

Our Rotorua Our Trust

ANNUAL REPORT 2016





*Inaugural 2016 Legend of the Lake | New Zealand Ocean Swim Series.
Credit: Simon Watts, BW Photography*

Introduction/Overview

The Rotorua Energy Charitable Trust is a community-focused not-for-profit organisation that exists to contribute towards and support a more vibrant Rotorua community where people are proud to live, work, invest, bring up and educate their families.

Established in 1994 to serve the community of Rotorua, the Trust was formed out of the sale of Rotorua Electricity Limited, with initial capital of \$32 million. Today, this capital has grown to over \$140 million, with over \$103 million invested back into the Rotorua community since inception.

The Trust's mission is to effectively and responsibly manage and grow its assets, enable the distribution of income for the long-term benefit of Rotorua, and ensure funds generated are directed to groups that have a positive impact in the community.

The Trust operates through a set of core values, ensuring respect, independence, integrity, transparency and responsibility are demonstrated in all actions and decisions.

Its four main areas of focus are: investing in people, particularly through support of education and health; enabling community groups to grow, develop and support our local community; investing in facilities that benefit the wider community; and

supporting a vibrant community through events and activities.

Governance of the Trust is overseen by six trustees who are elected by Rotorua people and who, in turn, actively engage with and support a diverse range of community stakeholders.

The Trust remains mindful of the need to act responsibly as guardians of community money and to deliver a financial legacy for the benefit of Rotorua now and in the future. In late 2014 independent international financial consultancy, Mercer (NZ) Limited, was appointed to manage and grow the Trust's assets. The move from internal management of the Trust's financial portfolio to external management was regarded as the most appropriate in today's environment.

By the end of the 2015/16 year, around 87% of the Trust's investments had migrated to management by Mercer, with the balance to be transferred as the best opportunity arises.

Contents

Introduction/Overview	3	Health	11
Chairman's Report	4-5	Community Facilities	12
Operational Changes	5	Operating Costs	12
Investment Performance	5	Sports & Recreation	13
Governance	6	Grants	14-15
Trustees & Management Team	7	SUMMARY FINANCIAL STATEMENTS	
Arts, Culture & Heritage	8	Audit Report	17
Community	8	Summary Financial Statements	18-19
Education	9	Notes to the Summary Financial Statements	20-21
Energy & Environment	9	Directory	23
Events	10		



Chairman's Report

Kia ora and welcome to the 2015/16 annual report for the Rotorua Energy Charitable Trust.

This past year has been one of the most significant in the life and development of the Trust, capped off by grants of \$10 million to local causes – one of the highest levels in the Trust's history.

The last year has seen the conclusion of a two-year review of the Trust's operations and how it was undertaking its business, with the ultimate goal of ensuring long-term sustainability and increasing contributions to the community over the long term.

As a result, a number of operational changes were implemented, including appointing an external fund manager and financial reporting mechanisms, along with a re-alignment of the Trust's staffing mix.

All these changes have been focused on future-proofing the organisation, including having the right structure, people and operations in place, to ensure it is in a solid position to weather any future international economic headwinds and continues to provide financial support to the Rotorua community.

The value of this strategy has already proven its worth this year, with the Mercer-managed investment portfolio returning 4.8%, while the Trust's legacy investments (that have still to be transferred or divested), experienced negative returns for the year. While this has had an impact on our overall financial results, the Trust remains in a strong financial position.

At the end of the 2014/2015 financial year, the Trust reported an accumulated income reserve of \$13.4 million –

a significant achievement following the impact of the Global Financial Crisis in the preceding years. As a result, trustees made a conscious and considered decision to use some of this reserve to support the development of a range of community facilities and projects that will deliver meaningful benefits over the long-term, above and beyond the Trust's general level of grants.

Despite the significant contribution made to these projects, the value of the Trust's perpetual capital reserve (the main source of funding for the future) still increased by nearly \$1 million - to \$132.8 million.

We are extremely proud of the contribution that the Trust has been able to make on the behalf of Rotorua and its people.

One example includes providing \$500,000 for the Riding for the Disabled indoor riding centre in Ngongotaha. To see the joy on people's faces, particularly children, is a real highlight and makes the hard work that went into fundraising for the initiative all the sweeter. Congratulations to all those who were involved.

Supporting the development of the Whare Aroha Care dementia care facility, also in Ngongotaha, and assisting the groups in Community House with grants close to \$100,000 to relocate and continue operating, were also important highlights.

The Trust works with many different organisations and initiatives, from all spectrums of the community, and last year provided \$786,301 for the

“ This past year has been one of the most significant in the life and development of the Trust, capped off by grants of \$10 million to local causes – one of the highest levels in the Trust's history. ”

Operational Changes

Investment Performance

undergrounding of powerlines for the safety and beautification of the district. The Trust also provided \$250,000 for the WISE Healthy Homes scheme to insulate homes and help reduce respiratory problems. The Trust has been supporting the Healthy Homes scheme since 2005 and looks forward to further development of this life-changing initiative for as long as there is a need by households.

The Trust's annual operating cost grants totalling \$521,500 are another important area of support and affect just about everyone in the community. This type of funding is something we feel is extremely important in empowering continued growth and support of our community groups.

Finally, I would personally like to thank my fellow trustees and all our dedicated staff, past and present, who have been instrumental in getting the Trust to where it is now and, most importantly, the communities and volunteers we have helped along the way.

The Trust isn't just focused on today, but on developing a better future for our people, our children and our children's children for many decades to come. And it is in excellent shape to continue doing that.

Grahame W Hall QSO, JP
Chairman

After a significant year of internal re-structuring and streamlining operations, the Rotorua Energy Charitable Trust has ensured that it is in a position to better serve the Rotorua community for many years to come.

The Trust approved \$10 million in grants during the 2015/16 financial year - one of the largest totals in the Trust's 22 year history. Its net assets total over \$140 million.

In late 2014 Mercer (NZ) Limited was appointed to externally manage and grow the Trust's investments, enabling more diversity and increased objectivity. This took effect from 1 April 2015.

A new trust manager and accountants (BDO) were also appointed during the past year to ensure the Trust's growth trajectory continues for the benefit of Rotorua.

The Trust's investments experienced mixed returns over the year.

Following advice from Mercer, trustees agreed to a new investment strategy and good progress has been made transitioning to the new approach. The new strategy adopts a more diversified approach that has lower risk and allocation to growth assets (down from 80% to 65%) in order to improve the stability of returns. More stable returns translate to more consistent granting year on year.

The process involves selling a number of legacy investments, including some private equity investments. These investments tend to generate a wide range of returns, from the good to the not-so-good. This year the overall return from these investments was not-so-good at -15%, dragging down the overall Trust performance to 2.3%.

The Mercer portfolio returned 4.8%, which was ahead of its target.

Despite the low return, the Trust's accumulated income reserve remains in positive territory, indicating a healthy balance sheet position. Its diversified portfolio is well placed to deal with the challenges posed by record low interest rates around the world and market volatility associated with uncertain global growth.

Governance

The Rotorua Energy Charitable Trust (the Trust) is a Charitable Trust established pursuant to the Energy Companies Act 1992. It is incorporated under the Charitable Trusts Act 1957 and the Charities Act 2005.

ROLE OF THE BOARD

The six Trustees of the Trust are elected by voters from within the voting district of the Trust, on a triennial basis, and are responsible for the direction and supervision of the Trust's business.

The Board has determined that its principal responsibility is to manage and enhance the assets held by the Trust and distribute income for the long-term benefit of the Rotorua district community.

The Board has formally adopted a Corporate Governance Charter.

In meeting this responsibility the Board approves the adoption of appropriate strategies and objectives and reviews the performance of the Trust against these objectives.

They also approve operating and grant budgets and review operating performance against budgeted performance.

DELEGATION OF AUTHORITY

The formulation and implementation of reporting procedures, other than those reserved specifically for the Board are delegated to management. The Board monitors that delegation as part of the formal business of the Board meetings.

CONFLICTS OF INTEREST

It is recognised that Trustees have a wide range of involvement in the Rotorua district community and as such, the potential for conflict will arise from time to time.

In order to cover this eventuality, Trustees disclose their involvement with other organisations, do not take part in discussion relating to organisations with which they have a relationship (unless the consent of fellow Trustees is obtained), and do not vote on any matter where a conflict or potential conflict exists.

INVESTMENT

Investment decisions relating to the Trust's Perpetual Capital Fund are undertaken in accordance with the Statement of Investment Policies and Objectives, which has been determined by the Trustees. With the exception of certain legacy investments, which will be exited over time, management of the Trust's investment portfolio has been undertaken by Mercer (NZ) Limited since 1 April 2015.

GRANTS

Grant requests are received and processed by management. The requests, together with management recommendations, are presented to the Board where a formal decision is made.

At the start of each financial year, the Board determines the allocation and level of grant funding to various sectors. The Board also appoints individual Trustees to act as the spokespeople for these sectors.

COMMITTEES

The Board has formally established two sub-committees to assist with the operation of the Trust.

Executive – GW Hall & JM La Grouw

This committee is responsible for:

- Monitoring the systems of corporate governance.
- Establishing and reviewing the remuneration policy for the Board, directors of subsidiary companies and staff.
- Reviewing the Trust Manager's performance and remuneration.

Audit – JM La Grouw, LG Thurston & B Lane (consultant to the committee)

This committee is responsible for:

- Identifying, assessing and managing business and organisational risk, and assisting the Board in the discharge of its financial reporting responsibilities.
- Reviewing the effectiveness of internal control systems.
- Providing a formal forum for the Board, auditors and staff.
- Agreeing with the external auditors on the nature, scope and cost of the audit.
- Ensuring the Board meets financial reporting requirements and that external reporting of information is of a high quality.

Trustees	Meetings	Attended
Hall	22	22
La Grouw	25	25
East	14	13
Kai Fong	14	13
Maxwell	14	11
Thurston	17	17

Trustees & Management Team



Trustees pictured above, from left to right:

Trevor Maxwell MNZM, Lyall Thurston QSO, JP, Jo-Anne La Grouw MNZM (Deputy Chairman), Rt. Hon. Paul East QC, CNZM, Sandra Kai Fong, Grahame Hall QSO, JP (Chairman).

Management Team pictured on the right, from left to right:

Lee-Anne Thompson (Trust Secretary/Administrator), Tony Gill (Trust Manager), Alison Perrin BA, JP (Grants Assessor).



Arts, Culture & Heritage

The Trust is passionate about celebrating and preserving Rotorua's rich history and culture.

Not only does it support concerts, competitions, theatre and development opportunities, since 2000 the Trust has been collecting a significant historical art record – known as the Heritage Collection, part of which is housed in the Rotorua Museum and which currently has a value of \$2.214 million. The collection reflects and preserves the artistic endeavour of local artists, or features the magnificent Rotorua region as a backdrop.



Credit: Rotorua Daily Post

Last year the Trust continued its ongoing support of the Rotorua Civic Arts Trust with \$70,000 to grant arts projects of up to \$5,000. It was also involved in supporting Rhapsody Rotorua (\$15,000) to host visiting performing artists from Australia who performed with local arts students, and supported the staging of the Rotorua Stage Challenge (\$6,000), the Band Rotunda Concerts (\$4,000) and the Concert for the Elderly (\$2,500).

IN FOCUS: Rotorua Stage Challenge

The Trust helps to fund this event because of the fantastic artistic and management opportunities it provides for the young people involved. Teams do everything from choosing a social-based theme and developing performance routines, to stage management and preparing props and costumes. It also helps them build skills for working as a team and for handling any conflicts and issues that may arise along the way.



Credit: Rotorua Daily Post

IN FOCUS: Big Brothers Big Sisters

This programme matches children who, for whatever reason, need an adult in their life for mentoring and friendship. The Trust helps to fund resources and volunteer expenses, so big brothers and sisters can focus on supporting young people aged between 6 and 18 for as long as needed.

Community

Ultimately the Trust's mission is to make Rotorua a better and more vibrant community where people are happy to live, work, bring up and educate their families.

It works closely with local voluntary groups and organisations every year to help make a positive difference to the wider Rotorua community.

Last year significant community grants included support for Big Brothers Big Sisters (\$15,000), Grandparents Raising Grandchildren Trust (\$10,000), Lake Okareka Fireforce Inc (\$275,000), Mokoia Community Association Inc (\$27,500) and St Chads Communication Centre Trust (\$22,000).

Education

Accessibility to quality education is one of the keys to ensuring our young people have the opportunity to succeed in life and to build resilient communities.

Since 1996 the Trust has provided scholarships of \$2,000 per year for up to four years to help young people meet some of the costs of further education.

Last year \$143,000 was granted to 20 new students from local secondary schools who, given sustained good progress, will receive this ongoing support during their studies. Additional funding was made available for students looking to continue their

studies into years two and three at the Waiariki Bay of Plenty Polytech. The Trust also provided the region's nine secondary schools with over \$135,000 to be used for co-curricular activities.

Other significant grants included Roots of Empathy Charitable Trust (\$20,000), Spirit of Excellence Education Trust (\$10,000), Storytime Foundation (\$9,000) and Te Taumata o Ngati Whakaue Iho Ake (\$10,000).



IN FOCUS: Scholarships Scholarships are awarded to local students who show a mix of intellectual ability and a sense of community. The Trust believes education is a means of improving the future for both the young people receiving the scholarships, as well as the communities they choose to eventually work in, with many recipients coming back to Rotorua and making a difference. Since 1996 the Trust has funded over 880 students to further their education.

Energy & Environment

The Trust was formed out of the sale of Rotorua Electricity Limited in 1994 and energy projects remain a focus.

The Trust continues to work with partners such as Unison and Rotorua Lakes Council to help fund the undergrounding of power cables, to assist with road safety and enhancing the aesthetics of the community.

Over the past year the Trust granted \$786,301 towards this initiative in and around the city, including the new mountain bike carpark at Waipa.

Reducing environmental impact and improving energy efficiency are also

important considerations for the Trust. Significant grants last year included contributing towards the construction of a boardwalk in Lake Okareka through the Community Association (\$50,000), building floating wetlands on the Blue Lake in partnership with the Rotorua Wake and Ski Club (\$25,000), and supporting the award-winning Project Litefoot Trust (\$10,000) which works with sports clubs to become more energy efficient and environmentally friendly.

IN FOCUS: Lake Okareka Boardwalk

The Trust contributed towards the cost of materials and equipment for this project in support of the many local volunteers and thousands of hours which went into the building of the boardwalk. This long-term legacy project opens up the lake and its environs to locals and visitors alike, and is in keeping with the Trust's focus of investing in facilities that benefits the wider community and supports the development of a vibrant community – in this case, creating an asset that highlights the region's great natural beauty.



Credit: Rotorua Daily Post

Events

Rotorua's stunning natural environment and central location make it an ideal events destination, with the Trust helping to harness that potential by supporting local organisations and ventures to produce world-class events.

Full and varied events calendars also add vibrancy and colour to the community, over and above economic impacts for the region.

The two major events supported by the Trust over the past year included the Lakeside Concert (\$150,000) and the world's biggest mountain biking festival, Crankworx Rotorua (\$100,000).

Other local events that have had support over the past year include the Rotorua Bike Festival (\$25,000), Rotorua Breast Cancer Trust's pink walk (\$5,000), the children's Weetbix Tryathlon (\$4,417) and the Tulip Festival (\$10,000).

IN FOCUS: Te Arawa Kapa Haka Regional Competition

This event is a celebration of Māori performing arts and like the Stage Challenge, involves hours of practice, choreography, making of costumes, and choice of both traditional and contemporary performance material. The Trust's involvement reflects the importance of Rotorua's identity and Māori culture, and assists with an extremely popular and well supported community event.



Crankworx
Credit: Clint Trahan



Tulip Festival



Lakeside Concert
Credit: Mark Gould



Credit: Rotorua Daily Post

Health

Rotorua has significant health challenges in the community linked to poor living conditions, with high rates of respiratory illnesses and other ailments compared to the rest of the country.

To help combat this, the Trust's major health grant over the past year included \$250,000 towards the WISE Healthy Homes programme, which provides insulation to households with low disposable incomes. This follows a similar grant in 2014/15 and also provided leverage for other funders to come on board.

Over the past two years over 800 homes have been insulated through the programme.

Other health grants last year include the Western Heights Community Association (\$25,000) to fight rheumatic fever, Halberg Disability Sport Foundation (\$15,000) to provide opportunities for disabled children to be involved in sport, Tipu Ora Charitable Trust (\$10,000) to support a wahine intervention programme and Sweet Louise (\$5,000) to assist the terminally ill.

IN FOCUS: WISE Healthy Homes

As part of a wider national programme, the Trust partners with EECA, WISE and other funders to support the installation of insulation in local houses from low socioeconomic areas. This is particularly important in Rotorua due to the cold winters and many older-style houses. Insulated homes are warmer and provide more comfortable living conditions for families, as well as reducing time spent in poor health and off work/school.



Western Heights Community Association



Halberg Disability Foundation



Credit: Rotorua Daily Post



IN FOCUS: Riding for the Disabled

The Trust's funding helped meet the construction costs of the new indoor arena in Ngongotaha. Through the efforts of volunteers and the horses, the facility provides children and adults with physical, intellectual, emotional or social issues, opportunities to help increase independence and self-esteem. Classes can be run regardless of the weather. The facility is also available for a wide range of other users.

Community Facilities

Every few years, funds permitting, the Trust invests in community facilities that fits within its objective of making a difference to residents in Rotorua and how they live.

These projects included the Rotorua Continuing Care Trust and the building of a world-leading dementia care facility in Ngongotaha (\$750,000), Rotorua District RDA for its new indoor riding centre (\$500,000) and Rotorua Community Hospice Trust towards its new building project (\$750,000).

In addition to these projects, the Trust also invested close to \$100,000 to help community groups displaced from Community House to re-establish new premises in town. These included the Citizens Advice Bureau, Rotorua Budget Advisory Service, Lifelink Samaritans, the Salvation Army and the Brain Injury Association.

Operating Costs

Since 1998 the Trust has provided funding to local organisations to help meet their operating costs and to offer a measure of certainty around processes and day-to-day activities.

Any group which has been operating for two or more years and is registered with the Charities Commission can apply.

The funds can be used towards any aspects of the organisation's core operating business, and are granted for a period of three years. Last year 109 groups were awarded a total of \$521,500 for the year.



Credit: Rotorua Daily Post

IN FOCUS: English Language Partners Rotorua

The Trust has supported this not-for-profit charity education programme since 2007. Each year over 120 migrants from Asia, Africa, South America and Europe participate in the tailored English Language Partners Rotorua programmes, including helping individuals find employment, improving their English and sharing the Kiwi way of communication. The programmes are run by tutors and volunteers who dedicate their time to group classes and in-home lessons, with the Trust's support ensuring operating costs are covered so they can continue their work in the community.



Sport and Recreation

The Trust acknowledges the significance that sport plays across the community and the benefits it delivers in a variety of ways – for example social and health benefits – and actively looks for opportunities to be involved.

IN FOCUS: Rotorua Trails Trust

In recognition of Rotorua having become a world-class mountain biking destination, the Trust contributes funding for the maintenance and development of both existing and new mountain bike tracks. The Rotorua Trails Trust relies largely on volunteer time and effort to ensure tracks are safe for all riders, both locals and the many visitors, that use them every year.

Rotorua's unique location is also promoted by sporting events, such as mountain biking and trail running, and is a significant drawcard for visitors with subsequent economic benefits.

Grants over the past year include the Rotorua Trails Trust (\$40,000) towards the upgrade of mountain bike trails in the Whakarewarewa Forest, Rotorua Lakes Swim School (\$24,000) for learn to swim programmes for young people and Rotorua Rowing Club (\$22,000) for new boats.

The Trust also assisted a local roller derby team, the Sulphur City Steam Rollers (\$3,500) and helped secure the only 'non-ocean' leg of the national Ocean swim series (see cover photos).

Sulphur City Steam Rollers



Grants approved at 31 March 2016

Adorers of the Sacred Heart of Jesus of Montmartre	25,000	Mamaku Primary School	10,000
Age Concern Rotorua Ltd	15,000	Mid Island Gym	250,000
Amazing Place Preschool	8,000	Mokoia Community Association Inc	27,500
Apumoana Marae Committee	25,000	Mountain Bike Events Ltd	100,000
Arawa Bowling Club	3,670	NZ Aria Trust	15,000
Bay of Plenty Regional Science Fair	3,000	NZ Country Music Association In - NZ Entertainer of the Year	3,000
Bay of Plenty Rugby Union Inc	25,000	NZ Cuban Festival Trust	5,000
Bay of Plenty Touch Association Inc	5,000	NZ Dairy Industry Awards Trust	2,500
Big Brothers Big Sisters Rotorua	15,000	NZ Trail Runs Ltd	10,000
BOP (Rot) Indian Association Inc	40,000	NZ Walking Association Inc	4,000
Brazilian Jiu-Jitsu Rotorua	3,000	Operating Cost Support to 109 Community Organisations for 2017	521,500
Churches Education Commission	5,000	Opus Chamber Orchestra	12,000
Citizens Advice Bureau - Rotorua	21,460	Orienteering BOP	2,500
Celiac NZ Inc	1,500	Parent to Parent	5,000
Contact (Rotorua) Trust	10,000	Performing Arts Centre	4,319
Cycling NZ	40,000	Philanthropy NZ	5,000
Dress for Success Rotorua	3,399	Philips Search & Rescue Trust	50,000
Event Venues Rotorua	20,000	Progress Ngongotaha - Kokiri Ngongotaha Inc	252,500
Events Attraction Funding - NZ Ocean Series	10,000	Project Litefoot Trust	10,000
Events Attraction Funding - NZ Secondary Schools Cross Country Champs	10,000	QE Health	725,875
Events Attraction Funding - NZ Speed Golf Championships	5,000	Quota International of Rotorua Inc	17,200
Events Attraction Funding - Rotorua Mud Festival	10,000	Reporoa College - Co-curricular Funding	5,670
Events Attraction Funding - Run the Night	5,000	Reporoa Lions Club	5,000
Events Attraction Funding - Single Speed	5,000	Reporoa Squash Club	5,000
Events Attraction Funding - Spirited Women	5,000	Resource Teachers of Learning and Behaviour	20,000
Events Attraction Funding - Weetbix Tryathlon	4,417	Rhapsody Rotorua	15,000
For Family First Heath Centre	2,000	RNZ SPCA - Rotorua	70,000
Galilee Presbyterian Church	1,300	Roots of Empathy Rotorua Charitable Trust	20,000
Get Kids Active Charitable Trust	14,000	Rotary Club of Rotorua	3,005
Geyser Community Foundation - Garden Art Festival Fundraiser	5,000	Rotary Club of Rotorua Sunrise	3,000
Geyserlands Lions - Carol by Candlelight	4,500	Rotokawa School	50,000
Glenbrae Village Residents Association	1,578	Rotorua & Districts JP Association	3,450
Grandparents Raising Grandchildren Trust NZ	10,000	Rotorua Agricultural & Pastoral Association Inc	5,000
Grow Rotorua	5,000	Rotorua Arts Village Trust	28,000
Halberg Disability Sport Foundation	15,000	Rotorua Association of Christian Ministers	1,289
Harvest Apostolic Church Trust	1,800	Rotorua Basketball Association	8,000
Inspiring Communities Trust	10,000	Rotorua Bike Festival Trust	25,000
Institute for Child Protection Studies Trust	10,000	Rotorua Bird Club	1,000
Jacob Willemsen Trust	7,000	Rotorua BMX Club Inc	500,000
John Paul College	31,450	Rotorua Boys High School	37,130
Kawaha Point School	10,000	Rotorua Breast Cancer Trust	5,000
Kennel Association (Rotorua)	2,000	Rotorua Budget Advisory Service Inc	20,000
Kimiora Community Trust	10,000	Rotorua Careers Expo Trust	12,000
Kiwanis Club of Roto Whenua	750	Rotorua Central Scout Group	1,000
Lake Okareka Community Association	50,000	Rotorua Children's Art House Trust	20,000
Lake Okareka Fire Force Incorporated	275,000	Rotorua Choir	3,000
Lake Rewehakaaitu School	10,000	Rotorua Christian Education Trust - Co-curricular Funding	540
Lakes District Health Board	771,000	Rotorua Christmas Parade Charitable Trust	5,000
Linton Park Community Trust	6,000	Rotorua Civic Arts Trust	70,000
Malfroy Primary School - School Reunion History Booklet	2,000	Rotorua Community Creche	5,200

Rotorua Community Hospice Trust Inc.	774,970	Te Arawa Pouako I Te Reo Society	9,000
Rotorua Community Youth Centre Trust	40,000	Te Arawa Waka Trustees	2,000
Rotorua Continuing Care Trust	762,500	Te Kohanga Reo O Reporoa	7,500
Rotorua District Prisoners' Aid & Rehabilitation Society Inc.	6,500	Te Kotahitanga o Te Arawa Waka Fisheries Trust	5,000
Rotorua District Riding for the Disabled Association Inc	500,000	Te Kura Kaupapa Maori O Ruamata - Co-curricular Funding	2,160
Rotorua Girls High School	17,140	Te Papa Takaro O Te Arawa Trust	5,000
Rotorua Hospital Auxiliary Inc	6,000	Te Runanga Maori Early Childhood Education	2,000
Rotorua Hospital Chaplaincy Trust	6,500	Te Taumata o Ngati Whakaue Iho Ake	10,000
Rotorua Lakes Council - Community Arts Projects	10,000	Te Waiariki Purea Trust	25,000
Rotorua Lakes Council - Concert for the Elderly	2,500	The Brain Injury Association of New Zealand Inc	18,000
Rotorua Lakes Council - National Boys Choir of Australia	2,500	The Gifted Children's Advancement Charitable Trust	25,000
Rotorua Lakes Council - Tulip Festival	10,000	The Order of St John	758,290
Rotorua Lakes High School	24,545	Tipu Ora Charitable Trust	10,000
Rotorua Lakes Swim School	24,000	Toastmasters Rotorua	1,750
Rotorua Lakeside Concert Charitable Trust	150,000	Tuahine Charitable Trust	3,000
Rotorua Land Search & Rescue Advisory Committee	17,250	Tuakiri Charitable Trust	40,000
Rotorua Lifelink Samaritans Inc	13,735	Tumahaurangi Charitable Trust	30,000
Rotorua Little Theatre Society Inc	3,500	Undergrounding Projects - Ti Street, Waipa and Malfroy Road	786,301
Rotorua Model Aircraft Club Inc	3,000	University of Auckland - LILACS Study	3,000
Rotorua Multicultural Council Inc	5,000	Waiariki Institute of Technology	15,000
Rotorua Musical Theatre - Evita	10,000	Waikato/BOP Judo Association	2,000
Rotorua Returned Services Association (Inc)	38,882	Wera Aotearoa Charitable Trust	2,000
Rotorua Rowing Club	22,000	Western Heights Community Association	40,000
Rotorua School for Young Parents - Co-curricular Funding	840	Western Heights High School	48,990
Rotorua Stockcar Club	5,000	WISE Better Homes	250,000
Rotorua Touch Association	5,000		
Rotorua Trails Trust	40,000		
Rotorua United Association Football Club Inc	6,000		
Rotorua Volunteer Fire Brigade	11,500		
Rotorua Wake & Ski Club	25,000		
Rotorua Young Achievers Awards	6,500		
Royal New Zealand Plunket Society Inc. Rotorua Branch	250,000		
Royal NZ Foundation of the Blind	25,000		
Salvation Army - Rotorua Community Family Services	5,000		
Scholarships - Outward Bound	18,326		
Scholarships - Tertiary Study Awards	143,000		
Scholarships - Tertiary Study Awards (accrued from past years)	282,000		
Scholarships - Waiariki Institute of Technology	7,500		
Spirit of Excellence Education Trust	10,000		
Sport Bay of Plenty Charitable Trust Board Inc	30,000		
St Chads Communication Centre Trust	22,000		
St Johns Presbyterian Church	15,000		
St Lukes Anglican Church	15,000		
Stage Challenge Foundation	6,000		
Storytime Foundation	9,000		
Sulphur City Steam Rollers	3,500		
Sweet Louise	5,000		
Tauranga Environment Centre Charitable Trust	1,000		
Te Ara Ki Te Reo Ki Kuirau	8,000		
Te Aratu Trust	8,000		
Te Arawa Kapa Charitable Trust	10,000		
			10,083,681

Summary Financial Statements



Audit Report



Independent auditor's report on the summary financial statements **To the beneficiaries of Rotorua Energy Charitable Trust**

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 March 2016 and the summary consolidated statements of comprehensive revenue and expenses, changes in trust funds and cash flows for the year then ended and notes, are derived from the audited financial statements of Rotorua Energy Charitable Trust and its subsidiaries ("the group") for the year ended 31 March 2016. We expressed an unmodified audit opinion on those financial statements in our report dated 23 June 2016. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the group.

This report is made solely to the beneficiaries as a body. Our audit work has been undertaken so that we might state to the trust's beneficiaries those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trust's beneficiaries as a body, for our audit work, this report or any of the opinions we have formed.

Trustees' responsibility for the financial statements

The trustees are responsible for the preparation of a summary of the audited financial statements, in accordance with IPSAS-43 *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 *Engagements to Report on Summary Financial Statements*.

Other than in our capacity as auditor we have no relationship with, or interests in, the group.

Opinion

In our opinion, the summary consolidated financial statements, derived from the audited consolidated financial statements of Rotorua Energy Charitable Trust and its subsidiaries ("the group") for the year ended 31 March 2016, are a fair summary of those financial statements, in accordance with IPSAS-43 *Summary Financial Statements*.

A handwritten signature of the KPMG firm, written in black ink.

23 June 2016
Tauranga

Summary Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 31 March 2016

		Group	
		2016	2015
		\$000	\$000
Note			
Revenue from Exchange Transactions			
Other Income		223	1,593
Investment Income		5,766	10,566
Total Income		5,989	12,159
Expenses			
Trust Activities		445	381
Investment Activities		584	598
Depreciation		41	52
Employee Remuneration		503	1,004
Directors Fees & Expenses	4	0	160
Trustee Fees & Expenses	5	144	144
Total Expenses		1,717	2,339
Operating Surplus for year		4,272	9,820
Impairment of assets		4,452	0
Surplus / (Deficit) for the year		(180)	9,820
Other comprehensive revenue and expense			
Available-for-sale reserve - net change in fair value		962	1,005
Asset revaluation		32	(343)
Other comprehensive revenue and expense for the year		994	662
Total comprehensive revenue and expense for the year		814	10,482

STATEMENT OF CHANGES IN TRUST FUNDS

For the year ended 31 March 2016

		Group	
		2016	2015
		\$000	\$000
Opening Trust funds		149,459	142,488
Total comprehensive income for the year		814	10,482
Grants approved	7	(10,084)	(3,511)
Closing Trust funds		140,189	149,459

The accompanying notes form an integral part of these summary financial statements.

Summary Financial Statements

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2016

TRUST FUNDS

Perpetual capital reserve
Revaluation reserve
Available for sale reserve
Grant reserve
Accumulated income reserve

TOTAL TRUST FUNDS

Represented by:

Current Assets

Cash and cash equivalents
Derivative financial instruments
Term Deposits
Other assets

Total current assets

Non-current assets

Assets Held for Sale
Investments
Property, plant and equipment
Artwork
Loans to community organisations
Investment in associate

Total non-current assets

TOTAL ASSETS

Current liabilities

Creditors
Employee Entitlements
Grants

Total current liabilities

TOTAL LIABILITIES

NET ASSETS

	Group	
	2016	2015
	\$000	\$000
Note		
	132,839	131,889
	301	269
	4,626	3,664
	(2,841)	243
	5,264	13,394
	140,189	149,459
	5,292	23,263
	0	104
	1,000	0
	109	367
	6,401	23,734
	0	14,140
	133,530	101,501
	592	645
	2,214	1,987
	10	92
	3,844	8,439
	140,190	126,804
	146,591	150,538
	83	149
	10	21
7	6,309	909
	6,402	1,079
	6,402	1,079
	140,189	149,459

STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

Net cash inflow/(outflow) from operating activities
Net cash inflow/(outflow) from investing activities
Net cash inflow/(outflow) from financing activities
Net (decrease)/increase in cash and cash equivalents
Cash and cash equivalents at start of year
Cash and cash equivalents at end of year

	Group	
	2016	2015
	\$000	\$000
	(4,757)	(1,201)
	(13,214)	9,080
	0	(4,000)
	(17,971)	3,879
	23,263	10,384
	5,292	23,263

The accompanying notes form an integral part of these summary financial statements.

Notes to the Summary Financial Statements

1. REPORTING ENTITY

The Rotorua Energy Charitable Trust (the “Trust”) is a charitable trust established on 3 June 1994, pursuant to the Energy Companies Act 1992 and was incorporated under the Charitable Trusts Act 1957 on 2 November 1995. The Trust and its subsidiaries were registered as charitable entities under the Charities Act 2005 on 30 June 2008.

The Rotorua Energy Charitable Trust is involved in the management of assets held in trust and the distribution of income from these assets for the long-term benefit of the Rotorua District community.

2. SUMMARY FINANCIAL STATEMENTS

These are the summary financial statements of Rotorua Energy Charitable Trust as at and for the year ended 31 March 2016 and comprise the operations of the Trust and its subsidiaries (together referred to as the “Group”). The specific disclosures included in these summary financial statements have been extracted from the full annual financial statements approved by Trustees on 23 June 2016.

These summary financial statements are presented in New Zealand dollars (\$), which is the Group’s functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars.

The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial statements of the statement of comprehensive income and expenses, changes in trust funds, statement of financial position and cash flows of the Group.

These summary financial statements are in compliance with IPSAS 43 – Summary financial statements.

An unmodified audit opinion has been received on the full financial statements for the year ended 31 March 2016. A copy of the full Group financial statements for the year ended 31 March 2016 is available on the Trust website www.rotoruatrust.org.nz or alternatively may be obtained by contacting the Trust on (07) 347 6239.

3. BASIS OF PREPARATION

(a) Statement of compliance

The full financial statements, from which this summary has been extracted from, have been prepared in accordance with the provisions of section 9(b) of the Trust Deed and

New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with the Public Benefit Entity Accounting Standards Reduced Disclosure Regime (“PBE Standards RDR”) as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted.

The Group qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it had had between \$2m and \$30m operating expenditure and is not publicly accountable.

The financial statements were approved by Trustees on 23 June 2016.

(b) Specific accounting policies

All specific accounting policies have been applied on the same bases as those used in the full financial statements of the Group.

4. DIRECTORS’ FEES

Perpetual Capital Management Limited was wound up as at 31 March 2015 and all operations ceased. Directors fees paid were as follows:

In thousands of New Zealand dollars

	2016	2015
S L Maier (Jnr)	0	60
F R S Clouston	0	40
J A Dell	0	30
M A Goldfinch	0	30
	0	160

5. TRUSTEE FEES AND EXPENSES

Trustee fees and expenses paid during the year or due and payable are as follows:

In thousands of New Zealand dollars

	2016	2015
P C East	21	21
G W Hall	39	39
S M Kai Fong	21	21
J M La Grouw	21	21
T H Maxwell	21	21
L G Thurston	21	21
	144	144

6. INVESTMENT MANAGEMENT - EMPLOYEE REMUNERATION

Key management personnel of the Group include Directors, Trustees and Senior Management.

All compensation paid to key management personnel of the Group comprised short-term benefits. No post-employment, share-based payments or other long term benefits were paid to these parties during the year (2015:nil).

As a result of the Trustees determining not to renew the investment Management Agreement with the Trust subsidiary company, Perpetual Capital Management Limited, termination benefits of \$136,522 (2015:\$102,000) were paid to personnel of that company during the year.

The Trust has a custodian agreement with Mercer (NZ) Ltd to provide custodian services in respect of the investments relating to the Trust's "Perpetual Capital Fund".

7. GRANTS

Grants approved have been accounted for on the following basis:

In thousands of New Zealand dollars

	2016	2015
Grants approved	10,084	3,511
Grants unpaid from prior year	909	1,202
	10,993	4,713
Less: Grants paid	4,684	3,804
	6,309	909
Represented by:		
Current grants		
Approved and unpaid	5,591	154
Obligations for the next financial year	522	755
Scholarships	196	0
	6,309	909

8. SUBSEQUENT EVENTS

There have been no events subsequent to period end requiring disclosure



Directory

TRUSTEES

Chairman

Grahame Hall QSO, JP

Deputy Chairman

Jo-Anne La Grouw MNZM

Rt. Hon. Paul East QC, CNZM

Sandra Kai Fong

Trevor Maxwell MNZM

Lyall Thurston QSO, JP

MANAGEMENT TEAM

Trust Manager

Tony Gill

Grants Assessor

Alison Perrin BA, JP

Trust Secretary/Administrator

Lee-Anne Thompson

ADVISORY TEAM

Accounting

BDO, Rotorua

Audit

KPMG, Tauranga

Banking

Bank of New Zealand Limited

Investment Manager

Mercer (N.Z.) Limited, Wellington

Legal

Simpson Grierson, Auckland

(Until 14 February 2016)

Holland Beckett, Rotorua

(From 15 February 2016)

OFFICE

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07 347 6239

Facsimile

07 347 6305

Email

admin@rotoruatrust.org.nz

Website

www.rotoruatrust.org.nz

Legend of the Lake

The Trust supported the New Zealand Ocean Swim Series with a \$10,000 grant to stage the inaugural *Legend of the Lake*, held in February 2016.

Attracting over 900 swimmers to Rotorua's Blue Lake, the event offered something for every swimming ability with five distance options, and saw children, teenagers, parents and grandparents take to the water.

The event also attracted some of New Zealand's elite open water swimmers including Rio 2016 Olympian, Kane Radford.




Rotoruaenergy
charitable**Trust**

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