

President's Report 2010

Sales increased slightly in 2010 and after our spike in profitability in 2008 we have returned to normal trend results with a small but increased trading profit in 2010. With the challenges of the world wide economic crisis still with us, Portage Trust's combined community return in 2010 was a satisfactory \$4.6 million, slightly up on 2009.

The New Lynn town centre public works have had a considerable impact on our overall business in New Lynn. Both Riccochet and Bricklane have been heavily affected by the ongoing public works and in the circumstances have traded well. Black Salt has been a great success in delivering a quality bar/restaurant to aid the revitalisation of the old Merchants Quarter, but work still needs to be done to crack the magic formula for consistent patronage at every stage of the day.

Our bar in Avondale – Spiders – has been extensively remodelled with work on the off premise outlet to be done in 2010. The bar in Glen Eden is also to be remodelled in 2010 and we continue to actively explore on premise opportunities in both Titirangi and Blockhouse Bay.

It is still galling to observe the supermarkets' continuous aggressive discounting and promotion of loss leading specials in order to increase sales and consequently raise alcohol consumption. In contrast, our community owned business – The Trusts – is proud of our strict approach to under age drinking, liquor retailing and host responsibility. Indeed we are acutely aware of our responsibilities towards harm minimisation from liquor and gaming, both problematic industries.

As such we were active participants in the Law Commission's review of 1989 Sale of Liquor Act and believe the government will tighten considerably many aspects of liquor retailing in our country. With the ongoing and well publicized concerns of many local communities about the burgeoning number of liquor outlets and, in particular, their concentration in deprived neighbourhoods, we believe this review will benefit licensing trusts.

Portage elected members, through The Trust Charitable Foundation, again recommended substantial charitable donations with \$4.3 million returned to the community in the last year. The 2002 pledge of The Trusts – Portage and Waitakere – to grant over \$80 million in charitable donations over ten years is now well exceeded with \$85 million already distributed in the last eight years. This year Portage Trust returned \$3.6m of gaming profit back in charitable distribution. Although a more difficult year for The Trusts Charitable Foundation itself, its distribution also exceeded the legal requirement to return a minimum 37.12% of gaming profit for redistribution back to the community.

Our significant large project strategy continues to evolve and deliver substantial benefits to our community on projects that would not have materialized without The Trusts leadership and the financial support of the The Trusts Charitable Foundation. The Trusts Stadium and Olympic Park are now complete and Portage trustees are particularly proud that New Lynn's redeveloped Olympic Park is so popular.

Subject to available funds our next long planned project - the Lopdell House precinct development – is progressing well and has the full endorsement of both Waitakere City Council and the Auckland Transitional Authority. Auckland Council's deferment of the Avondale swimming pool has set back our plans for assisting with a significant park development in Avondale, but this has not altered the trustees' long held goal to deliver a much needed park and recreational space to Avondale residents.

Needless to say our core contribution is continued support and assistance to many small community organizations run by selfless volunteers. These are the organizations most vulnerable in this period of economic instability. Education and Community Wellbeing were again the main sectors to benefit over the last year, followed by the Sports/Recreation sector. The Heritage/Environment/Arts sector still remains a key priority for Portage Trust support but few worthy projects came our way last year.

Portage trustees are ever grateful for the professionalism and leadership of our senior staff and appreciate the fine efforts of all our employees. Our thanks also to our fellow trustees at Waitakere Trust and our outside commercial directors for work well done in a difficult year.

The Trusts are custodians of a significant community “nest egg” and our primary goals are its growth and protection. Our greatest challenge continues to be how to redesign and remodel our rather unique commercial entity (i.e. a community-owned competitive business) so that it remains modern, relevant and profitable in an ever changing and fickle hospitality industry.

A handwritten signature in black ink, appearing to read 'Ross Clow', is written over a horizontal line that extends to the left and right.

Ross Clow
President
PORTAGE TRUST