



GROUP  
ANNUAL  
REPORT  
**2016**

## Key Numbers & Highlights

	Group (Consolidated)		DWC (Parent)	
	2015-16 (\$m)	2014-15 (\$m)	2015-16 (\$m)	2014-15 (\$m)
<b>TOTAL REVENUE</b> <i>(including Mark-to-Market Unrealised Gains/Losses)</i>	<b>9.5</b>	<b>13.8</b>	<b>9.2</b>	<b>13.5</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>2.5</b>	<b>2.2</b>	<b>2.3</b>	<b>2.0</b>
<b>COMMUNITY DISTRIBUTIONS</b>	<b>5.8</b>	<b>1.6</b>	<b>5.8</b>	<b>1.6</b>
<b>PROFIT/(LOSS)</b>	<b>(1.0)</b>	<b>7.5</b>	<b>(0.3)</b>	<b>5.8</b>
<b>TOTAL ASSETS</b>	<b>127.0</b>	<b>126.7</b>	<b>127.3</b>	<b>126.3</b>
<b>TOTAL EQUITY</b>	<b>110.8</b>	<b>111.9</b>	<b>111.7</b>	<b>112.1</b>

# 15 Years at a Glance: 2001–2016

## FINANCIAL OVERVIEW

\$ 127.0M

INCOME

\$ 34.6M

OPERATING EXPENSES

\$ 127.3M

TOTAL ASSETS

\$ 111.7M

TOTAL EQUITY

\$ 18.0M

NET PROFIT

## COMMERCIAL DISTRIBUTIONS

\$ 276.0M

269 Applications RECEIVED

\$ 110.0M

173 Distributions APPROVED

\$ 75.5M\*

125 Distributions MADE

A number of distributions approved are not taken up by the applicant. This represents the difference between the distributions approved and the distributions made.

## COMMUNITY FUNDING

\$ 6.0M

EDF (Extraordinary Distribution Fund)

\$ 1.5M

CYCLEWAY FUNDING

\$ 20.1M

MDI (Major District Initiative)

\$ 3.0M

DESF (District Economic Stimulus Fund)

\$ 2.3M

MRI (Tourism Major Regional Initiative)

\$ 1.0M

DEF (Digital Enablement Fund)

\$ 1.5M

ONE OFF GRANT to Councils

\$ 24.2M

GRANTS (Misc Grants & Projects)

\$ 59.6M

TOTAL Committed Community Distributions



# PURPOSE

**What we are in the 'Business of Doing'**

*To promote sustainable employment opportunities and/or generate sustainable economic benefits for the West Coast region.*

# MISSION

**The Key Objective to be Accomplished**

*To create a commercial environment that supports and encourages business and commerce to thrive.*

# VISION

**Our Aspiration**

*To be recognised as the lead organisation for regional development.*



## What our Strategic Priorities mean for DWC

### Priority 1: Financial Sustainability of the Trust Fund

Providing for the successful management of the Trust Fund to ensure Trustees of the day have the opportunity to invest (Investments & Distributions) in initiatives that achieve the objects of the Deed of Trust.

### Priority 2: Prudent Commercial Distributions

Making sound commercial Distributions which promote sustainable employment opportunities and generate sustainable economic benefits.

### Priority 3: Building Commercial Capability and Leadership

Supporting the economic transformation of the West Coast region through building commercial capability and leadership for West Coast businesses and business people.

### Priority 4: Innovation / Research and Development

Investing in research & development to identify, diversify and develop industries and businesses, and add value to businesses on the West Coast.

### Priority 5: Improving Profile and Visibility - DWC & the Region

Improving the profile and visibility of DWC and for it to be recognised as a key influencer and partner in the development of the West Coast region. In doing so, the West Coast will be recognised as a significant contributor to the New Zealand economy and a region where commerce and business is supported and can prosper.

## DWC will achieve its Strategic Priorities by being

- A Leader:** Leading by example, being professional, maintaining integrity, being courageous in pursuing its core purpose and intent.
- A Facilitator:** Bringing people and organisations together for a common purpose and providing support to achieve alignment in the interests of those DWC represents.
- An Influencer:** Drawing on connections, networks and relationships to assist others.
- An Enabler:** Assisting and supporting the achievement of positive outcomes.
- A Catalyst:** Precipitating and enhancing change.
- An Advocate:** Presenting the best case possible for the West Coast region, its businesses and communities.
- An Investor:** Providing finance in pursuit of promoting sustainable employment opportunities and generating sustainable economic benefits.
- A Communicator:** Effective internal and external communication to ensure consistent messaging to enhance profile, visibility and understanding of DWC.

# Contents

15 Years at a Glance: 2001–2016.....	iii
Mission Statement.....	iv
Directory.....	vii
West Coast Key Economic Indicators - Regional Overview.....	viii
Regional Economic Profiling.....	1
Chairman's Report.....	2
Chief Executive's Report.....	3
Trustees.....	4
Investment Fund.....	6
Business Support.....	7
West Coast Leading Light Business Excellence Awards.....	12
Industry Support & Regional Development.....	13
Community Support.....	15
Statement of Responsibility.....	19
Audit Report.....	20
Consolidated Statement of Comprehensive Revenue and Expense.....	22
Consolidated Statement of Changes in Equity.....	23
Consolidated Statement of Financial Position.....	24
Consolidated Statement of Cashflows.....	25
Notes to the Financial Statements.....	26

# Directory

<b>Trustees</b>	Sturgeon, Mr John	CHAIR	COUNCIL APPOINTEE
	Smith, Mr Colin	DEPUTY CHAIR	ELECTED TRUSTEE - GREY DISTRICT
	Buchanan, Mr Robert	(RETIRED 31 JULY 2016)	INDEPENDENT TRUSTEE - NEW ZEALAND LAW SOCIETY
	Dooley, Mr Frank	CHAIR - INVESTMENT COMMITTEE	ELECTED TRUSTEE - BULLER DISTRICT
	Little, Mr Hugh		ELECTED TRUSTEE - WESTLAND DISTRICT
	Lockington, Mr Mark	CHAIR - FINANCE & AUDIT COMMITTEE	INDEPENDENT TRUSTEE - CHARTERED ACCOUNTANTS AUSTRALIA & NEW ZEALAND
	Tumahai, Mr Francois		TANGATA WHENUA TRUSTEE
<b>Staff</b>	Mackenzie, Chris	CHIEF EXECUTIVE	(FROM 16 MAY 2016)
	Thomas, Joseph	CHIEF EXECUTIVE	(TO 16 OCTOBER 2015)
	Dawson, Mark	CHIEF FINANCIAL OFFICER	
		ACTING CHIEF EXECUTIVE	(17 OCTOBER 2015- 15 MAY 2016)
	Gilbertson, Warren	CHIEF OPERATING OFFICER	
	Lunn, Belinda	EXECUTIVE MANAGER	
	Johnston, Debbie	ACCOUNTANT	
	Walls, Peter	BUSINESS DEVELOPMENT MANAGER	
	Wilson, Helen	RESEARCH & INNOVATION MANAGER	
	Hill, Fiona	BUSINESS SERVICES MANAGER	
	Coates, Tara	ADMINISTRATION OFFICER	
	Sara, Bridgette	PROJECT ADMINISTRATOR	
	Gibbens, Alexia	ADMINISTRATION ASSISTANT	
Rea, Jo	ACCOUNTS ASSISTANT		
<b>Registered Office</b>	1st Floor, Brunner House, 54 Tainui Street, Greymouth P O Box 451, Greymouth		
<b>Advisory Body</b>	Rushbrook, Keith Bestwick, Jenn Steele, David	CHAIR	
<b>Advisors</b>	Investment	BANCORP TREASURY SERVICES LTD JBWERE (NZ) LTD	
	Legal	BUDDLE FINDLAY DUNCAN COTTERILL HANNAN & SEDDON	
	Tax	KPMG	
<b>Bankers</b>	Westpac		
<b>Auditors</b>	Audit New Zealand	ON BEHALF OF THE CONTROLLER AND AUDITOR-GENERAL	

ISSN 1178-3338 (print)

ISSN 1178-3346 (online)

# West Coast Key Economic Indicators

## Regional Overview

THE West Coast economy is driven by dairying, mining and tourism. The region has a diverse mineral profile, with a long history of coal and gold mining and now acknowledges the need to look for new opportunities to diversify the region's economy to increase its resilience to commodity price fluctuations.

The West Coast is taking advantage of its abundant rainfall to expand its dairy industry, while its microclimates nurture an emerging niche horticultural industry.

The region is an internationally known eco-tourism destination. Extensive areas of land under conservation protection support a range of accommodation and tourism operators.

Economic development opportunities for the West Coast region rest on further developing and leveraging its natural resources and existing strengths to encourage the creation and attraction of higher value-added businesses while, at the same time, encouraging our existing businesses to prosper and welcoming new businesses to set up.

---

### ALL STATISTICS HAVE BEEN SOURCED FROM

West Coast Region Annual Economic Profile 2015, compiled by Infometrics

Population	32,700
GDP	\$1.87 billion
Mean Annual Earnings	\$52,180
Guest Night's Growth 2015 - 16	+ 9.1%
Business Units 2015 - 16	3,858





# Regional Economic Profiling

THE second West Coast Regional Economic Profile was published in August 2015. The Profile is designed to provide an overview of the most recent statistical information for our region, and this latest edition also reports on a range of regional organisations, businesses and opportunities.

Commissioned by DWC, the information contained within the Profile is based largely on analysis by Business and Economic Research Limited (BERL). It delivers a set of high level indicators comparing the West Coast to the national economy. It includes comparisons over a 10 year period while also drilling down to data at a district and sector level.

## Economic Indicators Online with Infometrics

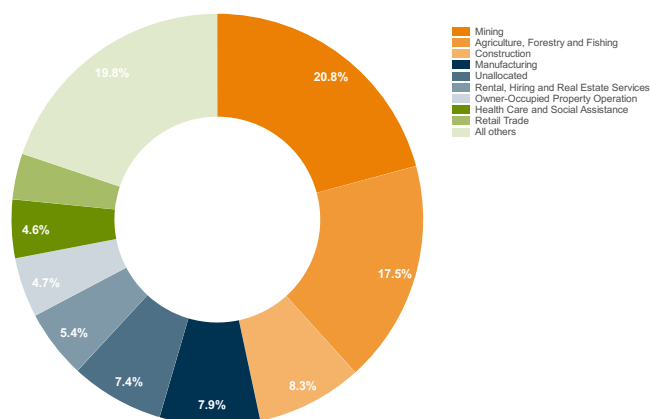
DWC has invested in Infometrics to provide readily accessible economic data for the West Coast through its website, [dwc.org.nz](http://dwc.org.nz).

The Infometrics online profile is an interactive and dynamic tool enabling users to delve down into the underlying data and compare the West Coast region with other regions in New Zealand.

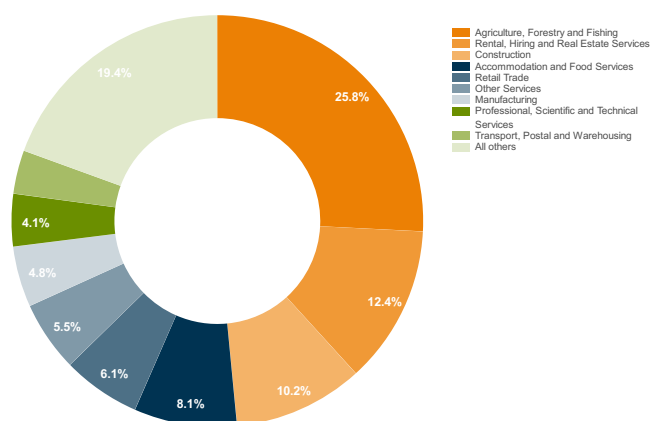
The tool contains a wealth of information on the economy, labour market, standard of living, exports, tourism, business, skills, productivity and population.

The web based data is available publicly, with a 24-page booklet able to be downloaded from the webpage.

WEST COAST INDUSTRIES: PROPORTION OF GDP (2015)



WEST COAST INDUSTRIES: SHARE OF BUSINESS UNITS



# Chairman's Report

AS we close the door on the 2015-2016 financial year, we reflect on the challenges faced by industries across the West Coast and the role Development West Coast has played to create new opportunities and stimulate the local economy.

I am proud of what DWC has been able to offer over the course of the year to support the community in what has been ongoing uncertainty for many sectors.

Low commodity prices are clearly having a major effect on industry across the West Coast. Dairying and mining – and therefore their feeder industries – are bearing the brunt of the downturn. In Westport, the effect of the closure of Holcim's plant is starting to take hold.

Although we generated revenue of \$9.2m (including unrealised gains), DWC ended the year with a loss of \$345k. The expenses include the \$3m accrual of the District Economic Stimulus Fund and \$1m to Digital Enablement Fund – both fantastic schemes which DWC has developed to stimulate the West Coast economy.

The good news story in our community is the continuing boom for tourism, which has had its best year for some time. DWC has been pleased to be able to support this key sector, in particular with the \$248,000 of assistance for Tourism West Coast's domestic marketing campaign to bring more New Zealanders to our region. This has been used to great success in a variety of TWC promotions and DWC looks forward to seeing the continued growth of our domestic tourism numbers.

Our previous Chief Executive Joseph Thomas left DWC in October after an 18-month stint at the helm. While his tenure was short, his contribution was significant and we thank him for his efforts.

The new Chief Executive Chris Mackenzie began with us in May 2016. His knowledge of the role, purpose and workings of DWC is significant due to his involvement as a trustee on the Interim Trust when the original settlement funds of \$92m were allocated by the Government.

I look forward to Chris' leadership in the year ahead, and I would like to thank him for his swift efforts to integrate into DWC to date.

I would also like to acknowledge my fellow Trustees for their work over what has been a difficult year for the West Coast economy. Their decisions to set up the District Economic Stimulus Fund and the Business and Industry Stimulus Fund will go a long way to assist our local community. I particularly wish to thank Robert Buchanan who retired from his Trustee position in July 2016. As the New Zealand Law Society appointee, Robert has provided me much guidance and support during his tenure for which I am very appreciative.

Lastly, I wish to thank the staff of DWC for their ongoing efforts in supporting the West Coast community.

---

**JOHN STURGEON ONZM, MBE**

Chairman



# Chief Executive's Report

MY decision to return to having involvement with Development West Coast was not difficult to make. As a trustee of the Interim Trust in 2001 I have a keen appreciation of DWC's role and the opportunity it presents for driving growth in the West Coast region.

I will be endeavouring over the next few months to talk to as many people as I can who are involved in business and industries across the West Coast. In these times of economic change, it is important to keep the West Coast enthusiasm alive and strive to work together to make things better.

The 2016 financial year sees DWC with total assets of \$127.3m. Total income for the year was \$8.8m (excluding unrealised revenue), with a profit before Community Distributions of \$6.5m. Total Operating Expenses were \$2.3m, up from \$2.0m the previous year.

DWC invested \$5.8m in Community Distributions and Projects, and is reporting a net loss of \$0.3m with a Total Comprehensive Revenue and Expenses of -\$0.4m. DWC's total realised revenue generated since 2001 now stands at \$127m.

It has been a productive year for DWC. 56 funding enquiries were received, translating into 24 commercial finance applications seeking funding of \$10.8m. DWC approved 20 distributions to the value of \$14.4m. Almost half of these approvals were generated by our Business and Industry Stimulus Fund (BISF), which has seen \$2.2m invested into nine businesses across the West Coast region with the creation of around 35 jobs.

The distribution investments were across a range of industries and businesses, including EPIC Westport, S'All Good Juice Bar in Hokitika, Inchbonnie Hydro, and a new joint venture with Putake Group to set up Putake West Coast LP, a bee keeping and apiary business.

Staff have spent a considerable amount of time and effort working on the future of DWC's dairy investments with the long term aim to provide stability and certainty in this sector. This resulted in a recent decision to increase DWC's investment in Cranley Farms Limited (CFL) and Bold Head Farm Limited.

This financial assistance will be used in part to restructure CFL's balance sheet and support a new farm management system. DWC believes this investment will provide confidence and stability for both the West Coast's dairy industry and CFL as a substantial supplier to Westland Milk Products until the industry recovers or stabilises from the current challenging times. DWC will continue to review and monitor its involvement in these businesses.

In tourism, The Old Ghost Road Cycle and Tramping Trail was officially opened in December 2015. Together with the West Coast Wilderness Trail, the cycling/tramping experience is drawing an increased number of outdoor enthusiasts to the Coast.

The Sounds Air operation - which replaced the Westport to Wellington service when Air New Zealand withdrew from the route - is a significant success story for both Sounds Air and the Buller community. The service ensures direct access to and from the Capital and connects with other Sounds Air services to Blenheim, Paraparaumu, Taupo and Napier, and also allows passengers to use other airlines from Wellington.

While all of these initiatives have been in the making before my appointment as Chief Executive, I am still very proud to see DWC's efforts coming to fruition over the course of what has been a challenging time for the West Coast.

I would like to thank my predecessor, Joseph Thomas, for his contribution to DWC and wish him all the best in his new role.

I look forward to working with the DWC team and Trustees to ensure this growth and success continues as we push ahead into the next financial year.

---

**CHRIS MACKENZIE**

Chief Executive







*Board of Trustees: Back Row - Robert Buchanan, Francois Tumahai, Frank Dooley, Mark Lockington  
Front Row - Hugh Little, John Sturgeon and Colin Smith*

## Trustees

### **John Sturgeon ONZM, MBE – Chairman**

*Council Appointee*

John was initially appointed in November 2010.

John was awarded the NZ 1990 Commemoration Medal for 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 – Deputy Chair**

*Elected – Grey District*

Colin is in his second term as the Grey District elected Trustee after his initial election in 2010.

Colin is a partner at Greymouth law firm, Hannan & Seddon and is involved in many other community organisations.

### **Robert Buchanan**

*Independent – NZ Law Society*

Robert was initially appointed in 2009, and recently reappointed in 2015. He runs a Wellington legal practice specialising in public sector governance and risk management. Robert served as Deputy Chairman from 2009 to 2012, and was acting Chairman in 2011. After a term of more than seven years, Robert retired from his Trustee role with DWC in July 2016.

### **Frank Dooley**

*Elected – Buller District*

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

Frank owns a chartered accountancy practice in Westport, and holds trusteeships and directorships on numerous entities, including Chairman of Buller Electricity, Chair of Pulse Energy Ltd and director of Westland Co-Operative Dairy Company Ltd.

Frank was made a Fellow of the NZ Institute of Chartered Accountants in December 2012..

**Hugh Little**

*Elected – Westland District*

Hugh was newly elected in October 2013. He retired from Westland Milk Products in 2010 after a long and distinguished career that saw him rise from a labourer in the production area to Deputy CEO and General Manager of Operations. He is still involved with the company as a shareholder.

Born and bred in Hokitika, Hugh and his wife Glenda built and own the luxury accommodation and restaurant complex, Station’s Inn. Hugh is also a long-serving director of Westpower and the Westpower group of companies, and he was the directors’ representative for the successfully commissioned Amethyst Power scheme.

**Mark Lockington**

*Independent – Chartered Accountants Australia and New Zealand*

Mark was initially appointed in 2005. He is 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 NZ Certificate in Engineering (Civil & Structural), a Bachelor of Commerce, is a Chartered Accountant and member of the NZ Institute of Directors.

**Francois Tumahai**

*Tangata Whenua Appointed Trustee*

Of Ngati Waewae and Ngati Whatua descent, Francois became actively involved in Ngati Waewae in the mid 1990’s and was appointed Chair in 2008.

Francois project managed Ngati Waewae’s 5 year marae development which opened in November 2014.

Francois is involved in many boards including West Coast Conservation Board, West Coast District Health Board, health provider Poutini Waiora and the Advisory Board of Tā Tau Pounamu. He is Managing Director of Poutini Environmental and General Manager of Waewae Pounamu which is Ngāti Waewae’s commercial Pounamu outlet in Hokitika.



# Investment Fund

## Statement of Investment Policy & Objectives (SIPO)

THE broad investment objectives for DWC's Investment Fund are to achieve a level of Income which is needed to meet the distribution requirements of DWC in any one-year and to provide for a reasonable element of capital growth. This is required to preserve the real value of the Trust Fund thereby enabling increased distribution levels over time.

More specifically, the Fund's investment policy aims to earn a rate of return, after investment-related expenses and any taxes, that exceeds CPI increases by at least 3% pa over rolling 3 year periods.

The Investment Fund's maximum asset allocation for the reported and ensuing financial year is as follows:

Asset Class	Allocation
Cash	100%
NZ Fixed Interest	90%
<b>Total Cash &amp; Fixed Interest</b>	<b>100%</b>
Australasian Equities	22%
Australasian Property	5%
International Equities	21%
Alternative Investments	11%
<b>Total Equities</b>	<b>55%</b>

## Investment Review

WHILE DWC's Investment Fund did not produce the returns of 2014-15, the Fund still performed strongly in the year ended 31 March 2016.

Equity markets were mixed, but robust gains in New Zealand holdings saw an average return of circa 8.5% in growth assets for the year. The average yield on DWC's bond portfolio of 6.40% compares favourably with the current 2.25% OCR. Overall DWC earned returns of 7.8% on average equity.

Subsequent to balance date, markets have been volatile. Events such as the Brexit vote have caused uncertainty and DWC continues to liaise with its Investment Advisors and closely monitor its funds.

At the start of the financial year DWC had 54.6% of its investment funds in equity (growth) assets. During the year DWC reduced its exposure to these investments and was at 51.1% by March 2016.

Available for Sale investments (consisting of Fixed Interest and Alternative Assets) also increased in value during the year but these valuation movements only affect DWC's equity position. These movements in value are reported in "Other Comprehensive Income".

JBWere (NZ) Ltd and Bancorp Treasury Services Limited are DWC's Investment Advisors.



# Business Support

DWC provides and facilitates a range of business support initiatives on the West Coast, including training, mentoring, networking and commercial finance.

## Commercial Finance

DWC is able to provide a range of commercial financing options for West Coast business, including commercial lending, equity investment and guarantees.

In August 2015, in addition to its “business as usual” commercial finance function, DWC launched a \$5 million Business and Industry Stimulus Fund (BISF) in order to stimulate business development and growth in the region in the face of ongoing economic challenges.

The Fund became available to West Coast businesses in October 2015 with priority being given to projects that would create employment opportunities as a direct effect of a distribution. The BISF offered a more streamlined process to consider applications and incentives that could include favourable interest rates and repayment terms for businesses and projects that had a particular focus on employment creation and retention.

## Inchbonnie Hydro

One of the more significant projects DWC assisted in the 2016 financial year was the development of the new Inchbonnie Hydro power scheme.

The 1.7 megawatt run of the river scheme began generating power in January 2016 and, at capacity, will generate enough energy to cover the requirements of 1,200 West Coast homes annually.

The scheme takes water from streams on conservation land in the Hohonu range, between Greymouth and Hokitika and was designed to have minimal environmental impact with no major excavation, earthworks or dams required.

The scheme not only brings new economic benefits to the West Coast, but provides employment, utilises local materials and suppliers, increases the Coast’s energy independence and improves electricity infrastructure.

Originator and developer, Dave MacKay, said the financial support from DWC was key to getting the project off the ground. “Project finance is not easy to find and the people at DWC put a lot of energy into evaluating the feasibility of the scheme and the flow-on effects to the local economy. Schemes like Inchbonnie Hydro represent the future for hydro power generation in New Zealand.”



## EPIC Westport (Enterprise Precinct Innovation Centre)

EPIC Westport has received funding from DWC through its \$5 million Business and Industry Stimulus Fund. EPIC Westport (Enterprise Precinct Innovation Centre) is modelled on the successful EPIC innovation centre in Christchurch and provides a base for local companies looking to be innovative, and developing local capacity in digital technology.

The centre provides collaborative workspaces, fully serviced offices, fibre optic internet, with meeting rooms available by the hour or permanent office spaces for teams of up to 10 people. The design of the building will encourage companies to work together, share ideas and business knowledge. It is this creative collaboration that has allowed many EPIC Christchurch businesses to experience year on year growth and increased returns.

Founder Benjamin Dellaca says EPIC Westport has been established to create a new industry and new jobs for the region. "Westport offers many lifestyle and economic advantages that are attractive to high-tech companies and entrepreneurs. These companies are recognising that their teams can work remotely and provide excellent service for domestic and international

customers by doing so. Our objective is to make Westport an obvious choice for tech companies looking to provide their workers flexible working arrangements," he says.

As a satellite of the EPIC Innovation Centre in Christchurch, the two hubs plan to connect Westport-based entrepreneurs with Christchurch, national and international businesses, advisors and funders. EPIC Christchurch includes startup, incubation, acceleration and research and development programs. Ben hopes the Westport hub will bring the same network and services to the Buller region.

Stage one of EPIC Westport is about creating jobs in Westport, making Westport the first choice for startups or business looking to innovate or conduct research and development, and a business case for national companies to locate staff in Westport. When fully operational, stage one of EPIC Westport will house up to 25 full time workers and have space to accommodate more than a dozen casual hot desk users. It will showcase software and game development, testing, call centres, remote tech services, sales and support.





## S'All Good Juice Bar, Hokitika

As a new business concept for Hokitika and providing employment for the town, DWC was pleased to support Tracey Rich and her S'All Good Juice Bar with a commercial loan.

Tracey says the opportunity for a leg up from DWC was a turning point – she had not been able to secure the level of finance assistance she needed from the banks and would not have been able to open her business otherwise.

“I am very grateful for the opportunity DWC’s assistance has

given me, and also the amazing support from the Hokitika business community. It feels good to be contributing to the town’s economic success.”

Over the peak summer months Tracey has had up to 10 part-time staff on board, and over the quieter winter months she has diversified the business to selling hot soup.

“It all going well. I have a lot of regular customers and I expect to get back to a level of needing six or seven staff again this summer”, says Tracey.

## District Economic Stimulus Fund

DWC launched its District Economic Stimulus Fund in late 2015, which provided \$1 million to each of the three district councils to help boost business development and growth.

To access the funding, the councils are required to develop proposals for submission to DWC for consideration. As for the Business & Industry Stimulus Fund, priority is given to projects that would create employment opportunities as a direct effect of the funding but also leverage additional funding from Central Government and other funding sources.

## Regional Business Partner Network

DWC was confirmed as the West Coast’s Regional Business Partner (RBP) in December 2015, entering into a new 5 year contract for services.

The RBP Programme is a key Government service administered by New Zealand Trade & Enterprise and Callaghan Innovation. The programme supports businesses to grow and innovate, providing business development and innovation advisory services for small and medium-sized enterprises (SMEs) and High Value Manufacturing and Services businesses in all 15 regions throughout New Zealand.

The Programme provides access to business and innovation support; capability vouchers and Getting Started R&D Grants; innovation advice and funding services and, an enhancement to the programme, business mentoring services in association with Business Mentors New Zealand.

In the 2016 financial year, DWC issued NZTE Capability Development Vouchers to the value of \$31,000 to businesses to access training, covering topics including sales & marketing, governance, project management, strategy, business finance and leadership. DWC actively engaged with over 140 Regional Business Partner clients, and 17 businesses utilised Business Mentor services.



## HOKITIKA AUTOMOTIVE

Hokitika Automotive is one of the many local businesses that has benefited from the Regional Business Partner programme. The business has a team of nine and has been operating in Hokitika for 10 years.

Hokitika Automotive received Capability Development vouchers through the RBP programme. Owner, Chris Rea, says the ability to attend training courses in governance, leadership and finance not only benefits his small business, but the skills have also been transferrable to other areas, including in his role as trustee on the Westland High School board.

Mr Rea says the assistance from DWC is more than just financial – the guidance and information he has received has been invaluable.

“The more people that realise what’s available to support local business, the better. The benefits show not just in the individual business but will make a difference for the wider community, and that can only be a good thing for the region.”



## Love Food Ltd

Suzi Kiely contacted DWC while she was in the process of starting her Greymouth-based catering services business and was pleased to be guided into the Business Mentoring programme.

Suzi says the mentoring programme keeps her on track with her own goals and plans, and having regular discussions with a mentor gives her the motivation to succeed. “The ability to brainstorm is part of it too - it’s difficult when you are the boss to find someone to bounce ideas off.”

DWC’s support has continued for Suzi who receives regular formal email updates about what the organisation has to offer as well as more informal catch-ups with DWC staff. “It’s great to know they are there and available to help if I need to know anything, and they are genuinely interested in my success.”



## **Networking Events**

THE 2016 financial year proved very busy for business events with over 380 participants attending events from business luncheons with the Deputy Reserve Bank Governor, Grant Spencer, business meetings with David Mahon of Mahon China Investment Management Ltd, Business Start-Up workshops in conjunction with Business Mentors New Zealand and an informal After-5 Networking event with Minister for Economic Development, Hon Steven Joyce.

## **Leadership and Governance Programme**

FIFTY West Coaster's have now been through the West Coast Leadership and Governance programme since it was launched in 2011 by DWC in partnership with Westland Milk Products. The programme aims to raise the professional governance skills of West Coast business people.

The intensive 12 month programme was developed by Westlake Governance and New Zealand Institute of Management. Covering subjects including financials, company and contract law, statutory requirements, risk management, health & safety and ethical standards, the programme gives participants the key skills to confidently participate in and contribute to any governance board. The programme has been highly successful with graduates moving into leadership and governance roles in a range of boards throughout the West Coast and New Zealand.

DWC facilitates and supports the programme, while participants are sponsored by local businesses. This year participants came from Westland Milk Products, Grey District Council, Buller District Council, Westland District Council, Martin & Co Mitre 10 Westport, Buller Holdings and Buller Electricity. A fifth programme is now underway.

## **Community Governance**

FOLLOWING on from the success of the West Coast Leadership and Governance programme, DWC developed a sister Community Governance Programme to help build governance and leadership skills at a community level.

The Programme works with community and not-for-profit organisations and individuals to improve knowledge in finance, chairing and leadership skills and how to work within constitutions and charters.

This financial year over 25 participants took part in organisation and individual sessions, including Westport Early Learning Centre and Family Start Buller-Grey receiving training with sessions tailored specifically to their organisations.

# Industry Support & Regional Development

## Putake Honey

DWC is investing to further expand an established industry for the West Coast with its entry into a joint venture with Putake Honey to develop a West Coast wholesale honey business.

This partnership aims to create employment and scale up an industry which is currently fairly small on the Coast and build a business that can tell the unique West Coast story and, in time, market and sell honey and other apicultural products worldwide.

Putake Honey brings a proven business model to the West Coast with the potential to provide 15-20 new jobs over the next three years, and it is hoped bee-keeping will become an attractive career choice for young people in the region.

## Tourism

TOURISM continues to be an important industry on the West Coast and is the region's second largest employer. At last count tourism contributed 12% of the region's employment with approximately 2,015 FTE's in all tourism related and tourism characteristic industries. Accommodation is the greatest source of employment with 33% of the total figure, followed by Cafés and Restaurants contributing 14%.

Guest nights increased 5.4% from 2015 to 1.3M in 2016. This number includes 794,377 international guest nights (a rise of 7.6% from the year before) and 529,737 domestic guest nights (2.5%) increase.

The \$248,000 funding package DWC has allocated Tourism West Coast is being used to attract domestic tourists to the region and encourage them to come more often and stay longer. This funding package announced in 2015 was in addition to the \$86,000 of annual funding DWC provides to TWC in conjunction with the 3 West Coast district councils and reiterates the level of importance the sector has across the region.

Tourism West Coast's domestic focus is already showing excellent results. The additional funding allocated to promote the Hokitika Wild Foods festival resulted in a increase of ticket sales by almost 6%, and the number of stallholders leap from 42 to 51.

Having access to additional funds to promote the Old Ghost Road Cycle and Tramping Trail proved extremely successful for Tourism West Coast, with the spend being directly attributed to the 18,000 online interactions. That was collectively achieved through promotion on Facebook and in digital media.

The fund has also been used to increase domestic promotion for Art In The Park, Agfest, the Buller Marathon and the Return of the Westland Petrel Festival.







## Digital Enablement Fund

DWC confirmed a \$1m Digital Enablement Fund during the year with a particular focus on improving access to Ultra Fast Broadband (UFB) and reducing cellular black spots for the region.

The three West Coast district councils can access this funding pool to leverage central government funding to improve UFB and cellular services across the West Coast, and they are now working with the Ministry of Business, Innovation and Enterprise (MBIE) to identify priorities and assess how the additional funds can help speed up the process.

DWC set up the Digital Enablement Fund as it recognised the increasing importance of addressing communication issues in the region, not only as a means to bolster business and industry but as a way to help improve telecommunication services in the region's more remote areas.

## Minerals West Coast

MINERALS West Coast (MWC) exists to promote and assist the region's minerals industry and DWC supports it through the funding of special projects.

MWC represents the collective interests of the West Coast minerals industry on forums and working groups progressing the development of new and existing legislation. It also assists mining companies on the Coast to come to grips with their responsibilities under new and revised mine safety regulations.

MWC has published various reports, including the West Coast Minerals Resource Assessment Report, the BERL Economics Potential Contribution of the Mining Industry to the West Coast, and Explore West Coast. It recently finalised the West Coast Minerals Strategy which aims to help reverse recent job losses by diversifying the types of minerals extracted, and by being upfront with potential investors about what the West Coast wants from its minerals extractive sector into the future

Initiated by the Mayors of the three West Coast District councils and the Chairs of the West Coast Regional Council and DWC, the strategy will identify investment into the minerals sector while setting out the expectations of what doing business in the region entails. It promotes a philosophy of "red carpet, not red tape" to assist businesses to quickly and efficiently gain the necessary consents and permits required.

## West Coast Regional Economic Development Agency

THE West Coast Regional Economic Development Agency (REDA) was set up in early 2016 as a joint initiative between DWC and the four West Coast councils. It is jointly funded by DWC and the West Coast Regional Council with the three District Councils providing in-kind resources where necessary.

Operating in conjunction with DWC and the councils, the REDA is tasked with growing the region and will implement the 11 action points and targets outlined in the 2014 Regional Economic Development Plan.

The REDA's Regional Development Manager, Kevin Stratful, has been on board since February and has been working with the tourism and education sectors. With his extensive corporate experience, Mr Stratful has a keen understanding of how to push opportunities forward and encourage a collaborative working environment for West Coast businesses and industries to become part of.

# West Coast Leading Light Business Excellence Awards

THE 2015 West Coast Leading Light Business Excellence Awards were held in May with Holcim Cement Westport Works taking out the supreme Greymouth Star Super Nova Award.

The 2016 event will be held at Shantytown on 14 October. There are five categories; Large Enterprise 25+ FTEs, Medium Enterprise 10+ FTEs, Small Enterprise under 10 FTEs, Tourism & Hospitality and Not For Profit.

As in previous years, there will also be the ACC Workplace Safety Award and DOC Environment Award which businesses can select to be considered for at the time of completing their entry.





# Community Support

DWC has continued its strong focus on Community Support, providing community groups and local councils with funding to enhance a range of community facilities and programmes.

Funding streams included:

- \$90,000 West Coast Community Trust
- \$15,000 Development West Coast Amateur Sports Trust
- \$50,000 Coastguard West Coast
- \$3m District Economic Stimulus Fund
- \$1m Digital Enablement Fund

This is in addition to our continued funding of the Major District Initiative and Extraordinary Distribution Fund.

## COASTGUARD WEST COAST

Coastguard West Coast took possession of its new rescue vessel earlier this year, in part thanks to sponsorship from DWC.

The 12-year-old Naiad rescue craft arrived from Auckland in January and is called Ivan Talley Rescue. Its \$300,000 price tag was met with the assistance of DWC's \$50,000 contribution, along with key sponsorship from Talley's, the Lion Foundation, Pub Charity and the New Zealand Community Trust.

The new vessel is powered by two Caterpillar diesels and has an operational speed of 20-22 knots.

Coastguard West Coast, based in Greymouth, is responsible for the largest length of coastline in New Zealand, from Kahurangi Point to Milford Sound. Last year Coastguard volunteers responded to 12 calls for help, bringing 18 people safely home with its former vessel, the Ivan Talley.

The Ivan Talley was purchased in 2008 but its condition had been deteriorating, leading to higher running and maintenance costs.

Spokesman for Coastguard West Coast, Doug Griffin, says it is essential that when a marine emergency happens trained Coastguard volunteers are able to respond with the right equipment.

"Having a reliable, fit-for-purpose rescue vessel that will meet the needs of our community and, in particular, our challenging marine environment is absolutely crucial. Coastguard West Coast is working hard to fund this vital project for the community and, as with any not-for-profit organisation, securing funds for these life-saving assets is challenging."







## West Coast Cycle Trails

DWC continues to be a significant financial contributor to the West Coast's two very popular cycle trails. Both the Old Ghost Road Cycle and Tramping Trail and the West Coast Wilderness Trail are near completion and fully operational. They are both part of the New Zealand Cycle Trail Nga Haerenga network and already attracting large numbers of cyclists to the region.

DWC contributed over \$1.5m to the Old Ghost Road Cycle and Tramping Trail, and \$3.25m to the West Coast Wilderness Trail.





The Great Coast Road at 9 Mile

## Major District Initiative Fund (MDI)

DWC continues to financially support significant assets and facilities throughout the West Coast through the Major District Initiative Fund (MDI). Established in 2005, this funding will continue through to 2022, being drawn down at a rate of \$400,000 per year by each of the three West Coast councils.

Organisation	\$ Approved / Available
<b>Buller</b>	
Solid Energy Centre	6,000,000
Arts and Cultural Centre	700,000
Uncommitted Funds	0
	<b>6,700,000</b>
<b>Grey</b>	
Greymouth 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	130,000
	<b>6,700,000</b>
<b>Westland</b>	
Westland i-Site	296,952
Hokitika Regent Theatre (Stage I)	340,000
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
Hari Hari Community Hall	455,000
Franz Josef Community Centre	100,000
Fox Glacier Community Centre	1,000,000
Ross Community Hall	90,000
Hokitika Westland RSA	40,000
Uncommitted Funds	3,040,918
	<b>6,700,000</b>
<b>Total Committed MDI Funding</b>	<b>\$20,100,000</b>
Unallocated and undrawn amounts are shown as a liability in Note 15.	

## Extraordinary Distribution Fund (EDF)

IN 2011 DWC provided each of the three district councils with a one-off \$2 million Extraordinary Distribution Fund (EDF). The EDF enables each district council to fund community assets and projects that will boost local economies over a 5 year period.

Funds have been allocated to diverse projects, including the Westland Recreation Centre in Greymouth, housing for medical staff in Karamea, extensions and earthquake strengthening for a Westport retirement home, cycle trails in Westland and Buller and a new swimming pool liner in Blackball.

Recipient Organisation	Project	EDF Allocation
<b>Buller District</b>		
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 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'Conor 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
Tai Poutini Polytechnic	Trades Centre Training Centre	\$54,000
Balance Unallocated		\$500
<b>Total - Buller District</b>		<b>\$2,000,000</b>
<b>Grey District</b>		
Westland Recreation 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
West Coast 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
Balance Unallocated		\$37,500
<b>Total - Grey District</b>		<b>\$2,000,000</b>
<b>Westland District</b>		
Westland Wilderness Trail Trust	Construction of cycle trail	\$2,000,000
<b>Total - Westland District</b>		<b>\$2,000,000</b>

Unallocated and undrawn amounts are shown as a liability in Note 15.





# 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 2016.

Signed for and on behalf of the Trustees and Management.

**John Sturgeon**  
Chairman  
29 August 2016

**Chris Mackenzie**  
Chief Executive  
29 August 2016

## Independent Auditor's Report

### To the readers of Development West Coast's and group's financial statements for the year ended 31 March 2016

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

#### Opinion on the financial statements

We have audited the financial statements of the Trust on pages 22 to 43, that comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statement of comprehensive revenue and expense, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Trust and group on pages 22 to 43:

- Present fairly, in all material respects, the Trust and group's:
  - Financial position as at 31 March 2016; and
  - The financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Accounting Standards Reduced Disclosure Regime.

Our audit was completed on 29 August 2016. 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, in our judgement, are likely to influence readers' 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 and group's financial statements 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 and group'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
- present fairly the Trust and group's financial position, financial performance and cash flows.

The Trustees are 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 are also responsible for the publication of the financial statements, whether in printed or electronic form.

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 External Reporting Board.

Other than the audit, we have no relationship with or interests in the Trust or any of its subsidiaries.



John Mackey  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand



# Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 31 March 2016

	Note	Consolidated		Parent	
		2016 \$000	2015 \$000	2016 \$000	2015 \$000
Finance Revenue	4	8,509	6,320	8,433	6,280
Other Revenue and Gains		628	491	372	246
<b>Total Revenue</b>		<b>9,137</b>	<b>6,811</b>	<b>8,805</b>	<b>6,526</b>
Operating Expenses	5	2,451	2,174	2,333	2,039
Share of Loss in Associate		1,804	1,178	-	-
<b>Surplus before Community Distributions and Projects</b>		<b>4,882</b>	<b>3,459</b>	<b>6,472</b>	<b>4,487</b>
Regional Development	6	1,122	865	1,122	865
Major District Initiative		282	319	282	319
Community Grants	7	4,408	459	4,408	459
<b>Surplus/(Deficit) before Impairment of Assets</b>		<b>(930)</b>	<b>1,816</b>	<b>660</b>	<b>2,844</b>
Impairment of Distribution Assets		172	425	1,383	3,963
Impairment of Other Assets		309	885	-	-
Investment Mark-to-Market (Gain)/Loss		(378)	(6,959)	(378)	(6,959)
<b>Surplus/(Deficit) for the Year before Tax</b>		<b>(1,033)</b>	<b>7,465</b>	<b>(345)</b>	<b>5,840</b>
Income Tax (Credit)/Expense	8	(30)	(14)	-	-
<b>Surplus/(Deficit) for the Year</b>		<b>(1,003)</b>	<b>7,479</b>	<b>(345)</b>	<b>5,840</b>
<b>Other Comprehensive Revenue and Expenses</b>					
Items that may be Reclassified Subsequently to Surplus and Deficit					
Net Fair Value Gain/(Loss) on Available for Sale Investments	17	52	1,370	52	1,370
Net Gain/(Loss) on Movement in Cash Flow Hedges	17	(111)	51	(111)	51
<b>Other Comprehensive Revenue and Expenses for the Year</b>		<b>(59)</b>	<b>1,421</b>	<b>(59)</b>	<b>1,421</b>
<b>Total Comprehensive Revenue and Expenses for the Year</b>		<b>(1,062)</b>	<b>8,900</b>	<b>(404)</b>	<b>7,261</b>

# Consolidated Statement of Changes in Equity

*For the year ended 31 March 2016*

	Consolidated		Parent	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Balance at 1 April</b>	<b>111,878</b>	<b>103,592</b>	<b>112,104</b>	<b>104,843</b>
Deferred Tax	-	(614)	-	-
<b>Restated Balance 1 April</b>	<b>111,878</b>	<b>102,978</b>	<b>112,104</b>	<b>104,843</b>
Surplus/(Deficit) for the Year	(1,003)	7,479	(345)	5,840
Other Comprehensive Revenue for the Year	(59)	1,421	(59)	1,421
<b>Total Comprehensive Revenue and Expenses for the Year</b>	<b>(1,062)</b>	<b>8,900</b>	<b>(404)</b>	<b>7,261</b>
<b>Balance at 31 March</b>	<b>110,816</b>	<b>111,878</b>	<b>111,700</b>	<b>112,104</b>

# Consolidated Statement of Financial Position

As at 31 March 2016

	Note	Consolidated		Parent	
		2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents		1,715	3,002	1,565	2,880
Term Deposits		13,917	10,463	13,917	10,463
Trade and Other Receivables	9	423	312	448	305
Derivative Financial Instruments	14	28	32	28	32
Investments	10	62,432	64,132	62,432	64,132
Loan Advances	11	1,600	1,772	1,600	1,772
Investment in Associates	11	-	648	5,225	2,584
Investment in Subsidiaries	11	-	-	4,477	3,200
<b>Total Current Assets</b>		<b>80,115</b>	<b>80,361</b>	<b>89,692</b>	<b>85,368</b>
<b>Non-Current Assets</b>					
Derivative Financial Instruments	14	227	43	227	43
Property, Plant and Equipment	12	2,112	2,236	2,112	2,236
Investment Properties	13	4,536	2,956	-	-
Term Deposits		-	2,200	-	2,200
Investments	10	29,816	34,279	29,816	34,279
Loan Advances	11	5,437	2,155	5,437	2,155
Investment in Associates	11	4,770	2,457	-	-
Other Non-Current Assets		21	21	20	20
<b>Total Non-Current Assets</b>		<b>46,919</b>	<b>46,347</b>	<b>37,612</b>	<b>40,933</b>
<b>TOTAL ASSETS</b>		<b>127,034</b>	<b>126,708</b>	<b>127,304</b>	<b>126,301</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Derivative Financial Instruments	14	-	204	-	204
Trade and Other Payables	15	10,422	7,949	10,378	7,916
<b>Total Current Liabilities</b>		<b>10,422</b>	<b>8,153</b>	<b>10,378</b>	<b>8,120</b>
<b>Non-Current Liabilities</b>					
Derivative Financial Instruments	14	64	-	64	-
Deferred Tax Liability	8	570	600	-	-
Trade and Other Payables	15	5,162	6,077	5,162	6,077
<b>Total Non-Current Liabilities</b>		<b>5,796</b>	<b>6,677</b>	<b>5,226</b>	<b>6,077</b>
<b>TOTAL LIABILITIES</b>		<b>16,218</b>	<b>14,830</b>	<b>15,604</b>	<b>14,197</b>
<b>NET ASSETS</b>		<b>110,816</b>	<b>111,878</b>	<b>111,700</b>	<b>112,104</b>
<b>EQUITY</b>					
Restricted Capital	16	79,514	79,514	79,514	79,514
Reserves	17	31,302	32,364	32,186	32,590
<b>TOTAL EQUITY</b>		<b>110,816</b>	<b>111,878</b>	<b>111,700</b>	<b>112,104</b>



# Consolidated Statement of Cashflows

For the year ended 31 March 2016

	Note	Consolidated		Parent	
		2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Cash Flows from Operating Activities</b>					
Cash was provided from:					
Finance Revenue		4,472	7,356	4,365	6,014
Other Revenue		628	490	372	246
Cash was disbursed to:					
Payments to Suppliers, Trustees and Employees		(2,235)	(2,715)	(2,179)	(2,617)
Community Distributions and Projects		(3,999)	(2,809)	(3,999)	(2,809)
<b>Net Cash Flows from/(used in) Operating Activities</b>		<b>(1,134)</b>	<b>2,322</b>	<b>(1,441)</b>	<b>834</b>
<b>Cash Flows from Investing Activities</b>					
Cash was provided from:					
Proceeds from Sale of PPE and Investment Properties		322	25	59	25
Proceeds on Disposal of Investments		15,274	14,608	15,274	14,608
Term Deposit Maturities		28,700	27,850	28,700	27,850
Distribution Asset Repayments		2,140	1,065	2,485	3,292
Cash was disbursed to:					
Purchase of PPE and Investment Properties		(2,357)	(1,275)	(154)	(1,275)
Purchase of Investments		(5,669)	(14,456)	(5,669)	(14,088)
Term Deposit Investments		(29,954)	(31,870)	(29,953)	(31,870)
Distribution Asset Lending		(8,609)	(1,930)	(10,616)	(3,013)
<b>Net Cash Flows from/(used in) Investing Activities</b>		<b>(153)</b>	<b>(5,983)</b>	<b>126</b>	<b>(4,471)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents		(1,287)	(3,661)	(1,315)	(3,637)
Cash and Cash Equivalents at Beginning of Period		3,002	6,663	2,880	6,517
<b>Cash and Cash Equivalents at End of Period</b>		<b>1,715</b>	<b>3,002</b>	<b>1,565</b>	<b>2,880</b>

# 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; or*
- b) *To generate sustainable economic benefits for the West Coast region; or*
- 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) or (b);*

*provided that any private benefit conferred to any person (other than a charity) is incidental to these overriding objects.*

## 2 Reporting Entity

The financial statements of Development West Coast (the Parent or DWC) and its subsidiaries (collectively the Group) for the year ended 31 March 2016 were authorised for issue by Trustees on 29 August 2016.

## 3 Summary of Significant Accounting Policies

### 3.1 Basis of Preparation

The financial statements have been prepared in accordance with the Charities Act 2005 which requires compliance with generally accepted accounting practice in New Zealand.

DWC and Group are public benefit entities (PBE) for the purpose of financial reporting. The financial statements of the Parent and Group comply with PBE Standards.

The financial statements of DWC and Group have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied. DWC and Group are eligible to report in accordance with Tier 2 PBE Standards because they do not have public accountability and they are not large.

The financial statements have also been prepared on an historical cost basis, except for derivative financial instruments, held for trading investments, available-for-sale investments, and farm 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.

### 3.2 Effect of First Time Adoption of PBE Standards

This is the first set of financial statements of DWC and Group that is presented in accordance with PBE Standards. DWC and Group have previously reported in accordance with NZ IFRS PBE and qualified for differential reporting concessions.

The accounting policies adopted in these financial statements are consistent with those the previous financial year, except for instances when the accounting or reporting requirements of a PBE Standard are different to requirements under NZ IFRS PBE and except where DWC and Group had previously applied differential reporting concessions, as outlined below.

The changes to accounting policies and disclosures caused by first time application of PBE Standards have been in the Group only and are as follows:

- *A deferred tax liability of \$614,000 has arisen due to non-depreciable buildings. This adjustment was to recognise a deferred tax liability and to adjust Retained Earnings. This liability did not have to be disclosed under NZ IFRS PBE Differential Reporting.*
- *Investment properties have been transferred from PPE to their own category. The amount transferred as at the transition date was \$3,004,000. The Group has chosen to adopt the cost model so there is no effect on the Group's total assets by this transfer.*

### 3.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of DWC 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 the Group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent.

In preparing the consolidated financial statements, all intercompany balances and transactions, revenue 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 the Parent are accounted for at cost less an allowance for impairment in the separate financial statements of DWC.

### 3.4 Business Combinations

The acquisition method of accounting is used to account for all business combinations. Cost of an acquisition is measured as the aggregate of the consideration transferred (measured at acquisition date fair value) and the amount of any non-controlling interests in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

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's separate financial statements. 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 an 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 surplus or deficit, and its share of post-acquisition movements in Other Comprehensive Revenue and Expense is recognised in other comprehensive revenue. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the Parent's surplus or deficit as a component of other revenue.

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) 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 Financial Instruments

All financial instruments are initially recognised at the fair value of the consideration received or paid less, in the case of financial assets and liabilities not recorded at fair value through surplus or deficit, directly attributable transaction costs. Subsequently DWC and Group apply the following accounting policies for financial instruments:

a) *Cash and Cash Equivalents*

*Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand.*

b) *Financial Assets at Fair Value through Surplus or Deficit*

*Financial assets at fair value through surplus or deficit consist of held for trading financial assets. These assets are part of a portfolio managed in accordance with DWC's Trust Deed and investment policies.*

*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). Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. DWC and Group use derivative financial instruments, such as currency option contracts, to economically hedge their risks associated with foreign currency fluctuations.*

*Held for trading financial assets are carried on the Statement of Financial Position at fair value with any gains or losses arising from changes in the fair value, except for those that qualify as cash flow hedges, taken directly to the surplus or deficit.*

*The fair values of currency option contracts are calculated by reference to current exchange rates for option contracts with similar maturity profiles.*

c) *Loans and Receivables*

*Loans and receivables, including trade and other receivables, advances and investment in subsidiaries classified as Distribution Assets under DWC's Deed, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After the initial recognition, such assets are carried at amortised cost using the effective interest method less impairment.*

*Collectability of trade receivables is reviewed on an on-going basis at an operating unit level. Individual debts that are known to be uncollectable 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.*

*Gains and losses on de-recognition or impairment of loans and receivables are recognised in the surplus or deficit. Loan and receivables are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.*

d) *Available-for-Sale Securities*

*Available-for-sale investments are those non-derivative financial assets, principally private equity, term deposits 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 in Other Comprehensive Revenue and Expense and accumulated in the Net Unrealised Gains reserve in 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 surplus or deficit.*

*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.*

e) *Financial Liabilities at Amortised Cost*

*Financial liabilities at amortised cost consist of 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 DWC and Group prior to the end of the financial year that are unpaid and arise when they become 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.*



### 3.8 Distribution Assets

A Distribution Asset is an advance or equity investment made by DWC in meeting the objects of its Trust Deed. These investments are made in West Coast Enterprises as defined in the Deed.

In meeting its objects DWC is able to utilise distribution funds to purchase assets or issue advances. These assets are classified investments in subsidiaries, investments in associates or advances according to the relevant accounting standard and DWC's accounting policies.

a) *Quality of Distribution Assets*

*The underlying sustainable development theme of the Trust Deed requires DWC to look at projects with higher risk profiles. While DWC 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, DWC looks to achieve the greatest possible security cover. However, in line with the development nature of DWC, it 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.*

### 3.9 Property, Plant and Equipment (PPE)

Items of PPE (except for farm land and buildings) are stated at cost less accumulated depreciation and any accumulated impairment losses. Farm land and buildings are considered as a separate asset class and measured at fair value, less accumulated depreciation on buildings. Fair value of farm land and buildings is their market value as determined by a registered valuer. A revaluation surplus is recorded in Other Comprehensive Revenue and Expense and credited to the Revaluation Reserve in equity. However, to the extent that it reverses a revaluation deficit of the same class of asset previously recognised in surplus or deficit, the increase is recognised in surplus or deficit. A revaluation deficit is recognised in the surplus or deficit, except to the extent that it offsets an existing surplus on the same asset class recognised in the Revaluation Reserve.

Depreciation on PPE 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

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate at each financial year end.

#### *De-Recognition*

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in surplus or deficit.

### 3.10 Investment Properties

Investment Properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day maintenance of an investment property.

Subsequent to initial recognition, Investment Properties are carried at cost less accumulated depreciation and impairment.

Depreciation on Investment Properties is calculated over their estimated useful life as follows:

Asset	Basis	Rate
Land		Not Depreciated
Land Improvements	Diminished Balance	4-10%
Buildings	Straight Line	2%

The residual values, useful lives and methods of depreciation of Investment Property are reviewed at each financial year end and adjusted, if appropriate.

#### De-Recognition

Investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Comprehensive Revenue & Expense when the asset is de-recognised.

### 3.11 Impairment of Non-Financial Assets

#### a) Quality of Distribution Assets

*For the purpose of assessing impairment indicators and impairment testing, DWC and Group classifies non-financial assets as either cash-generating or non-cash-generating assets. DWC and Group classifies a non-financial asset as a cash-generating asset if the primary objective of the asset is to generate commercial return. All other assets are classified as non-cash-generating assets.*

*Land and buildings held by DWC are classified as non-cash-generating assets.*

*All PPE held by the Group's subsidiaries and associates are classified as cash-generating assets, as these entities are for-profit entities and the primary objective of these assets is to generate commercial return.*

#### b) Impairment of Cash-Generating Assets

*Non-financial cash-generating assets, except for those that are measured using the revaluation model, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.*

*DWC and Group conduct 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. The value in use calculation is based on the discount cashflow method. 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.*

#### c) Impairment of Non-Cash-Generating Assets

*Non-financial non-cash-generating assets, except for those that are measured using the revaluation model, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.*

*DWC and Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable service amount is calculated.*

*An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. Recoverable service amount is the higher of an asset's fair value less costs to sell and value in use. The value in use calculation is based on the discount cashflow method. 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 that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.*

### 3.12 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.

### 3.13 Revenue Recognition – Exchange Transactions

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

a) *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 revenue 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.*

b) *Dividends*

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

### 3.14 Grant Expenditure

Grant Expenditure is recognised as an expense when DWC considers it has a commitment to the grant. This commitment is usually recognised when the amount and conditions on the grant are communicated to the recipient.

### 3.15 Income Tax and Other Taxes

a) *Income Taxes*

*DWC is registered with the Charities Services as a Charitable Trust and is therefore exempt from income tax.*

*In respect of Group's subsidiary companies, income tax expense recognised in surplus or deficit comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Revenue and Expense or directly in equity.*

*Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities.*

*Deferred tax is provided on all temporary differences between the tax bases of assets and liabilities and their carrying amounts. However, deferred tax is not recognised on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.*

*Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.*

*The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the deferred tax asset to be utilised.*

*Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.*

b) *Other Taxes*

DWC is a "registered person" in terms of the Goods and Services Act 1985. DWC 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 Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

### 3.16 Changes in Accounting Standards

The accounting policies adopted are consistent with those of the previous year except, as noted above, for the conversion to PBE Standards.

## 4 Finance Revenue

	Consolidated		Parent	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Interest on Distribution Assets	282	123	282	127
Administration Fees raised on Distribution Assets	10	8	10	8
Interest on Term Deposits	630	568	630	568
Interest on Available for Sale Investments	2,250	2,383	2,250	2,383
Interest Concessions	201	131	201	131
Interest – Other	76	44	-	-
Dividends on Available for Sale Investments	87	358	87	358
Dividends on Held for Trading Investments	1,529	1,608	1,529	1,608
Net Realised Gains/(Losses) on Disposal of Available for Sale Investments Reclassified from Unrealised Gains Reserve	1,390	521	1,390	521
Net Realised Gains/(Losses) on Held for Trading Derivatives	20	-	20	-
Net Realised Gains/(Losses) on Held for Trading Investments	2,034	576	2,034	576
<b>Total Finance Revenue</b>	<b>8,509</b>	<b>6,320</b>	<b>8,433</b>	<b>6,280</b>



## 5 Operating Expenses

	Consolidated		Parent	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Administration Expenses	1,006	1,039	1,002	1,034
Advisory Body Fees	70	70	70	70
Advisory Body Expenses	8	8	8	8
Auditor's Remuneration	97	102	77	83
Depreciation & Amortisation	116	117	66	69
Equipment Lease Payments	3	3	2	3
External Consultancy Expenses	126	43	110	41
Finance Costs	2	2	2	2
Information & Communication Technology	33	31	33	31
Insurance & Risk Management	75	74	51	46
Investment Advisory Expenses	242	242	242	242
Legal Fees	127	76	124	73
Loss/(Gain) on Sale of Assets	153	(13)	153	(13)
Licenses	-	30	-	-
Marketing & Promotion	38	33	38	33
Occupancy	132	100	132	100
Recruitment Costs	8	1	8	1
Trustees' Remuneration	176	176	176	176
Trustees' Expenses	39	40	39	40
<b>Total Operating Expenses</b>	<b>2,451</b>	<b>2,174</b>	<b>2,333</b>	<b>2,039</b>

## 6 Regional Development

	Consolidated		Parent	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Interest Concessions	201	131	201	131
Regional Partnership Network	69	71	69	71
Tourism West Coast	86	86	86	86
Business Development Unit	766	577	766	577
<b>Total Community Distributions &amp; Projects</b>	<b>1,122</b>	<b>865</b>	<b>1,122</b>	<b>865</b>

## 7 Community Grants

Project or Recipient	2016 \$
Coastguard West Coast	50,000
Development West Coast Amateur Sports Trust	15,000
Digital Enablement Fund	1,000,000
District Economic Stimulus Fund	3,000,000
Other	4,700
Tourism West Coast	248,000
West Coast Community Trust	90,000
<b>Total Community Grants</b>	<b>4,407,700</b>

## 8 Income Tax

### 8.1 Income Tax Expense

	Consolidated	
	2016 \$000	2015 \$000
<b>Income Tax Expense</b>		
Current Income Tax Charges	75	60
Utilisation of Previously Unrecognised Tax Losses	(75)	(60)
<b>Deferred Tax</b>		
Origination and Reversal of Temporary Differences	(30)	(14)
<b>Income Tax (Credit)/Expense Reported in Surplus or Deficit</b>	<b>(30)</b>	<b>(14)</b>
<b>Reconciliation of Tax Expense</b>		
Accounting Surplus/(Deficit) Before Tax	(1,033)	7,465
At the Statutory Income Tax Rate of 28%	(289)	2,090
Adjustments in Respect of Parent (Surplus)/Deficit not Taxable	(145)	(2,479)
Adjustments in Respect of Permanent Tax differences	495	431
Adjustments in Respect of Temporary Tax Differences	14	18
Tax Losses not Recognised	(75)	(60)
<b>Deferred Tax</b>		
Origination and Reversal of Temporary Differences Relating to Non Depreciable Buildings	(30)	(14)
<b>Income Tax (Credit)/Expense Reported in Surplus or Deficit</b>	<b>(30)</b>	<b>(14)</b>

### 8.2 Deferred Tax

	Consolidated	
	2016 \$000	2015 \$000
Non Depreciable Buildings	(573)	(603)
Audit Accruals	3	3
<b>Deferred Tax (Liabilities)/Assets</b>	<b>(570)</b>	<b>(600)</b>
<b>Reconciliation of Deferred Tax (Liabilities)/Assets</b>		
Opening Balance as at 1 April	(600)	(614)
Tax Credit/(Expense) During the Year Recognised in Surplus or Deficit	30	14
Tax Credit/(Expense) During the Year Recognised in Other Comprehensive Revenue	-	-
<b>Closing Balance as at 31 March</b>	<b>(570)</b>	<b>(600)</b>

### 8.3 Tax Losses

No asset has been recognised in respect of the taxation losses held by the Group. At 31 March 2016 these totalled \$10,402,659 (2015: \$10,612,991).

## 9 Trade and Other Receivables

	Consolidated		Parent	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Trade Receivables	20	40	61	40
GST Refund Receivable	15	23	14	32
Prepayments	28	29	13	14
Sundry Receivables	360	220	360	219
<b>Carrying Amount of Trade and Other Receivables</b>	<b>423</b>	<b>312</b>	<b>448</b>	<b>305</b>

## 10 Investments

	Consolidated		Parent	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Available for Sale Investments	46,728	46,784	46,728	46,784
Held for Trading Investments	45,520	51,627	45,520	51,627
<b>Total Investments</b>	<b>92,248</b>	<b>98,411</b>	<b>92,248</b>	<b>98,411</b>
Current Assets	62,432	64,132	62,432	64,132
Non-Current Assets	29,816	34,279	29,816	34,279
<b>Total Assets</b>	<b>92,248</b>	<b>98,411</b>	<b>92,248</b>	<b>98,411</b>

## 11 Distribution Assets

The distribution assets can be further analysed as follows:

Class	Consolidated		Parent	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Advances to Other Parties	7,037	3,927	7,037	3,927
Investments in Subsidiaries	-	-	4,477	3,200
Investments in Associates	4,770	3,105	5,225	2,584
<b>Total</b>	<b>11,807</b>	<b>7,032</b>	<b>16,739</b>	<b>9,711</b>

### 11.1 Related Party Distribution Assets

Class	Parent	
	2016 \$000	2015 \$000
Distribution Assets Invested in Subsidiaries and Associates	25,749	20,617
Provision for Impairment Relating to Distribution Assets Invested in Subsidiaries and Associates	16,045	14,833
Write-Off of Distribution Assets Outstanding from Subsidiaries of DWC	-	-

## 12 Property, Plant and Equipment

	Consolidated				Parent			
	Motor Vehicles \$'000	Other Property, Plant and Equipment \$'000	Land & Buildings \$'000	Total \$'000	Motor Vehicles \$'000	Other Property, Plant and Equipment \$'000	Land & Buildings \$'000	Total \$'000
<b>At Cost or Valuation</b>								
<b>Balance at 1 April 2014</b>	<b>198</b>	<b>690</b>	<b>913</b>	<b>1,801</b>	<b>198</b>	<b>437</b>	<b>910</b>	<b>1,545</b>
Additions	70	7	1,197	1,274	70	7	1,197	1,274
Disposals	(76)	(253)	(3)	(332)	(76)	-	-	(76)
<b>Balance at 31 March 2015</b>	<b>192</b>	<b>444</b>	<b>2,107</b>	<b>2,743</b>	<b>192</b>	<b>444</b>	<b>2,107</b>	<b>2,743</b>
<b>Balance at 1 April 2015</b>	<b>192</b>	<b>444</b>	<b>2,107</b>	<b>2,743</b>	<b>192</b>	<b>444</b>	<b>2,107</b>	<b>2,743</b>
Additions	79	21	29	129	79	21	29	129
Disposals	(86)	(178)	(159)	(423)	(86)	(178)	(159)	(423)
<b>Balance at 31 March 2016</b>	<b>185</b>	<b>287</b>	<b>1,977</b>	<b>2,449</b>	<b>185</b>	<b>287</b>	<b>1,977</b>	<b>2,449</b>
<b>Depreciation and Impairment Losses</b>								
<b>Balance at 1 April 2014</b>	<b>124</b>	<b>593</b>	<b>42</b>	<b>759</b>	<b>124</b>	<b>340</b>	<b>39</b>	<b>503</b>
Depreciation Charge for the Year	34	27	8	69	34	27	8	69
Disposals	(65)	(253)	(3)	(321)	(65)	-	-	(65)
<b>Balance at 31 March 2015</b>	<b>93</b>	<b>367</b>	<b>47</b>	<b>507</b>	<b>93</b>	<b>367</b>	<b>47</b>	<b>507</b>
<b>Balance at 1 April 2015</b>	<b>93</b>	<b>367</b>	<b>47</b>	<b>507</b>	<b>93</b>	<b>367</b>	<b>47</b>	<b>507</b>
Depreciation Charge for the Year	38	20	8	66	38	20	8	66
Disposals	(72)	(164)	-	(236)	(72)	(164)	-	(236)
<b>Balance at 31 March 2016</b>	<b>59</b>	<b>223</b>	<b>55</b>	<b>337</b>	<b>59</b>	<b>223</b>	<b>55</b>	<b>337</b>
<b>Net Carrying Amount</b>								
At 1 April 2014	74	97	871	1,042	74	97	871	1,042
At 31 March 2015	99	77	2,060	2,236	99	77	2,060	2,236
At 31 March 2016	126	64	1,922	2,112	126	64	1,922	2,112



### 13 Investment Properties

	Land \$000	Land Improvements \$000	Buildings \$000	Total \$000
<b>At Cost or Valuation</b>				
<b>Balance at 1 April 2014</b>	<b>800</b>	-	<b>2,400</b>	<b>3,200</b>
Additions	-	-	-	-
Disposals	-	-	-	-
<b>Balance at 31 March 2015</b>	<b>800</b>	-	<b>2,400</b>	<b>3,200</b>
<b>Balance at 1 April 2015</b>	<b>800</b>	-	<b>2,400</b>	<b>3,200</b>
Additions	2,054	148	-	2,202
Disposals	(262)	-	-	(262)
Impairment	(250)	-	(59)	(309)
<b>Balance at 31 March 2016</b>	<b>2,342</b>	<b>148</b>	<b>2,341</b>	<b>4,831</b>
<b>Depreciation and Impairment Losses</b>				
<b>Balance at 1 April 2014</b>	-	-	<b>196</b>	<b>196</b>
Depreciation Charge for the Year	-	-	48	48
Disposals	-	-	-	-
<b>Balance at 31 March 2015</b>	-	-	<b>244</b>	<b>244</b>
<b>Balance at 1 April 2015</b>	-	-	-	-
Depreciation Charge for the Year	-	3	48	51
Disposals	-	-	-	-
Transfer in from Property Plant and Equipment	-	-	244	244
<b>Balance at 31 March 2016</b>	-	<b>3</b>	<b>292</b>	<b>295</b>
<b>Net Carrying Amount</b>				
At 1 April 2014	800	-	2,204	3,004
At 31 March 2015	800	-	2,156	2,956
At 31 March 2016	2,342	145	2,049	4,536

### 14 Derivative Financial Instruments

	Consolidated		Parent	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Current Asset/(Liability)</b>				
Currency Option Contracts – Held for Trading	-	(204)	-	(204)
Interest Rate Swap Contracts – Cash Flow Hedge	28	32	28	32
	<b>28</b>	<b>(172)</b>	<b>28</b>	<b>(172)</b>
<b>Non-Current Asset/(Liability)</b>				
Currency Option Contracts – Held for Trading	227	-	227	-
Interest Rate Swap Contracts – Cash Flow Hedge	(64)	43	(64)	43
	<b>163</b>	<b>43</b>	<b>163</b>	<b>43</b>
<b>Total Derivative Financial Instruments</b>	<b>191</b>	<b>(129)</b>	<b>191</b>	<b>(129)</b>

#### 14.1 Instruments Used by the Group

a) *Currency Option Contracts – Held for Trading*

DWC 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.

b) *Interest Rate Swap Contracts – Cash Flow Hedges*

DWC has entered into a variety of interest rate swap contracts. The contracts entered into satisfy the requirements for hedge accounting.

The swaps in place total \$7.0 million (2015 \$3.0 million). The effective fixed rate locked in on the receive swap is 6.62% (2015 6.62%) and the effective fixed rate locked in on the pay swaps taken out in 2015-16 is 5.04%.

### 15 Trade and Other Payables

	Consolidated		Parent	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Trade Payables	505	532	503	532
Employee Entitlements	34	49	34	49
Sundry Creditors	15,045	13,445	15,003	13,412
<b>Carrying Amount of Trade and Other Payables</b>	<b>15,584</b>	<b>14,026</b>	<b>15,540</b>	<b>13,993</b>
Current Liabilities	10,422	7,949	10,378	7,916
Non-Current Liabilities	5,162	6,077	5,162	6,077
<b>Carrying Amount of Trade and Other Payables</b>	<b>15,584</b>	<b>14,026</b>	<b>15,540</b>	<b>13,993</b>

#### 15.1 Sundry Creditors Analysis

	Consolidated		Parent	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Sundry Creditors	136	149	94	116
Major Regional Initiative	157	207	157	207
Major District Initiative	7,985	9,043	7,985	9,043
Extraordinary Distribution Fund (Note 15.2)	1,407	2,535	1,407	2,535
District Economic Stimulus Fund (Note 15.3)	3,000	-	3,000	-
Digital Enablement Fund (Note 15.4)	1,000	-	1,000	-
Other Community Grants	1,360	1,511	1,360	1,511
<b>Total Sundry Creditors</b>	<b>15,045</b>	<b>13,445</b>	<b>15,003</b>	<b>13,412</b>

### 15.2 *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 DWC, 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 to each) in order to fund the undertaking of community projects which are within the Objects. As all undrawn funds have been allocated to approved projects, the EDF is classified as a current liability.

### 15.3 *District Economic Stimulus Fund (DESF)*

During the year, in light of the economic challenges facing the West Coast, Trustees granted \$1m to each district in the region to stimulate business development and growth. The funding will be provided to each of the district councils who will administer the funds of behalf of their districts. The DESF is to be applied in such a way so as to leverage additional funding from other funding sources.

### 15.4 *Digital Enablement Fund*

During the year, the Trustees granted \$1m to the region's Digital Enablement Plan. The Plan has been developed to leverage designated funding from Central Government and other providers to enable the delivery of faster broadband services and improved mobile phone coverage in the region.

## 16 **Restricted Capital**

### 16.1 *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.*

<b>Movement in Restricted Capital</b>	<b>\$000</b>
<b>At 1 April 2014</b>	<b>79,514</b>
Transfers to Distribution Fund	-
<b>At 1 April 2015</b>	<b>79,514</b>
Transfers to Distribution Fund	-
<b>At 31 March 2016</b>	<b>79,514</b>

The Parent and Group are not subject to any other externally imposed capital requirements.

## 17 Reserves

### 17.1 Movements in Reserves

	Consolidated					Parent				
	Distribution Fund \$000	Net Unrealised Gains Reserve \$000	Cash Flow Hedge Reserve \$000	Revaluation Reserve \$000	Total Reserves \$000	Distribution Fund \$000	Net Unrealised Gains Reserve \$000	Cash Flow Hedge Reserve \$000	Total \$000	
<b>Consolidated</b>										
<b>At 31 March 2014</b>	<b>23,540</b>	<b>114</b>	<b>24</b>	<b>400</b>	<b>24,078</b>					
Deferred Tax	(614)				(614)					
<b>As at 31 March 2014</b>	<b>22,926</b>	<b>114</b>	<b>24</b>	<b>400</b>	<b>23,464</b>	<b>25,191</b>	<b>114</b>	<b>24</b>	<b>25,329</b>	
Net Fair Value Gains on Available-for-Sale Investments		1,891			1,891		1,891		1,891	
Reclassification to Finance Revenue on Disposal of Investment		(521)			(521)		(521)		(521)	
Net Gains/(Losses) on Movement in Cash Flow Hedges			51		51			51	51	
Share of Gain/(Loss) on Revaluation of PPE of Associates										
Net Surplus/(Deficit) for the Year	7,479				7,479	5,840			5,840	
<b>At 31 March 2015</b>	<b>30,405</b>	<b>1,484</b>	<b>75</b>	<b>400</b>	<b>32,364</b>	<b>31,031</b>	<b>1,484</b>	<b>75</b>	<b>32,590</b>	
Net Fair Value Gains on Available-for-Sale Investments		1,442			1,442		1,442		1,442	
Reclassification to Finance Revenue on Disposal of Investment		(1,390)			(1,390)		(1,390)		(1,390)	
Net Gains/(Losses) on Movement in Cash Flow Hedges			(111)		(111)			(111)	(111)	
Share of Gain/(Loss) on Revaluation of PPE of Associates										
Net Surplus/(Deficit) for the Year	(1,003)				(1,003)	(345)			(345)	
<b>At 31 March 2016</b>	<b>29,402</b>	<b>1,536</b>	<b>(36)</b>	<b>400</b>	<b>31,302</b>	<b>30,686</b>	<b>1,536</b>	<b>(36)</b>	<b>32,186</b>	

### 17.2 Nature and Purpose of Reserves

- Net Unrealised Gains Reserve*  
This reserve records movements in the fair value of available-for-sale financial assets.
- 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.
- Distribution Fund Reserve*  
This reserve is the revenue and the amount of Restricted Capital available for distribution, in accordance with Clause 11 of the Trust Deed.
- Asset Revaluation Reserve*  
This represents the Group's share of the Asset Revaluation Reserve recognised by its associate.



## 18 Related Party Disclosure

### 18.1 Subsidiaries

The consolidated financial statements include the financial statements of DWC and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest	
		2016	2015
Forever Beech Limited	New Zealand	100	100
West Coast Development Holdings Limited	New Zealand	100	100
The 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

### 18.2 Associates

a) *Cranley Farms Limited*

*In May 2011 West Coast Development Holdings Limited invested \$4,351,523 in shares 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 Group's balance date, the Cranley Farms Limited's accounts for 31 May 2016 have been used to apply the equity method of accounting for the investment.*

b) *Bold Head Farm Limited*

*In June 2014 West Coast Development Holdings Limited invested \$933,248 in shares in Bold Head Farm Limited. Due to this investment the Group owns 27.3% of Bold Head Farm Limited and Bold Head Farm Limited is classed as an associate of the Group. Bold Head Farm Limited has a balance date of 31 May. As this date is within 3 months of Group's balance date Bold Head Farm Limited's accounts for 31 May 2016 have been used to apply the equity method of accounting for the investment.*

c) *Other Associates*

*DWC 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 DWC. The member appointed has 20% of the voting rights to this entity.*

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

d) *Putake West Coast Limited Partner*

*In 2015 West Coast Development Holdings Limited invested \$500,000 in Putake West Coast LP, a joint venture with Putake LP. Putake West Coast LP is a commercial and sustainable bee keeping and honey producing business. Due to this investment the Group owns 50% of Putake West Coast LP and the investment is a joint venture of the Group.*

### 18.3 Transactions with Related Parties

	Consolidated		Parent	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Group Subsidiaries</b>				
West Coast Development Holdings Limited				
Amounts Owed *	-	-	20,677	15,545
Advances	-	-	5,477	1,083
Repayments	-	-	(345)	(2,227)
Forever Beech Limited				
Equity Contribution from DWC	-	-	3,700	3,700
Amounts Owed**	-	-	1,372	1,372
<b>Group Associates</b>				
Cranley Farms Limited				
Equity Contribution from the Group	4,352	5,000	-	-
Amounts Owed*	3,383	151	-	-
Advances	3,168	150	-	-
Repayments	-	(720)	-	-
Interest Raised by Group	64	4	-	-
Bold Head Farm Limited				
Equity Contribution from the Group	933	933	-	-
Putake West Coast LP				
Equity Contribution from DWC	500	-	-	-
Amounts Owed*	388	-	-	-
Advances	385	-	-	-
Repayments	(10)	-	-	-
Interest Raised by Group	13	-	-	-

\* Interest is payable on this amount at rates of between 0% and 8% p.a.

\*\* Interest has ceased to be charged on this debt

DWC provides accounting and other services to Forever Beech Limited, The 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 DWC by a subsidiary were forgiven during the year (2015 \$nil).

### 18.4 Compensation of Key Management Personnel

Key management personnel of DWC and Group are the 7 Trustees on the Board of Trustees and the Chief Executive Officer. The total remuneration for key management personnel is:

	2016 \$000	2015 \$000
Board of Trustees	176	176
Chief Executive Officer	290	250
<b>Total Remuneration</b>	<b>466</b>	<b>426</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2015: nil).

DWC did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2015: nil).

DWC did not provide any loans to key management personnel or their close family members.

## 19 Commitments

	Parent	
	2016 \$000	2015 \$000
Future Distributions		
Approved Funding either under consideration by Client or Undrawn against accepted facilities	2,233	3,838
Alternative Assets		
Capital Contributions for Investments in Private Equity Funds – commitment if fully called	5,578	4,510

## 20 Contingencies

The Group had no contingent assets or liabilities at 31 March 2016 (2015 nil).

## 21 Enquiries and Applications

For the financial year ending 31 March 2016, DWC received 56 client enquiries. The following table lists the quantum of applications received, and applications approved or under consideration at balance date.

Application Summary 2015-16	Quantity	Value \$000
Total Applications Received	24	10,802
Prior Year's Applications Under Consideration Brought Forward	1	5,400
Trustee Approved	17	14,382
CEO Approved under Delegated Authority	3	90
Offers under Consideration by Applicants	-	-
Applications Withdrawn	5	4,500

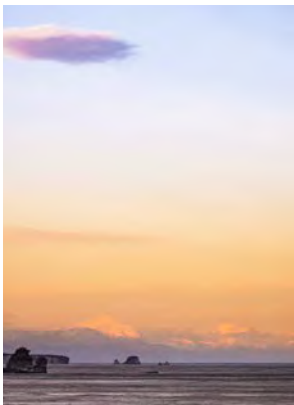
## 22 Events after Balance Date

Subsequent to balance date, in response to the ongoing difficulties in the dairy industry, Trustees resolved to restructure the Group's investments in associated companies Cranley Farms Limited and Bold Head Farm Limited. The Group will increase its investment in Cranley Farms Limited and this company will become a subsidiary of the Group. The Group will also increase its investment in Bold Head Farm Limited. This Company will remain an associate investment of the Group.









1st Floor, Brunner House, 54 Tainui Street, PO BOX 451, Greymouth, New Zealand  
**Phone** (03) 769 7000 **Fax** (03) 768 0150 **Freephone** 0800 768 0140  
**Email** [info@dwc.org.nz](mailto:info@dwc.org.nz) **Web** [www.dwc.org.nz](http://www.dwc.org.nz)

## COVER PHOTO

---

LOOKING SOUTH FROM THE GREAT COAST ROAD TO AORAKI / MT. COOK AT DAWN.

Photo: Jason Blair | [katabatic.co.nz](http://katabatic.co.nz)