for the current year. Section 3 (A) of the report does this in terms of Outputs. Over the longer time frame it is an opportunity to assess our performance in terms of whether outcomes are being achieved.

Aspects of the Trust's activities, requiring this internal outcome audit include compliance with the Charitable Trusts Act 1957, the Trustees Act 1956 and the Trustee Amendment Act 1988. An Outcome audit also needs to look at compliance and performance with the Trust Deed and the Strategic Plan.

Clearly the annual financial affairs of the Trust are subject to mandatory independent audit and the results of this are included in Section 5 of this report.

3.10 Compliance with Governing Legislation - Charitable Trusts Act 1957, Trustees Act 1956 and Trustees Amendment Act 1988:

The legislation governing the operation of Trusts provides the basis for measuring the compliance of Trust activities and business practices.

a). Charitable Purposes:

The first matter of compliance is around the activities of the Trust being charitable. "Charitable purposes" is defined in Section 38 of the Charitable Trusts Act 1956 and the activities of the Trust comply with (g) and (k) of that section. The Trust is registered with the Charities Commission (Charities Act 2005) to ensure the continuance of the Trust "charitable-purpose tax exempt status". A requirement of the registration and the retention of the "charitable status" is to send a copy of the Trust Annual Report to the Charities Commission each year. This has been done.

b). Prudent Financial Management:

The second matter relates to Part II, Investment, of the Trustee Amendment Act 1988, which provides key business and investment management compliance measures. Section 13 of the Act is of particular relevance, and places emphasis on prudent management.¹

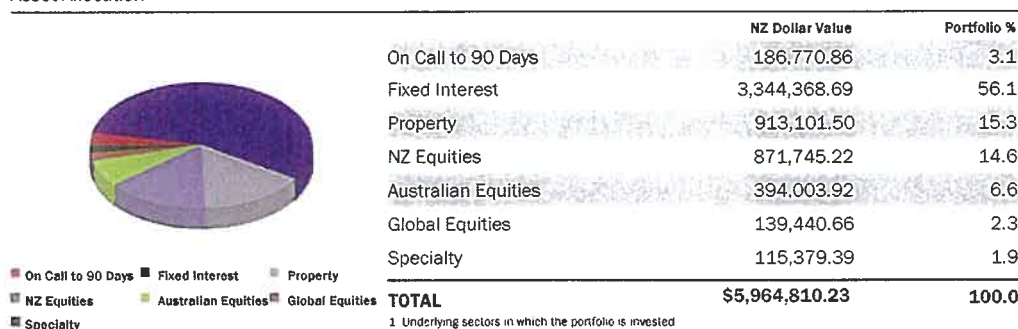
The primary source of income for the Trust is from the returns on investment of the Trust Fund. Since establishment the Trust has contracted a Fund Manager to implement its' **Investment Strategy**. During the year the Trust worked with the current Fund Manager Mr Paul Tuckey, of Forsyth Barr Ltd. As required he attended meetings and provided quarterly and annual reports on investment portfolio results. At meetings time was spent discussing, assessing and analysing the performance of the portfolio. From time to time, Forsyth Barr Ltd presents new investment opportunities, for consideration. These are given careful scrutiny and the degree of risk assessed before proceeding or otherwise.

The Trust investment strategy and therefore the portfolio remain conservative by design, with mainly fixed interest assets, enabling the securing of income for project expenditure, on an

¹ It should be noted that the NZ Law Commission is currently consulting on changes to the various Acts governing Trusts and the Trust is keeping a watching brief on this process. The Trust is also aware of changes being mooted in the Financial Reporting Bill 2012 currently before Parliament. It will incorporate new financial reporting standards for Charities, such as the Waiau Trust.

annual basis. Equities are limited to about 30%, including property stocks. This gives flexibility to scale back during difficult times and scope to increase income above the bank rates when times are good. The portfolio is well diversified and equity assets should provide a degree of hedging relative to the rate of inflation over the long term. The following pie charts show the Asset Allocation and Portfolio Valuation as at 31 March 2013.

Asset Allocation ¹



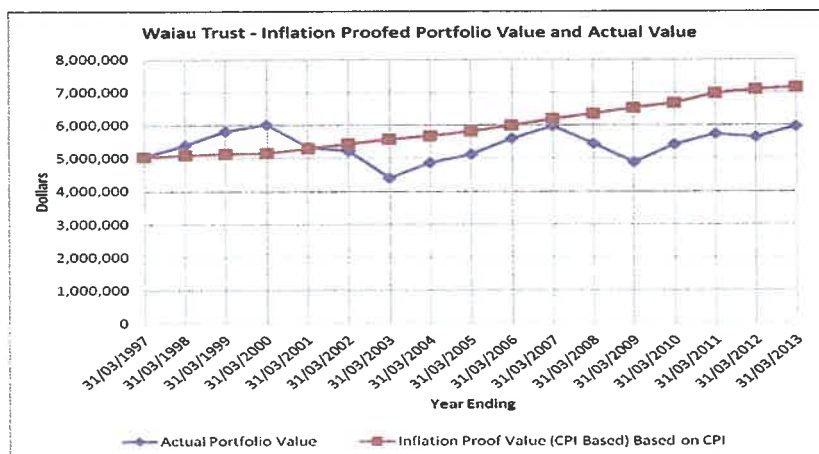
Portfolio Valuation ²



In November 2012 the Trust initiated a major review of the **Investment Strategy** and of the management of the Fund. This is the third time the Trust has conducted such a review, which it considers necessary, from time to time, to fulfill Section 13B and 13E of the Trustees Amendment Act 1988. The Trust sought independent advice and over subsequent months developed a revised **Investment Strategy**, with revised objectives and operational parameters for both fixed income and equity assets. It also expands the quarterly and annual Fund Manager reporting requirements to the Trust and includes multi-year cash flow forecasts and other key future planning indicators. In terms of the review of the management of the Fund, the Trust is currently undertaking an interview process with a number of potential Fund Managers, with a view to making final decisions about the management of the Fund in the new financial year.

Maintaining the value of the Fund, with respect to inflation, is a concern for the Trust. The graph below shows the value of the fund at the end of each financial year (since inception) and the value of the fund, had it been successfully inflation proofed, based on the CPI. It can be seen the actual value has fluctuated around the potential value, with major influences being the global financial issues post 2001 and the 2008 global credit situation. The fund value remains below the level it should theoretically be at and the gap is widening.

Our mandate is to produce ecological returns and though it is difficult to put a dollar value on ecological assets, the Trust is of the view that these enhanced ecological assets go some way toward inflation proofing the Fund.



The recent revision of the **Investment Strategy** ensures the Trust continues to meet the key business and investment management compliance obligations set out in Section 13E of the Trustees Amendment Act 1988. It is however mindful of the need to think long-term in terms of the Trust's effectiveness and ongoing ability to continue with its valuable habitat enhancement and other project work. Enhanced habitats need to operate in perpetuity to ensure permanent environmental outcomes. Discussions, between Meridian Energy Ltd and the other nominating bodies, about this concept, remain a priority.

c). Other Income Sources:

The Trust receives some income from sources other than the investment of the Trust Fund. The Trust owns or leases a number of properties that have the ability to produce income from grazing, production forestry (plus the Emissions Trading Scheme) and harvesting grass for silage/baleage/hay, without jeopardizing the primary purpose of habitat enhancement. Other income generating possibilities include commercial eco-tourism ventures, external sponsorship of aspects of projects and disposal of Trust property assets for reinvestment in future projects.

d). General Financial Management:

The Trust continues to look for efficiencies and effectiveness in the expenditure of the Trust Fund, in terms of project management, implementation and administrative structures. Reviews of expenditure and reassessment of project priorities throughout the year, depending on investment performance, are considered to be a prudent management approach. Contracts for the provision of secretarial/administration, field and planning services remain cost effective. Records of hours each contractor spends on Waiau Trust work are kept. Based on 1832 hours being the equivalent of one full-time person, this year contract hours totaled 1470 (including 50 hours for general administration). This is 80% of one full-time person, which is slightly down on last year.

Trust costs continue to increase and in particular costs associated with earthworks, construction and fencing. Management of our resources will be an ongoing challenge. Habitat and access projects have been established in perpetuity. This will require the permanent provision of resources to manage and maintain all projects. As time moves on, the number of operative projects will increase as will the resources required to maintain them. Operationally this means providing for pest plant and animal control, road maintenance, fence maintenance and other habitat maintenance in the Annual Plan, if the Trust has not reached agreement with other parties to provide for and carry out such work. Financially this means ensuring the

returns from investment of the capital fund are sufficient to provide income necessary to meet the ongoing costs of projects created by the Trust, long term. This is an issue of sustainability of the Trust and will require further thought in the future.

The provision of additional services, such as legal, surveying, valuation, audit, construction, fencing and pest plant control, some infrastructure design and installation are contracted as required. The Trust has now built up a portfolio of such service providers, who provide efficient and effective service to the Trust, based on a negotiated price. From time to time a selective tendering process is used to test the market or enable a number of contractors to compete for work. We always try to use local contractors if possible, so that Trust money stays within the local community.

3.11 Compliance with the Trust Deed:

a). Objects of the Trust:

The major compliance elements in the Trust Deed are the “Objects of Trust”. The emphasis is on enhancement of fisheries and wildlife habitat, facilitation of public access to the enhanced Waiau River and fisheries research, as detailed in the eight specific Objects. Meeting the Objects of Trust are reported in terms of Outputs, on an annual basis, project by project as per section 3 of this report. All habitat enhancement, access and research projects comply with the Objects and the Trustees have been vigilant when assessing projects to ensure projects are compliant.

There has been activity on 6 of the 8 Objects in the Trust Deed this year. The Trust has actively investigated new projects, particularly those suitable for Habitat Enhancement Agreements (Objects 1 and 2). We have focused on the expanded whitebait habitat project adjacent to Te Wae Wae Lagoon (Object 4 of the Deed), with good progress during the year, with the ongoing filling of the Whitehead wetlands and the building, filling and monitoring of the McCulloch Wetlands.

The number of public access roads to the Waiau River and tributaries and wetlands remains at 12, with their maintenance being the primary focus. The 9 km of walking tracks at Rakatu Wetlands and the 1.6 km circular track at Home Creek add significantly to the public access facilities provided by the Trust. These projects continue to meet Objects 2 and 3 of the Deed. Trust habitat enhancement work on private land always presents a dilemma for the Trust in terms of our object of providing public access to resources. The reality is that it is not always possible or desirable to provide such access.

The Trust has 14 major habitat enhancement projects on the books, 4 of which are also accounted for as joint Waiau Trust/QEII National Trust projects. There are 50 completed Habitat Enhancement Agreement projects (A100) for stream riparian and wetland habitat, plus 75 completed joint Waiau Trust/QEII National Trust projects. These 139 habitat projects come under Object 1, 2 and 4 of the Deed.

The Freshwater Fish Study of Lakes Te Anau and Manapouri, as per Object 6, and maintenance of the Duncraigen Weir, as per Object 5, did not incur any costs this year and no further expenditure is anticipated in the medium term.

Provision of public access and interpretative signage at Trust project sites promotes public understanding of the values for which the Trust was established (Object 7). The Rakatu project contributes substantially to the meeting of Object 7. Visitor numbers to Rakatu

Wetlands continue at a reasonably consistent level and we constantly receive positive feedback from visitors. Public access and interpretative panels about whitebait, their lifecycle and habitat requirements are an integral part of the expanded whitebait project, once all new wetlands are completed and operational. The Trust continues to advocate for wetland and stream protection and sustainable riparian management in all relevant local forums, which contributes toward meeting Object 8 of the Deed. Objects 7 & 8 are further met through the website, responding to information requests and making presentations to community groups about the Trust's work, from time to time.

b) Other Deed Compliance Matters:

The Trust Deed directs Trustees to "consult at least annually" with the Trustees of the Te Waiau Mahika Kai Trust and the Tuatapere Amenities Trust and to provide them with a copy of the minutes of Board meetings within one month of the date of each meeting. Supply of our Annual Report has been found to be the most efficient and practical way to communicate. Any day-to-day issues are dealt with on an as required basis. The Trust is particularly supportive of the Te Waiau Mahika Kai Trust's protection initiatives at their Jericho property, which is in close proximity to Rakatu and the Redcliff Reserve. Consultation with the Tuatapere Amenities Trust has occurred between individual Trustees and Contractors, usually at Waiau Working Party meetings.

The Trust is required to recognise and have regard to the traditional relationship of the tangata whenua with the resources of the Waiau River and in particular their interest in the native fishery. The enhancement of habitat for native species continues to be a significant part of all our habitat enhancement projects. We are particularly concerned about the state of New Zealand's eel fishery and view our habitat enhancement work as a significant contribution to sustaining populations of this and other native fish species, particularly in the lower Waiau catchment. We have a good relationship with Te Ao Marama Inc, who are very supportive of our habitat enhancement work.

The Trust Deed has specific requirements with respect to the Annual Report and Accounts. The first is the keeping of true and fair accounts of all money received and expended. This is covered elsewhere in this report. The second is the publication and circulation of the Annual Report and Financial Statement to the nominating organisations and Meridian Energy Ltd. and any other person or organisation requesting a copy. These obligations have been met.

3.12 Outcomes - Performance in Relation to the Deed Objects and Strategic Plan:

This section provides an assessment and evaluation of the annually reported Outputs in relation to the Trust Deed Objects and the Strategic Plan and expresses the Trust performance over time in terms of Outcomes.

The Strategic Plan covers a large number of topics, including legislative framework, land matters, conservation ethics, project security, community relationships, habitat enhancement principles, access principles, visitor facilities, etc. All strategies are designed to aid the smooth running of the Trust. All Strategies have specific associated outcomes.

Outcomes, for the purpose of performance reporting, are the long term cumulative expression of project outputs. They are broad in nature, and measure the positive impacts of the Trust's work. Outcomes have quantity and quality elements over time and place. They need to be measured in order to assess performance

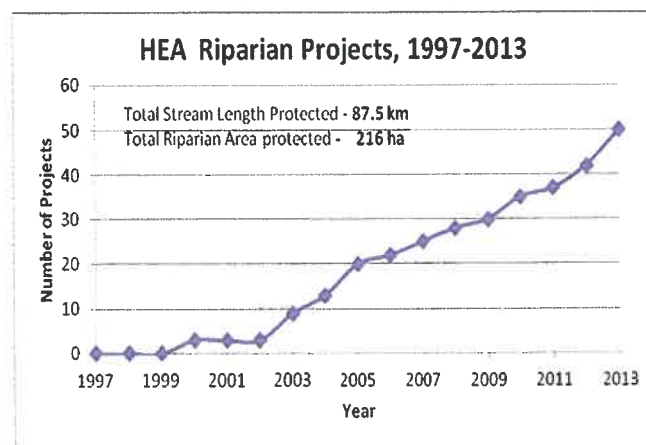
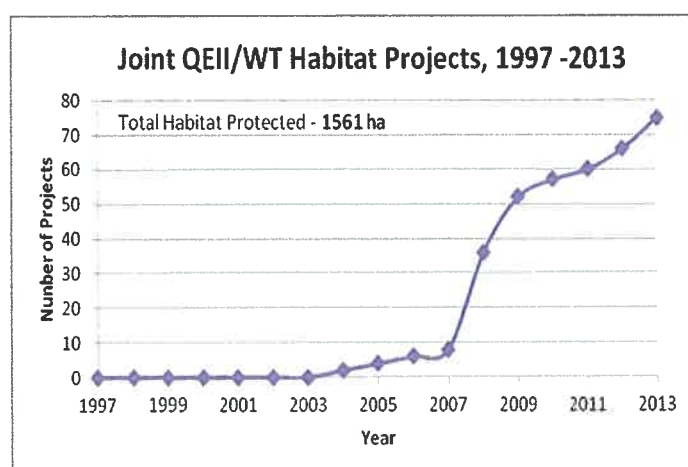
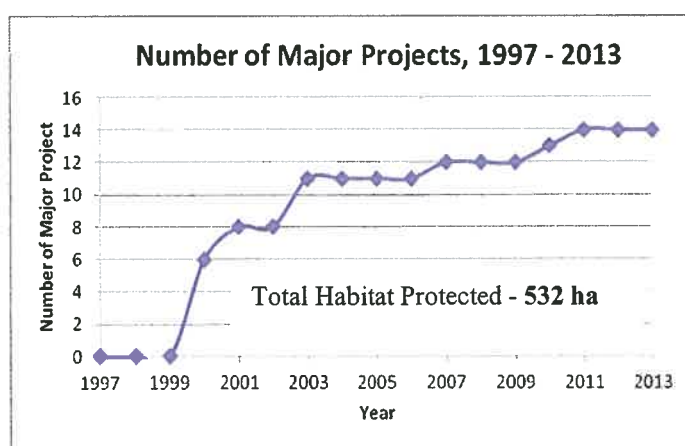
Key Trust Outcomes are:

- Increasing numbers and areas of **enhanced habitats** for a wide variety of fishery and wildlife species, in the modified areas of the Waiau catchment.
- Improving ecosystem health** in the Waiau catchment by enhancing networks of connected habitats.
- Creating **awareness** and building strong **relationships with the community** to advance the Trust's work.
- Provision of facilities so the community can **access the river resources** in the Waiau Catchment for recreational and educational purposes.

Outcome Performance Measures:

a). Enhanced Habitats.

The following 3 tables and corresponding graphs summarise the quantity and types of habitat created and enhanced and shows progress over time. The Trust has 139 habitat projects, enhancing a total of 2311 ha of habitat. Good progress has been made.



The quality of the enhanced habitats is measured through the monitoring programmes the Trust has developed for projects, based on the Trust Monitoring Strategy (2011). The following table summarise the types of data available for the habitat enhancement projects.

The Monitoring Strategy is very focused, with emphasis on the ecological response and benefits to fisheries and wildlife at major projects. It is not possible, or necessary, to monitor every aspect of every project. The cost would be prohibitive and the ecological benefits of

Waiau Trust Major Habitat Enhancement Projects, as at 31 March 2013.

Habitat Projects - Completed/In Progress	Stream Protected (km)	Wetland Protected (ha)	Wetland Habitat created (ha)	Total Habitat Protected (ha of stream, wetland & riparian margins)
Home Creek Riparian Habitat	0.5	minor areas		14
Lower Waiau Whitebait Habitat	0		15.46	15.46
Lower Waiau Whitebait Habitat Expansion	0		19	19
Dean Burn Kowhai Riparian Habitat #	1.5			5.9
Lower Dean Burn Riparian Habitat #	2.6			40 (includes bush)
Flaxy Creek Riparian Habitat *	1.6			4
Upukerora Wetland (Sinclair Road)●	0.4	27	3.9	44
Ramparts Road Wetland	0.4	33	1	44
Rakatu - Wetlands	13.3	65	49	148.5
Freestone Wetland#	2.3	67.8		67.8
Stony Creek/Whitestone Riparian Habitat	1.5		2.6	17.6
Newlands Wetlands Complex #		22.3	12.8	29.9
Glen Echo - Lady Burn & Tribs#	4.9			80
Kepler Trig Wetland		2		2
TOTAL	29 km	217.1	103.8	532.2

Joint project with QEII National Trust

* Joint project with Environment Southland

● Property onsold

Waiau Trust & QE II National Trust Joint Projects - March 2013					
Sub Catchment	Waterbody Name	Landowner	Physical Address	Fence (m)	Area protected (ha)
Mararoa	Stevens Farm Kettles	Landcorp Farming	Stevens Farm	1,625	6.4
Reidsdale+ Whitestone	Webbs Wetland	Landcorp Farming	Lynmore Farm	110	9.4
Orauea	Kowhai Reach'	B Collie & F Hopkins	1313 Ohai-Clifden Hwy	2,370	3.1
Mararoa	Lynmore Tarns	Landcorp Farming	Lynmore Farm	2,220	8.9
Mararoa	Hikurangi Gap Wetland	Landcorp Farming	Hikurangi Farm	650	23.1
Eweburn Stream	Pyramid Wetland	Landcorp Farming	Eweburn Farm	1,940	20.0
Eweburn Stream	Morgans Wetland	Landcorp Farming	Eweburn Farm	810	6.2
Wash Creek	McKenzie Swamp	Landcorp Farming	Hikurangi Farm	1,492	27.0
Home Creek	Deans Wetland - Kepler	Landcorp Farming	Kepler Farm	800	4.1
Home Creek	Kepler Airstrip Wetland	Landcorp Farming	Kepler Farm	680	9.4
Thomas Burn	Rough Gully	Landcorp Farming	Mararoa Station	1,900	61.6
Flaxy Creek	Lynmore Canyon	Landcorp Farming	Lynmore Farm	1,009	15.1
Upukerora	Tibbles Wetland	Landcorp Farming	Eweburn Farm	2,400	51.6
Upukerora	Round Barn Wetland	Landcorp Farming	Eweburn Farm	900	7.4
Ramparts Stream	AWS Wetland Ramparts Stream	Landcorp Farming	Stuart Farm	6,749	86.6
Waiau Mainstem	Thomas Covenant	R & A Thomas	879 Clifden Highway	170	3.6
Upukerora	Eweburn Wetland	Landcorp Farming	Eweburn Farm	3,000	31.5
Thomas Burn	Thomas Burn	Landcorp Farming	Mararoa Station	12,011	148.9
Whitestone	Lake Echo	Landcorp Farming	Mararoa Station	2,760	61.6
Eweburn Stream	Lees Wetland	Landcorp Farming	Eweburn Farm	470	5.0
Lake Te Anau	Sues Garden	Landcorp Farming	Eweburn Farm	4,400	155.5
Upukerora	Hankinson Bush	Landcorp Farming	Eweburn Farm	690	4.1
Linton Stream/ Orauea	Wildings / Wilanda Downs	Landcorp Farming	Wilanda Downs	940	29.9
Linton Stream/ Orauea	Broadleaf Bush/Wilanda Downs	Landcorp Farming	Wilanda Downs	1,175	8.6
Upper Waiau	Schaumanns Wetland	Landcorp Farming	Kepler Farm	960	1.4
Home Creek	Allen's Wetland	Landcorp Farming	Kepler Farm	850	8.4
Lake Te Anau	Ten Mile Swamp	Landcorp Farming	Eweburn Farm	1,715	13.7
Lake Te Anau	Seven Mile Swamp	Landcorp Farming	Eweburn Farm	600	3.7
Whitestone /Stony Creek	Lynmore - Extension	Landcorp Farming	Lynmore Farm	1,235	21.8
Upukerora	Te Anau Hill	Landcorp Farming	Dale Farm	2,485	103.7
Redcliff Creek/Jericho Creek	Matt's Shrubland + extension	Landcorp Farming	Jericho Farm	1,720	12.8
Mararoa	Inkersells Wetland	Landcorp Farming	Stuart Farm	1,400	6.4
Mararoa	Geoff's Wetland	Landcorp Farming	Stuart Farm	700	3.0

Waiau Trust & QE II National Trust Joint Projects Continued									
Sub Catchment	Waterbody Name	Landowner	Physical Address	Fence (m)	Area protected (ha)				
Mararoa	Bottom Knobby Wetland	Landcorp Farming	Stuart Farm	400	3.1				
Whitestone	Simon's Gully	Landcorp Farming	Stuart Farm	530	5.2				
Ramparts Stream- Upper Waiau	Ramparts Airstrip Wetland	Landcorp Farming	Stuart Farm	920	4.6				
Mararoa	Liko's Wetland	Landcorp Farming	Stuart Farm	650	3.1				
Grassy Creek	Wairaki Station Bushland	Richard & Trudy Slee	Blackmount RD 2 Otautau	2,700	19.7				
Whitestone	Andy's Wetland	Andrew Gillespie	55 Ramparts Rd, Te Anau	700	3.3				
Whitestone Fred Burn	Gordon's Gully	Landcorp Farming	Dale Farm	800	11.9				
Whitestone	Crickit Ground	Landcorp Farming	Dale Farm	3,400	40.3				
Whitestone	Kits Bog Pine	Landcorp Farming	Dale Farm	890	3.9				
Whitestone	Ramhill 1 & 2	Landcorp Farming	Hikuraki Station	6,280	35.2				
Wash Creek	Waynes Gully	Landcorp Farming	Lynmore Farm	500	3.2				
Mararoa/Lagoon Cr	Toni's Wetland	Landcorp Farming	Eweburn Farm	7,800	38.4				
Te Anau tributary	John's Wetland	Landcorp Farming	Freestone Farm	1,700	31.2				
Mararoa	Rough Wetlands + extension	Landcorp Farming	Lynmore Farm	1,900	6.6				
Mararoa	Tim's Gully	Landcorp Farming	Mararoa Station	5,120	24.7				
Upper Waiau	Kepler Five Bush	Landcorp Farming	Kepler Farm	2,030	3.9				
Orauea	Olivers Bush	G & J Broughton	Feldwick	2,610	5.1				
Fred Burn	Fred Burn	Landcorp Farming	Dale Farm	7,390	14.3				
Marashburn -Orauea	Cassells & Church	David Church	Feldwick	4,127	9.1				
Wash Creek - Mararoa	One Tree Wetland	Landcorp Farming	Centre Hill Station	3,645	16.7				
Mararoa	Lagoon Creek Wetlands	Landcorp Farming	Lynmore Farm	1,890	8.9				
Lower Waiau	Mannings Wetland	Landcorp Farming	Duncraigen Farm	2,645	11.0				
Lower Waiau	Big Bend Wetland	Landcorp Farming	Duncraigen Farm	1,255	8.0				
Wash Creek - Mararoa	Kerry's Wetland	Landcorp Farming	Haycocks Station	1,685	12.1				
Lagoon Cr, Thomas Burn	Templetons	Landcorp Farming	Mararoa Station	3,500	19.1				
Waiau River	Roses	Landcorp Farming	Duncraigen Farm	1,750	7.0				
Lagoon Creek	Bartletts	Landcorp Farming	Mararoa Station	4,710	63.1				
Lake Te Anau	Four Mile	Landcorp Farming	Eweburn Farm	1,055	10.1				
Lower Waiau	Addenbrooke & Harris	Addenbrooke & Harris	2804 Ohai - Clifden Hy	480	9.8				
Lower Waiau	Office	Landcorp Farming	Duncraigen Farm	570	1.6				
Lower Waiau	Collar	Landcorp Farming	Duncraigen Farm	995	6.3				
Mararoa	Dale Burn trib.	Landcorp Farming	Mararoa Station	2,920	17.2				
Whitestone	Dawson City - Mt Prospect	R, G&R Cockburn	3348 Kakapo Road, Te Anau	4,800	30.0				
Waiau Arm	Ibbotsons's Riverslea	Landcorp Farming	Riverslea Farm	1,450	6.5				
Orauea	Pearce & Spencer	R & K Pearce, N Spencer	172 Mulvey Road, Otautau	2,075	32.7				
Orauea	Stirling Wether Hill	PM,HM & WA Stirling	277 Wether Hill Road, Otautau	800	17.0				

Waiau Trust & QE II National Trust Joint Projects Continued					
Whitestone	Gerry's	Landcorp Farming	Dale Farm	2,050	11.8
Mararoa	Anitas	Landcorp Farming	Mararoa Station	2,280	21.0
Lower Waiau	Ben's	Landcorp Farming	Duncraigen Farm	1,420	8.5
Lower Waiau	Tim's	Landcorp Farming	Duncraigen Farm	900	4.5
Orauea	Wilson's Moffat Bush	G A Wilson	344 Clifden Gorge Road, Otautau	2,200	15.0
Lake Te Anau	Podocarp	Landcorp Farming	Eweburn Station	720	3.0
			Total	159,178	1,571.2
NB* Projects in red are approved by QEII Trust, but Covenants not yet registered.					

Habitat Enhancement Agreements (HEA) March 2013

HEA #	Sub catchment	Waterbody Name	Landowner	Fence length (m)	Stream length (m)	Area (ha)
101	Little Creek	Little Creek	Whare Creek P/Ship	860	430	0.43
102	Humbug Creek	Humbug Creek	P & K Gow	1050	1050	1.05
103	McIvor Creek	McIvor Creek	P & K Gow	1050	1050	1.05
106	Dean Burn	Dean Burn	NZ Deer Farms	2470	1770	7.08
107	Upukeroa	Tibbles Str.(Now Carole's QE11 OSC)	Landcorp Farming Ltd - Eweburn	11065	5532	22.50
110	Whitestone	Kakapo Swamp Outlet Stream	Owen Buckingham	1400	1400	4.20
112	Mararoa	Thomas Burn	Landcorp Farming Ltd-Mararoa Str	3100	5500	13.80
113	Mararoa	Wash Creek	Landcorp Farming Ltd- Haycocks	6220	3685	12.70
114	Upper Waiau Mainstem	Ramparts Stream	Landcorp Farming Stuart Farm	810	405	0.50
115	Whitestone	Unnamed Streams	Kevin Woolhouse	2270	1135	1.40
116	Lake Manapouri	McLeods Drain Home Creek	Landcorp Farming Ltd - Freestone	4850	2715	5.40
117	Waimotu Stream	Waimotu Stream	Graeme & Dorothy Dodd	3340	1670	1.67
118	Lillburn	Unnamed Streams	Neil & Gray Robertson	4200	3450	3.33
119	Flaxy Creek	Flaxy Creek	Montana Farming Ltd, P & M Tippet	3000	1500	3.75
120	Whitestone	Dawson City Wetlands	Landcorp Farming Ltd - Mararoa	3720	0	16.00
122	Waimotu Stream	Waimotu Creek	Seaview Trust	2200	1100	1.10
123	Makarewa Stream	Makarewa Stream	Peter Baker	520	520	5.20
124	Makarewa Stream	Makarewa Stream	S Slee	828	1450	14.50
125	Kowhai Creek	Kowhai Stream	Graeme & Dorothy Dodd	870	2510	2.51
126	Dean Burn	Trib Dean Burn	P Marshall, Mount Spence Holdings	1800	900	1.35
127	Whitestone	Unnamed streams	Landcorp Farming Ltd - Dale Farm	9980	4990	8.72
128	Waimotu & Kowhai Stream	Waimotu & Kowhai Stream	M & K Erskine	1175	1175	2.90
129	Waimotu Stream	Waimotu Stream	Graeme & Dorothy Dodd	480	240	0.50
130	Kowhai Creek	Kowhai Creek	Bruce Howden	1280	640	1.70
131	Orauea	Unnamed Tributary	Glenbrae Ltd - E & A Cade	600	300	0.80
132	Lower Waiau Mainstem	Humbug, Grassy, McIvor Creek	Peter & Kerrie Gow	3130	1565	1.57
133	Orauea	Morley Stream	Landcorp Farming -Wilanda Downs	1400	1400	2.80
134	Lillburn	Fenham Creek trib	David & Sarah MacGillivray	670	335	1.30
135	Home Creek/Kepler Mire	Stuart Farm - Radio Mast	Landcorp Farming Stuart Farm	460	250	1.00
136	Mararoa	Grassy Creek	Richard & Trudy Slee	900	780	1.60
137	Camp Creek	Camp Creek	Bevan Collie & Fiona Hopkins	9600	6180	6.20
138	Lower Waiau Mainstem	Merton Creek	David Church	1660	1030	1.63
139	Orauea	Orauea River	Gary Hopcroft	1190	1190	1.00
140	Mararoa	Unnamed trib - Mararoa	Roderick McCall & Anne Roska	265	130	0.33
141	Flaxy Creek	Flaxy Creek	Benny & Beverley Verhoeven	2125	1990	5.97
142	Orauea	Marshburn Stream	Christopher Lindsay	1638	1638	1.20
143	Hollyburn	Hollyburn	Thomas O'Brien	1400	710	1.45
144	Mararoa	Spring Trib	Graeme & Joy Gunn	1120	700	1.38
145	Mararoa	Thomas Burn Trib	Landcorp Farming -Mararoa Station	1450	725	1.10
146	Wairaki	Grassy Creek Trib	Russell & Elizabeth Gray	600	600	0.82
147	Mararoa	Wilderness Creek	David Dodunski-ELYA Holdings	6670	5592	7.60
148	Orauea	Morley Tribs	Landcorp Farming-Wilanda Downs	6410	4340	11.80
149	Kowhai Creek	Kowhai Creek tributary	Graeme Dodd	1110	550	0.90
150	Orauea	Marshburn Stream	HC & LMJ Gill	1960	1960	2.30
151	Lower Waiau	Excelsior Creek	Landcorp Farming - Dunraigen Farm	1178	750	3.90

Habitat Enhancement Agreements (HEA) March 2013- Continued.						
152	Lower Waiau	Clifden Caves Stream	Phillip & Rebecca Mercep	4410	2126	5.30
153	Waiau Arm Lake Manapouri	John's Oufall tributaries	Landcorp Farming - Riverslea Farm	2235	2090	3.80
154	Mararoa River	Lagoon Creek	Landcorp Farming - Mararoa Station	1350	940	1.50
155	Mararoa River	Lagoon Creek	Landcorp Farming - Lynmore Farm	3608	1850	5.73
156	Whitestone	Fred Burn Stream	Landcorp Farming - Dale Farm	4800	2364	8.70
			Total	130,477	86,902	215.02

riparian fencing of streams and wetlands are well established and reported widely in the national and international literature. The removal of animals from streams has benefits for stream bed and bank stability as well reducing direct sediment, faecal and nutrient inputs to streams. Protected riparian margins allow vegetation recovery and often regeneration of native species. Healthy swards of riparian vegetation improve the nutrient, sediment and faecal coliform filtering ability of these margins, thus reducing inputs to streams. These are all positive benefits for stream ecosystem health. Our monitoring programmes therefore reflect the type and scale of each project and provide information to indicate progress with the enhancement of the habitat and assist management of the enhanced habitat.

Habitat Enhancement Project Data Bases and Monitoring Information

Habitat Enhancement Project	Types of Data Available.
Home Creek Riparian Habitat	Baseline fisheries data, Baseline vegetation survey, Permanent photograph points and monitoring of re-vegetation sites.
Lower Waiau Whitebait Habitat	Pond physical properties, Colonization – macrophytes and fish, fish biomass, (4 reports, 1999-2003). Photograph records Spring bird counts and preliminary fish surveys on new habitat -2011, 2012 Flow volumes through wetlands Baseline fisheries surveys of Whitehead and McCulloch Wetlands - 2013
Dean Burn Kowhai Riparian Habitat	Occasional spring native bird counts, Monitoring of kowhai vegetation and willow control, Permanent photograph points.
Rakatu	Baseline reconnaissance survey of natural wetland vegetation, Baseline stream hydrology, Fisheries and wildlife surveys and comparisons with other habitats, Photographic records. M.Sc. project funded, includes baseline fish community surveys Fish Survey, (J Futter 2008) Spring Bird counts completed 2010, 2011, 2012, 2013 Predator trap network installed 2011 and maintained. Pests tallies. Visitor numbers (2006-2012).
Upukerora Wetland	Baseline vegetation survey, Permanent photograph points, Baseline fisheries survey, wildlife counts – pre and post wetland construction
Ramparts Wetland	Baseline vegetation survey, Permanent photograph points, Anecdotal monitoring of wetland water levels for forward planning Spring bird counts 2011, 2012
Flaxy Creek	Water quality data above and below fenced stream, Photographic records
A100 Projects	Photographic records of all projects. Water Quality data - Dale Farm, Baseline fishery surveys of a number of streams 2010. Annual inspections as per QEII Trust requirements

With each passing year more data becomes available for the monitored projects. Ecological outcomes of particular note are the fishery and bird monitoring results at the Whitebait habitats. This project site started with grass paddocks. The creation of wetlands has produced productive fishery and wildlife habitats, linked to the Te Wae Wae Lagoon and the Waiau River, in a very short time.

The Waiau Working Party, MEL and Environment Southland are about to take a strategic look at all the existing monitoring programmes in the catchment (including those relating to the effects of the Manapouri Power Scheme). There is potential for some rationalisation of these programmes and for greater cooperation and integration of information between organizations, including the Trust, so available resources can be used more efficiently and effectively for environmental outcomes.

b). Improved Ecosystem Health:

The Waiau community, as expressed through the Waiau Working Party, is now focusing on improving ecosystem health of the Waiau River and catchment. The Trust's habitat enhancement strategies and the way we implement them will produce long-term positive outcomes for ecosystem health. The Trust takes an ecosystems approach to habitat enhancement. This means understanding past disruption to stream and wetland ecosystem processes. We take a sub-catchment by sub-catchment approach and restore longitudinal (headwaters to confluence) and latitudinal (riparian) linkages. In practice it results in enhanced habitats and enhanced connectedness and networks. The Trust has now achieved the complete protection of wetlands and watercourses in a number of sub-catchments, particularly in the Te Anau basin. These sub-catchments are detailed in the following table.

Sub-catchments Completed

Sub- catchment	Location	Hydraulic Connections
Thomas Burn	Mararoa Station	Mararoa River
Ewe Burn	Ewe Burn Station	Lake Te Anau
Duncraigen Wetlands	Duncraigen	Lower Waiau and Paddock Hill (Fiordland N Park)
Lady Burn	Glen Echo and Mararoa Station	Whitestone River
Ramparts Stream	Stuart Farm	Upper Waiau
Upper Lagoon Ck	Mararoa Station & Lynmore	Mararoa River
Waimotu	Papatotora	Lower Waiau and Te Wae Wae Lagoon.
Kowhai Ck	Papatotora	Lower Waiau and Te Wae Wae Lagoon.

The Thomas Burn, Ewe Burn, LadyBurn, the upper reaches of Lagoon Creek are significant native fisheries in the Te Anau Basin. The Waimotu and Kowhai Ck are very productive lowland native fisheries, so their protection is of particular note.

Ecosystem restoration, through habitat enhancement is a complex and slow process, but there can often be immediate results. The regeneration and re-establishment of native vegetation takes decades, but the colonisation of created wetland habitats by wildlife can occur within a matter of months; establishment of sustainable fisheries takes longer. We have seen the beginnings of a recovery of remnant native vegetation at Home Creek (in wet areas and along stream banks), aided by restoration plantings. The colonisation by macrophytes, inanga, eels and bullies in some of the original whitebait habitat enhancement ponds was rapid, as has been the colonization of the "Whitehead Suite" and new "McCulloch Suite" of wetlands at the same locality. The expansion of bird life into new habitats at Rakatu was rapid and permanent.

The Trust is confident that over time the cumulative effect of all Trust projects will be very positive for the Waiau catchment ecosystem and its fisheries and wildlife values.

c). Community Relationships and Awareness:

Community relationships and the Trust's identity within the Waiau Catchment and wider community are important aspects of our Strategic Plan. The Trust is well aware that habitat enhancement and access projects would not be possible without the co-operation of individual landowners and the wider community. In achieving the 139 habitat enhancement and 12 access projects, the Trust has worked with at least 65 individual landowners and

managers. All this work is carried out within a context of also considering the practicalities of every-day farming and other land use activities. This approach is working well, with mutual benefits for both landowners and fisheries and wildlife habitat being achieved.

The Trust has become established as an independent entity contributing to fisheries and wildlife habitat enhancement and management in the Waiau River catchment. Building and maintaining working relationships with individual landowners, Landcorp Farming Ltd, Department of Conservation, LINZ, Southland District Council, Environment Southland, QEII National Trust, Meridian Energy Ltd, Solid Energy Ltd, Te Waiau Mahika Kai Trust, and Te Ao Marama Inc. remains a top priority. The outcome of this effort over time has resulted in some very good habitat enhancement and access projects. The co-operation of these people and their understanding and acceptance of the Trust's work is very important to the Trust.

The number of ongoing enquiries the Trust receives from landowners and the number of new projects completed each year is testament to the high level of public awareness of the Trust and the good community relationships that have been established.

d). Access to Resources:

Public access to habitat enhancement projects to encourage passive recreation, educate the public about fisheries and wildlife and promote the Trust's work is an important part of the Strategic Plan. The Trust has placed great emphasis on providing quality roads (**12 in total**) and other visitor facilities at project sites; the Rakatu Wetlands project being a good example as will the facilities we eventually provide at the whitebait project at Te Wae Wae Lagoon.

Vehicle and/or walking access is available on our own private title, via easement (Right of Way) or across Crown land at 6 of the major projects. The other access projects provide access to various rivers in the catchment. Use of these facilities occurs at a steady, consistent level, where measured. Access, where provided is free to all.

The Habitat Enhancement Agreement places lesser importance on public access as many of these projects are on private land, often well away from public roads. Access is available at some of these project sites or upon request from the landowner.

Other Outcomes:

The Trust sees itself as operating in perpetuity. The enhancement of habitats and provision of accesses are seen as being permanent outcomes.

All access and habitat enhancement projects have been approached with the security of the Trust's investment and protection of the enhanced habitats in mind. This approach inevitably involves survey and subdivision, which can be expensive, but certainty for the future is paramount. Mechanisms used to date include ownership, covenants, easements, public road status, management agreements and the Trust's own Habitat Enhancement Agreement.

In terms of security of the enhanced habitat itself and the provision of grant monies under Habitat Enhancement Agreements for riparian fencing of streams, the Trust is now placing a greater emphasis on the conservation ethics of individual landowners. This is considered to be a precautionary measure given the 20-year time frame of those Agreements. If people have good conservation ethics then the Trust has greater confidence that Agreements will be complied with. To date three (3) agreements have been nullified; 50 are in place.

4. Summary of the Year and Future Operation of the Trust.

The sixteenth full year of operation of the Trust has resulted in the continuing fulfillment of the eight specific Trust Objects.

The following is a list of achievements the Trust considers to be the highlights for the year:

- A review of the Trust Investment Strategy
- Ongoing filling and establishment of the whitebait habitats (Whitehead Suite) built in March 2009; the first phase of the expanded whitebait habitat project at the Waiau Mouth.
- Filling and monitoring of the McCulloch Suite of wetlands at the Waiau Mouth, constructed in March 2012.
- Baseline fish survey of the whitebait habitats in February.
- Signing of a Management Agreement with DOC over the land at the Waiau Mouth.
- Completion of 10 HEA projects protecting 13.9km of streams and their riparian margins.
- Completion of 10 joint Waiau Trust/QEII Trust projects protecting 144.8 ha of wetlands, streams and forest.
- Investigation of 24 new wetland and stream riparian protection projects.
- Maintaining the predator trap network at Rakatu/Redcliff wetlands.
- Monitoring of the ecological response of the open water habitat within the Trust owned Ramparts Wetland property, Te Anau basin.
- The ongoing relationships between the Waiau Trust and the QEII National Trust, Landcorp Farming Ltd and Meridian Energy Ltd.

Looking to the future:

- The Whitebait habitat expansion project offers further potential for habitat enhancement and will require further resources over the next 2-3 years to complete.
- There are a number of potential wetland habitat enhancement opportunities along the main stem of the Lower Waiau River, yet to be fully investigated.
- There is huge ongoing opportunity for Habitat Enhancement Agreement and Joint Waiau Trust/QEII Trust projects.
- There are a number of potential new public access opportunities to be followed up.
- In terms of management of the Trust Fund, the Trust will finalise its review of management of the Fund in the new financial year. The Trust takes a long term view of the income stream and will continue to plan projects with caution.

While recognizing there is an enormous amount yet to be achieved, the Trust is proud of what has been achieved to date and wishes to place on record their appreciation of the dedicated and professional work done by Mark Sutton and Jan Riddell in turning dreams and aspirations into reality.

Contacts:

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Waiau Fisheries And Wildlife Habitat Enhancement Trust

2013 Report And Financial Statements

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Waiau Fisheries And Wildlife Habitat Enhancement Trust

Directory

Nature of Business	As a charitable organisation. The objectives of the Trust are to enhance and develop fisheries and wildlife habitat in the Waiau River Catchment.
Trustees	<ul style="list-style-type: none">- Cam McCulloch - Chairman- Roger McNaughton - Southland Fish & Game Council- Glenys Dickson - Dept of Conservation- John Whitehead - Dept of Conservation- Mike O'Brien - Rural Community Representative- John Twidle - Meridian Energy (resigned 3/9/12)- Fred Inder - Southland Fish & Game Council- Sheila Watson - Meridian Energy (appointed 3/9/12)
Secretary	Southland Fish & Game Council INVERCARGILL
Solicitors	Preston Russell Solicitors INVERCARGILL
Investment Advisors	Forsyth Barr INVERCARGILL
Auditor	WHK South NZ Chartered Accountants INVERCARGILL
Charities Commission	Registration Number: CC20449

Waiau Fisheries And Wildlife Habitat Enhancement Trust

Compilation Report - Disclaimer of Liability To The Trustees

Scope

We have compiled the attached financial statements of Waiau Fisheries And Wildlife Habitat for the year ended 31 March 2013 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 have been prepared in accordance with the financial reporting framework described in Note 1 to the financial statements.

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 that the financial statements were prepared.

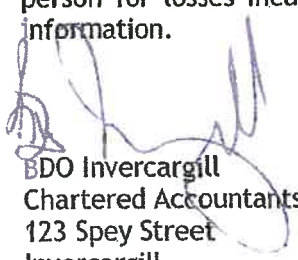
The financial statements were prepared exclusively for the Trustees benefit. We do not accept responsibility to any other person for the contents of the financial statements.

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.



BDO Invercargill
Chartered Accountants and Advisers
123 Spey Street
Invercargill
20 June 2013

Waiau Fisheries And Wildlife Habitat Enhancement Trust

Statement Of Financial Performance For The Year Ended 31 March 2013

		2013 \$	2012 \$
REVENUE			
Rakatu Wetland - Grazing Lease	16,704		16,704
Rakatu Wetland - Donation Box	160		329
Sponsorship - Solid Energy	20,000		-
Interest and Dividends	326,598		334,736
Whitebait Habitat - Sale of Balage	19,280		11,576
Whitebait Habitat - Grazing Lease	-		2,000
Reparations	-		783
Glen Echo Reimbursement - QEII Trust	-		1,590
		382,742	367,718
LESS EXPENDITURE			
Project Costs			
Home Creek Riparian Habitat			
Admin and Planning	1,532		1,521
Capital Expenses	82		964
Ongoing Maintenance	1,340		552
		2,954	3,037
Lower Waiau Whitebait Habitat			
Admin and Planning	34,828		27,914
Capital Expenses	25,548		51,794
Ongoing Maintenance	10,047		3,846
		70,423	83,554
Stony Creek / Whitestone Habitat			
Admin and Planning		1,106	577
Rakatu Wetland			
Admin and Planning	8,009		17,508
Capital Expenses	321		1,885
Ongoing Maintenance	12,579		11,266
		20,909	30,659

Waiau Fisheries And Wildlife Habitat Enhancement Trust

Statement Of Financial Performance For The Year Ended 31 March 2013

		2013 \$	2012 \$
Ramparts Road Wetland			
Admin and Planning	755		3,146
Capital Expenses	-		5,040
Ongoing Maintenance	442		181
		1,197	8,367
Newlands Wetland Complex			
Admin and Planning		-	145
Kepler Trig Wetland			
Admin and Planning		528	349
Habitat Enhancement Agreements			
Admin and Planning	6,607		7,444
Capital Expenses	103,979		122,701
Ongoing Maintenance	1,983		-
		112,569	130,145
Flaxy Creek			
Admin and Planning	278		357
Ongoing Maintenance	769		-
		1,047	357
Whare Creek Access			
Admin and Planning	-		233
Ongoing Maintenance	463		384
		463	617
Pinchester Creek Access			
Admin and Planning		407	277
Redcliff / Jericho Access			
Admin and Planning	566		461
Ongoing Maintenance	686		1,549
		1,252	2,010
Wairaki Access			
Admin and Planning		174	231
Soper Access Whitestone			
Admin and Planning		65	65

This Statement is to be read in conjunction with the Auditor's Report and notes to the Financial Statement



Waiau Fisheries And Wildlife Habitat Enhancement Trust

Statement Of Financial Performance For The Year Ended 31 March 2013

	2013 \$	2012 \$
Mararoa Whitestone Access		
Admin and Planning	266	277
Sunny Side/Monowai Access		
Admin and Planning	550	314
Ongoing Maintenance	-	601
	550	915
Johnson Access		
Admin and Planning	303	484
Education and Public Awareness		
Admin and Planning	11,022	16,400
Printing	-	504
	11,022	16,904
Databases		
Admin and Planning	3,797	1,293
Capital Expenses	-	173
Ongoing Maintenance	-	308
	3,797	1,774
Project Investigation and Facilitation		
Admin and Planning	10,851	8,263
General Field	15,852	11,873
General Planning		
Planner Consultancy Service	18,576	20,405
Planner Travel	1,665	748
	20,241	21,153
TOTAL PROJECT COSTS	275,976	322,033



This Statement is to be read in conjunction with the Auditor's Report and notes to the Financial Statement

Waiau Fisheries And Wildlife Habitat Enhancement Trust

Statement Of Financial Performance For The Year Ended 31 March 2013

	2013 \$	2012 \$
<u>Administration Expenses</u>		
Audit Fees	2,330	2,120
Accounting Fees	1,969	1,953
Administration	2,593	2,200
Annual Report	6,263	5,895
Bank Charges	8	8
Depreciation	2,957	3,065
Insurance	3,610	3,460
Printing, Stamps & Stationery	509	656
Repairs and Maintenance	509	-
Telephone & Tolls	277	240
	<hr/> 21,025	<hr/> 19,597
Trust Board Expenses		
Trust Travel and Accommodation	7,715	4,521
Trust Board Meeting Expenses	2,010	1,083
	<hr/> 9,725	<hr/> 5,604
Financial Planning		
Investment Management Fees	28,037	28,441
Brokerage	18,013	-
Investment Reviews	9,000	-
	<hr/> 55,050	<hr/> 28,441
Total Administration Expenses	<hr/> 85,800	<hr/> 53,642
Total Expenditure	<hr/> 361,775	<hr/> 375,675
TRADING SURPLUS/(DEFICIT)	20,967	(7,957)
Revaluation of Investments	309,538	(82,062)
OPERATING SURPLUS/(DEFICIT)	<hr/> 330,505	<hr/> (90,019)



Waiau Fisheries And Wildlife Habitat Enhancement Trust

Statement of Movements in Equity For The Year Ended 31 March 2013

	2013 \$	2012 \$
Equity at the Beginning of the Year	6,164,439	6,254,458
Net Surplus/(Deficit) For The Year	330,505	(90,019)
Equity at the End of the Year	<u>6,494,944</u>	<u>6,164,439</u>



Waiau Fisheries And Wildlife Habitat Enhancement Trust

Statement Of Financial Position As At 31 March 2013

	Note	2013 \$	2012 \$
Current Assets			
Bank of New Zealand Ltd		42,428	17,055
Diversified Investment Portfolio	3	186,771	-
Accounts Receivable		-	25,033
Goods and Services Tax		4,891	15,349
Total Current Assets		234,090	57,437
Non-Current Assets			
Fixed Assets as per Schedule		486,474	488,696
Investments	3	5,778,039	5,629,806
Total Non-Current Assets		6,264,513	6,118,502
TOTAL ASSETS		6,498,603	6,175,939
Current Liabilities			
Income Received in Advance		-	11,500
Accounts Payable		3,659	-
Total Current Liabilities		3,659	11,500
TOTAL LIABILITIES		3,659	11,500
NET ASSETS - Per Trustees' Equity		6,494,944	6,164,439

Signed;

- Trustee
Dated 20th June 2013

- Trustee
Dated 20th June 2013




Waiau Fisheries And Wildlife Habitat Enhancement Trust

Statement Of Cash Flow For The Year Ended 31 March 2013

	2013 \$	2012 \$
Cash Flow from Operating Activities		
Receipts	57,752	20,885
Interest	271,929	293,134
Dividends	54,668	41,602
Donations	160	329
Sponsorship	10,000	-
Payments to Suppliers and Employees	(355,636)	(372,611)
GST (Paid)/ Refunded	12,701	(9,891)
Net Cash Flow from / (used in) Operating Activities	51,574	(26,552)
Cash flow from Investing Activities		
Proceeds from the Sale of Financial Assets	255,000	333,000
Purchase of Property, Plant and Equipment	(735)	(744)
Purchase of Financial Assets	(280,466)	(306,244)
Net Cash Flow from / (used in) Investing Activities	(26,201)	26,012
Net Cash Flow from / (used in) Financing Activities		
Net Change in Cash and Cash Equivalents	25,372	(540)
Cash and Cash Equivalents, Beginning of Year	17,055	17,595
Cash and Cash Equivalents, End of Year	42,428	17,055



Waiau Fisheries And Wildlife Habitat Enhancement Trust

Notes To The Financial Statements

1 Statement of Accounting Policies

Reporting Entity

Waiau Fisheries And Wildlife Habitat Enhancement Trust is a charitable trust and the Financial Statements have been prepared in accordance with Generally Accepted Accounting Principles.

Differential Reporting

Waiau Fisheries And Wildlife Habitat Enhancement Trust is a qualifying entity as defined by the New Zealand Institute of Chartered Accountants Differential Reporting Framework.

The criteria establishing Waiau Fisheries And Wildlife Habitat Enhancement Trust as qualifying for differential reporting exemptions are:

- (1) The entity does not have public accountability;
- (2) There is no separation between ownership and control; and
- (3) The entity is not large as defined by the differential reporting framework.

The entity has elected to take full advantage of all differential reporting exemptions.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed, except for Investments that are reported at current market value.

Accounts Receivable

Accounts Receivable are stated at expected realisable value.

Fixed Assets & Depreciation

All assets are stated at cost less depreciation.

Depreciation has been charged at rates allowed for taxation purposes, as set out on the Fixed Asset Schedule.

Investments

Investments have been valued at current market value. All interest due is recorded as owing to the Trust.

Taxation

As a Charitable Trust all investments and other income is not liable for Income Tax.

Goods and Services Tax

The trust is registered for Goods and Services Tax.

The financial statements have been prepared on a basis exclusive of Goods and Services Tax.

Waiau Fisheries And Wildlife Habitat Enhancement Trust

Notes To The Financial Statements

Accounts Payable

The total value of Accounts Payable is represented by trade creditors.

Statement of cash flows

For the purposes of the statement of cash flows, cash is considered to be cash on hand, in banks and cash equivalents, net of bank overdrafts and highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of changes in values.

Emissions Trading Scheme

Pre 1990 Forest

Included in Rakatu wetland is pre 1990 forestry land. The land is subject to the provisions of the New Zealand emissions trading scheme ('ETS'). The implication of this on the financial statements is twofold:-

1. Should the land be deforested (i.e. The land is changed from forestry to some other purpose), a deforestation penalty will arise;
2. Given the deforestation restriction, compensation units are being provided from the New Zealand Government.

Compensation units are recognised based on the market value on the date received. They have not been recognised as income in the financial statements due to the insignificant value. As a registered charity, any income from the receipt or sale of these units is not taxable.

The deforestation contingency is not recognised as a liability on the balance sheet as there is no current intention of changing the land use subject to the ETS.

Post 1989 Forest

Waiau Trust has voluntarily entered into ETS in respect of further forest land located on the Rakatu wetland (the specified area). This entitles the Trust to receive emissions units ('The units') for carbon stored in the specified area, from a 2008 baseline.

Units received are recognised at fair value on the date received and subsequently measured at estimated market value. Due to the insignificant value of these units they are not recognised in the financial statements. Whilst there are no specific conditions attached to units received, should carbon stored in the specified area fall below the amount compensated for, a portion of units must be returned. The Trust has no intention of deforestation and accordingly the units are recognised in the Statement of financial performance

Changes in Accounting Policies

Interest and Dividend income is reported gross of portfolio management and brokerage fees. The prior year is reported net of fees. There have been no other changes in accounting policies. All other policies have been applied on a basis consistent with those used in previous years.

Waiau Fisheries And Wildlife Habitat Enhancement Trust

Notes To The Financial Statements

2 Nature of Business

The principal business activity of Waiau Fisheries and Wildlife Habitat is that of developing fisheries and wildlife habitat in the Waiau River Catchment.

3 Investments

	2013	2012
	\$	\$
Diversified Investment Portfolio	5,778,039	5,629,806
Diversified Investment Portfolio cash and on call	186,771	-
Total Investments	<u>5,964,810</u>	<u>5,629,806</u>
Investment Return on the Diversified	11.23%	4.19%

	2013	2012
	\$	\$
Realised Gain/(Loss) on Investments	67,769	(53,990)
Revaluation of Investments	241,769	(28,072)
Net Revaluation & Impairment of Investments	<u>309,538</u>	<u>(82,062)</u>

The revaluation is due to a write up or down in value at balance date. This write-up or down may not be realised unless the investment was sold prior to maturity date.

4 Investment Management Fees

	2013	2012
	\$	\$
Forsyth Barr	28,037	28,441



Waiau Fisheries And Wildlife Habitat Enhancement Trust

Notes To The Financial Statements

5 Fixed Assets

	Cost	Accum Depn	Book Value	Last Year
Road Counter	736	705	31	39
Signage	19,286	11,479	7,807	8,871
Stihl Backpack Sprayer	230	230	-	96
Stihl Weedcutter	513	410	103	312
People Counter	735	135	600	-
Land Home Creek	1,868	-	1,868	1,868
Land Rakatu Farm	253,116	-	253,116	253,116
Land Whare Creek	76,362	-	76,362	76,362
Land Stony Creek	26,243	-	26,243	26,243
Land Princhester	6,475	-	6,475	6,475
Land Ramparts Road	30,805	-	30,805	30,805
Land Mararoa Whitestone	14,990	-	14,990	14,990
Office Equipment	8,596	8,578	18	27
Pump Shed - Home Creek	955	391	564	588
Lookout & Toilet	42,385	8,224	34,161	35,218
Forestry Blocks	28,048	-	28,048	28,048
Cattle Stop	9,230	3,948	5,282	5,637
	<u>520,573</u>	<u>34,100</u>	<u>486,476</u>	<u>488,695</u>

Fixed Assets are recorded at cost.

Depreciation has been charged on assets at rates allowed by the Inland Revenue Department.

6 Financial Commitments

There are no Financial Commitments as at 31 March 2013 (2012 \$Nil)

7 Project Costs

	2013 \$	2012 \$
Included in total project costs are the following charges:		
Southland Fish & Game Council Services *	2,511	2,201
Planning Costs - Riddell Associates	40,954	39,547
M Sutton	70,815	74,007

* Southland Fish and Game Council are a related party through the trustee appointments.

Waiau Fisheries And Wildlife Habitat Enhancement Trust

Notes To The Financial Statements

8 Emissions Units

Post 1989 Units held total 1,188 and have a value of \$2,400 at 31 March 2013.

9 Reconciliation of Net Surplus to Cash Flow From Operating Activities

	2013 \$	2012 \$
Net Surplus/(Deficit)	330,505	(90,020)
Add/(Less) Non-Cash Items		
Depreciation	2,957	3,065
Total Non Cash Items	2,957	3,065
Add/(Less) Working Capital Movements		
(Increase)/Decrease in Accounts Receivable	25,033	(25,033)
(Decrease)/Increase in Accounts Payable	3,659	-
(Increase)/Decrease in GST	10,459	(8,126)
(Decrease)/Increase Income in Advance	(11,500)	11,500
	27,651	(21,659)
Add/(Less) Investment Movements		
Investment Revaluation	(309,538)	82,062
	(309,538)	82,062
Net Cash Flow from Operating Activities	51,574	(26,552)



INDEPENDENT AUDITOR'S REPORT

To the Trustees of Waiau Fisheries and Wildlife Trust Report on the Financial Statements

We have audited the financial statements of Waiau Fisheries and Wildlife Trust on pages 3 to 14, which comprise the Statement of Financial Position as at 31 March 2013, and the Statement of Financial Performance, Statement of Movement in Equity and Statement of Cash Flows for the year then ended, and a summary of Significant Accounting Policies and other explanatory information.

Trustees' 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.

Auditors' Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the 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 auditors we have no relationship with or interests in the Waiau Fisheries and Wildlife Trust.

Opinion

In our opinion, the financial statements on pages 3 to 14 present fairly, in all material respects, the financial position of Waiau Fisheries and Wildlife Trust as at 31 March 2013 and its financial performance and cash flows for the year ended on that date in accordance with generally accepted accounting practice in New Zealand.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations we have required.



20 June 2012

WHK New Zealand Audit Partnership
Invercargill, New Zealand
CHARTERED ACCOUNTANTS