



PORTAGE LICENSING TRUST

President's Report 2017

For several years I have congratulated our CEO, Simon Wickham, the executive team and the commercial Board for their clear vision and their logical and intelligently prioritised step by step process of reforming our business.

The goals were set and the organisation has gone straight for them. One could almost describe it as ruthless; but I mean that in the best possible way. There is absolutely nothing to be gained from approaching any business with “rose-coloured spectacles”. The more ruthlessly we seek the truth, the better chances we have of creating sustainable success.

And the results speak for themselves. Last year I referred to a goal of increasing the “Giving Back” that we had been doing as group, from less than \$200,000 in 2012 to more than one million dollars in 2017.

The Million Dollar Mission has become “mission accomplished” and has already resulted in plans for Million Dollar Mission 2. Everyone involved deserves our sincerest thanks and congratulations.

It has been an astonishing achievement in its own right, but the dazzling glow of “Giving Back” a million dollars disguises the fact that it was a million dollars *extra*; we have also still given the \$200,000 or so to the many events, organisations and endeavours that we have historically supported. The Portage Ceramic Awards comes readily to mind as an example within the Portage area; the Trusts Arena is an example that brings benefit across our whole community. There are many more.

Both the Portage Trust and the Waitakere Trust share in the social capital that “Giving Back” generates, especially when it is on this very meaningful scale. Nothing could be more valuable to us. Social capital is the most important asset we have. Without it, the public would undoubtedly cease to see any reason to keep The Trusts; but when people can see and share in all the betterment that we are able to help generate, they understand how much poorer West Auckland would be without us. Therefore, we must always strive to build that social capital.

As has been said elsewhere, The Million Dollar Mission has already been transformational beyond our organisation, in both the recipients and in West Auckland generally. It has provided a new way of generating money, awareness and community support for community organisations that are dedicated to the good of the community. The word community appears frequently in that sentence and does so deliberately; to emphasise that adding capacity to our community is what we're all about.

West Auckland, historically, has a record of achieving outstanding community goals and objectives that were delivered by partnerships between the people, the council and organisations such as The Trusts. This is a living example of the power of giving a hand up (rather than a hand out).

These partnerships, which both Trusts are proud of and committed to being part of, have produced astonishing results. These are results that will increase as The Trusts grow in their ability to “Give Back” and help to turn more dreams into reality. It is inspiring, rewarding and fulfilling to be part of giving people the opportunity to hope, to grow, to live in dignity or safety, to improve their health, to achieve in education, the arts and in sports.

It is important to acknowledge that this has not been conjured out of thin air. Our business operation is exceptionally competent and sustainable. It is detail and statistics driven so that we know exactly where we have to go next; it is reported in such a way that we know exactly what we have achieved and where we stand as a result. The approach we get from the executive and commercial Board is clear and hard-headed. We know what didn't work, what our weaknesses are and the opportunities they give us to convert weakness to strength. These attributes form the solid foundation from which we can plan and resource a sustainable future.

The business results of the Portage Trust in 2017 have been mixed: sales were up by 3.2% which is good, but for a variety of acceptable reasons, gross profit was marginally down on last year. I see no need for concern and regard the overall picture as good and promising of a stronger more profitable future. We'll have to work for it, but that is exactly what we're already doing anyway.

Some of this year's decline was accounted for by our decisions to prune away some operations to encourage growth in new directions. New, quality competition in hospitality was also a factor but the very fact of competition of this nature is welcome. It is independent confirmation that the market we have identified for ourselves is also attractive to others. Choice broadens the market and competition “sharpens our act”. We have no doubt that we're in the right space with our preferred positioning and product.

There were some outside influences that were perhaps best described as “acts of God”; notably the floods that swept through New Lynn earlier this year and closed Great North Road. The knock-on effect for Black Salt and Bricklane as traffic avoided the town centre wasn't welcome but we understand that it is likely to result in better infrastructure to serve the town centre, and therefore our businesses, in the future.

The expansion in investment via Trust Investments Management Ltd is exciting and is already showing very sound progress for the business as a whole and for the individual Trusts, with Portage benefiting to the tune of \$687,000. The strategic aim for a portfolio valued at \$100M will stand us in very good stead in the coming years.

Once again, I congratulate both Simon and the Board for the continued attention to doing what we do, better. A constant striving for improvement is the sign of a vibrant business. The redesign of the management structure to reflect the business we have now, shows we're agile. The three-year cycle of the Strategic Overview and related goals definitely point us in the right direction and give us the appropriate metrics with which to measure progress accurately and without fear.

Passing mention must also be made of our continued attention to the role gaming plays in our business. We can continue to be proud of our requirement on TTCF to manage its operations responsibly with a view to eliminating problem gambling to the greatest extent possible while continuing to generate profits to benefit the wider community. The increasing prevalence of crime associated with certain gaming venues (not just ours), however, has prompted us to engage with the DIA on new ways to deter crime. That remains a work in progress but we will continue to press for enhanced safety measures as part of our overall approach to this complex business.

I want to thank the Elected Members of the Portage Trust for their work and their continued support over the last year; this is vital to our continued success. Equally we thank our counterparts at the Waitakere Trust; ours is a joint venture where the sum is greater than the individual parts. Suffice it to say that together, with an excellent team and commercial Board, we remain a force for good in West Auckland and, I believe, the envy of many other regions.

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

Ross Clow
President
17 July 2017