

## Chairman's Report

This is my second annual report as Chairman. In the year since my first report the Board of Trustees has been involved in some major decisions and initiated a number of planning changes aimed at securing the long term financial future of the Trust. The impact of these significant decisions and changes for the future direction of the Trust is set out later in this report.

The financial year that ended for the Trust on 31 March 2019 has nevertheless been a pleasing one. The Trust has maintained an average rate of return on assets above 7%, repaid all outstanding debt, and has continued to build equity through property revaluations, while complying with its stated purposes in giving \$290,000, 47% of its annual operating surplus, back to the Greytown community.

### Property

As anticipated in my report last year, and on the back of a still buoyant local commercial property market driven in part by low interest rates, the Trust has this year negotiated agreements for the sale of further vacant land as part of a planned process of accumulating funds to assist in the modernisation of the Trust's property portfolio. The land concerned represents the last of the vacant lots in our Arbor Place subdivision which, once they have been developed, will finally see it reaching full occupancy.

Moving forward, Trustees now face the task of developing an implementation programme that will guide the approach the Trust will follow when deciding which properties should be replaced, refurbished or upgraded.

### Community dividend

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

We distributed \$98,000 in education funding, the principal recipients being Kuranui College, who received \$34,000, and Greytown School, who received \$32,000. In line with our new education funding strategy, which continues to give financial support for education a high priority, a further \$23,000 was paid out to early childhood education providers.

The wider Greytown community benefitted to the tune of \$64,000. The most significant grant by far was \$35,000 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 \$140,000, 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.

During the year Trustees consulted on two new strategies which represent a realignment of Trust funding priorities. The first covers sports and active recreation, the second deals with funding for social, cultural and environmental activities in the community. Adoption of these strategies has resulted in a restructuring of the categories of grants that are available and in some cases means applications that were previously accepted will no longer be considered because they no longer carry priority.

### Sports facilities

The Trust has continued to work to try to bring about improvement in local sports facilities provision. Some progress has been made over the past 12 months but the initiative has now reached a critical juncture, requiring funding decisions to be made by key project partners. At the time of writing my report there remains uncertainty as to whether the project will proceed.

## Future direction

The Trust called a special general meeting in April this year to communicate the outcome of the Trustees' deliberations leading to the adoption by the Board of a 2019/20 annual plan budget that reflects some significant planning changes from previous years. There was a very large turnout from the community wanting to hear what the Trust had to say and it was extremely encouraging to experience such a high level of engagement from all concerned around the difficult topic of the Trust's financial future.

The Trust has been sending the message to the community for a while now that the time would be coming when Trustees would be faced with having to spend money on maintaining and growing the Trust's ageing property asset base to ensure future generations can continue to benefit from the revenue it raises, and this would inevitably have an adverse impact on the level of annual dividend the Trust has been fortunate enough to have been able to distribute in recent times. It fell to me to explain why the current Board believes that time has now come and why, in order to secure the long term benefits arising from development of a modern and hopefully expanded property portfolio, the community will have to come to terms with the Trust paying out a lower dividend from 2019/20 onwards.

It was reassuring for me and other Trustees that the majority of views expressed at the meeting were not only supportive of what the Trust has done for the community over many years but also acknowledged the financial position in which the Trust finds itself and were understanding of the difficult decisions the Board has had to make and will continue to make to ensure the Trust remains viable for another 150 years.

## Governance

Trustees continue to 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. Adherence to this framework and a focus on sound financial management explains why Trustees have been able to keep overall costs lower this year than last year and be in a position to repay the Trust's outstanding loan debt.

Compliance with legislative requirements remains an onerous task and the associated costs continue to be a burden. However, Trustees continue to be committed to operating sound risk management and monitoring systems and are constantly looking to make improvements to processes where these are warranted on risk grounds.

## 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 2020 AGM.

Sid Kempton

Chairman, Board of Trustees, Greytown Trust Lands Trust

July 2019