



NZCT
NZ COMMUNITY TRUST
LOCAL GAMING - LOCAL FUNDING

ANNUAL REPORT 2021/22



Hospitality Excellence

At the Hospitality Awards on the 27 July in Auckland, The Elmwood a NZCT venue from Christchurch won 'Excellence in gaming' and Best local'.

"We've developed a great relationship with NZCT over the years. Their customer service is second to none - they've got a team on hand 24/7 and nothing is ever too much trouble. Cheers NZCT"

- Marty Fuller, Bar Owner and Venue Operator of The Elmwood

Annual Report 2021/22

NZCT is one of the largest gaming societies 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.

\$37.694 million

surplus generated in 2021/22

\$39.219 million

distributed to the community in 2021/22

90%

of every dollar is returned to players in prize money



3.1%

Grant recipients

3.8%

Government duties and levies

1.6%

Operating and machine costs

1.5%

Venue costs

Chairman's & Chief Executive's Report 2022

A Year of Challenge, A Year to Reset

NZCT has strived hard to become more efficient and resilient, in the face of tough trading conditions in 2022. This involved some restructuring, sadly resulting in redundancies. We acknowledge the efforts and commitment of those long-serving staff who left us during the year.

We also acknowledge the continuing impacts of Covid on the hospitality environment within which our venues operate. Our Auckland venues faced an unprecedented 100-day shutdown in late 2021, and many continue to face ongoing staffing shortages. We acknowledge, appreciate and thank our venue operators.

On the positive side, New Zealand's unique Class 4 funding model sees us well-placed to support community well-being and growth, enabling us to respond to increasing social needs, including at risk youth and increasing mental health demands.

Grants for the Community

In 2021/22 we achieved a surplus before distributions, of \$37.7 million, which is 39% of our total operating revenue. This allowed us to distribute \$39.2 million through 1,422 grants to amateur sports clubs, health, education, health, the arts and community groups across New Zealand.

Trustees made a conscious decision, anticipating a lower than forecast application rate, to award two significant grants of \$1m each during the year.

The Wellington Children's Hospital and Health Service Te Wao Nui and the Maia Health Foundation in Christchurch were extremely grateful and worthy recipients of grants that will touch the lives of many children and youth, who will benefit from these new first-class facilities. We are all impacted in some ways through families, friends and others in our local communities who will benefit from these facilities in years to come.

This is a great result under the circumstances, and we thank the efforts of our venue operators and staff. Without them we could not provide these great community outcomes, year after year.

Harm minimisation under renewed focus

The year saw a renewed focus on harm minimisation, led by the Minister of Internal Affairs, Hon Jan Tinetti, who in May 2022 released the consultation paper Reducing pokies Harm, on which we, along with many in the sector, filed submissions.

We await detailed policy development informed by the consultation, with regulatory change expected in mid-2023.

NZCT fully supports initiatives that prevent harm from gambling, noting a significant increase in our contribution to the Ministry of Health's harm minimisation strategy by way of the problem gambling levy.

We continue to invest in technologies such as facial recognition, which is now in one third of our venues, to assist with monitoring and minimizing gambling harm. We encourage the Ministry of Health to get in behind such initiatives that produce effective outcomes. Harm minimisation requires a collective response across the sector, and we will continue to push hard in this space.

Online gambling continues to grow

An estimated \$1 billion is leaving New Zealand every year for unregulated, offshore gambling websites, and this continues to grow.

Research conducted into people's gambling habits during lockdown found that 8 per cent of people who gambled used online gambling sites for the first time and a further 12 per cent had increased their existing

use of online gambling platforms. It's good to see an increased interest and awareness of online problem gambling issues in the media and within DIA.

In our view, unregulated online gambling presents a greater risk to the community, in terms of problem gambling, than any of the regulated gambling types. Online gambling also presents a major and growing threat to the community funding model, which in 2021 saw the 35 non-club societies distributing \$269m by way of 19,148 grants to 10,967 community organisations.

We look forward to working with the Minister and officials regarding the development of policies to address the growth of unregulated online gambling.

Re-Investment in our venues

NZCT works hard to support our venue operators and customers to ensure our venues are safe and compliant with gambling laws. We continue to train venue staff to a high standard.

We continue to develop our in-house call center 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 keep the focus on the needs of our venue operators and their business.

Our strategy continues to be prudent investment in machines and other associated assets, ensuring we offer the most up-to-date gaming products in the market.

Special acknowledgment to the trustees, regional advisory committees and staff at NZCT

We thank our trustees, especially David Pilkington in chairing our Net Proceeds Committee, and Dame Kerry Prendergast for chairing our Audit and Risk Committee. We make special mention of Peter Dale, who is retiring as trustee and thank him for his many years of service. This includes ten years (2004 to 2014) as chair of NZCT's Board. We also thank the dedicated members of our ten Regional Advisory Committees for their outstanding insights and local knowledge into the grant consideration process.

Finally, we extend our thanks to all the dedicated NZCT staff for their contribution in what has been a difficult year.

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

A Few Words from Our Grant Recipients

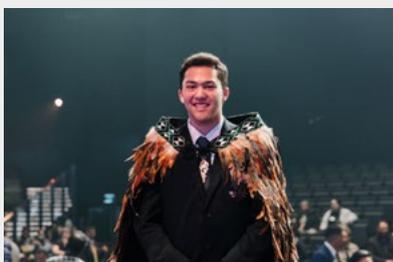


South Brighton Surf Life Saving Club

Grant # 90840 - \$10,000 to fund an IRB (Inflatable Rescue Boat) hull.

"NZCT helps us save lives every day. They provide funding for gear and equipment so that we can do what we do best, keeping our community and Tamariki safe while they're in and around the water. Thanks, NZCT."

- Andrew, Board Member South Brighton Surf Life Saving Club



First Foundation

Grant # 93070 - \$110,000 funding for another five First Foundation Scholarships

First Foundation gives talented young Kiwis a brighter future and this year Matariki Owen Turuwhenua, one of five new NZCT scholars, received First Foundation's Korowai on behalf of this year's new awardees. His beautifully delivered words captured the sentiment of this impressive new cohort.

"It is hard to find the words to express our gratitude for being selected to receive these amazing scholarships" - Matariki Owen Turuwhenua, NZCT scholar



Sunset Primary School

Grant # 77744 - \$30,000 Playground Equipment in 2022 and 90209 \$78,000 Asphalt court for the school in 2021.

"No-one's got a cooler school than us." said a Sunset student about their new playground.

One of the first things that a student said to me when I started as principal at Sunset Primary School was "We're a pohara (poor) school aye Matua?" It was an upsetting question but one that was fair when I looked around the surroundings at the school. No play area, horrible paint job, broken and vandalised furniture, ripped and torn sports uniforms - really the list went on and on.

At the end of 2021, the student who made that sad comment graduated Sunset Primary School as a year 6. When walked out for the last time he gave me a hug and said "I'm going to miss this school Matua. No-one's got a cooler school than us."

NZCT has made massive contributions to turning around the play environment with a huge grant towards a new playground in 2019, and at the end of 2021 an even bigger grant for a new Netball Basketball court.

"Without support from grant providers like NZCT, we might be able to make slow and small changes to our school, but transformational, impactful change would be impossible." - Eden Chapman, Principal, Sunset Primary



Arataki Sport Club

Grant # 88081 - \$19,304 for equipment and uniforms for junior rugby.

"We would have had to turn away children from playing if we couldn't get the uniform funding we needed. Ngā mihi NZCT." - Marie Peterson, Arataki Junior Rugby Committee



Smash Volleyball

Grant # 89027 - \$3,541 for volleyball equipment and uniforms

"Thanks NZCT, it's awesome to have new equipment and new uniforms. It means so much to the team and the pride we have in playing, because of your support" - Dina Hinton, Smash Volleyball



Photo Credit Art of Rowing, Vera Buscu

Canoe Racing NZ

Grant # 94393 - \$67,500 to help run all events in NZ.

"Without NZCT funding canoe racing would not be possible at its current level. Our domestic program supports many young ones as they grow in experience and skill with some eventually heading overseas. Thanks, NZCT!" - Karen Simpson, Event Manager Canoe Racing NZ



Māia Health Foundation

Grant # 89124 - \$1m to provide a modern, therapeutic, fit for purpose child, adolescent and family outpatient facility in Canterbury.

The New Zealand Community Trust (NZCT) has made one of its most significant grants ever, gifting \$1 million to Māia Health Foundation for this new mental health outpatient facility.

"This grant adds significant mana to our project, and it will provide hope and inspiration to the mental health staff who battle outdated buildings every day to support and care for our community's most vulnerable. It's a phenomenal gift to the people of Canterbury and the broader region." - Garth Gallaway, Māia Health Foundation Chair

Funds at a Glance for 2021/22

Percentage of Recipients Paid

Recipients %	Paid in 2021-2022	Paid in 2020-2021
\$1 - \$10,000	53.0%	52.0%
\$10,001 - \$50,000	35.7%	38.3%
\$50,001 - \$100,000	5.4%	4.6%
\$100,001 - \$500,000	5.8%	4.8%
\$500,000 +	0.1%	0.3%

Number of Recipients Paid

	Recipients paid in 2021-2022	Recipients paid in 2020-2021
\$1 - \$10,000	754	867
\$10,001 - \$20,000	281	363
\$20,001 - \$30,000	126	136
\$30,001 - \$40,000	59	75
\$40,001 - \$50,000	42	65
\$50,001 - \$75,000	45	42
\$75,001 - \$100,000	31	35
\$100,001 - \$150,000	32	36
\$150,001 - \$200,000	20	21
\$200,001 - \$300,000	16	19
\$300,001 - \$400,000	12	1
\$400,001 - \$500,000	2	3
\$500,001 - \$750,000	-	5
\$750,001 - \$1,000,000	1	-
\$1,000,001 +	1	-
	1,422	1,668

Number of Grant Applications (*by Category*)

PAID

	30/09/2022	30/09/2022	30/09/2021	30/09/2021
Type	Number	Percentage	Number	Percentage
Sport	1,269	79.3%	1,436	76.6%
Health and Education	175	10.9%	228	12.2%
Community	68	4.2%	128	6.8%
Arts & Culture	89	5.6%	83	4.4%
	1,601	100%	1,875	100%

DECLINED

	30/09/2022	30/09/2022	30/09/2021	30/09/2021
Type	Number	Percentage	Number	Percentage
Sport	283	51.4%	210	49.7%
Health and Education	140	25.4%	96	22.7%
Community	82	14.9%	78	18.4%
Arts & Culture	46	8.3%	39	9.2%
	551	100%	423	100%

Report of the Independent Auditor on the summary financial statements

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WELLINGTON 6011
T (04) 474 8500
www.granthornton.co.nz

To the Trustees of the New Zealand Community Trust

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 30 September 2022, the summary statement of comprehensive revenue and expense, summary statement of changes in equity and summary cash flow statement for the year ended, and related notes, are derived from the audited financial statements of the New Zealand Community Trust for the year ended 30 September 2022. In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements.

Summary financial statements

The summary financial statements do not contain all the disclosures required by PBE IPSAS. 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 Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 21 November 2022.

Other Information than the Summary Financial Statements and Auditor's Report Thereon

The Trustees are responsible for the other information. The other information comprises the annual report (but does not include the summary financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the summary financial statements does not cover the other information and we do not and will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the summary financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the summary financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and will request that such matters are addressed.

Trustees Responsibility for the Summary Financial Statements

The Trustees are responsible for the preparation of a summary of the audited financial statements of the New Zealand Community Trust 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) (ISA (NZ)) 810 (Revised), *Engagements to Report on Summary Financial Statements*. Our firm carries out other assignments for the Trust in the area of agreed upon procedures in respect of the Trust's application for a gambling license under the Gambling Act 2003. The firm has no other interest in the New Zealand Community Trust.

The financial statements of the New Zealand Community Trust for the year ended 30 September 2021 were audited by another auditor who expressed unmodified audit opinion of the financial statements on 24 November 2021 and the summary financial statements on 14 December 2021.

Restricted Use

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state to the Trustees, as a body, 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 opinion we have formed.

Grant Thornton New Zealand Audit Limited



B Kennerley

Partner

Wellington

21 November 2022

Summary Financial Statements

For the year ended 30 September 2022

Summary Statement of Comprehensive Revenue and Expense	2022 \$000	2021 \$000
Revenue		
Gaming machine profit	95,647	104,291
Government Wage Subsidy Grant	-	43
Interest received	72	9
Net gain on disposal of property, plant and equipment	823	849
Other revenue	12	12
Operating revenue	96,554	105,204
Expenditure		
Administration expenses	6,387	6,396
Depreciation and amortisation	9,248	8,249
Gaming machine duty	21,999	23,987
Gaming operation expenses	6,096	6,215
Venue payments	15,130	16,563
Operating expenditure	58,860	61,410
Surplus for the Year	37,694	43,794
Distribution to the Community	39,219	42,294
Increase/(Decrease) in Community Equity	(1,525)	1,500
Other Comprehensive Income		
Gain on Property Revaluation	-	877
Total Comprehensive Income	(1,525)	2,377
Summary Statement of Changes in Equity	2022 \$000	2021 \$000
Equity at the Beginning of the Year	27,254	24,877
Change in Equity	(1,525)	2,377
Equity at the End of the Year	25,729	27,254

Summary Statement Of Financial Position	2022 \$000	2021 \$000
Community Equity	23,529	25,054
Property Revaluation Reserve	2,200	2,200
Equity	25,729	27,254
Current Assets	13,033	12,132
Non Current Assets	23,311	24,425
Total Assets	36,344	36,557
Current Liabilities	10,615	9,303
Non Current Liabilities	-	-
Total Liabilities	10,615	9,303
Net Assets	25,729	27,254
SUMMARY CASH FLOW STATEMENT	2022 \$000	2021 \$000
Net Cashflow from operating activities	8,103	8,083
Net Cashflow from investing activities	(7,311)	(11,611)
Net Cashflow from financing activities	-	-
Net (decrease) / increase in cash and cash equivalents	792	(3,528)
Cash and cash equivalents at start of year	10,353	13,881
Cash And Cash Equivalents At End Of Year	11,145	10,353

Summary Financial Statements

For the year ended 30 September 2022

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 2022 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), PO Box 10857, Wellington.
5. During the 21/22 financial year due to the COVID-19 pandemic a variety of lockdown levels were instigated throughout New Zealand, the strictest of these was on 17 August 2021 where the whole of New Zealand was moved to Alert level 4 meaning all non-essential businesses had to close. Subsequently on 7 September 2021 all of New Zealand apart from Auckland and Waikato moved to an Alert Level 2, with Auckland and Waikato remaining at Alert Level 4. On 2 December 2021 New Zealand moved to the traffic light system meaning Auckland and Waikato non-essential businesses were able to open. This regional lockdown affected the first 63 days of the Trusts financial year. At the end of the 21/22 financial year NZCT's working capital ratio was 1.23:1 which complies with the allowed ratio requirements.

6. 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	2022 \$000	2021 \$000
Alex Moore Park Sport & Community Inc		225
Auckland Cricket Association Inc	157	215
Auckland Rugby League	28	38
Boulcott's Farm Heritage Golf Club	15	27
Christchurch Football Club	30	38
Christchurch Football Club Netball Club	4	
Christchurch Metropolitan Cricket Assn	50	50
Cricket Wellington Inc	125	180
Hockey NZ	162	175
Hutt United Hockey Club		3
Johnsonville Cricket Club	10	20
Mary Potter Hospice	40	30
Nelson Cricket Association Inc	8	40
Netball NZ Inc	885	205
No 5 District federation of NZ Football	389	515
NZ Cricket Inc		185
NZ Rugby League	170	132
Paraparaumu Beach Golf Club		15
Riccarton Cricket Club	19	20
Royal NZ Ballet	390	
Waikanae Bridge Club Inc		40
Wellington Free Ambulance Board		100
Wellington Hockey Association	135	135
Wellington Opera Trust	20	20
Wellington Rugby League	153	144
Women in Sport Aotearoa Inc	50	25
Goods or Services Purchased		
Peter Dale - reimbursement of travel		
Expenses incurred on NZCT business	2	1

The complete breakdown of this disclosure can be found in Note 18 of the full financial statements.

Summary Financial Statements

For the year ended 30 September 2022

7.	Capital Commitments at balance date are:	2022 \$000	2021 \$000
	Capital Purchase commitments	4,081	2,346

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

8.	Multi Year Grant Commitments at balance date are:	2022 \$000	2021 \$000
	Multi Year Grant commitments	625	310

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.

- 9.** The annual full financial statements of New Zealand Community Trust have been audited by Grant Thornton who have issued an unmodified audit opinion in respect to the financial statements on 21 November 2022.
- 10.** The Trustees authorised the publication of these Summary Financial Statements on 21 November 2022.
- 11.** These Summary Financial Statements are in compliance with PBE FRS-43: Summary Financial Statements.
- 12.** There are no events subsequent to reporting date that require disclosure in the full financial statements.

Approved on behalf of the Board:



Alan Isaac
Chair



Kerry Prendergast
Trustee

A Few Words from Our Grant Recipients



Wellington Hospitals Foundation

Grant # 894895 - Thanks to all our NZCT Venues, \$1m for the new children's hospital and health service, Te Wao Nui.

Dr Andrew Marshall, Clinical Leader & Paediatrician said that "The old children's hospital had long been unfit for purpose. Our new hospital is making such a difference to the quality of care our young patients receive. It allows for much easier collaboration across different paediatric specialities for children, like Markus, who have complex or multidisciplinary needs."

Hospital stays can have a profound impact on families and it's a journey no family ever expects to go through. The Bain family knows first-hand how frightening and challenging this can be after their energetic and bubbly son Markus was struck down with atypical Guillain-Barre, which is a rare disorder in which the body's immune system attacks the nervous system. The onset was so sudden and severe that within two weeks Markus was paralysed, had to be ventilated

so that he could breathe, and was in full gut failure. In the last 18 months Markus has endured multiple surgeries and many unpleasant procedures as well as three long months recovering in Wellington Regional Children's Hospital.

Markus's Mum Karyn has been a frequent user of the hospital and told us, "What has happened to Markus has been extremely traumatic and scary for the whole family and we were only able to cope day to day as we waited to see improvements."

The Bain family are thankful for Wellington Hospital Foundation supporters, like NZCT, who have helped fund the new \$110m children's hospital. "It's a so much more inviting and family friendly place for sick kids. It's made our experience that little bit more bearable."

A Few Words from Our Grant Recipients



Saving Lives, Tairāwhiti

Grant # 90684 - \$33,200 for the Swim For Life Program 2022.

"The Swim for Life program set itself a goal of delivering to 3,200 school students across forty-one schools and help our region work towards a consistent record of no drowning." - *Carl Newman, Manager Saving Lives, Tairāwhiti Swim For Life*



Squash NZ

Grant # 930636 - \$60,000 for the glass court needed for the nationals

"It's great to have a court of this quality in New Zealand, for such big events and for the future of the game inspiring young ones. Without NZCT it would not have been possible." - *Martin Dowson, Chief Executive of Squash NZ*



Aktive - Auckland Sport

Grant # 90274 - \$85,760 for 800 return to play packs

"These play packs enabled the safe return of play, active recreation and sport in Auckland Tāmaki Makaurau. We are grateful for the ongoing support from NZCT and the impact and benefits this brings to those living here" - *Jannah Wotten Aktive Chief Executive*



Palmerston North City Council

Grant # 84854 - \$65,000 for the splash pad at Memorial Park.

"Arguably, this is one of the best community projects that has been delivered in Palmy. Thank you NZCT for being one of the funders that enabled this awesome project to happen." - *Bevan Trotman, Funding Specialist and Relationship Manager at Palmy Council*



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