

# ANNUAL REPORT 2015–2016

## FROM THE CHAIR

**OUR MISSION:**  
To Enhance Assets  
& Enrich Lives

**OUR VISION:**  
To make our  
community  
a better  
place to be

Central Lakes Trust  
owns 100% of Pioneer  
Energy Limited

Since its inception,  
Central Lakes Trust  
has approved total  
grants of \$77,979,358

Central Lakes Trust  
group holds Net  
Assets of \$276m

The Prime Minister’s announcement at Bannockburn on 15th May that the National Government’s 2016 budget would include in principle support for a proposal to link Central Otago’s Great Rides, was the high point of this year for the Central Lakes Trust. Our contribution to this project - \$11.15m over 5 years – is our biggest ever grant, by far, and not surprisingly took the best part of the year to work through.

The proposal is to create a 536km trail network, linking the four existing Central Otago Great Rides – the Queenstown Trail, the Otago Central Rail Trail, the Roxburgh Gorge Trail and the Clutha Gold Trail – creating one of the biggest continuous trail networks in the world, in some very special landscapes.

Central Lakes Trust is in a strong financial position and any commitment to this project is over and above our existing grants budget. We can confidently assure our community that it will not have an adverse effect on funding support for any future projects.

This past year we were also thrilled to contribute \$1 million to the new Wanaka pool, \$300,000 for insulation subsidies for households throughout our region, \$126,000 for 50 scholarships for school leavers as they begin their first year of tertiary education, \$133,000 for wilding conifer control, \$130,000 to Abbeyfield Wakatipu for aged care facilities, and \$110,000 for the Central Lakes Arts Support Scheme.

Most of our grant-making is much lower profile, but for the 80 or so organisations we supported, and the people they serve, just as important. For example, we provide about \$1 million in operational funding for more than 30 organisations, from Age Concern to The Salvation Army, helping them provide the glue that holds our communities together.

Our support for the health sector this past year included grants to the Roxburgh District Medical Services Trust, Hospice Southland, and to Dunstan Hospital for an ultrasound scanner, as well as Supporting Families in Mental Illness Central Otago, and the Wakatipu Abuse Prevention Network.

My thanks go to our skilled staff, and to the board of trustees, whose work makes all this possible. I believe the trust is in good hands, taking the best advice we can find, ensuring that the precious asset we are guardians of will continue to benefit our region far into the future.



*Malcolm Macpherson*

**Dr Malcolm Macpherson**  
Chairman



Central Lakes Trust owns 100% of Pioneer Energy Limited.

In 2015/16 Pioneer Energy Limited:

- Changed its name from Pioneer Generation Limited
- Grew and diversified its business to include hydro generation, wind generation, energy solutions and retail of electricity
- Paid a dividend of \$8.6m to Central Lakes Trust

Over \$57m of Dividends have been paid by Pioneer Energy Ltd to the Trust



## FROM THE CHIEF EXECUTIVE

After 15 years in existence, Central Lakes Trust can be justifiably proud of our achievements.

Over this period the Trust has grown its capital base considerably and its diversified portfolio continues to perform well. Over \$75m of grants have been provided to support charitable projects and services throughout the region.

An important component of our investments is Pioneer Energy Limited which is 100% owned by Central Lakes Trust. It has grown significantly in recent times which makes it a much more diversified and different organisation than previously.

The \$8.6m dividend received from Pioneer Energy during the past year represents almost half of the Trust's total income during 2015-16.

The Trust's reserving target is adjusted annually to reflect any changes to the Consumer Price Index and population numbers in the region so both current and future generations can benefit from the Trust's grants for charitable projects. The Trust is currently tracking positively against the reserving target but it is important that risk versus return is carefully managed to ensure this position is maintained into the future.

The total grants approved during 2015-16 was slightly lower than the previous year as a direct result of less applications being received for major projects. However, we are aware of several major proposed projects in the pipeline that the Trust will be asked to consider in the near future.

The range of projects and organisations supported by the Trust during the past year was wide and varied. A large number of these related to social service agencies that continue to deliver valuable programmes to residents throughout our region.

Central Lakes Trust acknowledges the need to invest in qualified expertise in proposed projects at an early stage to ensure projects are well thought through and are financially sustainable - so that they can become assets and not liabilities to the community.

Work has been undertaken in recent months to develop a strategic plan that helps guide Central Lakes Trust to positively respond to the future challenges that our communities will experience. This plan, which sets out our desired strategic direction through to 2020, is scheduled to be unveiled very soon.

Trustee elections are being held later this year and governance continuity is important to any organisation. Thought is also being given to how our governance model could be structured into the future so that all Trustees do not have to stand for re-election at the same time.

I wish to convey my appreciation to our Trustees, the Investment Subcommittee and staff for their knowledge and continued commitment to the Trust during the past year – a year in which some very encouraging progress has been made.

Paul Allison, Chief Executive



*The Trustees and Chief Executive of Central Lakes Trust*

*From left to right:  
Greg Wilkinson, Cath Gilmour,  
Tim Cadogan, Paul Allison,  
Dr Malcolm Macpherson,  
Bernice Lepper, Alex Huffadine*

## GRANTS APPROVED 2015-2016

### Arts & Culture

Alexandra District Museum	Art storage	\$27,817
Alexandra Musical Society	2015 Production	\$15,000
Central Lakes Arts Support Scheme	CLASS programme 2017-18	\$113,500
Central Lakes Arts Support Scheme	CLASS programme 2016-17	\$110,000
Central Otago District Arts Trust	Youth projects	\$15,000
Central Otago Regional Choir	Concerts 2015-16	\$5,500
Connected Media Charitable Trust	Sustainability workshops	\$4,000
Michael Hill International Violin Competition	Event expenses	\$7,000
NZ Mountain Film Festival Charitable Trust	Film festival 2015	\$5,000
NZ Mountain Film Festival Charitable Trust	Film & book festival 2016	\$5,000
Pisa Range Music Society Inc.	2016 River Range Festival	\$5,000
Southern Lakes Arts Festival Trust	2017 Festival of Colour	\$60,000
Southern Lakes Arts Festival Trust	Aspiring Conversations 2016	\$10,000
	<b>Total</b>	<b>\$382,817</b>

### Education

C O REAP 2016 Courses	2016 Courses	\$41,500
Central Otago Principals Association	Referral programme 2016	\$80,000
CLT Tertiary Scholarships	Tertiary scholarships 2016	\$126,500
Heartland Life Education Trust	Operational 2016	\$15,000
Mount Aspiring Outdoor Education Centre Trust	Building repairs	\$3,700
New Zealand International Science Festival	Workshops	\$5,000
University of Otago	Leadership courses 2016-17	\$65,000
	<b>Total</b>	<b>\$336,700</b>

### Heritage & Environment

Central Otago Wilding Conifer Control Group Inc.	Wilding conifer programme	\$133,216
Jolendale Park Charitable Trust	Irrigation & survey	\$20,000
Lauder Beautification Society Inc.	Relocation & restoration	\$50,000
QLDC - Arrowtown Goldfields Gaol	Restoration	\$43,837
Wakatipu Community Presbyterian Church	Seismic strengthening	\$10,000
Wakatipu Reforestation Trust	Native planting & signage	\$21,250
	<b>Total</b>	<b>\$278,303</b>



Central Lakes Trust Arts Support Scheme



Central Lakes Trust Tertiary Scholarships



Central Otago Wilding Conifer Control Group

## LINKING THE TRAILS

“The existing trail network in our district has had a very positive impact both in terms of recreational and economic benefits. We believe that creating a link of the kind proposed will only grow those benefits.”

*Vanessa van Uden, Mayor QLDC*

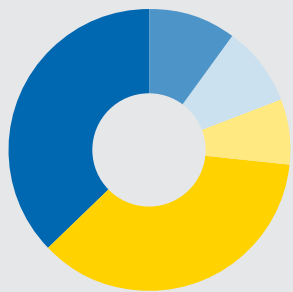
“This is indeed a significant project for Central Otago and one that I can see benefits in for generations to come.”

*Tony Lepper, Mayor CODC*

Since its inception, Central Lakes Trust has approved total grants of \$77,979,358

In 2015-16 Central Lakes Trust

- Approved 88 grants totalling \$3,726,415
- Approved a grant of \$300,000 for insulation subsidies for eligible houses in the Central Lakes Trust region



Arts & Culture	- \$382,817
Education	- \$336,700
Heritage & Environment	- \$278,303
Recreation & Sport	- \$1,351,086
Welfare & Health	- \$1,377,509



# GRANTS APPROVED 2015-2016

## Recreation & Sport

Alexandra Golf Club	Equipment	\$20,000
Cavalcade Host Town Committee	Event costs	\$2,420
Central Otago Agricultural & Pastoral Assn	2016 A & P Show	\$5,700
Central Otago Whitewater (Inc.)	Kayak equipment	\$15,000
Central Rock Climbing Club	Climbing bolts	\$2,000
Challenge Wanaka Sports Trust	Event expenses 2016	\$15,000
Clyde Bowling Club	Equipment & improvements	\$21,285
Cromwell RSA	Public address system	\$3,000
Dunstan High School	Scully boat and oars	\$20,000
NZ Rural Games Trust	2016 Expenses	\$10,000
Project Litefoot Trust	LiteClub initiative	\$30,838
QLDC- Arrowtown Pump Track	Arrowtown Pump Track	\$10,000
QLDC Wanaka Pool	Pool construction	\$1,000,000
Rotary Club of Cromwell Charitable Trust	Panels for 45th South track	\$2,000
Royal New Zealand Plunket Society Otago Area	Play area upgrade	\$7,263
Sport Otago	Swim Safe 2016	\$73,080
Sport Otago	Operational funding 2015-16	\$27,500
Wanaka Watersports Facility Trust	Consent hearing fees	\$40,000
Warbirds over Wanaka Community Trust	2016 Warbirds airshow	\$46,000
	<b>\$1,351,086</b>	

## Welfare & Health

Abbeyfield Wakatipu Inc.	Build residential suites	\$130,000
Age Concern Otago Incorporated	Operational 2015-16	\$15,000
Age Concern Southland	Operational 2015-16	\$15,000
Alexandra & Districts Youth Trust	Operational 2016-17	\$57,500
Alexandra Community Wheelchair Van Group Inc.	Replacement van	\$28,600
Alpine Community Development Trust	Operational 2016-17	\$45,000
Alzheimers Society Otago Inc.	Operational 2016-17	\$14,000
Anglican Family Care Centre	Operational 2015 16	\$15,000
Brain Injury Association Otago	Operational 2016-17	\$10,000
Cancer Society of New Zealand,		
Otago and Southland Division Inc.	Operational 2016-17	\$25,000
Catholic Social Services Central Otago	Operational 2016	\$23,000

Central Lakes Regional Youth Trust	Interim operational 2015-16	\$15,000
Central Lakes Regional Youth Trust	Operational 2015-16	\$12,500
Central Otago Budget Advice Service incorporated	Operational 2015-16	\$10,000
Central Otago Compassionate Friends (Inc)	Operational 2015 16	\$10,000
Central Otago Friendship Network	Operational 2015-16	\$8,958
Central Otago Friendship Network	Interim operational 2016-17	\$2,687
Central Otago Health Inc	Ultrasound scanner	\$63,300
Central Otago Victim Support	Operational 2015-16	\$10,000
Clyde Bowling Club	Defibrillator	\$1,644
Cromwell Community Welfare Trust	Operational 2016	\$4,000
Cromwell Youth Trust	Operational 2016-17	\$42,500
Disability Information Service	Health & Disability Expo 2016	\$2,000
Energy Options Charitable Company Limited	Insulation subsidies	\$300,000
Families First Trust	Operational 2015-16	\$50,000
Hospice Southland Charitable Trust	Vehicle	\$21,730
Kahu Youth Trust	Operational 2016-17	\$57,500
Kahu Youth Trust	Operational 2015-16	\$57,500
Mount Aspiring College	Defibrillator	\$2,063
Otago Multiple Sclerosis Society	Operational 2016	\$2,000
QLDC Events Centre Defibrillator	Defibrillator	\$1,635
Roxburgh District Medical Services Trust	Car-parking & landscaping	\$31,974
Salvation Army Alexandra	Operational 2015-16	\$30,000
Salvation Army Queenstown Community Ministries	Operational 2015-16	\$10,250
Southland Multiple Sclerosis Society	Operational 2016	\$1,000
Sport Otago	Defibrillators	\$2,739
Stroke Foundation of New Zealand	Operational funding	\$3,975
Supporting Families in Mental Illness Central Otago	Operational 2015-16	\$30,000
Teviot Valley Community Christian Trust	Operational 2016-17	\$23,000
The Parenting Place	Programme expenses 2016	\$1,500
Volunteering Otago	Operational 2016-17	\$55,000
Wakatipu Abuse Prevention Network	Operational 2015-16	\$50,000
Wakatipu Youth Trust	Operational 2016-17	\$63,750
Wanaka Search & Rescue Inc	Training & equipment	\$21,204
	<b>\$1,377,509</b>	



Central Otago Health Inc. – ultrasound scanner for Dunstan Hospital (Dr Matthew Born)



Work completed in 2016 - Cromwell Bike Park



QLDC Wanaka Pool



Wanaka Search and Rescue

# CENTRAL LAKES TRUST: SUMMARY FINANCIAL STATEMENTS 2016

Central Lakes Trust group holds net assets of \$276m

In 2015/16 Central Lakes Trust (Parent Entity):

- Achieved a 6.86% return on its investment portfolio which does not include Pioneer Energy Ltd
- Tracked positively against its reserving objectives

## Investment Subcommittee



Sir Eion Edgar  
Chair



Mark Taylor



Dr Malcolm  
Macpherson



Greg  
Wilkinson



Paul Allison

### CENTRAL LAKES TRUST GROUP SUMMARY FINANCIAL STATEMENTS

Summary Consolidated Statement of Comprehensive Revenue and Expenses  
for the year ended 31 March 2016

	Group	
	2016 \$000	2015 \$000
<b>Revenue from Exchange Transactions</b>		
Investment Revenue	13,665	16,980
Generation, Retail and Energy	79,431	64,978
Other Revenue	4,002	4,690
	<u>97,098</u>	<u>86,648</u>
<b>Less Expenses</b>		
Cost of Sales-Electricity	48,940	32,779
Depreciation & Amortisation Expense	7,524	7,593
Finance Costs	3,353	3,202
Operating Items	16,816	15,880
	<u>76,633</u>	<u>59,854</u>
<b>Net Operating Surplus</b>	<b>20,465</b>	<b>26,794</b>
Less Grants Approved	(3,726)	(4,566)
Add Grants Rescinded	92	386
	<u>16,831</u>	<u>22,614</u>
Gains/Losses on Derivatives	(2,420)	724
Share of Surplus from Joint Ventures	325	-
<b>Net Surplus (Deficit) for the year</b>	<b>14,734</b>	<b>23,338</b>
<b>Other Comprehensive Revenue or Expense</b>		
Item that may be reclassified subsequently to surplus or deficit		
Cash Flow Hedges		
Fair Value gain/(loss) on Interest Rate Swaps	(1,457)	(2,245)
Fair Value gain/(loss) on Foreign Exchange Contracts	792	(773)
<b>Total Comprehensive Revenue or Expense for the year</b>	<b>14,069</b>	<b>20,320</b>
<b>Net Surplus (Deficit) for the year attributable to:</b>		
Trust	14,792	23,564
Minority interests	(58)	(236)
	<u>14,734</u>	<u>23,328</u>
<b>Total Comprehensive Revenue and Expense for the year attributable to:</b>		
Trust	14,147	20,546
Minority interests	(58)	(226)
	<u>14,089</u>	<u>20,320</u>

  
Trustee

  
Trustee

You are welcome to contact the Trust on 0800 00 11 37 for a free copy of the full financial statements, which are also available on, and can be downloaded from the Trust's website [www.clf.net.nz](http://www.clf.net.nz)



### CENTRAL LAKES TRUST GROUP SUMMARY FINANCIAL STATEMENTS

Summary Consolidated Statement of Changes in Net Assets/Equity  
for the year ended 31 March 2016

Group	General Funds	Capital Maintenance Reserve	Population Growth Reserve	Minority interests	Hedging Reserve	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Balance at 1 April 2014</b>	161,803	67,564	10,272	-	1,232	240,871
Total Comprehensive Revenue & Expense for the year	23,364	-	-	(26)	(3,018)	20,320
Transfer from General Funds	(8,129)	241	7,888	-	-	-
Capital Contribution	-	-	-	744	-	744
<b>Balance at 31 March 2015</b>	<b>177,038</b>	<b>67,805</b>	<b>18,160</b>	<b>718</b>	<b>(1,786)</b>	<b>261,935</b>
Total Comprehensive Revenue & Expense for the year	14,792	-	-	(58)	(645)	14,089
Transfer from General Funds	(9,983)	(1,828)	11,811	-	-	-
<b>Balance at 31 March 2016</b>	<b>181,848</b>	<b>65,977</b>	<b>29,971</b>	<b>660</b>	<b>(2,431)</b>	<b>276,025</b>



## OUR TEAM



**Dr Malcolm Macpherson**  
Chairman



**Alex Huffadine**  
Deputy Chairman



**Tim Cadogan**  
Trustee



**Bernice Lepper**  
Trustee



**Cath Gilmour**  
Trustee



**Greg Wilkinson**  
Trustee



**Paul Allison**  
Chief Executive



**Susan Finlay**  
Operations Manager



**Moy Sainsbury**  
Grants Manager



**Jennifer Gillan**  
Administration Officer

## CENTRAL LAKES TRUST: SUMMARY FINANCIAL STATEMENTS 2016 cont.

### CENTRAL LAKES TRUST GROUP SUMMARY FINANCIAL STATEMENTS

#### Summary Consolidated Statement of Financial Position As at 31 March 2016

	Group	
	2016 \$000	2015 \$000
<b>Assets</b>		
Non Current:		
Investments	217,506	161,190
Investment Property	4,050	4,000
Property, Plant & Equipment	92,300	116,399
Intangibles	21,095	20,904
Current	34,621	31,336
	<u>369,572</u>	<u>333,829</u>
<b>Liabilities</b>		
Non-current	73,551	54,900
Current	19,996	16,994
	<u>93,547</u>	<u>71,894</u>
<b>Net Assets</b>	<u>276,025</u>	<u>261,935</u>
<b>Represented by:</b>		
Trust Capital & Reserves - attributable to the Trust	275,365	261,217
Trust Capital & Reserves - attributable to the Minority Interests	660	718
<b>Closing Equity</b>	<u>276,025</u>	<u>261,935</u>

#### Summary Consolidated Cash Flow Statement for the year ended 31 March 2016

	Group	
	2016 \$000	2015 \$000
<b>Opening Cash</b>	950	3,396
Net Cashflows from Operating Activities	8,725	18,678
Net Cashflows from Investing Activities	(22,611)	(18,168)
Net Cashflows from Financing Activities	18,350	(2,956)
	<u>4,464</u>	<u>(2,446)</u>
<b>Closing Cash</b>	<u>5,414</u>	<u>950</u>

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### CENTRAL LAKES TRUST GROUP SUMMARY FINANCIAL STATEMENTS

#### Notes to the Summary Consolidated Financial Statements for the year ended 31 March 2016

##### Note 1

The Central Lakes Trust is a Charitable Trust incorporated in New Zealand. The Central Lakes Trust Group consists of Central Lakes Trust and its 100% owned subsidiaries, Pioneer Generation Limited Group and Central Lakes Direct Limited.

The Summary Financial Statements are those of Central Lakes Trust Group for the year ended 31 March 2016 and were authorised for issue by the Trustees on 4 July 2016. The Summary Financial Statements are presented in thousands of New Zealand dollars (000s).

##### Statement of Compliance

The Summary Financial Statements have been prepared in compliance with PBE FRS-43 *Summary Financial Statements*.

These Summary Financial Statements have been extracted from the full audited financial statements, which received an unqualified opinion, for the year ended 31 March 2016 and were authorised for issue by the Trustees on 4 July 2016.

The Summary Financial Statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

The full financial statements comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and Not For Profit Public Benefit Entity Accounting Standards (PBE Standards (NFP)).

##### First-time adoption of PBE standards (NFP)

The full financial statements are the first set of financial statements of the Group that is presented in accordance with these standards.

##### Note 2

##### Capital Contribution – Southern Generation

Subsequent to balance date, the Group made a capital contribution of \$52.65million to Southern Generation Limited Partnership. The capital contribution was used to fund the acquisition of the Aniwhenua Hydro Scheme Asset on 29 April 2016.

##### New Bank Funding

On 29 April 2016 the Group re-financed its existing debt facility with a Syndicated Bank facility provided by BNZ and ASB. The new facility of \$116million was used to repay the existing debt facility and fund a portion of the capital contribution to Southern Generation Limited Partnership for the acquisition of the Aniwhenua Hydro Scheme Asset.

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**REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE TRUSTEES OF CENTRAL LAKES TRUST**

The accompanying summary financial statements of Central Lakes Trust and its subsidiaries (‘the Group’) on pages 1 to 4, which comprise the summary consolidated statement of financial position as at 31 March 2016, and the summary consolidated statement of comprehensive revenue and expense, summary consolidated statement of changes in net assets/equity and summary consolidated cashflow statement for the year then ended, and related notes, are derived from the audited consolidated financial statements of the Group for the year ended 31 March 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 4 July 2016.

The summary financial statements do not contain all the disclosures required for full consolidated financial statements under Public Benefit Entity Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Group.

This report is made solely to the Trustees, as a body, for the purpose of expressing an opinion on the summary financial statements for the year ended 31 March 2016. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor’s report on summary financial statements and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Trustees’ Responsibility for the Summary Financial Statements**

The Trustees are responsible on behalf of the company for the preparation of a summary of the audited consolidated financial statements, in accordance with FRS-43 (PBE): *Summary Financial Statements*.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the summary 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*.

Our firm carries out other assignments for Central Lakes Trust in the area of financial, tax and valuation services. These services have not impaired our independence as auditor of the Central Lakes Trust. The firm has no other relationship with, or interest in, Central Lakes Trust or any of its subsidiaries.

**Opinion**

In our opinion, the summary financial statements derived from the audited consolidated financial statements of Central Lakes Trust and its subsidiaries for the year ended 31 March 2016 are consistent, in all material respects, with those financial statements, in accordance with FRS-43 (PBE): *Summary Financial Statements*.

**Chartered Accountants**  
4 July 2016  
Dunedin, New Zealand



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