

WAITAKERE TRUST PRESIDENT'S REPORT 2009-2010

It is my pleasure to present my 7th Annual Report for the past financial year, which again has had its challenges.

COMMERCIAL:

Waitakere Licensing Trust (WLT) had another successful trading year with a turnover of \$60.79 million a modest increase of 3% over last year. However, the profit, including further property revaluation losses, was \$1.23 million (compared with \$1.75 million for 2008-9 year), which was 30% below last year. Financials comply with the revised requirements of the International Financial Reporting Standards. Although business confidence reached an all time low during the year, to produce figures comparable to those achieved during the last financial year was very pleasing.

WLT consolidated on its previous year's investments with very little capital development being carried out during the year, with the exception of the purchase and opening of a new off-premise store in Central Park Drive, Henderson – "Outlet Liquor Central" – the only new off-premise licence created in Waitakere City over the last 10 years. This proves the licensing trust model is working well when one compares it to other cities and towns in NZ. It was pleasing to see the \$12 million of investments carried out at Lincoln Green, The Hangar and The Marina over the previous two years trading to budget, and in particular 'The Hangar' which has proved to be a huge success for our younger generation.

CHARITABLE:

The gaming industry is currently experiencing a number of challenges. These arise from a shrinking number of gaming sites, increasing influence of Territorial Local Authorities, worsening public perception of gaming machines, increasing focus from Department of Internal Affairs (DIA) and uncertainty over the future of the industry as a result of changes in the political landscape.

Just as the industry was recovering from the smoking legislation introduced five years ago, it is now feeling the depressed economy. This downturn, which was signaled last year, continues to bite however it was pleasing to see WLT's charitable financial year-end results up slightly from \$4.4 million to \$4.7 million (which included a sum of \$1.3 million carried forward to the 2010-11 financial year). It should be noted that the number of gaming machines throughout NZ have reduced by 20% in the last five years and that Waitakere and Portage Licensing Trusts together control just 46% of gaming machines in Waitakere City. Waitakere City also has the lowest number of machines per capita of any area in NZ.

I am delighted to announce that during the year Trustees, through The Trusts Charitable Foundation (TTCF), donated over \$3.4 million back to West Auckland community organisations, many of which rely on this support for their survival. It was pleasing to see the new undercover Waitakere Netball complex at Te Pai Place completed which included \$1 million donated by TTCF over the previous 2 years. The major donation over the past year was \$500,000 to the Starling Park Trust to develop their new sports complex in Ranui. There was continued support for the family safety programme which over the years has included free smoke alarms, first aid kits, fire extinguishers, and torches and further commitment to the on-going distribution of baby car seats which this

year cost a further \$250,000. The balance of the donations was evenly spread over Education (\$1m), Sport & Recreation (\$700k) and Community Wellbeing (\$1m). Special thanks to The Trusts Charitable Foundation who distribute the funds on the recommendations of the Elected Members of Waitakere Licensing Trust.

We are indeed fortunate that Waitakere Trust has now put in place one of the most robust models in NZ for utilising gaming for the public good. Ordinary people, men, women, boys and girls and the groups they belong to – have shared in the good that comes from gaming machines. In the last 12 months TTCF, on behalf of the Elected Members of both Waitakere & Portage, have distributed over \$7 million to community groups from one corner of the city to the other. However if we had not been limited by available funds we could have contributed twice as much – the lists of applications that had to be declined are testament to the fact there will always be more worthy groups looking for money than can be supported.

LEGISLATION:

This year saw a review of policy on gaming machines by Waitakere City Council. The existing policy of capping the number of gaming machines was changed to a sinking lid policy which in time will reduce the number of gaming machines in Waitakere, and consequently the amount of money available for distribution. Most local authorities must recognise that without the funding from gaming machines, there would be considerable reduction in community activity. Already Government regulation has seen a substantial drop in the number of gaming machines in NZ and consequently funds that are available for distribution (as mentioned earlier). Local authorities recognise that much needed support for arts and culture, sport, education, recreation, community, health and the endless range of voluntary and community groups can only be maintained by a balanced and responsible policy towards gaming machines.

CHARITABLE MANAGEMENT:

During the year we saw the demise of TTCF West Auckland, a company set up to regionally assist TTCF in making informed decisions on behalf of the Elected Members of both Waitakere and Portage Trusts. This company existed for two years before the DIA classified the expenses as excessive and unnecessary. The Gambling Act states that societies must *maximise* their returns to the community and *minimise* their costs and ensure expenditure is '*actual, reasonable and necessary*'. Unfortunately three very loyal staff from the West Auckland office (Ian Caulfield, General Manager, and the 2 donation officers Paula Hodgkinson and Maree Field) could no longer be employed and the local office was closed, with the intellectual knowledge held by these three people being lost to the organisation and the community. This caused a further strain on Elected Members to continue the secretarial work and ensure that the policies and procedures carried out by the West Auckland office continued to be met. I must sincerely thank my Trustees for stepping up to continue the high standard expected by the community and to make informed recommendations to TTCF.

The boundaries which WLT and PLT work within has a population of over 220,000 people (fourth largest in New Zealand) and without that intellectual knowledge, informed decisions have become more difficult. Many thanks to Ian, Paula, and Maree for all the work they undertook whilst employed by TTCF West Auckland and, along with my Trustees, I wish them all the best for the future.

SUMMARY:

The NZ regulatory environment continues to be a major concern to the industry and very challenging for TTCF, but we are committed to continuing productive dialogue with our regulators and stakeholders, supporting our investment in our host responsibility initiatives, whilst continuing to acknowledge our obligations to our customers and our community.

Finally I must thank my fellow trustees for their ongoing support, especially my deputy Assid Corban who continues to represent me on many occasions. The management and staff have again been outstanding after an exceedingly challenging year, and I would especially like to thank our CEO Murray Spearman for his vision, leadership and guidance throughout the year, and the wonderful loyal team he has working with him. Also my thanks must go to The Trusts Charitable Foundation for their devoted work under what are at times very trying regulatory conditions. Along with my trustees I must also acknowledge Ross Clow, president of Portage Licensing Trust and his trustees for their joint commitment to West Auckland Trust Services (WATS), and to Brian Corban, chairman of WATS and his commercial board for their governance.

In October we have the Triennial elections for trustees and I would like to take this opportunity of wishing the elected members of both trusts all the very best in their endeavours for re-election.

Again Waitakere Licensing Trust is in great shape going into the next financial year and I look forward to working with our community to deliver a further pleasing result in 2010-11 which as outlined earlier will be another very challenging year.



Warren W Flaunty. Q.S.M.,J.P.
PRESIDENT
WAITAKERE LICENSING TRUST