

**Waikato District Community Wellbeing Trust
Performance Report
For the year ended 30 June 2020**

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Entity information

Legal name

Waikato District Community Wellbeing Trust (the 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. (Registration number: CC45642)

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

Objectives of the Trust

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 *;
2. To develop an investment mandate seeking for the portfolio both income and growth from suitably diversified investments having a moderate investment risk.

* 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.

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.

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 operation and administration of the Trust are undertaken by staff of Council. Those staff members are: Finance Manager, PA to the General Manager-Strategy & Support, Community Development Coordinator and Financial Accountant.

The Trustees are:

Mayor Allan Sanson
Councillor Jacqui Church (Chairperson)
Councillor Rob McGuire
Council appointee Eileen Bateup (resigned 10 December 2019)
Council appointee Judi Muru

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.

Statement of service performance

The following performance measures were incorporated into the Statement of Intent for the year ended 30 June 2020.

Objective	Performance Measures	2019/20 Result	2018/19 Result
Governance: 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.	Undertake an annual legal review of compliance with the Trust Deed no later than two months after the end of each financial year.	Achieved. The review was completed on 31 August 2020; the formal report was received on 03 December 2020.	Not achieved. The review was completed on 17 September 2019.
Investment: To adhere to the Trust's <i>Management of Investment Portfolio and Distribution Policy</i> .	At each quarterly meeting review compliance with the Trust's <i>Management of Investment Portfolio and Distribution Policy</i> during that quarter.	Achieved. Quarterly compliance certificates have been provided to each meeting of trustees. The certificates are reviewed and adopted by the Trust Board.	Achieved. Quarterly compliance certificates have been provided to each meeting of trustees. The certificates are reviewed and adopted by the Trust Board.
To review on an annual basis the investment mandate and the performance of the portfolio manager.		Achieved. The performance of the portfolio manager was reviewed in February 2020.	Achieved. The performance of the portfolio manager was reviewed in February 2019.
Fund disbursement: As per the <i>Management of Investment Portfolio and Distribution Policy</i> , to distribute a total grant disbursement that does not exceed 50% of the accumulated net income after allowing for accumulated expenses, inflation movements and prior year distributions.	A distribution process is undertaken that distributes the annual fund to eligible recipients in accordance with funding targets set by the Trustees in accordance with the <i>Management</i>	Achieved. Total cumulative Grant approvals equate to 1.73% of the accumulated net income after allowing for accumulated expenses and inflation movements.	Achieved. Grant approvals equate to 10.5% of the accumulated net income after allowing for accumulated expenses and inflation movements.

<p>Fund disbursement (cont)</p>	<p><i>of Investment Portfolio and Distribution Policy for the current year.</i></p> <p>Six-monthly reports are received from all successful applicants within the required timeframe.</p>	<p>Achieved. All required reports were received</p>	<p>Achieved. All required reports were received</p>
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Portfolio and distribution policy compliance

Agreed targets	Actual Outcome 2019/20	Actual Outcome 2018/19
<p>Ensure that the real (inflation adjusted) value of the fund is protected.</p>	<p>Achieved. The capital maintenance fund has been increased by 2% of opening capital while the annual Consumer Price Index increased by only 1.5% over the year.</p>	<p>Achieved. The capital maintenance fund has been increased by 2% of opening capital while the annual Consumer Price Index increased by only 1.7% over the year.</p>
<p>Ensure that no more than 10% of the capital is distributed in any one year.</p>	<p>Achieved. Grants approved of \$19,000 amount to 0.45% of total capital.</p>	<p>Achieved. Grants approved of \$97,774 equal 2.5% of total capital.</p>
<p>Ensure there is diversification of investments with a 7.5% cap on the value of any single investment in the portfolio.</p>	<p>Mostly achieved. The instances where the cap was exceeded related to the PIE investments which now make up the total investment portfolio. Given that all of the portfolio is now invested in PIE funds and the Trust does not actually own individual investments this target is under review.</p>	<p>Mostly achieved. The instances where the cap was exceeded related to the PIE investments which now make up the total investment portfolio. The Trustees will re-consider the appropriateness of this target when preparing the statement of intent for the 2020-21 financial year.</p>
<p>The portfolio investment manager will report regularly to the Trustees.</p>	<p>Achieved. The portfolio investment reports are provided to the Trustees at each meeting.</p>	<p>Achieved. The portfolio investment reports are provided to the Trustees at each meeting.</p>

Declaration by Board of Trustees

The Board of Trustees is responsible for the preparation of the financial statements and performance information in accordance with the financial reporting standards.

The Board of Trustees is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and service performance results. In the opinion of the Board of Trustees, these financial statements fairly reflect or give a true and fair view of the financial position, operations and service performance of the Waikato District Community Wellbeing Trust for the year ended 30 June 2020.

Trustee: _____

Trustee: _____

Date: 22-12-2020Date: 22/12/2020

Statement of financial performance

	Note	2019/20		2018/19
		Actual	Budget	Actual
		\$	\$	\$
Revenue				
Finance income	1	180	141	223
Dividend income from portfolio of investments managed by Kiwi Wealth		-	-	-
Realised gains on investments		104,634	69,977	22,288
Unrealised gains on investments		200,990	215,642	253,258
Total revenue		305,804	285,760	275,769
Expenses				
Audit fees		8,627	7,808	7,810
Other expenditure	2	26,528	29,709	25,471
Grants	3	-	37,968	187,774
Unrealised losses on investments		-	-	-
Total expenses		35,153	75,485	221,055
Surplus (deficit) for the year		270,651	210,275	54,714

Statement of financial position

	Note	2019/20		2018/19
		Actual	Budget	Actual
		\$	\$	\$
Assets				
Current assets				
Bank accounts and cash	4	37,108	15,873	1,882
Investments	5	4,449,386	3,963,917	4,301,156
Prepayments		385	408	386
Total current assets		4,486,879	3,980,198	4,303,424
Total assets		4,486,879	3,980,198	4,303,424
Liabilities				
Current liabilities				
Creditors and other payables	6	188,382	50,003	234,096
Accrued expenses	7	56,229	8,164	97,711
Total current liabilities		244,611	58,167	331,807
Total liabilities		244,611	58,167	331,807
Total assets less total liabilities (net assets)		4,242,268	3,922,031	3,971,617
Trust equity				
Introductory fund	8	2,579,899	2,579,899	2,579,899
Capital maintenance fund		564,702	559,505	485,270
Accumulated funds		1,097,667	782,626	906,448
Total Trust equity		4,242,268	3,922,031	3,971,617

Statement of cash flows

	Note	2019/20		2018/19
		Actual	Budget	Actual
		\$	\$	\$
Cash flows from operating activities				
Cash was received from:				
Interest receipts		180	141	219
Dividends received		-	-	-
Cash was applied to:				
Payment to donees		(95,529)	(198,162)	(118,798)

Payment to suppliers	(26,819)	(16,983)	(31,575)
Net cash flows from operating activities	(122,168)	(216,004)	(150,154)
Cash flows from investing and financing activities			
Net investment movement	157,394	215,824	12,231
Net cash flows from investing and financing activities	157,394	215,824	12,231
Foreign exchange translation differences	-	-	5
Net increase (decrease) in cash for the year	35,226	820	(137,918)
Add opening bank accounts and cash	4	1,882	139,800
Closing bank accounts and cash	4	37,108	1,882

Statement of accounting policies

Basis of preparation

The Trustees have 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 \$2 million.

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

PBE IPSAS 4 The effects of changes in foreign exchange rates; and,
PBE IPSAS 29 Financial instruments: recognition and measurement.

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. See note 16 for further comment.

Goods and services tax (GST)

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 year end 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 Trustees 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.

Income tax

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

Bank accounts and cash

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

Investment portfolio

Components of the investment portfolio are classified as financial assets at fair value through surplus or deficit. The reason for this classification is that the portfolio is comprised of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking.

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

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus(deficit) for the year.

Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

Budget figures

The budget figures are derived from the statement of intent approved by the Trustees at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards (with the exceptions noted above), using accounting policies that are consistent with those adopted by the Trustees in preparing these financial statements.

Changes in accounting policies

There have been no changes in accounting policies.



Notes to the performance report

1. Finance income

	2019/20	2018/19
	Actual	Actual
	\$	\$
Interest income from portfolio of investments managed by Kiwi Wealth	179	191
Interest income from BNZ	1	32
Total finance income	180	223

All finance income is generated through exchange transactions.

2. Other expenditure

	2019/20	2018/19
	Actual	Actual
	\$	\$
Management fees	25,127	24,172
Insurance	1,151	1,130
Other expenses	248	169
Total other expenditure	26,526	25,471

3. Grants paid

	Purpose of Grant	2019/20	2018/19
		Actual	Actual
		\$	\$
The Bush Tramway Club Inc	To extend existing carriage storage shelter	-	10,000
Waikato District Crime Prevention Technology Trust (Huntly)	To upgrade Huntly township existing CCTV cameras	-	30,000
Raglan Community Arts Council	Towards construction of a theatre and clay shed on the Old School site in Raglan	-	20,000
Ngaruawahia Squash Racquets Club	To upgrade bathroom facilities	-	8,000
Ngaruawahia RSA Memorial Club	To upgrade building roof	-	20,000
Taupiri Rugby Football Club	To install three heating units	-	9,000
Matangi-Hillcrest Sports Club Inc	To remedy water supply issues	-	5,774

Waikato District Crime Prevention Technology Trust	To review and upgrade all existing CCTV cameras and monitoring equipment across the Waikato District (excluding Huntly)	- 25,000
Huntly Volunteer Fire Brigade	To replace the Brigade support vehicle	- 20,000
Te Kauwhata and Districts Information & Support Centre Incorporated	To purchase the existing community building and land	- 40,000
Total grants paid		- 187,774

4. Bank accounts and cash

		2019/20 Actual \$	2018/19 Actual \$
Cash at bank		909	948
Cash investments managed by Kiwi Wealth	Note 13	36,199	934
Total bank accounts and cash		37,108	1,882

The carrying value of cash at bank approximates its fair value.

5. Investments

		2019/20 Actual \$	2018/19 Actual \$
Fixed interest instruments managed by Kiwi Wealth		1,999,955	1,933,767
Equity instruments managed by Kiwi Wealth		2,449,431	2,367,389
Total investments		4,449,386	4,301,156

The Trust has a portfolio of investments which is managed by Kiwi Wealth Limited. The portfolio investments are detailed in note 13.

No accrued interest (June 2019: \$nil) is included in the portfolio.

6. Creditors and other payables

	2019/20 Actual \$	2018/19 Actual \$
- Audit fee 2017	7,628	7,628
- Audit fee 2018	7,730	6,693
- Audit fee 2019	7,966	-

- Audit fee 2020	2,300	-
- Annual return fees	102	102
- Insurance	2,300	2,579
- Other expenses	-	1,272
- Grants	158,217	213,746
Total Council Payable:	186,243	232,020
Management fee	2,139	2,076
Total creditors and other payables	188,382	234,096

Creditors and other payables are non-interest bearing and are normally settled within 30 days, therefore the carrying value of trade and other payables approximates their fair value.

All payables have arisen from exchange transactions.

7. Accrued expenses

	2019/20	2018/19
	Actual	Actual
	\$	\$
Audit fee – current year	6,327	7,810
Grants	49,556	89,556
Other expenses	346	345
Total accrued expenses	56,229	97,711

8. Equity

	Introductory fund	Capital maintenance fund	Accumulated funds	Total equity
Balance at 1 July 2018	2,579,899	406,932	930,072	3,916,903
Surplus (deficit)	-	-	54,714	54,714
Capital maintenance charge	-	78,338	(78,338)	-
Balance at 30 June 2019	2,579,899	485,270	906,448	3,971,617
Surplus (deficit)	-	-	270,651	270,651
Capital maintenance charge	-	79,432	(79,432)	-
Balance at 30 June 2020	2,579,899	564,702	1,097,667	4,242,268

Introductory and capital maintenance funds

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

The Trust's performance objectives, as listed in the Statement of intent for the year to 30 June 2020, include a requirement to protect the real (inflation adjusted) value of the fund. An adjustment of 2% of opening capital is added to the Capital maintenance fund annually in order to achieve this objective.

9. Commitments

Capital commitments

There are no capital commitments as at 30 June 2020 (June 2019: Nil).

Operational commitments

As at 30 June 2020 the Trust had the following grant commitments:

Donee	Purpose of grant	Amount
Tuakau Youth Sport Trust	To build a new skatepark in Tuakau.	20,000
David Johnstone Pukemokemoke Trust	To upgrade the walking track and install composting toilets	8,000
Raglan Community Arts Centre	To establish a new power connection	9,000
Ruawaro Combined School	Install artificial turf on the sports courts	10,000
Total outstanding grants		\$47,000

All grants are subject to conditions and are not paid until those conditions are fulfilled.

10. Contingent liabilities

There are no contingent liabilities as at 30 June 2020 (June 2019: Nil).

11. Events after balance date

Since balance date Trustees have been advised that the grant to Ruawaro Combined School, as disclosed in note 9 Commitments, is no longer required.

12. Related party transactions

The Trust is controlled by Waikato District Council and is a member of the Waikato District Council Group along with Council and Strada Corporation Limited. All transactions with related parties were conducted at arms-length.

During the period Council has paid some expenses on behalf of the Trust and there is an amount payable to Council at balance date. Those transactions

comprise expense and grants payments and the balance outstanding at 30 June 2020 is \$186,243 (June 2019: \$232,021). See note 6 for details.

13. Managed portfolio

The portfolio of the Trust's investments is managed by Kiwi Wealth Limited. The portfolio composition is:

	June 2020	June 2019
	\$	\$
Cash investments	36,199	934
Fixed interest	1,999,955	1,933,767
Equity investments	2,449,431	2,367,389
Total managed portfolio	4,485,585	4,302,090

14. Explanation of major variances against budget

Explanations for major variances from the Trust's budget figures in the 2019/20 Statement of Intent are as follows:

- Revenue is budgeted on a conservative basis and is generally estimated at a steady return of 7.26% (before expenses) on the opening portfolio balance. Despite the potential negative economic effects of the Covid-19 pandemic, this year's actual return is only slightly lower at 7.11%.
- No grants were actually paid, compared with a budget of \$37,968; a reflection of the small number of eligible applications received. The result is that total expenses are significantly lower than expected.
- Accrued expenses include \$49,556 of grants which donees are eligible to uplift but have not yet presented invoices for; hence the very large variance between budget and actual for this liability.

15. Breach of section 67A of the Local Government Act 2002

The Trust did not adopt its audited financial statements within the extended time frame allowed under section 67A of the Local Government Act 2002 (before 30 November 2020).

The reason for the late adoption arose through challenges created by the Covid-19 pandemic and the audit was unable to be completed until after 30 November 2020.

16. Economic effects of the Covid-19 pandemic

As noted earlier, these financial statements have been prepared on a going concern-basis. This is despite the greater than usual level of volatility in the investment market which is the Trust's source of revenue.

The reason for maintaining the assumption of going-concern is that the Trust's major outgoing is its grants to community projects. The Trust's Distribution Policy factors both income and equity levels into the calculation of available grant funds. While it may be possible that the Trust will be forced to suspend grants, it is highly improbable that the Trust will be wound up as a result of the economic impact of the Covid-19 pandemic.

The Trust's investment fund has suffered no lasting impact from the effects of the pandemic. While market values fell in March 2020 a full recovery was gained almost immediately.

There has been no impact on the level of grants approved; only a small number of valid applications was received.

Independent Auditor's Report

To the readers of Waikato District Community Wellbeing Trust's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of Waikato District Community Wellbeing Trust (the Trust). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Trust on his behalf.

Opinion

We have audited:

- the financial statements of the Trust on pages 5 to 13, that comprise the statement of financial position as at 30 June 2020, the statement of financial performance and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Trust on pages 3 to 4.

In our opinion:

- the financial statements of the Trust on pages 5 to 13:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple format Reporting – Accrual (Public Sector) Standard; and
- the performance information of the Trust on pages 3 to 4 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2020.

Our audit was completed on 22 December 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to the impact of Covid-19 on the Trust. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Trust as set out in note 16 to the financial statements.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustee for the financial statements and the performance information

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Trustees are also responsible for preparing the performance information for the Trust.

The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intends to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustee's responsibilities arise from the Local Government Act 2002 and the Trust Deed.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Trust's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to

modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included on pages 1 to 2, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand