



NZ COMMUNITY TRUST

ANNUAL REPORT 2020/21

A FEW WORDS FROM OUR GRANT RECIPIENTS



THE ADVENTURE SPECIALTIES TRUST

Grant # 87465 - \$14,700 to cover the cost of six brand new mountain bikes and salaries.

"The funding that we received for our bikes and towards our Operation Managers salaries will help ensure the smooth running of our 250 programmes and lets us continue to offer affordable and reduced cost programmes for our clients. Thanks, NZCT."

- Tim Wills - CEO , The Adventure Specialties Trust



NELSON MARLBOROUGH RESCUE HELICOPTER

Grant # 89294 - \$80,000 towards annual operational costs which will help support over 600 missions this year. Photo Credit Steve Webster.

"We are currently celebrating thirty years of operating a free, dedicated rescue helicopter service in the Nelson, Tasman, and Marlborough regions. The New Zealand Community Trust have been there for us every step of the way ensuring we can provide this service free of charge in our community. Without its continued support, our service simply would not exist."

- Paula Muddle – General Manager, Nelson Marlborough Rescue Helicopter



KING OF THE MOUNTAIN, KAWERAU DISTRICT COUNCIL.

Grant # 83361 - \$88,700 towards operational costs for two high profile and popular community events in Kawerau. King of the Mountain Race and Christmas in the Park. This photo is from King of the Mountain.

"NZCT have supported both the King of the Mountain and Christmas in the Park for many years, and evidence of how important these community activities are for the Kawerau community was evident in 2020. Both events provided a level of normality in the community amongst a year of uncertainty and change due to COVID and without the assurance of funding we simply cannot deliver these activities."

- Lee Corbett Barton - Acting Economic & Community Development Manager, Kawerau District Council



NGĀTI POROU SURF LIFE SAVING

Grant # 87621 - \$15,650 to Save lives one waka at a time.

"I would like to mihi to NZCT for this support that will enable the purchase our two-person Waka Ama. It will go a long way towards promoting and training members of our whanau, hapu and iwi, as well as the wider community around the issue of ocean safety (tikanga) and surf life saving skills that show respect to (Tangaroa)."

- Peter Boyd - Kaiawhina (Club Coordinator) Ngāti Porou Surf Life Saving

NZCT ANNUAL REPORT 2020/21

NZCT is the largest gaming society and largest funder of amateur sports participation in New Zealand. Everyone at NZCT is passionate about the work we do and we're proud of the positive contribution we make to local communities throughout the country.

\$43.794 million surplus generated in 2020/21

\$43.819 million distributed to the community in 2020/21



3.3%

Grant recipients

2.9%

Government duties and levies

1.4%

Operating and machine costs

1.4%

Venue cost

CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT

A Year of Continued Challenge

We are honoured to continue to lead NZCT's Board and staff in their mission to fund amateur sport and other worthy community causes.

As in 2020, the Covid-19 alert level response continued to impact our sector this financial year, particularly in Auckland, which remained at level 3 as this report was compiled. The nationwide lockdown saw our income cease altogether during August and our gaming revenue continued to be impacted by the ongoing Auckland lockdown and other restrictions throughout the country. Regulatory changes made in 2020 that allowed societies to build and maintain a working capital ratio of up to 1.5:1, allowed NZCT to navigate the lockdown periods with more financial certainty than last year. While Societies were relieved for a second year from the legal requirement to distribute a minimum of 40 per cent of gaming machine proceeds, through good financial management, NZCT was able to distribute as if the minimum continued to apply.

In 2020/21 we achieved a surplus before distributions, of \$43.8 million, which is 41.6% of our total operating revenue. This allowed us to distribute \$42.3 million through 1,889 grants to amateur sports clubs, rescue and life-saving services, education, health, the arts, and cultural and community groups across New Zealand.

This is a great result under continuing trying circumstances, for which we thank our venue operators and staff for without them we could not simply raise these funds.

Greater understanding of class 4's contribution to New Zealand communities

Critical to achieving greater governmental, public awareness and understanding of the role of class 4



Alan Isaac

funding in the community is having a clear picture of the combined benefits from all gambling activity.

The Gaming Machine Association of New Zealand (GMANZ), of which we are a member, commissioned financial and economic consultants TDB Advisory to undertake a substantial piece of work to analyse the economic costs and benefits of class 4 gambling. Completed mid-2021, the TDB Advisory report: A National Wellbeing Analysis provides a balanced, independent and measured review that shows clear net benefits of gambling for the sector across New Zealand of between \$1,740 million and \$2,160 million each year. This contrasts with the often biased and unreliable research used by anti-gambling groups to influence Central and particularly Local Government gambling thinking.

The report has been sent to relevant Ministers and government officials and will be used in support of our

submissions to Local Territorial Authorities on gambling policy reviews. We look forward to the more balanced view using this critical information to sustain and maintain a viable infrastructure and fundraising model.

GMANZ will also develop an analysis of calendar year 2020 grants which adds to the previous three years of grant data. The grants analysis provides a powerful and compelling illustration of the value of the sector, which (in normal times) distributes around \$350 million a year to around 10,000 community organisations through some 28,000 applications.

The threat of online gambling continues to grow

Research conducted into people's gambling habits during the 2020 Covid-19 lockdown found that 8 per cent of people who gambled had used online gambling for the first time and a further 12 per cent had increased their existing use of online gambling. It is also alarming that there appears to be no or very little effort to present online problem gambling as a growing issue in the media. We acknowledge the importance and strong control environment evident in class 4 venues which is reliant on our venue operators and their staff maintaining significant monitoring and control measures.

We already know that an estimated \$300 million is leaving New Zealand every year for offshore gambling websites and this will continue to grow. We look forward to working with GMANZ and the Minister of Internal Affairs and the approach to this increasing threat and risk.

Focusing on best-practice harm minimisation using technology

NZCT has continued to invest in facial recognition technology. We continue to see positive results from this initiative, including a highly successful deterrent

effect. The technology requires a significant and sustained investment. Accordingly, we continued to advocate for some of our problem gambling levy to be applied to this technology, in submissions on the Ministry of Health's 2022 - 2025 gambling strategy.

This work coupled with the support we provide our venues in training, our harm minimisation measures, material for gamblers and levy-funded problem gambler support mean that the class 4 gambling environment remains a strongly controlled environment minimising harm, yet provides a great gaming experience.

Despite a very low number of problem gamblers, we consider one problem gambler, as one to many and we will continue to strongly invest in minimising any amount of harm.

Investment in our venues

We again acknowledge the importance of and sincerely thank our venue operators who support us to raise our funds. NZCT works hard to support our venue operators and their customers, ensuring our venues are safe entertainment environments. We continue to develop our call centre to respond quickly to venue issues, which significantly reduces machine down-time. We see this as a point of difference in the market, one which is cost-effective and provides us with the agility and flexibility to importantly keep the focus on the needs of our venue operators and their business.

Our strategy continues to be prudent investment in machines and other assets, ensuring we offer some of the most up-to-date gaming products in the market. Our approach and commitment to compliance and continual improvement continues with our recertification of ISO 9001:2015. We are proud to lead in industry best practice and work collaboratively with sector colleagues in



Mike Knell

knowledge into the grant's consideration process.

As an industry, we can all be proud of the class 4 model, which is unique in the world. It is transparent, robust and accountable, delivering huge benefits to local communities through the distribution of 100 per cent of gaming profits.

Alan Isaac
Chair

Mike Knell
Chief Executive

consultation with the regulator.

Our strong community focus and values-based principles

NZCT's strong community focus and the values-based principles adopted throughout our organisation make working for NZCT a pleasure and a passion. We particularly believe all young Kiwis should have equal opportunities to play sport and engage in recreational activities, which improve the health and wellbeing of our communities.

We wish to thank our trustees, especially David Pilkington for his astuteness and fairness in chairing our Net Proceeds Committee, and Kerry Prendergast for her professional expertise chairing our Audit and Risk Committee and welcomed new trustee Peter Miskimmin on to the board in April. We also thank the many dedicated members of our ten Regional Advisory Committees for their outstanding insights and local

A FEW WORDS FROM OUR GRANT RECIPIENTS



FIRST FOUNDATION

Grant # 87975 - \$110,000 to provide another five University Scholarships supporting young Kiwis.

"Let's give a huge high five to NZCT. We're pleased to welcome NZCT as our new Principal Supporter. This year NZCT has committed to providing another five, First Foundation Scholarships; that's five more lives forever changed, along with those of five more whānau, communities and many future colleagues."

- Kirk Sargent – CEO, First Foundation



MOUNT FESTIVAL CHARITABLE TRUST

Grant # 82989 - \$17,740 to help run the event as funding was severely affected by Covid-19.

"This funding meant the event could be run safely, protecting spectators, participants and supporting our volunteers on the day. Thank you, New Zealand Community Trust, it was a great success and we could have not done it without you."

- Anna Wishart, Mount Festival Charitable Trust.



JUNIOR TOUGH GUY AND GAL CHALLENGE - GET KIDS ACTIVE CHARITABLE TRUST

Grant # 86443 - \$25,000 to keep this event as affordable as possible. The entry fee is less than half of other events offered to Primary and Intermediate schools.

"Held in Palmy North the funding from NZCT meant many more schools were able to bring heaps more kids to the event than would otherwise have been possible. They all had a great day in the mud and we look forward to running this event again. Thanks heaps NZCT"

- Mark Sinclair - Chair Get Kids Active Trust



NELSON BAYS YOUTH TEAM RACING

Grant # 79354 - \$20,000 for the purchase of new boats.

Thanks, New Zealand Community Trust, there were 50 young sailor's and their families that were supported in the community because of this funding. It will give enjoyment for many years to come as these young people develop on the water."

- Mary Duncan - Nelson Bays Youth Team Racing



ŌTŪMOETAI PRIMARY SCHOOL

Grant # 88410 - \$90,000 for the swimming pool upgrade.

"Our school nestles in the heart of Ōtūmoetai, Tauranga. We are the largest kura in the area and have over six hundred pupils on our roll at the end of the year. Our students are fortunate to have an awesome place to come to school. Hundreds of community members utilise our facilities throughout the week after school and during the weekend. The Ōtūmoetai Primary School community are very thankful for NZCT's contribution - we simply wouldn't be swimming this summer without the funding."

- Marcus Hughes - Deputy Principal Senior School, Ōtūmoetai Primary School



SARJEANT GALLERY TRUST

Grant # 89420 - \$150,000 towards redevelopment costs.

"We are extremely grateful for the support and vision of the New Zealand Community Trust, who is a key funding partner of the Sarjeant Gallery Redevelopment Project. This also allowed the transition of our nationally significant collection back to Pukenui Queen's Park."

- Greg Anderson - Director of the Sarjeant Gallery



WELLINGTON REGION HOCKEY STADIUM TRUST

Grant #88718 - \$400,000 for water turf upgrades.

"The funds supplied by NZCT will give the Fraser Park Hockey turf the upgrades it desperately needs and facilitate a dramatic improvement in our Lower Hutt facility. The current turf had reached the end of its life span and become a Health and Safety issue. Now we're able to replace it with a water turf, rather than the current sand carpet. Thank you very much NZCT!"

- George Wilson - Club Capability & Communications Officer, Wellington Hockey Association



THE NETSAL SPORTS CENTRE

Grant # 89072 - \$750,000 for the sprung wooden flooring in their new building.

This is a Capital Build project being run by Christchurch Netball Centre with Mainland Football at Ngā Puna Wai. "With the community at its heart and a desire to be an exemplary facility for youth, school, and club level sport, the Centre will be the new home of Christchurch Netball and will provide much needed indoor space for multiple other sports seeking an indoor court in our region. We want to graciously acknowledge NZCT's contribution to the community in Christchurch and across Canterbury for allowing us to make this happen."

- Anna Galvin, Director Netsal Sports Centre

FUNDS AT A GLANCE FOR 2020/2021

Recipients (%)	Paid in 2020/2021	Paid in 2019/2020
\$1-\$10,000	52.0%	58.0%
\$10,001-\$50,000	38.3%	32.7%
\$50,001-\$100,000	4.6%	4.9%
\$100,001-\$500,000	4.8%	4.3%
\$500,001+	0.3%	0.2%

Recipients (Number)	Paid in 2020/2021	Paid in 2019/2020
\$1- \$10,000	867	725
\$10,001-\$20,000	363	228
\$20,001-\$30,000	136	94
\$30,001-\$40,000	75	46
\$40,001-\$50,000	65	41
\$50,001-\$75,000	42	34
\$75,001-\$100,000	35	27
\$100,001-\$150,000	36	25
\$150,001-\$200,000	21	13
\$200,001-\$300,000	19	11
\$300,001-\$400,000	1	5
\$400,001-\$500,000	3	-
\$500,001-\$750,000	5	2
\$750,001-\$1,000,000	-	-
\$1,000,001+	-	-
	1,668	1,251

NUMBER OF GRANT APPLICATIONS

PAID Type	2020/2021	
	Number	Percentage
Sport	1,436	76.6%
Health & Education	228	12.2%
Community	128	6.8%
Arts & Culture	83	4.4%
	1,875	100%

2019/20	
Number	Percentage
1,281	77.9%
178	10.8%
109	6.6%
76	4.6%
1,644	100%

DECLINED Type	2020/2021	
	Number	Percentage
Sport	210	43.4%
Health & Education	96	21.6%
Community	78	22.6%
Arts & Culture	39	12.4%
	423	100%

2019/20	
Number	Percentage
291	53.9%
104	19.3%
100	18.5%
45	8.3%
540	100%

Report of the independent auditor on the summary financial statements

To the Trustees of New Zealand Community Trust

The summary financial statements comprise:

- the summary statement of financial position as at 30 September 2021;
- the summary statement of comprehensive revenue and expense for the year then ended;
- the summary statement of changes in equity for the year then ended;
- the summary cash flow statement for the year then ended; and
- the summary notes to the financial statements.

Our opinion

The summary financial statements are derived from the audited financial statements of New Zealand Community Trust (the “Trust”), for the year ended 30 September 2021.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with PBE FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Summary financial statements

The summary financial statements do not contain all the disclosures required by Public Benefit Entity Standards (PBE Standards). Reading the summary financial statements and the auditor’s report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor’s report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 24 November 2021.

Information other than the summary financial statements and auditor’s report

The Trustees are responsible for the annual report. Our opinion on the summary financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the summary financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the summary financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the summary financial statements

The Trustees are responsible, on behalf of the Trust, for the preparation of the summary financial statements in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

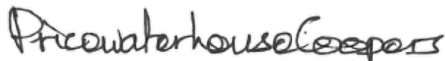
We are independent of the Trust. Our firm carries out other services for the Trust in the area of agreed upon procedures in respect of the Trust's application for a gambling licence under the Gambling Act 2003. The provision of these other services has not impaired our independence as auditor of the Trust.

Who we report to

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the review resulting in this independent auditor's review is Christopher Ussher.

For and on behalf of



Chartered Accountants
14 December 2021

Wellington

New Zealand Community Trust

Summary Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2021

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE	2021 \$000	2020 \$000
REVENUE		
Gaming machine profit	104,291	95,656
Government Wage Subsidy Grant	43	278
Interest received	9	7
Net gain on disposal of property, plant and equipment	849	440
Other revenue	12	12
Operating revenue	105,204	96,393
EXPENDITURE		
Administration expenses	6,396	6,004
Depreciation and amortisation	8,249	8,450
Gaming machine duty	23,987	22,001
Gaming operation expenses	6,215	5,350
Venue payments	16,563	15,152
Operating expenditure	61,410	56,957
SURPLUS FOR THE YEAR	43,794	39,436
DISTRIBUTION TO THE COMMUNITY	42,294	28,218
INCREASE/(DECREASE) IN COMMUNITY EQUITY	1,500	11,218
OTHER COMPREHENSIVE INCOME		
Gain on property revaluation	877	-
TOTAL COMPREHENSIVE INCOME	2,377	11,218
SUMMARY STATEMENT OF CHANGES IN EQUITY	2021 \$000	2020 \$000
Equity at the beginning of the year	24,877	13,659
Change in equity	2,377	11,218
Equity at the end of the year	27,254	24,877

New Zealand Community Trust

Summary Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2021

SUMMARY STATEMENT OF FINANCIAL POSITION	2021 \$000	2020 \$000
Community equity	25,054	23,554
Property revaluation reserve	2,200	1,323
EQUITY	27,254	24,877
Current assets	12,132	17,195
Non current assets	24,425	19,337
Total assets	36,557	36,532
Current liabilities	9,303	11,655
Non current liabilities		-
Total liabilities	9,303	11,655
NET ASSETS	27,254	24,877

SUMMARY CASH FLOW STATEMENT	2021 \$000	2020 \$000
Net Cashflow from operating activities	8,083	18,828
Net Cashflow from investing activities	(11,611)	(6,512)
Net Cashflow from financing activities		-
Net (decrease) in cash and cash equivalents	(3,528)	12,316
Cash and cash equivalents at start of year	13,881	1,565
CASH AND CASH EQUIVALENTS AT END OF YEAR	10,353	13,881

New Zealand Community Trust

Summary Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2021**SUMMARY NOTES TO THE FINANCIAL STATEMENTS**

- 1** The New Zealand Community Trust (the "Trust") is a charitable trust domiciled in New Zealand and registered under the Charitable Trusts Act 1957. The Trust raises funds through the operation of gaming machines primarily for the promotion of amateur sport and community purposes in New Zealand.
- 2** The financial statements of the Trust for the year ended 30 September 2021 have been prepared in accordance with NZ GAAP, Tier 1 PBE Standards and other applicable Financial Reporting Standards, as appropriate for Public Benefit Entities. The functional and presentation currency for the Trust is New Zealand Dollars, rounded to the nearest thousand.
- 3** The summary financial statements have been extracted from the full financial statements. The financial statements of the New Zealand Community Trust including Statement of Comprehensive Revenue and Expenses, Statement of Financial Position, Statement of Changes in Equity and Cash Flow Statement. The summary financial statements do not include all the disclosures contained in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.
- 4** A copy of the financial statements may be obtained on request from the Trust's office (Telephone 0800 446 928), P O Box 10857, Wellington.
- 5** During the 20/21 financial year due to the coronavirus (COVID-19) pandemic a variety of lockdown levels were instigated throughout New Zealand the strictest of these was on 17 August 2021 where New Zealand moved to an Alert Level 4 lockdown and non-essential businesses closed. On 1 July 2020 in response to COVID-19 a number of amendments to the Gambling Act (Net Proceeds) Regulations 2004 were promulgated, suspending the effects of regulations 10 and 11 for the remainder of each Class 4 society's financial years ending in 2020 and 2021. This has meant that Class 4 societies are no longer obligated to return 40% to the community for these periods but must continue to distribute as much as possible while maintaining a maximum working capital ratio of up to 1.5: 1. At the end of the 20/21 financial year NZCT's working capital ratio was 1.3:1 which complies with the allowed ratio requirements.
- 6** On 1 September 2021 the Trust submitted documentation in order to secure the COVID-19 wage subsidy provided by the Ministry of Social Development. This subsidy was used to cover wages during the Alert Level 4 shutdown as bars and restaurants were unable to open for normal business, meaning the Trust received reduced income throughout those periods. The Trust has adopted the accounting policy PBE IPSAS 23 Revenue from non-Exchange transactions when accounting for and disclosing the government wage subsidy grant.

New Zealand Community Trust

Summary Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2021

- 7 The Trust maintains an interest register in which the Trustees record all parties and transactions which they have an interest. At the time of discussion and approval of the grants the relevant trustee noted their involvement and excluded themselves from the decision making process. During the year the Trust made grant distributions to and purchased goods and services from the following organisations that were on the Trustee's register of interests:

Grant Distributions	2021 \$000	2020 \$000
Alex Moore Park Sport & Community Inc	225	-
Auckland Cricket Association Inc	215	215
Auckland Rugby League	38	-
Boulcott's Farm Heritage Golf Club	27	-
Christchurch Football Club	38	36
Christchurch Metropolitan Cricket Assn	50	50
Cricket Wellington Inc	180	360
Hockey NZ	175	193
Hutt United Hockey Club	3	-
Johnsonville Cricket Club	20	5
Marry Potter Hospice	30	-
Nelson Cricket Association	40	-
Netball NZ Inc	205	583
No 5 District federation of NZ Football	515	639
NZ Cricket Inc	185	-
NZ Rugby League	132	195
Riccarton Cricket Club	20	20
Royal NZ Ballet	-	40
Riccarton Cricket Club		20
Royal NZ Ballet	-	40
Waikanae Bridge Club Inc	40	-
Wellington Free Ambulance Board	100	100
Wellington Hockey	135	128
Wellington Opera Trust	20	-
Wellington Rugby League	144	95

Goods or Services Purchased

Peter Dale – reimbursement of travel expenses incurred on NZCT business	1	1
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The complete breakdown of this disclosure can be found in Note 18 of the full financial statements.

New Zealand Community Trust

Summary Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2021

8 Capital Commitments at balance date are:

	2021 \$000	2020 \$000
Capital Purchase commitments	2,346	3,292

The nature of the commitments relate to orders in place for the purchase of Plant and Equipment both existing and planned new venues to NZCT.

9 Multi Year Grant Commitments at balance date a re:

	2021 \$000	2020 \$000
Multi Year Grant commitments	310	900

In special circumstances the Trust may approve a multi-year grant, enabling an organisation to implement a specific project that provides long-term benefits to its local community. A multi-year commitment can be for up to four years, though the Trust generally will not commit beyond a three year period. Each instalment beyond year one must be reconfirmed before payment and will be conditional on the availability of funds, assurance that the funds will continue to be used as intended and desired outcomes are being achieved.

10 The annual full financial statements of New Zealand Community Trust have been audited by PricewaterhouseCoopers who have issued an unmodified audit opinion in respect to the financial statements on 24 November 2021.

11 The Trustees authorised the publication of these Summary Financial Statements on 24 November 2021.

12 These Summary Financial Statements are in compliance with PBE FRS-43: Summary Financial Statements.

13 There are no events subsequent to reporting date that require disclosure in the full financial statements.

Approved on behalf of the Board:



Alan Isaac
Chairman



Kerry Prendergast
Trustee

