

WIRI TRUST

WIRI LICENSING TRUST

Chair Report - July 2010

Greetings everyone

Since our last annual general meeting, the year has been very busy and challenging for the Trust. The purpose of our annual general meeting is to present back to the Manurewa community:

- a report of the Trust's operations for year ending 31 March 2010
- some information about the sponsorships and grants to the community
- the future plans and work the Trust needs to undertake moving forward

This report is sectioned into parts and simplified in some areas so that it is more readily understood. The sections are:

- the properties
- the businesses including the bars and gaming
- the sponsorships and grants
- highlights of the year
- future of the Trust

Properties

The properties at Ronwood Ave are essentially the Wiri Licensing Trust asset base. A valuation was done again and was written down showing a loss of \$1,100,000.00 (1.100k). The Trust will have to weather this just because it is a reflection of the commercial market valuations in Manukau. The valuation of the property in Roscommon Road however, gained by \$100,000.00 (100k). We made a small profit in our bar businesses. The leases on our properties run to 2012 and 2016 and I will talk about the development of the Ronwood Avenue site later. The income from the leases at Ronwood Avenue is what the Trust uses to pay back its mortgages and to run its operations. There is a portion we can use for sponsorship and funding.

The Bars

We run two businesses, Our Local in Roscommon Road and Central Bar and Café at Southmall. The trustees believe that both sites are optimally located for our current trading environment. It is fair to say that bar businesses, in general, are flat around the country. There continues to be little or no growth in terms of increased turnover or higher profits. Costs have been pulled back considerably, which continues to be challenging. Had we not done so, our bars would have run at previous years' loss levels, and that was intolerable. There are fewer drinking customers in the bars and even though we continue with a Friday night band as entertainment for our customers, the bar patronage is still quiet. We keep assessing this as a cost/benefit factor.

The trustees know that within the hospitality and alcohol industries there are impacts from the recession affecting all New Zealanders and businesses. It is a tough trading environment. At the annual licensing trust conference which some of our trustees attended in Ashburton, they heard Bruce Robertson, chief executive officer of Hospitality Association of New Zealand say that entertainment is running at 60% of usual capacities. Bars and restaurants are at 40% and he described this as the new New Zealand habit. Overall he said that the blue collar areas have been more affected by the recession, than the liquor outlets or bars in affluent or popular areas in the cities. The labour costs of statutory holidays are taking a toll as are product and service price increases. Like others we predict that our sector too will be affected by higher costs that come from the emissions tax rates. The increase in GST to 15% will detrimentally impact on our business from October 2010.

Gaming

The gaming rooms in our bars are busy regularly. It was financially advantageous to our business in the past six months when one of the other local operators closed down and all of those punters came to our premises. The Wiri Licensing Trust receives a weekly rental from the gaming foundations for the use of our premises. Other than that the Trust does not receive any other income from gaming.

Hours and Staff

After Our Local was closed for a week in August 2008, the Trust made a decision to close its bars earlier. This was in the face of the trouble from patrons in the early hours of the morning. The Trust also reduced the numbers of security staff that the Trust had to employ. We have implemented that at both our bars and the latest our bars close is 1.00am on Fridays or Saturdays or if there is a special event. The Trust is seen to be responsible and our bars always have two qualified staff in attendance. This raises our labour costs. But we consider that it is better for our staff to be safe in our premises which is achieved with two in attendance. Other bars only have one staff member in attendance. While we have lost a number of staff the Trust is well satisfied with the staff who work for us now. New rosters have proven effective in managing costs more effectively and training has been more regular, consistent and attended. Better processes have been installed and these are improving our decision making and the quality of those decisions.

Sponsorships and Grants

This financial year, Wiri Licensing Trust gave out almost \$200,000.00 (200k) in sponsorships and grants from its own funding. It recommended a further \$1, 600,000.00 (1.600k) funding to the Manurewa community from the gaming foundations who use our premises. These are shown on the banner.

Now I want to clarify the three pools of funding and the groups who received funding. As mentioned last year, the community needed funding for some "big ticket item" projects. The Trust was approached and it worked with those groups. Those projects included:

- The Mountford Park multisport complex. The Trust funded their legal costs to assist the establishment and incorporation of the Facilities Community Trust that will run the complex.
- There was the renovation of the Manurewa Netball Centre.
- There was the John Walker Field of Dreams Programme
- Our biggest amount in terms of a project was the 'Breast Screening Digital Scanner' which was funded from several other streams of funding. We brokered those relationships to do that
- Last month we recommended funding for the 'Prostrate Digital Ultrasound Scanner' for men and that will be completed very soon.
- We worked with other gaming foundations for the new Te Oranga Clinic at Manurewa Marae
- and a Kohanga Reo building funding project
- We funded many schools with whiteboards into classrooms

Now, it is important that when making applications for funding; that applicants read and fill out the forms correctly. When they do that and read the forms - they will see quite clearly whether or not the project fits the funding criteria and why the trustees can or cannot recommend or approve it. There are other criteria like - not funding retrospective applications, late applications, churches although we have funded churches in terms of building assistance and also community programmes within the churches.

When you see the names of the groups on the banner here - it is best to ask what the funding was for because it may not be obvious e.g:

- St Johns, Manukau was for six defibrillators
- Angels in Action was for funding to pay for Telstra Clear rental of the room for a fundraising breakfast
- Manurewa Principals Association was to fund the use of Telstra stadium for Primary schools

There are no problems with funding those community events. However other events fall between the gaps of the main funding criteria and may also fall outside our own sponsorship and grants policy. Another example of where we have had to be flexible is funding the main sporting codes. By the agreement between the code and the Trust, we ask that the sporting club purchase their liquor requirements from us. Then we find that Manurewa Netball does not have a bar. The clubs do their best to honour their agreements. But we have noticed that from year to year some clubs do not put in an order or purchase liquor it seems at all. We note that for them, the amounts we are sponsoring are higher than the liquor amounts purchased by them.

We also advise the community that the Wiri Licensing Trustees can by law only make a recommendation to the gaming foundation to support an application - we must not pre promise or promise funding and we certainly can never guarantee that any group will get funding. One of the reasons for that is that the application goes back through to the gaming foundation trustees and they make the final decision.

Another point that the community should know is that funding from gaming can go stale, i.e. it has to be granted within three to five months. If not then it is a case of use it or lose it. So when the big projects do not have their plans ready or their applications ready and we have held over funding for them, it becomes a difficult situation for us and for our gaming foundation trustees to approve. Inevitably that funding will go to other groups. The funding has to be used. Quite a lot of my time has been spent this year in talking with groups and the community about these matters.

With gaming profits we need to say that gaming profits are diminishing. The analysis of the past five years is that it has gone down in New Zealand by \$100 million dollars - an average of \$20 million per year. Therefore the large funding we have been able to grant this year may not ever happen again in the future. There are many in the community who will say that that is a good thing - that gaming profits are going down. That being so, we concede our growing inability to fund community projects in the manner and amounts previously.

Highlights

One of the key highlights for the Wiri Licensing Trust and trustees this year was the Wiri Licensing Trust Inaugural Wiri Licensing Trust Sports Awards dinner which the trust sponsored. It was held to honour the local Manurewa sports personnel, administrators, coaches and players. It was a very successful event. Sir John Walker presented the Supreme award which went to a young local rugby player, Lelia Masaga. Two hundred people attended with many local civic dignitaries as well as sporting celebrities. There is no doubt that volunteers at all levels are the lifeblood of operating sports clubs in Manurewa. This was a fabulous opportunity to recognise them.

The future

The Ronwood Avenue site is the most important project for the trustees in this next year. The land and building developments and decisions regarding both will be significant. Currently, it is not a growing economic climate for commercial landlords and it is not an environment to develop properties because of financial risks and low returns.

Elections for the Trust this year

We go to an election in October 2010. The Trust needs trustees who can bring a skill base of knowledge together with the partners and advisors who will need to be engaged to take this project forward and to start the building programme when the leases expire in June 2012. It will be helpful to the trust and the community if the trustees that are elected have experience and competence in business, alcohol, gaming and especially property. Most of the current trustees are standing again.

We wish everyone a good year and look forward to seeing you next year.

Thank you and I table this report.

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Waina Emery
President / Chairman