

## Chairman's Report

After taking over the Chairmanship from David Montgomerie in October 2017, I am privileged to be providing my first report on behalf of the Trustees.

The financial year that ended for the Trust on 31 March 2018 has again been a pleasing one. The Trust has maintained an average rate of return on assets above 7% and has continued to build equity, while complying with its stated purposes and giving \$293,000 back to the Greytown community.

### Property

In line with our property strategy and on the back of a continued buoyant market, Trustees took the opportunity to sell one of the vacant sites in our Arbor Place industrial development. Also, we converted one of our Greytown retail properties to office accommodation to meet market demand. This gave the added benefit to the Trust of improving the mix of commercial property types and therefore diversifying our risk.

Further sales are planned this year as part of the process of releasing funds to modernise the property portfolio.

### Community dividend

We have continued to award substantial grants across the range of purposes set out in the Trust's Act.

We distributed \$104,000 in education funding, the principal recipients being Kuranui College, who received \$36,000, and Greytown School, who received \$28,000. A further \$29,000 was paid out to individuals in tertiary education.

Under our new education funding strategy which commenced in April this year the two schools will continue to receive similar levels of funding and for the first time we will also earmark funding for early childhood education provision. The funding made available for tertiary education will however be reduced, so overall education funding will remain about the same in future.

The wider Greytown community benefitted to the tune of \$66,000. The most significant grant by far was \$30,000 to Cobblestones Museum, the bulk of the remaining funding being spread across a number of deserving organisations who do good work in the local community.

Funding in support of sports and recreation activity, totalling \$123,000, accounted for the lion's share of the community dividend. The most significant individual contributions were \$43,000 to the Greytown Rugby Football Club, \$25,000 to the Greytown Bowls Club and \$52,000 to the Greytown Sport & Leisure Society in the form of a subsidy towards the salary cost of its Executive Officer and bulk funding for its member clubs.

### Sports facilities

The Trust continues to work with key partners to help improve sports facilities provision. Together with Kuranui College and Greytown Sport & Leisure Society, Trustees recently made a joint submission to both South Wairarapa and Carterton District Councils' Long Term Plans regarding the need for a multi-use community sports facility.

The submission called for the Councils to contribute funding towards a feasibility study to investigate the development of a shared use sports facility on Kuranui College's grounds. We were delighted to get

confirmation in June 2018 that SWDC have set aside \$25,000 for this purpose but are awaiting word from CDC on their potential involvement.

### **Future direction**

A number of new residential subdivisions will be coming on stream in Greytown in the near future. With the recent announcement that a large retirement development is also being planned in the town, it is anticipated the local population will increase significantly in the coming years. While growth may be good for the town, the greater the expanded community's demand for education, sports and community services provision, the more the Trust's dividend funds will come under pressure.

Against this background Trustees will be faced with having to spend money on maintaining and growing the Trust's property asset base to ensure future generations can continue to benefit from the revenue it raises, while at the same time trying to minimise the impact this will have on the level of annual dividend we have been fortunate to be able to distribute in recent times. This will be no easy task. The reality is the community will probably have to come to terms with the Trust paying out a lower dividend in the short term in order to secure the long term benefits arising from development of a modern and expanded property portfolio.

In this regard the review we are currently undertaking of our sports and community funding strategies has proved to be very timely and its outcome will help inform our allocation priorities going forward. Even at these early stages in the process Trustees realise funding priorities will have to change. We are committed to engaging with community stakeholders prior to instigating any resulting changes.

### **Governance**

Trustees work under a governance framework which ensures timely review by the Board of actions and/or decisions requiring to be confirmed and enables management performance to be monitored.

Despite major maintenance and capital improvement expenditure on a number of our larger properties I believe Trustees have done well to keep overall costs down, while also facilitating repayment of debt.

Compliance with legislative requirements has proved particularly onerous with portfolio wide checks again required last year under the Health and Safety at Work (Asbestos) Regulations 2016. Such compliance costs are here to stay, which Trustees have recognised with the inclusion of a dedicated Health & Safety expenditure line item in the Trust's annual budget.

### **Management**

Finally, I would like to take this opportunity to thank the Trust's management team - Kevin Murphy and Helga Perry. Kevin and Helga continue to provide excellent management of the business and we are proud to have them as the key interface between the Trust, our tenants and our community. I also acknowledge the value that Daniel Murphy from Rightway Accounting and Gary Dowse from Blackmore Group add to our team.

The Trustees look forward to the year to come and to reporting on another successful year at the 2019 AGM.

Sid Kempton

Chairman, Board of Trustees, Greytown Trust Lands Trust

August 2018