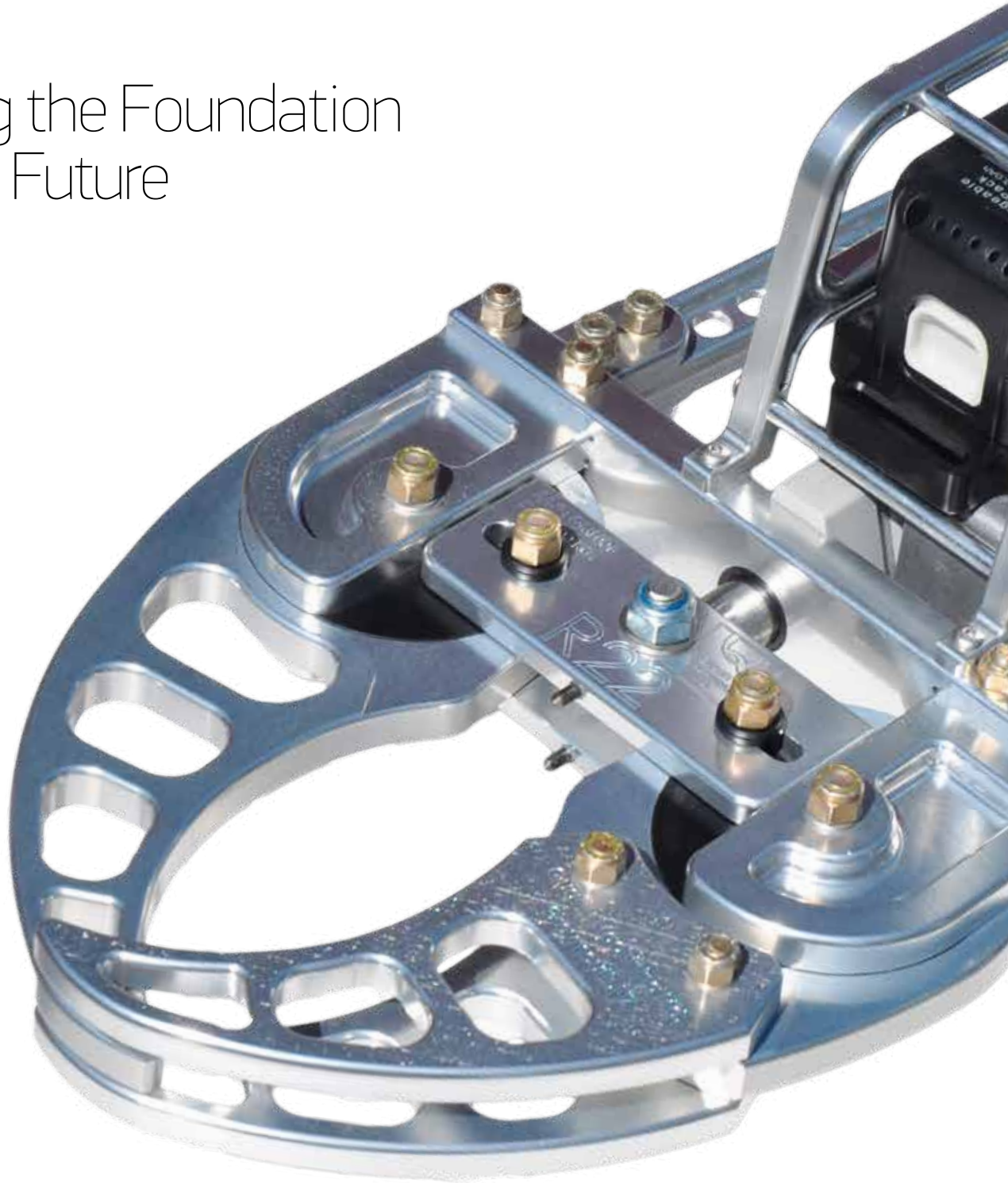
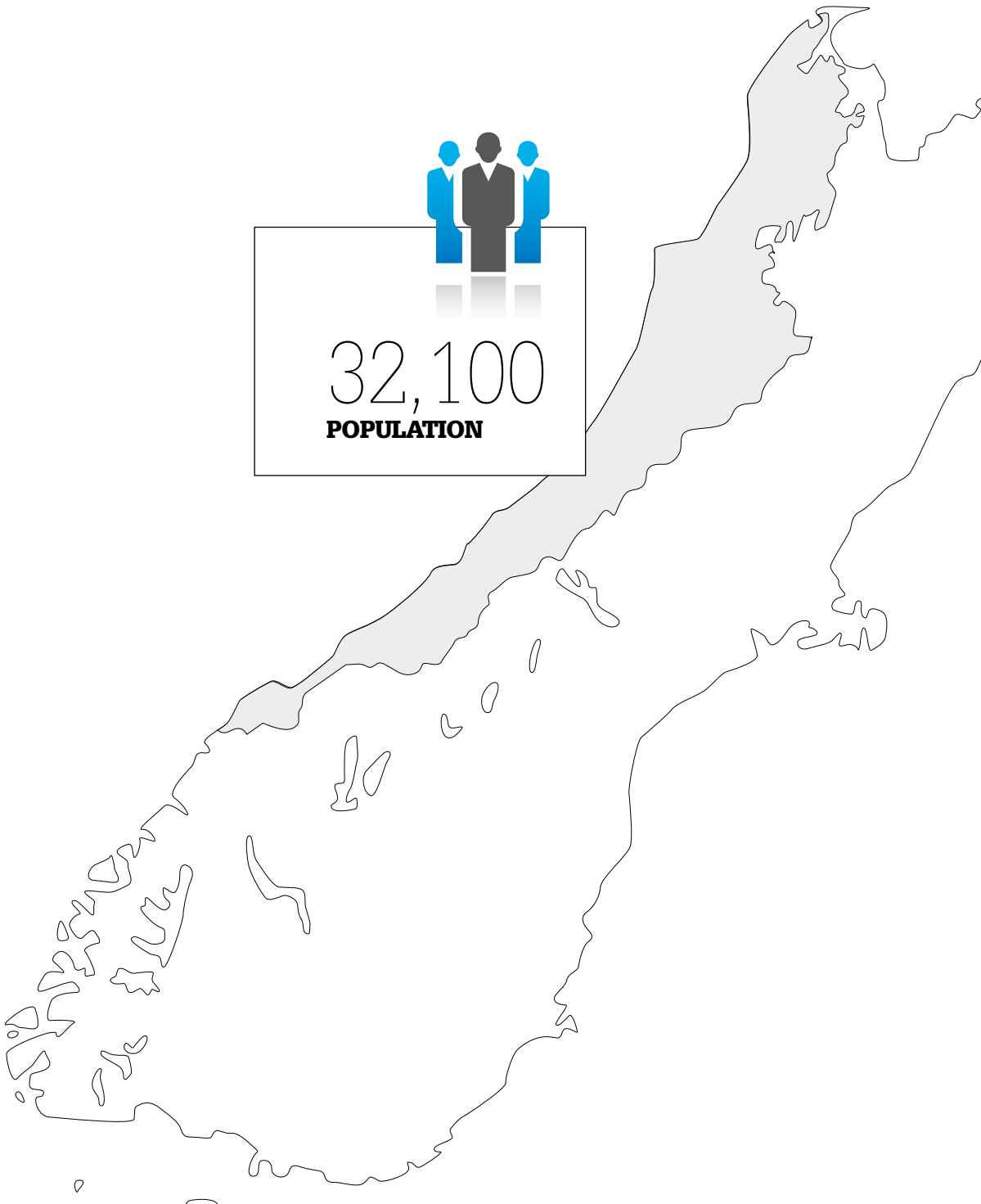


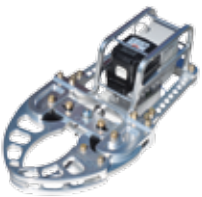
Laying the Foundation
for the Future



Development West Coast
Group Annual Report
2013

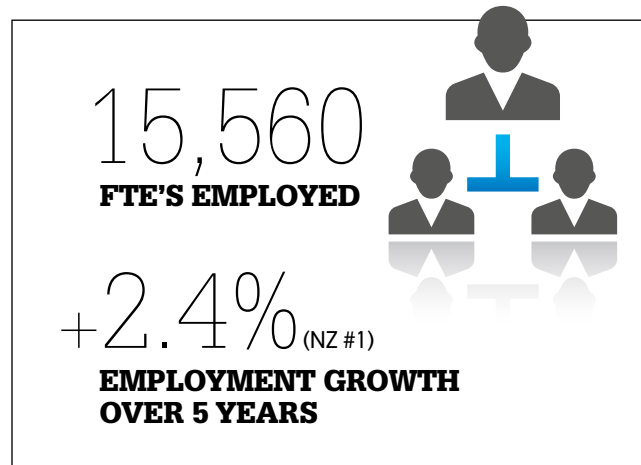
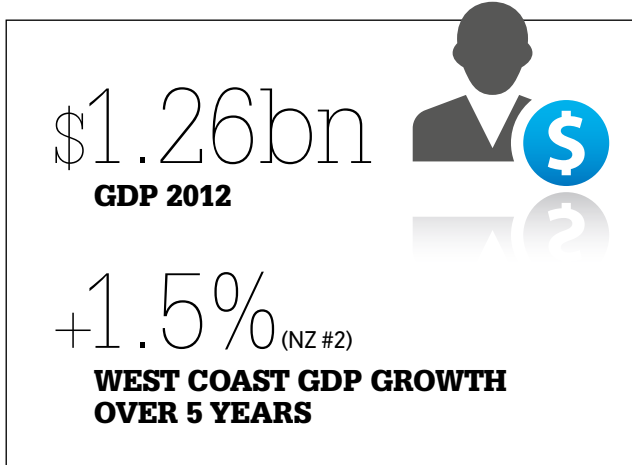


32,100
POPULATION



Cover Photo:
Heli Claw designed and
produced by
Quality Machining Ltd,
Greymouth.

West Coast Key Economic Indicators*



OVER THE LAST YEAR THE West Coast region has begun to come to terms with the longer term impact of the Pike River Tragedy, the Christchurch Earthquakes and the review of Solid Energy's West Coast operations.

In 2012, the region had a population of 32,100, employment of 15,560 FTEs and generated GDP of \$1.26 billion. While the dairy sector has performed well, the decline in mining and tourism has pulled the economic performance in 2012 down.

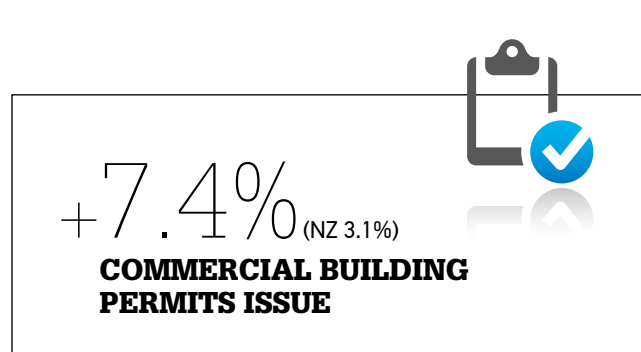
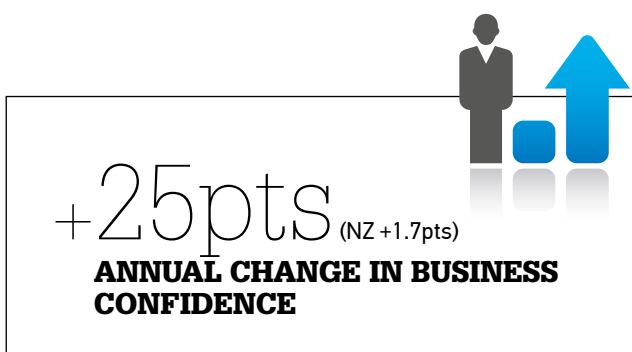
Despite this BERL's economic indicators for the 2012 calendar year continue to place the West Coast in the top ten of NZ's regions at 6th place (BERL Regional Rankings 2012). The key performance indicators that make up the regional rankings are: population, employment, GDP, business units and the Relative Openness Index, which provides a longer term measure of the gearing of the

regional economy towards export focused sectors. The rankings reflect the ability of districts, regions and cities to operate within the national and international environment.

Over the last 5 years the region's medium term performance remains strong, ranking 1st in employment growth at 2.4 % per annum and 2nd in GDP growth of 1.5 % per annum. Both of these are above the national average.

In its 2012 Regional Rankings report BERL comments, "With a falling population, and issues around the mining sector, it will be interesting to see whether these growth rates are sustained. With the reliance on mining, dairy and tourism, life on the Coast has always been cyclical and 'coasters' have built in resilience to ride those cycles."

Over the last 5 years the region's medium term performance remains strong, ranking 1st in employment growth



* BERL Regional Rankings 2012 (April 2011 – March 2012)

Directory

Trustees

Sturgeon, Mr J	CHAIR
Smith, Mr C	DEPUTY CHAIR FROM 6.11.12
Buchanan, Mr R	DEPUTY CHAIR TO 6.11.12
Dooley, Mr F	CHAIR INVESTMENT COMMITTEE
Jones, Mr E	
Lockington, Mr M	CHAIR FINANCE & AUDIT COMMITTEE
Rasmussen, Mrs H	

Executives

Chang, Dr J	CHIEF EXECUTIVE
Dawson, Mr M	CHIEF FINANCIAL OFFICER
Gilbertson, Mr W	CHIEF OPERATING OFFICER
Lunn, Mrs B	EXECUTIVE MANAGER

Registered Office

1st Floor, 112 Mackay Street,
P O Box 451, Greymouth

Advisory Body

Rushbrook, Mr K	CHAIR
Bestwick, Ms J	(FROM 1 JULY 2013)
Cox, Mr G	(RETIRED 30 JUNE 2013)
Steele, Mr D	

Legal Advisors

Buddle Findlay
Duncan Cotterill
Hannan & Seddon

Bankers

Westpac

Investment Advisors

Bancorp Treasury Services Ltd
JBWere (NZ) Ltd

Tax Advisors

KPMG

Auditors

Audit New Zealand
ON BEHALF OF THE CONTROLLER AND AUDITOR-GENERAL

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Contents

West Coast Key Economic Indicators	iii
Directory	iv
Development West Coast Key Numbers and Highlights	1
Chairman's Report	2
Development West Coast Board of Trustees	5
10 Year Strategy for the Region	6
Chief Executive's Report	8
DWC News	11
Advisory Body	12
Leadership & Governance	13
Supporting the Region Since 2001	14
2012 West Coast Leading Light Business Excellence Awards	22
Building Stronger & Diverse West Coast Industries	24
Business Services	26
Statement of Responsibility	29
Audit Opinion	30
Statement of Consolidated Income	32
Statement of Comprehensive Income	33
Statement of Movements in Equity	33
Balance Sheet	34
Cash Flow Statement	35
Notes to the Financial Statements	36

Development West Coast Key Numbers and Highlights

DWC PARENT	GROUP
\$11.0m TOTAL INCOME (INCLUDING MARK-TO-MARKET UNREALISED GAINS/LOSSES)	\$10.6m
\$2.4m TOTAL OPERATING EXPENSES	\$2.7m
\$6.9m PROFIT BEFORE COMMUNITY FUNDING (INCLUDES MARK-TO-MARKET UNREALISED GAINS & LOSSES)	\$6.3m
\$1.5m COMMUNITY DISTRIBUTIONS AND PROJECTS	\$1.5m
\$5.4m NET SURPLUS	\$4.8m
\$122m TOTAL ASSETS	\$120m
\$104m TOTAL EQUITY	\$102m
\$108m TOTAL REALISED REVENUE GENERATED SINCE 2001	

Chairman's Report



Overview

IT IS WITH PLEASURE THAT I, on behalf of the Trustees, present Development West Coast's 12th Annual Report for the year ended 31 March 2013. It has been a year of solid progress within DWC and it has consolidated its financial position by increasing the Parent Net Assets from \$118m to \$122m after all relevant expenses and adjustments.

The measure of success for DWC is not limited to its balance sheet but more importantly by the efforts and creative initiatives DWC brings to the table for the benefit of our West Coast industries and businesses. DWC staff have been working quietly behind the scenes with a number of West Coast businesses that have been struggling in this difficult economic climate, and Trustees are pleased that many core business services have successfully been managed by the staff over the past year.

In recognition of its contribution to assisting businesses on the West Coast, DWC was the proud winner of the 2012 AUT Excellence in Business Support Awards (Not for Profit), a nationwide business awards event hosted by the Auckland University of Technology, Business Faculty.

In this Annual Report you will be introduced to some of the more exciting examples of DWC's business programmes

and business case studies demonstrating ways in which DWC interacts with our local businesses and assisting them in their efforts to strive for excellence in various commercial disciplines on the West Coast.

Deed Review

In August 2012 we marked an important milestone having concluded a review of the Trust Deed with the Settlor, Minister of Finance Hon Bill English, accepting the proposed changes and signing off a Deed of Variation.

Every 5 years Trustees are given the opportunity to review the operation of the Trust to ensure the operation and Deed are still relevant to the West Coast community and that the methods of achieving those objects are effective.

This review process was managed by our Trust Deed Review Committee, led by Deputy Chair Colin Smith. The Committee commenced the process in August 2011, consulting with the West Coast councils, local Runanga and other key partners of DWC. During the consultation period we listened to the current needs of the community and constructive advice on how to improve our services and to better engage with the community.

The amendments are a step change and not a wholesale change to the Deed.

Stimulus Fund

The \$6 million Extraordinary Distribution Fund (EDF) granted to the three district councils is starting to fund a number of exciting community projects on the Coast. This will no doubt have a much needed stimulatory effect on our local economy. Do take time to read the relevant part of this Annual Report outlining a great number of community projects on the West Coast that DWC is financially assisting through its EDF grants.

DWC's bulk funding to the West Coast Community Trust and West Coast Amateur Sports Trust is also being managed effectively, delivering many benefits to our community and fostering promising future sports men and women (also many boys and girls) on their way to proudly representing the region and New Zealand.

Stabilising Effect

With the softening of global commodity prices we are all becoming acutely conscious of the state of our local economy on the West Coast. This situation has been amplified by the closure of the Spring Creek Mine and the downsizing of Stockton mine.

In times of difficulty and uncertainty people have been quick to point to DWC



DWC Computers in Schools Project - Westport North School

to “do something”, “spend the money”, “do what DWC was set up to do”, etc. As the Chair of DWC I would like to assure you that your Trust has been working extremely hard behind the scenes to do the right thing and to ensure we meet the expectations of our community. Again, when you read the articles in this Annual Report of the various programmes and projects DWC has been managing

throughout the year you will realise that we are determined on delivering results and outcomes rather than focusing on outputs. Put it in another way, it is not only about how many businesses we go out and meet for the sake of meeting but more importantly what difference we can contribute to their businesses.

DWC will continue to firmly focus its efforts on facilitating the promotion of jobs

on the West Coast. This will not be easy I know, but I give you my word that we will be doing our best to make things happen. In the meantime we will continue with our efforts to preserve existing jobs by way of helping West Coast businesses stay afloat during a down-cycle. We believe this approach is prudent, cost effective and most suited to the recessionary times like the one we are currently experiencing.

DWC will continue to firmly focus its efforts on facilitating the promotion of jobs on the West Coast

Outlook

In the present situation it will be difficult for many of us to imagine that things will improve in the immediate future. After all, the West Coast has had its share of severe challenges in the last three years. Yes, it has been and still is difficult for many businesses out there but I, like many, many other Coasters, am a pragmatist and an optimist.

We have been here before and our spirit has been truly tested in recent times. This region will come out of this phase stronger and wiser than ever before. Our mining industry will recover and new players like Bathurst will play a big part

in rejuvenating the region's depressed employment in this sector.

Our local engineering, manufacturing and construction sectors are collaborating to take advantage of Christchurch's \$40 billion rebuild opportunity. This alliance will undoubtedly ensure the West Coast will secure its share of the pie from the construction boom.

Acknowledgement

I take this opportunity to thank my fellow Trustees for their contribution throughout the year. The Board has worked tirelessly for the interests of DWC and of the various communities on the West Coast. This Board witnessed the maturing of the Trust during the year and has prudently and responsibly executed many difficult and sensitive tasks in a manner that you, the ultimate beneficiaries of this Trust, would approve of. I wish to particularly thank Trustee Robert Buchanan as my Deputy Chair up until 5 November 2012. The support and guidance he afforded me during his time in that role has been greatly appreciated.

I also acknowledge our Advisory Body members for their services to the Trust. With regret we saw the retirement of our long serving Chair of the Advisory Body, Gill Cox. Mr Cox has been with DWC since the very beginning back in 2001. On behalf of DWC I would like to publicly express my sincere gratitude to Mr Cox for his unwavering loyalty and valuable contribution to this organisation for the last twelve years. We also welcome the appointment of a new Chair of the Advisory Body, incumbent Keith Rushbrook whom I shall look forward to working with. Mr Rushbrook will be supported by his fellow members David Steele and newly appointed member Ms Jenn Bestwick.

Finally I would like to thank the Chief Executive, Dr John Chang, for his contribution and support throughout the year. I have enjoyed our partnership and credit his competent style of managing the organisation. Last but not least, the Trustees would like to collectively acknowledge the efforts of the entire operational team for another successful year.

John Sturgeon
Chairman



Development West Coast Board of Trustees



John Sturgeon

COUNCIL APPOINTEE

Chairman John Sturgeon was initially appointed in November 2010, and was reappointed in 2012 for a further term of 3 years.

In 1990 John was awarded The New Zealand 1990 Commemoration Medal for his services to New Zealand and mining. He was made a Member of the British Empire (MBE) in 1991 for his service to sport and an Officer of the New Zealand Order of Merit (ONZM) in 2012 for services to rugby.



Colin Smith

ELECTED - GREY DISTRICT

Colin was newly elected to the Trust in 2010 for the Grey District, and in November 2012 was appointed Deputy Chair of the DWC.

Colin is a Partner at Greymouth law firm, Hannan & Seddon. He is the Chairman of the West Coast Rugby Union, The Guardians of the Paroa Taramakau Coastal Area Trust and the Pike River Families Group Committee.



Evan Jones

ELECTED - WESTLAND DISTRICT

Evan was newly elected to the Trust in November 2010.

Evan was born and bred in Hokitika. After completing a carpentry apprenticeship he worked in the construction industry in Sydney for nine years. He founded Evan Jones Construction which is based in Hokitika with a branch in Blenheim.



Frank Dooley

ELECTED - BULLER DISTRICT

Frank is an initial Trustee from DWC's establishment in 2001, was Chair from 2001-2008, and is currently Chair of the Investment Committee.

Born on the West Coast, Frank holds numerous directorships and is a trustee or director on a number of entities, including Chair of Buller Electricity Ltd and a director of Westland Co-Operative Dairy Company Ltd. He is also a businessman in his own right owning a chartered accountancy business in Westport.



Mark Lockington

INDEPENDENT APPOINTEE -
NZ INSTITUTE OF CHARTERED
ACCOUNTANTS

Mark was initially appointed in 2005. Mark is currently the Company Secretary for Westland Milk Products, and has worked for companies in New Zealand and Australia in management, financial, treasury, accounting and administrative positions.

Mark has a New Zealand Certificate in Engineering (Civil & Structural), a Bachelor of Commerce, is a qualified Chartered Accountant, and is a member of the Institute of Chartered Accountants and Institute of Directors.



Robert Buchanan

INDEPENDENT APPOINTEE - NZ LAW
SOCIETY

Robert was initially appointed in 2009. He is Christchurch born and is based in Wellington where he runs a legal practice specialising in public sector governance and risk management.

Robert was an Assistant Auditor-General, Legal for the Office of the Auditor-General and is a former Director of the NZ Law Commission.



Helen Rasmussen

TANGATA WHENUA APPOINTEE

Helen was appointed to the Trust in 2010. She was born and raised in South Westland. Helen is Tangata Whenua and Whakapapa to both Te Runanga o Makaawhio and Te Runanga o Ngati Waewae.

Helen has served on many community boards and committees, including Local Government and Government appointed positions.

DWC's 10 Year Strategy for the Region

Our vision is that by 2023 the West Coast will be a more attractive region to live, work, invest and visit.

IN 2012 TRUSTEES DEVELOPED THEIR strategy for the West Coast region with their vision that by 2023 the West Coast will be a more attractive region to live, work, invest and visit.

The Strategy is a 10 year plan through to 2023, and from this falls a 3 year plan identifying strategic priorities and outcomes for the region which is overviewed below.

Key Outcome

BY 2023 THE WEST COAST will be a more attractive region to live, work, invest and visit.

Mission (DWC's Role)

"Transforming the Coast"

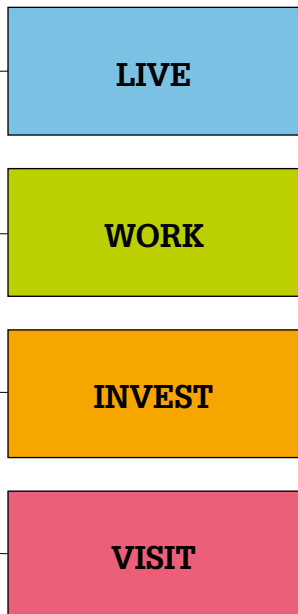
To help West Coasters achieve the vision, DWC will get involved either by making direct investments or being a catalyst.

In carrying out its role DWC will display courage and confidence and we will be proactive and a good communicator.

Immediate Outcomes

- Co-ordinated West Coast action
- Job creation and promotion
- Increased economic benefits
- Better quality of infrastructure

= **IMPROVED LIVEABILITY**



- Key Priority Areas 2013-16**
1. Recreation and Liveability
 2. Building Business Capability
 3. Infrastructure
 4. Tourism
 5. Christchurch Rebuild
 6. Primary Industries
 7. Food & Beverages
 8. Commercial & Industrial Property

Chief Executive's Report



“DEVELOPING THE ECONOMY” WAS THE operational theme we established over the 2013 financial year. This was to better reflect the role of Development West Coast which is more than just carrying out “economic development” activities typically undertaken by an economic development agency (EDA). The distinction between the two is far more than semantics.

Developing the economy implies DWC could and indeed does directly participate in the establishment and expansion of business ventures within the West Coast region. This particular approach goes beyond providing commercial advice to local businesses from the side line. DWC has the ability to strategically apply its critical resource, the Investment Fund, to further explore new and exciting technologies and processes that could offer critical commercial advantages to the West Coast businesses.

People often forget or do not realise that DWC is a Trust and not a local government EDA. However, as defined in our Deed of Trust, DWC does have the responsibility to promote employment opportunities on the West Coast and generate sustainable economic benefits for the region.

With the sudden downturn in commodity prices, particularly in the

mining sector, the West Coast bore the brunt of the economic impact. While Trustees have been developing our organisational strategy, throughout the year the DWC team has been working diligently liaising with the West Coast businesses identifying their needs and opportunities. Preservation of existing jobs rather than trying to create new jobs from risky green-field ventures was our priority during the year.

From this approach we have seen a number of positive examples in the business community where our local businesses have received real benefits and, in some cases, managed to avert business closures.

The **Regional Partnership Programme** for one has proven to be a useful tool. Being able to access capability development expertise is invaluable and enables our local businesses to achieve that critical next phase of growth. An example includes the adoption of “lean manufacturing” protocol into business operations.

Our regular **Networking Seminars** (business breakfast sessions) are providing our business operators with a friendly forum for effective networking. In the recent past it was not unusual to get three to five attendees to such functions but now local business owners

understand the value of smart networking and gaining valuable business information and intelligence. These days we are attracting some 40 plus business people to such functions.

Businesses on the West Coast are beginning to understand the importance and value of protecting their commercial **intellectual property** (IP). DWC has been at the forefront in assisting and educating local businesses and demystifying the ways of filing for patent protection and copyright.

There are two must-have ingredients to ensure the West Coast economy grows sustainably and successfully. These are diversification and innovation. Staying with the old ways of doing the same thing will not advance this region; in fact the West Coast will be left behind by the rest of the country.

DWC is of the firm belief that this region has the necessary attributes that are required to change, innovate, persevere and prosper. It is time to exhibit these and, with careful execution of our strategy, the West Coast of the South Island will reap the benefits in years to come.

In recognition of DWC's efforts in supporting its business community, we were honoured to have won the national AUT Excellence in Business Support Award (Not for Profit).

Financial Performance

I am pleased to report that all of our financial metrics for the year ended 31 March 2013 are in positive territory.

Key numbers for DWC (Parent) are:

- Total Income \$11.0m
- Profit/(Loss) \$6.9m (before Community, Includes Mark-to-Market Unrealised Gains & Losses)
- Community Distributions \$1.5m
- Net Surplus \$5.4m
- Total Assets \$122.0m
- Total Equity \$104.0m

Total realised revenue generated since 2001 now stands at \$108m. This is significant as the retained income ensures DWC can carry out its activities to the meet the objects of its Deed.

Through prudent financial management and with the assistance of our investment advisors, DWC's current balance sheet is strong and well placed to further assist our businesses in 2014 financial year.

Furthermore DWC is proud to have committed \$50 million in cash to our local communities since 2001. This has made a significant difference to organisations up and down the West Coast. Through this funding DWC has assisted in building some of the major community assets and projects on the West Coast that will be enjoyed by this and the future generations of Coasters.

Looking Forward

DWC is operationally focused, financially stable, and has a competent and cohesive governance with a clear strategy at hand.

There is no doubt DWC will be tested to the fullest in the coming year and DWC is ready and prepared to respond to the challenges. We have developed exciting and achievable targeted goals for 2014 and these goals are articulated in this year's Roadmap with corresponding and responsible budgets.

These will include continuing to:

- work closely with WC businesses and local & central government agencies
- develop and expand the "DWC Business Toolbox" and grow DWC's ability and reputation as the leading portal for business information and capability building in the region

- investigate opportunities to attract external investment and bring new businesses to the West Coast with the ultimate outcome being the creation of new jobs

DWC will also continue to work closely with our partner agencies who we consider to be critical elements to the future success of our local businesses and the advancement of the regional economy.

I would like to take this opportunity to acknowledge the valuable contribution our partner agencies and organisations bring to the table for the benefit of the West Coast region. They include:

- Ministry of Business, Innovation and Employment (MBIE)
- New Zealand Trade and Enterprise (NZTE)
- Callaghan Innovation
- New Zealand Institute of Management (Southern)
- New Zealand Institute of Directors (IOD)
- Canterbury Employers' Chamber of Commerce
- Business Mentors New Zealand
- New Zealand Retailers Association
- Tourism West Coast
- Minerals West Coast
- Economic Development Agencies of NZ (EDANZ)
- BERL Economics
- Buller, Grey and Westland District Councils and the West Coast Regional Council
- Department of Conservation

There is no doubt
DWC will be tested
to the fullest in
the coming year
and DWC is ready
and prepared to
respond to the
challenges



Leading Light Awards 2012 - MC Peter Williams, DWC CEO Dr John Chang, Suzana Chang, Robyn Janes and Trustee of the former Interim West Coast Development Trust Mr Chris Mackenzie



Chief Operating Officer Warren Gilbertson, Chief Financial Officer Mark Dawson, Executive Manager Belinda Lunn and Chief Executive John Chang

Developing the economy implies DWC could and indeed does directly participate in the establishment and expansion of business ventures within the West Coast region

Acknowledgements

In closing I would like to sincerely thank my Chairman, John Sturgeon, for his guidance and support he has so generously offered to me and to this organisation throughout the year.

I would like to take this opportunity to congratulate Mr Sturgeon on being made an Officer of the New Zealand Order of Merit (ONZM) honoured in the 2012

Queen's Birthday Honours. The accolade comes just weeks after he was granted life membership of the New Zealand Rugby Union. This is a fitting tribute to someone who does so much for the West Coast community

To our Trustees and Advisory Body members, thank you for your collective wisdom, advice and contribution to DWC and management in the last 12 months. Your steady hand approach and not shying

away from taking measured risk has certainly made a difference to DWC.

To all our external advisors, executive team and our staff members, thank you for your huge efforts during the year. I am comforted in knowing that we have the best team needed to take this organisation to the next phase of growth.

John Chang
Chief Executive Officer



DWC's Helen Wilson with Anna Liddell (Operations Manager) and Louis Van Zyl (Apprentice) of G T Liddell Contracting, Greymouth



DWC's Nelia Heersink and John Chang with Jason Boddy (Managing Director), David Fittock, Daniel Greene and Michael Yanes of Quality Machining Ltd, Greymouth

DWC News



AUT Excellence in Business Support Awards, Auckland. From left Mike Watson (NZ Business Excellence Foundation), Robert Buchanan, John Sturgeon, John Chang, Warren Gilbertson, Dr Geoff Perry (Dean AUT Business School), Sarah Trotman (Director of Business Relations, AUT Business School)

Development West Coast wins AUT Excellence in Business Support Award

DWC's SUPPORT OF WEST COAST businesses was recognised in November 2012 when it won the Not for Profit category at the prestigious AUT Excellence in Business Support Awards.

The awards recognise the most significant business support

organisations in the country and were presented at a gala dinner at Auckland's Langham Hotel in front of over 700 business leaders. DWC won the award from a strong group of finalists including the Sustainable Business Network, Leadership NZ, Beef & Lamb NZ and the Onehunga High Business School.

DWC was recognised for its successful leadership and planning, customer and market focus, provision

of business support, evaluation, improvement and business results.

Being publicly acknowledged for DWC's contribution to the wellbeing of the West Coast economy is wonderful.

This recognition will give further courage, conviction and determination to DWC to continue trying to stimulate social and economic growth on the Coast.



DWC Trust Deed Updated

DWC marked an important milestone in August 2012 having a variation to its Trust Deed signed off by the Settlor.

Every five years the Trustees review the operation of the Trust to ensure the operation and the Deed is still relevant to the West Coast community.

The Committee consulted with the four West Coast councils, local Runanga and other key partners on how DWC could improve its services and better engage with the community. A key change to the Deed has been Trustees now assuming full authority on all Distribution decision making, although they will still seek professional advice from the Advisory Body.

DWC's CEO Dr John Chang, Chair John Sturgeon and Chair of the Trust Deed Review Committee Colin Smith with Hon Bill English, Settlor of the Trust.

Advisory Body



Jenn Bestwick, Keith Rushbrook (Chair) and David Steele

THE 2012-13 FINANCIAL YEAR HAS been one of change for Development West Coast's Advisory Body with inaugural member and chair Gill Cox stepping down.

Mr Cox made a valuable contribution to DWC as an experienced company director, a former partner of Deloitte and a past President of the New Zealand Institute of Chartered Accountants.

Mr Cox said he had thoroughly enjoyed his twelve years with DWC, which spanned some fairly tough times for both the community and the economy of the West Coast.

"Issues facing the West Coast are often dictated by the huge area involved

and the relatively small population. This provides not only communication challenges, but also the challenge of dealing with intra region parochialism. This often makes it difficult for the Coast and its people to sustain a single view about the merits of projects that could lead to economic and social development for the Coast as a whole," he says.

"The Coast is fortunate to have an economic development unit that is charged with taking a pan Coast view and has the investment capability to make things happen. While not all projects are successful, to only have winners

probably means DWC is not sufficiently development minded."

Incoming Chair Keith Rushbrook says Mr Cox has made a huge contribution to the Advisory Body and the West Coast.

"He has left big shoes to fill and I believe the West Coast owes Mr Cox a huge debt of gratitude for the doggedness and professionalism he has shown," he says.

Mr Rushbrook is a former partner in KPMG and has held a number of directorships, as well as managing the Accounting Standards Review Board. He is currently a director for Pharmacy Brands and joined DWC's Advisory Body in 2007.

"DWC has laid foundations for where to go from here. It's about building for a future and the ten year plan identifies some reasonably sizeable opportunities where DWC could exert its influence. These are not necessarily traditional opportunities, we need to look at some new industries," says Mr Rushbrook.

Along with incoming member, Jenn Bestwick, David Steele remains a member of the Advisory Body having also joined in 2007. A Wellington-based business advisor and company director, Mr Steele has held various positions including significant roles with the New Zealand Dairy Board/Fonterra and DFC NZ Ltd.



Jenn Bestwick New Advisory Body Member

DWC HAS WELCOMED A NEW Advisory Body member, Jenn Bestwick.

Ms Bestwick has a background in strategy and business development. She spent a number of years in the health sector and with KPMG before moving to Christchurch where she worked with Ngai Tahu Holdings Group.

She says she is interested in sustainable economic development and will bring "broad brush" experience in strategy and moving proposals through to development stage.

"Having worked in the health, education, tourism and science innovation industries I can see a lot of opportunities for the West Coast. I am really enthusiastic about working with DWC and want to help retain and grow jobs and encourage people to stay on the Coast through moving into value added products that fit with communities," she says.

Ms Bestwick is also the Chair of CPIT and Learning Media Ltd, and on the board of Tourism New Zealand and Southern Response Earthquake Services.

Leadership & Governance

Leadership and Governance programme a success

LIKE MANY SPARSELY POPULATED REGIONS the West Coast has struggled over the years to find enough people with leadership and governance experience.

In 2011 DWC launched an 18-month Leadership and Governance programme with the aim of developing local people with the qualities, skills and confidence to put themselves up for leadership roles within the region. Thirteen participants completed the first 2011 programme and 2012 marked the second wave of the programme with a further 14 participants. Already 13 of the past and current participants have joined various boards since completing or commencing the programme.

“On the West Coast the business people who have experience in leadership and governance are overstretched. DWC wanted to help develop a wider, deeper pool of leaders in both the business and volunteer sectors,” says DWC Chief Operating Officer Warren Gilbertson.



Participants study a range of subjects including financials, company and contract law, statutory requirements, identifying and managing key risks, health & safety and ethical standards.

DWC facilitates and supports the programme, while participants are sponsored by selected organisations which are typically their employers.

DWC wanted to help develop a wider, deeper pool of leaders

Phil Rossiter

Leadership & Governance Programme graduate

JUST EIGHT MONTHS AFTER GRADUATING from the West Coast Leadership and Governance Programme, Phil Rossiter of Westport was appointed to a national board.

The West Coaster is one of six board members on the New Zealand Cycle Trail Establishment Advisory Board. It was set up to oversee the transition of The New Zealand Cycle Trail to a new governance entity.

Mr Rossiter's board appointment is recognition of both his leadership and governance skills and his experience as Chairman of the charitable trust that is building the 80km Old Ghost Road Cycle Trail between Lyell in the Upper Buller Gorge and Mokihinui, of which DWC was a significant funder.

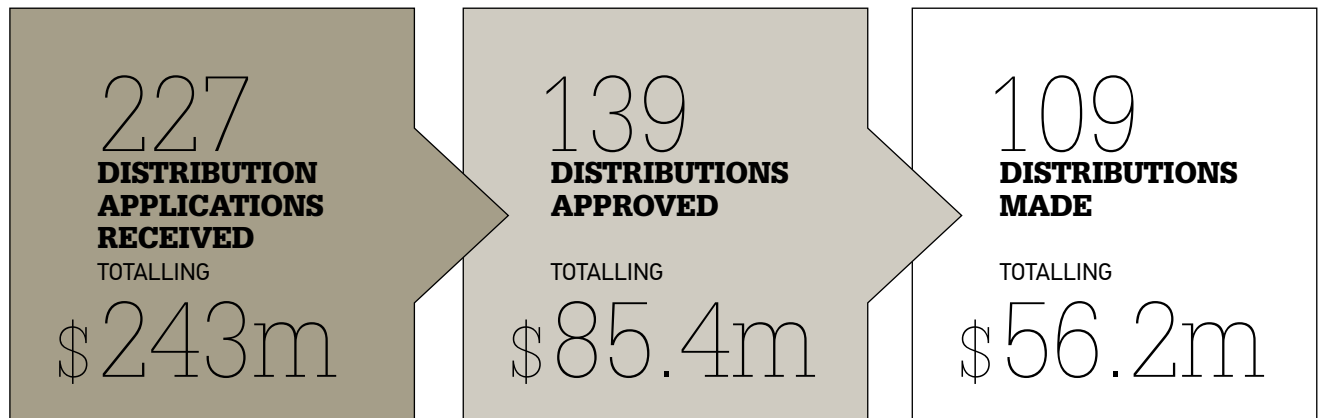
“Certainly having taken part in the governance and leadership programme made a stronger case for my board appointment but I have also found the skills I learnt help me in my everyday work. I like doing things where I can make a difference and this was a polished, focused and meaty programme which gives you the confidence to put your hand up and have a go,” he says.



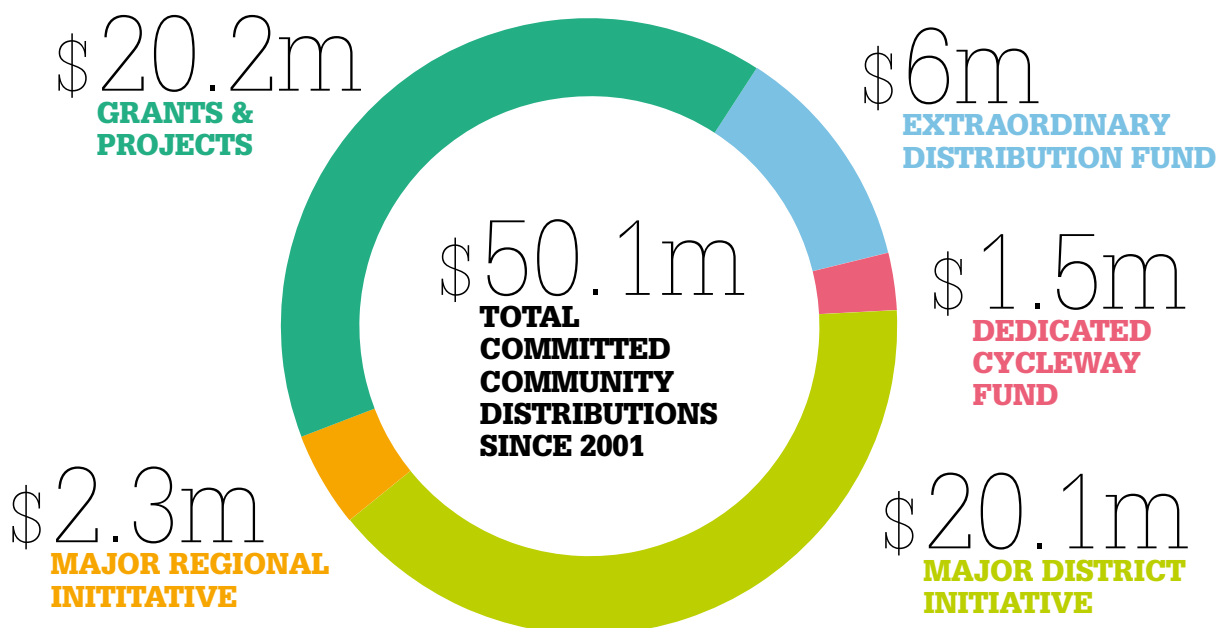
Profile

Supporting the Region Since 2001

Commercial Distributions Overview



Community Distributions Overview

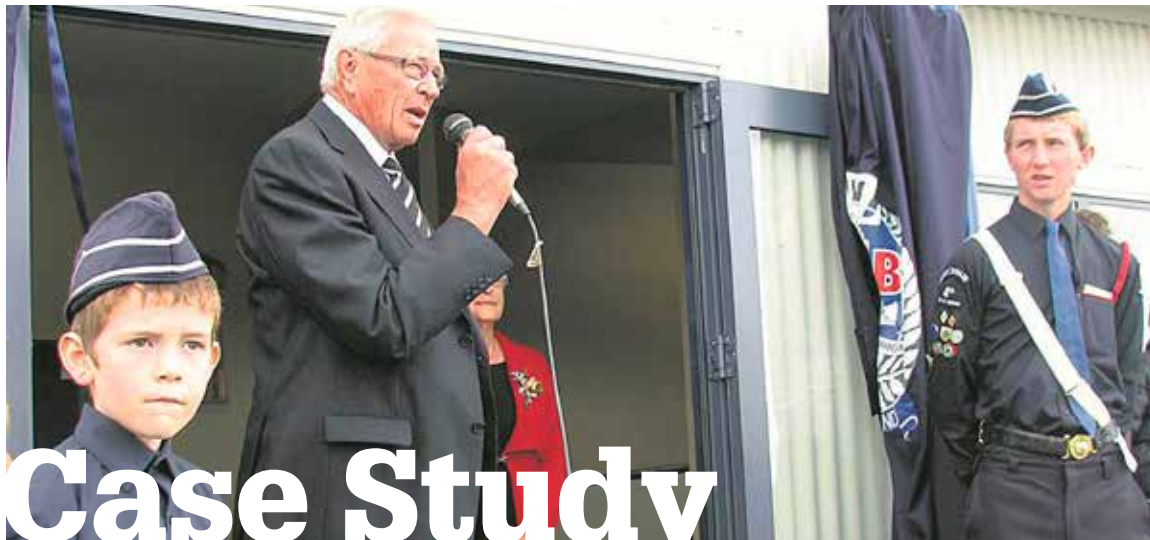


Major District Initiative Fund

\$20.1m

DWC introduced the Major District Initiative Fund (MDI) in 2005 as part of its commitment to financially support significant assets and facilities in West Coast communities.

The MDI provides each of the three Councils with \$400,000 each year to assist with providing a range of community facilities or social infrastructure, and has already funded a broad range of projects up and down the region.



Case Study

Westland Boys' Brigade Hall

IN MARCH 2013 A REFURBISHED and extended Westland Boys' Brigade Hall was officially opened in Hokitika. The \$700,000 project was helped by DWC's Major District Initiative scheme which provided \$247,000 worth of funding.

John Mitchell from the Westland Boys' Brigade says it was a great feeling of satisfaction and relief to finally open the hall. The extension means the facility now has a main hall and five or six other meeting areas or break-out rooms.

"The extension has enabled the Boys' Brigade to utilise the extra classrooms for our programmes and gives us better access to our gear. The opportunity is also now there for the community to use the facility for conferences and functions," he says.

MDI Funding Approved Projects	\$ Approved as at 31 March 2013
Buller	
Solid Energy Centre	6,000,000
Arts & Cultural Centre	700,000
	6,700,000
Grey	
Aquatic Centre	6,000,000
Cobden Sports Complex	50,000
West Coast Theatre Trust	400,000
Grey United Tennis Club	20,000
Westurf Recreation Trust	100,000
Uncommitted Funds Available	130,000
	6,700,000
Westland	
Westland i-Site	296,952
Hokitika Regent Theatre (Stage I)	340,000
Hokitika Library Relocation	489,392
Donovan's Store Refurbishment	78,375
Hokitika Gorge Upgrade	82,014
Westland Boys' Brigade Hall	247,349
Hokitika Regent Theatre (Stage II)	570,000
Harihari Community Centre	455,000
Franz Josef Community Centre	100,000
Uncommitted Funds Available	4,040,918
	6,700,000
Total	20,100,000

Extraordinary Distribution Fund

In 2011 DWC provided each of the three district councils with \$2 million through its one-off Extraordinary Distribution Fund.

The \$6 million is expected to provide an economic boost to the three districts, enabling them to fund various community assets and projects at their discretion, and should be a significant impetus for the local economy.

Councils have agreed to ensure the money is applied to projects that meet the Trust's objects of promoting sustainable employment opportunities and economic benefits to the West Coast region. Already much of the funding has been distributed towards projects as diverse as cycle trails, new kindergarten facilities, a miners' memorial centre, and sporting facilities.



Southern Breakwater, Greymouth

CONSTRUCTION OF A UNIQUE NEW viewing platform at Greymouth's Southern Breakwater is well underway on the Grey River mouth.

The viewing platform, which has been created in the style of an old ship, allows stunning views over the coast and Grey River bar and on a clear day you can see south to Aoraki/Mt Cook. It also allows wonderful seabird viewing.

The viewing platform has been built with \$300,000 funding from DWC's Extraordinary Distribution Fund. Carparks and toilets are planned in the future.



Westport Early Childhood Centre

WATCHING CHILDREN PLAYING AND LAUGHING as they enjoy the Westport Kindergarten Association's new early learning centre, Operations Manager Cate Barry wonders how the community ever coped without it.

The new \$800,000 facility opened in February 2013 providing a much needed service for the community and nearly halving the waiting list to send children to kindergarten.

The Kindergarten Association had been saving and fund raising to build the early learning centre for four years but a

\$100,000 funding injection from the Buller District Council through DWC's Extraordinary Distribution Fund (EDF) meant they were able to commence building a year early.

"The timing of the DWC funding was perfect and it was a great relief for the Board of Trustees to know we didn't have the stress of finding that extra \$100,000. It has meant we have been able to open at least a year earlier than we otherwise would have been able to," says Cate Barry.

The kindergarten has helped play an economic stimulation role in Westport and now employs five registered teachers and two part time staff.

\$6m

Extraordinary Distribution Fund Recipient Organisation	Project	EDF Allocation
Buller District Council		\$2,000,000
Buller Rugby Football Union	Lights for Craddock Park	\$25,000
Carters Beach Hall Committee	Upgrade Hall	\$50,000
Karamea Medical Assn Trust	New house for medical staff	\$195,000
Salvation Army	Building work for 'The Shed'	\$50,000
Sunset Speedway Club	Replace safety fence	\$25,000
Westport Kindergarten Assn	New facility	\$100,000
Coaltown Trust	Construct cultural Hub	\$500,000
Reefton Inc-Powerhouse	Reconstruct powerhouse	\$400,000
Mokihinui-Lyell Backcountry Trust	Old Ghost Road	\$250,000
Seddonville Community Assn	Relocate fire station & library	\$35,500
The O'Connor Institute Trust Board	Extension & Earthquake strengthening	\$200,000
Westport Volunteer Fire Brigade	Support vehicle	\$15,000
Reefton Early Learning centre	New Learning Centre	\$100,000
Totals - Buller District		\$1,945,500
Balance Unallocated		\$54,500
Greymouth District Council		\$2,000,000
Aquatic Centre/Miners' Memorial Centre	Build new indoor centre	\$600,000
Cobden Breakwater-Eco cluster	Develop Cobden breakwater	\$150,000
Southern Breakwater	Develop Southern breakwater	\$300,000
Moana Foreshore	Redevelopment	\$20,000
Cycleway Paroa -Taramakau	Complete GDC section of cycleway	\$215,000
Town Development Strategy	Improvements to CBD	\$60,000
West Coast Theatre Trust	Upgrades to Regent Theatre	\$250,000
Paroa Pony Club	Toilets to serve club & cycleway	\$60,000
Shantytown	Improvements to conference facilities	\$150,000
SPCA	New facility	\$10,000
Shantytown	Minerals display	\$10,000
Netball	Resurface Courts	\$50,000
Greymouth Golf club	River protection etc	\$20,000
St John	Emergency Power supply	\$22,500
Blackball	New pool liner	\$15,000
Nelson Creek Hall	Renovations & picnic facilities	\$5,000
West Coast Football League	Carpark - Wingham Park	\$25,000
Total Allocation - Grey District		\$1,962,500
Balance Unallocated		\$37,500
Westland District Council		\$2,000,000
Westland Wilderness Trail Trust	Construction of trail	\$2,000,000
Total		\$2,000,000

Coaltown Museum, Westport

VISITORS ARE FLOCKING TO THE new Coaltown museum in central Westport which was co-funded with money from DWC's Extraordinary Distribution Fund (EDF).

Coaltown Manager Chris Hartigan says the new museum was the culmination of an eight-year dream.

"There has been a fantastic reaction, people are coming in and saying wow and spending a lot more time looking round the collection. It is a far better working environment and we can now look after our collection much better; the staff love it," he says.

As part of the \$3.75 million project which is now home to the museum and i-SITE, new premises were built and warehouse space was refurbished. Funding was provided by the Buller District Council, New Zealand Lotteries Commission, Solid Energy, the Buller Arts and Recreation Trust and Development West Coast which allocated \$500,000 through the EDF.

The museum is a living piece of Buller's heritage telling the stories of the pioneers that battled the rugged environment in search of their fortune. On display is a huge "Q" wagon used on the famous Denniston Incline and a 20 tonne break drum used to slow the wagons as they raced down the incline.



Case Study

Coaltown Trust Chair Gail Howard with DWC CEO John Chang and Chair John Sturgeon at the Coaltown Museum Opening, Westport

Dedicated Cycleway Fund

\$1.5m

DWC has committed \$1.5 million to two West Coast Cycle Trails that are expected to revitalise small rural townships along their paths and provide employment and business opportunities on the West Coast.

DWC funded both the West Coast Wilderness Cycle Trail and Old Ghost Road Cycle Trail \$750,000 each which helped the projects obtain further funding from the Government's New Zealand Cycle Trail Fund.

Westland District Council then committed its entire \$2 million EDF funding from DWC to the construction of its portion of the trail and the Grey District Council committed \$215,000 of its EDF fund towards the West Coast Wilderness Cycle Trail.

The Buller District Council also committed \$250,000 of its EDF funding towards construction of the Old Ghost Road Cycle Trail.

DWC is pleased to support the projects, which will not only benefit the region economically but also provide a wonderful recreational resource to the people of the West Coast.



Case Study

The Old Ghost Road Cycle Trail

THE OLD GHOST ROAD CYCLE Trail has already been called “the mountain biker’s equivalent of the Milford Track” and been named the third best cycle trail in the world by online travel publication, UK Travel Essentials.

The 82km mountain biking and tramping trail follows a long-forgotten gold miners’ road and traverses majestic native forest, open tussock tops, river flats and forgotten valleys.

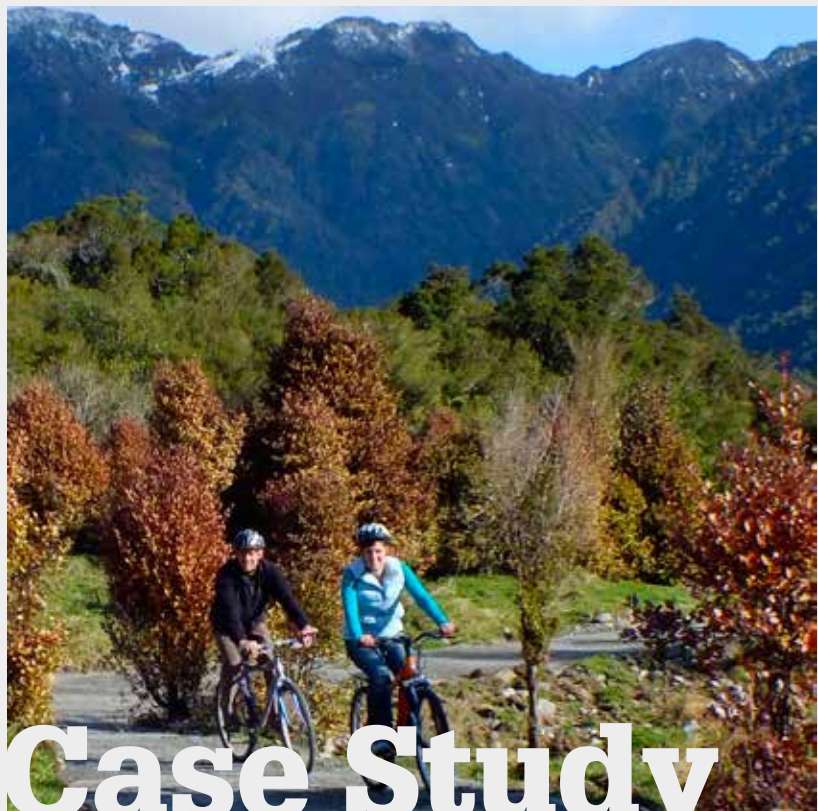
So far 30km’s of the trail from the Lyell Historic Reserve to Ghost Lake Hut and a 12km section from the Seddonville trail head at the Mokihinui River end is open for use. Further sections of the trail are expected to open in 2013/14.

Westland Wilderness Cycle Trail

THE FOUR-DAY, 117KM CYCLE TRAIL begins in Greymouth and follows the coast to the Taramakau River before heading inland to Kumara. Cyclists then ride to Milltown, Hokitika and on to Ross. It follows a series of tracks carved by the pioneering gold rush miners and traverses rainforest, rivers, lakes and wetlands.

The cycle trail is already having an impact on our small communities with the Theatre Royal Hotel in Kumara opening as a direct result of the cycle trail. Grey District locals are also already using the section of the trail from Paroa to Greymouth.

Construction is well underway, with the Greymouth to Hokitika section planned to open in late 2013 and the Hokitika to Ross section in 2014.



Case Study

Major Regional Initiative

\$2.3m



Since 2005 nearly \$6.5 million has been invested in 20 West Coast tourism initiatives as part of the Major Regional Initiative. DWC started the initiative with \$2.3 million which was augmented by funding from New Zealand Trade and Enterprise, Department of Internal Affairs, Department of Conservation, and the Buller and Grey District Councils.

The funding has been used towards a variety of regional tourism projects including the development of the Denniston Plateau into a world class tourism attraction, re-development of Shantytown and enhancement of the Ross Goldfields, tourism marketing and strategic planning.



DWC MRI Contribution

Oparara Valley Project	\$600,000
Shantytown Redevelopment	\$784,270
Denniston Development	\$274,408
Ross Development	\$177,984
Moana Report on potential and constraints	\$8,000
Heaphy User survey report	\$6,909
Regional Visitor / DoC Centres - Stage 1 -Review	\$53,783
Regional Visitor / DoC Centres - Stage 2-Implimentation	\$69,917
Ecotourism-Conference support & Ornithology cluster web site	\$20,218
Glaciers-Issues & Options report & Destination Management Plan	\$55,934
TWP World Heritage Area-Issues & Options Report and Tourism Development Strategy	\$21,776
Cape Foulwind-Opportunities and strategy report	\$3,100
Tracks-Development & Opportunities Report	\$9,229
Water Activities-Development & Opportunities Report	\$15,002
Punakaiki-Issues & Options Report and Destination Management Plan	\$89,203
Buller Marketing Strategy	\$3,594
Signage Project Strategy	\$7,943
Buller Promotion Assn-Marketing	\$20,000
Mountain Bike Project Buller-support	\$4,444
Mountain Bike Project - Franz Josef-capital	\$5,000
Evaluation & Promotion	\$32,493
Signage Review	\$2,760
Highway Naming-TWC development of signage	\$1,500
Cycle Way-Feasibility studies for both cycleway projects	\$19,393

Total DWC Contribution **\$2,286,860**

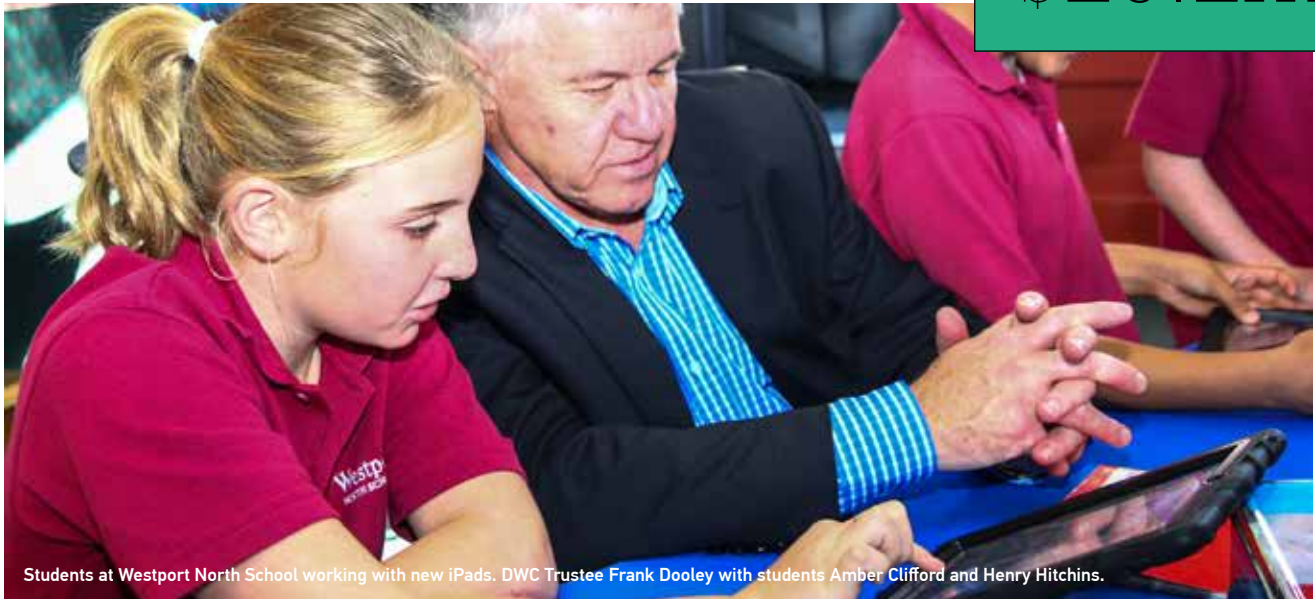
Other Contributions

Department of Conservation	\$205,000
Buller District Council	\$200,000
Grey District Council	\$250,000
New Zealand Trade and Enterprise	\$1,777,778
Significant Community B Project Fund-(DIA)	\$1,683,226

Total MRI Funding Investment into the West Coast **\$6,402,864**

Community Grants & Projects

\$20.2m



Students at Westport North School working with new iPads. DWC Trustee Frank Dooley with students Amber Clifford and Henry Hitchins.

Computers In Schools Project

West Coast schools are now some of the most technology savvy in the country thanks to DWC's Computers in Schools programme.

The three-year project was completed in 2013 with 31 primary schools purchasing \$461,000 of new computer equipment, \$345,000 of which was funded by DWC. The money purchased 265 new computers, 135 tablets, upgraded wireless networks, digital cameras, interactive whiteboards and data projectors.

DWC Chair John Sturgeon says DWC is proud to have been involved in the programme. "It is great that West Coast kids are now in a position where they are ahead of the game when it comes to technology. Our kids deserve the same opportunities as those in other regions" he says.

An independent review of the first year of the Computers in Schools project has found students are more engaged in learning and have increased motivation and engagement since the introduction of new technology. It is expected that by June 2014 most West Coast schools will have the ability to be connected to ultra fast broadband and now the primary schools have the technology to take advantage of it.

DWC thanks the West Coast ICT Committee for their contribution to this project.



Profile

Holly Robinson

HOKITIKA'S HOLLY ROBINSON WAS HELPED to travel to London to represent New Zealand in the 2012 Paralympics and was placed a credible 7th in the final of the F46 javelin with a personal best throw of 32.58m.

Holly also spent time in London visiting schools and talking to students and did a number of media interviews during her three months in the UK. Another highlight was training with Olympic athletes in Cardiff and spending three weeks at the Paralympic camp in Swansea.

More recently Holly won the silver medal in the F46 class javelin at the International Paralympic Athletics World Championships in France where she added almost 2 metres to her personal best throwing 34.37 metres.

Bulk Community Funding

West Coast Amateur Sports Trust

DWC provides \$10,000 annually to the West Coast Amateur Sports Trust which in turn funds athletes in a variety of ways.

The funding contributes towards ensuring the West Coast is an attractive place to live and work by giving our talented sportspeople the same opportunities as their counterparts across the country to access the necessary training and compete at national or international events without being disadvantaged for living in a remote area.

“We are able to give these athletes opportunities with help from DWC’s funding. If they are achieving in their chosen sport and we can see the potential for them

to gain further experience, we are keen to help them,” says West Coast Amateur Sports Trust Chair Chips Robinson.

West Coast Community Trust

DWC provides \$90,000 bulk funding to the West Coast Community Trust annually to distribute to community groups.

This year funding has gone to a wide variety of community groups including Westland’s Big Brothers Big Sisters, Grey District Pony Club, Hokitika Land Search and Rescue Group, Reefton Rodeo Group and the Harihari Community Association Trust.

\$90,000
PROVIDED TO
WEST COAST
COMMUNITY
TRUST

\$10,000
PROVIDED TO
WEST COAST
AMATEUR
SPORTS TRUST

Ethan Kelleher

GREYMOUTH BOWLER ETHAN KELLEHER GAINED funding to attend training camps and then went on to be selected for the New Zealand U18 side which beat Australia in a test series. He aims to be selected for the New Zealand development side next season.



Profile

Recipients of DWC Bulk Funding through West Coast Community Trust for year ended 31 March 2013

Big Brothers Big Sisters of Westland	3,000
Dare West Coast Incorporated	4,000
Friends at Whataroa School	3,000
Grey District Library	8,050
Greymouth Competition Society Incorporated	5,000
Greymouth District Pony Club	3,850
Greymouth-Kumara Anglican Church T/A Greymouth Churches Community Youth Project	4,500
Greymouth SPCA	3,400
Harihari Community Association Trust	3,257
Hokitika Land Search and Rescue Group	6,000
Inangahua Tourism Promotions Incorporated T/A Inangahua Silver Band	3,000
Kaiata Community Centre Incorporated	3,000
New Coasters Incorporated	3,300
Patchin' Friends	3,000
Potikohua Charitable Trust	3,400
Reefton i-site Visitor Centre Incorporated	3,000
Reefton Rodeo Club Incorporated	6,400
Scouts NZ Westland Buller Zone	3,000
Sergeants Hill Hall	3,900
South Westland Bowhunters Club	3,600
St Mary's School T/A Westland Primary Schools Sports Cluster	3,800
West Coast Historical and Mechanical Society Inc	3,900
West Coast Riding for the Disabled Inc	3,000
West Coast Speedway Association Incorporated	3,500
Westland Community Centre Incorporated	3,500
Total DWC Funding Distributed	97,357

2012 West Coast Leading Light Business Excellence Awards



THE 2013 **WEST COAST LEADING Light Business Excellence Awards** are well underway and after the success of the last two years it was decided to hold the 2013 awards in October. DWC is delighted to see previous sponsors come on board again and a number of new companies sign up to support the awards.

New awards have been introduced; the Leading Light Rising Star Award designed to recognise small businesses less than five years old, and the Leading Light Innovation Award which acknowledges an innovation which has

made a significant difference to business' productivity, *modus operandi*, profitability or performance.

After feedback from the business community changes have also been made to the awards categories giving small and medium sized businesses their own categories while those with more than 30 employees will be eligible to enter a new enterprise award.

Despite a tough business environment the stage is set for another great year of celebrating business excellence on the West Coast.



Jeff Evans Plumbers Ltd

NEW CUSTOMERS, ADVERTISING SPIN-OFFS AND even a visit from the Prime Minister – it has been quite a ride for Jeff Evans Plumbers Ltd since their win at the **West Coast Leading Light Business Excellence Awards**.

The Hokitika and Greymouth based plumbing and gasfitting company won the NZ Institute of Management (Southern) Service award at last year's business awards. Owner Jeff Evans says winning has been a humbling experience and great for business.

"We're a trusted name, we've got a good brand and reputation but winning the award has given us extra credibility and an extra edge," says owner Jeff Evans.

Jeff and wife Moreen started the company 25 years ago, just a year after the share market crash. "We started with one plumber, a transit van and a \$12,000 loan. Now we have 30 staff, two offices and run 20 vans Coast wide," says Moreen Evans.

"Winning the award has had a huge positive spin-off in terms of marketing. It's a bit like putting your advertisement in bold," she says.

The positive year culminated in a visit from the Prime Minister in 2012. John Key wanted to visit some small West Coast businesses that were doing well and his visit was a highlight for the company.

"We were humbled to be able to host John Key and talk to him about the economy and how it is running a small business," says Jeff Evans.



Engineering firm reaps rewards from award win

WHEN VISITORS VISIT THE OFFICES of Greymouth Engineering firm Equip Engineering one of the first things they notice is the company's **West Coast Leading Light Business Excellence Award** sitting pride of place in reception.

Equip Engineering won the Westland Milk Products Construction, Engineering and Manufacturing Award in 2012. Co-managing director Lee Swinburn says the award has been a great string to the bow for the company which they promote as much as they can.

"Winning the award has given us a real sense of pride. The award sits in our main foyer and everyone who visits knows about it. We use the winning logo on our letterhead, on all quotes and correspondence and get a lot of great feedback," he says.

Mr Swinburn says staff were absolutely "stoked" with the win and also to be visited by Prime Minister John Key. "It's good to know you are at the top of your game and the win was a real good boost and sense of achievement," he says.

"Winning the award has given us a real sense of pride. The award sits in our main foyer and everyone who visits knows about it. We use the winning logo on our letterhead, on all quotes and correspondence and get a lot of great feedback,"



Building Stronger & Diverse West Coast Industries



Tourism West Coast

In addition to its \$86,000 annual commitment to Tourism West Coast in 2012, DWC funded and led the \$100,000 Just Add Water campaign to raise awareness of the region as a tourist destination.

The Just Add Water campaign featured two advertisements screening on national television that highlighted the wide variety of activities available on the Coast and reminded visitors that if they want more fun “just add water”, something the West Coast has in abundance. The four-week television campaign was augmented by outdoor billboards in Christchurch and Wellington.

The campaign resulted in substantially increased website, facebook and YouTube “hits”. The “Just Add Water” phrase has also been registered as a Trade Mark so that it can be utilised to continue benefiting the West Coast and, in particular, the tourism sector.

West Coast Construction Alliance

Recognising the potential opportunities for West Coast businesses to provide materials and components to help with the Christchurch rebuild, DWC is leading the formation of the West Coast Construction Alliance.

DWC’s role is facilitating the alliance across the construction, engineering and manufacturing industries. A core working advisory group has been formed to identify new opportunities and improve inter-regional collaboration.

While the alliance will work with the Christchurch rebuild in mind it can also

start promoting the capability of these West Coast based industries wherever there is demand or need.

Minerals West Coast

DWC continues to support Minerals West Coast by providing partnership funding to assist in the expansion of the mining industry on the West Coast.

Minerals West Coast is attempting to streamline mining consents by undertaking Archaeological Assessments to identify heritage mining features on behalf of the industry.



Reefton Inc. - The Shopfront Project

A project to improve the look of Reefton has had a substantial economic benefit encouraging more tourists to stop, businesses to thrive and the town to develop a strong and unique character.

Paul Thomas from Reefton Inc. (formerly Reefton Inangahua Tourism Promotions) says The Shopfront Project saw Reefton Inc taking out a loan from DWC. Reefton Inc on-lent that finance to local businesses to restore their shop fronts and facades to reflect their building’s historical styles.

“It has helped turn around Reefton and given it a vitality and distinct look which encourages tourists to stop. This has brought an economic benefit to the town and allowed businesses to flourish or at least weather the storm during some tough years for tourism. This has been a great success story for Reefton and DWC,” he says.

Reefton is now building a reputation as an established and unique destination and Reefton Inc hopes to encourage more businesses to improve their signage and overall look to promote the town even further.

NZ Sustainable Forest Products

Educating the consumer about the sustainability of beech timber has been the key to success for Reefton based NZ Sustainable Forest Products.

While the product is still fairly unknown the company says it experienced a 60% growth in sales over 15 months during 2011 and 2012 and consumer demand for chemical free, sustainable products is on the increase.

"This is a sleeping giant as far as potential over the next 10 to 15 years," says CEO Robin Curtis.

The forest management, sawmilling and timber processing entity was established in 2009 after purchasing the business and assets of Forever Beech Ltd and the assets of Coastpine Ltd. DWC helped finance the sale and the company now employs 22 people.

Robin Curtis says the company continues to have a good ongoing relationship with DWC and is currently working with the Trust to help promote West Coast companies and their products for the Christchurch rebuild.



Value Add Food Manufacturing on the West Coast

DWC continues to research the potential for growth in the horticulture, food production and processing sector. The West Coast has not traditionally been seen as a food growing area. Despite this, the region boasts strong brands, companies and events in this area. Monteiths, Blackball Salami, the success of the Westland Milk Products company and the annual Wildfoods Festival are well established examples.

New Zealand has most of its comparative advantage in ingredients and commodities. Lincoln University studies identified the West Coast as having a very strong geographical selling point in terms of its clean-green attributes and the ability to leverage off the NZ 100% Pure brand better than most regions. The West Coast can and does grow high quality fruit and has a consistent and reliable supply of fresh water and this represents our most significant advantage.

More investment and more innovative processed foods will be needed to double New Zealand food exports by 2025 according to a report released last year by Economic Development Minister Steven Joyce.

The report, *Driving Growth in the Processed Foods Sector*, says that

doubling export sales in the food sector by 2025 will require an export growth of 7.7 per cent to 9.3 per cent per annum for 15 years, leading to approximately \$30 billion in new exports.

"New Zealand has good food and beverage exports per capita but we need to move beyond our traditional mix of meat and dairy. Processed value-added

foods, nutraceuticals and baked goods have the best potential for achieving the growth we need.

Over the past year Development West Coast staff have established close connections with members of the food processing and horticulture industry in New Zealand and are working to explore new opportunities.

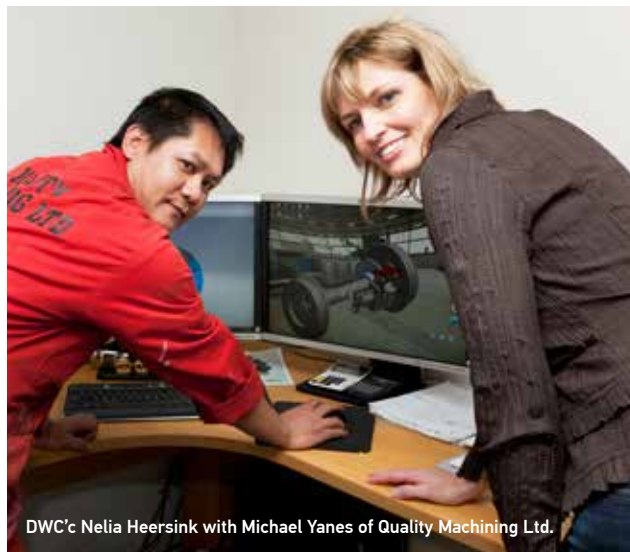


Tony Allan from Cranberries Westland Ltd (right) talking with John Morgan, NZ Food Innovation South Island Director, at the NZ Food Bowl Open Days in April 2013.

Business Services



Business Breakfast, Greymouth



DWC's Nelia Heersink with Michael Yanes of Quality Machining Ltd.

Business Breakfasts Popular

Business networking breakfasts organised by DWC are proving popular with up to 60 people attending some breakfast functions.

In the last financial year demand has meant breakfasts are running monthly in Greymouth and Westport with the occasional function held in Hokitika as well.

The breakfasts are a good way of informing the business community about what some of the bigger and more

influential companies on the Coast are up to in terms of investment and initiatives. Guest speakers range from organisations like Bathurst Resources Ltd, Canterbury Chamber of Commerce, West Coast District Health Board and representatives from the education sector.



Green Team Builders, Greymouth Innovative Solution Found ...

As a builder Andy Green used to find part of preparing to pour a concrete foundation slab a messy, time-consuming job. The problem was the amount of time it took to seal around pipes, piles and electrical ducts so he came up with a simple, innovative way to make the job easier and quicker.

"We are just average Joe Bloggs builders and got sick of having to deal with the same problem every time we got ready to pour a concrete slab. We came up with a product that makes the process more watertight and saves a builder about 30 minutes on every house," he says.

Yet when Green Team Builders tried to patent the idea and develop the product he found it difficult to get to the right people to move the project forward. So Andy contacted DWC for help.

"DWC helped smooth the path to make things so much easier. They put us in touch with the right people to sort those issues and ensure all the paper work was sorted prior to commencing production. We are now very close to getting our license to operate."

Green Team Builders hopes to be in production and selling their new product by late 2013.

Regional Business Partner Network

As the West Coast's Regional Business Partner provider, DWC has had an excellent year with a recent New Zealand Trade and Enterprise survey showing 100% of respondents believed DWC was providing very good or good service to the West Coast.

100% per cent of respondents also rated the value of information DWC provided either good or very good and 78% would recommend DWC as a regional business partner – **the highest result for the country.**

As a Regional Business Partner provider DWC provides access to business advice, research and development funding and subsidised training. The training ranges from NZIM courses to one-on-one business coaching in areas like business sustainability, financial management, leadership skills and export potential.

Coastwood Furniture

COASTWOOD FURNITURE IS ONE OF New Zealand's leading manufacturers of solid timber furniture. Based in Greymouth, the company manufactures several quality ranges of solid timber dining, occasional and bedroom suites which are sold throughout the country.

In 2009 the company signed up through a government scheme to implement Lean Manufacturing in their factory to streamline and fully systemise manufacturing plant and processes.

Manager, Jonathan Hill says the changes they made as part of the training helped increase Coastwood Furniture's productivity. "We were able to put systems in place to help us grow from a small business to a much larger one and stay competitive in difficult economic conditions" he says.

Four years on the company decided it would be good to do a refresher course so contacted DWC to see what help was available. Through its Regional Business Partner network DWC was able to help the company with subsidised training.

"Any training and help you can get is good and we used part of the subsidy to continue our journey of continuous improvement. If we hadn't done the original training the company probably wouldn't still be here so it was good to get help to do the refresher. I would definitely recommend that businesses approach DWC to see what assistance they can get," says Mr Hill.



700+

**BUSINESSES
REGISTERED WITH DWC
FOR VARIOUS SERVICES**

440+

**BUSINESS BREAKFAST
MEETING ATTENDEES**

31

**BUSINESS CLIENTS
UTILISING BIZ MENTORS**

103

**REGISTERED
BUSINESSES
UNDER THE REGIONAL BUSINESS
PARTNER PROGRAMME**

\$7,500

**INVESTMENT OF
RESEARCH AND
DEVELOPMENT FUNDING
THROUGH CALLAGHAN INNOVATION**

\$54,000

**CAPABILITY VOUCHERS
DISTRIBUTED
THROUGH NZTE'S REGIONAL BUSINESS
PARTNER PROGRAMME AND DWC**

DWC is able to offer high-level business coaching

Business Mentoring and Coaching

West Coast businesses have been utilising the business mentoring and coaching programmes facilitated by DWC in conjunction with Business Mentors NZ.

The mentoring programme provides independent and confidential advice to

businesses from local and South Island based mentors.

Through the Regional Business Partner programme DWC is also able to offer high-level business coaching. This intensive business coaching is helping West Coast businesses ensure their businesses survive the tough economic times.



Case Study

Arnold Products, Greymouth

Greymouth's Arnold Products has grown from a small West Coast business to a nationwide company manufacturing and supplying around 1,500 cleaning and sanitary products to the hospitality and food service industry.

Founded in 1990 by Tommy and Tony Arnold, Arnold Products Ltd initially manufactured chemical cleaning products. These days nearly half the company's business is supplying toilet paper as well as manufacturing cleaning products and supplying products for janitor supplies and hospitality amenities.

Despite tough financial times sales are increasing year on year and the company now has 11 staff with 4 full time reps working throughout the South Island.

In 2012 the company signed up to work with an independent business coach through DWC. General Manager

Barrie Calder says having a business coach gives him peace of mind that he is heading in the right direction.

"Some of the small things our coach has suggested have saved us money directly even though it might be quite tiny stuff. He helps with advice and as a sounding board and we are working on business plans together that will determine the future direction of the company," he says.

Barrie and his staff have also attended courses facilitated by DWC and say it is great these are available to West Coast business.

"DWC is there for businesses that want to do better. They provide the information or contacts to help you go forward and make you aware of other businesses in your area for networking opportunities," he says.

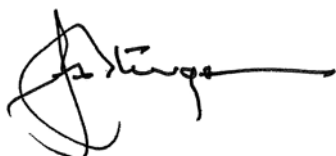
Statement of Responsibility

TRUSTEES AND MANAGEMENT OF DEVELOPMENT West Coast accept responsibility for the preparation of these Financial Statements and the judgements used in them.

We have been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

We are of the opinion that these Financial Statements fairly reflect the financial position and operations of Development West Coast and Group for the year ended 31 March 2013.

Signed for and on behalf of the Trustees and Management.



JOHN STURGEON
Chairman

21 August 2013



DR JOHN CHANG
Chief Executive

21 August 2013

Audit Opinion

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Development West Coast's financial statements for the year ended 31 March 2013

The Auditor-General is the auditor of Development West Coast (the Trust). The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust on her behalf.

We have audited the financial statements of the Trust on pages 32 to 53, that comprise the balance sheet as at 31 March 2013, the statement of consolidated income, statement of comprehensive income, statement of movements in equity and cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

In our opinion the financial statements of the Trust on pages 32 to 53:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust's:
 - financial position as at 31 March 2013; and
 - financial performance and cash flows for the year ended on that date.

Our audit was completed on 21 August 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to

the preparation of the Trust's financial statements that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust's financial position, financial performance and cash flows.

The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Trustees' responsibilities arise from clause 22 of the Trust Deed of the Trust.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and clause 22.5 of the Trust Deed of the Trust.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the Trust.



Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Statement of Consolidated Income

	Note	Consolidated		Parent	
		2013 \$000	2012 \$000	2013 \$000	2012 \$000
Finance Income	4	6,361	7,801	7,212	8,581
Trading Sales		0	99	0	0
Other Operating Income		631	716	256	428
Gain on Sale of Assets		0	585	0	0
Total Income		6,992	9,201	7,468	9,009
Operating Expenses	5	2,685	3,540	2,352	2,712
Share of Loss in Associate	29	1,170	38	0	0
Surplus before Community Distributions and Projects		3,137	5,623	5,116	6,297
Regional Development	6	869	1,075	869	1,075
Major District Initiative		387	11,020	387	11,020
Provision for Extraordinary Distribution		0	6,000	0	6,000
Major Regional Initiative		(94)	1	(94)	1
Community Grants	7	300	210	300	210
Surplus/(Deficit) before Impairment of Assets		1,675	(12,683)	3,654	(12,009)
Impairment of Distribution Assets	13	139	327	1,828	654
Impairment of Other Assets	8	307	317	0	0
Investment Mark-to-Market (Profit)/Loss		(3,577)	5,267	(3,577)	5,267
Surplus/(Deficit) for the Year before Tax		4,806	(18,594)	5,403	(17,930)
Taxation	9	0	0	0	0
Surplus/(Deficit) for the Year		4,806	(18,594)	5,403	(17,930)

Statement of Comprehensive Income

	Note	Consolidated		Parent	
		2013 \$000	2012 \$000	2013 \$000	2012 \$000
Surplus/(Deficit) for the Year	21	4,806	(18,594)	5,403	(17,930)
Other Comprehensive Income:					
Net Gain/(Loss) on Available for Sale Investments	21	234	(94)	234	(94)
Net Gain/(Loss) on Cash Flow Hedges	21	45	(37)	45	(37)
Movement in Asset Revaluation Reserve	21	0	241	0	0
Other Comprehensive Income for the Year		279	110	279	(131)
Total Comprehensive Income for the Year		5,085	(18,484)	5,682	(18,061)

Statement of Movements in Equity

	Note	Consolidated		Parent	
		2013 \$000	2012 \$000	2013 \$000	2012 \$000
Balance at 1 April		97,036	115,520	97,866	115,927
Surplus/(Deficit) for the Year		4,806	(18,594)	5,403	(17,930)
Other Comprehensive Income for the Year		279	110	279	(131)
Total Movements in Equity for the Year		5,085	(18,484)	5,682	(18,061)
Balance at 31 March		102,121	97,036	103,548	97,866

Balance Sheet

	Note	Consolidated		Parent	
		2013 \$000	2012 \$000	2013 \$000	2012 \$000
ASSETS					
Current Assets					
Cash and Cash Equivalents	10	2,069	449	1,882	200
Current Tax Receivable		1	1	0	0
Trade and Other Receivables	11	435	417	966	899
Derivative Financial Instruments	16	71	128	71	128
Investments	12	56,006	55,069	56,004	55,068
Distribution Assets	13	1,070	1,657	10,219	8,099
		59,652	57,721	69,142	64,394
Non-Current Assets Classified as Held for Sale		1,038	604	0	0
Total Current Assets		60,690	58,325	69,142	64,394
Non-Current Assets					
Derivative Financial Instruments	16	121	0	121	0
Intangible Assets and Goodwill	15	40	56	39	55
Property, Plant and Equipment	14	4,161	5,018	1,109	1,167
Investments	12	48,991	45,791	48,342	45,143
Investment in Associate	29	3,385	4,555	0	0
Distribution Assets	13	2,759	3,794	2,759	7,486
Total Non-Current Assets		59,457	59,214	52,370	53,851
TOTAL ASSETS		120,147	117,539	121,512	118,245
LIABILITIES					
Current Liabilities					
Trade and Other Payables	17	5,052	5,772	4,990	5,648
Provisions	18	5,169	6,000	5,169	6,000
Total Current Liabilities		10,221	11,772	10,159	11,648
Non-Current Liabilities					
Derivative Financial Instruments	16	0	111	0	111
Trade and Other Payables	17	7,805	8,620	7,805	8,620
Total Non-Current Liabilities		7,805	8,731	7,805	8,731
TOTAL LIABILITIES		18,026	20,503	17,964	20,379
NET ASSETS		102,121	97,036	103,548	97,866
EQUITY					
Restricted Capital	20	79,514	79,514	79,514	79,514
Reserves	21	22,607	17,522	24,034	18,352
TOTAL EQUITY		102,121	97,036	103,548	97,866

Cash Flow Statement

	Note	Consolidated		Parent	
		2013	2012	2013	2012
		\$000	\$000	\$000	\$000
Cash Flows from Operating Activities					
Receipts from Customers		0	99	0	0
Finance Income		5,812	7,280	5,806	7,278
Other Income		867	693	443	456
Payments to Suppliers, Trustees and Employees		(2,880)	(2,705)	(2,543)	(2,050)
Community Distributions and Projects		(3,372)	(4,131)	(3,372)	(4,131)
Net Cash Flows from/(used in) Operating Activities	19	427	1,236	334	1,553
Cash Flows from Investing Activities					
Proceeds from Sale of Property, Plant and Equipment		107	1,346	64	23
Proceeds on Disposal of Investments		80,949	36,698	80,949	36,698
Distribution Asset Repayments		1,791	3,376	2,003	4,345
Purchase of Property, Plant and Equipment		(114)	(489)	(74)	(71)
Purchase of Intangible Assets		(3)	0	0	0
Purchase of Investments		(81,405)	(43,080)	(81,403)	(38,079)
Distribution Asset Lending		(132)	(632)	(191)	(6,218)
Net Cash Flows from/(used in) Investing Activities		1,193	(2,781)	1,348	(3,302)
Net Increase/(Decrease) in Cash and Cash Equivalents		1,620	(1,545)	1,682	(1,749)
Cash and Cash Equivalents at Beginning of Period		449	1,994	200	1,949
Cash and Cash Equivalents at End of Period	10	2,069	449	1,882	200

Notes to the Financial Statements

1 Objects

Development West Coast is a Trust for charitable purposes for the benefit of the community of the present and future inhabitants of the West Coast region. The Trust Fund may be applied and used exclusively by the Trustees for the following general purposes within New Zealand, namely:

- a) *To promote sustainable employment opportunities in the West Coast region; and*
- b) *To generate sustainable economic benefits for the West Coast region; and*
- c) *To support projects which are not the ordinary day-to-day running, maintenance and upgrade of the infrastructure that is normally the responsibility of the local authorities or central government, provided such projects meet paragraphs (a) and (b); provided that any private benefit conferred to any person (other than a charity) is incidental to these overriding objects.*

2 Reporting Entity

Development West Coast (the parent) was established by Deed on 18 April 2001. The Group comprises Development West Coast, its subsidiaries Forever Beech Limited, West Coast Development Holdings Limited and its subsidiaries, West Coast Development Trust Land Company Limited, West Coast Snowflake Limited and Cranberries New Zealand Limited. In the 2012 financial year the Trust's subsidiary, West Coast Development Holdings Limited, invested in Cranley Farms Limited. Cranley Farms Limited is an associate of the Group.

The financial statements of Development West Coast for the year ended 31 March 2013 were authorised for issue by Trustees on 21 August 2013.

3 Summary of Significant Accounting Policies

3.1 Basis of Preparation

The financial statements are General Purpose Financial Statements prepared in accordance with our Deed of Trust and generally accepted accounting practice in New Zealand. The financial statements have also been prepared on a historical cost basis, except for derivative financial instruments, held for trading investments, available-for-sale investments, and associate land and buildings which have been measured at fair value.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

a) Differential Reporting

The Parent and Group qualify for differential reporting as they are not publicly accountable and meet the criteria to be defined as small under the framework for differential reporting. Development West Coast and the Group have taken advantage of all differential reporting exemptions, except for:

- The exemption available in NZ IAS 21 *The Effects of Changes in Foreign Exchange Rates* that permits qualifying entities to translate foreign currency transactions at the settlement rate; and
- The exemption available in NZ IAS 7 *Cash Flow Statements* that permits qualifying entities not to disclose a cash flow statement.

3.2 Statement of Compliance

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards as appropriate for public benefit entities that qualify for and apply differential reporting concessions.

3.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of Development West Coast and its subsidiaries (the Group) as at 31 March each year.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent. The subsidiaries have not adopted NZ IFRS and have continued to be prepared under earlier GAAP. However, the results are not inconsistent with NZ IFRS.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained and cease to be consolidated from the date on which control is transferred out.

Investments in subsidiaries held by Development West Coast are accounted for at cost less an allowance for impairment in the separate financial statements of the parent entity.

3.4 Business Combinations

The purchase method of accounting is used to account for all business combinations. Cost is measured as the fair value of the assets given or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The excess of the cost of the business combination over the net fair value of shares of the identifiable net assets acquired is recognised as goodwill.

3.5 **Investments in Associates**

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems it has significant influence if it has over 20% of the voting rights.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's statement of comprehensive income as a component of other income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

3.6 **Foreign Currency Translation**

a) **Functional and Presentation Currency**

Both the functional and presentation currency of Development West Coast and its New Zealand subsidiaries is New Zealand dollars (\$).

b) **Transactions and Balances**

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

3.7 **Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

3.8 **Trade and other Receivables**

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the receivable is not able to be collected. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

3.9 **Derivative Financial Instruments**

The Parent and Group uses derivative financial instruments (including forward currency contracts and interest rate swaps) to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow

hedges, are taken directly to the income statement for the year.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair values of interest rate swaps are determined by reference to market values for similar instruments. For the purposes of hedge accounting, hedges are classified as cash flow hedges when they hedge the exposure to variability in cash flows that are attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

3.10 **Non-Current Assets and Disposal Groups held for Sale**

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell off an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

3.11 **Investments and Other Financial Assets**

Investments and financial assets in the scope of NZ IAS 39 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

Financial assets include bank accounts, investments, distribution assets and receivables.

When financial assets are recognised initially, they are measured at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

a) Recognition and Derecognition

All purchases and sales of financial assets are recognised on the trade date (ie, the date that the Parent and Group commit to purchase the asset). Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or been transferred.

(i) Financial Assets at Fair Value through the Profit or Loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Equity investments made through the financial markets are classified as held for trading (ie, Australasian and International Equities). Held for trading financial assets are part of a portfolio managed in accordance with Development West Coast's Trust Deed and investment policies. Gains or losses on financial assets held for trading are recognised in the surplus or deficit and the related assets are classified as current assets in the balance sheet.

(ii) Loans and Receivables

Loans and receivables, including cash, accounts receivable, term deposits and distribution assets, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired. These are included in current assets except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(iii) Available-for-Sale Securities

Available-for-sale investments are those non-derivative financial assets, principally private equity and term bonds that are designated as available-for-sale or are not classified as any of the two preceding

categories. After initial recognition, available-for sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

3.12 Distribution Assets

A distribution asset is an advance or equity investment made by Development West Coast in meeting the objects of its Trust Deed. These investments are made in West Coast Enterprises as defined in the Deed. Distribution assets are classified as loans and receivables and are carried at amortised cost using the effective interest method, less an allowance for impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

In meeting its objects Development West Coast is able to utilise distribution funds to purchase assets. These assets are classified according to the relevant accounting standard and Development West Coast's accounting policies.

a) Quality of Distribution Assets

The underlying sustainable development theme of our Trust Deed requires Development West Coast to look at projects with higher risk profiles. While Development West Coast, in assessing

applications, looks to reduce the overall risk profile where possible, this higher risk is reflected in the overall quality of the Distribution Assets.

b) Securities and Non-Performing Assets

As part of assessing any application for funding, Development West Coast looks to achieve the greatest possible security cover. However, in line with the development nature of Development West Coast, we can accept security positions less than the value of a Distribution Asset and lower in priority rankings.

c) Non-Performing Assets

Non-performing distribution assets are those where repayments are overdue three months or more or where a specific potential for loss has been identified.

3.13 Impairment of Financial Assets

The carrying amounts of any assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in surplus or deficit.

Equity instruments are deemed to be impaired wherever there is a significant or prolonged decline in fair value below the original purchase price. Any subsequent recovery of an impairment loss of an investment in an equity instrument classified as available for sale is not reversed through the consolidated income statement.

The recoverable amount of loan and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment losses are evaluated on an individual basis.

3.14 Property, Plant and Equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Cranley Farms Limited revalues its Land and Building farm assets when the fair value is materially different from the carrying value. These assets are considered a separate asset class to Development West Coast's other Plant Property and Equipment.

Depreciation on property, plant and equipment is calculated on a straight-

line basis over the estimated useful life. Depreciation rates are as follows:

Office equipment	5 – 12.5 years
Computer hardware	4 years
Furniture and fittings	5 – 12.5 years
Plant and equipment	2 – 10 years
Leasehold improvements	6.5 years
Motor vehicles	5 years
Buildings	50 years
Land	Not depreciated

a) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

3.15 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

a) As a Lessee

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

b) As a Lessor

Leases in which all the risks and benefits of ownership of the leased asset are substantially retained by the lessor are classified as operating leases. The associate fair values its farm land which is considered a separate class compared to the Groups other land and buildings. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

3.16 Impairment of Non-Financial Assets other than Goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Development West Coast conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

3.17 Goodwill and Intangibles Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is recognised in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss

in the expense category consistent with the function of the intangible asset.

A summary of the policies applied to the Group's intangible assets is as follows:

- Computer software is a finite life intangible amortised over a period of four years on a straight line basis.
- Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

3.18 Trade and Other Payables

Trade and other payables are carried at amortised cost and, due to their short term nature, are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

3.19 Provisions and Employee Benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free Government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

3.20 Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and

the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

a) Sale of Goods

Revenue from the sale of goods is recognised when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to a customer indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed. The risks and rewards are recognised when the goods are despatched.

b) Rendering of Services

Revenue from rendering services is recognised by reference to the stage of completion of a contract or contracts in progress at balance date or at the time of completion of the contract and billing to the customer.

c) Interest Revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) Dividends

Revenue is recognised when the Group's right to receive the payment is established.

e) Rental Revenue

Rental revenue is accounted for on a straight-line basis over the lease term.

3.21 Income Tax and Other Taxes

Development West Coast is registered with the Charities Commission as a Charitable Trust and is therefore exempt from income tax.

In respect of subsidiary companies, income tax is accounted for using the taxes payable method. The income tax expense recorded in the income statement for the period represents the income tax payable for the period. The income tax effects of temporary differences are not recognised as the companies qualify for differential reporting exemptions.

Other Taxes

Development West Coast is a "registered person" in terms of the Goods and Services Act 1985. The Trust makes both standard and zero rated supplies and uses an apportionment method for other general expenditure. Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.22 Government Grants

Government grants received in advance for a project are recognised in the balance sheet as a liability when the grant is received. It is recognised as income over the periods necessary to match the costs that it is intended to compensate in the project.

Grants received in payment of expenses already incurred by Development West Coast are recognised as income at the time of invoicing.

3.23 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous year.

3.24 Changes in Accounting Standards

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Trust is classified as a Tier 2 reporting entity and it will be required to apply Public Benefit Entity Accounting Standards (PAS) with Reduced Disclosure Requirements. These standards are being developed by the XRB and are mainly based on current International Public Sector Accounting Standards. The effective date of the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Trust expects to transition to the new standards in preparing its 31 March 2016 financial statements. As the PAS are still under development, the Trust is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

4 Finance Income

	Consolidated		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Interest on Distribution Assets	177	337	1,033	1,120
Interest on Term Deposits	693	382	693	382
Interest on Available for Sale Investments	3,375	3,928	3,375	3,928
Interest Concessions	119	184	119	184
Interest – Other	4	3	0	0
Dividends on Available for Sale Investments	76	113	75	113
Dividends on Held for Trading Investments	999	898	999	898
Net Realised Gains/(Losses) on disposal of Available for Sale Investments reclassified from Unrealised Gains Reserve	315	122	315	122
Net Realised Gains/(Losses) on Held for Trading Derivatives	234	587	234	587
Net Realised Gains/(Losses) on Held for Trading Investments	369	1,247	369	1,247
Total Finance Income	6,361	7,801	7,212	8,581

5 Operating Expenses

	Note	Consolidated		Parent	
		2013 \$000	2012 \$000	2013 \$000	2012 \$000
Administration Expenses		1,284	1,646	1,120	1,220
Advisory Body Fees		75	95	75	95
Advisory Body Expenses		12	11	12	11
Auditor's Remuneration	28	104	106	77	73
Cost of Sales		0	6	0	0
Depreciation & Amortisation	14 & 15	160	172	102	108
Directors' Fees		0	3	0	0
Equipment Lease Payments		3	11	3	11
External Consultancy Expenses		245	363	222	287
Farm Expenses		40	54	0	0
Finance Costs		1	3	1	3
Information & Communication Technology		25	30	25	30
Insurance & Risk Management		50	48	45	44
Investment Advisory Expenses		241	242	241	241
Legal Fees		114	301	98	236
Loss/(Gain) on Sale of Assets		(18)	69	(18)	(5)
Marketing & Promotion		51	47	51	47
Occupancy		96	122	96	100
Recruitment Costs		0	1	0	1
Trustees' Remuneration		167	167	167	167
Trustees' Expenses		35	43	35	43
Total Operating Expenses		2,685	3,540	2,352	2,712

6 Regional Development

	Note	Consolidated		Parent	
		2013 \$000	2012 \$000	2013 \$000	2012 \$000
Interest Concessions		119	184	119	184
Regional Partnership Network		60	60	60	60
Tourism West Coast		86	83	86	83
West Coast Focus Farms		0	28	0	28
Business Development Unit		604	720	604	720
Total Community Distributions & Projects		869	1,075	869	1,075

7 Community Grants

Recipient	2013 \$
Computers in Schools	115,805
Mokihinui-Lyell Backcountry Trust	10,000
Solid Energy Amateur Sports Trust	10,000
West Coast Community Trust	90,000
West Coast Tourism	99,543
Sub Total	325,348
Reversal of Prior Year's Grants	(25,247)
Total Community Grants	300,101

8 Impairment of Other Assets

	Note	Consolidated		Parent	
		2013 \$000	2012 \$000	2013 \$000	2012 \$000
Impairment of Property		307	317	0	0
Total Impairment of Other Assets		307	317	0	0

9 Income Tax

9.1 Income Tax Expense

	Consolidated	
	2013 \$000	2012 \$000
Income Statement	0	0
Current Income Tax	0	0
Income Tax Expense Reported in the Statement of Consolidated Income	0	0

9.2 Reconciliation of Tax Expense

	Consolidated	
	2013	2012
	\$000	\$000
Accounting Surplus/(Deficit) Before Tax	4,806	(18,594)
At the Statutory Income Tax Rate of 28%	1,346	(5,206)
Adjustments in Respect of Parent (Surplus)/Deficit not Taxable	(1,986)	4,929
Adjustments in Respect of Temporary Differences	16	(2)
Adjustments in Respect of Permanent Differences	442	50
Tax Losses not Recognised	182	229
Income Tax Expense	0	0

9.3 Tax Losses

No asset has been recognised in respect of the taxation losses held by the Group. At 31 March 2013 these totalled \$10,206,587 (2012: \$9,550,819).

10 Cash and Cash Equivalents

	Consolidated		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Cash at Bank and On Hand	2,069	449	1,882	200
Total Cash and Cash Equivalents	2,069	449	1,882	200

As at 31 March 2013, Development West Coast had \$14,839,000 (2012: \$10,979,000) on short term deposit at registered banks. These deposits are classified as investments in the annual accounts.

11 Trade and Other Receivables

	Consolidated		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Trade Receivables	101	194	56	114
GST Refund Receivable	73	84	78	87
Related Party Receivables	0	0	575	573
Prepayments	3	0	0	0
Sundry Receivables	258	139	257	125
Carrying Amount of Trade and Other Receivables	435	417	966	899

11.1 Related Party Receivables

For terms and conditions of related party receivables refer to note 23.

12 Investments

12.1 Investments

	Consolidated		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Available for Sale Investments	51,169	59,111	50,518	58,462
Held for Trading Investments	38,888	30,770	38,888	30,770
Term Deposits	14,940	10,979	14,940	10,979
Total Investments	104,997	100,860	104,346	100,211
Current Assets	56,006	55,069	56,004	55,068
Non Current Assets	48,991	45,791	48,342	45,143
Total Investments	104,997	100,860	104,346	100,211

Available-for-sale investments consist of investments in alternative assets and fixed term bonds. Held for trading investments consist of investments in ordinary shares and listed property, and therefore have no maturity date or coupon rate.

12.2 Loans and Receivables

Financial assets that are classified as loans and receivables are shown as follows:

	Consolidated		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Cash and Cash Equivalents	2,069	449	1,882	200
Trade and Other Receivables	435	417	966	899
Term Deposits	14,940	10,979	14,940	10,979
Convertible Note	648	648	0	0
Distribution Assets (Gross)	4,079	5,878	24,526	25,620
Total Loans and Receivables	22,171	18,371	42,314	37,696

13 Distribution Assets

13.1 The distribution assets can be further analysed as follows:

Class	Consolidated		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Current Distributions	1,280	2,083	21,727	18,134
Less Provision for Impairment	210	426	11,508	10,035
Net Current Distributions	1,070	1,657	10,219	8,099
Non-Current Distributions	2,799	3,794	2,799	7,486
Less Provision for Impairment	40	0	40	0
Net Non Current Distributions	2,759	3,794	2,759	7,486
Net Distributions	3,829	5,451	12,978	15,585
Investment in Subsidiaries			5,222	5,222
Loans to Subsidiaries			15,225	14,520
Loans to Other Parties			4,079	5,878
			24,526	25,620
Less Provision for Impairment			11,548	10,035
Net Distributions			12,978	15,585

13.2 **Related Party Distribution Assets**
 \$20,447,000 of distribution assets were invested in subsidiaries of Development West Coast at 31 March 2013 (2012: \$19,742,000) and there was a \$11,298,000 provision for impairment relating to these balances (2012: \$9,609,000). There were

no write offs of amounts of distribution assets outstanding from subsidiaries of Development West Coast during the year ending 31 March 2013 (2012: \$nil).

For terms and conditions of related party receivables refer to note 23.

13.3 **Loan to subsidiary for an Investment in Cranley Farms Limited**

The value of an advance to West Coast Development Holdings Limited for investment in Cranley Farms Limited has been impaired so as to equate to the Trust's estimate of fair value as at 31 March 2013.

14 **Property, Plant and Equipment**

Consolidated	Motor Vehicles \$000	Plant & Machinery \$000	Furniture & Fittings \$000	Office Equipment \$000	Leasehold Improvements \$000	Computer Hardware \$000	Land & Buildings \$000	Art Collection \$000	Total \$000
At Cost									
Balance at 1 April 2011	260	586	130	70	79	160	6,408	7	7,700
Additions	52	0	8	1	4	7	417	0	489
Disposals	(48)	0	0	(1)	0	(2)	(817)	0	(868)
Transfer to non current assets classified as held for sale	(21)	(349)	0	(4)	0	0	(635)	0	(1,009)
Balance at 31 March 2012	243	237	138	66	83	165	5,373	7	6,312
Balance at 1 April 2012	243	237	138	66	83	165	5,373	7	6,312
Additions	32	0	0	4	7	6	0	0	49
Disposals	(77)	0	0	0	(4)	(7)	0	0	(88)
Transfer to non current assets classified as held for sale	0	0	0	0	0	0	(1,260)	0	(1,260)
Balance at 31 March 2013	198	237	138	70	86	164	4,113	7	5,013
Depreciation and Impairment Losses									
Balance at 1 April 2011	97	431	48	58	68	125	440	0	1,267
Depreciation Charge for the Year	48	0	11	4	4	14	72	0	153
Impairment Losses	0	0	0	0	0	0	317	0	317
Disposals	(32)	0	0	0	0	(1)	(5)	0	(38)
Transfer to non current assets classified as held for sale	(17)	(194)	0	(4)	0	0	(190)	0	(405)
Balance at 31 March 2012	96	237	59	58	72	138	634	0	1,294
Balance at 1 April 2012	96	237	59	58	72	138	634	0	1,294
Depreciation Charge for the Year	41	0	11	4	5	14	66	0	141
Impairment Losses	0	0	0	0	0	0	307	0	307
Disposals	(53)	0	0	(1)	(4)	(6)	0	0	(64)
Transfer to non current assets classified as held for sale	0	0	0	0	0	0	(826)	0	(826)
Balance at 31 March 2013	84	237	70	61	73	146	181	0	852
Net Carrying Amount									
At 31 March 2011	163	155	82	12	11	35	5,968	7	6,433
At 31 March 2012	147	0	79	8	11	27	4,739	7	5,018
At 31 March 2013	114	0	68	9	13	18	3,932	7	4,161

Parent	Motor Vehicles \$000	Plant & Machinery \$000	Furniture & Fittings \$000	Office Equipment \$000	Leasehold Improvements \$000	Computer Hardware \$000	Land & Buildings \$000	Art Collection \$000	Total \$000
At Cost									
Balance at 1 April 2011	238	0	130	51	79	160	910	7	1,575
Additions	52	0	8	1	4	7	0	0	72
Disposals	(48)	0	0	(1)	0	(2)	0	0	(51)
Balance at 31 March 2012	242	0	138	51	83	165	910	7	1,596
Balance at 1 April 2012	242	0	138	51	83	165	910	7	1,596
Additions	32	0	0	4	7	6	0	0	49
Disposals	(77)	0	0	0	(4)	(7)	0	0	(88)
Balance at 31 March 2013	197	0	138	55	86	164	910	7	1,557
Depreciation and Impairment Losses									
Balance at 1 April 2011	78	0	48	39	68	125	14	0	372
Depreciation Charge for the Year	48	0	11	4	4	14	8	0	89
Impairment Losses	0	0	0	0	0	0	0	0	0
Disposals	(31)	0	0	0	0	(1)	0	0	(32)
Balance at 31 March 2012	95	0	59	43	72	138	22	0	429
Balance at 1 April 2012	95	0	59	43	72	138	22	0	429
Depreciation Charge for the Year	41	0	11	4	5	14	8	0	83
Disposals	(53)	0	0	(1)	(4)	(6)	0	0	(64)
Balance at 31 March 2013	83	0	70	46	73	146	30	0	448
Net Carrying Amount									
At 31 March 2011	160	0	82	12	11	35	896	7	1,203
At 31 March 2012	147	0	79	8	11	27	888	7	1,167
At 31 March 2013	114	0	68	9	13	18	880	7	1,109

15 Intangible Assets

	Consolidated			Parent	
	Computer Software \$000	Other Intangible Assets \$000	Total \$000	Computer Software \$000	
At Cost					
Balance at 1 April 2011	90	51	141	90	
Additions	0	0	0	0	
Disposals	0	0	0	0	
Balance at 31 March 2012	90	51	141	90	
Balance at 1 April 2012					
Balance at 1 April 2012	90	51	141	90	
Additions	3	0	3	3	
Disposals	0	0	0	0	
Balance at 31 March 2013	93	51	144	93	
Accumulated Amortisation and Impairment					
Balance at 1 April 2011	16	50	66	16	
Amortisation and Impairment Losses	19	0	19	19	
Disposals	0	0	0	0	
Balance at 31 March 2012	35	50	85	35	
Balance at 1 April 2012					
Balance at 1 April 2012	35	50	85	35	
Amortisation and Impairment Losses	19	0	19	19	
Disposals	0	0	0	0	
Balance at 31 March 2013	54	50	104	54	
Net Carrying Amount					
At 31 March 2011	74	1	75	74	
At 31 March 2012	55	1	56	55	
At 31 March 2013	39	1	40	39	

16 Derivative Financial Instruments

	Consolidated		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Current Asset/(Liability)				
Currency Option Contracts – Held for Trading	(2)	27	(2)	27
Interest Rate Swap Contracts – Cash Flow Hedge	73	101	73	101
	71	128	71	128
Non Current Asset/(Liability)				
Currency Option Contracts – Held for Trading	0	(159)	0	(159)
Interest Rate Swap Contracts – Cash Flow Hedge	121	48	121	48
	121	(111)	121	(111)
Total Derivative Financial Instruments	192	17	192	17

All movements in fair value for those derivatives classified as Held for Trading are recognised in profit or loss in the year they occur. Movements in fair value for those derivatives classified as Cash Flow Hedge are recognised in balance sheet reserves in the year they occur.

16.1 Instruments used by the Group

a) Currency Option Contracts – Held for Trading

Development West Coast has entered into currency option contracts which are economic hedges but do not satisfy the requirements for hedge accounting.

These contracts are fair valued using the Bloomberg option pricing model which is generally accepted as a global financial market standard valuation

model. All movements in fair value are recognised in the profit or loss in the period they occur. The net fair value losses for the Group and Parent were \$1,804 (2012 \$132,000 loss).

b) Interest Rate Swap Contracts – Cash Flow Hedges

Development West Coast has entered into interest rate swap contracts under which it has the right to receive interest at a fixed rate and to pay interest at

variable rates. The contracts entered into satisfy the requirements for hedge accounting.

The swaps in place total \$7.5 million (2012 \$10 million) allowing Development West Coast to convert floating rate investments that pay Development West Coast BKBM plus a margin, to a fixed rate. The effective fixed rates locked in range from 6.10% to 6.62% (2012 6.1% to 8.55%).

17 Trade and Other Payables

	Consolidated		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Trade Payables	286	587	276	512
Employee Entitlements	74	71	74	71
Sundry Creditors	12,497	13,734	12,445	13,685
Carrying Amount of Trade and Other Payables	12,857	14,392	12,795	14,268
Current Liabilities	5,052	5,772	4,990	5,648
Non Current Liabilities	7,805	8,620	7,805	8,620
Carrying Amount of Trade and Other Payables	12,857	14,392	12,795	14,268

Trade and other payables are classified as financial liabilities at amortised cost. For terms and conditions relating to related party payables refer to note 23.

17.1 Sundry Creditors Analysis

	Consolidated		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Sundry Creditors	196	235	144	186
Major Regional Initiative	207	315	207	315
Major District Initiative	10,508	11,122	10,508	11,122
Other Community Grants	1,586	2,062	1,586	2,062
Total Sundry Creditors	12,497	13,734	12,445	13,685

18 Provisions

	Consolidated		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Current				
Provision for Extraordinary Distribution Fund	5,169	6,000	5,169	6,000
	5,169	6,000	5,169	6,000

18.1 Extraordinary Distribution Fund (EDF)

In the 2012 financial year, through a change in the Trust Deed, the Trustees were empowered to create a special fund within the books of the Trust, by the transfer from the Restricted Capital to the EDF of up to

\$6,000,000. The EDF is an exceptional, once-only fund. The EDF is to be used as a fund from which grants may (at the discretion of the Trustees) be made to any of the West Coast district councils (up to a maximum amount of \$2,000,000 for

each West Coast district council) in order to fund the undertaking of community projects which are within the Objects. It is expected the remaining funds will be paid to the district councils in the 2014 financial

year and therefore the EDF is classed as a current liability.

18.2 **Unused Amounts Reversed**
No unused amounts were reversed during 2012 or 2013 in respect of the Group. No

unused amounts were reversed in the Parent in 2012 or 2013.

19 Cash Flow Statement Reconciliation

	Consolidated		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Reconciliation of Net Profit(Loss) after Tax to Net Cash Flows from Operations				
Net Profit/(Loss)	4,806	(18,594)	5,403	(17,930)
Adjustments for				
Depreciation and Amortisation	160	172	102	108
Impairment/(Write Back) of Non-Current Assets	307	317	0	0
Impairment and Write-Off of Distribution Assets	139	327	1,828	654
Capitalised Distribution Asset Interest	(176)	(337)	(1,033)	(1,119)
Net (Profit)/Loss on Disposal of Property, Plant and Equipment	(18)	(516)	(18)	(5)
Share of Associate's (Profit)/Loss	1,170	38	0	0
Net Fair Value Change on Financial Instruments Valued at Fair Value	(3,577)	5,267	(3,577)	5,267
Total Adjustments	(1,995)	5,268	(2,698)	4,905
Changes in Assets and Liabilities				
(Increase)/Decrease in Trade and Other Receivables	(18)	(23)	(67)	28
(Decrease)/Increase in Trade and Other Payables	(1,535)	10,897	(1,473)	10,862
(Decrease)/Increase in Provisions	(831)	3,688	(831)	3,688
	(2,384)	14,562	(2,371)	14,578
Net Cash from Operating Activities	427	1,236	334	1,553

20 Restricted Capital

	Consolidated		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Restricted Capital	79,514	79,514	79,514	79,514

20.1 Nature of Restricted Capital

Restricted capital is classified as equity. It is comprised of the initial capital (\$92m) and is reduced from time to time in accordance with clause 11 of the Trust Deed as follows:
(a) The Trustees may distribute up to 5% of the initial capital in any financial

year to recommended recipients provided that the income has been fully distributed or set aside for distribution to recommended recipients;
(b) Subject to clause 11.3, no further applications of the restricted capital can be made under clause 11.1, once

the restricted capital is reduced to \$50 million; and

(c) The Trustees may only pay or apply further amounts under clause 11 with the written approval of the Settlor.

	\$000
Movement in Restricted Capital	
At 1 April 2011	89,325
Transfers to Distribution Fund	(3,811)
Transfer to the Extraordinary Distribution Fund	(6,000)
At 1 April 2012	79,514
Transfers to Distribution Fund	0
Transfer to the Extraordinary Distribution Fund	0
At 31 March 2013	79,514

The Parent and Group are not subject to any other externally imposed capital requirements.
In the 2012 financial year, under clause 27 of the Trust Deed, an amount of \$6,000,000

has been transferred from Restricted Capital to the Extraordinary Distribution Fund (see note 21.3(d))

In the 2012 financial year, as allowed under clause 11 of the deed, an amount of \$3,811,000 was transferred from Restricted Capital to the Distribution Fund.

21 Reserves

21.1 Movements in Reserves - Consolidated

	Distribution Fund	Net Unrealised Gains Reserve	Cash Flow Hedge Reserve	Extraordinary Distribution Fund	Revaluation Reserve	Total Reserves
	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated						
At 1 April 2011	24,207	1,802	186	0	0	26,195
Net Gains on Available-for-Sale Investments		28				28
Reclassification to Finance Income on disposal of Investment		(122)				(122)
Net Gains/(Losses) on Cash Flow Hedges			(37)			(37)
Net Surplus/(Loss) for the Year	(12,594)			(6,000)		(18,594)
Movement in Asset Revaluation Reserve					241	241
Transfer from Restricted Capital to EDF				6,000		6,000
Transfer from Restricted Capital to Distribution Fund	3,811					3,811
At 31 March 2012	15,424	1,708	149	0	241	17,522
Net Gains on Available-for-Sale Investments		603				603
Reclassification to Finance Income on disposal of Investment		(369)				(369)
Net Gains/(Losses) on Cash Flow Hedges			45			45
Net Surplus/(Loss) for the Year	4,806					4,806
At 31 March 2013	20,230	1,942	194	0	241	22,607

21.2 Movements in Reserves - Parent

	Distribution Fund	Net Unrealised Gains Reserve	Cash flow Hedge Reserve	Extraordinary Distribution Fund	Total
	\$000	\$000	\$000	\$000	\$000
Parent					
At 1 April 2011	24,614	1,802	186	0	26,602
Net Gains/(Losses) on Available-for-Sale Investments		28			28
Reclassification to Finance Income on disposal of Investment		(122)			(122)
Net Gains/(Losses) on Cash Flow Hedges			(37)		(37)
Net Surplus/(Loss) for the Year	(11,930)			(6,000)	(17,930)
Transfer from Restricted Capital to EDF				6,000	6,000
Transfer from Restricted Capital to Distribution Fund	3,811				3,811
At 31 March 2012	16,495	1,708	149	0	18,352
Net Gains/(Losses) on Available-for-Sale Investments		603			603
Reclassification to Finance Income on disposal of Investment		(369)			(369)
Net Gains/(Losses) on Cash Flow Hedges			45		45
Net Surplus/(Loss) for the Year	5,403				5,403
Transfer from Restricted Capital to EDF					
At 31 March 2013	21,898	1,942	194	0	24,034

21.3 Nature and Purpose of Reserves

a) Net Unrealised Gains Reserve

This reserve records movements in the fair value of available-for-sale financial assets.

b) Cash Flow Hedge Reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

c) Distribution Fund Reserve

This reserve is the income and the amount of Restricted Capital available for distribution, in accordance with Clause 11 of the Trust Deed.

d) Extraordinary Distribution Fund

The Extraordinary Distribution Fund was established under clause 27 of the Trust Deed as an exceptional one off fund from which Trustees can grant

up to \$2,000,000 to each of the West Coast District Councils to undertake community projects which meet the objects of the Deed.

e) Asset Revaluation Reserve

This represents the Group's share of the Asset Revaluation Reserve recognised by its associate.

22 Capital Management

Development West Coast's capital is its equity, which comprises the Restricted Capital and Reserves. These are described in notes 20 and 21 in this report. Equity is represented by net assets and is referred to in the Trust Deed as Trust Funds.

The Trust Deed details the Board of Trustees duties in managing the Trust Funds which shall be managed in a manner

which provides adequate and reasonable protection of the funds to ensure both present development opportunities are taken and current and future generations will benefit from the establishment of the Trust Fund.

Development West Coast's initial investment fund was comprised of the restricted capital and is to be managed by the

Trustees with the assistance of Investment Advisors. The investment fund must be invested in accordance with the Statement of Investment Policies and Objectives.

Income from the investment fund, together with transfers from the restricted capital as allowed by the Trust Deed, make up the Distribution Fund.

23 Related Party Disclosure

23.1 Subsidiaries

The consolidated financial statements include the financial statements of Development West Coast and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest	
		2013	2012
Forever Beech Limited	New Zealand	100	100
West Coast Development Holdings Limited	New Zealand	100	100
West Coast Development Trust Land Company Limited	New Zealand	100	100
West Coast Snowflake Limited	New Zealand	100	100
Cranberries New Zealand Limited	New Zealand	100	100

23.2 Associates

The Group has a 43.5% interest in Cranley Farms Limited (2012 43.5%).

23.3 Ultimate Parent

Development West Coast is the ultimate parent entity.

23.4 Transactions with Related Parties

a) During the year, Development West Coast advanced \$60,000 (2012 \$5,000,021) to its subsidiary West Coast Development Holdings Limited and was repaid \$212,000 (2012 \$383,433). As at 31 March 2013 \$15,891,933 (2012 \$15,187,165) was owing to Development West Coast. Interest is payable on this amount at rates of between 0% and 8% p.a. and interest of \$856,768 (2012 \$781,682) was charged during the year. Development West Coast is the parent of West Coast Development Holdings Limited.

b) During the year, Development West Coast was repaid nil (2012 \$388) by its subsidiary Forever Beech Limited. As at 31 March 2013, Development West

Coast had invested equity of \$3,700,000 (2012 \$3,700,000) and, including capitalised interest, had advanced \$1,371,747 (2012 \$1,371,747). Interest has ceased to be charged on this debt.

c) At 31 March 2013, Development West Coast was owed \$7,767 (2012 \$828) by West Coast Development Trust Land Co Limited, \$566,212 (2012 \$571,631) by West Coast Development Holdings Limited, and \$1,117 (2012 \$745) by Cranberries New Zealand Limited. Development West Coast had paid expenses of \$6,939 (net of repayments) on behalf of West Coast Development Trust Land Co Limited, was repaid \$5,419 (net of payments) on behalf of West Coast Development Holdings Limited and paid expenses of \$372 (net of repayments) on behalf of Cranberries New Zealand Limited. West Coast Development Trust Land Co Limited and Cranberries New Zealand Limited are subsidiaries of West Coast Development Holdings Limited. Development West Coast is the parent of West Coast Development Holdings Limited.

d) Development West Coast provides accounting and other services to Forever Beech Limited, West Coast Development Trust Land Co. Limited, West Coast Snowflake Limited and West Coast Development Holdings Limited. No management fees are currently charged for these services. No debts owing to Development West Coast by a subsidiary were forgiven during the year \$nil (2012 \$nil).

e) During the year Development West Coast purchased on normal commercial terms goods and services totalling \$863 (2012 \$805) from Robert Buchanan, Public Law. Mr Robert Buchanan is a Trustee of Development West Coast. At balance date Development West Coast owed \$nil (2012 \$nil) to Robert Buchanan, Public Law. During the year Development West Coast purchased on normal commercial terms goods and services totalling \$8,926 (2012 \$806) from Hannan and Seddon. Mr Colin Smith, a Trustee of Development West Coast, is a Partner at Hannan and Seddon

24 Commitments

24.1 Leasing Commitments

Operating Lease Commitments – as Lessee

Future minimum rentals payable under non-cancellable operating leases as at 31 March 2013 are as follows:

	Consolidated		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Within one year	78	90	78	90
After one year but not more than five years	26	101	26	101
Total Minimum Lease Payments	104	191	104	191

During the year ended 31 March 2013 \$75,682 for the Group and \$75,682 for the Parent were recognised as an operating lease expense in the Income Statement (Group 2012: \$88,465, Parent 2012: \$84,091).

24.2 Property, Plant and Equipment Commitments

Development West Coast and the Group had no contractual obligations to purchase plant and equipment at balance date (Company 2013: nil; Group 2012: nil).

24.3 Future Distributions

At balance date, \$1,000,000 (2012 \$nil) of the total funding approved by Trustees was either under consideration by the client or was undrawn against the accepted facilities.

24.4 Alternative Assets

At balance date Development West Coast had commitments to capital contributions for investments in Private Equity Funds. If fully called, the commitment totals \$5,323,627 (2012 \$3,424,745).

25 Contingencies

The Group had no contingent assets or liabilities at 31 March 2013 (2012 Nil).

26 Enquiries and Applications

For the financial year ending 31 March 2013, Development West Coast received 17 client enquiries. The following table lists the quantum of applications received, and applications approved or under consideration at balance date.

Application Summary 2012-13	Quantity	Value \$000
Total Applications Received	7	7,685
Trustee Approved	1	1,000
CEO Approved under Delegated Authority	3	35
Offers under Consideration by Applicants	1	1,000
Offers Lapsed or Declined by Applicants	0	0
Applications Withdrawn	0	0
Applications in Progress	0	0

27 Events after Balance Date

The Trustees are not aware of the existence of any post balance date events that need to be reported.

28 Auditor's Remuneration

The auditor of Development West Coast is Audit New Zealand, on behalf of the Auditor-General.

	Consolidated		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Amounts received or due and receivable by Audit New Zealand for:				
Audit of the Financial Statements 2013	102,304	0	75,223	0
Audit of the Financial Statements 2012	1,500	102,700	1,500	72,200
Audit of the Financial Statements 2011	0	3,153	0	507
	103,804	105,853	76,723	72,707

29 Investments in Associates

29.1 Investment Details

	Note	Consolidated		Parent	
		2013 \$000	2012 \$000	2013 \$000	2012 \$000
Cranley Farms Limited		3,385	4,555	0	0
		3,385	4,555	0	0

29.2 Movement in the carrying amount of investments in associates

	Note	Consolidated	
		2013 \$000	2012 \$000
At 1 April		4,555	0
Investment in Cranley Farms Limited		0	4,352
Negative goodwill on purchase		0	382
Share of profits/(losses) after tax		(1,170)	(420)
Share of movements in equity		0	241
At 31 March		3,385	4,555

29.3 Cranley Farms Limited

In May 2011 West Coast Development Holdings Limited invested \$5,000,021 in Cranley Farms Limited. Due to this investment the Group owns 43.5% of Cranley Farms Limited and Cranley Farms Limited is classed as an associate of the Group. Cranley Farms Limited Group has a balance date of 31 May. As this date is within 3 months of Development West Coast

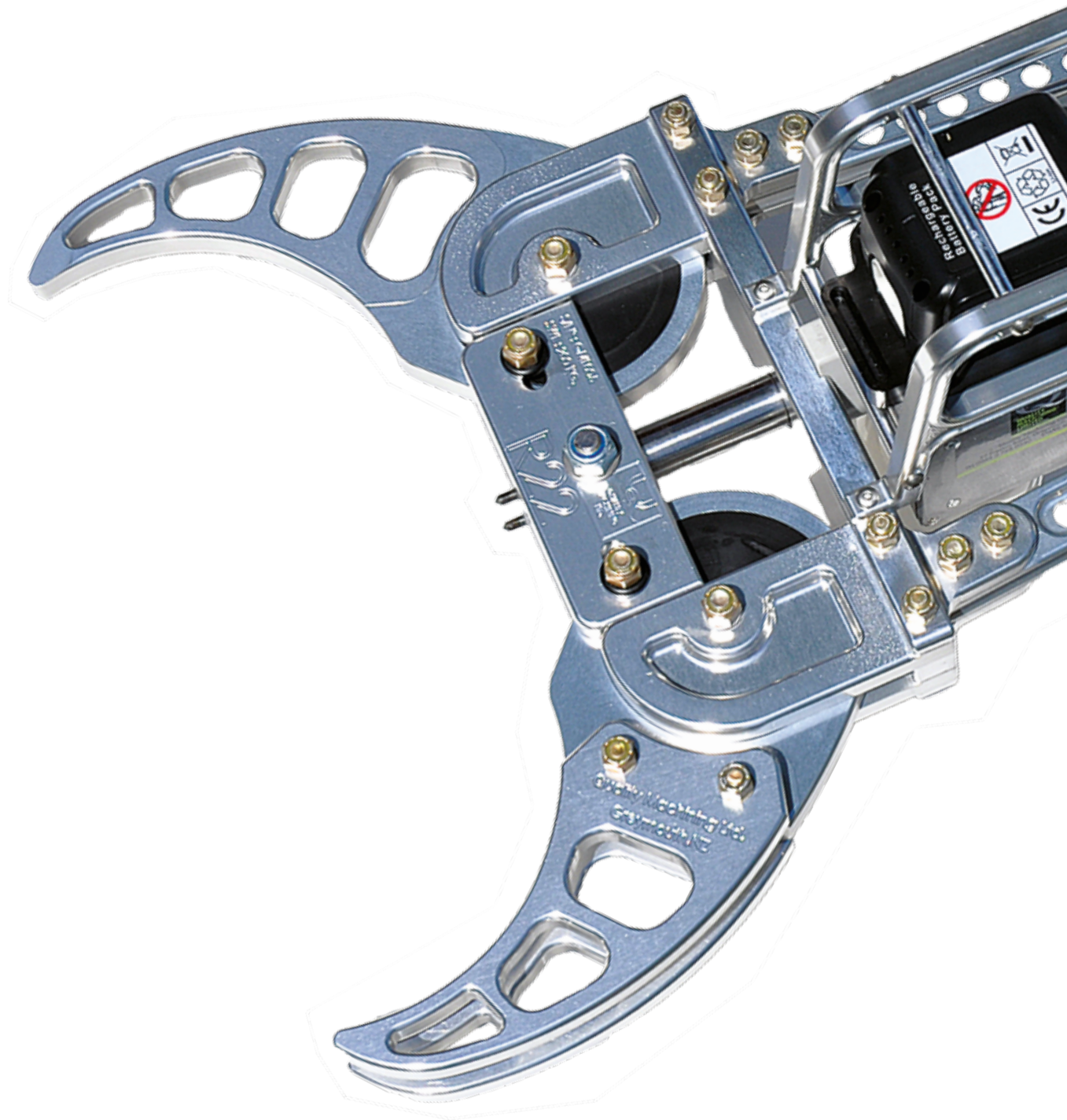
Group's balance date the Cranley Farms Limited's accounts for 31 May 2013 have been used to apply the equity method of accounting for the investment.

29.4 Other Associates

Development West Coast is able to appoint a board member to Tourism West Coast Incorporated. During the year under review Tourism West Coast had a board member

appointed by Development West Coast. The member appointed has 20% of the voting rights to this entity.

Development West Coast makes distributions to Tourism West Coast for operational purposes but does not have any rights to any distributions from this entity. Therefore no income, expenses or assets are recognised in respect of this funding.



*Development
West Coast*

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