

Agenda for a meeting of the Waikato District Community Wellbeing Trust to be held in the Te Piringa Boardroom, District Office, 15 Galileo Street, Ngaruawahia on **MONDAY 24 MAY 2021** commencing at **4.00pm**.

1. **APOLOGIES AND LEAVE OF ABSENCE**
2. **CONFLICT OF INTEREST AND DISCLOSURES**
3. **CONFIRMATION OF MINUTES**
  - Meeting held on 08 March 2021 2
  - Tabled Updated Portfolio Snapshot report 6
4. **ACTION POINTS UPDATE**
5. **FORMAL RECEIPT OF EMAILED REPORTS**
  - Quarterly Certificate of Compliance for period ending 31 March 2021 8
  - KiwiWealth Limited Fund Performance to 31 March 2021 10
6. **WAIKATO DISTRICT COMMUNITY WELLBEING TRUST FINAL STATEMENT OF INTENT FOR THE YEAR ENDING 30 JUNE 2022** 13
  - Investment Portfolio and Distribution Policy Review
7. **GRANT UPDATE**
  - To be circulated*
8. **GRANT DISTRIBUTION FOR 2021/22**
  - To be circulated*
9. **FEEDBACK AND PHOTOS FROM SITE VISITS** 28
10. **GENERAL BUSINESS**

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**MINUTES** of a meeting of the Waikato District Community Wellbeing Trust held in the Pukeko Meeting Room, District Office, 15 Galileo Street, Ngaruawahia and via Zoom on **MONDAY 08 MARCH 2021** commencing at **4.00pm**.

**Present:**

Cr J Church (Chairperson)  
His Worship the Mayor, Mr AM Sanson  
Cr R McGuire  
Ms J Muru

**Attending:**

Roger Browne (Kiwi Wealth representative)

Ms A Diaz (Chief Financial Officer)  
Ms J Kelly (Support Accountant)  
Mrs S Jenkins (Executive Assistant)

**Apologies and Leave of Absence**  
Agenda Item 1

There were no apologies received.

**Disclosures of Interest**  
Agenda Item 2

There were no disclosures of interest.

**Confirmation of Minutes**  
Agenda item 3

**Resolved: (Mayor Sanson / Cr McGuire)**

**THAT the minutes of the Meeting of the Waikato District Community Wellbeing Trust held on 25 February 2021 be confirmed as a true and correct record of that meeting.**

**CARRIED on the voices**

**WBT2103/1**

Annual Investment Mandate Review

Agenda Item 4

Report taken as read.

Roger Browne, KiwiWealth joined the meeting via Zoom.

Portfolio snapshot report to end February 2021 tabled. Portfolio value is \$4,802,863 as at 28 February 2021. The mandate being 45% fixed interest and 55% growth.

Discussed current markets and economic outlook. Mayor Allan's discussions with local businesses suggests that economy boyant at the moment. Positive outlook if interest rates stay low. Recommend keeping a long term view (5years +).

Trustees queried whether the 45:55 mix was right given the current interest rate environment. A 5% move from fixed interest to growth is still considered a balanced portfolio, however Roger suggested that Trustees complete a Risk Profile questionnaire first to gauge their risk tolerance.

**ACTION:** KiwiWealth to provide a Risk Profile questionnaire for Trustees to complete.

**ACTION:** Trustees to discuss investment portfolio mix further at a later date.

**Resolved: (Cr McGuire / Mayor Sanson)**

**THAT the report from the Chief Financial Officer be received.**

**CARRIED on the voices**

**WBT2103/2**

Meeting framework for the 2021 calendar year

Agenda Item 5

Report taken as read.

Site visits moved out to April given projects supported in the last funding round may not have had much time to progress.

An extra meeting was held in February to present the draft Statement of Intent for 2021/22.

It should be noted what was referred to as the Performance Report is now being referred to as the Annual Report.

Trustees preference for Trustee meetings is for either Monday or Fridays starting at 4pm.

**Resolved: (Cr Church / Ms Muru)**

**THAT the report from the Chief Financial Officer be received;**

**AND THAT the meeting framework is adopted for the 2021 calendar year, subject to confirmation of Trustee availability.**

**CARRIED on the voices**

**WBT2103/3**

Kiwi Wealth Limited Fund Performance to 31 December 2020  
Agenda Item 6

Report taken as read.

**Resolved: (Ms Muru / Cr McGuire)**

**THAT the report from the Chief Financial Officer be received.**

**CARRIED on the voices**

**WBT2103/4**

Quarterly Certificate of Compliance for period ending 31 December 2020  
Agenda Item 7

Report taken as read.

**Resolved: (Cr Church / Mayor Sanson)**

**THAT the report from the Chief Financial Officer be received.**

**CARRIED on the voices**

**WBT2103/5**

Final Management Report for Year Ended 30 June 2020  
Agenda Item 8

Report taken as read.

**Resolved: (Ms Muru / Cr McGuire)**

**THAT the report from the Chief Financial Officer be received.**

**CARRIED on the voices**

**WBT2103/6**

General Business  
Agenda item 9

Introduced new Financial Accountant, Jean de Abreu and Support Accountant, Julie Kelly.

There being no further business the meeting was declared closed at 4.38pm.

Minutes approved and confirmed this                      day of                      2021.

Cr J Church  
**CHAIRPERSON**

## Waikato District Community Wellbeing Trust

### Investment Mandate

This is a balanced portfolio split 45/55 fixed interest/growth shares investments

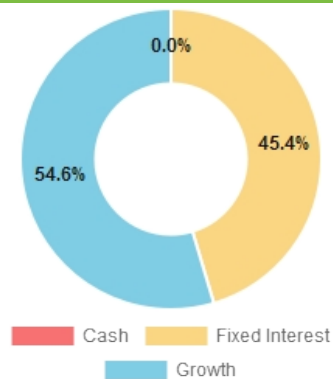
This mandate was last reviewed on 25 February 2020.

Asset Class	Ultimate Allocation	Target NZD Exposure
Cash	0.0%	
Fixed Interest	45.0%	100.0%
Growth	55.0%	50.0%
<b>Total</b>	<b>100.0%</b>	

### Portfolio Position

As at 28 February 2021, the total value of your investment portfolio is \$4,802,863. Your net contributions since inception in January 2012 have totalled \$2,063,333 (\$2,514,366 deposits less \$451,032 withdrawals).

Asset Class	Actual Value	Actual Allocation
Cash	\$501	0.0%
Fixed Interest	\$2,180,643	45.4%
Growth	\$2,621,719	54.6%
<b>Total</b>	<b>\$4,802,863</b>	<b>100.0%</b>

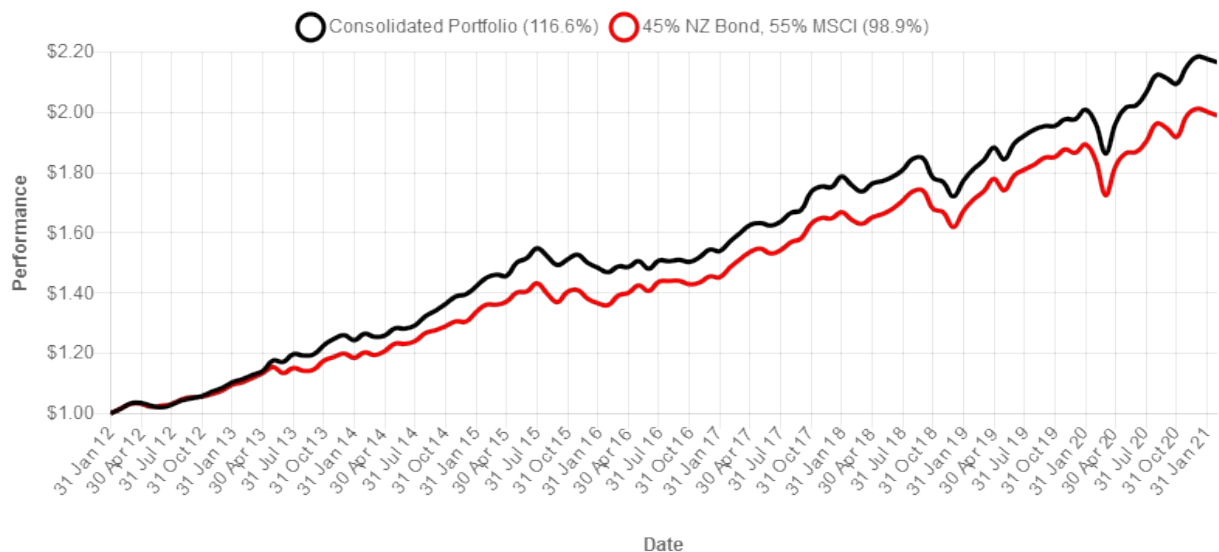


### Portfolio Performance

The Kiwi Wealth Growth Fund returned 1.07% after tax and fees in February, 0.66% behind the MSCI All Country benchmark which returned 1.73%. Two of the three underlying equity strategies contributed negatively to relative performance this month, the alternative assets on the other hand outperformed both equities and cash. The Kiwi dollar had another strong month which was yet again a headwind for returns denominated in foreign currency.

The Kiwi Wealth Fixed Interest Fund returned -1.82% after fees and taxes in February, outperforming its benchmark, which returned -2.64%. As a rule, bond prices decline when interest rates go up, with longer maturity bonds being disproportionately affected. Much of the outperformance is reflected in our reduction of longer dated bond exposure since September last year.

Waikato District Community Wellbeing Trust Performance (Consolidated Portfolio - NZD)



Your return for the month of February was -0.5% against a benchmark of -0.7%. Your net contributions since 31 January 2012 have totalled \$2,063,333 (\$2,514,366 deposits less \$451,032 withdrawals). As of 28 February 2021 the total value of your portfolio is \$4,802,863. The total return on each dollar invested at inception is 116.6% (after withholding tax, brokerage, and fees), or 8.9% p.a. on an annualised basis.

	Loss/Gain				
	Last Month	Last 3 Months	Last 12 Months	Since Inception	Annualised
<b>Consolidated Portfolio</b>					
Inception date (31/01/2012)	-0.5%	0.6%	10.3%	116.6%	8.9%
45% NZ Bond, 55% MSCI	-0.7%	0.0%	8.0%	98.9%	7.9%
<b>Cash</b>					
Inception date (31/01/2012)	0.2%	2.0%	4.1%	46.4%	4.3%
<b>Fixed Interest</b>					
Inception date (31/01/2012)	-2.5%	-3.1%	0.6%	59.6%	5.3%
100% NZ Bond	-3.7%	-5.1%	-2.9%	35.0%	3.4%
<b>Growth</b>					
Inception date (31/01/2012)	1.2%	3.9%	19.2%	173.4%	11.7%
MSCI	1.7%	4.0%	15.5%	139.6%	10.1%

## Investment Strategy

### Market Review

Markets finished in positive territory for the month ended February despite bouts of volatility towards end of the month. The NZD-hedged MSCI All Country World Index (MSCI ACWI) climbed 2.4%. Sector wise, Energy was by far one of the best performers as crude oil prices continued to climb. Finance also performed well, while laggards were Healthcare and Utilities.

### Portfolio Changes

In Global Thematic, we have shifted some of our investments and weightings to reflect the higher interest rate environment and rising inflationary pressures. This has seen us reduce exposure to defensive themes like discount retail and snack foods, while increasing our tilts to re-opening beneficiaries, particularly in the banking and semiconductor industries.

In Global Quantitative, our top-down positioning targets higher quality companies and sectors seen as more suited to the current environment. Stock selection favours companies with attractive metrics across earnings quality, capital efficiency, valuations, sentiment and sustainability. Over the month, we increased allocation to Financials (**Moody's, ORIX Corp**) and Technology (**Texas Instruments, Synopsys**), and reduced Healthcare (**Novartis, Anthem**) and Staples (**Coca-Cola, Procter & Gamble**). Technology, Materials and Industrials are favoured sectors while Energy and Utilities are largest underweights.

In Fixed income, January was a reasonably active month in terms of activity despite the market taking its time to roll back into the office and then having half days for Wellington and Auckland anniversaries thrown in. We sold some shorter maturity Kauri issuers **KFW (AAA)** and **Asian Development Bank (AAA)** that had tightened in considerably and purchased longer maturity **Asian Development Bank (AAA)** bonds. We bought a small amount of a number of **New Zealand corporates – Chorus (BBB), Meridian (BBB+), Wellington International Airport (BBB), Z Energy (NR), Contact Energy (BBB)** as the New Zealand corporate bond market remained cheap vs. offshore credit markets. We also decided to further reduce our long end bond position by selling some of our NZGB 2041s and continued to remain prudent by investing in TDs, that are not price sensitive to a rise in interest rates.

### **Open Meeting**

<b>To</b>	Waikato District Community Wellbeing Trust
<b>From</b>	Alison Diaz Chief Financial Officer
<b>Date</b>	17 May 2021
<b>Prepared by</b>	Jean de Abreu Financial Accountant
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	CVN0102/ 3085937
<b>Report Title</b>	Quarterly Certificate of Compliance for period ending 31 March 2021

## **1. EXECUTIVE SUMMARY**

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The Waikato District Community Wellbeing Trust's ("Wellbeing Trust") Statement of Intent requires the Trustees to consider certain compliance obligations. These obligations are considered by the Trustees at each meeting from performance reporting and associated discussion.

This report provides a quarterly certificate of compliance using the information that has been considered by the Trustees since the commencement of this financial year.

## **2. RECOMMENDATION**

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**THAT the report from the Chief Financial Officer be received;**

## **3. ATTACHMENTS**

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Quarterly Certificate of Compliance for period ending 31 March 2021



**Waikato District Community Wellbeing Trust  
Quarterly Certificate of Compliance  
for period ending 31 March 2021**

	<b>Actual</b>	<b>Per Policy</b>
Benchmark Portfolio (fixed interest : equities)	45 : 55	>45 : <55
Grant distribution limit as % of net income after inflation	Compliant	<50%
Grant distribution cap as a % of capital	Compliant	<10%
Review of investment mandate (within last year)	Yes – at February 2021 meeting	Annual
Applicant accountability reports received	Yes	Required upon completion of project

.....  
Chairperson

### **Open Meeting**

<b>To</b>	Waikato District Community Wellbeing Trust Strategy & Finance Committee
<b>From</b>	Alison Diaz Chief Financial Officer
<b>Date</b>	17 May 2021
<b>Prepared by</b>	Jean de Abreu Financial Accountant
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	CVN0102/ 3085935
<b>Report Title</b>	Kiwi Wealth Limited Fund Performance to 31 March 2021

## **I. EXECUTIVE SUMMARY**

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The investment fund performance for the quarter ended 31 March 2021 was 2.3% against a benchmark performance of 1.9%. The total return since inception after tax, brokerage and fees is 123.4% or 9.2% on an annualised basis.

The result for March provides a return of 3.1% against a benchmark performance of 3.0%, exceeding the benchmark.

The Trustees are familiar with the fact that the investment objectives and investment portfolio takes a long-term view of the fund. Investment strategy commentary is provided by KiwiWealth in the attached report.

## **2. RECOMMENDATION**

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**THAT the report from the Chief Financial Officer be received;**

## **3. ATTACHMENTS**

---

The Kiwi Wealth Limited Fund Performance to 31 March 2021

# Waikato District Community Wellbeing Trust

## Investment Mandate

This is a balanced portfolio split 45/55 fixed interest/growth shares investments

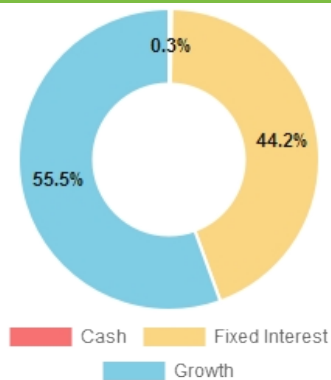
This mandate was last reviewed on 11 March 2021.

Asset Class	Ultimate Allocation	Target NZD Exposure
Cash	0.0%	
Fixed Interest	45.0%	100.0%
Growth	55.0%	50.0%
<b>Total</b>	<b>100.0%</b>	

## Portfolio Position

As at 31 March 2021, the total value of your investment portfolio is \$4,953,655. Your net contributions since inception in January 2012 have totalled \$2,063,333 (\$2,514,366 deposits less \$451,032 withdrawals).

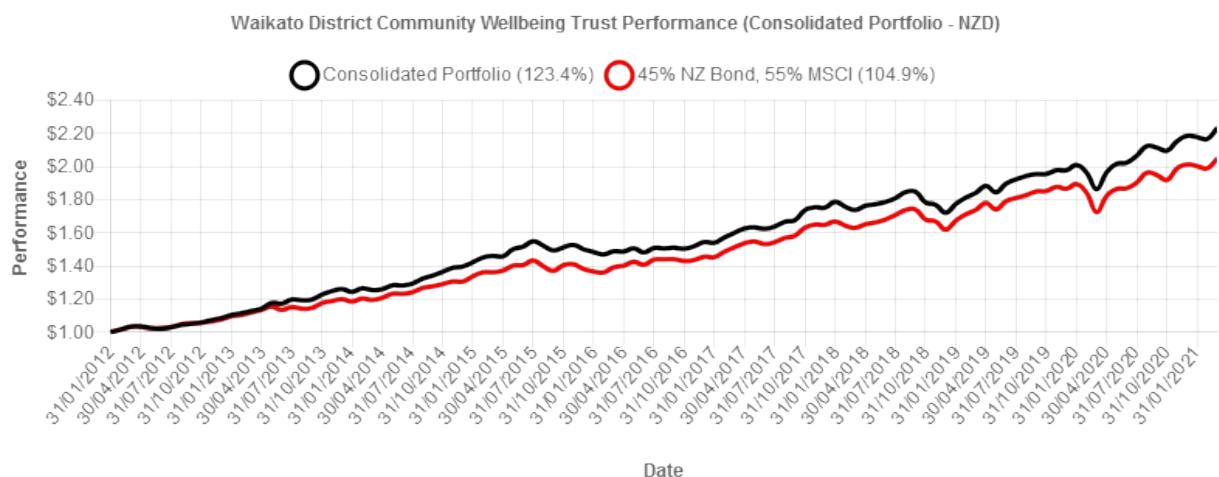
Asset Class	Actual Value	Actual Allocation
Cash	\$15,170	0.3%
Fixed Interest	\$2,187,449	44.2%
Growth	\$2,751,036	55.5%
<b>Total</b>	<b>\$4,953,655</b>	<b>100.0%</b>



## Portfolio Performance

The Kiwi Wealth Growth Fund returned 5.4% after tax and fees in March, 0.5% ahead of the MSCI All Country benchmark which returned 4.9%. All three of the underlying equity strategies performed well over the month contributing positively to relative performance. The Kiwi dollar got exceptionally weaker last month which helped boost our foreign currency returns.

The Kiwi Wealth Fixed Interest Fund returned 0.2% after fees and taxes in March underperforming its benchmark which returned 0.5%. This was almost wholly a function of a smaller average maturity than the fund's benchmark. New Zealand interest rates declined from February's highs in March although the effects faded towards month end.



Your return for the month of March was 3.1% against a benchmark of 3.0%. Your net contributions since 31 January 2012 have totalled \$2,063,333 (\$2,514,366 deposits less \$451,032 withdrawals). As of 31 March 2021 the total value of your portfolio is \$4,953,655. The total return on each dollar invested at inception is 123.4% (after withholding tax, brokerage, and fees), or 9.2% p.a. on an annualised basis.

	12 Loss/Gain				
	Last Month	Last 3 Months	Last 12 Months	Since Inception	Annualised
<b>Consolidated Portfolio</b> Inception date (31/01/2012)	3.1%	2.3%	19.9%	123.4%	9.2%
45% NZ Bond, 55% MSCI	3.0%	1.9%	18.8%	104.9%	8.1%
<b>Cash</b> Inception date (31/01/2012)	0.0%	0.3%	5.6%	46.4%	4.2%
<b>Fixed Interest</b> Inception date (31/01/2012)	0.3%	-2.5%	2.2%	60.1%	5.3%
100% NZ Bond	0.7%	-3.6%	-2.1%	35.9%	3.4%
<b>Growth</b> Inception date (31/01/2012)	5.6%	6.6%	37.4%	188.6%	12.3%
MSCI	4.9%	6.1%	37.0%	151.3%	10.6%

## Investment Strategy

### Market Review

Markets performed exceptionally well for the month ended March, the NZD-hedged MSCI All Country World Index (ACWI) recorded gains of over 3.5%. Sector wise, Utilities and Consumer Staples led the highest returns while Tech and Communication Services lagged but returned positively regardless. New Zealand interest rates and the Kiwi dollar were weaker off the back of the recently announced property investment reforms.

### Portfolio Changes

In Global Thematic, we added to our positions in medical supplies and services stocks in anticipation of a return to more normal patient flows through the health system, while we trimmed our bank positions following a big run-up in share prices over the past six months.

In Global Quantitative, our top-down positioning targets higher quality companies and sectors seen as more suited to the current environment. Stock selection favours companies with attractive metrics across earnings quality, capital efficiency, valuations, sentiment, and sustainability. Over the month, we increased allocation to Communications stocks (**Activision Blizzard**, **Telcom Italia**) and Energy (**Baker Hughes**, **Williams**), and reduced Technology (**Microchip Technology**, **Cisco**). Technology and Materials remain favoured sectors while Energy and Utilities are our largest underweights.

In Fixed income, we continued to reduce our government bond exposure selling out of the expensive **New Zealand Government (AAA)** 2028 dated bonds and taking profits on **New South Wales State (AA+)** bonds ahead of higher expected inflation numbers. We take the view that there will be a time to buy longer bonds again but that will likely be in our spring.

## **Open Meeting**

<b>To</b>	Waikato District Community Wellbeing Trust
<b>From</b>	Alison Diaz Chief Financial Officer
<b>Date</b>	17 May 2021
<b>Prepared by</b>	Jean de Abreu Financial Accountant
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	CVN0102/ 3085938
<b>Report Title</b>	Waikato District Community Wellbeing Trust – Final Statement of Intent for the year ending 30 June 2022

### **1. EXECUTIVE SUMMARY**

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Pursuant to section 64 of the Local Government Act 2002, a Council-Controlled Organisation (CCO) is required to provide a final Statement of Intent to its shareholder(s) (Council) by 1 July each year.

### **2. RECOMMENDATION**

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**THAT the report from the Chief Financial Officer be received;**

**AND THAT the Waikato District Community Wellbeing Trust approves the final Statement of Intent for the year ending 30 June 2022 for release to Waikato District Council.**

### **3. BACKGROUND**

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The Trustees of the Waikato District Community Wellbeing Trust (Wellbeing Trust) are required to present a final Statement of Intent for the year ending 30 June 2022 to Council by 1 July 2021. This Statement of Intent retains the principles developed in the inaugural Statement of Intent which are:

- Ensure the real (inflation-adjusted) value of the fund is protected;
- Ensure that the total grants distributed do not exceed 50% of the accumulated retained net income after allowing for the CPI movement and expenses;
- Ensure no more than 10% of the capital is distributed in any one year;
- Identify opportunities to grow the fund;

- Have a process for promoting the fund availability and for allocating the fund; and,
- Monitor performance of investments by receiving and considering financial information.

In previous years, the Statements of Intent have been prepared based on receiving a long term, sustainable return on investment of 7.26% before fund management fees. In recognition of the economic downturn resulting from the COVID-19 pandemic, advice was sought from Kiwi Wealth Limited regarding the sustainability of this level of return. Based on that advice, the assumed rate of return used in this final Statement of Intent was reduced to 5% up to 30 June 2021 and 4% per annum for financial years 2022 to 2024 before expenses.

Budgeted grant distributions are based on the principles identified above and on discussions between the Trustees and Kiwi Wealth Limited.

The final Statement of Intent will be presented to Council prior to 30 June and tabled at Council's Strategy & Finance Committee's next meeting to be held on 14 June 2021.

#### **4. OPTIONS CONSIDERED**

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The Trustees have the ability to decline or approve the presentation to Council of this final Statement of Intent.

#### **5. CONCLUSION**

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The Trustees are asked to consider the final Statement of Intent for the Waikato District Community Wellbeing Trust for presentation to Council.

#### **6. ATTACHMENTS**

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- Letter Waikato District Council dated 01 May 2021
- Waikato District Community Wellbeing Trust Final Statement of Intent for the year ended 30 June 2022.

Your Ref

In reply please quote

72952

If calling, please ask for

Sharlene Jenkins



01 May 2021

Via Email: [jean.deabreu@waidc.govt.nz](mailto:jean.deabreu@waidc.govt.nz)

Waikato District Community Wellbeing Trust  
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**Waikato District Community Wellbeing Trust Draft Statement of Intent for the year ended 30 June 2022**

Waikato District Council has received and is comfortable with the content and direction of the Draft Statement of Intent for the year ended 30 June 2022.

Yours faithfully

A handwritten signature in black ink, appearing to read "Tony Whittaker". The signature is fluid and cursive, with a large initial "T" and a long, sweeping underline.

Tony Whittaker  
**Chief Operating Officer**

email: [tony.whittaker@waidc.govt.nz](mailto:tony.whittaker@waidc.govt.nz)

**Waikato District Community Wellbeing Trust**

**Statement of intent**

**For the year ending 30 June 2022**



**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2022**

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# Waikato District Community Wellbeing Trust

## Statement of intent

### For the year ending 30 June 2022

## Introduction

This Statement of Intent (SOI) is presented by the Waikato District Community Wellbeing Trust (the Trust) as required by Section 64(1) of the Local Government Act 2002.

The SOI forms the basis for the accountability of the Trustees to Waikato District Council, and sets out the objectives, scope of activities undertaken, and performance targets by which the Trust will be measured.

The purpose of this statement of intent is to:

- State publicly the activities and intentions of this council-controlled organisation for the year and the objectives to which those activities will contribute;
- Provide a basis for accountability and transparency.

This Statement of Intent covers the year to 30 June 2022 and includes prospective financial information for the following two financial years.

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**Jacqui Church (Chair)**

## Entity information

### Legal name

Waikato District Community Wellbeing Trust.

### Type of entity and legal basis

The Trust was incorporated on 1 November 2010 under the Charitable Trust Act 1957 and is domiciled in New Zealand. On the same date the Trust was registered in accordance with the Charities Act 2005 to give it charitable status.

The Trust was established by Waikato District Council (WDC) and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002, by virtue of WDC's right to appoint the Trustees.

# Waikato District Community Wellbeing Trust

## Statement of intent

### For the year ending 30 June 2022

#### Objectives of the Trust

The principal activities of the Trust are undertaken to:

- Promote the social, environmental, and cultural wellbeing of the Waikato district and its communities;
- Deliver on the aspirations and community outcomes of the Waikato district as identified and promoted by the community; and,
- Fund projects identified by Council's planning documents.

#### Governance

The Trust will be governed in accordance with the terms of the Trust Deed.

#### Objective

1. To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed.

Clause 11 of the Deed lists the Trust's objectives as:

- a) To consider and approve projects submitted by Waikato District Council (Council);
- b) To publicise the projects and activities of the Trust;
- c) To actively promote the work of the Trust with a view to ensuring the long-term operations of the Trust;
- d) To ensure information about the Trust's activities and objectives is available to people within the area and fosters a sense of community achievement and betterment;
- e) To develop appropriate funding allocation mechanisms; and,
- f) To be guided by a clearly defined set of principles.

#### Performance measure

1. Undertake an annual legal review of compliance with the Trust Deed; no later than two months after the end of the financial year.

#### Investment

The Trust will, in accordance with the Trust Deed, invest or reinvest part or parts of the Trust Fund not immediately required for the purposes of the Trust (whether income or capital) in investments or securities, as the Trust Board considers beneficial to the Trust Fund. The Trust will also seek other opportunities and avenues for growing the trust Fund. The intention of the Trustees is that the real value of the Trust Fund is preserved.

#### Objective

1. To adhere to the Trust's *Management of Investment Portfolio and Distribution Policy*.
2. To review, on an annual basis, the investment mandate, and the performance of the portfolio manager.

#### Performance measure

1. At each quarterly meeting, review compliance with the Trust's *Management of Investment Portfolio and Distribution Policy* during that quarter.

## Waikato District Community Wellbeing Trust

### Statement of intent

### For the year ending 30 June 2022

#### **Fund disbursement**

The Trust will, as appropriate, disburse funds towards projects that meet the Trust's criteria and meet the objectives of the Trust Deed.

#### Objective

1. As per the *Management of Investment Portfolio and Distribution Policy*, to distribute total grants that do not exceed 50% of the accumulated net income after allowing for accumulated expenses, inflation movements and prior year distributions.

#### Performance measures

1. A distribution process is undertaken that distributes the annual fund to eligible recipients in accordance with funding targets set up by the Trustees in accordance with the *Management of Investment Portfolio and Distribution Policy* for the current year.
2. Six monthly reports are received from all successful applicants within the required time frames.

#### **Portfolio and distribution policy compliance**

##### Agreed targets

1. Ensure that the real (inflation-adjusted) value of the Fund is protected.
2. Ensure that no more than 10% of the capital is distributed in any one year.
3. The portfolio investment manager will report regularly to the Trustees.
4. The Trustees will annually review the performance of the portfolio manager.

### **Structure of the Trust's operations, including governance arrangements**

The Trust comprises a Board of five Trustees who oversee the governance of the Trust.

The Trustees are:

Mayor	Allan Sanson
Councillor	Jacqui Church (Chair)
Councillor	Rob McGuire
WDC appointee	Judi Muru
WDC appointee	vacant position

The operation and administration of the Trust are undertaken by staff of WDC. Those staff are: Chief Financial Officer, EA to the Chief Operating Officer, Community Development Coordinator and Financial Accountant.

### **Main sources of the Trust's cash and resources**

The Trust's introductory fund was provided by distribution of the capital fund of the Waikato Foundation Trust.

The proceeds of that distribution are invested in a portfolio of financial assets managed by Kiwi Wealth Limited. The returns from the portfolio are the Trust's source of continuing revenue.

**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2022**

**Prospective statement of financial performance**

**Prospective performance reports for the years ending 30 June 2021 - 2024**

**Prospective statement of financial performance**

	<b>FY Budget</b>	<b>FY Forecast</b>			
	<b>2020/21</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Finance income	241	97	378	378	378
Dividend income from portfolio of investments managed by Kiwi Wealth Limited	-	-	-	-	-
Realised gains on investments	55,464	79,615	41,153	40,952	40,604
Unrealised gains on investments	161,194	403,112	148,490	147,768	146,513
<b>Total revenue</b>	<b>216,899</b>	<b>482,824</b>	<b>190,021</b>	<b>189,098</b>	<b>187,495</b>
<b>Expenses</b>					
Audit fees	7,810	8,627	8,627	8,627	8,627
Portfolio management fees	30,452	31,949	33,480	33,150	32,858
Other expenditure	2,159	1,866	1,905	1,997	2,047
Grants	190,719	122,000	185,481	59,015	33,763
Unrealised losses on investments	-	-	-	-	-
<b>Total expenses</b>	<b>231,140</b>	<b>164,442</b>	<b>229,493</b>	<b>102,789</b>	<b>77,295</b>
<b>Surplus/(deficit) for the period</b>	<b>(14,241)</b>	<b>318,382</b>	<b>(39,472)</b>	<b>86,309</b>	<b>110,200</b>

**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2022**

**Prospective statement of financial position**

**Prospective statement of financial position**

	<b>FY Budget</b>	<b>FY Forecast</b>			
	<b>2020/21</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	\$	\$	\$	\$	\$
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	9,214	14,528	14,422	14,268	14,474
Other financial assets	4,383,471	4,736,840	4,713,845	4,673,876	4,758,641
Prepaid insurance	408	434	490	503	517
<b>Total current assets</b>	<b>4,393,093</b>	<b>4,751,802</b>	<b>4,728,757</b>	<b>4,688,647</b>	<b>4,773,632</b>
<b>Total assets</b>	<b>4,393,093</b>	<b>4,751,802</b>	<b>4,728,757</b>	<b>4,688,647</b>	<b>4,773,632</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Creditors and other payables	202,991	182,178	198,595	72,166	46,941
Accrued expenses	8,166	8,972	8,982	8,992	9,002
<b>Total current liabilities</b>	<b>211,157</b>	<b>191,150</b>	<b>207,577</b>	<b>81,158</b>	<b>55,943</b>
<b>Total liabilities</b>	<b>211,157</b>	<b>191,150</b>	<b>207,577</b>	<b>81,158</b>	<b>55,943</b>
<b>Net assets</b>	<b>4,181,936</b>	<b>4,560,651</b>	<b>4,521,180</b>	<b>4,607,489</b>	<b>4,717,689</b>
<b>Equity</b>					
Introductory fund	2,579,899	2,579,899	2,579,899	2,579,899	2,579,899
Capital maintenance fund	648,626	649,547	740,761	831,184	923,334
Accumulated funds	953,411	1,331,205	1,200,520	1,196,406	1,214,456
<b>Total net assets / equity</b>	<b>4,181,936</b>	<b>4,560,651</b>	<b>4,521,180</b>	<b>4,607,489</b>	<b>4,717,689</b>

**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2022**

**Prospective statement of cash flows**

**Prospective performance reports for the years ending 30 June 2021 - 2024 (cont)**

**Prospective statement of cash flows**

	FY Budget	FY Forecast			
	2020/21	2020/21	2021/22	2022/23	2023/24
	\$	\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
<b>Cash was received from:</b>					
Interest receipts	241	97	378	378	378
Dividends received	-	-	-	-	-
<b>Cash was applied to:</b>					
Payments to donees	(123,056)	(158,217)	(171,556)	(185,481)	(59,015)
Payments to suppliers	(39,806)	(59,250)	(41,210)	(43,554)	(40,569)
<b>Net cash flows from operating activities</b>	<b>(162,621)</b>	<b>(217,370)</b>	<b>(212,388)</b>	<b>(228,657)</b>	<b>(99,206)</b>
<b>Cash flows from investing and financing activities</b>					
<b>Cash was received from (applied to):</b>					
Realised gains from investments	55,464	79,615	41,153	40,952	40,604
Sale (acquisition) of investments	107,220	115,175	171,129	187,551	58,808
<b>Net cash flows from investing and financing activities</b>	<b>162,684</b>	<b>194,790</b>	<b>212,282</b>	<b>228,503</b>	<b>99,412</b>
Foreign exchange translation differences	-	-	-	-	-
<b>Net increase (decrease) in cash for the year</b>	<b>63</b>	<b>(22,580)</b>	<b>(106)</b>	<b>(154)</b>	<b>206</b>
<b>add opening bank accounts and cash</b>	<b>9,151</b>	<b>37,108</b>	<b>14,528</b>	<b>14,422</b>	<b>14,268</b>
<b>Closing bank accounts and cash</b>	<b>9,214</b>	<b>14,528</b>	<b>14,422</b>	<b>14,268</b>	<b>14,474</b>

**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2022**

**Statement of accounting policies**

**Basis of preparation**

The Board of Trustees has elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* for Tier 3 entities on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2million.

Notwithstanding the comments above, the following Tier 2 PBE accounting standards have been applied:

PBE IPSAS 4 The effects of changes in foreign exchange rates; and

PBE IPSAS 41 Financial instruments.

Note, IPSAS 41 Financial instruments replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement, effective for reporting periods beginning on or after 1 Jan 2022 (early adoption is permitted). Council has adopted this new standard and there are no material changes as the requirements are similar to that of PBE IPSAS 29.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

**Goods and services tax**

The Trust is not registered for GST. All amounts in the performance report are inclusive of GST.

**Significant accounting policies**

**Interest and dividend revenue**

Interest revenue is recognised as it is earned during the year.

Dividend revenue is recognised when the dividend is declared.

**Foreign currency transactions**

Foreign currency transactions are translated into New Zealand Dollars using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at the end of the period exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in surplus (deficit) for the year.

**Grant expenditure**

All grants made by the Trust are classified as discretionary.

Discretionary grants are those grants where the Trust has no obligation to award on receipt of the grant application. Such grants are recognised as expenditure when approved without condition by the Board and the approval has been communicated to the applicant. Discretionary grants made subject to conditions are recognised as expenditure when all conditions have been met.



**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2022**

**Statement of accounting policies (cont.)**

**Income tax**

The Trust has charitable status and is exempt from income tax.

**Bank accounts and cash**

Bank accounts and cash comprise cash on hand and deposits held at call with financial institutions.

**Investment portfolio**

Components of the investment portfolio are classified as follows:

**Financial Asset**

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

*Fixed Interest Investment*

After initial measurement, the investment is subsequently measured at amortised cost, using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

*Growth (Equity) Investment*

Financial assets at fair value through surplus or deficit include financial assets held for trading. After initial recognition, this investment is measured at its fair value with gains or losses on re-measurement recognised in the surplus or deficit.

All financial assets in the portfolio are classified as a current asset.

**Creditors and accrued expenses**

Creditors and accrued expenses are measured at the amount owed.

# Waikato District Community Wellbeing Trust

## Statement of intent

### For the year ending 30 June 2022

## Forecast assumptions

### 1. Portfolio income

Kiwi Wealth has estimated an average return on the portfolio of 5% for the remaining six months to 30 June 2021 and 4% per annum for financial years 2022 to 2024 before expenses.

The split of the total return between interest, dividends and gains/losses is estimated using proportions calculated from an average of past results while taking into account changes to the components of the portfolio.

### 2. Expenses

Audit fees are estimated at \$8,627 for each of the four forecast years.

Portfolio management fees are assumed at a rate of 0.61% of the opening portfolio value in each year.

Other expenditure comprises annual return fees, bank charges, general expenses, and audit disbursements.

### 3. Grant's expenditure

It is assumed that for the current (2021) year all outstanding grants will be paid by 30 June 2021. It is further assumed that in subsequent years 80% of the maximum allowable distribution will be approved and fully paid by year end.

The maximum allowable distribution is set out in the *Management of Investment Portfolio and Distribution Policy*. Total grants must not exceed 50% of the accumulated net income after allowing for accumulated expenses, inflation movements and prior year distributions.

### 4. Prepayments

Prepayments represent four months of insurance costs.

### 5. Creditors and other payables

Creditors and other payables are made up of the amount owing to Waikato District Council and the June portfolio management fee.

It is assumed that the year-end balance owing to WDC is paid in full in the following year.

### 6. Accrued expenses

Accrued expenses comprise audit fees and disbursements.

### 7. Equity

The Trust was established with an initial capital contribution resulting from the transfer of 35% of funds previously held by the Waikato Foundation Trust as of 31 January 2012. This was recognised as revenue in that year and transferred to the introductory fund.

The capital maintenance fund is made up of accumulated annual charges transferred from accumulated funds to maintain the real value of the Trust fund.

The accumulated funds and capital maintenance funds together represent the total net increase in the fund value since the inception of the Trust.

**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2022**

**Other financial disclosures**

**Ratios**

The Local Government Act 2002 requires a statement of intent to include the projected ratio of equity to total assets.

The ratio of equity to total assets is forecast as follows:

2020/21	96.0%
2021/22	95.6%
2022/23	98.3%
2023/24	98.8%

**Compensation**

The Trustees will not seek any fees or expenses for work undertaken on behalf of Waikato District Community Wellbeing Trust.

**Information to be provided to the Trustees**

The Trustees will be provided with the following information:

- Within four months of the end of the financial year the audited financial statements plus a summary of how the Trust has performed against its objectives and performance targets;
- Quarterly reports on the performance of investments; and,
- A draft statement of intent for consideration in February of each year.

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### **Open Meeting**

<b>To</b>	Waikato District Community Wellbeing Trust
<b>From</b>	Clive Morgan General Manager Community Growth
<b>Date</b>	03 March 2021
<b>Prepared by</b>	Lianne van der Bemd Community Development Advisor
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	CVN0102
<b>Report Title</b>	2021 Site Visits

## **I. EXECUTIVE SUMMARY**

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On Tuesday 04 May 2021, the Waikato District Community Wellbeing Trust Trustees and a representative of the Waikato District Crime Prevention Technology Trust site visited the Huntly Menzshed building/operations and the project overseen by the by the Waikato District Council that distributed and installed eighteen security cameras (fully operational) across various locations throughout the Huntly township. It was a great opportunity to see how these two projects have come to fruition, and to also hear the positive feedback back from the Huntly community as to how both these projects have contributed and added value to the wider Huntly.

## **2. RECOMMENDATION**

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**THAT the report from the Chief Financial Officer be received.**

## **3. ATTACHMENTS**

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- 2021 Site visit photos

**2021 Site visit photos**



*Waikato Crime Prevention Technology Trust Project  
- Raahui Pookeka Huntly Rail Station*



*Huntly MenzShed, Huntly*



*Huntly MenzShed, Huntly*



*Huntly MenzShed, Huntly*