

President's Report 2017/18

Members of the Trust: Mr A Verrall (President)

Dr M Benson-Rea

Mr M Gosche

Ms J Dolheguy

Ms N Henry

Ms L Cross

Chief Executive: Mr D Comery (resigned effective March 2018)

On behalf of my fellow Trustees I present to the Minister of Justice and the residents of the Mount Wellington trust area, the Trust Annual Report for the financial year ended 31 March 2018.

The past year has been a success by any measure for all the Licensing Trust businesses and its Charitable subsidiaries.

The highlights have been:

- Waipuna Hotel and Conference Centre has enjoyed strong profits
- A fully refurbished TAB, full roof replacement and building painted at the Panmure Historic Hotel
- \$1.3m in capital expenditure invested back into the Waipuna Hotel and Conference Centre
- Over \$1.2m returned to the community by the Mt Wellington Foundation
- Strong trading result enabled debt reduction of \$1m.

Waipuna Hotel and Conference Centre

Hotel occupancy was 2 percentage points higher than the previous year which was then a record high occupancy. The combination of this improved occupancy coupled with an average daily rate which was \$3 higher than the previous year led to a very strong accommodation result. Food and beverage revenues were strong in both the Wellington's Restaurant and the Conference & Banqueting divisions of the property despite very strong competition in the market place.

Conferencing remains a strong driver of Waipuna's performance and is well supported by a wide variety of entities both from the *Corporate* and *Not for Profit* sectors of the market.

The Trust remains committed to ensuring that our premier asset, Waipuna Hotel, is maintained and enhanced and as a result capital expenditure of some \$1.3 million has been made during the financial year with the major cost items being a new service elevator in the Terrace Wing, room

refurbishment and upgrading of conference facilities. All of these investments have been well received by our guests which is heartening.

Panmure Historic Hotel

On-premise establishments such as our traditional tavern complex present very challenging business environments in this day and age of changing consumer tastes. This is certainly the case for us with the Landmark and Corner Bars. This year the property has been enhanced by several investments, including the refurbishment of the TAB, a full roof replacement and the painting of the exterior building.

The coming year will see a particular focus on the food offering. The Trustees believe in the importance of this property for our community as a safe and well managed meeting place for food and beverage consumption, a significant slice of Panmure's history and a very valuable asset from a real estate perspective.

Waipuna Conference Suites, Highbrook

This property was performing to expectation up until it's temporary closure in December 2017. This closure was planned for in our lease with Goodman Property to allow the building of additional Quest accommodation above our premise. This closure has gone longer than anticipated by either party and will require a focus to re-establish this business.

The Highbrook area is far more densely populated now than when we first took the lease. The product is well received in the market and with the doubling in size of the Quest Hotel adjacent to it we are positive about the long-term future.

Donations

The Mount Wellington Foundation which derives its available funds from our gaming operations has been able to donate \$1.2 million to qualifying local organisations for the year. In addition, the Mount Wellington Charitable Trust partnered with St Johns Northern Region to help distribute defibrillators in the area, made student scholarships available to four high schools in the area, and again offered our free Christmas Luncheons to over 500 senior citizens from the local region.

This years strong trading result meant that the Licensing Trust Board were in the enviable position of being able to consider the possibilities of additional gifting, further capital investment or debt reduction. Commitment towards debt repayment has always been a priority for the Board and to that end the Board made the decision to reduce debt by \$1 million – a fantastic outcome.

Looking Ahead

- The demand for good quality accommodation within the Auckland market continues to be high – driven predominantly by international tourism and domestic leisure business, but also by corporate business and residential conferencing. Years of under-investment in new hotels have benefited existing properties such as the Waipuna. However, we are seeing several new hotels planned to open across Auckland in 2019 and beyond, and this coupled with the opening of the International Convention Centre means that our recent years performance will not be the case indefinitely.
- We are committed to the long-term future of the Panmure Historic Hotel but do recognise that the traditional tavern offering currently being operated is a very challenged model. Continuous improvement of the offering at the site is a focus for our staff.
- We continue to identify and consider additional business opportunities that could be to the benefit of the Licensing Trust.

Staff

The Trust Board would like to acknowledge David Comery, our departing Chief Executive who finished with the Mt Wellington Licensing Trust in March 2018. David has worked for the Trust for over 22 years and made a huge contribution to the organisation and we thank him for everything he has done.

Lastly the Board would like to convey its thanks to the staff and management of its flagship business, Waipuna Hotel and Conference Centre, the Panmure Historic Hotel, Waipuna Highbrook and our Finance office for their hard work over the past year. Without this exceptional commitment, the Trust would be unable to fulfil its objectives.

Alan Verrall

President

Mt Wellington Licensing Trust