



**MAINFREIGHT LIMITED**

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# **MAINFREIGHT LIMITED**

## **SCRIPTED ADDRESS AND PRESENTATION**

**21<sup>st</sup> Annual Meeting**

**4.00 pm, Thursday 28 July 2016**



## **CHAIRMAN'S ADDRESS**

Ladies & Gentlemen, the financial result for the year ending March 31<sup>st</sup> 2016 was a game of two halves. The first half's profit after tax, was a disappointing 2.0% below the previous year. However, after bringing on some subs in the second half, we succeeded in gaining a 12.0% increase on the corresponding period, giving an annual increase of 6.3%.

This result was a record profit, and the momentum begun in the second half year appears to be continuing in this current year.

The world seems quite perilous – with China and Russia showing levels of belligerence not seen for decades, and the USA mired in the Middle East war – and with an election that could change it forever.

Our problems in New Zealand are minor compared to the above, but there are any number of problems we have which we can, and should, deal with. As our famous son Stephen Jennings states, if we do not solve some of them, then we risk moving ever closer to some sort of voter unrest or civil unrest.

Education is the potential solver of almost all our problems. Our hospitals and prisons are not filled with the educated, neither are they represented to any level in our unemployment or social welfare or homeless statistics.

The educated have choices through their lives. They can become engineers, teachers, doctors, scientists or IT professionals. They can work and live in other countries – where they are welcomed and can compete on the same level as the locals. They can also work in McDonalds, be cleaners and labourers or whatever they choose.

The uneducated do not have choice. They are limited to doing what is regarded as menial, unskilled and consequently lower-paid work. A much greater number of them than the educated will become net takers from society and New Zealand, and only a few will battle their way through to create businesses and value for their community.

- We need an educated society that aspires to the highest educational standards.

- We need to lift the teaching profession to the highest level as with other professionals.
- We need to pay the teaching profession as true professionals, with variable pay based on pupil success.
- We need measurable experiments with education, such as charter schools.
- We need to set targets and measure them annually until the targets are met.

Another glaring problem is the price of housing in New Zealand, particularly in Auckland and Christchurch.

The average house in Auckland now costs ten times the average household income. Globally it is accepted that three to five times the average income is the desirable level for housing.

From memory, this problem became visible in 2006 and 2007, when the Finance Minister, Michael Cullen, was critical of Auckland house prices causing inflation. Since that date, the GFC has been in effect, and still is in the USA and Europe, and New Zealand has had unprecedented immigration, low interest rates, and many of the well off and those nearing retirement, returning to invest in the Auckland housing market. The perception and reality was that upon sale, the gains made would be capital gains non-taxable.

We need to find a solution to this problem, one which will work for the benefit of all – over the short to medium term.

Not taxing capital gains on the sale of assets causes distortion in buying and investment decisions. There is no reason that New Zealand should be different from Australia, United Kingdom or the USA in taxing capital gains on housing. If this tax needs to be introduced progressively over say a two year period, it will alter buyers' and sellers' behavior and perhaps pave the way to solving New Zealand's housing problems.

Speculation on land in the greater Auckland and Christchurch areas available for building could also be subject to the same capital gains taxes.

Lastly, let's consider the pollution which we continue to allow to our rivers and streams and in particular the Hauraki Gulf. The Gulf has been massacred with over-fishing and poor fishing methods, and land run-off from storm water, sewage and building sites.

We need the Gulf free of commercial fishers, and a publicity campaign followed up with fines for contaminating streams and the sea with chemicals, animal effluent and builders' run-off. It's not impossible to get the environment into much better condition with buy-in from the public.

Education, housing and the environment are some of the things we have a government for.

These things are now critical and the government of the day needs to take action.

In closing, may I remind you to vote in our local council elections? We need a vibrant mayor, and some good business orientated councillors to get on with dealing with the problem of growth.

I hope that you have all read and enjoyed our Annual Report and July newsletter. There is a great deal of skill and effort put into their production, and we endeavor to present ourselves in the most honest way.

At this point in the year, we believe that year ended March 2017 will be another challenging but record year.

Ka Kite Ano

## **Group Managing Director's Presentation**

Please refer to separate PowerPoint slide presentation.

*For further information, please contact Don Braid, Group Managing Director, telephone +64 9 259 5503, +64 274 961 637 or email [don@mainfreight.com](mailto:don@mainfreight.com).*