

**WAIRAKEI ENVIRONMENTAL MITIGATION
CHARITABLE TRUST**

FIVE YEAR BUSINESS PLAN

**Final
20 June 2005**

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1. Introduction

1.1 Trust Purpose

The Wairakei Environmental Mitigation Charitable Trust (the “Trust”) was established under a Charitable Trust deed dated 19 December 2003. The primary purpose of the Trust is:

“To facilitate the enhancement, protection of and research into:

- a) The variety of the geothermal characteristics within the volcanic plateau geothermal resource located within Environment Waikato’s regional boundary; and*
- b) The variety of geothermal characteristics within Protected Geothermal Systems” as defined in the Waikato Regional Plan and other geothermal systems within Environment Waikato’s regional boundary; and*
- c) Aquatic habitat and amenity, water quality or fishery values in the Upper Waikato River Catchment area (Lake Taupo Outlet to Ohakuri Dam).*

1.2 The Trustees

The Trustees comprise two representatives from Contact Energy Limited, two from the Department of Conservation and two from Fish and Game New Zealand. The current trustees are as follows:

| | |
|----------------|--|
| Sean Goddard | Department of Conservation (Chairperson) |
| Nick Singers | Department of Conservation |
| Colin Paton | Fish and Game New Zealand |
| Steve Smith | Fish and Game New Zealand |
| Murray Stanley | Contact Energy |
| Tina Hailstone | Contact Energy |

There is provision for an observer to be appointed by Environment Waikato.

1.3 Trust Fund

Under a Memorandum of Understanding signed between Contact Energy Limited, Department of Conservation and Fish and Game New Zealand on 14 October 2003 Contact Energy has committed the following Trust fund:

Contact will provide a total sum of \$1.0 million plus GST if any (adjusted for inflation as provided herein) to be held by a legal entity (Trust) comprised initially of all members representing the parties.

These funds will comprise:

- a) A lump sum contribution of \$500,000 plus GST if any (adjusted annually from the date that this agreement becomes effective, by*

reference to the Statistics NZ average CPI [Base: March 2003 quarter] for the preceding 12 months) on establishment of the Trust.

- b) *An additional lump sum contribution of \$500,000 plus GST if any (adjusted annually from the date that this agreement becomes effective, by reference to the Statistics NZ average CPI [Base: March 2003 quarter] for the preceding 12 months) when the resource consents for the Plant become operative.*

There is provision in the Trust Deed for the Trust to receive other funding and gifts, but any additional funding for the Trust is not anticipated at this stage and is not covered in this Business Plan.

2. Five Year Business Plan

2.1 Achievement of Trust Purposes

The Trust Deed sets out the following relating to achieving the purposes of the Trust:

To assist in achieving the purposes the Trustees shall:

- a) *Prepare and adopt a business plan (annual plan and a 5-year plan) to provide direction for the activities to be undertaken by the Trust.*
- b) *Plan, prioritise and set specific programmes of work to further the Trust's purposes (including works that will mitigate any adverse effects of Contact's operation of the Plant). In setting specific work programmes the following criteria will be taken into account:*
- *The form and degree of threat and consequent urgency in addressing the particular problem or issue having regard to biodiversity and ecological value and of recreational activities associated with angling and game birds.*
 - *Availability of relevant information and options for remedying identified adverse effects or other ecological risks and threats.*
 - *Efficacy of available options in addressing the problem or issue.*
 - *Anticipated sustainability of the benefits of the proposed work and the measurability of such benefits.*
 - *The extent to which Environment Waikato considers that the measures are appropriate having regard to the Trust's purposes and the objective of mitigating any adverse effects of Contact's operations.*
 - *The achievement of practical physical improvements to the environment.*

At the inaugural Trust Meeting held on 18 May 2004 it was noted that the criteria under b) above were not to be read in any particular priority.

2.2 Overall Objective for Allocation of the Trust Fund

The key objective set by the Trustees in this Five Year Business Plan is:

“To effectively and efficiently allocate the Trust Funds to achieve the maximum environmental benefits through projects which comply with the purpose of the Trust.

Implementation Goal

It is recognised that one way to achieve this objective is to allocate the funds within a reasonable timeframe and the Trust will have a goal of allocating the funds by 30 June 210, provided this can be achieved in a manner that is consistent with the objective.

This goal also reflects one of the Mitigation principles set out in the MOU between the parties which states:

“Mitigation projects chosen must be capable of implementation within a reasonable timeframe.

2.3 Suitable Focus for Allocation of the Trust Fund

The purpose of the Trust is set out in Clause 3.1 of the Trust Deed – refer to Section 1.1 of this Plan.

It is noted that there are at least two other significant Environmental Funding Sources with some similar aims as follows:

1. The Waikato Catchment Ecological Enhancement Trust is facilitated by Mighty River Power Limited and arose out of the Waikato River Hydro System 2001 re-consenting process. The Trust’s website outlines the following focus, and a summary is provided below:
 - *Protection and enhancement of wetlands in general –.*
 - *Riparian fencing and planting.*
 - *Maintenance or enhancement of ecological connectivity (e.g. fish passage).*
 - *More intensive and focussed control of ecologically significant plant and animal pests.*
 - *Identification of key information deficiencies or requirements.*
2. Genesis Energy also has a range of environmental funding initiatives associated with their area of activity with the Tongariro Power Development (e.g. a Blue Duck Enhancement Programme).

After considering the other potential funding sources available, and in particular any potential for overlap with others, the Trustees have determined that the focus of the Trust as set out under Clauses 3.1 of the Trust Deed (primary purpose) is geographically specific and appropriately unique in its focus.

2.4 Specific Work Programme

In order to meet the Trust purpose and the overall objective outlined above under Clause 2.2 the following specific work programme has been set:

| Task | Target Date |
|--|--|
| Prepare a “pro forma” Project Application form for funding applications (including a statement of costs and benefits). | By 30 April 2005 |
| Advertise for funding applications in Daily Newspapers, the Ministry for Environment funding website, and through a written invitation to known research and environmental based organisations. ¹ | By 30 June each year |
| Receive funding applications. | By 30 August each year (flexibility will be allowed on a case by case basis around this date if required) |
| Trust Meeting to consider funding applications and make decisions on projects to fund. | By 30 October each year |
| Trust Meeting to consider six monthly progress reports from successful project applicants and to view projects and the Treasurers Report. | Target May and October each year (with other more regular review meetings if large projects are being implemented or for other purposes) |

2.5 Evaluation Criteria

At the six monthly progress meetings the following evaluation criteria will be discussed:

1. Achievement of Trust objective
2. Progress on projects against project objectives and milestones
3. Financial management of projects

¹ Note: The Trustees will review the nature and quantum of potential projects received in the 2005 round and after this public process may review the implementation methods for allocating the Trust funds based on this review.