

A Turbulent Decade

Recollections and a History of the
Masterton Licensing Trust and Trust House



1997 - 2007



TRUST HOUSE
COMMUNITY ENTERPRISE

RETURNING SUPPORT TO THE COMMUNITY

www.trusthouse.co.nz

To record some sort of history
is a deep instinct and our way
of trying to place a value on the past.



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MASTERTON LICENSING TRUST and TRUST HOUSE

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CONTENTS

FOREWARD – By Brian Bourke	4
INTRODUCTION – By Bernard Teahan	6
CHAPTER 1 – GOVERNANCE AND STRUCTURE	9
CHAPTER 2 – TARARUA FOUNDATION	17
CHAPTER 3 – THE HOUSING ESTATE	26
CHAPTER 4 – NEW BUSINESSES	31
CHAPTER 5 – THE ENDURING BUSINESSES	37
CHAPTER 6 – GAMING	40
CHAPTER 7 – FLAXMERE AND RIMUTAKA LICENSING TRUSTS	44
CHAPTER 8 – TRUST PEOPLE	52
CHAPTER 9 – A CHAIRMAN REMEMBERS – By Brian Bourke	63
CHAPTER 10 – COMMUNITY SUPPORT – By Noel Preston	76
CHAPTER 11 – A THIRTY FIVE YEAR REFLECTION – By Rick Long	89
TRUSTEES AND DIRECTORS – OVER THE YEARS	101

The casualness with which everyday events pick up and propel ordinary people to places they and others never dreamed about is known as history. Each generation has a responsibility to document and record the events they think have shaped their lives.

This book is our attempt to do that.

When I arrived in Masterton in 1964 one of the things that struck me was the pride the older people of the town had in the town. They were the people that had voted to bring Trust control to Masterton in 1947 and they were justifiably proud with what the Trust had achieved. Their memories of course went back to the alcohol excesses of the earlier part of the century. The Licensing Trust had done its part in changing the drinking patterns. Masterton is a very different town in 2007 but people of my age still have that town pride, and personally I have pride in the achievements of the Licensing Trust of which I have been part since 1974.

To serve on any local body is a good thing to do. But some are literally more fun than others and the Licensing Trust has been great fun for me. It has grown to be one of the biggest businesses in Masterton and has been constantly changing. It was charged originally with the task of selling alcohol with care: that the well being of the community should be paramount. I believe that has been achieved.

But it has done much more. Although there are very good privately owned eating and drinking establishments in Masterton, much of what you see today was originally started by the Licensing Trust. For example, enticing Mastertonians to eat and drink away from home was a major change bought about by enabling legislation and the initiative of the Licensing Trust.

This book and the recollections are just that – recollections. Hopefully the dynamic happenings of the 1990s and early 2000s have been captured in a readable form. That was the period that saw the Trust become one of the largest employers in Masterton. The asset base grew to over \$100m and the annual charitable distribution exceeded \$3m. That was also the time of the painful break up with the Wellington Trusts. All these features have kept the minds of Trustees focused. It truly has been fun and a privilege to be part of it.

To record some sort of history is a deep instinct and our way of trying to place a value on the past.

What has been written is our best memory. We hope you, the reader, will enjoy.



Brian Bourke

President, Masterton Licensing Trust
Chairman, Trust House Limited

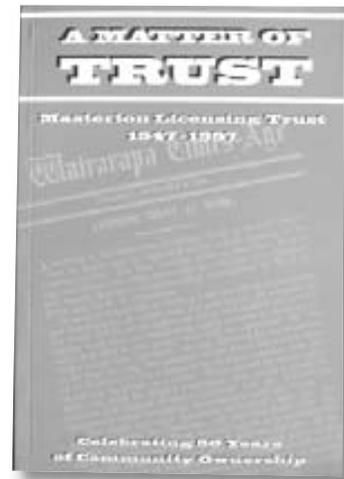


Coming back to the Chief Executive's position after a 5 year break, one of the projects I was determined to complete was a publication recording and commemorating the last 10 years of the Trust's history.

In 1997 we had produced *A Matter of Trust* which celebrated 50 years of existence from 1947 to 1997. When we researched that, I was regularly reminded of the gaps we had allowed by not recording, either orally or through the written word, the recollections of some very key people of that period – people like General Manager Beau Beaumont (1956-1968), Chairmen Jack Mackley (1959-1968) and Bert Curry (1968-1974) who were there at the time of important events in the Trust's history. Thus we lost not only their versions of events but importantly **their** feelings, opinions and concerns. I was determined we would not make the same mistake again.

There were two other factors that drove this project. I have a belief that those in authority have a responsibility to record history so that others may be able to access that information and make their own judgements on its value. The second was the immensity of the change that had occurred during the decade – change so far reaching and so rapid that it was easy to contrive a name for the publication, *A Turbulent Decade*.

What follows is not simply a list of events. It is written by four key people who were deeply involved in making things happen. Their views and recollections have the possibility of being faulty at times for who can remember exactly what occurred looking back. Documents can help achieve accuracy but there is, of course, much more to the event than is recorded. What was felt at the time, and why the decision was made, is often of much more relevance.





Deliberately, there is duplication of recollection. The same events are recorded from four different perspectives thus serving to emphasise how varied and rich history can be.

It has been a decade of far reaching change that has frequently been exciting and invigorating; a decade that has seen the Trust close to doubling the number of its businesses, distribute over \$20 million in community support donations, and grow the true value of its assets six-fold to over \$100 million.

You, the reader, and history, will ultimately judge the value of these achievements. But this writer, is more than a little gratified. The base achieved is surely a springboard to add to the quality of our communities' well-being in the future.

A handwritten signature in black ink, appearing to read 'Bernard Teahan', with a horizontal line extending from the end of the signature.

Bernard Teahan
Chief Executive
Trust House Ltd

Note: the titles "Trust" and "Trust House" have been used synonymously throughout this text. "Trust" usually refers to the Masterton Licensing Trust and "Trust House" to Trust House Limited. The Masterton Licensing Trust established Trust House Limited as its business operating arm, and with the Tararua Foundation and Masterton Licensing (Charitable) Trust (which it also established), owns 97% of the Company.



GOVERNANCE AND STRUCTURE

THE TRUST HOUSE DECADE

The 1980s told the business world in New Zealand that life was never going to be the same again. Gone were import licences, protected markets and liquor licences that gave exclusivity to certain areas¹. In vogue was privatisation, open markets and, at times, an almost total belief that private enterprise was the only possible way to run a business. The latter part of the 21st century saw many Government owned enterprises sold off to private interests so as to be able to better compete, indeed survive, in this new world of risk and turbulence, fuelled and driven by technological changes that were little short of breathtaking, and frequently to older citizen, unbelievable.

Undoubtedly these were turbulent times, and at times the pace of change was uncomfortable, and created uncertainty. Consider, for example, the dilemmas created by the "privileged" position the Trust had inherited from its establishment in 1947.

Then the concept was that the only operator licenced to sell liquor in the Masterton area (an area largely comprised of the Masterton County and Masterton Borough environs) would be the Trust². To change from this to an open competitive environment – over the years, there had been much slippage to the 1980/1990s environment of partial open competition where licensed restaurants and clubs co-existed with the Trust – was a big step. While it was up to the voters to decide, inevitably a position had to be taken by the Trust. Should it advocate the "brave new world" or should it remind its community that an open competitive environment would inevitably mean that liquor would be traded like any other commodity: competitively, where there would be much more emphasis on sales generation and profit survival. The "boom and bust" cycle inherent in private enterprise would also create unease and impact on the Trust in reduced volumes, less profits, reduced community equity, and less available for community distribution.

¹ Four Licensing Trusts areas still retain limited exclusivity by community poll – Invercargill – where no poll challenges has yet been called by the community – Mātaura, and Waitakere and Portage (one poll each).

² This was not completely absolute. Chartered clubs (in the early years there were two in Masterton) were licensed to sell alcohol to their members.

...as downsizing was occurring, opportunities were growing; to realise that as more competition from open markets eventuated, people were concluding that community and balance was desirable, and that the quality of community life was much more than cheaper prices, beneficial and desirable as that was.

Unsurprisingly in retrospect, the community wanted it both ways. The 1992 poll, while in favour of the Trust retaining a monopoly, also delivered another message: the community were equivocal. They wanted also liquor in supermarkets, and other licence choices, with the variety and flair that private enterprise brings.

So in 1995 they got that. 8 new licensees began in competition with the Trust. The impact on the Trust was immediate – for the first six months a 20% reduction in sales, and much reduced profitability. No matter how hard and to what lengths were the prior efforts taken to adjust to this, it was never going to be enough to cover all the impacts. But while it was only dimly discerned at the time, attitudes to the Trust and to community ownership were also rapidly adjusting.

It is a truism that every action has a reaction. It is easier now to see with greater clarity that as downsizing was occurring, opportunities were growing; to realise that as more competition from open markets eventuated, people were concluding that community and balance was desirable, and that the quality of community life was much more than cheaper prices, beneficial and desirable as that was.

What was immediately impacted in the more competitive environment was the community's attitude to the Trust. Perversely (or was it?), now that it was no longer perceived as a monopoly, and so long as it performed well, people – the community – would find it more likeable after all. There would be more affection towards it, even openly displayed! After all, again, "we own it, it's ours". It was a wonderful example of people's love/hate affair with the concept of community. We love it, we ignore and criticize it. We individually select what we want, need and desire of community, instinctively knowing that we have to be part of a community to realise our individual potential, yet perversely wishing to criticise it also. The analogy that comes to mind is that of family. When young we may regularly fight/scrap with our brothers and sisters yet woe betide anyone who should dare to attack us. And so, almost overnight, the Trust was more acceptable.

What also happened over the decade was opportunities for new businesses opened up. Some like the housing would not have happened if Trust House had not been formed in the way it was.

But throughout the decade of 1990s what was also changing was people's attitude to community ownership. People started again to see or perceive that a good community requires a diverse and balancing array of institutions. A greater complexity and diversity most often delivers greater colour and depth of community life. People frequently saw examples where communities were left worse off by the market state. Global markets can care little for the quality of life of a particular community. In Masterton the dynamics of the meat trade meant it was no longer profitable to operate the Waingawa Freezing Works resulting in the loss of hundreds of jobs. In Eketahuna the loss of essential services that rural towns are frequently facing meant the closure of their only supermarket in 1985, and the loss of their only service station in 2002. It took a uniquely community solution to these dilemmas to ensure their town did not disappear – not an exaggeration, as cheap houses were trucked out of the town.

The open market creates unease because it creates winners and losers. Some people thrive in this world, but others do not. People's ambivalence is thus better understood because the undoubted benefits are not evenly distributed. In this world, the balance and support that community organisations can provide thus because more attractive and sought after.

The business opportunities that opened up to the Trust are described elsewhere in this publication but the structure of governance and management that supported all these achievements was a crucial part of the jigsaw of success.

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THE FORMATION OF TRUST HOUSE

The establishment of Trust House Limited occurred well before this decade (1997-2007). In good part its birth arose from the Coopers and Lybrand nationwide review of Licensing Trusts by Tony Hartevelt in 1987. That report, commissioned by the New Zealand Licensing Trust Association, had recommended wide ranging changes based on closer regional linkages. But the wider forces for changes were bedded in the national and global pressures.

But the wider forces for changes were bedded in the national and global pressures.

By 1989, the Masterton Licensing Trust was managing both the Flaxmere Licensing Trust and the Rimutaka Licensing Trust (refer chapter 7). Forming a company to extend this to other Trusts in the region was the next logical step and so Trust House Limited was established. The name was suggested by Joe McTaggart, the President of the Wellington South Licensing Trust, shortening the United Kingdom firm's name Trust House Forte, also a hotel owning company.

Trust House Limited was initially a management company providing a wide range of skills and services to the Masterton, Flaxmere, Rimutaka, Wainuiomata and Wellington South Licensing Trusts, and the Tararua Foundation. But such was its success in improving profit performance (first year turnarounds for Wainuiomata from a loss of \$152,000 to a profit of \$205,000, Wellington South from a profit of \$135,000 to \$241,000, Rimutaka from a loss of \$164,000 to a profit of \$55,000) and solving difficult issues, that Johnsonville improved from a loss of \$405,000 to a profit of \$176,000 when it joined in 1991, and Porirua improved from a profit of \$47,000 to a profit of \$497,000 in 1990. All these and the Otumoetai Trust (from a loss of \$501,000 to a loss of \$1,000 in 1992) had been performing either poorly, or approaching that. But this success in removing or alleviating the tensions of poor performance created a false sense of security and removed the incentive to move to the next stage of restructuring. Despite strong advice to the contrary, the Wellington Trusts believed the necessity to move to an operating company that owned and operated the businesses and which each of the Trusts owned shares therein according to the value of their assets, was not an option they needed to pursue. Thus in 1994 a split

occurred. Wellington South, Porirua, Johnsonville and Wainuiomata Licensing Trusts withdrew to form their own management company, Capital Trusts. Despite strong and what were very earnest pleas to these four Trusts that they should not even remotely consider the status quo as an option, that is largely what happened. Couple that with poor governance and management standards, these Trusts went from crisis to crisis. Today, effectively, three of the Trusts are no longer in existence and Porirua is but a shadow of what it was. Back in 1994 it was valued more than Masterton. Today Masterton is conservatively worth \$100 million, Porirua holds \$4 million of assets. The loss of many millions of assets to these communities and their operating income, is extremely regrettable and did not need to happen. The people who caused this to happen have largely not been held accountable. One day, the sorry account should be told for its lessons, as well as the actions taken by the Receiver who oversaw the wind up of Capital Trusts and its associated Licensing Trusts, and the resulting out of Court settlements.

But as one of the Trust House's "outside" Directors, Jim Fletcher, said at the time, the four Wellington Trusts were not the key to future success (Masterton was), and the split made the task of restructuring for the future a great deal easier.

So Trust House Limited and its smaller band of Masterton, Flaxmere and Rimutaka Licensing Trusts, and the Tararua Foundation, got on with the task of placing themselves in the best structure possible to meet the future.

The intention was to change the Company (THL) into the operating company across all the businesses. In that form it would be more directly comparable to the opposition it would daily have to compete against. It would be more streamlined without cumbersome and at time conflicting reporting and accountability regimes. Outsiders, (for example, bankers, would better see the borrowing linkages to securities), would better understand and thus the weaknesses, perceived and real, of the Licensing Trusts structure would be less of an issue. Outside directors would be able to be appointed to the Trust House Board and would have traditional clearly defined responsibilities.

So Trust House Limited and its smaller band of Masterton, Flaxmere and Rimutaka Licensing Trusts, and the Tararua Foundation, got on with the task of placing themselves in the best structure possible to meet the future.

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These appointments had been made to the management company since 1993, but their accountability and responsibilities had at times been blurred.

The establishment of a business owning company would allow a clearer separation between the social/community role that was inherent in the position of elected Trustees, and that of a Director pursuing the more defined, and thus better understood, position of business governance. The greater separation of roles had the overall driving aim of seeking enhanced performance for both functions.

The necessary linkages would be, and are, provided by the cross-over roles, and the reporting regimes. Thus three or four elected Trustees would also be appointed to the Trust House Board, as would one Tararua Foundation Trustee.

The governance system of the Trusts owning and directing, and Trust House Limited operating and managing, has worked remarkably well throughout the decade, as performance clearly evidences. It was finally brought into effect in 1997 and has not changed in the ten years. Only at the end of the decade was a thorough review undertaken. That review saw the overall governance concept reinforced but agreement amongst all that the Tararua Foundation had achieved its useful purpose, and its role in the future should be absorbed by the Masterton Licensing Trust that established it.

That it has performed outstandingly has, in large part, been helped by some outstanding people. Brian Bourke, long-time Trustee and Deputy President for the Masterton Licensing Trust, has been Chairman of Trust House throughout this period. Well respected, he is consistently professional in his approach. His demeanour and equilibrium particularly under pressure delivers confidence. Rick Long's contribution requires a chapter in itself. Always questioning and receptive to new ideas and approaches, his great popularity rubbed off on the Trust.

The "outside" Directors, appointed for their specialised skills, all contributed in large part or small. Jim Fletcher was an early Director until his untimely death, who changed and challenged management's horizons and gave access to his extensive business contacts and networks. Denis Griffin, a Director for eight years from 1993 to 2001, and Deputy Chairman for part of this period, was painstakingly attendant to his responsibilities and to him can be credited the Charitable status idea that was achieved with Trust House. His challenging approach to governance helped contribute to improved standards.

Today, the linkages between the three Licensing Trusts and their charitable arms, and Trust House, are powerfully contributing to many unique benefits enhancing the quality of life within their communities, as this book attests.

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TARARUA FOUNDATION

The Tararua Foundation was born out of a desire to grow, and a recognition that the Masterton Licensing Trust had under utilised skills and resources.

The desire to grow had been a gradual process, sought incrementally over a period of years, as management skills blossomed. As competence grew, the Masterton Licensing Trust area³ became increasingly constraining, and opportunities "abroad" started more and more to be the focus.

Growth was not without risks. The greatest of these was official and public censure, and even penalties and punishment, if the correct method was not well chosen. As this history records, it took the Appeal Court to finally give the seal of approval to the path pursued.

The possible conflict in owning and operating premises outside of the Masterton Licensing Trust area³ arose from the privileges the Trust enjoyed within the area. It had the sole right to licensed hotels, bars and bottle stores and as New Zealand moved to a more market economy, these privileges became increasingly envied and threatened. A new philosophy was sweeping the Western world: that competition was essential to drive efficiency; that public enterprises could not, and should not, run businesses, and private enterprise was the way of the future. This was the era in the 1980s of great change and turbulent times. State owned enterprises were being split up and sold off. Started first by the Thatcher government in the United Kingdom in the late 1970s, New Zealand, through Roger Douglas and the Labour Government, more zealously than most countries, pursued a market economy. Extensive restructuring was to occur during the 1980s and 1990s, gradually lessening towards the end of the millennium as recognition grew that while private enterprise was the "right" structure in the majority of circumstances to run a business, it was not necessarily right in all⁴. A good society requires a balance of structures to deliver that best quality of life and well-being.

³ The Masterton Licensing Trust area was defined by The Masterton Licensing Trust Act 1947. How this area and its boundaries arose is described in "A Matter of Trust", the Masterton Licensing Trust 50th Anniversary Book.

⁴ The privatisation debate is relevant but somewhat of a side show. Privatisation as a policy, while "*widely unpopular*" because of real and perceived benefit distribution inequity, (Birdsall and Nellis, 2002:13), has generally been successful, at least as an efficiency tool, in that in 66% - 80% of the circumstances (Megginson and Netter, 2001:355-56) where privatisation has occurred, improved economic performance has resulted. Thus the evidence suggests that, subject to a number of important qualifications, private enterprise is the most efficient business structure in most circumstances.

⁵ The reference to Robert Frost's famous poem 'The Road Not Taken' and the lines 'Two roads diverged in a wood, and I - I took the one less traveled by And that has made all the difference.'

⁶ The competition poll provisions (sections 214-217) of The Sale of Liquor Act 1989 is a beautifully subtle piece of legislation – if you supported the philosophy of open competition. District Licensing Trusts traditionally enjoyed privileges within their areas, notably the sole right to hotels, bars and bottle stores. When the cry came to open up the sale of liquor in New Zealand in the 1980s, Trusts argued compellingly they should not be legislated out of these benefits since in effect they had been granted by the people of their communities. If democracy was to apply, then the community voters should be ones who decided what level of competition should operate in their area. The policymakers bought this argument but added their own twists: a poll would be held if 15% of elections so requested but the Trust would pay the cost of the poll; if open competition was carried in the poll then that was final, but if the status quo was decided, then it could not be before another three years that another poll could be called.

The irony is that for all polls called, they have been initiated by the supermarket competition. In large part this is because significant resources – both financial and administrative – are required in order to achieve the necessary standard 15% threshold of electors for the petition. Thus the polls are driven by competitors (but the electors decide) and the Trust (and thus in effect the community) ends up paying.

Thus in this market environment, community enterprises became less favoured.

Even more under threat were privileged positions such as the Trust enjoyed. So long as the Trust enjoyed these benefits within its area, it was legislatively constrained from trading outside those boundaries. To do so under another structure thus had some definite risks.

But, management and trustees reasoned, there were benefits to the community in better utilising the resources and skills acquired over the years since 1947 – in effect repatriating profits to Masterton; and the privileges of sole rights to licences within the Trust area were muted by the many other liquor licences – sporting clubs, chartered clubs, and licensed restaurants – that did trade in competition with the Trust. Nonetheless, the restrictions on supermarkets not to sell liquor, and other bars and bottle stores to open, were definite advantages.

In retrospect, there was a moral issue here that received limited attention at the time of establishing the Foundation. The desire to grow won out, as it frequently does, without significant internal challenge. Growth, as a matrix, is often pursued without in-depth thought. I wondered, quite often over the next few years what if we had chosen Frost's⁵ road not taken, for example to concentrate on Masterton solely and to downsize the Trust appropriately to survive in the new regime. Time solved the moral dilemma for us, with our willing compliance, when the competition poll⁶ of 1995 was passed and the privileges disappeared. Today any objective reviewer would conclude, on balance sheet assets, profits and community donations alone, that the right path was chosen. The housing estate (see chapter 3) would not have happened without an open competitive structure which the Tararua Foundation was pivotal in creating.

While the moral equation for establishing the Tararua Foundation may have been quickly weighted towards opportunity and benefits for the community, and use of skills, that is not to say there were not critics, both from the public, and official complaint (by Police licensing) and review (Government Audit Office). But that should be told in context.

15 polls have been held in New Zealand, with six favouring the status quo, and nine deciding on open competition.

In Masterton, the first poll in 1992 was vigorously "defended" by the Trust who encouraged electors to endorse the status quo. The electors agreed 56% to 44%, 5900 votes to 5057. But the more important result that came out of this poll was the mood of the electors who passed on their belief, not unanimous, but nonetheless influential, that the Trust was long enough established to survive in a more competitive marketplace, and there were, on balance, benefits in open competition. Thus in 1995, the Trust did not oppose the poll and simply acquiesced whatever was to be the result. Open competition was thus easily passed (6446 votes to 3113).

THE ESTABLISHMENT

The desire for a vehicle to operate other licensed premises and other businesses led to the establishment of a charitable trust under the Charitable Trusts Act 1957. Legal advice had been taken and the advice was that authority existed to establish a charitable trust that may itself pursue a range of business and charitable interests.

A charitable trust was a logical vehicle because of its synergies to community enterprises: the charities in this case were the community. Initially called the Masterton Charitable Trust it was to have another purpose – to seek to better coordinate and communicate the major donations activity in the Masterton area, through participation on the Trust Board of the Mayor of Masterton, and the Chairmen of the Masterton County Council and the Masterton Trust Lands Trust, along with the six Trustees of the Masterton Licensing Trust. What gave rise to this desire was the occasional public disagreement amongst the four bodies as to what major project should be supported.

The Trust Deed was signed by the first Trustees on 16 August 1985. The first Trustees were Steve Blakemore, Brian Bourke, Frank Cody, Albie Gaskin, Harley Loader, Rick Long, John McDonald and George Sutherland, with Rick Long elected the first Chairman.

In 1992 the name was changed to the Tararua Foundation to better reflect its areas of involvement.

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BUSINESSES

It mattered little to some, notably the media, that to date the Trust's homework had been vindicated. But some distancing changes between the new Trust and the Licensing Trust were obviously desirable.

The first business purchase, after a little time, became controversial. Where the purchase of the Eketahuna business a few months later was seen to save that operation for a small rural town, the purchase of the Empire Tavern in Fielding was to stretch the public's and the authorities' perceptions of allowable limits.

There was little doubt that a separate organisation – then the Masterton Charitable Trust – had the legal authority to purchase the licensed premises, but the closeness of its association with the Masterton Licensing Trust raised concerns. It had the same management and the same Chairman, with numerically, the dominance of the Board being also Licensing Trustees. It financed 50% of the purchase price of \$1,170,000 through a donation of \$600,000 from the Licensing Trust. Looking back, it is easier now to understand that some contesting had to occur. But at the time, all such contestants were reminded that in this new and exciting market world, boundaries were being constantly stretched.

The first challenge of substance came from a Masterton Licensing Sergeant of Police that had its outcome in a Licensing Court in Palmerston North. The result was favourable to the Trust (Foundation) but a worrying comment of the Judge was to see its ultimate conclusion in other Courts. The \$600,000 donation too was contested with the Government Audit Office brought in to rule. Again, the decision was to rule in the Trust's favour. But clearly, the Trustees' actions were stretching still conservative boundaries.

It mattered little to some, notably the media, that to date the Trust's homework had been vindicated. But some distancing changes between the new Trust and the Licensing Trust were obviously desirable⁷.

⁷ And thus in 1990 the Trust was reconstructed to include only one Licensing Trust representative among a Board of six – the Mayor of Masterton, the Chairman of the Masterton Trust Lands Trust, and three others appointed by the three "positioned" Trustees.

Wairarapa Wines and Spirits, a small liquor merchant in Eketahuna, was the second businesses, purchased in 1988. It arose from a request by the then MP for Pahiatua, John Falloon, for the Trust consider purchase because if not, it was likely the business would close and

be lost to the area. It was small, a turnover of around \$350,000, but for a number of years it generated a small profit until its viability was threatened by the added competition provided by wine and beer sales in supermarkets. Rather than lose that business, and because the town's only supermarket was up for sale, the Foundation purchased the Supermarket⁸ in 1996 and amalgamated the businesses. It remains in Trust ownership to this day. (At one time, from this premises the businesses included a wine and spirit merchant, a supermarket, the local milk run, the Post Shop and the Hammer Hardware franchise. The local joke that went the rounds at the time, was that we would deliver the whisky with the milk.)

But the next licensed purchase was to result in a far more serious challenge. In 1992, bottle stores in Featherston, Greytown and Pahiatua were purchased from Lion Retail Liquor for \$180,000. The licences were referred to a Licensing Court and what was initially perceived to be a routine licensing matter, turned out to be anything but when the transfer of three licences was declined. A stay of the cessation of business was in the interim allowed when the matter was placed before the High Court. But once again, this Court ruled against the Foundation on the grounds that the Licensing Trust and the Foundation were in effect one and the same. The worry became more deep seated, when legal advice was against contesting this decision in the Appeal Court, where the successful ability to overturn was said to be no better than 20%. But the decision to proceed was taken, new Counsel was engaged (Terence Arnold QC, later to be Solicitor General of New Zealand, and in 2006 an Appeal Court Judge), and vindicated when that Court under its Chairman's (Mr Justice Cook) unanimous ruling, judged that clearly the Masterton Licensing Trust and the Tararua Foundation were separate organisations and thus there was no reason not to issue the licences.

..... Thus ended a contentious time.

The worry became more deep seated, when legal advice was against contesting this decision in the Appeal Court, where the successful ability to overturn was said to be no better than 20%.

⁸ The purchase price was \$45,000 plus stock at valuation. This sale was for the chattels and businesses with the building owned by the Eketahuna Community Charitable Trust. For the remarkable story of how the community established the supermarket, refer to "Community Enterprises: enduring institutions for a newer world. 2007. BJ Teahan.")

A TIME OF WORRY

It is difficult to describe now the level of anxiety on waiting for the Appeal Courts' decision.

When the Licensing Authority and High Court decisions were received, there was more disbelief than concern. But the latter ratcheted up when the likelihood of success in the Appeal Court was pessimistically advised by our Solicitors and the ramifications of the High Court decision became apparent. The three bottle stores licences were immediately at risk of closure and logically the Foundation's other businesses must also be so. The flow on criticism of the action taken to form the Foundation would also, in all probability, be considerable.

All was vindicated with the Appeal Court decision and notably the comment of the Appeal Court Chairman that this case never should have come before the Court was telling.

The Buckhorn Bar and Grill in Carterton was the next operation purchased by the Foundation in 1996. Profitability for this outlet was always limited, apart from a good first two years, and it was sold by Trust House in 2004. In retrospect the Buckhorn was probably better suited to an owner operator.

Management had frequently looked at trading possibilities in Dannevirke, particularly since it was one of the few Wairarapa/Bush towns in which there was no "Trust" presence; it was on the journey to the Hawke's Bay where Management frequently travelled; it had a population of 5,500 and while over "pubbed", it had no "modern" café/bars like those that had sprung up in most other towns. Thus in 1995, the opportunity was taken to build the very pleasant State of the Art Café and Bar.

The last business the Foundation opened was the Courtenay Arms Tavern in Allen Street, Wellington in 1996.

In 1997 all businesses were sold to Trust House as part of the major restructuring, with the Masterton Licensing Trust taking 80% of the shares in the Company and Tararua Foundation 20%, then valued at \$2 million but now worth an estimated \$16 million. Given that in the years since its inception, the Foundation has distributed \$5.2 million in donations, the combined benefit to the community of \$21 million was a pretty good return from the original donation of \$600,000 from the Masterton Licensing Trust.

DONATIONS AND COMMUNITY SUPPORT

Over the 20 years of its existence, the Foundation distributed \$5,194,000 to its communities in many donations. This function exercised the major demand on Trustees' time and, as the long time Chairman, Brian Bourke, consistently recorded in his annual report, was the most rewarding. Its largest donation was \$300,000 to Aratoi Art and History Museum.

FINALE

22 years after its establishment in September 2007, the Foundation resolved that it no longer served any function that could not be as well completed by the Masterton Licensing Trust that established it. The original two purposes – pursuit of businesses, and major community support coordination in Masterton – no longer held, and entirely in context with its innovativeness and courage in pushing the boundaries, the Trustees moved to wind up the Foundation and transfer its 2 million shares (now with an underlying value of \$16 million) to the Masterton Licensing Charitable Trust.

Looking back, what were the Tararua Foundation’s achievements?

The Foundation:

- Utilised the resources, management and governance, (by contracting out) of the Masterton Licensing Trust on a wider basis than that Trust, at times, was able to do.
- Created wealth that at date of writing is conservatively estimated at \$16 million; this from a \$600,000 seeding gift.
- Distributed \$5,194,000 to the community in many donations to enhance the quality of community life. Some of these could have been made by the Licensing Trust when it chose to allow the Foundation to distribute the early gaming income grants and that is why when the history of the Masterton Licensing Trust is considered it must be recognised that it is significantly and beneficially intertwined with the Tararua Foundation.
- Achieved a status of a sound and reputable community support organisation in the Tararua (Wairarapa and Manawatu) area.

The Foundation distributed \$5,194,000 to the community in many donations to enhance the quality of community life.

TRUSTEES

Although Rick Long was the first Chairman, the person most synonymous with the Foundation and also the only Trustee to be so for its entire existence, and Chairman from 1989 until 2007, was Brian Bourke.

The entire list of Trustees over its life were:

SD Blakemore	1985 – 1990
BJ Bourke	1985 – 2007
JF Cody	1985 – 1986
AG Gaskin	1985 – 1986
HR Loader	1985 – 1990
FR Long	1985 – 1990
GR McDonald	1985 – 1998
GA Sutherland	1985 – 1990
JJ Maxwell (Mrs)	1986 – 1989
RC Callaghan	1986 – 1987
RC Francis	1986 – 2007
RT McKenzie	1988 – 1989 1995 – 1998
BJ Lochore	1989 – 1995
NC Preston	1989 – 1990
J Terpstra (Mrs)	1990 – 2004
JM Stewart (Mrs)	1990 – 2004
O Prior	1998 – 2003
BM Hurst	1998 – 2004
A Sadler	2004 – 2007
PT Antonio (Mrs)	2004 – 2007
R Garden	2004 – 2007
CJ Graydon (Mrs)	2004 – 2007

3

THE HOUSING ESTATE



THE HOUSING ESTATE

If ever the strengths and benefits of a community enterprise are doubted, the acquisition and very considerable success of the Housing Estate would quell most doubters.

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It all started through a casual conversation in July 1998. A resident of Tinui rang Rick Long, who told Bernard Teahan, that the Government of the day, then the National Party, was canvassing the possibility of selling off to "community" organisations, parts of the New Zealand Housing Estate. An official's name was found, contact made, interest expressed, and what followed was an intensive, exciting, and at times frustrating three months.

This was a National Government committed, spasmodically it seemed, to privatisation of public assets. That policy, like the National Government itself, was in its last days of support and to be considering selling off the housing estate, particularly when the Labour Party that was to obtain the Treasury benches a brief 10 months later was vehemently opposed, was somewhat of a startling revelation. Perhaps, however, there was more than an element of politics involved. While never confirmed to the writer's knowledge, it appeared that the other eight parties (told to us at the time) the Government were said to be negotiating with, were all Maori Tribes. None were to effect a purchase.

In any event it was quickly realised only a very brief window of opportunity existed to effect a sale. With elections due the following October (it was September when due diligence and confidentiality agreements were entered into), a deadline was targeted of Christmas, or else, with the distractions of election year, a deal was unlikely.

In the three months there was much to do. Nothing was known about purchasing an estate that was said to be about 600 houses for the Wairarapa and Dannevirke. The number of staff needed, maintenance systems and costs, how to achieve payment when the Government rent deductions off benefits would not be available for the Trust, what policy should be offered for sales of houses to tenants ... even what price could

we expect? There were ancillary difficulties: the Government was not sure how many houses were for sale, they were still selling houses at ridiculous prices to others⁹ (even though they had signed an intention to sell them to the Trust), and how to finance the largest single asset purchase in the Trust's 51 year history.

Inspecting 600 houses as part of the due diligence process was constrained by volume and the need to maintain secrecy. Thus external inspection was all that was possible.

A price was arrived at by seriously discounting the Government's initial offer (itself lower than expected) which was very surprisingly accepted, thus clearly identifying a prototype deal was being sought in pursuit of a more extensive policy. Thus, at a price much lower than expected, the financial feasibility models could not other than support the benefits of purchase.

Because the purchase was negotiated in such a short time (surely a remarkable achievement for a Government agency) and because the Trust's equity was already committed for the year, 100% financing of the 541 houses and \$10.5 million price was necessary. Housing New Zealand agreed to leave 50% of the price in a five year mortgage to be repaid \$700,000 a year and the balance at the end of the period.

The other \$5.25 million was initially promised by the National Bank but at the 11th hour, literally the Friday before week of settlement, they withdrew. It was never fully explained why but it became clear that the decision had been taken at the highest level. All that may be surmised, since (we were told) there could be no concerns over the ability to pay, political pressures may have arisen because a National Party Government was entering into a transaction the Labour Party publicly opposed. Whatever the reason there was no apology for the decision although the Relationship Manager assigned to the Trust by the National Bank was little short of distraught. He understood, while clearly their senior management did not or cared not, the difficulties now created.

Thus, at a price much lower than expected, the financial feasibility models could not other than support the benefits of purchase.

⁹ For example, one in Pahiatua at just over \$14,000.

The Housing Estate has been managed to local needs where rentals, upgrades, and processes are tailored closely to local conditions.

The solution came locally, but not until after some concerning moments. An approach to the Wairarapa Building Society brought forward the necessary finance, if at a premium; and they remain Trust House's major lenders to this day.

In March 1999, title to 541 houses passed to Trust House ownership. The crisis over, what has followed is the largely mundane, but ultimately more important, component of day to day management decisions: staffing, reinvestment, whether to sell a house from time to time (over the eight years of Trust House ownership, only 12 have been sold, reflecting the very high usage (occupancy) of the Trust estate and rental levels.

Over the eight years \$5.6 million has been invested back in the Estate in upgrades, driveways, fences, heating, insulation and fireplaces.

In keeping with the nature of the sale, rentals have been kept beneath the lower quartile of average area rents.

The Prime Minister, Helen Clark, for the past eight years, was asked in a meeting of business leaders in Masterton, in the lead up to the 1999 elections, if (when) Labour came to power what would be their position on the Trust House sale. She replied that they would not reverse it, but it would never happen again on their watch. Given this generous and responsible position, it is appropriate to attempt to judge the success of the "experimental" change from national to community ownership.

There is little doubt the community has significantly benefited. Through Trust House, the community has acquired a substantial asset at a "bargain" price and these assets now underpin a community owned "balance sheet" of \$100 million in assets, which are available to secure other projects. The Housing Estate has been managed to local needs where rentals, upgrades, and processes are tailored closely to local conditions. For example, at the time of purchase, Trust House moved quickly to reduce rents in Dannevirke where a good number of houses stood empty because of inappropriate rents for that town; and sales of properties at very low prices were occurring. Given the demand for

renting in this generally low income market, Trust House has been very conservative in raising rents, in the eight years, from an average yield of \$98 to \$144 as at October 2007, against a national movement from \$205 to \$294.

Some tenants may argue (a very few do, at the time of rental increases) that they are disadvantaged by community ownership. The circumstance does occur for some, that under current Government policy, where rents are restricted to 25% of benefit income, they may have received a lower government rent, even after housing supplements are received. That can be so for a limited few but notably such complaints/comments are few and can be offset by other factors, such as upgrades more readily available. Notably, a very high occupancy (around 98% to 99%) has existed throughout the Trust ownership. National (New Zealand wide) politics have been almost entirely removed from the local estate management thus negating any potential for controversy, real (there have been very few) or imagined.

It is not known what is the Government's view of the sale eight years on, because the question has not been asked of them. It can fairly and reasonably be advanced, however, that the evidence suggests the Trust stands well in respect, both as a landlord committed to reinvesting in its estate, but also in ensuring that rents are fairly placed in the lower quartile of area rents.

Notably, a very high occupancy (around 98% to 99%) has existed throughout the Trust ownership.



NEW BUSINESSES

The considerable movement of acquisitions and sales of businesses reflects the nature of the hospitality trade and particularly its fashionable nature in a very competitive industry. New businesses have been acquired and others sold throughout the decade.

The Group began the decade owning and operating the Solway Park Hotel, the Empire in Feilding, stand alone bottle stores in Pahiatua, Masterton (2), Greytown and Featherston, a supermarket/milk run/bottle store in Eketahuna, Lansdowne Court Hospital and Retirement Village in Masterton, the Golden Shears/Horseshoe bar, bottle store and Burridges restaurant on the northern approach to Masterton (opened in 1951), the Slug and Lettuce bar and restaurant in the old Empire Hotel in Masterton, the Kuripuni and Homestead Taverns in Masterton, the Buckhorn Bar & Grill in Carterton, the Courtenay Arms bar in Wellington, and managed the Flaxmere and Rimutaka Trusts. The Otumoetai Trust management contract has just been quit as a hopeless task (the Board of Trustees there had accumulated losses and debt in a series of inappropriate and unfortunate business decisions). Solway Park Hotel was the largest Trust outlet with its 107 rooms and extensive grounds. Thus there was a reasonable portfolio of 14 owned and 2 managed operations with a turnover for the Masterton Group of \$16 million, assets of \$11 million and an operating profit of \$350,000. Community support donations for the year had reached a high that year (1997) of \$313,000.

What followed was a very active time. Apart from the Housing Estate (described separately in chapter 3), the following businesses were acquired, closed or sold:

The considerable movement of acquisitions and sales of businesses reflects the nature of the hospitality trade and particularly its fashionable nature in a very competitive industry.

Newtown Bars & Bottle Store

When the Wellington South Licensing Trust came under Trust House management in the early 1990s (at that time Trust House was a management company providing services to eight Licensing Trusts in the North Island), one of the challenging dilemmas it faced, was how to finance much needed outlets for Trusts with limited, or no, equity. One answer found was the Trust House Property Trust that purchased an old supermarket site in Constable Street in Newtown, Wellington. It was a risky purchase costing \$1.3 million but once a bottlestore and two bars were fitted out, the great location soon started generating excellent profits.

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Unfortunately the Wellington South Licensing Trust then decided to quit Trust House. Almost immediately, despite enjoying a premise that never would have eventuated without Trust House taking the landlord risk, the Trust objected to the rent and several years of tenancy acrimony followed as the rent went through an arduous arbitration and umpiring contest. Eventually, the umpire found in favour of Trust House at almost the same rent then being charged. But the ultimate irony occurred when the South Wellington Licensing Trust went into receivership and the premises reverted to Trust House in late 1999. All Trust House had to pay was a minimal \$15,000 for the chattels.

Today, a bar, gaming lounge, and large Liquorland bottle store operate out of the premises, generating an excellent return and more than delivering on the early promise.

Medway/Isobar at Island Bay, Wellington

When the Wellington South Licensing Trust went bankrupt in 1999, Trust House, as managers in the early mid 1990s knew what premises traded well, and tendered for the very profitable Island Bay property, the Medway. Purchased for \$235,000 and with a small upgrade, it returned the purchase price in its first nine months of ownership.

The significant makeover in 2006, and renaming to Isobar, did not relate to the markets well but apart from this aberration (soon to be repositioned) it has been an excellent outlet.

Carrington Wines & Spirits

Steve Little, then owner of this bottle store in Carterton approached Trust House in 1997 to see if a sale was possible. Arranged in December, part of the deal was that Steve would continue as Manager so that his extensive knowledge and skills would be available to Trust House. He, and the store, remains as a small profit contributing business today.

Greytown Supermarket

Two Four Square franchise supermarkets operated in Greytown in the late 1990s. Both were of a similar size. Websters had been for sale for a little time and had been offered to Trust House for sale before definite interest was expressed in 2000. Completely "out of the blue" the owner of the other supermarket, Denis Fenwick initiated discussions suggesting Trust House buy his business too and amalgamate them into one. The Webster site – an old garage complete with petrol pumps – was the better site for growth and thus what started as a small new business purchase ended up a substantial investment of just on \$1 million when the central town land and buildings were also purchased.

The wisdom of the decisions is seen in the thriving and profitable business it is today. Denis Fenwick has been manager throughout this period.

Featherston Supermarket

After the success of Greytown, an approach was made to the two supermarket owners in Featherston to see if a similar deal and investment could be put together. A purchase was quickly arranged of the Beckett's supermarket where the long-time owners of the store were ready to move on, and the founder, Mike Beckett happy to sell the freehold. But the very long time owner of the second supermarket,

The wisdom of the decisions is seen in the thriving and profitable business it is today.

Johnny Chung, was much more problematical. Though he asserted he wished to sell, and entered into an agreement, tying down the details, and agreeing on what had been agreed, proved impossible. Given the small turnover achieved by Chungs, and the huge stock he carried, the problems were not worth the effort and negotiations were discontinued.

The Trust began operating the supermarket in September 2001, and in 2002 completed extensions and a refit, after some time was spent relocating the Assembly of God Youth Church group, demolishing the old picture theatre, and obtaining various consents.

The Bull and Bear

This central Wellington location, off Plimmer Steps, has long been a feature of the social scene in the town, and after the first negotiations on purchase fell through when the owner decided to continue operating, resumed discussions in mid 2001 brought a purchase, renaming, (to the previous title by which it was more affectionately known) and the beginning of Trust ownership in December 2001.

Feilding Liquorland

Purchased in June 2003, this operation in recent times has generated much increased sales and good profitability, as the inevitable rationalization of bottle stores vis-à-vis supermarkets has brought closures.

Pukemanu Tavern (Martinborough)

When long-time owner and operator of this Tavern made known his wish to quit the pub trade, the Trust purchased the business in 2004. Badly in need of an upgrade, this iconic facility was the subject of a TV series of that name. At date of writing the upgrade has still to happen as lease issues are settled with the landlord.

When long-time owner and operator of this Tavern made known his wish to quit the pub trade, the Trust purchased the business in 2004. Badly in need of an upgrade, this iconic facility was the subject of a TV series of that name.

Closed and Sold Premises

During the past 10 years, 1997-2007, four premises were sold or closed. The Slug and Lettuce bar and restaurant in the old Empire Hotel, in its time a popular small facility seating about 70, opened in 1994 and closed in September 2002 due to falling trade and lack of profitability. The Buckhorn Bar & Grill in Carterton purchased in 1996, had been found, because of its small turnover, to be an operation better suited to an owner/operator style, and thus was sold in 2004. The Stellar restaurant, bar and night club purchased in August 2004 was simply a mistake. Its turnover figures reported at time of purchase were always optimistic and were never going to cover its costs of operation. It was thus shut down in May 2007.

The Lansdowne Court Hospital and Retirement Village was always a very successful operation and enjoyed a reputation as one of the best, if not the best, such facility in the Wairarapa. The Trust had entered the aged-care business in 1996 and saw it at the time as an opportunity for growth in a market synonymous with hotels, and suited to a community enterprise. But the new aged-care environment quickly became difficult to achieve reasonable returns on assets employed as the Government pursued a determined policy to reduce care rates below inflation. The industry today generates a significant proportion of its returns from property transactions. In this environment the Trust did not see the synergies necessary for long term involvement and thus in August 2007 sold Lansdowne Court.

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THE ENDURING BUSINESSES

Five outlets in Masterton remain at the core of the Trust's businesses, ranging in age of operation from 56 years for the Horseshoe to the "baby" of the quintet, Solway Park Hotel, 35 years. Their role and contribution over the last 10 years has been varied but remains considerable:

The Horseshoe

Through a good part of the last decade, the Horseshoe premises languished in prestige somewhat, operating a declining public bar, gaming lounge, bottle store, Burridges restaurant and a function facility in the old Elizabethan room. Over its life, it has metamorphosed many times but always provided for a wide range of hospitality markets.

In 2005, at perhaps the lowest ebb of its services, the decision was taken to significantly reinvest, thus representing the premises for another decade, hopefully for another half century. The new Horseshoe Café, bar and restaurant opened in May 2007, and a new public bar, the Golden Shears, opened in November 2007. Long term uses of the upstairs area are under investigation.

The Kuripuni Tavern

Constructed in 1961, and known affectionately as the Tavern, this premises went through a major makeover in 2006 with a new restaurant, Apache Jacks, added to the popular Sports Bar, gaming lounge, TAB and garden/smoking bar.

Wholesale Bottle store / Masters Wines and Spirits / Wairarapa Liquorland

This store has had many name changes but only two locations. It opened in the rear of the old Empire in 1955 and moved to its present location in Russell Street/Chapel Street in 1977. Throughout all these years it has been the premier and largest liquor sales store in the Wairarapa. In joining the Liquorland franchise in 2005, but still owned and operated by the Trust, it gained the benefits of national association while firmly positioned as a speciality beers, wines and spirits operation.

The Homestead Tavern

Opened in 1971, this operation has remained largely unchanged over the last decade. A public bar, garden bar, and gaming lounge operate largely as a separate unit although in the same building as the Cobb & Co restaurant. Adjacent is the Solway bottle store.

Solway Park Hotel

Solway opened as a three wing, 48 room Hotel with restaurant and function rooms, in 1972. In 1986, an additional 30 rooms were added, along with function rooms. The last major additions were 1990 when 29 rooms brought the Hotel up to 107 rooms. Since then, some of the smaller rooms have been amalgamated to arrive at its present size of 102 rooms.

In 2006, the largest-ever dollar upgrade of Solway Park of \$4.5 million revitalised the bar, restaurant, function rooms and 30 rooms. The balance of the hotel rooms will be upgraded in the next two years.

Throughout its years of operation, Solway Park has underpinned and contributed most significantly to the development of tourism in the Wairarapa. In excess of 20,000 people stay annually at the Hotel, and the "export" dollars brought into the Valley multiply through to create many jobs. Solway itself employs 75 people.



GAMING

"If any man is rich and powerful he comes under the law of God by which the higher branches must take the burnings of the sun, and shade those that are lower; by which the tall trees that must protect the weak plants beneath them"

The advent of gaming machines into licensed premises in 1989 in New Zealand brought both benefits and conflicts. Unsurprisingly, given the nature of the "product", it engenders some strong opinions: the vocal being critical, the supporters (users) at times by their actions, adding credence to the critics.

Gaming machines in any society and community raise an obvious question: what purpose do they serve? They can lead to addiction and abuse, and much suffering. Their sophisticated psychology of design is programmed to lead/encourage those with less knowledge and income to use them more. Thus an argument can be advanced much in the words of Henry Ward Beecher:

"If any man is rich and powerful he comes under the law of God by which the higher branches must take the burnings of the sun, and shade those that are lower; by which the tall trees that must protect the weak plants beneath them"

That policy makers and community leaders have a responsibility to guide a community where ("potentially") harmful products are made available.

The irony for a Licensing Trust is the repeat of the circumstances that gave birth to the Trusts in the 1940s. Then it was concern over the excessive use of alcohol that placed the sale of such products under the care of the elected representatives of the Community. But because the world had moved on to a competitive market environment, Licensing Trusts were not to be the only providers of gaming machines in a community. Although the Trusts may be more suited than private enterprise in principle to managing the machines in the best interests of the community, they were to compete against Chartered Clubs and private licences.

This open market environment almost immediately started to create problems of abuse, as obviously it was going to do. The Government agency attempted to plug the dyke by throwing more and more, often petty, regulations at what was, just as obviously, an issue of policy. Gaming machine numbers swept unchecked up to a ridiculous (for a small country such as New Zealand) 24,000 +. Some semblance of reason has now appeared and machine numbers are falling back locally on the back of local authority ceilings, but are still very high at 20,000 +.

Thus the opening question is more than rhetorical. If the answer is the good that is done by the portion that is distributed to community charities, then as deserving as that may be, that is placing the justification before the user. The benefits in sizeable Government taxation receipts may also be justification for some.

But to the writer the substantial justification needs to be provided in user terms; and the only user justification that has any credibility, to the writer, is in their entertainment value. If people receive enjoyment in risking their money, then gaming machines have their place in the community, just as Lotto, the TAB, horseracing, and "Scratchies" and the like. As in all things, balance is required. Balance in usage, where the user has the key responsibility but the operator a vicarious one also; balance in availability so that too many machines do not increase demand, and good laws that recognise gaming is a sensitive product and requires constraint. There is still some way to go before the ideal balance is better achieved but a defence may be advanced that gaming machines are still quite new in licensed premises in New Zealand.

In keeping with its responsibility to the wider community to care about its health and well-being, the Trust has not proliferated machines in its key areas of trading. In the Wairarapa, its home base, it operates 54 machines in Masterton out of a District total of 116, and in the Wairarapa a total of 61 out of an area usage of 238.

As in all things, balance is required. Balance in usage, where the user has the key responsibility but the operator a vicarious one also; balance in availability so that too many machines do not increase demand, and good laws that recognise gaming is a sensitive product and requires constraint.

Undoubtedly, the greatest change to the Licensing Trusts that gaming has brought about is in the distribution of its profits. All profits from gaming have to be distributed to defined charitable causes, irrespective of whether the operator is a Licensing Trust or private enterprise. But what has made Licensing Trust distribution uniquely and universally respected is the evenhandedness routinely evidenced. Since elected representatives of the community make those decisions, they have a rare insight into the needs of the community they serve; thus distribution is across all sections – education, welfare, arts, sports, recreation, major community facilities, the disadvantaged – rather the weighting that often occurs to sports clubs.

These many donations made annually are now a major part of the Trust's work, generating much goodwill and support.

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FLAXMERE AND RIMUTAKA LICENSING TRUSTS

A history of the last decade could not ignore the association and close bonds between the Masterton, Flaxmere and Rimutaka Trusts. Management contracts have now existed between Masterton and Flaxmere for 23 years and Rimutaka, for 20 years. Almost entirely, it has been a happy association, first born out of the need to survive for the two smaller Trusts, but which has delivered benefits to all three.

For Masterton, the call to help out its neighbouring Trust in the Hawke's Bay in 1984 brought the skills to turnaround a struggling, all but bankrupt sister Trust. A similar situation applied in Upper Hutt in 1987, but not as extreme. For the two much smaller Trusts, each with their one location, an association with Masterton gave access to much wider management, property, marketing, and financial skills that specialised in Licensing Trusts.

Notably these two Trusts did not abandon Masterton and the Trust House model in 1994. When the difficult choices had to be made, they remained loyal to what had worked in the past. The courage in those decisions is now rewarded in vibrant organisations significantly benefiting their communities. Given that these two Trusts were arguably in the worse financial position of the eight Lower North Island Licensing Trusts, their position today further emphasizes what could have been and what has been lost to Porirua, Johnsonville, Wellington South and Wainuiomata.

The past decade has seen both Flaxmere and Rimutaka grow in status and soundness. Their contributions towards the well-being of their communities have been extensive as reflected in the following tables:

The courage in
those decisions is
now rewarded in
vibrant organisations
significantly benefiting
their communities.

FLAXMERE LICENSING TRUST

Through the Decades

	1987	1997	2002
	\$	\$	\$
Total Revenue	879,968	1,831,911	2,381,412
Operating Surplus	27,977	172,190	740,139
Current Assets	50,844	208,294	714,812
Fixed Assets	573,537	653,581	1,277,150
Equity	285,580	588,569	1,814,258
Ratios			
Current Assets : Current Liabilities	29%	74%	248%
Equity/Total Assets	45%	55%	85%
Return on Equity incl Gaming	10%	32%	45%
Community Support Donations	-	65,144	341,896

* In 2006, the Flaxmere Trust sold its businesses to Trust House Limited

2003	2004	2005	2006	2007
\$	\$	\$	\$	\$
2,093,597	2,257,638	2,235,427	2,208,623	3,330
421,787	697,429	449,030	362,104	555,049
390,977	490,992	528,990	502,966	246,109
1,343,120	1,341,200	945,077	1,285,139	-
1,621,095	1,670,084	1,375,382	1,641,113	1,644,626
178%	174%	223%	171%	3407%
86%	84%	85%	85%	100%
25%	42%	29%	24%	34%
349,446	648,440	395,523	319,425	5 51,535

RIMUTAKA LICENSING TRUST

Through the Decades

	1987	1997	2002
	\$	\$	\$
Total Revenue	1,832,752	1,569,178	1,832,189
Operating Surplus	(20,052)	50,851	988,149
Current Assets	153,941	139,898	456,976
Fixed Assets	639,656	804,641	957,648
Equity	562,097	211,004	1,168,758
Ratios			
Current Assets : Current Liabilities	49%	39%	186%
Equity/Total Assets	64%	22%	83%
Return on Equity incl Gaming	-3%	16%	73%
Community Support Donations	10,770		670,740

2003	2004	2005	2006	2007
\$	\$	\$	\$	\$
1,587,228	1,724,861	1,670,093	1,818,290	2,027,910
450,484	432,324	575,972	577,078	479,422
229,309	242,932	305,300	273,023	319,195
945,971	976,786	749,025	804,266	805,854
1,001,759	1,072,050	883,627	876,556	890,407
132%	165%	179%	136%	136%
85%	88%	84%	81%	79%
42%	42%	59%	66%	54%
357,940	347,843	535,020	579,151	457,061

Flaxmere Licensing Trustees 1975 – 2007

J Morgan	1975 – 1990
BD Ansell	1975 – 1985
ED Cameron	1975 – 1977
LR Francis	1975 – 1977
GI Johnstone	1975 – 1977
NR Piper	1975 – 1986
KH Kibblewhite	1977 –
JR Bradshaw	1977 – 1989
T Ringrose	1977 – 1981
DHT Franklin	1981 – 1986
C Wood	1996 – 1988
N Richards	1986 – 1988
W Jeffrey	1988 – 1990
JP Wratt	1989 – 1997
MD Normile (Mrs)	1989 – 1992
L Ely (Mrs)	1989 – 1992
EDA Le Prou	1990 –
R Toatoa	1991 – 2001
MM Ramsay (Mrs)	1992 –
M Matthews	1992 – 1995
SB Hopkins (Mrs)	1996 –
RW Lawrence	1998 – 2005
SJ Ruru	2001 – 2007
MR Greening (Mrs)	2005 –
J Poulain	2007 –

Chairman / President

James Morgan	1975 – 1990
KH Kibblewhite	1990 –

Deputy Chairman/President

BD Ansell	1975 – 1985
KH Kibblewhite	1985 – 1990
EAD Le Prou	1990 –

Rimutaka Licensing Trust 1970 – 2007

IK Andrews	1970 – 1973
IM Davidson	1970 – 1976
MJ Gilloch	1970
JD Pope	1970
AJ Ryan	1970 – 1971
OJ van der Velde	1970 – 1986
Dr DB Blake	1971 – 1976
WP Scrivens	1971 – 1976
A Arnold	1973 – 1976
BF Rabbitt	1974 – 1986
ML Routledge (Mrs)	1974 – 1976
WJ Aitken	1974 – 1981
M Bowman (Mrs)	1977 – 1989
D Ingram	1977 – 1983
P Moore (Mrs)	1977 – 1979
B Lummis	1980 – 1994
TE Jones	1981 –
AJ Bell	1982 – 2002
WH Ballie	1983 – 2004
BE Bold	1986 –
HF Meads (Mrs)	1989 – 2004
P McKenzie	1995 – 2004
F McLoughlin	1998 – 2004
R Hayes	2004 – 2007
SK Nearey	2004 –

I Sherwin	2004 –
WG Shindler	2004 –
B Collins	2007 –

Chairman / President

IK Andrews	1970 – 1973
OJ Van der Velde	1973 – 1986
WH Baillie	1986 – 1992 & 1993 – 1995
BN Lummis	1992 – 1993
TE Jones	1995 – current

Deputy Chairman/President

AJ Ryan	1970 – 1972
IM Davidson	1973 – 1976
WJ Aitken	1977 – 1980
B Rabbitt	1980 – 1986
AJ Bell	1986 – 1992 & 1995 – 1998
HF Meads (Mrs)	1992 – 1994
TE Jones	1994 – 1995
WH Baillie	1998 – 2004
No deputy has been appointed since 2004	



TRUST PEOPLE

What follows must be seen as a brief summary of senior people who contributed in the wide variety and individual ways that are as diverse as the people themselves. The comments cannot hope to capture their roles and contributions that sometimes span 20 years or more. Nor do they seek to reflect the depth of their personality and skills. They are but a fleeting overview.

Since, inevitably, they will fall well short of what an historian will seek to capture, why include them at all?

The answer lies in the people themselves. In small ways, and large, they were, and are, the Trust. They made it the success it is today, and where mistakes and failures occurred, as realistically they had to, they too made those. The Trust is far from perfect, but what has occurred mirrors the nature and aspirations of the people involved. Thus you can not exclude them.

There is another dimension to this chapter. The nature of community is complex, as complex as the people who comprise it. While community is about the wider "we" and its aspirations for a better life and well-being, it is always essentially individualistic. "My" community is different, some times subtly, sometimes widely, from "yours". And yet the events recorded in these pages were achieved by individuals coming together and working towards common goals. At times there was dissension and conflict, sometimes strident. But looking back, there was remarkably little of it; and a great deal of harmony.

And lastly, it would simply be strange if we, as a community enterprise, did not attempt to record the contributions of its key people. What follows is an alphabetical ordered selection; to put them in any other order would run the risk of appearing to rank each contribution. Were that to eventuate, entirely the wrong impression would have been created. In the end, it is the sum of the contributions that achieved the successes and failures.

... And yet the events recorded in these pages were achieved by individuals coming together and working towards common goals.

Brian Bourke

A chartered accountant in public practice, he is a long time Licensing Trustee (33 years), Deputy Chairman/President of the Masterton Licensing Trust (29 years), Chairman of the Tararua Foundation (18 years), Director of Trust House from 1989 – 2007, and Chairman for 13 years, and now (2007) the sixth President of the Masterton Licensing Trust. No Trustee/Director has had so deep an involvement in the various governance roles of the Trust. Widely respected, he is simply, in those old world yet endearing terms, kind, trusting, trusted and professional. While conservatively inclined, he has overseen extensive change.

Denis Griffin

Along with Jim Fletcher, Denis Griffin was the first 'outside Director' (that is non-elected, but appointed) to Trust House Board in early 1993. He became Deputy Chairman in June 1994 and remained so until his retirement in 2001.

His challenging, professional approach, while occasionally 'prickly', improved standards and highlighted debate. The considerable experience he brought to the Board table, and his willingness and determination to share it, simply required everyone to lift their game or be found wanting. He was always well prepared and management, while not always appreciating his challenges, enjoyed and thrived on his professional style. To him can be credited, the idea and information that Trust House should be a charitable company.

Ken Kibblewhite

President of the Flaxmere Licensing Trust since 1990, and a Trustee since 1977, Ken's involvement and innovativeness has been extensive. The Flaxmere Trust is renown for it's 'firsts', reflecting a unique awareness of the needs of their community and a preparedness to trial projects. For example, they were the first to install fire alarms in every home of their community, and their support of education working in partnership with the schools, has broken new ground in a community where education is certainly one of the most important keys to advancement.

Ken's involvement with Masterton and Trust House has also been extensive. He has attended Trust House Board meetings for many years, and from 2006 has been a Director of Trust House and since its inception in 1990 a Trustee of the Trust House Charitable Trust.

The story of the Flaxmere Licensing Trust's extensive and unique contribution to its community is told in its 25th Anniversary booklet in 2000.

Tom Jones

President of the Rimutaka Licensing Trust since 1995 and a Trustee since 1986, he has helped steer that Trust through some pretty rocky days in the late 1980s and 1990s to a position where today they are debt free today and distribute over \$500,000 in donations to their community. Rimutaka has maintained a close association with Masterton since 1987.

Rick Long

A Trustee for 35 years (1972 – 2007) and Chairman/President of the Masterton Licensing Trust for 29, he is undoubtedly one of the characters not only of the Trust, but also the Wairarapa. A speech by Rick is rarely anything other than memorable, and like Tim Shadbolt in the South, he has a unique ability to relate and communicate. Universally liked, he almost always polled highest candidate during elections. That popularity vicariously flowed through to the Trust when his ability to listen and relate passed on important information, concerns and pressures. The Housing Estate started that way.

But perhaps his greatest attribute is to discern ideas and trends which he keenly passed on. While always maintaining his batting (success) average was never other than 100%, he has those lovely attributes of forgetting, forgiving and moving on.

Noel Preston

Elected as a Trustee in 1989, he continued on for 15 years as a very popular Trustee and Chairman of the Charitable Trust, very involved interfacing between management and the community in the donations/community support role. He had the unique ability to inspire confidence and work at all levels, comfortable with secretaries and management (and they with him) and understanding human nature as he worked with, managed and governed people. 'Things got done', when he was around. Feisty when he had to be, yet placatory and compromising when that too was necessary.

Patrick Teahan

Reluctantly (he believed that working with his brother in a body as public as the Licensing Trust was not desirable) agreeing to help out in a crisis in 1984, on a short term assignment, he stayed on to become Financial Controller, General Manager Finance and from 2004 – 2006, Chief Executive. Always deeply concerned, caring and committed, he frequently "bled" for the organisation. Widely liked and respected, he typified daily the first value of the Trust Charter: he believed in the importance of people as individuals and that they should be treated honestly and fairly, in a caring concerned way.

Bernard Teahan

The writer of these chapters where no author is listed, he began with the Trust in 1973 as Treasurer. He was appointed General Manger in 1978 and continued in that role until 2002. He left in March that year to complete a doctorate at Victoria University. He was reappointed Chief Executive in January 2007.

Many others have contributed over the years, in small or in large parts. Because some roles have been larger than others, does not in any way lessen the importance of each contribution. What follows are lists of those that have held certain positions. It is with regret that we cannot list all those who have served, whether cleaner, waitress, housemaid, bartender ... our records simply do not allow.

But, at the least, we should give pride of place to those who have served the longest. Over 25 years ago, we started a '20 year club' board (now 2) that hang in our Training/Board Room. It records these names and the date they each completed 20 years service:

Many others have contributed over the years, in small or in large parts. Because some roles have been larger than others, does not in any way lessen the importance of each contribution.

TWENTY YEARS SERVICE:

Date	Name	Outlet
16-12-67	JCD Mackley	Trust Member
8-4-68	VC Andrews	Wholesale Department
18-2-69	JE Tilyard	Horseshoe Tavern
20-6-69	LA Michell	Horseshoe Tavern
1-10-69	Miss EA Anderson	Empire Hotel
19-7-70	LJ Brown	Pioneer Bar & Lounge
20-11-70	WTC Gleeson	Horseshoe Tavern
10-11-72	DJ Cross	Laundry Department
12-8-74	DJ Curry	Trust Member
26-4-75	WW Waddel	Head Office
24-9-75	PJ O'Connor	Horseshoe Tavern
2-5-72	RF Thomson	Empire Hotel
13-2-82	LM Coulson	Kuripuni Tavern
26-3-91	JW Robinson	North End
3-9-91	JM Smith	Corporate
10-5-92	ME Montgomery	Solway Park
21-10-92	FR Long	Trustee
4-2-93	I Wells	Corporate
8-4-93	LMR Karaitiana	Solway Park
6-5-93	DC Rose	Solway Park
1-10-93	JJ Pauling	Masters Cellars
12-11-93	BJ Teahan	Corporate
14-11-93	JF Calkin	Kuripuni Tavern
4-4-94	KM Sime	Kuripuni Tavern

Date	Name	Outlet
6-5-94	JA Hessel	Maintenance
12-10-94	BJ Bourke	Trustee
12-10-94	HR Loader	Trustee
30-12-94	DA Salisbury	Kuripuni Tavern
6-11-93	J Bird	Solway Park
31-7-96	GA Hunt	Solway Park
27-9-96	LD Matenga	Horseshoe Tavern
Early 1997	KE Norris	Kuripuni Tavern
22-6-97	BJ Waipuka	Horseshoe Tavern
16-10-97	MA Edge	Solway Park
20-2-99	JH McCabe	Homestead Tavern
15-7-99	WF Johnson	Solway Park
12-8-00	WJ McLennan	Golden Shears Tavern
2-2-01	Bruce Willoughby	Empire Tavern
21-7-01	Carol Hohua	Solway Park
19-7-02	Barbara Herrick	Lansdowne Court
20-6-03	Kathleen Saxton	Support Office
20-9-03	Jane Tomlin	Golden Shears Tavern
17-12-04	Patrick Teahan	Support Office
20-5-05	John Eades	Support Office

FORTY YEARS SERVICE:

10-11-92	DJ Cross	Treasury
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MANAGERS 1997 – 2007

Chief Executives

Bernard Teahan	1978 – 2002, 2007 –
Steve Foster	2002 – 2004
Patrick Teahan	2004 – 2007

General Manager Finance (Finance Manager)

Patrick Teahan	1984 – 2004
Craig Roberts	2004 – 2006
Richard Simmonds	2006 –

General Manager Operations

Brent Torrance	1997 – 1999
Lloyd Wilson	1999 – 2003
Allan Pollard	2003 –

Executive Secretary

Kath Saxton	1989 – 1998
Karen Gain	1998 – 2005
Stephanie Rix	2005 – 2006
Theresa Fawdray	2006 –

Market Manager / General Manager Marketing

Lloyd Wilson	1988 – 1999
Michael Woodcock	1999 – 2004
Mark McGrath	1999 – 2000
Ceana Priest	2007 –

Community Support Manager

Craig Cooper	2000 – 2005
Craig Thomson	2005 –

Housing Operations Manager

Brian Burgess	1999 – 2003
Andrew Whitehead	2003 –

Buckhorn Bar & Grill

Paul Kenny	1996 – 1998
Lisa Johnson	1998
Rosemary Quirke/	
Dion Austin	1998 – 2001
Lindy Knight	2001 – 2002
Claire Pitt	2002
Helen Addison	2002 – 2004

Bull & Bear

Adam Broster	2001 – 2003
Sarah Irvin	2003 – 2004
Geraldine Bittany	2004
Leanne Wilby	2004 – 2005
Adrian Hills	2006
Jamie Collier	2006 – 2008

Carrington Wines and Spirits

Steve Little	1997 –
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Copthorne Hotel & Resort Solway Park

Bill Johnson	1983 – 2004
Robert Craven	2004 – 2005
Allan Pollard	2005 – 2006
Jerry Crump	2006 –

Courtenay Arms

Paul Taylor	1996
David Wallace	1996 – 2002
Adrian Hills	2002 – 2003
John Tamepo	2003 – 2005
Adrian Hills	2005 – 2006
Kathryn McKenzie	2006 – 2007

Eketahuna Community Supermarket

Bob & Viv Gray	1988 – 2002
Jude Rossiter	2002 – 2007
Leigh-Anne Gear	2007 –

Empire (Gleesons, Feilding)

Bruce Willoughby	1993 –
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Featherston Community Supermarket

Gordon Wyth	2001 – 2005
Michelle Hopkins	2005 –

Feilding Liquorland

Karl Zuagulis	2003
Keith Wilson	2003 –

Flaxmere Tavern

Andrew Tunoho	1997 – 2000
Hemi Bartlett	2000 –

Greytown Community Supermarket

Denis Fenwick	2000 –
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MANAGERS 1997 – 2007...

Homestead Tavern

Cindy Grant 1996 – 2006

Jerry Crump 2006 –

Horseshoe

Lyndsay Wheeler 1997 – 1998

April and Phil Lynn 1998 – 1999

Sonia Irwin 1999 – 2000

Margie Lawton 2001 – 2008

Isaac Featherstons

Neil Clement 1993 – 1995

Jude Rossiter 1995 – 2000

George Waaka 2000 –

Joseph Masters Wines & Spirits / Masterton Liquorland

Graham Fahey 1995 – 2000

Bruce Macklin 2000 – 2004

Corie Karitiana 2004

Molisa Marupi 2004 – 2005

Jill Lamb 2005 –

Kuripuni Sportsbar

Neil Clement 1995 – 2008

Kerry Hogan 2007 –

Lansdowne Court Hospital and Rest Home

Mary Leighton 1996 – 2001

Hilary Amundsen 2001 – 2004

Jan McEwen 2004 – 2006

Julia Neil 2006 – 2007 Sold

Lower Hutt Liquorland

Linda McCaskill 2007 –

Medway / Isobar

David Wallace 1999

Erin Woods /
Simon Porter 2001

Ken Pullen 2001 – 2002

Ben Evans 2002 – 2003

James Potter 2003 – 2004

Andrew Dixon 2004 – 2005

Jason Bucklar 2006 – 2007

MANAGERS 1997 – 2007...

Newtown Sports Bar

David Wallace	1999
Mike Wilkinson	2001 – 2002
Achillea Aspros	2002 – 2003
Adrian Hills	2003 – 2006
Kathryn McKenzie	2006 – 2007
Debbie Blake	2007 –

Pukemanu Tavern

Marshall Te Tau	2005 – 2007
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Slug and Lettuce

Anne Ryan and	
Kevin Brown	1996 – 2000
Gavin Matthews	2000 – 2002 Closed

Stellar

Jasmine Hosking / Roland Brown	2004
Denis Cartwright	2004 – 2005
Leanne Wilby	2005 – 2007 Closed

Tararua Wines & Spirits

Sheree Rowden / Trudy Lawton	1999 – 2002
Kimberley Thomson	2002 – 2003
Leigh-Anne Gear	2003 – 2007
Donna Shanahan	2007 –

MANAGERS 1997 – 2007



A CHAIRMAN REMEMBERS by BRIAN BOURKE

GAMING

The growth of the gaming machine income over the last ten years has been one of the biggest changes for Trust House. The income amounts and the near certainty of its continuance enabled many groups in the community to benefit and flourish. Community events which required large amounts of funding became a reality largely because of the poker machine money. Of course not everyone was happy and some voices raised questions about the harm poker machines were doing in society. It was claimed that the poor were being made poorer and the addiction to gambling through poker machines was a new and unwanted phenomenon. There was an element of truth in all this, but like most things in society we must keep things in perspective. There certainly were some excesses in the beginning when no harm minimisation policies existed and the number of gaming machines throughout New Zealand continued to expand. Because machines could only be sited in public bars some pubs profited handsomely through site rentals for the machines – the more machines the more rental income. Regulations soon arrived to limit the number of machines and the amount of site rental income pubs could charge.

As a community owned organisation, we had to often ask ourselves if the good being done through the grant distribution process outweighed the possible harm the poker machines were having. Part of the overall gaming machine income was taken by the government to fund programmes to help problem gamblers. This meant that we could get on with the business of managing machines within our own businesses, to best effect the income and distributing it, knowing that any harm was being minimised through programmes funded by the gaming income. In effect, we attempted a middle path through entertainment and wise use of profits.

As a community owned organisation, we had to often ask ourselves if the good being done through the grant distribution process outweighed the possible harm the poker machines were having.

Many social programmes and sports clubs would not have survived without the assistance of poker machine income. There has never been an occasion that I can recall when money was refused because of some concern over the possible harm of the gaming machines on problem gamblers.

Without gaming machine income, many events that have become icons within Masterton such as Summer Hummer and Balloon Festival could not have happened. Many social programmes and sports clubs would not have survived without the assistance of poker machine income. There has never been an occasion that I can recall when money was refused because of some concern over the possible harm of the gaming machines on problem gamblers.

We have become widely known as generous donors by a wide section of society. We are in many instances the first place people go to for money. The gaming machine distribution has grown to more than \$3.2 million. Such a sum has had a significant impact on schools, kindergartens, sports clubs and playcentres. The impact of gaming has led to the explosion of community sport and social agencies – all of whom have benefited. There is no question in my mind that the good done by the distribution of cash far outweighs any harm caused by gambling.

The gaming machine income has made us all think more carefully about maximising the benefit of such large amounts of money. Nobody can claim giving money away is easy. The Trustees have all had to work harder to evaluate the grant applications and almost always ration the money to keep everyone happy. It has been an enormously exciting time for Trustees knowing they had such a reliable source of cash to distribute. For example one of the highlights was the \$2 million granted for the Recreation Centre. In my judgement the Trustees carried this responsibility given to them by the community sensibly and professionally.

THE STRUCTURE

Trust House was formed as a company in 1989. Its purpose was to operate as a management company for the Licensing Trusts of Flaxmere, Masterton, Rimutaka and Wellington South. The strong social mandate given to Masterton in 1947 was carried into the new company. It was recognised that the social and leisure needs of the communities were the main purpose of the company.

For the Trustees at the time, this new company with its new discipline and goals were a major change. In the 1980s we recorded for the first time our beliefs, business purposes, social responsibilities and learnt much about governance. A paper by Sir John Dunlop to the Australian Institute of Management in 1971 on the relationship between Board and Management was one of our guiding documents. Much has been written about the topic in the years since, but in 1980s it was eye-opening material for us.

The management skills built up with these four Licensing Trusts enabled the company to offer the same type of arrangements to the Porirua, Johnsonville and Wainuiomata Trusts. The company remained in that management role even beyond the later bust-up with the Wellington Trusts in 1993/1994. The original Trust House company incorporated in April 1989 changed its name in December 1997 to Trust House 1989 Limited. A new Trust House company was incorporated on the 11th December 1997 as a charitable company. That company purchased the assets of both Masterton Licensing Trust and Tararua Foundation.

The assets sold into the company by Masterton included:

- Landsdowne Court
- Horseshoe Tavern
- Joseph Masters Wine and Spirits
- Kuripuni Tavern
- Solway Park Hotel
- Homestead Tavern
- Slug and Lettuce

The assets of the Tararua Foundation sold were:

- Courtenay Arms
- Eketahuna Community Store
- State of Art Café Dannevirke
- Carrington Wines and Spirits
- George Grey's Wines and Spirits
- Tararua Wines and Spirits
- Isaac Featherston's Wines and Spirits
- Empire Tavern Feilding
- Buckhorn Bar and Grill

From the early 1990s directors have been appointed from outside the shareholder members. The purpose of the "outside" directors was to strengthen the board by bringing a wider business perspective to the board table.

The agreement to sell these assets to a company was not without debate, and Masterton Board Member Neill Inkster was keen to see the assets leased for fear of loss of community ownership. The transactions were significant and a full public consultation was carried out. Few people bothered to make submissions (other than Neill Inkster and a couple of others) and the logic of what was happening did not seem to bother the wider community. Trust House issued shares to Masterton Licensing Trust of 8,000,000 and Tararua Foundation 2,000,000. Later Trust House also purchased the Newtown and Island Bay premises occupied by the Wellington South Licensing Trust. Trust House Limited from then on also took over all the tenancies of the new shareholders. This gave Trust House the appearance of a normal trading company. Agreements were entered into with each shareholder setting out the expectations and obligations for both sides. Importantly these agreements set out the proportion of gaming machine profits to be distributed. Initially that meant each shareholder carried on distributing the net proceeds from the premises previously owned but now sold to Trust House. The inequity of Tararua Foundation as a 20% shareholder distributing more than 40% of the income was not lost on some of the Masterton Trustees. That gradually changed to the point where the levels of distribution reflected the shareholder. These distribution committees as they are now referred to have become well-known for the cash grants they make and are, in many instances, the first point of contact for those seeking cash grants.

From the early 1990s directors have been appointed from outside the shareholder members. The purpose of the "outside" directors was to strengthen the board by bringing a wider business perspective to the board table. The special relationship with Rimutaka and Flaxmere Trust which had been under management for several years prior to the company formation was acknowledged, with Ken Kibblewhite from Flaxmere and Tom Jones from Rimutaka being given observer status at Trust House Board meetings (Mr Kibblewhite became a director in April 2006 when Flaxmere sold its assets to Trust House).

The overall structure of Trust House and its interests is quite difficult for other than those involved to understand. It has quite rightly received a bit of criticism as being unwieldy. In late 2007 a paper by CEO Bernard Teahan suggested that the Tararua Foundation be taken out of the equation and the director representation by Masterton Licensing Trustees on the board of Trust House be increased to 4 (of 6). The proposal (not yet signed off at time of writing) also suggests that the Chairmanship of the Masterton Licensing Trust and that of Trust House be the same person¹⁰. That would simplify the public understanding of who is in control. Essentially Masterton Licensing Trust would end up controlling 97% of the shares in Trust House.

¹⁰ This has now occurred with Mr B J Bourke being both the Chairman of Trust House Limited and President of the Masterton Licensing Trust (December 2007)

THE HOUSING ESTATE

A chance meeting between Wairarapa farmer Bill Dalziel and a member of Housing New Zealand resulted in a suggestion that Housing New Zealand would like to dispose of its Wairarapa Housing Stock. The nature of the conversation came to the attention of Masterton Licensing Trust Chairman Rick Long, who passed it on to CEO Bernard Teahan. The rest they say is history.

Just before Christmas 1998 agreement was reached between the government and Trust House Limited to take ownership of 541 government houses. The houses represented all the government houses from Martinborough to Dannevirke. In the nearly 10 years since that housing acquisition happened, there has been a growing realisation that it was the best business expansion initiative that Trust House had ever made. Some observers regarded it as a financial coup. The ownership of these houses certainly suited the concept of community ownership. Of course owning and managing 541 former Housing New Zealand tenants was not without its challenges. Helpfully two Housing New Zealand staff came to work for Trust House. This made for a smooth transition. What Trust House was keen to do was run the Housing stock better than Housing New Zealand. Trust House has been able to bring a flexibility to its relationship with tenants and look at other community issues such as neighbourhood beautification, fencing, driveways and home heating as a health issue.

In the nearly 10 years since that housing acquisition happened, there has been a growing realisation that it was the best business expansion initiative that Trust House had ever made.

It was a vote of confidence by the government in Trust House and the concept of community ownership.

There is no doubt that the tenants and the wider community have accepted Trust House as first class landlords. It was a vote of confidence by the government in Trust House and the concept of community ownership. We have been careful about disposing of the houses and in the 9 years since ownership began only 12 have been disposed of and only then in special circumstances.

Being a landlord of many of the lower paid people, brings us into contact with people facing real issues about making ends meet. We have always been sensitive to the rent increases and have continued to charge rent lower than the market average. The occupancy has seldom dropped below 97%.

The impact of the Housing Estate on the balance sheet of Trust House has been nothing short of spectacular. The cost of the houses in 1998 was \$10.5m. The value at March 2007 (on an investment basis, not sale value) was just on \$30m. The Housing stock represents 51% of the company's assets. The certainty of the rental stream is unlike any other part of the business. If ever a further investment of this type of housing came along Trust House would jump at the chance.

THE DEMISE OF THE WELLINGTON TRUSTS

These Trusts were never a good fit. We did our best to graft those Wellington Licensing Trust businesses to the Trust House mould. We had superior management systems in almost every aspect of business. The Wellington Trustees with any idea of business or more importantly a concern for their community, would have embraced the idea. Sadly it was not so. Politics got in the way.

We started with management agreements and the initial Board of Trust House was chaired by Joe McTaggart from the Wellington South Licensing Trust. This was to placate the Wellington Trust from believing this was a Masterton takeover. We managed Wainuiomata, Wellington South, Johnsonville and Porirua.

It was a nightmare for management as the structure of each trust was left intact and required management to arrange and service more than 100 meetings a year. It could not last. But it lasted long enough for us to realise that if the considerable collective assets could be brought together in a more efficient way, real benefit would result. We wanted to have a single company structure owning all the assets with participating trusts being shareholders. One of the best directors we ever had was Jim Fletcher. Jim had the ability to see business with a clarity second to none. Jim rang me prior to the Board meeting of November 1993 held at Burma Lodge Johnsonville, and suggested I propose a resolution that would have given effect to the "one company" structure. Kevin Watson, arch socialist on the Porirua Board, spoke strongly against it as did Chairman Joe McTaggart, Harry Martin and Ron Turner. It was the beginning of the bust-up. Porirua had more to gain from the "one company" structure yet following the bust-up, went back to its old loose management and without any help from Masterton went into decline to the point today, where it does not operate a hospitality outlet. It gives us no satisfaction to see a large community asset like Porirua Licensing Trust squandered. But the same could be said about Johnsonville, Wellington South and Wainuiomata. They have completely disappeared. We can only wonder what might have been had it not been for the silly politics of the Wellington Trustees. But it was worse than that. A group of less than 30 Trustees from Wellington effectively destroyed community assets in excess of \$20m and denied their constituents the benefits of future profit distributions.

Looking back I am sure we would not have done things much differently. Everyone had much to gain from the "one company" structure and we gave it our best shot. CEO Bernard Teahan was careful not to criticise the Wellington Trusts "they may well have a different solution and they might be right", he said, wishing them well, but very fearful for their future. Unfortunately they did not listen to the very sound advice given, and their unnecessary demise was inevitable.

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RIMUTAKA AND FLAXMERE LICENSING TRUSTS

These two Licensing Trusts have a special relationship with Masterton. Both of them have been managed by Masterton for more than 20 years.

We started with Flaxmere in 1984. The Chairman at the time James Morgan asked us for help because Flaxmere was in danger of going under. As a sister organisation we were keen not to let that happen, and Flaxmere was taken into a management relationship with Masterton Licensing Trust.

It has been a most rewarding relationship for both. It was the first management contract for Masterton, and it gave management and Trustees an experience to confidently use the same techniques years later in the case of the Wellington Trusts. Sadly the outcome in Wellington was different. But that's another story.

The overwhelming feeling from Masterton's point of view of the relationship with Flaxmere, has been one of great success. Flaxmere Trustees and long time Chairman Ken Kibblewhite have always been supportive and loyal to Masterton. Politics never got in the way.

What Masterton did for Flaxmere was significant because a one tavern Licensing Trust would not have survived without Masterton's help. Not only has Flaxmere survived, it has become well-known for its imaginative grant-giving projects. Smoke alarms in every home and electronic white boards in schools has brought it much praise.

In April 2006 Flaxmere sold its assets to Trust House and received shares in exchange. Thus 22 years of management came to an end and Flaxmere came into Trust House Limited. Flaxmere received 337,000 shares to add to the 150,000 they already owned.

Flaxmere is a good example of Trustees being aware of assets they control and the responsibilities they have to preserve and grow the assets. Much credit must go to James Morgan and Ken Kibblewhite.

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Rimutaka has been in a management relationship with Trust House for 20 years. Again this is a one-tavern Trust, which could not manage without the help of the resources of Trust House.

There have been attempts to bring Rimutaka fully into Trust House and in 2006 a consultants' report to Rimutaka recommended that full integration would be advantageous. Rimutaka also went to community consultation but the community preferred retention of ownership of the land, building and business.

It's fair to say a bit of the initial momentum for Rimutaka to come into Trust House has been lost. In the meantime the management contract is working well. Rimutaka has significant land assets that may well be a catalyst to eventually make redevelopment happen and Rimutaka cannot do that without Trust House. Some form of integration with Trust House is likely.

THE TARARUA FOUNDATION

The Tararua Foundation was formed under the Charitable Trust Act in 1985. It was known then as the Masterton Charitable Trust (changed to Tararua Foundation in July 1992) and was the brainchild of the Masterton Licensing Trust. It was set up in such a way so as to be independent of the Masterton Licensing Trust. Its purpose was to bring together representatives of the major funding bodies within the Masterton district so a more co-ordinated approach could be pursued. The original trustees were:

- FR Long
- BJ Bourke
- HR Loader
- GH Sutherland
- SD Blakemore
- JJ Maxwell
- JF Cody (Mayor of Masterton)
- AH Gaskin (Chairman of the County Council)
- GA McDonald (Chairman of Masterton Trust Lands Trust)

The Trustees were changed in March 1990 to provide for Trustees to be:

- The Mayor of Masterton
- Deputy Mayor of Masterton (or nominated representative)
- Chairman of Masterton Trust Lands Trust

These three people were given the ability to appoint three other people. This change in Trust representation really brought about the separation from the Masterton Licensing Trust. The first trustees under the new board structure were:

- BJ Bourke
- J Terpstra
- RC Francis
- GA McDonald
- J Stewart
- BJ Lochore

Originally the only cash the foundation had to distribute was from pool tables, but in 1989 the gaming machines arrived and things really started to change.

Although this Trust was formed by the Masterton Licensing Trust, that Trust could not make appointments to the Board. This became crucially important when in 1992 the Tararua Foundation was challenged on the renewal of a liquor licence because it was said it was under the control of the Masterton Licensing Trust (more on this later). Originally the only cash the foundation had to distribute was from pool tables, but in 1989 the gaming machines arrived and things really started to change.

The Tararua Foundation received a grant of \$600,000 from the Masterton Licensing Trust in April 1987. That money was used to buy the Empire Hotel in Feilding. That purchase was the beginnings of the expansion of the Foundation as a significant operator in its own right. Other businesses were added:

- Wairarapa Wines and Spirits 1988
- Tararua Wines and Spirits Pahiatua 1992
- George Grey's Wines and Spirits 1992
- Isaac Featherston's Wine and Spirits 1992
- State of Art Dannevirke 1995
- Buckhorn Bar and Grill 1996
- The Courtenay Arms Wellington 1996

These were heady days where the need to expand beyond Masterton was paramount. Six of the seven businesses are still owned today.

Importantly, the Foundation was in receipt of significant gaming machine money for distribution. From 1989 until 1994 the Tararua Foundation distributed more than the Masterton Licensing Trust. Before the reorganisation of Trust House Limited (when Tararua Foundation ended up with shares in Trust House Limited rather than with individually owned assets) Tararua had given \$926,513 and Masterton Licensing Trust \$544,546.

There was an undercurrent of resentment by the Masterton Licensing Trust Trustees that an organisation which had created was making a bigger impact because of the gaming machines income it controlled. There was the odd attempt by the Masterton Licensing Trust Trustees to do away with the Foundation but they failed. I sat on both boards and could see the arguments from both sides. The benefit of having two separate boards was the wide range of community organisations that benefited. The sincerity of both boards in service to the community was never questioned. Overall, there existed back in 1985 and through to 2007 an excellent relationship between both boards. Both boards benefited from some long-serving Trustees, all of whom had a deep sense of the needs of the community.

When Tararua distributed cash benefits we arranged for recipients of our grants to gather together for a bit of socialisation, and these occasions were some of the most memorable times. People were often understandably excessive in their thanks to us. On some occasions, we did two functions in the one evening. Everyone likes receiving money but some people show a reaction that really makes you realise what an impact your help can be. For some struggling voluntary groups, being noticed and supported with cash is like a dream come true. I have literally been knocked over with hugs, warm handshakes and unwarranted praise.

In 2000 the Foundation, in agreement with the Masterton Licensing Trust, withdrew from accepting applications within Masterton and instead agreed to join with Masterton in funding larger applications for the high profile events: Balloon Festival, Summer Hummer and others.

The most uncertain time for the Foundation, was when application for renewal of a liquor licence to the Liquor Licensing Authority was declined on the basis that Tararua Foundation was controlled by the Masterton Licensing Trust. The decision was appealed through to the High Court (Justice Heron) where the Foundation again found that its arguments were not accepted. The next and final opportunity to overturn the decision was to the Court of Appeal. Thankfully the Court of Appeal was on our side. Had the Foundation lost this case, all the

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The demise of the Foundation is not without some sadness. It had built up a reputation as a very thoughtful and solid organisation. The excitement of the grant functions where we came face to face with the recipients of the money will be one of my lasting memories, as will the quiet harmony that characterised the board meetings.

liquor licences held by the Foundation may have been invalid and the businesses associated with them would have had to close. The Appeal Court decision was some time in coming and CEO Bernard Teahan and all the Board went through an anxious wait. Our case to the Court of Appeal led by Barrister Terence Arnold and his superb demolition of the opposing arguments was something to be admired.

During the existence the Foundation distributed more than \$5 million. The community was represented by some of the most prominent leaders – Bob Francis, Brian Lochore, John McDonald, Rod McKenzie, Owen Prior, Jane Terpstra, Jean Stewart, Maurice Hurst, Mena Antonio and Catherine Graydon. I've had the good fortune to be the Chair of the Board since 1989. I have often said I had a charmed life to lead such capable people.

In late 2007 following a paper by CEO B.J Teahan on the structure of Trust House, it was apparent that the work being done by Tararua Foundation could just as easily be done by the Masterton Licensing Trustees. The Foundation had faced occasional questions (that is, what was its role?) from the Masterton Board in past years and sometimes the debate was neither not very eloquent nor reasoned.

The discussions this time were more balanced. There was a mutual consensus between both boards that the Tararua Foundation should be wound up and its shares in Trust House worth on paper about \$8m be gifted to the Masterton Licensing Charitable Trust. The decisions would take effect after the local body elections in 2007.

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10

COMMUNITY SUPPORT



COMMUNITY SUPPORT by NOEL PRESTON

THE COMMUNITY DIVIDEND

Much of the growth has revolved around the physical aspects of the Trust: the huge increase in the value of assets; the increase in the number, and range of those assets; and the expansion of what could be termed Trust House territory. However, it is the return to the community, over this last ten years that form the focus of this chapter.

Community Support has been the cornerstone of Trust House's existence since its beginnings as the Masterton Licensing Trust away back in 1947. Within six or seven years sufficient reserves had been built up to enable the MLT to make their very first grant, \$1,000 to the Masterton and District War Appeal. In fact it was the later strong support of the Trust that enabled this tremendous Memorial Project to reach a satisfactory conclusion.

As the Trust's operations expanded, and profits grew, increasing amounts were returned to the community, so much so that by the time the organisation reached its 50th Anniversary in 1997, it was able to boast a total of over \$2,000,000 returned to the community. While many organisations were the beneficiaries, there were some notable recipients, such as the Wairarapa Arts Foundation, the Masterton Community Centre in Queen Street, the Henley Lake Project, Tourism Wairarapa and the Masterton Indoor Swimming Pool.

However, in many ways the 50th Anniversary marked a watershed year for the MLT, because it was in 1997, that the new company, Trust House Limited was set up, basically separating the business unit from the charitable or community arm so as to improve the performance of both. Largely as a result of that development, the last ten years have, without doubt, been the most impressive in the organisation's 60 year old history.

Much of the growth has revolved around the physical aspects of the Trust: the huge increase in the value of assets; the increase in the number, and range of those assets; and the expansion of what could be termed Trust House territory. However, it is the return to the community, over this last ten years that form the focus of this chapter.

"No matter how good they may or may not be in their respective areas, the days of the licensing trust are definitely over... If licensing trusts do not end their own reign then that reign is likely to be ended for them and quickly."

Quote from an editorial in the Ashburton Guardian of Monday March 24th 1997. (Sue Newman, Editor) She was referring to anti-monopoly polls in three North Island areas (including Masterton) while Ashburton had retained their own Trust's monopoly.

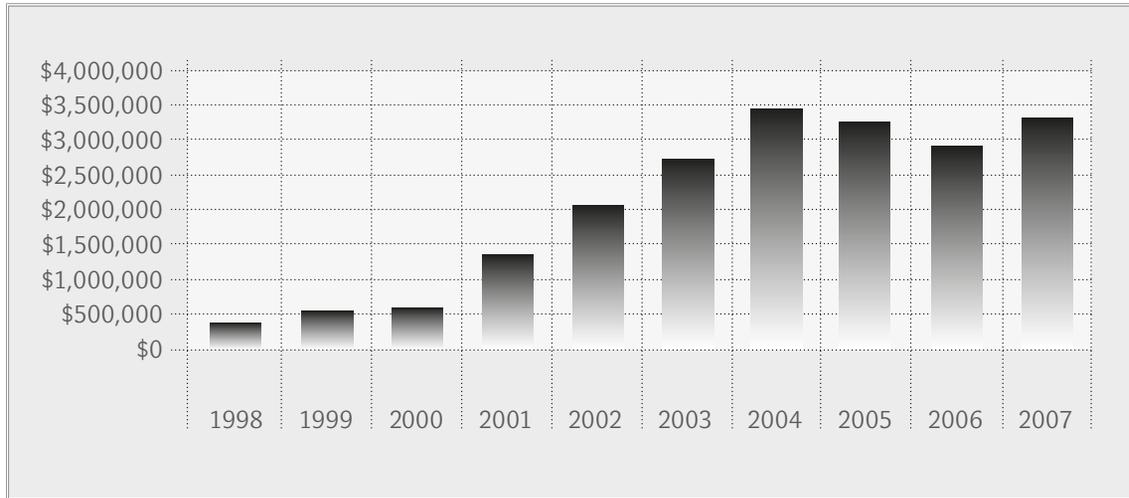
While there have been a number of changes to the format of these returns to the community, clearly the most outstanding feature has been the steady, at times spectacular, increase in the amount of funds available for distribution. With Trust House continuing to support many organisations through profits from its trading operations, the Trust House Charitable Trust has been responsible for the distribution of returns from the gaming machines located in many of the Trust premises.

The first gaming machines were legalised in this country in 1987, with their control under the 1977 Gaming and Lottery Act. This Act had been set in place to cover such items as Housie, club lotteries and the like, so it was hardly suited to cope with this new gambling phenomenon. While profits from the machines were required to be distributed to charities, enforcement of regulations was nowhere near as strict as it is now.

Back in 1987 donations to the community amounted to \$74,524, most of that sum coming from normal Licensing Trust profits. However the next decade saw a steady increase in these donations, as the number of gaming machines increased, particularly in areas covered by the Tararua Foundation. By 1996 the total figure had reached \$313,305.

However, while growth in that decade was steady, the next decade, beginning in 1997 produced some astonishing figures, with total returns to the community, through the four arms of the Trust House Charitable Trust increasing from \$404,509 to \$3,340,134, a 725% increase. These bar graphs show the movement in those returns for the decade.

TRUST HOUSE TOTAL OF DONATIONS 1997 - 2007



As the nineties neared their end, there was increasing concern throughout the country about the burgeoning gaming machine business, leading to a review by the Government, which was followed by the Gambling Act, passed into law in September 2003 and coming into effect on 1 July 2004. This Act, coupled with the anti-smoking legislation which was introduced in December 2004, saw a marked and immediate drop in usage of gaming machines.

Extract from Chief Executive Report - Trust House Annual Report 2003

It has been disappointing to hear from some national political quarters that this work should be centralised under the Lotteries Commission. This completely overlooks the superb work these local Trusts do and the knowledge the trustees have of their communities' needs which in the majority of cases they have been elected to represent as Trustees.

Extract from Chairman's Report - Trust House Annual Report 2005

If the key persons issue had not been resolved, largely through the efforts of a handful of Trusts, including the MLT and its Chief Executive Pat Teahan, the whole focus of returns to the community could have been jeopardised.

Even greater concern lay with the Gambling Act 2003, and in particular the impact on Licensing Trusts of the key persons issue. Eventually, most political parties came to realise that the original Act would have had unforeseen effects on Licensing Trusts, resulting in the Gambling Amendment Bill. At the end of March, it still sat well down in the Parliamentary Order Paper, but as we now know, it has since been passed into law, much to our relief.

The drop varied throughout New Zealand being well over 20% in some areas. Throughout the Charitable Trust's territory, the drop averaged about 16%, with that move balanced to a certain extent with Trust Houses' purchase of further outlets at Pukemanu in Martinborough, and Stellar in Masterton.

However, in line with similar trends overseas, the movement has tended to plateau out, in fact even show a small increase in places.

With so much more funds available for distribution, a great deal more time was needed to be devoted to the charitable arm. In 1999 a sub-committee, under the Chairmanship of Jim Wagg, considered grant applications, before passing them on for ratification by the full Board. Later in 2002, the Masterton Licensing (Charitable) Trust held its own meetings, chaired by Noel Preston, with all Trustees attending the deliberations.

With so much more funds available for distribution, a great deal more time was needed to be devoted to the charitable arm.

Then in 2000 came the move from annual to twice yearly meetings while in 2004 that increased to ten grants meetings a year, about every five or six weeks. Even then, the Chairman had limited dispensation to deal with urgent applications.

With such a big increase in the number of requests for grants in the last decade there has of necessity, been a more structured approach to the form and nature of applications. There is often a personal approach to Trust officers or to Trustees, before the actual application is filed, with the potential grantee having to fulfil certain compliance features before the approach is accepted.

**Extract from 2006 Report
on Rally Wairarapa**

"Please record our sincere thanks for the ongoing support Trust House Charitable Trust have offered. Of note is that your support has not merely been by grant monies. We are totally indebted for personal interest by encouragement, introduction, attendance at ceremonial activities and the general level of credibility we have attained under the Trust House banner. We do hope that our recognition of this support has in some way met the obligations that grant recipients should be accountable for."

There are two key requirements: a financial statement; and a brief summary of the purpose of the project. Also of importance in Trustees' eyes is the input from other sources, towards the project, whether it be in money terms, or through voluntary labour.

The successful applicants must also follow compliance features when the grant has been spent or the project finished, and it is in this area, that I feel there should be an increasing emphasis, particularly with those organisations seeking to maintain regular Trust support in the future.

As in all things, there is a wide variation in the quality of both applications and evaluations. However, if I was to give a prize for the best of all the hundreds dealt with in the last ten years, it would have to go to Rally Wairarapa. Through their Executive Officer, John Cluney, they have presented first-class applications, and precise, but pertinent evaluations which have been a model for others to follow.

Grants evenings, when Trustees meet in a relatively informal situation, with representatives from the various organisations, have settled into a twice yearly pattern for both Masterton and Wellington. Apart from speeches and announcement of grants, these evenings often feature items from some of the successful applicants.

In the last ten years there is no doubt that one grant dominates – that of the \$2,000,000 towards the upgrade of the Masterton Recreation Centre. It was paid out in four instalments, each of \$500,000, and while it was something of a commitment at the time, it certainly appears to have justified the Trust's initiative.

While no other organisations have come near the Recreation Centre grant, there are quite a number whose total support has been more than impressive as can be seen in this list:

All Kiwi Sports Club Inc

(9 grants since 2004 for Trust House Cycle Classic, Women's World Cup of Cycling, Masters Cycling Classic – \$492,500)

Mary Potter Hospice Foundation

(5 grants since 2003 - \$430,000 – all joint with the Tararua Foundation)

Wairarapa Cultural Trust – Aratoi

(9 grants for various purposes since 2001, totalling \$220,300, plus \$200,000 jointly with the Tararua Foundation towards the Centre's construction – \$420,300)

NZ Sports and Vintage Aviation Society

(8 grants since 2000 toward upgrading the Society's building, and supporting "Wings over Wairarapa" – \$366,141)¹¹

Pukaha Mt Bruce / National Wildlife Centre Trust

(8 grants since 2000, all joint – \$278,500)

Wairarapa Balloon Society

(8 grants towards the Balloon Fiesta since 2001 – \$275,000)

Rally Wairarapa Inc

(7 grants, rising from \$1,000 in 2000, to a joint grant of \$50,000 in 2007 – \$207,408)

Golden Shears International Shearing Championships Society

(9 grants since 2000, towards various aspects of the annual events – \$184,000)

Healthy Homes Project

(4 grants since 2004, all joint – \$155,000)

This highlights the so-called "majors" over the past decade, and there is no doubt they have played their part in fulfilling the words of Tararua Foundation Chairman Brian Bourke, made in his annual report, back in 1998. He said "Our aim has always been to use the money to try to make extraordinary things happen".

All of these have been the recipients of grants over a period, often over a number of years, so that their grant total is often quite impressive. However there have been plenty of "one-off" grants, which in their own way, and at the time, have been equally exciting. Here are some that spring to mind:

¹¹ "Surveying 1.6% of the 30,000 visitors to Wings over Wairarapa 2007 we are able to project that 73% of these visitors travelled from outside the region. The survey suggests that this group spent an average of \$200 each over the two day period (this spend was made up primarily of accommodation, food, services, entertainment, travel and sundry items) equating to some \$4.4 million spent in the region. Using an economic multiplier of 1.6 on this figure the indirect economic impact on the Wairarapa region's economy increases a further \$2.6 million giving an overall total impact to the region in the order of \$7.1 million." From: Wings over Wairarapa.

¹² "In a move that will enhance the opportunities for Wairarapa children to become more involved in the history and arts of the region, Wairarapa REAP is pleased to announce the appointment for its Education Officer position, which will support the cultural and heritage providers in the region. The venture is a partnership between the Masterton Trust Lands Trust, Masterton Licensing (Charitable) Trust, Wairarapa REAP and Aratoi. The Masterton Trust Lands Trust and the Masterton Licensing (Charitable) Trust are to contribute grants of \$45,000 each to establish the position" – press release March 2003

2001	Support for Medieval Festival in Masterton	\$10,000
2002	Harley Street E Centre	\$40,000
2003	Retinal Camera for Wairarapa Community Health Board	\$45,000
2003	Museum Education Programme ¹²	\$45,000
2004	Wellington Fire Brigade (Automatic external defibrillators)	\$50,000
2005	Meningococcal Immunisation Programme	\$40,000
2006	Alternative Programme for difficult children (Primary)	\$25,000
2007	Upgrading of fernery at Queen Elizabeth Park	\$45,000

However, one must not forget the large number of grants at the other end of the scale. In the 2001 financial year the MLCT gave out 148 grants, of which 87 or 59% were \$1,000 or less. In the 2007 financial year 129 organisations or 22% were still in the \$1,000 or less category, while 66% were for grants of \$5,000 or less. It should be also noted that it has been my experience that the Trustees seem to adopt a rather more "kindly" attitude to these smaller grantees, seldom treating them to the severe cut-backs that sometimes applied to the larger applications.

It has been said many times that all the recipients of grants, large or small are important to us.

The grants over the past decade, and no doubt before that, have been for the most part "reactive", in other words a response to an application from organisations out in the community. Discussions have taken place over the years about the need to be more proactive, in other words to be an initiator of projects.

In 2001 the Charitable Trust experimented with the concept, when, following two focus evenings, the Salvation Army's Mobile Health Unit was launched. This was a co-operative venture involving the Salvation Army, Health Services and the Trust, with the latter contributing \$70,000 annually for three years.

While the project was hardly an unqualified success, I still believe the concept was sound, with the spin-off of co-operation between various organisations introducing a very sensible approach to funding local initiatives.

There have been other examples of projects where the starting point has been the Trust or Trustees. The Red Cross run community bus services were the brain child of Rick Long, while the statue "Jake" by Ken Kendall, owes his peripatetic nature to Noel Preston and Bernard Teahan.

It has been said many times that all the recipients of grants, large or small are important to us.

Another feature of Trust support for the community has been the increase in the number of grants in partnership with other organisations, notably in the last ten years. The relationship with the Tararua Foundation has always been there, but there has been cooperation, particularly with some of the larger projects, with the Masterton Trust Lands Trust, Wairarapa REAP, Eastern and Central, the Salvation Army, Red Cross, the Wairarapa Community Health Trust and the Masterton District Council. This is surely something where everyone is a winner, which must continue and expand.

Per Cent of Revenue Distributed

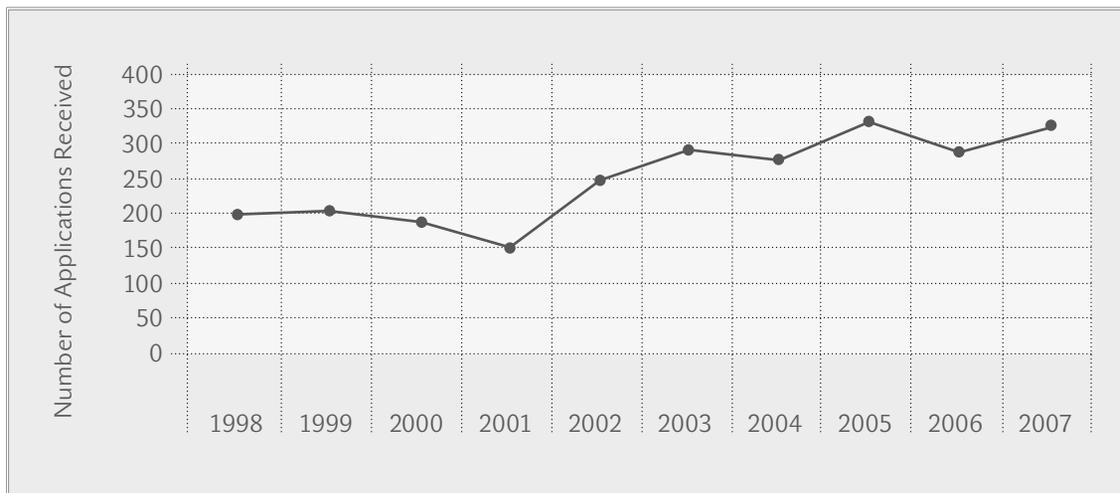
Year	%Distributed
2004	47.0%
2005	43.6%
2006	39.9%
2007	43.8%

As mentioned, previous to the 2003 Gaming Act 33% of the income from gaming machines had to be returned to the community. While the MLCT invariably returned a much higher percentage the old Act was not all that strictly enforced. However, since 2003 37.12% is now the minimum return figure with that level being more carefully regulated.

To the left shows the percentage return over the past four years.

Over the last ten years the number of applications, and consequently the resultant grants has tended to increase as this graph indicates.

NUMBER OF GRANT APPLICATIONS RECEIVED



There are a number of reasons for this, with the obvious one being that the Charitable Trust has had more money to distribute, so logically, the numbers increased. However, it does seem that there are increasing needs for support in the community, particularly in the area of health and welfare. Another factor in this trend is a consequence of the Trust's own success – it is now much better known notably in its Wellington territory, so more and more organisations appear with their applications.

Going hand in hand with the increase in actual numbers, there has been an increase in the average size of the grants. Back in the 1997-98 year the 201 grants averaged a mere \$754; by 2002-03, the 293 grants had climbed to \$4,948; while in the financial year just ended 325 grants averaged \$5,758.

The increases were across the board, applying to large and small as the following list will show:

However, it does seem that there are increasing needs for support in the community, particularly in the area of health and welfare.

	2001	2007
Wairarapa Balloon Fiesta	\$20,000	\$45,000
Golden Shears	\$2,000	\$30,000
Intercollegiate Speech Contest	\$178	\$800
West Side Play Centre	\$700	\$2,000
Masterton Racing Club	\$3,000	\$6,500
Abbeyfield	\$800	\$2,000
Masterton Library	\$2,500	\$28,000

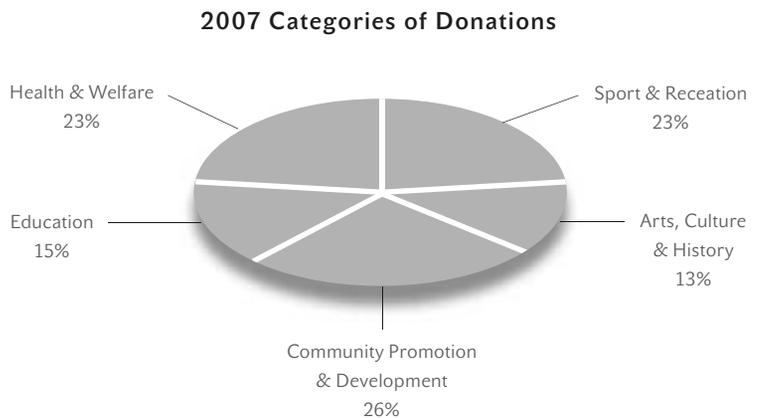
... a clear pattern has emerged in recent years, with five major groups, namely: sport and recreation; education; arts, culture and history; health and welfare; community promotion and development.

This is only a small selection illustrating a trend. It does appear though that overall there is a greater need for support, which fortunately, in most years we have been able to respond to. It should be noted, however, that back in 2005, when legislation was having a decided effect on gaming machine income, Trustees were forced to turn down or cut back applications that previously might have been treated more generously.

Previous to 1997, not a great deal of attention was given to categorising the destination of all the grants distributed. However, a clear pattern has emerged in recent years, with five major groups, namely: sport and recreation; education; arts, culture and history; health and welfare; community promotion and development. There is a small sixth group which applies to individuals who are representing New Zealand in some way, whether it be sport, or on stage or whatever.

Generally, we try to distribute them fairly evenly, but this is difficult to do, even on a yearly basis, with items such as the Recreation Centre skewing the overall picture for some years. One could also argue that the Centre could be allocated to sport, rather than community development, the category it was placed in.

The distribution right across the four arms of Trust House Charitable Trust, for the 2007 financial year is shown in this pie graph:



I can not speak for the three other Charitable arms or Trust House, but as far as the Masterton Licensing (Charitable) Trust is concerned particularly while I was Chairman, I believe I can make some comments. Our regular grants discussion meetings were never sedate affairs, with the six Trustees always exercising their democratic right to say something about each and every grant.

At times I may have inwardly seethed at what I felt were inadequate, spurious or just stubborn positions on various causes, but then consoled myself with the thought that the others probably thought the same about me. Over the years, however, I believe certain individual idiosyncrasies became apparent; Rick Long and his beloved La Leche League; Brian Bourke and anything to do with swimming; Ray Southey's initial horror of grants going to strange dance groups (but we eventually partially converted him); Steve and the environmental organisations. And the group as a whole, always with something of a soft spot for the pre-school applications. They were great meetings, which, despite the vigorous, and at times heated debate, always ended up afterwards, with a feeling of comradeship and a job well done.

I believe that over the last decade, the Charitable Trust has lived up to, and expanded, on its aim of returning support to the Community. Hundreds of organisations, both large and small, throughout the Wairarapa and beyond, have benefited from that support. At times the Trust's assistance has been clear cut and obvious to the general public. All too often, however, our aid has been less apparent, perhaps only known to the grantees themselves. Perhaps this is partly our fault, but I have to say that, in my opinion Wairarapa, and Masterton in particular, does not fully appreciate the huge benefit that the Trust is to this region. We would be a much poorer community without it.

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A THIRTY FIVE YEAR REFLECTION by RICK LONG

A POTTED HISTORY

I was elected on the Licensing in a bye-election in 1972. This was mid-term as much-respected trustee Frank Armstrong had died suddenly. I'm not sure my intentions were well thought out and probably came about with a bit of dissatisfaction I had with the Trust which saw me leasing one of their poorly performing outlets to show them how to increase patronage.

Bruce Dunderdale, a close friend, had been elected in 1971 and the Trust about that time had embarked upon building a new first floor addition to the Horseshoe called the Elizabethan Room. It was to be a ladies and escorts bar, but few ladies responded so there were even fewer escorts.

One Friday night Bruce took me up to the room to show me just how bare the cupboard was. There were two barmen, about ten or twelve couples and a three piece band playing. Bruce said the band was costing the trust \$36 and the takings over the bar averaged about \$35. Recklessly I said tell the Trust to give me the bar and I'd show them how to fill it.

To my great surprise a week or so later I had a call from Bruce to say he'd told the trustees of my offer and they had resolved that I could have the Elizabethan Room every Friday and Saturday night at a hireage rate of \$5 per night. I could keep the door charge and the Trust would have the bar takings. I think it's termed 'calling your bluff.'

I rang a friend Brian Davey, a local physiotherapist practising in Masterton at the time, and asked him if he would like to join me in a part-time business venture yet to be determined. Brian readily agreed and we canvassed our options and decided to create a discotheque. We did it well, sparing no expense and opened a few weeks later with an operation we called "The Light Fantastique." It was an overnight success; we had to have a 'House Full' sign made and we packed the

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place every Friday and Saturday night.

I was the disc jockey and Brian was a superb mine host and he ensured that everyone who came in the door was made to feel welcome.

After a year of hosting great parties every weekend – and making handsome profits in the process – Brian decided to take his young family settle permanently in Australia, setting up practice in Sydney. (Such was his talent that in 1990 he became the World President of the International Physiotherapists Association and was later awarded the Order of Australia).

Given that I was now a Licensing Trustee I too decided to withdraw from the disco and we sold it. The new owner closed it after six weeks. He was down to about ten or twelve couples.

My experience with the disco had encouraged me to become a trustee and I was keen to provide the managers with some form of incentive bonus. The more they sold the more I wanted them to be paid.

I campaigned on this strategy, but found out at my first meeting that liquor law in place at the time did not allow anyone involved in the alcohol purveying business to be given an inducement to sell more alcohol.

At my first meeting the chairman Mr D. B. (Bert) Curry welcomed me warmly and introduced me to those sitting around the table. They didn't need much introduction. The General manager Bill Waddell was a fellow Rotarian, the Financial Controller John Geary was my first cousin, Bruce Dunderdale was one of my closest friends, Laurie Johnson, a local chartered accountant, also owned with his wife a ladieswear store just along from our butcher's shop, Labour MP Jack Williams, who farmed at Te Ore Ore, had been a customer of ours for many years and Seddon Burr ridge, once the proud owner of Burridges famous brewery, was my wife's uncle.

Towns don't get much smaller than that.

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Bruce and I were clearly the "youngsters." Bruce was just thirty and I was thirty two and we were impatient for change. Our colleagues were more mature and conservative and resisted most of the modifications we wanted to make. Finally in frustration we suggested that management consultants be brought in to see where changes might be advisable. We were just able to get a majority for this resolution and John P. Young and Associates from Wellington were engaged.

Managing director Ted Spraggon soon realised that the motion to employ his company had come from Bruce and I and he subsequently spent a lot of time with us to ascertain just what we had in mind. His report was well received by all of the board.

There was no real criticism of the current management or our systems, but knowing that I was looking for a way to offer incentives to our line managers John P. Young and Associates advised that what we needed was budget accounting. The managers had to set ambitious but realisable annual budgets and income and expenditure streams were to match these. Each month the managers were to sit around the table with the general manager and their budgets and their performances against budget would be discussed openly. This way, claimed the consultants, you create peer group pressure which in turn was a powerful incentive to perform to expectations or above.

The management agreed to this but said it would require a new accountant to be employed to carry out this new function. Bernard Teahan who was locally born and bred, but was working for the Government Audit Office in Wellington at the time, was appointed.

It was more by good luck than by good management; I think there were very few applicants for the job. Bernard was to later admit that he struggled for a time having had absolutely no experience with budget accounting but people of his calibre soon overcome any perceived obstacles and budget accounting produced the desired results.

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Soon we were getting motivated managers and more acceptable profits. Both Bill Waddell and John Geary moved on to greener pastures and Bob Hall was employed as General Manger. Bob had been the renowned catering manager at the Christchurch Commonwealth Games, but failed to make an impact in our business and after a rather messy dismissal process was replaced by Bernard Teahan who had been the de-facto manager anyway. Bernard went on to become an outstanding and long serving CEO.

Bruce Dunderdale also left for greener pastures at the same time as Bob Hall's departure and in 1978 I became the chairman on the same day Bernard Teahan took over the reins as CEO.

I could be justifiably accused of taking too much of a hands-off approach, but in this environment Bernard and his management team soared and the company went through a considerable growth period for the next two decades.

The Bob Hall's dismissal had been very public. The public misunderstood our reasoning entirely and we discovered in the process that we trustees were not held in high regard. I suspect we had been too public in all our dealings. It is perhaps the fault of the democratic system that to be re-elected you have to be seen to be fully involved in the running of the business when in fact all you are doing is stifling management. The way the public turned on us over the Bob Hall's dismissal showed the truth in the old maxim 'familiarity breeds contempt.'

So I sat down with Bernard on the day that the two of us assumed office and told him I wanted the board to be almost invisible, that he was to front the company and that we would merely approve policy and monitor its progress with very good reporting systems that he and his team would have to produce.

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Our reputation grew amongst our sister trusts around the country. In 1990 I was elected National President of the New Zealand Licensing Trusts Association, a position I held for three years and during that time I spent considerable time talking to all the trust boards urging them to look at restructuring their entities, to set up commercial boards where necessary and perhaps bring in outside directors to aid them to make sound business decisions.

The problem with the licensing trust democratic system is that it will elect popular people, but not necessarily trustees with the necessary skills to competently direct the business's which were growing rapidly.

The Wellington Trusts were a case in point. The trusts at Wainuiomata, Terawhiti, Wellington South, Porirua and Johnsonville were in varying degrees of financial strife and came to us cap in hand to see if we could help them out. Previously Rimutaka had come under our wing and we had succeeded in keeping them from going into liquidation. We also had a management contract with Flaxmere Licensing Trust in Hastings. We set up a management group called Trust House Ltd with some outstanding outside directors, while Bernard Teahan worked tirelessly to overcome the problems the Wellington trusts had got themselves into.

Bernard resigned in 2002 to go to university and study for a doctorate in public policy. His place was taken by ex-Shell Company executive Steven Foster who left us to own and operate a New World supermarket in Pahiatua. Bernard Teahan's brother Pat who had for 20 years been our highly competent financial controller took over the reins. Pat resigned at the end of 2006 and recruitment consultants gave us four excellent options as his potential replacement and one of these was Bernard Teahan whom I believe had no intention of returning to the fold, but was missing the challenges. He was chosen to once again lead the company by a sub-committee of directors.

I did not offer myself for re-election at the 2007 elections having decided that 35 years was a long enough period and it was probably past time for new blood to take over.

I spent considerable time talking to all the trust boards urging them to look at restructuring their entities, to set up commercial boards where necessary and perhaps bring in outside directors to aid them to make sound business decisions.

THE TRUSTEES

With the election approaching in 1974 Bruce Dunderdale and I decided we needed more trustees of our own age group on the board to put in place the changes we had envisaged and which to some extent the management consultants had endorsed.

We approached young accountant Brian Bourke. Brian hadn't been in town long having come from Ashburton via Wellington to work for local accountancy firm Eastwood and Eastwood. We knew Brian would make an excellent trustee, but we had less confidence over his ability to be elected as he was not well known.

We also approached local engineer Harley Loader. Harley was a common-sense practical person who owned a large engineering firm with his brothers Lyle and Vaughan. Back then only three of the six trustees had to stand for re-election by rotation. Once elected you had a six year term, but as I had won the late Frank Armstrong's seat in the by-election, I had to take his turn at the ballot box just two years after being first elected.

So Harley, Brian and I were standing against sitting members Seddon Burridge and Laurie Johnson. We all ran spirited campaigns. Brian who had polio as a young lad and used a walking stick promoted himself with the slogan "Stick with Bourke" which caught on and he just scraped home behind me and Harley. Laurie and Seddon, long-serving trustees, were both defeated. With four of us on a six man board we had control and Bruce was elected Chairman and I became the deputy-chairman. The Times-Age headline read the next day: "Young Turks take over the Licensing Trust."

We inherited a financially robust organisation and although we had thought our predecessors were a bit conservative in their approach, they had been prudent in their business dealings and we were able to make progress thanks to their sound stewardship.

When Bruce left in 1978 I became chairman and Brian Bourke became my deputy-chairman and remained there faithfully and patiently for 29 years. After the 2007 election he became only the sixth the chairman in the trusts' 60 year history.

Bruce's position was taken by Bill Van Praagh. Bill was a local real estate agent, and was the deputy mayor and the highest polling town councillor. Bill enjoyed his time with us but it was sadly short. He succumbed to cancer after being on our board for less than a year. Jack Williams had also died prematurely and his place had been taken by Shirley McDonald after a spirited campaign by the Women's Electoral Lobby and she became the first ever woman board member on our trust. Shirley owned a local babies clothes shop and was later replaced by Josephine Maxwell wife of Ian Maxwell who was now the deputy-mayor.

Surprisingly, these two were the only women to have served on the board in its sixty year history.

Steve Blakemore, soil conservator and senior manager with the Wairarapa Catchment and then the Wellington Regional Council, had also joined us followed by Leith Hopkins who had once been a trust outlet manager. George Sutherland, previously the popular headmaster of Wairarapa College, joined the board followed by another gregarious retired Headmaster this time from Makoura College, Noel Preston. We had architect Neill Inkster and retired motor company executive Jim Wagg, lawyer and coroner Jock Kershaw and farmer turned screen-printer Ray Southey. Sadly in 1997 Harley Loader died after serving 23 years on the board.

Not a lot of changes over my 35 year period but the ballot box treated us well and we have been blessed with intelligent and thoughtful people who have all brought different strengths to the board table. Not only that, we all got on well and thoroughly enjoyed our roles in the company.

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CHANGING DIRECTION

The 1989 Sale of Liquor Act signaled that times were going to get tougher for all those involved in the liquor industry. Controls were relaxed though drinking and driving laws were toughened, and Licensing Trusts were served notice that the exclusivity that they had enjoyed could be withdrawn at the whim of the electorate.

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Our board took the opportunity to investigate options for our structural makeup and consulted widely with our public on possible changes. We faced a competition option ballot initiated by Woolworths Supermarket in 1992. Woolworth's first needed a petition to be signed by 15% of the electorate and could then demand a ballot which ironically we had to pay for. The question on the ballot paper asked should the trust continue with its exclusive rights to the Masterton area or should it be opened up to competition? We won, but we knew that these ballots could be repeated every three years and it would only be a matter of time before we would have to face the competitive market. We decided it was better to be forearmed and when the second ballot loomed we were ready to face it. We resolved that we should lose the option. We instructed Saatchi and Saatchi to come up with an advertising campaign that would clearly describe the advantages and disadvantages of winning or losing to our loyal public and although the presentation was well balanced the public clearly understood our drift and we lost! (Yet won!)

By now we had set up the management board (Trust House) chaired by Joe McTaggart chairman of the Wellington South Licensing Trust, but when the Wellington trusts chose to leave our company Brian Bourke who had been my deputy since 1978, became the very accomplished chairman of Trust House.

One of our outside directors was Jim Fletcher, onetime CEO of Dominion Breweries and a member of the much respected Fletcher Construction family. During his time with us he was tragically murdered by a home invader while holidaying with his family at Papamoa. We have had a number of outside directors over the period and all of them have

proved their worth with the vast experience they bring to the board table; none more so than Jim Fletcher.

The quid pro quo for losing the competition option was that we were able to trade outside our previously legally designated area, and with the strong board of directors and management, the company expanded into Hawke's Bay, Manawatu, all the Wairarapa towns including Eketahuna and Pahiatua and we have four outlets in Wellington.

Our turnover during this period has increased from \$15 million to nearly \$50 million annually, thus highlighting the gains that can be achieved from embracing competition.

Apart from our core businesses we owned supermarkets, a hardware store, a hospital and rest home and we also bought all the state houses from Dannevirke to Martinborough after a chance phone call one evening in 1990 from local farmer Bill Dalziell who'd had a conversation in Wellington with the CEO of the housing corporation who asked Bill if he thought the Masterton Licensing Trust would be interested in purchasing the Wairarapa housing stock. I thought that perhaps the CEO had meant The Trust Lands Trust, but Bill assured me that it was the Licensing Trust they had in mind. I remember relaying the information to Bernard the next morning, expecting his reaction to be that the last thing would want to be was to be the landlord to a whole lot of state housing tenants, but his response was typically positive, loans were arranged and the purchase made. It has proved to be one of our better investments.

Revenue from gaming machines started to come on stream strongly and government legislation required us to be circumspect with our distribution of this money. We set up a separate entity called the Masterton Licensing (Charitable) Trust and Noel Preston assumed the chairmanship of this and worked very hard researching the applications for the grants and ensuring that the money we passed on went to legitimate and worthy causes.

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The problem at the time was that a number of competing projects were being envisaged and the capacity to fund them all was difficult. It was decided to set up a new board made up of the Mayor, the chairman of the County Council, the chairman of the Trust Lands Trust and the full board of the licensing trust.

We were aided in our distribution process by the Tararua Foundation which started out life as the Masterton Charitable Trust. We set this up in 1985 after the mayor at the time, Mr Cody, expressed disappointment that the trust was unable to make a major grant towards the new council library. We had strongly supported the Masterton Lions Club's lido pool and giant slide and the YMCA, and had then embarked on major support for the Henley Lake project, so our coffers were a little bare.

The problem at the time was that a number of competing projects were being envisaged and the capacity to fund them all was difficult. It was decided to set up a new board made up of the Mayor, the chairman of the County Council, the chairman of the Trust Lands Trust and the full board of the licensing trust. I chaired this board and it meant we had a greater understanding of what the various groups in town were planning.

We used this entity to purchase the failing bottle store in Eketahuna at the request of local MP John Falloon and later the Empire Tavern in Fielding. A complaint was made to the police that this was in fact the de facto licensing trust trading outside its designated area. The magistrate disagreed, but changes were desirable to further distance the two Trusts.

So we now had two separate entities for charitable distributions though the Tararua Foundation is to go into recess at the beginning of the new 2007 triennium.

THOSE WHO SERVED

We have been blessed with incredibly good staff over many years from our management team down to the coalface. Dispensing hospitality is extremely difficult because of the high expectations of the consumer. Community owned companies, particularly when they are perceived to have a monopoly, are always at a disadvantage because they are somehow considered to be fair game for criticism.

When we lost the competition option and private enterprise was allowed to trade against us the complaints dwindled. Now the patrons could vote with their feet and go elsewhere, but to some extent I suspect they found the new entrants weren't perfect either.

The hospitality industry is hard on staff because people come out to be served at a time when most of us are wanting to relax after a days toil. Restaurants are classic examples of this. The time of the day we all enjoy the most is the early evening when we get the opportunity to have a meal with our families and enjoy the company. This is the time when maitre-d's, chefs, waiters, waitresses and wine stewards are called to work. It has been said that people going to a restaurant are starving for attention more that they are starving for food, and this expectation is not always easy to satisfy.

But we have had exceptional staff over the years that I have been on the trust, people who have dispensed hospitality magnificently and although I shouldn't single people out those who specially spring to mind are: "Beau" and Doris Beaumont at the Empire Hotel, Leith Hopkins at the Midland Hotel and the Homestead, Pat O'Neill and Jenny Smith at the Pioneer, Bill and Rachel Johnson at the Solway Park, Laurie Coulson at the Kuripuni, Pam and Ron Paice at Solway, and Ted Michell and Jake Tilyard at the Horseshoe. These were just a few names among many who made the trust the great business that it is today. All those mentioned have moved on – some permanently – but their places have been taken today by others who are equally convivial and will be recognised when our successors write for the 75th anniversary.

60 years on I sincerely believe we are still providing an enjoyable experience for our constituents.

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TRUSTEES AND DIRECTORS - OVER THE YEARS

Masterton Licensing Trust Trustees From 1947 - 2007

J A Betts	1947 - 1959
E W Cheetham	1947 - 1954
H H Ewington	1947 - 1953
S J Gilman	1947 - 1965
R P Levien	1947 - 1950
J C D Mackley	1947 - 1968
F Martin	1950 - 1962
H A R Dunderdale	1953 - 1971
D B Curry	1954 - 1977
S E Burrige	1960 - 1974
J Jameson	1962 - 1968
J H Williams	1965 - 1975
F J Armstrong	1968 - 1972
L J Johnsen	1968 - 1974
D B Dunderdale	1971 - 1978
F R Long	1972 - 2007
B J Bourke	1974 -
H R Loader	1974 - 1997
S J McDonald (Mrs)	1976 - 1983
W van Praagh	1977 - 1978
S D Blakemore	1978 - 1995 & 1998 -
F L Hopkins	1978 - 1983
G H Sutherland	1983 - 1992
J J Maxwell (Mrs)	1983 - 1989
N C Preston	1989 - 1992 & 1995 - 2007
E N Inkster	1992 - 1998
R L Wagg	1992 - 2004
R D Southey	1998 - 2001 & 2004 - 2007
J W Kershaw	2001 -
J D Long	2007 -
K G Taucher	2007 -
M C Cooper	2007 -

Chairman/President

J A Betts	1947 - 1959
J C D Mackley	1959 - 1968
D B Curry	1968 - 1974
D B Dunderdale	1974 - 1978
F R Long	1978 - 2007
B J Bourke	2007 -

Trust House Limited Directors From 1997 - 2007

B J Bourke	1998 -
K H Kibblewhite	1998 - 2002 & 2006 -
F R Long	1998 -
H D Peacock	1998 - 2004
D J Griffin	1993 - 2001
R S Redmond	1998 -
M J Glover	2001 - 2004
S D Blakemore	2002 -
D B Henry	2005 -
D R Hutton	2005 - 2007

Chairman

B J Bourke	1998 -
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Deputy Chairman

D J Griffin	1994 - 2001
R S Redmond	2001 -

MASTERTON LICENSING TRUST

Through the Years

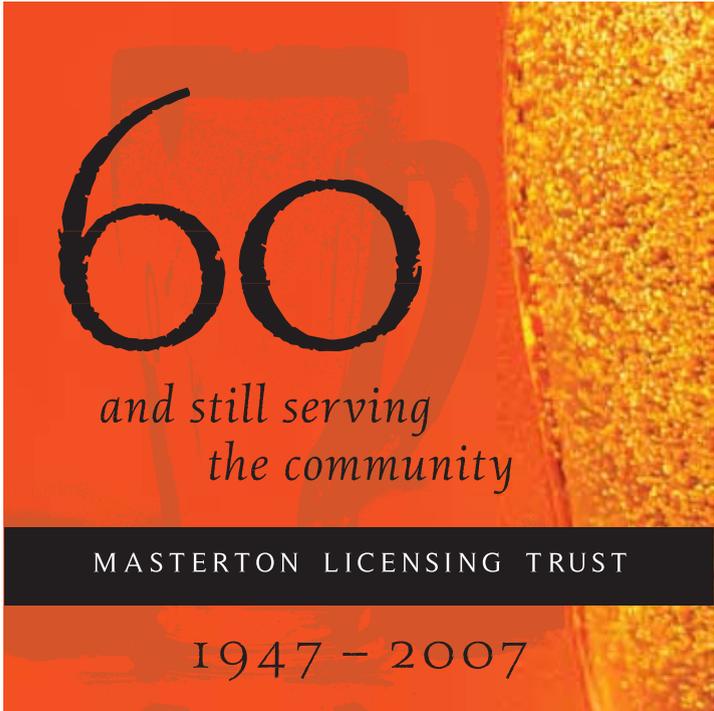
	1998	1999	2000	2001
	\$	\$	\$	\$
Total Revenue	15,461,000	20,267,000	23,603,000	29,084,000
Operating Surplus	455,000	1,496,000	2,696,000	2,943,000
Current Assets	2,140,000	2,635,000	2,952,000	3,468,000
Fixed Assets	142,489,000	25,465,000	27,469,000	29,432,000
Equity	10,420,000	11,553,000	13,678,000	15,795,000
Ratios				
Current Assets : Current Liabilities	88%	72%	64%	74%
Equity/Total Assets	61%	40%	45%	48%
Return on Equity	5%	14%	21%	20%
Community Support Donations	152,000	239,000	371,000	583,000

2002	2003	2004	2005	2006	2007
\$	\$	\$	\$	\$	\$
35,070,000	37,632,300	40,906,000	43,643,000	45,874,000	49,456,000
4,893,000	3,785,000	7,204,000	5,638,000	6,930,000	8,437,000
4,427,000	3,458,000	3,452,000	5,247,000	3,786,000	4,822,000
31,433,000	33,473,000	36,102,000	38,374,000	44,487,000	53,383,000
17,902,000	20,543,000	24,238,000	27,979,000	32,060,000	38,231,000
75%	56%	77%	114%	81%	86%
49%	55%	61%	63%	66%	65%
29%	20%	32%	22%	23%	24%
1,400,000	2,751,000	3,455,000	3,252,000	2,849,000	3,297,000

MASTERTON LICENSING TRUST

Through the Decades

	1949	1957	1967	1977	1987	1997	2007
	Pounds	Pounds	Pounds	\$	\$	\$	\$
Total Revenue	77,760	284,402	556,010	3,821,057	12,808,056	11,881,504	49,455,882
Operating Surplus	15,857	21,213	28,964	177,244	597,841	7,671	8,436,540
Current Assets	17,557	31,388	50,951	492,349	1,653,613	1,144,555	4,821,902
Fixed Assets	46,221	238,116	322,014	1,898,928	13,336,037	11,842,209	23,673,051
Equity	5,825	47,080	180,836	1,132,340	11,122,721	8,090,927	38,230,518
Ratios							
Current Assets :							
Current Liabilities	63%	14%	30%	80%	96%	61%	86%
Equity/Total Assets	9%	17%	48%	45%	74%	61%	65%
Return on Equity		51%	17%	18%	6%	0%	24%
Community Support							
Donations				7,657	74,524	173,379	3,296,528

The logo features a large, stylized number '60' in a black, hand-drawn font. The background is a solid orange color with a faint, larger-scale version of the '60' number. To the right of the orange area is a vertical strip with a textured, golden-yellow pattern. Below the '60' is the text 'and still serving the community' in a black, cursive font. A black horizontal bar contains the text 'MASTERTON LICENSING TRUST' in white, uppercase, sans-serif font. At the bottom, the years '1947 - 2007' are written in a black, serif font.

60

*and still serving
the community*

MASTERTON LICENSING TRUST

1947 - 2007

TRUST

