



## CHAIRPERSON'S REPORT

I am pleased to present the Annual Report of the Otago Community Trust for the year ended 31st March 2009.

### A YEAR OF CHALLENGES

Given the magnitude of the global financial crisis, it would be very easy to allow the impact of this to overshadow the achievements of the Trust in the past year.

If nothing else, the severity of the slump in financial markets serves to reinforce the wisdom of the Trust's conservative approach to investments and the strategies that are in place to mitigate the volatility and risk associated with investing in financial markets. I will deal with the specific impacts on our financial performance and investments later in this report.

It is ironic that in a year in which the Trust faced the impact of financial downturn, it also faced its greatest challenge from donation applications, largely because of the grants sought from the Trust in respect of the Forsyth Barr Stadium. It must be acknowledged that this project has triggered much debate within Dunedin and Otago, but it is one that received strong support from the Trustees who see the stadium as an important investment in the infrastructure and future of the city and province.

This year represents the 20th

anniversary of the formation of the Otago Community Trust and it is particularly satisfying to note that the Trust's total donations to the Otago community over the 20 year period now exceed \$100 million. At the same time the Trust's capital has grown from the original \$131 million to a little over \$161 million at the 31st March 2009.

### INVESTMENT MATTERS

The Trust is a relatively conservative investor with approximately two thirds of the Trust's funds held in income assets, such as cash investments and bonds. To further mitigate the volatility of investment markets, the Trust has policies of spreading its investments amongst a range of investment managers both domestically and globally. Furthermore, our global investments are hedged against the New Zealand dollar to offset the effects of currency valuations.

The Trust's investments overall returned a negative 8.2% for the year, representing an investment loss of \$15.3 million. This compares with a long term expected rate of return on investment portfolio of 7.1%. At the 31st March 2009

the Trust's total capital stood at \$161 million compared with \$190 million last year.

The Trustees' response to this depletion of capital has been to focus on restoring reserves through a modest reduction in the 2010 Donations Budget.

On a positive note, the Trustees are confident in the quality of the Trust's investment portfolio and are satisfied that the portfolio is well positioned to restore reserves to acceptable levels when the global economy and investment markets recover. It is reassuring to note that the Trust's return on investments during the first quarter of the current financial year represents significant progress towards the recovery of the losses incurred in the 2008 - 2009 financial year.

### DONATIONS

During the year ended 31st March 2009 the Trust's grants and donations totalled some \$12.3 million including a \$7 million grant to the proposed multi purpose Forsyth Barr Stadium. Large donations included support for:

- Otago Natural History Trust - \$386,000 for the Visitors Centre at the Orokonui Wildlife Sanctuary

- University of Otago - \$300,000 towards the cost of establishing a Chair in Rural Health
- Old Cromwell - \$200,000 towards the restoration project for the Historic Precinct of the town
- Otago Hockey Association - \$200,000 towards the replacement artificial turf at Logan Park
- Otago Festival of the Arts - \$180,000 towards 2010 festival
- Ice Sports Dunedin - \$100,000 towards the construction of viewing amenities at the Ice Rink at Victoria Road
- Winter Games New Zealand Trust - \$100,000 towards the cost of the inaugural 100% Pure NZ Winter Games to be held in August 2009.

Furthermore, the Trustees approved a programme to assist primary schools in Otago with classroom technology equipment. Each school will receive a donation based on its roll and investment, which the Trust will match on a dollar for dollar basis. The value of this Trust contribution will be \$1.7 million over 5 years.

As mentioned above, the Trustees' focus in the current year is on the restoration of reserves. However, in making an adjustment to the 2010 donations budget, there is a commitment to maintain support for those organisations that work in the area of community health and welfare, and who rely on the trust for sustaining grants. It will be our ability to support larger capital projects that may be impacted in the short to medium term.

### ACKNOWLEDGEMENTS

The Otago Community Trust is governed by 12 Trustees who are appointed by the Minister of Finance on the basis of their contribution to, empathy for, and understanding of, our community. It has clearly been a challenging year for Trustees, both from an investment and donation perspective. I want to acknowledge and pay tribute to their contribution to the Trust over the past year and in particular their positive vision for our community, and the strength of their resolve in difficult times.

I also want to acknowledge the leadership and support provided by our management team comprising Keith Ellwood (Chief Executive), Carol Melville (Donations Manager), Sue Broome and Kate Wilson. We are indebted to Keith for his wisdom, experience and guidance through the turbulent times on investment markets, and to Carol, not only for her knowledge and understanding of our community and its needs, but also for her ability to coordinate and encourage philanthropy in our region.

The Otago Community Trust, in spite of the state of the markets, is in good heart and well positioned to continue to be a positive force in the Otago community for its next 20 years and beyond.

Bill Thomson  
Chairperson  
29 July 2009



## NEW NAME... NEW LOGO, SAME ORGANISATION

Keeping pace in an ever changing world was the focus of the Trust's "20 year anniversary" review which happily coincided with the \$100 million donations milestone. The review included refining the Trust's logo and name to reflect its status as a catalyst for positive community change.

The Trust's name adaption with Otago foremost, and its logo simplification emphasises our

commitment to the wider Otago community. The new name is the "Otago Community Trust", and a contemporary logo redesign reflects Otago people working together for regional progress.

The Otago Community Trust logo was redesigned to be visually pleasing, simple to implement, flexible and adaptable.

Developing a logo is not a simple task. Evolution not revolution,

community replacing corporate, contemporary without sacrificing shape tempered the creative input which culminated in an extension of the existing logotype. In creating this logo, we took the entire organisation and everything it stands for, and refined it down to a simple graphic representation. We are pleased with the end result and we hope you will be too!

### Notice of Annual Public Meeting

The Twenty-first Annual Public Meeting of the Otago Community Trust is to be held on Tuesday 25th August 2009 at 4.30pm.

Members of the public are welcome and are encouraged to attend.

#### Venue:

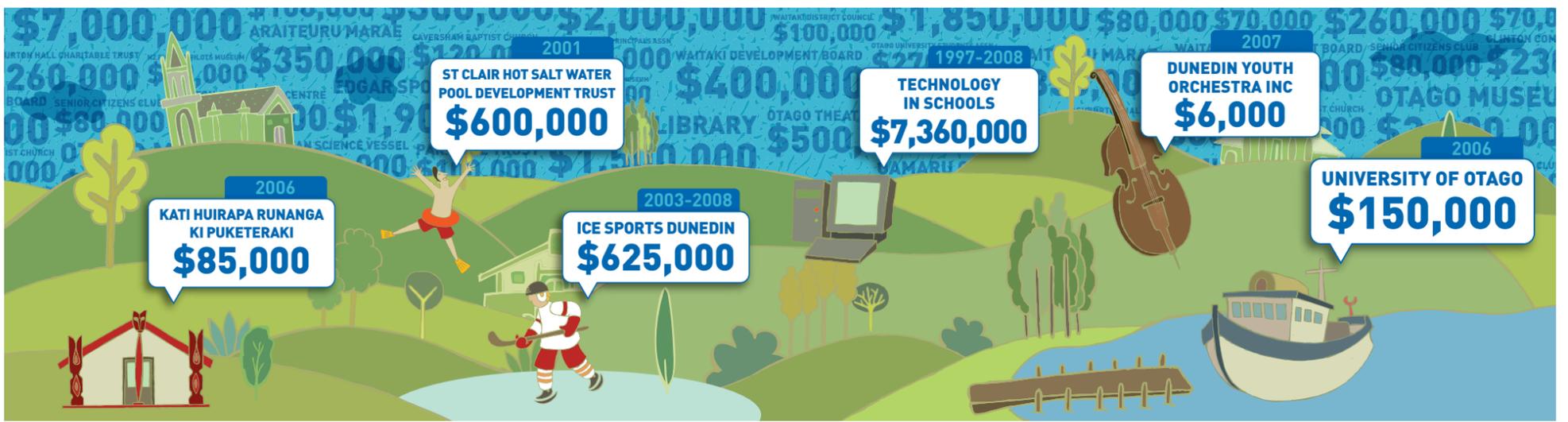
Hutton Theatre, Otago Museum, 419 Great King Street, Dunedin.

#### Business:

To report on the Trust's activities and its financial performance for the year ending 31 March 2009.

K G Ellwood, Chief Executive,  
PO Box 5751, Dunedin 9058  
Telephone 03 479 0994 or  
0800 101 240 toll free.





## OROKONU Ecosanctuary

Some rare native birds and mammals are back in town, and the Otago Community Trust is proud to have played a part in their return.

The Otago Community Trust has provided significant support to the development of the Orokonui Ecosanctuary, and has done so from its beginning.

The Trust initially contributed \$365,000 towards the specialist fence, the first essential step in the project that provides a safe habitat for native flora and fauna in the Orokonui Valley, many of which are threatened with extinction. Native birds and plants already in the Ecosanctuary are now flourishing after completion of the fence and clearing of mammalian pests from the area. Rarer animals have also been re-introduced, including kaka, jeweled gecko and saddlebacks.

The next stage, a Visitor and Education Centre, is being built to host visitors from Dunedin and beyond. The Trust has provided

\$386,000 for this building, which will also generate revenue for the Ecosanctuary into the future.

The Otago Community Trust is also assisting to support some of the assistant rangers employed under the Taskforce Green Programme until the Ecosanctuary generates enough revenue to cover its operations. This programme imparts conservation skills to young people.

In providing protected forest area close to Dunedin, the Ecosanctuary offers visitors the chance of encountering rare native species in their natural habitat, hopefully motivating people to assist in their protection.

The Otago Community Trust is a vital partner in the development of this wonderful asset, of which the people of Otago can be proud.

## WAIKOUAITI COMMUNITY CENTRE

Support from the Otago Community Trust really is making a difference in the community – just ask the people of Waikouaiti.

After many years in the planning, the Waikouaiti Community Centre on the main street is open, and the Waikouaiti community is celebrating.

The Otago Community Trust donated \$500,000 toward the centre, a “one stop shop” with a medical centre, health and social services facilities, a pharmacy agency, as well as office space, a community auditorium and public function and meeting rooms.

The striking new architecturally designed centre is a welcome focus for sporting, cultural and social groups. Already a new drama group has formed because it now has a space to present its theatre restaurant, and sports including badminton and table tennis are being organised, activities the community has not been able to do for over a decade.

It also means Waikouaiti has a suitable facility to lobby and attract service agencies back to the town.



## OTAGO HARBOUR FERRY INC

It's been 45 years in the waiting, but the Elsie Evans is now only months away from launching.

The Otago Community Trust donated \$30,000 towards restoring the “Elsie Evans” passenger ferry, which ran between Port Chalmers and Portobello from 1943 to 1954, and which has been out of the water for almost five decades. Restoration work has been major and time-consuming, given it sheltered under a hedge for some of that time. The Trust's funding is helping rebuild and equip the wheelhouse to a commercial service standard.

The Elsie Evans will be moored in Portobello after its launch, then the Otago Harbour Ferry Inc's next challenge will be looking at doing ferry runs across the harbour again.

The group's very appreciative of the Trust's support. “It meant we could get on with doing the job without cutting corners, so the Elise Evans will be around for many years to come,” restorer Shem Sutherland said.



## DUNEDIN ASTRONOMICAL SOCIETY'S NEW TELESCOPE

A new telescope and upgraded facilities has brought the night sky closer for the large number of groups visiting the Dunedin Astronomical Society's observatory.

The Otago Community Trust contributed a very welcome \$9000 towards a new 14inch telescope and mount at the Beverly Begg observatory in Dunedin, as well as altering the floor to aid viewing and putting in new display panels linked to the computer to present sky maps to observatory visitors.

The sophisticated new mount system means the telescope can very precisely track and photograph stars and planets, the monitoring contributing to world knowledge on activities in the night sky. Software on the new system can be set to drive the telescope to specific points, allowing society members to follow progress of celestial events.

The observatory is mostly used as an educational facility, and is very popular with community and school groups throughout winter.

## OTAGO HOCKEY ASSOCIATION ARTIFICIAL HOCKEY TURF

We don't know what we would have done if the Otago Community Trust hadn't supported us to update our artificial hockey turf, says Otago Hockey Association's Chief Executive Chris Aubin.

The Trust granted \$200,000

towards the cost of replacing the 18-year-old well worn sand-based artificial hockey turf, replacing it with a second water-based hockey turf. Two are essential for hosting hockey tournaments – without them Dunedin would have been by-passed for any national hockey event, not only limiting local player involvement, but also the substantial investment into

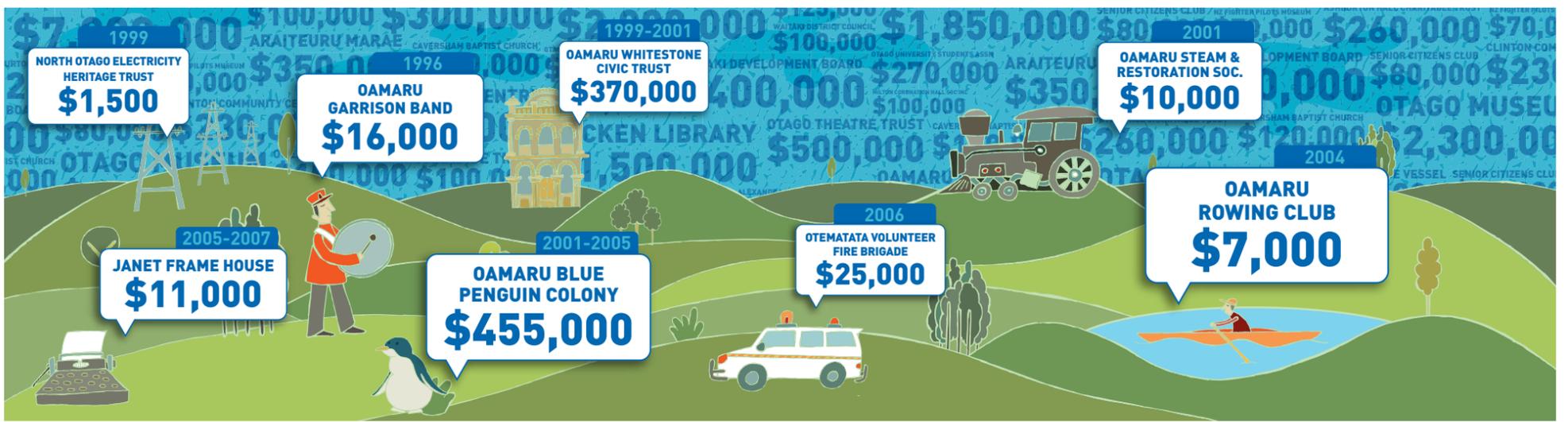
the local economy that comes from hosting up to 24 teams for a week.

While it was a large outlay, it is very much needed as all hockey in Dunedin is played on the two artificial turfs at Logan Park. The completed turf is a fantastic playing surface that's used more or less non-stop by up to 3500 people a week playing hockey and other sports codes.



## DUNEDIN DONATIONS

NZ Special Olympics South	\$5,500	Otago Settlers Assn Inc	\$2,500	Purakanui School	\$570	Southern Heritage Trust	\$3,640	<b>MOSGIEL</b>	
Island Regional Council		Otago Soc for Music Education	\$2,000	Purakaunui Block Inc	\$5,000	Southern Heritage Trust	\$3,000	Arahina Community House Trust	\$17,000
Opoho School	\$850	Otago Softball Assn Inc	\$15,000	Queens High School	\$280	Special Olympics Otago	\$638	Arthur Burns Preschool	\$500
Otago Accommodation Trust	\$4,000	Otago Spinning & Weaving Assn	\$1,000	Ravensbourne School	\$320	Sport Otago	\$170,800	East Taieri School	\$850
Otago Badminton Assn Inc	\$20,000	Otago Surf Life Saving Assn	\$43,000	Really Authentic Gilbert and Sullivan Performance Trust	\$10,000	Sport Otago	\$3,640	Elmgrove School	\$645
Otago Boys High School	\$890	Otago Symphonic Band	\$500	Rhododendrons for Dunedin Trust	\$25,000	Sport Otago - Halberg Trust	\$12,500	Mosgjel Ballet	\$500
Otago Chamber of Commerce	\$45,000	Otago Theatre Trust	\$3,000	Riselow Road Playcentre	\$3,500	Spring Chamber Music	\$1,000	Competitions Society	
Otago Cricket Assn	\$55,000	Otago Touch Assn	\$26,500	Roslyn Kindergarten	\$1,500	Squash Otago Inc	\$25,000	Mosgjel Brass Band Inc	\$30,000
Otago Embroiderers Guild Inc	\$300	Otago University Medical Students Assn	\$1,000	Royal Dunedin Male Choir Inc	\$1,000	St Clair School	\$11,928	Mosgjel Central Kindergarten	\$2,500
Otago Festival of the Arts	\$180,000	Otago Yachting Assn Inc	\$10,000	Royal New Zealand Ballet	\$20,000	St Marks Presbyterian Church	\$5,000	Mosgjel Playcentre	\$981
Otago Girls High School	\$3,775	Otago Youth Adventure Trust Inc	\$60,000	Rudolf Steiner School	\$5,000	St Martin Island Community Inc	\$13,000	Outram School	\$5,000
Otago Golf Club	\$15,000	Otago Youth Wellness Trust	\$40,000	Trust (Otago) Inc		St Patricks School	\$600	Reid Park Kindergarten	\$1,000
Otago Harbour Ferry Inc	\$30,000	Outward Bound	\$67,500	Salvation Army	\$45,000	St Peter Chanel School	\$6,000	Silverstream Primary School	\$230
Otago Hockey Assn (1990)	\$220,000	PAI4ASD Trust	\$13,000	Samoan Advisory Council Dunedin Inc	\$750	Stage Challenge Foundation	\$4,000	Southern Cross Long	\$300
Otago Life Education Trust	\$11,200	Panache Inc	\$3,500	Samoan Methodist Church Dunedin	\$1,500	Straight Up Trust	\$5,000	Haired Cat Club	
Otago Medical Research Foundation	\$100,000	Parents Inc - Attitude Division	\$1,000	Save the Otago Peninsula Soc	\$10,000	Stroke Foundation	\$10,000	St Marys School - Mosgjel	\$7,000
Otago Multiple Sclerosis Soc Inc	\$3,640	Patients & Prisoners	\$3,000	Sawyers Bay School	\$1,500	Southern Region Inc		Strath Taieri Historical Soc Inc	\$3,500
Otago Multiple Sclerosis Soc Inc	\$1,300	Aid Soc of Otago		Schizophrenia Fellowship	\$35,000	Tahuna Normal	\$1,490	Taieri College	\$2,840
Otago Natural History Trust	\$386,000	Patients & Prisoners	\$1,820	Otago Branch Inc		Intermediate School		Taieri Dramatic Soc	\$7,000
Otago Natural History Trust	\$3,640	Aid Soc of Otago		Scout Assn - Otago Area	\$3,640	Taieri Beach School	\$660	Taieri Musical Society Inc	\$3,000
Otago Outdoor Education Camp Trust	\$25,000	Pine Hill School	\$440	Senior Net Otago Inc	\$1,000	Te Hou Ora Otepoti Inc	\$10,000	Taieri Parents Centre Inc	\$1,000
Otago Peninsula Trust	\$3,640	Poems in the Waiting Room	\$250	Short Film Otago	\$40,000	Te Hou Ora Otepoti Inc	\$3,640	Taieri Tennis Club Inc	\$25,000
Otago Polytechnic	\$7,800	Port Chalmers Bowling Club Inc	\$1,400	Silver Peaks Country Music Club Inc	\$1,000	Te Kura Kaupapa Maori O Otepoti	\$5,000	Twelve Oaks Golf Club	\$4,000
Otago Polytechnic - Fashion & Design	\$2,000	Port Chalmers Historical Soc	\$1,000	Skeggs Foundation	\$60,000	Te Tutua Trust	\$1,000	<b>MOSGIEL TOTAL:</b>	<b>\$112,846</b>
Otago Postgraduate Medical Soc Inc	\$45,000	Port Chalmers Kindergarten	\$3,000	Soccersouth	\$50,000	Te Whare Pounamu Womens Refuge	\$20,000	<b>OTAGO</b>	
Otago Regional Council	\$50,000	Port Chalmers School	\$260	Social Service Providers	\$5,000	Tennis Southern Region Inc (formally Otago Tennis)	\$25,000	NZ Ice Hockey Federation Inc	\$10,000
Otago Rowing Assn	\$25,000	Port Chalmers United Rowing Club	\$4,500	Aotearoa Inc		University of Otago - Rural Health	\$300,000	Virtual Education Networks Ltd	\$38,000
Otago Rugby Football Union Inc	\$50,000	Pregnancy Counselling Services Inc	\$1,200	South Dunedin Christian Network	\$1,000	Volleyball Otago	\$7,500	Winter Games NZ Trust	\$100,000
Otago Samoan Students Assn	\$2,000	Presbyterian Support Services	\$150,000	Southern Area Judo Assn	\$1,500	Wakari Kindergarten	\$1,000	<b>OTAGO TOTAL:</b>	<b>\$148,000</b>
Otago Secondary Schools Sports Assn	\$5,000	Pukehiki Hall Soc Inc	\$15,000	Southern Cross Kids Camps NZ	\$5,000	Womens Golf Otago Inc	\$1,400	<b>DUNEDIN AREA TOTAL:</b>	<b>\$11,484,721</b>
		Purakanui Amenities Soc	\$1,000			<b>DUNEDIN TOTAL:</b>	<b>\$11,223,875</b>		



# OAMARU OPERA HOUSE

The Otago Community Trust's contribution to the Oamaru Opera House has saved a beautiful old building, and delivered an amazing asset to the region.

Not only was the \$1 million Trust donation a significant financial investment, the Trust was also the first major funder to the Opera House refurbishment project, providing the impetus for a critical mass of support.

The vision of having a "living" building with front doors open that is used daily, with a modern working theatre, has more than lived up to expectations.

But the work needed to restore and refurbish an historic building, while

providing an operational theatre and up-to-date meeting facilities, was a huge undertaking.

The aging facility, which housed council chambers until the late 1980's, was in a state of disrepair; ceilings had collapsed and buckets were needed when it rained. The beautiful Oamaru stone building was rarely used, but too important to let go.

A lot of fundamental structural work went on behind the scenes to upgrade it to current earthquake standards; plumbing and wiring were replaced, and acoustic treatment installed to block highway noise. The stage was levelled, changing facilities added, kitchen and toilet facilities replaced, and modern theatre equipment installed. And it underwent a thorough refit including new seats.

Spaces were also created to provide valuable meeting and conference rooms for small to large groups, and this has quickly become a major drawcard. Project overseer Steven Halliwell said the 101-year-old facility has had fabulous community support since opening in February 2009. "It truly is a real community asset."



## OAMARU TAP DANCING

The Otago Community Trust is helping to keep young Oamaru dancers on their toes.

It provides funding to the Oamaru Tap Dancing Association for its tap dancing competitions, this year supporting the organisation with a \$750 grant to stage its competition in Oamaru.

The Association encourages and promotes the talents of young dancers between the ages of three and eighteen years into this ever-popular form of dance. It organises festivals and competitions for dancers to showcase their talents to the people of North Otago, and to be judged on their performance.

It's yet another way of supporting young Otago people and their families in the community.

## HARVEST HOME FESTIVAL

The annual North Otago Harvest Home Festival has become so popular, the Topp Twins are hoping to come to it next year.

Now into its 6th year, the Festival at Totara Estate just south of Oamaru, is the premier local annual heritage event. Historically, it was a celebration of bringing in the harvest from the farms, but the popular family day out in April is also a celebration of all things North Otago as well as marking its proud heritage.

Stalls on the day celebrate local food including a "Totara lamb burger," there are crafts like soap making, music, historical harvest activities such as traction engine displays, and traditional games such as the ever popular tug of war.

The Otago Community Trust's \$3,500 was put towards organising the event. Planning is already underway for next year's festival, given this year's success, with musicians the Topp Twin already invited.



## OATEMATATA RESIDENTS ASSOCIATION

Otematata has gone from having several rundown old halls, to a fabulous multi-purpose community complex, thanks in no small part to the Otago Community Trust.

The new community hall is part of the Otematata Lakes Centre, in what was a former NZ Electricity Department depot. Half of the centre houses several businesses including a cafe. The other half underwent a major transformation, producing a big hall for sports and community functions, changing rooms, a brand-new well-equipped kitchen, and even new furniture. It also has a gym on the mezzanine floor.

It has only been open a short time, but is already achieving what Otematata people set their sights on at a community "visioning" meeting - a good use of a good building that will suit the purposes of its community for many years. Without the \$75,000 Trust donation, the Residents Association said it may have struggled to complete the project.

## HERBERT HERITAGE GROUP ROLL OF HONOUR RESTORATION

The names of men of the Herbert district who went to the Great War will be remembered anew thanks to a donation from the Otago Community Trust.

The 30 names were recorded on a Herbert Roll of Honour, which has now been restored and will be hung on the wall again, to be fittingly unveiled at a community ceremony in the Herbert Community Hall on Armistice Day 2009.

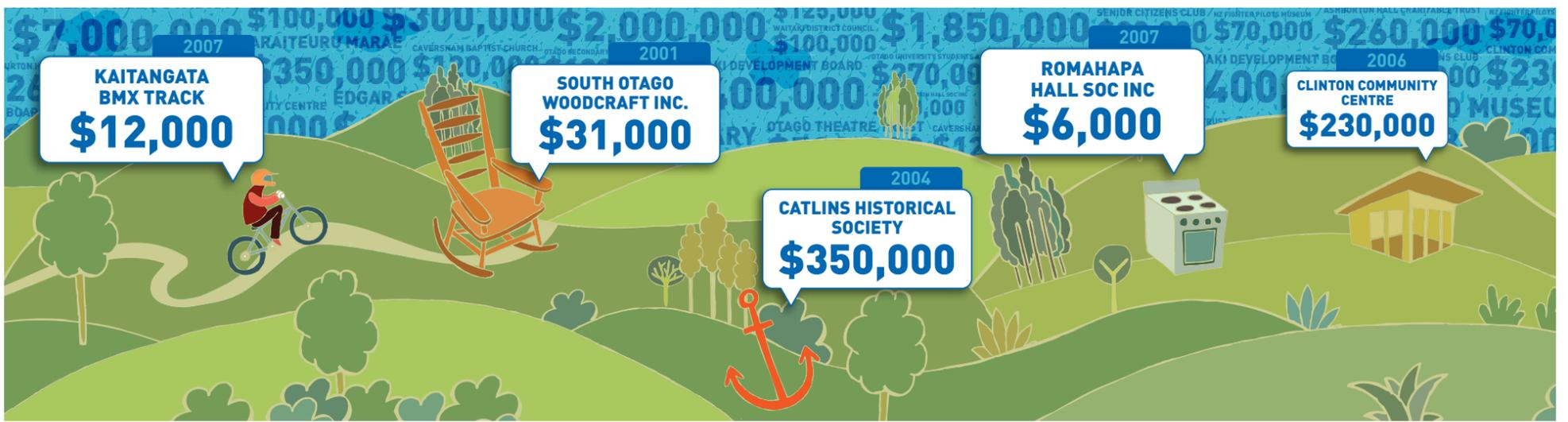
The Roll of Honour was discovered under the stage of the Hall last year in a poor state. It was thought the board was placed there for safekeeping when the hall was altered many years ago, and was eventually overlooked and forgotten.

The Trust's \$1000 donation, which was much appreciated by the Herbert Heritage Group and the wider community, has gone towards restoring the board, and professionally re-signwriting the names of those Herbert men who fought in World War One.

### NORTH OTAGO DONATIONS

OAMARU		Totara Estate - NZ	
Athletic Rugby Football Club Inc	\$4,500	Historic Places Trust	\$3,500
Boys Brigade 2nd	\$600	Waitaki Boys High School	\$5,440
Oamaru Company		Waitaki Community	\$2,500
CCS Disability Action Waitaki Inc	\$8,000	Recreation Centre Trust	
Central Coast Country	\$500	Waitaki Dist Council - Pukeuri	\$1,000
Music Assn Inc		War Memorial Hall	
Citizens Advice Bureau - North Otago	\$3,500	Waitaki District Council - Aspiring Leaders	\$996
Herbert Heritage Group	\$1,000	Waitaki District Council - Waitaki	\$500
Janet Frame Eden Street Trust	\$2,000	Youth Support Network	
Maheno Every Boys Rally	\$2,000	Waitaki Education Centre	\$600
North Otago Cricket Assn Inc	\$4,500	Waitaki Multi Cultural Council Inc	\$1,000
North Otago Primary Principals Assn	\$5,000	Waitaki Summer Music Camp	\$1,000
North Otago Rugby Football Union	\$20,000	Waitaki Valley Medical Trust	\$25,000
North Otago Scottish Soc Inc	\$1,800	Waitaki District Council (Waitaki Safer Community Trust)	\$3,640
Oamaru Combined Churches - Outreach	\$1,000	Weston School	\$290
Oamaru Intermediate School	\$884	Whitestone Community Arts Council Inc	\$1,500
Oamaru Maori Committee	\$3,000	<b>OAMARU TOTAL:</b>	<b>\$133,777</b>
Oamaru Multisport Club	\$600	<b>WAIK/PALM</b>	
Oamaru Poultry Pigeon & Canary Soc	\$800	Blueskin Resilient Communities Trust	\$3,640
Oamaru Stroke Support Group	\$4,000	East Otago High School	\$90
Oamaru Tap Dancing Assn	\$750	East Otago Woodturners	\$700
Oamaru Victorian Heritage Celebrations Committee	\$10,000	Flag Swamp School	\$410
Otematata Residents Assn Inc	\$4,000	Karitane School	\$4,000
Papakaio School	\$180	Waikouaiti District Museum Soc Inc	\$3,000
Rotary Club - Waitaki	\$1,500	Waikouaiti Playcentre	\$3,500
Rural Women New Zealand	\$600	Waitaiti School	\$220
Upper Waitaki Branch		Warrington School	\$60
Scout Assn - St Patricks	\$750	<b>WAIK/PALM TOTAL:</b>	<b>\$15,620</b>
Sea Scouts - Scotts Own Oamaru	\$3,000	<b>NORTH OTAGO TOTAL:</b>	<b>\$149,397</b>
St Kevins College	\$347		





# CLINTON PLAYCENTRE

The importance of maintaining a quality licensed early childhood centre in Clinton cannot be underestimated.

Assistance from the Otago Community Trust to upgrade Clinton's early childhood centre has given the current generation of children a quality facility, and at the same time has also provided an asset to encourage families to settle in the community into the future.

The Clinton community spent many hundreds of hours fundraising to renovate the centre, but spokesperson Carol Sinclair said they wouldn't have got there without the Trust's \$60,000 donation. "Our gratitude is huge. We've gone from

a modified prefab garage to a multi-purpose facility that is really meeting the needs of our parents as well as our children. We had got to the stage where there was a real risk of not meeting licensing regulations - there was no sleep area, inadequate toilet facilities and no adult toilets. It really needed major work."

The renovations included adding on floor space, re-lining and insulating, a whole new roof, a sleep room, new kitchen and fittings, disabled toilet/baby change room including a shower, new children-only toilet

area, an office, new floor coverings and the old kitchen/office /store room turned into a purpose-built store room, new covered entrance and ramp, sliding door and decking, new fire alarm system, new lighting, new heating system and completely re-painting inside and outside,

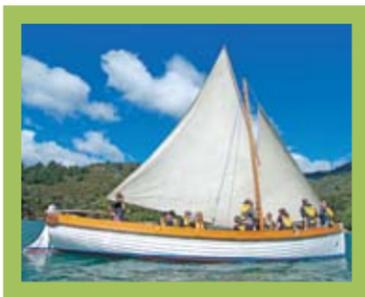
"We've had the comment that centre has been rebuilt to amazing standards; our parents in this small rural community have gone out and done it themselves, and they've done a really great job."

## OUTWARD BOUND SCHOLARSHIP

Otago is the only New Zealand region to offer an annual Outward Bound scholarship of this type to each of its secondary schools, thanks to the Otago Community Trust.

The unique and very successful project gives one secondary school student, usually Year 12, from 25 Otago schools the chance to extend themselves at Outward Bound Anakiwa, in the Marlborough Sounds. Outward Bound runs courses that show people their full potential through outdoor challenge and adventure.

Not only does this boost the individual student's self-knowledge, confidence and independence through teamwork and leadership challenges, the school also reaps rewards from



the leadership and communication skills the student brings back. Feedback from the school and the students who have already benefited show they truly value the opportunity it provides.

South Otago High School was one of the schools to offer the Otago Community Trust \$2,700 "Mind, Body and Soul" scholarship to its students over the last year.



## BALCLUTHA JUNIOR SOCCER CLUB

It wasn't large compared to some Otago Community Trust contributions, but a \$1000 donation from the Trust was never-the-less very significant for soccer in the far south last year.

The money provided additional soccer goals in Balclutha, which were essential for South Otago to be able to host a major South Island girls secondary schools soccer tournament in September 2008.

Teams from Christchurch and the lower South Island took part in the very successful event, including Balclutha's own South Otago High School. "It was good for Balclutha to be able to host this and for our local girls to compete here, and it was really helpful for us that the Trust assisted to make it happen. Everyone was really impressed with how well it went," organiser Heather Dudfield said.

The full-size goals are portable, and can now be used by junior soccer players throughout South Otago.

## BALCLUTHA PRESBYTERIAN CHURCH

The Balclutha Presbyterian Church wanted a new hall that would be a community asset as well as fulfilling their parish needs, and that's just what they got.



The Church has gone from having an old, very uninviting hall past its suitability date, to a warm, functional building with wonderful meeting spaces, modern kitchen facilities and wiring for today's communication needs. It also has a dedicated space for the town's community food bank.

The project was a major one, that involved demolishing the old hall and rebuilding a brand-new purpose-built facility connecting off the existing church. The Otago Community Trust donated \$40,000 towards the project, which was built over 2008/09, and officially opened in July.

The Church is delighted with the end result and so is the community - a major regional conference has already been held in the facility and it's hoped more events can follow.

## SOUTH OTAGO DONATIONS

BALCLUTHA		MILTON	
Balclutha Junior Soccer Club	\$1,000	Anglican Parish of Milton/Tuapeka	\$8,000
Balclutha Parents Centre Inc	\$1,000	Hart's Daffodil Charitable Trust	\$3,640
Balclutha Presbyterian Church	\$40,000	Lawrence Incorporated	\$3,640
Catlins Area School	\$290	Lawrence Incorporated	\$1,200
Clinton Playcentre	\$60,000	Lawrence Rodeo Club	\$5,000
Positively Clutha Women	\$5,000	Lawrence Summer Arts Festival (2009) Inc	\$1,500
Clutha Currents Marching Club	\$500	Milton Kindergarten	\$7,000
Clutha District Council	\$1,500	Milton Primary School	\$150
- Aspiring Leaders		St Marys School	\$1,100
Clutha District Council - Waiwera	\$7,500	Tokoiti Primary School	\$200
South Community Hall		Tokomairiro Early Learning Centre	\$35,000
Clutha Rugby Football Club Inc	\$7,000	Tokomairiro High School	\$160
Clutha Valley Playcentre	\$15,000	Tuapeka Vintage Club Inc	\$15,000
Clutha Valley Primary School	\$380	Waiholo District School	\$900
Enterprise Clutha Trust	\$10,500	<b>MILTON TOTAL:</b>	<b>\$82,490</b>
Heartland Otago/Southland	\$11,000		
Life Education Trust		<b>SOUTH OTAGO TOTAL:</b>	<b>\$264,147</b>
Jennys Companionship Group Inc	\$2,500		
Kaitangata & District	\$500		
Promotions Inc			
Kaitangata Golf Club Inc	\$1,000		
Kaitangata Primary School	\$710		
Owaka Museum	\$3,640		
Pounaweia Projects Group	\$500		
Rosebank Primary School	\$570		
South Otago High School	\$1,210		

## SOUTH OTAGO THEATRICAL TRUST



Brushes were out in force in Balclutha recently, as the somewhat tired face of the South Otago Theatrical Trust's theatre received a professional make-over.

And given that the George Street theatre has had a few additions and alterations over the years to meet its growing and changing needs, the "grooming" to the building's different colours and varying styles was overdue and very welcome.

The Otago Community Trust's \$5000 donation towards the repaint helped make it happen. Done professionally so it would endure, the Balclutha theatre and its popular wardrobe hire facilities are now resplendent in grey and maroon.

The theatre is well used by the South Otago community, hosting film festivals and local events as well as regular and well-supported theatrical productions.



## TRUST GOVERNANCE

The Otago Community Trust operates under its Trust Deed and the Community Trusts Act 1999.

### Board Membership

The Board of Trustees comprises 12 trustees appointed by the Minister of Finance. Terms of appointment are for four years. It is possible to serve for more than one term.

### Trust Purpose

The Trust's purpose is for the Trustees to be responsible for the investment of the Trust Fund and to use it for charitable, cultural, philanthropic, recreational and other purposes which are beneficial to the community.

### Trust Area

The community is generally the province of Otago, excluding the districts of Queenstown and West Otago which form part of the Community Trust of Southland.

### Trust Investments

The Board sets the investment objectives and determines the asset allocation of the Trust. It appoints and reviews the performance of the fund managers in conjunction with advice from its asset consultants, Russell Investments Group, Auckland.

### Trust Donations

The Board sets and reviews donations policies in accordance with its strategic objectives. The Trust's mission is to support encourage and enhance Otago communities by responsibly managing and sharing the resources which have been entrusted to it. Trustees consider all applications received, which have previously been assessed by the staff.

### Trust Administration

The Board is responsible for the administration of the Trust's activities. The Chief Executive has delegated authority for the day-to-day management of the Trust and for the implementation of the Trust's strategic objectives, and he also contributes towards the development of these objectives.

### Conflicts of Interest

It is recognised that Trustees may have a wide range of involvement with the community and the potential for conflicts of interest will arise from time to time. These need to be managed appropriately.

The Trust maintains such disclosures in a conflicts of interest register. The Trust also maintains a standing interests' register, in which Trustees disclose their interests which might lead to actual or potential conflicts of interest. These registers are available for public inspection.



Back Row: Keith Ellwood, Rev Dr David Clark  
 Third Row: Carol Melville, Donald Harley, Nina Kirifi Atai, Noeline Munro, Russell Hendry  
 Second Row: Louise Croot, Nicola Taylor, Louise Rosson  
 Front Row: Stuart Walker (Deputy Chair), Bill Thomson (Chair)  
 Absent: Sally Hope, Raewynne Pedofski

## TRUST ORIGINS

The Otago Community Trust was established in 1988 when the Government deregulated the banking industry. The Trust was vested with the shares in Trust Bank Otago Ltd, which were subsequently exchanged for shares in Trust Bank New Zealand Ltd when the regional Trust Banks merged. In the mid-1990s, the community trusts sold the shares in

Trust Bank New Zealand Ltd to Westpac Bank. The share sale proceeds for the Otago Community Trust were \$131 million, which formed the base fund. The Trust continues to retain this base fund and adds income to it each year to preserve its real value. It is the investment returns from these funds that enable the Trust to maintain its donations programme.



## THE CHALLENGES OF BEING A LONG-TERM INVESTOR



The economic and financial events of the last twelve months have caused anxiety and uncertainty for most investors. It is a time when holding true to long-term investment objectives becomes more important than ever for long-term investors, to not be spooked by "market noise" which drains investor confidence and leads to irrational decision making.

The Otago Community Trust is the quintessential long-term investor. Its fund exists in perpetuity to benefit current and future beneficiaries. Annual income from the fund is used for three principal purposes:

- Firstly, to protect the Fund against inflation by preserving its real value for future beneficiaries.
- Secondly, to provide donations to current beneficiaries, and meet the Trust's running expenses.
- Thirdly, to maintain adequate reserves. History shows that over the long term, growth assets, ie shares, deliver higher returns than income assets ie cash and bonds. The trade-off is that growth shares carry considerably more risk. The Trust therefore sets aside a part of annual income to build up reserves, which are drawn on to

help pay donations and expenses in years of poor or negative investment returns. These reserves can be restored in years of excess returns. The magnitude of the current crisis has caused the largest drop in reserves that the Trust has experienced in its twenty year history. This situation causes a tension around the interests of current beneficiaries and future beneficiaries.

Deliberate financial exposure and a discipline around maintaining it is required to achieve the target level of annual income for the three principal purposes. The Trust portfolio is relatively conservative - 35% growth assets and 65% income assets. The risk and return characteristics of this portfolio suggest an annual return of about 7.1%, but it will range around that by plus or minus 10%, and every two years in five it will likely be outside this range. Market downturns are therefore expected; it simply goes with the territory. Most adverse events eventually become small blips on investment return charts as they fade into history. We do not know when, how bad, and for how long adverse events will last, but we do expect rebounds to follow such events, and will remain in the market to reap the benefit from those rebounds. It is important the Trust does not attempt to second guess the timing and

impact of adverse events and alter its investment strategies. It simply remains in the market throughout good and bad times, reviewing and sometimes adjusting its strategic asset allocation as appropriate to the circumstances.

In the meantime, the Trust business of approving donations carries on. While reserves are below minimum desirable levels, this is currently not a reason to stop donations in favour of reserving, especially when community need is higher during a recession. It has been necessary to reduce donations slightly to give reserves a better chance of being replenished. Reserves will be fully restored in due course, and donations can resume at the level the Fund is capable of sustaining over the long-term.

Keith Ellwood  
 Chief Executive  
 July 2009

For Funding Information  
 please visit our website:  
[www.oct.org.nz](http://www.oct.org.nz)  
 or call us at 0800 101 240

## SUMMARY INCOME STATEMENT

For the year ended 31 March 2009 in New Zealand Dollars (\$000's)

	2009	2008
Revenue	(15,283)	5,235
Expenditure	(1,468)	(1,375)
<b>Surplus/(Deficit) before taxation</b>	<b>(16,751)</b>	<b>3,860</b>
Income tax expense	10	31
<b>Surplus/(Deficit) for the year</b>	<b>(16,761)</b>	<b>3,829</b>

## SUMMARY STATEMENT OF CHANGES IN TRUST FUNDS

For the year ended 31 March 2009 in New Zealand Dollars (\$000's)

	2009	2008
<b>Total trust funds at the beginning of the year</b>	<b>190,259</b>	<b>192,604</b>
Surplus/(Deficit) for the year	(16,761)	3,829
Total recognised income and expense for the year	(16,761)	3,829
Donations approved during the year	(12,264)	(6,174)
<b>Total trust funds at the end of the year</b>	<b>161,234</b>	<b>190,259</b>

## SUMMARY BALANCE SHEET

As at 31 March 2009 in New Zealand Dollars (\$000's)

	2009	2008
<b>Assets</b>		
Investment property	1,680	1,680
Other investments	160,165	189,143
Other non-current assets	268	276
<b>Total non-current assets</b>	<b>162,113</b>	<b>191,099</b>
Cash and cash equivalents	224	2,760
Other current assets	7,846	18
<b>Total current assets</b>	<b>8,070</b>	<b>2,778</b>
<b>Total assets</b>	<b>170,183</b>	<b>193,877</b>
<b>Trust funds</b>	<b>161,234</b>	<b>190,259</b>
<b>Trade and other payables (including donations)</b>	<b>8,738</b>	<b>3,416</b>
<b>Total current liabilities</b>	<b>8,738</b>	<b>3,416</b>
Deferred tax liability	211	202
<b>Total non-current liabilities</b>	<b>211</b>	<b>202</b>
<b>Total liabilities</b>	<b>8,949</b>	<b>3,618</b>
<b>Total trust funds and liabilities</b>	<b>170,183</b>	<b>193,877</b>

Approved on behalf of the Trustees:




Chairperson  
23 June, 2009

Trustee  
23 June, 2009

## SUMMARY STATEMENT OF CASHFLOWS

For the year ended 31 March 2009 in New Zealand Dollars (\$000's)

	2009	2008
<b>Net cash outflow from operating activities</b>	<b>(1,254)</b>	<b>(1,070)</b>
<b>Net Cash from/used in investing activities</b>	<b>5,617</b>	<b>11,161</b>
<b>New cash from/used in financing activities</b>	<b>(6,899)</b>	<b>(8,216)</b>
Net (decrease)/increase in cash and cash equivalents	(2,536)	1,875
Cash and cash equivalents at 1 April	2,760	885
<b>Cash and cash equivalents at 31 March</b>	<b>224</b>	<b>2,760</b>

## NOTES TO THE SUMMARY FINANCIAL STATEMENTS

For the year ended 31 March 2009

These are the summary financial statements of Otago Community Trust for the year ended 31 March 2009.

The specific disclosures included in these summary financial statements have been extracted from the full annual financial statements dated 23 June 2009. The full annual financial statements dated 23 June 2009 have been prepared in accordance with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

This summary financial report cannot be expected to provide as complete an understanding as provided by the full financial statement of the financial performance, financial position and cash flows of the Trust.

An unqualified audit opinion has been received on the full financial statement for the year ended 31 March 2009. **A copy of the full Trust financial statements for the year ended 31 March 2009 may be obtained by contacting the Trust on (03) 479 0994.**

This summary financial report has been examined by our auditor for consistency with the full financial statement. An unqualified audit opinion has been received. These summary financial statements were approved for issue by the Trustees on 23 June 2009.

### Basis of preparation

Otago Community Trust is a public benefit entity and was incorporated as a Charitable Trust in accordance with the provisions of the Community Trusts Act 1999.

These are the summary consolidated financial statements of Otago Community Trust and its wholly owned subsidiary Fillmor House Limited and they comply with FRS 43: Summary Financial Statements.

The full consolidated financial statements upon which these Summary Financial Statements are based, have been prepared to comply with the NZ GAAP and the Financial Reporting Act 1993.

### Specific accounting policies

All specific accounting policies have been applied on the same basis as those used in the full consolidated financial statements of the Trust.

### Changes in accounting policies

There have been no changes in accounting policies during the year.

## AUDIT REPORT

**PolsonHiggs**  
BUSINESS ADVISORS

### To the Trustees of The Otago Community Trust

We have audited the summary group financial statements of The Otago Community Trust for the year ended 31 March 2009 as set out on this page.

### Responsibilities of the Board of Trustees and the Auditor

The Board of Trustees are responsible for the preparation of the summary group financial statements in accordance with generally accepted accounting practice in New Zealand. It is our responsibility to express to you an independent opinion on the financial statements presented by the Trustees.

### Basis of Opinion

Our audit was conducted in accordance with New Zealand Auditing Standards and involved carrying out procedures to ensure the summary group financial statements are consistent with the full financial statements on which the summary group report is based. We also evaluated the overall adequacy of the presentation of information in the summary group financial statements against the requirements of FRS-43: Summary Financial Statements.

We have performed a Human Resource consulting assignment for the Trust during the year. We have no other relationship with, or interest in the Trust or its subsidiary other than in our capacity as auditor.

### Unqualified Opinion

In our opinion, the information reported in the summary group financial statements complies with FRS-43: Summary Financial Statements and is consistent with the full group financial statements from which it is derived and upon which we expressed an unqualified audit opinion in our report to the Trustees dated 23 June 2009.

We completed our work for the purposes of this report on 23 June 2009.



Chartered Accountants,  
Dunedin

## DIRECTORY

For the year ended 31 March 2009

### Trustees

Bill Thomson (Chairperson)	Balclutha
Hilary Allison (Retired May 2008)	Dunedin
Duncan Butcher (Retired May 2008)	Dunedin
Rev. Dr. David Clark (Appointed May 2008)	Dunedin
Louise Croot	Dunedin
Donald Harley (Appointed May 2008)	Wanaka
Sally Hope	Oamaru
Russell Hendry	Dunedin
Nina Kirifi - Alai (Appointed May 2008)	Dunedin
Barbara Payton (Retired May 2008)	Dunedin
Noeline Munro (Appointed May 2008)	Dunedin
Raewyn Pedofski	Dunedin
Louise Rosson	Cromwell
Mark Ryan (Retired May 2008)	Dunedin
Nicola Taylor	Dunedin
Stuart Walker	Dunedin

### Chief Executive

Keith Ellwood

### Registered Office

2nd Floor  
Community Trust House  
Corner of Filleul Street &  
Moray Place, Dunedin

### Auditor

Polson Higgs, Dunedin

### Solicitor

Anderson Lloyd, Dunedin

### Investment Advisor

Russell Investment Group Limited  
Auckland

### Bankers

Westpac, Dunedin