




DEVELOPMENT
WEST COAST

Te Ohu Whakawhanake o Te Tai Poutini

Group
Annual
Report
2017





Regional Investment 2001 - 2017

FINANCIAL OVERVIEW

Net Profit

\$23.2m

Total Equity

\$117.7m

Total Assets

\$129.2m

Operating Expenses

\$36.9m

Income

\$137.0m

COMMERCIAL DISTRIBUTIONS

295 Applications RECEIVED

\$291.0m

191 Distributions APPROVED

\$122.0m

137 Distributions MADE

\$84.4m



COMMUNITY DISTRIBUTIONS & PROJECTS

Extraordinary Distribution Fund

\$6.0m

A ONE OFF DISTRIBUTION OF \$2M TO EACH OF THE THREE DISTRICT COUNCILS FOR COMMUNITY ASSETS

Cycleway Funding

\$1.5m

TWO GRANTS OF \$750K TO THE WESTLAND WILDERNESS TRAIL AND THE OLD GHOST ROAD

Major District Initiative

\$20.1m

\$6.7M COMMITMENT TO EACH OF THE 3 DISTRICTS TO DEVELOP SIGNIFICANT COMMUNITY ASSETS

District Economic Stimulus Fund

\$3.0m

A DISTRIBUTION OF \$1M TO THE 3 DISTRICTS TO STIMULATE THE LOCAL ECONOMIES THROUGH DIRECT ASSISTANCE TO BUSINESSES AND ORGANISATIONS

Tourism Major Regional Initiative

\$2.3m

DWC'S FUNDING LEVERAGED FURTHER INVESTMENT OF \$5M IN 21 DIFFERENT TOURISM RELATED PROJECTS

Digital Enablement Fund

\$1.0M

AN ALLOCATION OF \$1M WAS MADE TO LEVERAGE FURTHER GOVERNMENT FUNDING AVAILABLE TO IMPROVE TELECOMMUNICATIONS ON THE COAST

One Off Grant to Councils

\$1.5m

\$500K GRANTED TO EACH OF THE 3 DISTRICT COUNCILS FOR INVESTMENT IN COMMUNITY ASSETS

Grants & Projects

\$25.0m

A SIGNIFICANT NUMBER OF REGIONAL ECONOMIC AND COMMUNITY DEVELOPMENT PROJECTS HAVE BEEN FUNDED BY DWC

Total

\$60.4m



Purpose

EMPLOYMENT OPPORTUNITIES & ECONOMIC BENEFITS

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

Vision

TO PROSPER

DWC's actions directly contribute to the success and wealth of the West Coast region.

Core Values

A LEADER IN ALL THAT WE DO

- » *Open Communicator – internal and external*
- » *Entrepreneurial Spirit – passionate, optimistic, creative, Innovative, motivational, calculated risk taker and take action/execute*
- » *Empower others*
- » *Proactive and responsive*
- » *Consistent decision making*
- » *Own our strategy – don't veer from our priorities*

STRATEGIC PRIORITIES

Priority 1: Here for the Benefit of Current and Future West Coasters

- Protect DWC's charitable status.
- Ensure DWC has the funds available to invest into the region through the maintenance of DWC's equity position in real terms.

Priority 2: Development of Business and Industry on the West Coast

- Make sound commercial distributions.
- Invest in research, development and feasibility to identify opportunities to diversify, develop and create business and industry on the West Coast.
- Build the commercial capability and leadership of West Coast businesses to empower and assist them in growing, diversifying, developing and being sustainable.
- Facilitate business networking opportunities.

Priority 3: Improve the Profile and Visibility of the West Coast

- Be a key influencer and partner in the development of the West Coast region.
- Be proactive and responsive to the West Coast's changing economic climate and the external factors affecting West Coast business and industry.

Key Numbers & Highlights 2017

	Group (Consolidated)		DWC (Parent)	
	2016-17 (\$m)	2015-16 (\$m)	2016-17 (\$m)	2015-16 (\$m)
TOTAL REVENUE (INCLUDING MARK-TO- MARKET UNREALISED GAINS/LOSSES)*	14.1	9.5	10.5	9.2
TOTAL OPERATING EXPENSES*	6.3	2.5	2.3	2.3
COMMUNITY DISTRIBUTIONS & PROJECTS	1.7	5.8	1.7	5.8
PROFIT/(LOSS)	5.6	(1.0)	5.3	(0.3)
TOTAL ASSETS	146.8	127.0	129.2	127.3
TOTAL EQUITY	118.7	110.8	117.7	111.7

* Group results now include the operation of Cranley Farms Ltd from 1 August 2016

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Directory

Trustees	Rooney, Renee	CHAIR	ELECTED – GREY DISTRICT
	Mulligan, Patrick	DEPUTY CHAIR, CHAIR - INVESTMENT COMMITTEE	INDEPENDENT - NEW ZEALAND LAW SOCIETY
	Lockington, Mark	CHAIR - FINANCE & AUDIT COMMITTEE	INDEPENDENT – CHARTERED ACCOUNTANTS AUSTRALIA & NEW ZEALAND
	Christie, Julie DNZM		COUNCIL APPOINTEE
	Little, Hugh		ELECTED – WESTLAND DISTRICT
	Oldham, Brent		ELECTED – BULLER DISTRICT
	Tumahai, Francois		TANGATA WHENUA TRUSTEE
Past Trustees	Buchanan, Robert		(TO 31 JULY 2016)
	Dooley, Frank		(TO 24 OCTOBER 2016)
	Smith, Colin		(TO 24 OCTOBER 2016)
	Sturgeon, John (Past Chair)		(TO 30 JUNE 2017)
Staff	Mackenzie, Chris	CHIEF EXECUTIVE	
	Coates, Tara	ADMINISTRATION MANAGER	
	Dawson, Mark	CHIEF FINANCIAL OFFICER	
	Gibb, Sharon	COMMERCIAL LENDING MANAGER	
	Gibbens, Alexia	ADMINISTRATION ASSISTANT	
	Gilbertson, Warren	CHIEF OPERATING OFFICER	
	Hill, Fiona	BUSINESS SERVICES MANAGER	
	Johnston, Debbie	ACCOUNTANT	
	Lunn, Belinda	EXECUTIVE MANAGER	
	Sara, Bridgette	PROJECT ADMINISTRATOR	
Wilson, Helen	RESEARCH & INNOVATION MANAGER		
Advisory Body	Rushbrook, Keith	CHAIR	
	Bestwick, Jenn		
	Steele, David		
Registered Office	1st Floor, Brunner House, 54 Tainui Street, Greymouth P O Box 451, Greymouth		
Advisors	Investment	BANCORP TREASURY SERVICES LTD JBWERE (NZ) LTD	
	Legal	BUDDLE FINDLAY DUNCAN COTTERILL HANNAN & SEDDON	
	Tax	KPMG	
Bankers	Westpac		
Auditors	Audit New Zealand	ON BEHALF OF THE CONTROLLER AND AUDITOR-GENERAL	

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Regional Economy Overview

THE West Coast's economy has been affected by commodity price fluctuations and the region's leaders are working hard to identify new opportunities. The region is exploring ways to add value to the traditional sectors and build a business environment that attracts investment and talent. Consumer confidence has improved in the last year with annual growth in the retail sector healthy at 12%.

Over the last three years GDP has declined by 4.1% and employment has decreased by over 900 jobs. Self-employed workers accounted for 19.9% of the workforce in the West Coast region in 2016, above the national rate of 18.0%. GDP per employee in the region measured \$98,444 in the year to March 2016 – 4.1% higher than the national figure.

The largest advance in GDP was seen in the tourism sector with 11% GDP growth, significantly higher than the 7% recorded nationwide. Tourism contributed \$111m towards GDP in the region in 2016 amounting to 6.8% of the West Coast region's economic output in 2016. There was an increase of \$77m in total visitor spending in the region between 2015 and 2017.

The minerals sector continues to make a major contribution to the value-added and employment figures on the West Coast and provides good incomes. Manufacturing made the largest contribution to employment growth in the region between 2015 and 2016 with the industry adding 102 jobs.

Agriculture, Forestry and Fishing provided 2,000 jobs and accounted for 12.0% of total employment in the region. By contrast, this industry accounted for 6.2% of total employment in New Zealand.

STATISTICS HAVE BEEN SOURCED FROM

West Coast Region Annual Economic Profile 2016 (Infometrics) and MBIE's tourism statistics.

Population

32,600

GDP

\$1.64 billion

Mean Annual Earnings

\$52,800

Tourism Spending

+ 12.7%

Business Units 2015 - 16

3,753



Regional Growth Study

ON 13 July 2017, the final report of the Regional Growth Study was published. The report had been commissioned by the Government into the delivery of Economic Development on the West Coast.

This report is part of the Government's Regional Growth Programme to "identify economic challenges and opportunities, and help increase jobs, income and investment for New Zealand in the regions."¹

For the West Coast, this means a variety of initiatives with the intention of "growing the West Coast visitor economy, making it easier to invest and do business, supporting economic diversification and improving connectivity and infrastructure."²

The Action Plan details the initiatives, which range from growing the digital economy and future proofing Franz Josef, to recommending the development of a Regional Economic Strategy and a single unit within DWC which will deliver economic development and the action plan.

"Development West Coast will have overall responsibility for the implementation/delivery of the projects, although responsibility for the implementation of individual initiatives will rest with the lead regional/central government entity for each initiative."³

Changes will be implemented as soon as realistically possible and the community will be kept informed of these changes.

- 1 The Regional Growth Programme MBIE and MPI
- 2 Hon Simon Bridges Media Statement 13 July 2017
- 3 West Coast Economic Development Action Plan 2017



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%
Total Cash & Fixed Interest	100%
Australasian Equities	22%
Australasian Property	5%
International Equities	21%
Alternative Investments	11%
Total Equities	55%

INVESTMENT REVIEW

DWC had another very good return from its investments for the year ended 31 March 2017. While the financial markets have been volatile they have produced strong results for DWC's investment portfolio.

DWC's growth (or equity) investments returned 14.8% for the year, with the international markets providing most of the gains. As long-held bonds have matured, the average yield on DWC's bond portfolio has fallen to 4.9%. This still compares favourably with the current 1.75% OCR. Overall, DWC earned returns of 8.8% on its Investment Fund.

At the start of the financial year DWC had 51.1% of its investment funds in equity (growth) assets. By 31 March 2017, the percentage of the investment fund exposed to growth assets had increased to 53.4%. This was a function of the overall fund reducing in size rather than a deliberate increase in the amount of equities purchased.

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".

Subsequent to balance date, markets have remained solid. While President Trump's actions, the French presidential election and a defiant North Korea were topical, the trend of ongoing economic improvement globally was difficult to ignore, and the majority of markets have enjoyed another positive period. DWC continues to liaise with its Investment Advisors and closely monitor its funds.

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

Chair's Report

ON 30 June, 3 months after the end of the 2017 financial year, John Sturgeon's term as a Trustee and 7 years as Chair of the board came to an end. I was elected Chair by my fellow Trustees effective from 1 July. I am humbled to be taking over this role following such an esteemed individual, and thank John for his contribution to, and leadership of, DWC over his tenure. I wish John a well-earned and enjoyable retirement with his wife, Mary.

John's departure from DWC was just one of several changes to the Board over the past year. John leaving saw the appointment of new Trustee, Dame Julie Christie in July 2017. Frank Dooley, Inaugural Trustee and past Chair, and Colin Smith were replaced in October 2016 by newly elected Trustees from Buller and Grey, Brent Oldham and myself respectively. July 2016 also saw Independent Law Society Trustee Robert Buchanan retire with Patrick Mulligan taking this position. On behalf of Trustees, I thank Frank, Robert and Colin for their years of commitment to DWC.

Since establishment in 2001, DWC has processed nearly 300 commercial applications seeking over \$290m in funding. Of those applications, 137 distributions have been made, seeing a healthy injection of over \$84m into West Coast businesses.

DWC has also invested over \$60m into community grants and projects. This included projects such as the new dementia suite at O'Connor Home in Westport (\$100k sponsorship), the Fox Glacier Community Centre (\$1m grant via the Major District Initiative) and Coastguard West Coast (\$50k sponsorship), all of which were opened or launched in the past year.

The community projects funding includes the running of the regional development aspect of our business. This provides valuable business support programmes across the region, from events, mentoring, the regional business partner programme, and training & development. Over 60 people have now graduated from DWC's Leadership and Governance Programme, creating a base of people across the Coast with a keen appreciation of leadership, management and governance. The calibre of people completing this programme gives me confidence that the growth and development of business and industry across the wider West Coast region is in great hands.

In September 2016 the Tai Poutini Regional Growth Study was released. This resulted in the development of an action plan for the West Coast. At the time of writing, central government had just launched this action plan and identified DWC as the lead economic development organisation for the West Coast to be responsible for the implementation and delivery of the action plan. The year ahead will be one of change for DWC as it expands its role in the development of the region. It is a challenge that we are excited about in our commitment to take the region forward.



I wish to thank my fellow Trustees for their support and commitment, the Advisory Body for their expert advice, our CEO Chris Mackenzie for his leadership and DWC staff for their ongoing hard work and contribution to the organisation. With changes ahead in 2017-18, I know the entire DWC team is committed to ensuring the success of this transition, and I am excited about the prospects this will bring for DWC and the region.

RENEE ROONEY

Chair

Trustees



Renee Rooney - Chair

Elected – Grey District

Renee was elected to DWC in 2016 for the Grey District. Renee is a West Coaster by birth, a mum to three school age children, and a dairy farm business owner with her husband.

Actively involved in her community, Renee is a long serving member and current Chairperson of

the Lake Brunner School Board of Trustees. She is also Dairy Section Chairperson for Federated Farmers West Coast, and a committee member for TB Free West Coast and Lake Brunner Community Catchment Care Goup. In 2017 she was elected to the Federated Farmers National Dairy Industry Executive.



Patrick Mulligan – Deputy Chair

Independent – New Zealand Law Society

Patrick was appointed to DWC in 2016.

Patrick is a lawyer specialising in resource management and environmental issues. He is a partner in the Auckland office of the national law firm, Buddle Findlay, and heads its Auckland RMA and Local Government team. He has over

20 years legal experience relating to a wide range of commercial and public law issues.

Although Patrick and his family now reside in Auckland, he was born and educated on the West Coast, coming from a well-known Reef ton mining family.



Julie Christie, DNZM

Council Appointee

Dame Julie Christie was appointed in 2017. Born and educated in Greymouth, she now resides in Auckland.

Julie has governance and industry experience in media, economic development, hospitality and sport. After 25 years leading an international television production company, Julie served on the Board of New Zealand Trade & Enterprise for six years, chairing the grants committee. She currently sits on the Advisory Board of The

New Zealand Story, a government initiative to communicate NZ's unique value to the world, the Steering Group for New Zealand's participation in the World Expo 2020 in Dubai, and the commercial committee of New Zealand Rugby. She was a Board member of the Rugby World Cup NZ 2011 and Mediaworks TV and Radio.

Julie was made a Dame Companion of the New Zealand Order of Merit for Services to Governance and the Television Industry in 2017.



Hugh Little

Elected – Westland District

Hugh was 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 & NZ

Mark was 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.



Brent Oldham

Elected – Buller District

Brent was elected as the Buller District Trustee in October 2016. Born and raised in Westport, Brent has been involved in the IT industry for over 30 years, the last 18 years of which he has been self-employed running his own IT company, IT@work.

Brent has skills and experience across the IT, management, retail and service sectors. He

chairs the regional lobby group, GO West Coast, is a committee member of the Buller Gorge Marathon, and contributes as a member of the Buller District Council Economic Advisory Group.

Brent is married to Buller District Councillor Sharon Roche and has two adult daughters.



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.





Chief Executive's Report

WITH my first 12 months as Chief Executive now behind me, I am pleased to see that the impact of Development West Coast's continued support of industry, business and community is evident across all areas of the West Coast.

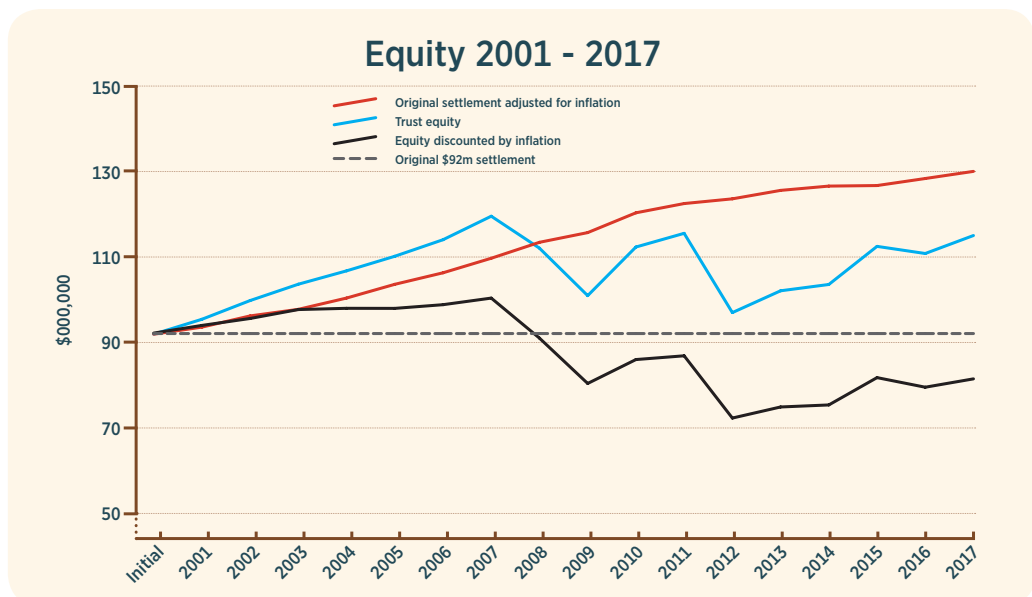
I began the financial year by travelling throughout the region to see what makes the West Coast tick, to find how far DWC's support had reached, and to assess if there were new opportunities to explore. Everyone I spoke to had the same story - the Coast is a diverse and unique environment with much to offer and, with the right support, many exciting directions in which to grow. So, 12 months on, I am pleased to be able to report on DWC's key role in making that happen.

The 2016/17 financial year sees DWC Parent with total assets of \$129.2m. Total income for the year was \$9.3m (excluding unrealised revenue), and with a profit of \$5.3m. Our Total Operating Expenses were \$2.3m. DWC also invested \$1.7m in Community Distributions and Projects during the year. The total realised revenue generated since DWC's inception in 2001 stands at \$137m.

As always, there were an impressive number of funding enquires to DWC over the year, and they resulting in 26 commercial funding applications. Of those applications. Eighteen were approved, seeing \$12.3m distributed to business and industry right across our region.

One of DWC's strategic priorities is to grow the Trust Fund or, specifically, ensure DWC has the funds available to invest into the region through the maintenance of DWC's equity position in real terms.

Clause 4.3 of the Trust Deed says Trustees shall manage the Fund "in a manner which provides adequate and reasonable protection of the funds to ensure both that present development opportunities are taken, and that current and future generations will benefit from the establishment of the Trust Fund." The inaugural Trustees, in setting up DWC's Statement of Investment Policies and Objectives (SIPO) in 2001 stated "the broad investment objectives for the Fund



are to achieve a level of Income which is needed to meet the distribution requirements of Development West Coast 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”.



This is an objective DWC has been unable to meet over the period since 2001. The graph at left shows:

- The original \$92m settlement adjusted for inflation (in red)
- The Trust’s equity (in blue), and
- The Trust’s equity discounted by the inflation rate (black line).
- A dotted line representing the original \$92m.

If DWC’s equity had kept in pace with inflation, DWC would have equity of \$130m rather than the current \$117m. The purchasing power of \$117m in 2001 dollars is \$83m. That is, DWC is in the equivalent position now as it would have been in 2001 with an \$83m settlement.

Fund growth is the result of investment returns on the amount of funds invested. While DWC has had some good returns since 2001 and generated a considerable amount of income, demand on DWC’s funds has meant the income has been largely spent and DWC has not benefitted from compounding returns on its investments.

Trustees have had the difficult task of balancing the needs of the current generation of West Coast communities with the potential requirements of future generations, and this is likely to be an ongoing issue as DWC moves into a wider economic development role on the West Coast.

One of the more challenging distributions DWC has been involved in is the development of Cranley Farms Limited (CFL). The 5 years since the initial investment was made in 2011 have been volatile for the dairy industry. CFL has struggled through this period with operational issues and an unhelpful balance sheet contributing to significant losses. In 2016, Trustees agreed to a further equity investment in CFL to restructure the balance sheet with the new equity used to reduce debt and provide working capital. The effect of this equity injection is CFL is now a subsidiary of DWC.

One of the most successful initiatives has been DWC’s District Economic Stimulus Fund (DESF). Since being set up in 2015, DWC has injected \$1m into each of the Grey, Westland and Buller communities via their district councils.

The most recent approvals will enable an upgrade to the Hokitika Regent Theatre, funding for a manager for the West Coast Wilderness Trail, and enable a Hari Hari business, Westland Produce, to double the size of its operation and create 4 new full time roles.

Of course, the benefits of the DESF go much wider than just the organisations that receive the loans or grants, and these recent approvals are excellent examples

of that. There are several new jobs on the cards and an opportunity to draw even more visitors to the West Coast – and that of course will benefit everyone.

I wish to reiterate my thanks to our former chairman John Sturgeon. His guidance and leadership at DWC has been widely appreciated, and he can certainly retire with the satisfaction of having had a hand in the growth and development of many small businesses and industries that are the pride of the West Coast region and community.

Lastly, I note the Regional Growth Study Action Plan released by central government, and the recommendations contained within that for the delivery of 16 projects. DWC is tasked with ensuring the delivery of these projects, including leading the identification and implementation of the new economic development structure, and I look forward to being part of these exciting changes ahead.

CHRIS MACKENZIE

Chief Executive

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 businesses, including commercial lending, equity investment and guarantees.

In the 2017 financial year, DWC received 26 new applications for funding, with work on 3 applications carrying over from the previous financial year. 18 applications were approved by either the Trustees or CEO. The approvals included 4 projects under the District Economic Stimulus Fund (DESF) scheme, where DWC staff worked closely with the Westland District Council to allocate the \$1m available to that district.

A short-term loan programme, Business & Industry Stimulus Fund (BISF) set up by DWC concluded in 2017, having successfully helped new and existing businesses find ways to create new roles. The BISF advanced \$2.2m to 10 West Coast businesses, creating more than 17 jobs and helping retain more than 35 others within the region.

A significant amount of time was spent on the refinancing of DWC's 2011 investment in Cranley Farms Limited. CFL is now a subsidiary of DWC.

Loan enables local firm to increase its range of services

Chris J Coll Surveying Ltd was one of the recipients of a commercial loan this year, enabling the firm to continue to provide a crucial service to the West Coast Regional Council.

Chris J Coll Surveying Ltd has operated out of Westport for over 35 years and has provided river survey monitoring services to the West Coast Regional Council since 1999. The commercial loan enabled the purchase of a jet boat compliant with Part 82 of the Maritime New Zealand Rule, as well as provided for approved driver training, preparation of Safe Operational Plans, and contributed towards website development.

Principal Chris Coll says his firm is very committed to the region. "That is why we are happy to be able to continue to provide information that is so important for the planning to

protect people and infrastructure, and we are now also able to provide support to the Police during search and rescue operations", he says.

"The accredited jet boat and driver training means we can provide hydrographic services to other local authorities and government departments for river monitoring and management. The loan has also given us this great opportunity to diversify our business."

DWC Chief Executive Chris Mackenzie says the loan application itself submitted by Chris Coll Surveying played an important part of the decision to progress the loan.

"While we gladly receive applications of all types, it does help our process when the information provided is of a high quality and ticks all the boxes."

"In this instance, the quality of the proposal and clear documentation of the business plan and necessary financials made it very easy for us to assess the request against our criteria, so we were able to approve and progress the loan very quickly," Mr Mackenzie said.

"We are happy to talk this process through with any applicant so that we can help make the application process as simple and efficient as possible. It works in our favour as well as the applicant's."



Toki Pounamu - Chromebooks in schools

DWC's support of an education initiative has played a key part in helping West Coast children access Chromebook laptops.

The initiative is run by the Toki Pounamu Education Trust and involves financing parents so they can purchase the laptops for their children. To date over 1,300 students have gained their own computers through the scheme.

Starting the finance pool was made possible by the \$450,000 in loans DWC advanced to Toki Pounamu. The scheme then sees the Toki Pounamu purchase Chromebooks in bulk, meaning parents and schools can then purchase the laptops at an affordable rate, along with a three-year warranty and insurance.



While some parents are able to purchase the Chromebooks outright, Toki Pounamu also supports a three-year repayment programme.

To date, 13 schools across the West Coast have joined with Toki Pounamu to support their pupils through the scheme – Kanieri, Paroa, Karoro, Grey Main, Blaketown, St Patrick's, Paparoa Range, Lake Brunner, Awahono, Greymouth High, Kumara, Kokatahi-Kowhitirangi and Westland High.

The Toki Pounamu Education Trust says it aimed to make digital learning accessible to as many children as possible, regardless of their family's economic situation. It also promotes shared learning at home with whanau encouraged to share in the use of the Chromebooks.

End of year data from 2016 indicates the digital learning has helped some primary school children make two years' progress in their writing in just nine months.





BUSINESSES BENEFIT FROM ECONOMIC STIMULUS FUND

DWC provided funding of \$3m to Westland, Grey and Buller businesses and organisations over the last two financial years through the District Economic Stimulus Fund (DESF)

Distributed via the three West Coast district councils, the fund was set up in August 2015 specifically to help boost the development and growth of West Coast businesses.

The fund closed in 2017 resulting in 15 projects in Buller, 2 in Grey and 6 in Westland with a total of \$1m into each district in a mix of grants and loans.



District Economic Stimulus Fund

Hokitika Regent Theatre is one of the recipients which will use its funds to update its digital cinema equipment and performance lighting system to create a significantly different theatre experience.

Westland Community Centre Chairman, Bruce Watson, says the upgrade will enable better use of the facility, in particular making the theatre's Reynolds Room more flexible in its use.

"It means we can run more art house films, which there is a lot of demand for in town, as well as blockbusters. It will enable us to give everyone the kind of movie experience they want to enjoy, and that's great for both the locals and visitors to the town."

The West Coast Wilderness Trail will be able to employ a trail manager position for the next three years. This key

role will ensure the popular adventure trail has a dedicated manager and will enable it to extend its marketing and publicity – which has the important spinoff of bringing more tourists to the West Coast to spend money in the hospitality and retail sectors.

The Buller Employment Initiative was a significant project administered by the Buller District Council, receiving \$300,000 of DESF funding to provide an employment subsidy to eligible businesses, creating 20 new FTE positions in Buller.

Other recipients across the region include engineering, IT, tourism activities, cafes and horticulture projects, with a further 25-30 new FTE's established.



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 provides business development and innovation advisory services for small and medium-sized enterprises (SME's) 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; Getting Started Research & Development Grants; innovation advice and funding services and business mentoring services in association with Business Mentors New Zealand.

Business Services Manager Fiona Hill encourages businesses to seek support from the RBP programme. "We can help local businesses to build capability, grow and achieve their strategic goals by providing information and referrals, and connecting companies to opportunities and resources. The programme is a great resource and many West Coast businesses have already received invaluable support through it", she says.

NZTE Capability Development Vouchers

52

AWARDED TO WEST COAST BUSINESSES

Valued at over

\$54,000

West Coast businesses matched with mentors

18

THROUGH THE BUSINESS MENTORS NEW ZEALAND PROGRAMME

Businesses actively engaged

71

UNDER THE RBP NETWORK

Businesses registered

163

WITH THE RBP NETWORK

Research & Development Projects totalling

> \$52,000

EACH PROJECT RECEIVING UP TO 40% OF THEIR TOTAL PROJECT COST



Biz Mentors **Harper Park Early Learning Centre**

Anmarie Wall was initially looking for financial support to start her child care centre when she approached DWC and, although she did not meet the criteria for funding, she was able to access a Business Mentor.

The advice and guidance given to Anmarie paid off and the Harper Park Early Learning Centre is now a thriving business in Hokitika. The centre is licensed for 35 children but Anmarie says she is happy to keep the numbers between 28 and 30 at a time.

Anmarie says the mentoring was of particular benefit because she hadn't started a business before and had no one else to ask for advice. She was still in the process of

building the childcare facility when DWC connected her with John Barnes. He was able to visit once a term as well as be available by phone and email when Anmarie needed help.



“It was really useful in those times where I’d make a decision and then doubt myself and wonder if I was doing the right thing. So I was able to pick up the phone and ask my mentor and it was so great to hear that he agreed, and would tell me I was on the right track. It is a very supportive system and for me it was extremely helpful.”

Anmarie says she would recommend the service for anyone who was open to having a different perspective in their existing business, or who was starting something new like she did. “It can make such a difference and I am very glad I took up the offer,” she says.

NETWORKING EVENTS

DWC offers a range of business training and networking events throughout the region. Over 280 participants attended events in 2017 ranging from breakfasts on current business topics, luncheons with guests such as the Reserve Bank Governor Graeme Wheeler, Business Start-Up workshops and After-5 Networking events. DWC's events co-ordinator Bridgette Sara says these events offer a great opportunity for expanding business knowledge, gaining new skills and networking. "We are always looking to identify new, relevant topics or demand for particular training requirements. We also recognise that sending staff off the coast for training, adding travel and accommodation expenses on top of course fees, is a cost on business, so there are wider benefits of having these opportunities available on the Coast."

"The Pitch" - Greymouth **Fun, fast-paced event provides unique opportunity**

DWC provided West Coast business owners with a unique networking opportunity this year. "The Pitch" – an event based on the idea of speed dating but which allows participants to promote their business rather than themselves – was attended by over 60 people from a range of West Coast business.

The innovative event saw 16 businesses promoting their services to the crowd in a fast-paced three-minute time slot. Businesses could choose whether they gave a verbal presentation or slideshow, but if the latter they were restricted to a maximum of five slides.

The aim of the event was to provide a fun way for local business people to get together and 'pitch' their stories and skills to their peers and neighbours, with the winner being determined by audience vote. It is an excellent way for West Coast business people to hear about other services and retailers that they might not have otherwise been aware of.

Dragonfly Catering was voted the best presentation on the night. Based in the old Cobden church where the kitchen has been upgraded to an A grade facility, Dragonfly Catering offers a wide range of home meals and catering services.



Small business roadshow offered a shared learning experience



A series of government events, hosted by Small Business Minister Craig Foss, were held around New Zealand in June 2016 and DWC was pleased to support the event held at Shantytown's West Coast Events Centre.

The 'Taking Care of Business' roadshow was aimed at making it easier and more efficient for business owners to deal with government agencies. Experts from several different agencies outlined the government support available for businesses in a series of rapid fire presentations followed by speed dating chats.

A range of topics were covered, including making tax simpler, health and safety legislation, ACC levies, employment legislation and digital technology. Some local business leaders also shared their own experience with support received from the Regional Business Partner programme.

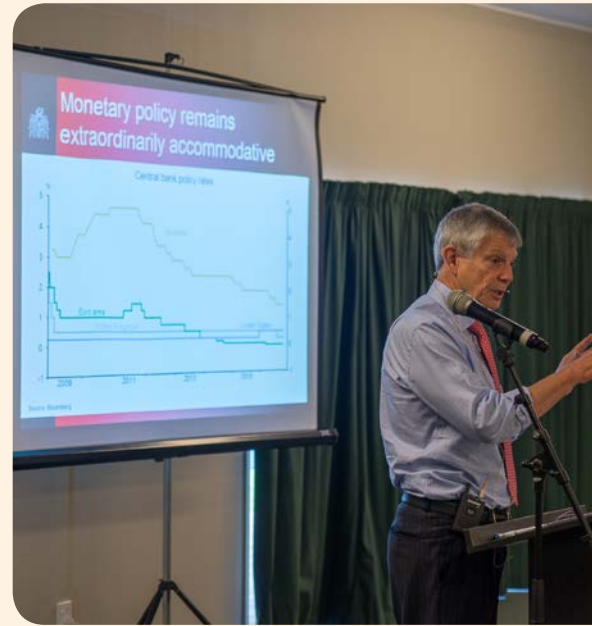


Reserve Bank Governor Luncheon **Economic Support fostered by DWC**

DWC has been grateful for the support over the past year from Graeme Wheeler, Governor of the Reserve Bank of New Zealand.

Over 120 people attended the event at Shantytown with a further 25 at the EPIC Centre in Westport to hear Mr Wheeler give an insight into the Reserve Bank's view on New Zealand's economic position and how that sits in the global context.

Mr Wheeler spoke about the various financial cycles that the New Zealand economy has gone through, from the oil crisis in the 70's to the Global Financial Crisis of 2008. The sessions marked the Reserve Bank's third visit to the West Coast to provide valuable insights and information about the direction of the national economy, and how the West Coast's industry contributes to that.





LEADERSHIP AND GOVERNANCE PROGRAMME

THE Leadership & Governance Programme, supported and facilitated by DWC, offers a unique learning opportunity for individuals, from aspiring and new board members, executives that report to boards and owners of small and medium sized businesses.

Over 60 West Coasters have graduated from the programme since it was launched in 2011. The intensive 12 month programme, developed and presented by Westlake Governance and New Zealand Institute of Management & Leadership, is well regarded and has been highly successful with graduates moving into leadership and governance roles on a range of boards throughout the West Coast and New Zealand.

The programme covers subjects, including financials, company and contract law, statutory requirements, risk management, health & safety and ethical standards, giving participants the key skills to confidently participate in and contribute to any governance board.



This programme is developing a new generation of West Coast leaders with a keen appreciation of their management and governance roles and how to apply their skills. Developing and increasing the number of leaders across the West Coast is of immense benefit to the region with their contribution into business and the community.

Graduates of the 2016-17 programme came from Westland Milk Products, Grey District Council, Buller District Council, West Coast Regional Council, Parry Field Lawyers, NZ Fire Service, Buller Electricity, Development West Coast and Nutrition Fit.

A sixth programme is now underway.

COMMUNITY GOVERNANCE

FOLLOWING on from the success of the business-focused 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.

Over 27 participants took part in organisation and individual sessions in the 2017 financial year receiving training specifically tailored to their organisations.

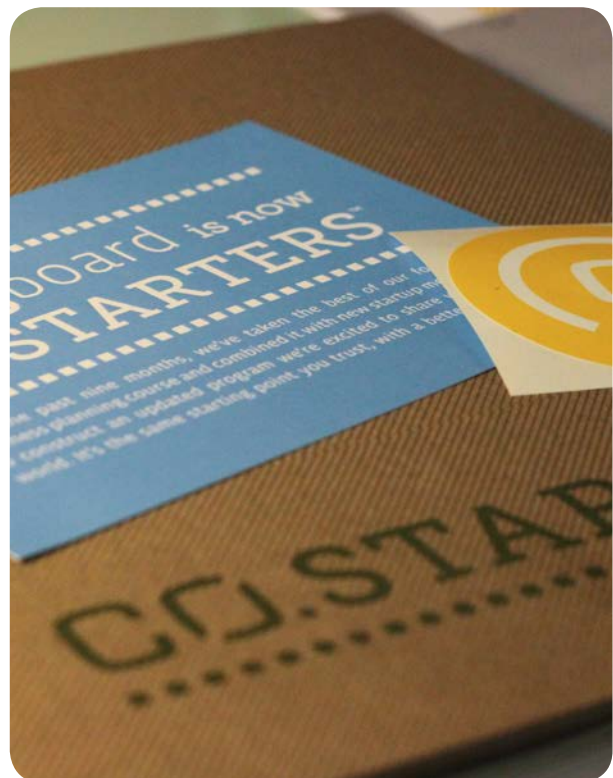


CO.STARTERS

A nine-week programme to arm aspiring entrepreneurs with the skills to turn ideas into business opportunities was launched in Westport and Karamea in 2016.

The Co.Starters programme, led by the Buller District Council and facilitated by Buller REAP (Rural Education Activities Programmes) with the support of DWC and Holcim New Zealand, provides the participants with insights, relationship skills and other tools to support their aims to successfully launch new businesses, which could in turn reinvigorate the local economy.

As part of DWC's DESF, funds were approved to establish the programme in the Buller district. By the end of the financial year, 3 nine-week programmes had been run in Westport and Karamea. Subsequently, a number of the start-up businesses have successfully applied for DWC funding to support their business growth while some have also chosen to access additional DWC support services, such as Business Mentors and Regional Business Partner programmes.



Following the success of the Buller based Co.Starters programme, DWC has approved additional funding to roll out the programme to Grey and Westland districts. A new "Good Startups Breakthrough Programme" is also being introduced to further assist entrepreneurs on the West Coast.

The "Breakthrough" programme is an online live training and coaching programme where participants can develop the tools, skills, and self-understanding required to operate at a sustainably high level of performance, leading to enhanced leadership and wellbeing for themselves and their team.

DWC will own the licences to manage the implementation and facilitation of both programmes, while BullerREAP and WestREAP, who will deliver the programmes within the region, will be looking to raise community awareness of the programmes while identifying and attracting quality facilitators and mentors from throughout the West Coast business community.

Industry Support & Regional Development

RESEARCH AND INNOVATION

ONE of DWC's strategic priorities is to invest in research & development to identify, diversify and develop industries to add value to businesses on the West Coast. With this focus on research and innovation, DWC has been working on a number of projects, including bio and wood fuels energy and the application for a West Coast based Minerals Research Institute.

DWC's Research & Innovation Manager Helen Wilson says economic development will always be about change. "Understanding the changes that need to be made and the value proposition that those changes will bring in the long term will be an important process. Research & innovation plays an important part in assessing new opportunities and any potential shifts in focus our regional economy may need to make in order to facilitate economic stability in the future", she says.

Bio Energy

BIO Energy is energy from biological sources like wood and other plant materials, and can be used as a solid, liquid or gas. It is the most used renewable energy globally ahead of hydroelectricity and wind, and has become a major industry in many European countries. There is potential for this to become a major industry in New Zealand as well, and is a new opportunity for the West Coast.

Wood Fuels

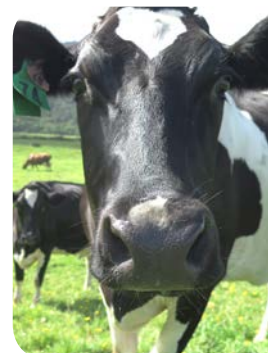
FEASIBILITY work is being undertaken to assess whether a wood fuels industry can be established on the West Coast. This research is aiming to establish the quantity, suitability, availability and sustainability of wood chip in the region.

Minerals Research Institute

THE Regional Research Institute Initiative ("RRI") was a Government initiative announced in 2015 to develop research capability in the regions to drive regional economic growth. It was envisaged the Regional Research Institutes would be new, private and independently governed entities funded from a mixture of public and private sources. The institutes would focus on scientific research into new technologies, new firms and new products and services.

During 2016 to early 2017, DWC worked alongside representatives from Grey District Council, Buller District Council, Minerals West Coast, Te Rūnanga o Ngāi Tahu, Tai Poutini Polytechnic and CRL Energy as part of a steering committee to develop a business case for a proposed New Zealand Minerals to Materials Research Institute based in Greymouth. The institute would focus on moving the minerals industry from commodities to the creation of high value materials and products, and would drive collaboration in minerals and manufacturing research throughout New Zealand, and undertake research activities in collaboration with industry and iwi.

At the time of writing, central government had just announced the success of the West Coast's proposal, approving funding of \$11 million over 4 years.



FEASIBILITY FUNDING

FEASIBILITY studies is an area that DWC has not traditionally funded. However, Trustees felt such funding would provide an avenue for DWC to invest in research & development to identify, diversify, develop and add value to industries and businesses on the West Coast.

As a consequence, in 2017 DWC set up a contestable fund for feasibility studies which would ensure projects were prioritised appropriately based on their merit.



WEST COAST LEADING LIGHT BUSINESS EXCELLENCE AWARDS

A burgeoning West Coast tourism experience took out the top accolade in the 2016 West Coast business awards last year.

Mokihinui-Lyell Backcountry Trust – The Old Ghost Road Project was crowned supreme winner at the 2016 West Coast Leading Light Business Excellence Awards in Shantytown.

The popular and growing tourism operation is now 18 months old and has already provided a uniquely West Coast experience for hundreds of visitors to the region.

As a tourism provider, the Old Ghost Road delivers a combination of heritage, wilderness and accessibility to some of New Zealand's most beautiful landscapes. It was the work that went into enabling that opportunity that secured the Mokihinui-Lyell Backcountry Trust's top prize at the prestigious business awards.

Chief judge Stephen Caunter said that, in choosing the Supa Nova Award recipient, he was looking for an entry that was concise, to the point and a good fit for the competition guidelines.

"Ultimately The Old Ghost Road Project stood out from the crowd and ticked all the boxes for me," he said.

DWC is proud to support the awards each year and is pleased with the calibre of entrants coming forward.





Greymouth Star Super Nova Award

& Westland Milk Products Not for Profit Award

Mokihinui-Lyell Backcountry Trust

THE OLD GHOST ROAD PROJECT



Duncan Cotterill Large Enterprise Award
WestReef Services Ltd



ACC Workplace Safety Award
Design Windows West Coast Ltd



Crombie Lockwood Medium Enterprise Award
Cuff's Chartered Accountants & Business Advisors



ACC Workplace Safety Award
Robert Caldana Builders Ltd



NZME Newstalk ZB Small Enterprise Award
Mark Jones Collision Repairs



Department of Conservation Environment Award
Landcorp Buller



Christchurch Airport Tourism & Hospitality Award
Underworld Adventures Ltd



Development West Coast Rising Star Award
Coleraine Motel

Community Support

DWC has continued its support of the community, providing community groups and the 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
- \$100,000 O’Conor Home Institute Trust

This funding is in addition to DWC’s annual funding of the Major District Initiative of \$400,000 to each district council and the one-off \$2m Extraordinary Distribution Fund to each district council.

In total, over \$60m has been invested in community grants and projects since 2001.

FOX GLACIER COMMUNITY CENTRE

DWC Major District Initiative funding was key to this new facility being built in Fox Glacier. The centre was opened in April 2017 after 12 years of planning, revising plans and fundraising and is already a focal point in the town, providing a bespoke indoor facility for sporting, social and cultural events. Not just for local residents, the facility also aims to benefit the thousands of tourists that visit the glacier town every year. DWC contributed \$1m to the Community Centre.



HOKITIKA WESTLAND RSA

A grant of \$400,000 enabled the RSA to open this new community hall and club rooms in April 2017. The new facility replaces the RSA’s former building which was deemed an earthquake-risk and had to be demolished. It has been designed to act as a community centre and civic centre, as well as the local RSA Headquarters.

MAJOR DISTRICT INITIATIVE FUND (MDI)

THIS fund was established in 2005 to assist with the development of significant assets and facilities throughout the West Coast.

Organisation	\$ Approved / Available	Organisation	\$ Approved / Available
Buller		Westland	
Solid Energy Centre	6,000,000	Westland i-Site	296,952
Arts and Cultural Centre	700,000	Hokitika Regent Theatre (Stage I)	340,000
	6,700,000	Library Relocation	489,392
Grey		Donovan's Store Refurbishment	78,375
Greymouth Aquatic Centre	6,000,000	Hokitika Gorge Upgrade	82,014
Cobden Sports Complex	50,000	Westland Boys' Brigade Hall	247,349
West Coast Theatre Trust	400,000	Hokitika Regent Theatre (Stage II)	570,000
Grey United Tennis Club	20,000	Hari Hari Community Hall	455,000
Westurf Recreation Trust	100,000	Franz Josef Community Centre	100,000
Uncommitted Funds	130,000	Fox Glacier Community Centre	1,000,000
	6,700,000	Ross Community Hall	90,000
		Hokitika Westland RSA	400,000
		Uncommitted Funds	2,550,918
			6,700,000
		Total Committed MDI Funding	\$20,100,000

Unallocated and undrawn amounts are shown as a liability in Note 18.



HARI HARI COMMUNITY CENTRE

THE Hari Hari Community Centre was opened in April 2016. The low maintenance permanent material facility adjoins and complements the Guy Menzies Memorial on the main highway. The facility includes a 240m² hall, meeting room, spacious kitchen, and internal and external public toilets. DWC contributed \$455,000 to the Community Centre via the Major District Initiative.

O'CONOR HOME, WESTPORT

IN April 2017, then DWC Chair John Sturgeon officially opened the Development West Coast Suite at the O'Connor Home, Westport. The Suite is a 15 bed dementia unit and was the result of a \$3.6m development at the O'Connor Home. DWC funded \$100,000 through the sponsorship of the unit, and has contributed to all 3 stages of the O'Connor Home's rebuild programme that began in 2010. The O'Connor Home now employs 73 staff.



EXTRAORDINARY DISTRIBUTION FUND (EDF)

IN 2011 DWC provided each of the three district councils with a one-off \$2 million Extraordinary Distribution Fund (EDF), enabling them to fund community assets and projects that would boost their local economy. The following schedule shows projects receiving EDF funding to date.

Recipient Organisation	Project	EDF Allocation
Buller District		
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 Cycle Trail	\$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
Total - Buller District		\$2,000,000
Grey District		
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 Community	New pool liner	\$15,000
Nelson Creek Hall	Renovations & picnic facilities	\$5,000
West Coast Football League	Wingham Park Carpark	\$25,000
Balance Unallocated		\$37,500
Total - Grey District		\$2,000,000
Westland District		
Westland Wilderness Trail Trust	Construction of cycle trail	\$2,000,000
Total - Westland District		\$2,000,000

Unallocated and undrawn amounts are shown as a liability in Note 18.



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 2017.

Signed for and on behalf of the Trustees and Management.

A handwritten signature in black ink, appearing to read 'R. Rooney', with a large, sweeping flourish at the end.

RENEE ROONEY

Chair

28 August 2017

A handwritten signature in black ink, appearing to read 'Chris Mackenzie', with a horizontal line underneath.

CHRIS MACKENZIE

Chief Executive

28 August 2017

Independent Auditor's Report

To the readers of Development West Coast and Group's financial statements for the year ended 31 March 2017

The Auditor-General is the auditor of Development West Coast and Group (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 his behalf.

Opinion

We have audited the financial statements of the Trust and Group on pages 26 to 50, that comprise the consolidated statement of financial position as at 31 March 2017, 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 26 to 50:

- present fairly, in all material respects:
 - the financial position as at 31 March 2017; and
 - the financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards with disclosure concessions¹.

Our audit was completed on 28 August 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustees for the financial statements

The Trustees are responsible on behalf of the Trust and Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

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.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust and Group for assessing the Trust and Group's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intend to wind-up the Trust and Group or to cease operations, or have no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust and Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Trustees are responsible for the other information. The other information comprises the information included on pages i to 23, but does not include the financial statements, and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Trust and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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



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 2017

	Note	Consolidated		Parent	
		2017 \$000	2016 \$000	2017 \$000	2016 \$000
Finance Revenue	4	9,141	8,509	8,876	8,433
Trading Sales	5	3,108	0	0	0
Other Revenue and Gains		709	628	430	372
Total Revenue		12,958	9,137	9,306	8,805
Operating Expenses	6	6,266	2,451	2,314	2,333
Share of Loss in Associates		368	1,804	0	0
Surplus before Community Distributions and Projects		6,324	4,882	6,992	6,472
Regional Development	7	1,201	1,122	1,201	1,122
Major District Initiative		244	282	244	282
Community Grants	8	205	4,408	205	4,408
Surplus/(Deficit) before Impairment of Assets		4,674	(930)	5,342	660
Impairment of Distribution Assets		741	172	1,241	1,383
Impairment/(Revaluation) of Other Assets	14	(281)	309	0	0
Investment Mark-to-Market (Gain)/Loss		(1,180)	(378)	(1,180)	(378)
Surplus/(Deficit) for the Year before Tax		5,394	(1,033)	5,281	(345)
Income Tax (Credit)/Expense	9	(160)	(30)	0	0
Surplus/(Deficit) for the Year		5,554	(1,003)	5,281	(345)
Other Comprehensive Revenue and Expenses					
Items that may be Reclassified Subsequently to Surplus and Deficit					
Net Fair Value Gain/(Loss) on Available for Sale Investments	21	692	52	692	52
Net Gain/(Loss) on Movement in Cash Flow Hedges	21	75	(111)	75	(111)
Other Comprehensive Revenue and Expenses for the Year		767	(59)	767	(59)
Total Comprehensive Revenue and Expenses for the Year		6,321	(1,062)	6,048	(404)
Total Comprehensive Revenue and Expenses for the Year is Attributable to:					
Non-Controlling Interest		(100)	0	0	0
Group		6,421	(1,062)	6,048	(404)
		6,321	(1,062)	6,048	(404)

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Note	Consolidated		Parent	
		2017 \$000	2016 \$000	2017 \$000	2016 \$000
Balance at 1 April		110,816	111,878	111,700	112,104
Surplus/(Deficit) for the Year		5,554	(1,003)	5,281	(345)
Other Comprehensive Revenue for the Year		767	(59)	767	(59)
Total Comprehensive Revenue and Expenses for the Year		6,321	(1,062)	6,048	(404)
Transactions with Owners in their Capacity as Owners:					
Acquisition of Non-Controlling Interest	14	1,547	0	0	0
Balance at 31 March		118,684	110,816	117,748	111,700

Consolidated Statement of Financial Position

As at 31 March 2017

	Note	Consolidated		Parent	
		2017 \$000	2016 \$000	2017 \$000	2016 \$000
ASSETS					
Current Assets					
Cash and Cash Equivalents		518	1,715	562	1,565
Term Deposits		7,644	13,917	7,644	13,917
Trade and Other Receivables	10	431	423	126	448
Derivative Financial Instruments	17	39	28	39	28
Biological Assets	11	3,291	0	0	0
Investments	12	59,481	62,432	59,481	62,432
Loan Advances	13	1,209	1,600	1,209	1,600
Loan Advances to Subsidiaries	13	0	0	15,504	9,702
Total Current Assets		72,613	80,115	84,565	89,692
Non-Current Assets					
Derivative Financial Instruments	17	76	227	76	227
Property, Plant and Equipment	15	21,404	2,112	2,246	2,112
Investment Properties	16	4,754	4,536	0	0
Investments	12	38,649	29,816	37,490	29,816
Loan Advances	13	4,875	5,437	4,875	5,437
Investment in Associates	13	3,143	4,770	0	0
Intangible Assets		1,090	21	21	20
Deferred Tax Assets	9	160	0	0	0
Total Non-Current Assets		74,151	46,919	44,708	37,612
TOTAL ASSETS		146,764	127,034	129,273	127,304
LIABILITIES					
Current Liabilities					
Derivative Financial Instruments	17	270	0	270	0
Trade and Other Payables	18	7,719	10,422	7,049	10,378
Total Current Liabilities		7,989	10,422	7,319	10,378
Non-Current Liabilities					
Derivative Financial Instruments	17	0	64	0	64
Deferred Tax Liability	9	349	570	0	0
Trade and Other Payables	18	4,242	5,162	4,206	5,162
Interest Bearing Loans and Borrowings	19	15,500	0	0	0
Total Non-Current Liabilities		20,091	5,796	4,206	5,226
TOTAL LIABILITIES		28,080	16,218	11,525	15,604
NET ASSETS		118,684	110,816	117,748	111,700
EQUITY					
Restricted Capital	20	79,514	79,514	79,514	79,514
Reserves	21	37,723	31,302	38,234	32,186
Total Equity Attributable to the Group		117,237	110,816	117,748	111,700
Non-Controlling Interests	21	1,447	0	0	0
TOTAL EQUITY		118,684	110,816	117,748	111,700

Consolidated Statement of Cashflows

For the year ended 31 March 2017

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Cash Flows from Operating Activities				
Cash was provided from:				
Finance Revenue	7,045	4,472	4,442	4,365
Other Revenue	709	628	430	372
Cash was disbursed to:				
Payments to Suppliers, Trustees and Employees	(5,570)	(2,235)	(2,458)	(2,179)
Community Distributions and Projects	(5,446)	(3,999)	(5,446)	(3,999)
Net Cash Flows from/(used in) Operating Activities	(3,262)	(1,134)	(3,032)	(1,441)
Cash Flows from Investing Activities				
Cash was provided from:				
Proceeds from Sale of PPE & Investment Properties	5	322	1	59
Proceeds on Disposal of Investments	14,333	15,274	14,130	15,274
Term Deposit Maturities	48,593	28,700	42,321	28,700
Distribution Asset Repayments	1,863	2,140	7,769	2,485
Cash was disbursed to:				
Purchase of PPE & Investment Properties and Intangibles	(646)	(2,357)	(236)	(154)
Purchase of Investments	(12,443)	(5,669)	(12,404)	(5,669)
Investment in Associates	(2,327)	0	0	0
Term Deposit Investments	(42,321)	(29,954)	(36,049)	(29,953)
Repayment of Debt	(2,994)	0	0	0
Distribution Asset Lending	(1,467)	(8,609)	(13,503)	(10,616)
Net Cash Flows from/(used in) Investing Activities	2,596	(153)	2,029	126
Net Increase/(Decrease) in Cash and Cash Equivalents	(666)	(1,287)	(1,003)	(1,315)
Cash Facility through Business Combination	(531)	0	0	0
Cash and Cash Equivalents at Beginning of Period	1,715	3,002	1,565	2,880
Cash and Cash Equivalents at End of Period	518	1,715	562	1,565

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 2017 were authorised for issue by Trustees on 28 August 2017.

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 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 with the exception of Cranley Farms Ltd which has a balance date of 31 May.

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.

3.3 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.

If the business combination is achieved in stages, any previous held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in surplus or deficit. It is then considered in the determination of goodwill.

3.4 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 and Expenses. 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.

3.5 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.

3.6 BIOLOGICAL ASSETS

Biological Assets are recognised when the company controls the assets as a result of past events, it is probable that the future economic benefits will flow to the company and the fair value can be measured reliably.

Biological assets are measured at fair value less costs to sell.

Gains and losses as a result of changes in fair value are included in profit and loss in the period in which it arises.

Costs to sell include the incremental selling costs, including auctioneers' fees, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

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. Loans 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, term bonds and co-operative shares, 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.

Co-operative shares are held by the company at cost as the best estimate of Fair Value. These shares are specifically linked to the trading entity and cannot be sold until the cessation of trading by the company. At this time the shares held in these co-operative companies would be returned to the company of origin following the completion of the exit requirements for an amount not exceeding the recorded cost/book value.

e) *Financial Liabilities at Amortised Cost*

Initial Recognition and Measurement

Financial liabilities at amortised cost consist of trade and other payables, hire purchases and interest-bearing loans and borrowings, including bank overdrafts.

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.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using Effective Interest Rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of Effective Interest Rate. The Effective Interest Rate amortisation is included as finance costs in the statement of surplus or deficit

3.8 LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

3.9 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 as 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.

3.10 PROPERTY, PLANT AND EQUIPMENT (PPE)

a) *Initial Recognition and Subsequent Expenditure*

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.

Subsequent costs that meet the recognition criteria above are recognised in the carrying value of the item of property, plant and equipment. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is

recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life. Depreciation rates are as follows:

Asset	Estimated Useful Life
Office Equipment	4 – 12 years
Computer Hardware	4 years
Furniture and Fittings	5 – 12 years
Plant and Equipment	2 – 25 years
Motor Vehicles	5 - 15 years
Buildings	4 - 55 years
Land	Not depreciated
Land Development	5 – 33 years

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

b) *De-Recognition*

An item of PPE 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.

3.11 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 surplus/(deficit) for the year when the asset is de-recognised.

3.12 IMPAIRMENT OF NON-FINANCIAL ASSETS

a) *Classification of Cash Generating Assets or Non-Cash Generating 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.

3.13 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.

3.14 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.

c) *Milk and Livestock Sales*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

3.15 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.

3.16 INCOME TAX AND OTHER TAXES

a) Income Tax

DWC is registered with 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, provided it is probable that taxable income will be generated to use them.

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.

3.17 CHANGES IN ACCOUNTING POLICIES

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

4 FINANCE REVENUE

	Consolidated		Parent	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Interest on Distribution Assets	566	358	355	282
Administration Fees raised on Distribution Assets	0	10	0	10
Interest on Term Deposits	261	630	261	630
Interest on Available for Sale Investments	2,395	2,250	2,395	2,250
Interest Concessions	244	201	244	201
Dividends on Available for Sale Investments	148	87	148	87
Dividends on Held for Trading Investments	1,316	1,529	1,316	1,529
Net Realised Gains/(Losses) on Disposal of Available for Sale Investments Reclassified from Unrealised Gains Reserve	82	1,390	82	1,390
Net Realised Gains/(Losses) on Held for Trading Derivatives	1,479	20	1,479	20
Net Realised Gains/(Losses) on Held for Trading Investments	2,596	2,034	2,596	2,034
Net Realised Gains/(Losses) on Investment Associates	54	0	0	0
Total Finance Revenue	9,141	8,509	8,876	8,433

5 TRADING SALES

	Consolidated		Parent	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Dairy Produce	2,575	0	0	0
Livestock Trading	491	0	0	0
Other Farm Income	5	0	0	0
Rebates	37	0	0	0
Total Trading Sales	3,108	0	0	0

During the year, the Group made a further investment in its existing associate, Cranley Farms Ltd. Cranley Farms Ltd is now a subsidiary of DWC. The trading sales are the Group's share of the farm's income since acquisition.

6 OPERATING EXPENSES

	Consolidated		Parent	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Administration Expenses	1,278	1,006	1,121	1,002
Advisory Body Fees	70	70	70	70
Advisory Body Expenses	9	8	9	8
Auditor's Remuneration				
Current Audit Fees	103	97	87	77
Audit Fees Charged for Previous Years	13	0	13	0
Depreciation & Amortisation	552	116	58	66
Directors' Costs	34	0	0	0
Election Costs	23	0	23	0
Equipment Lease Payments	2	3	2	2
External Consultancy Expenses	63	126	39	110
Finance Costs	539	2	1	2
Information & Communication Technology	83	33	83	33
Insurance & Risk Management	114	75	48	51
Investment Advisory Expenses	242	242	242	242
Legal Fees	134	127	124	124
Loss/(Gain) on Sale of Assets	60	153	42	153
Licenses	0	0	0	0
Marketing & Promotion	27	38	27	38
Occupancy	110	132	110	132
Recruitment Costs	4	8	4	8
Trading Expenses	2,595	0	0	0
Trustees' Remuneration	176	176	176	176
Trustees' Expenses	35	39	35	39
Total Operating Expenses	6,266	2,451	2,314	2,333

7 REGIONAL DEVELOPMENT

	Consolidated		Parent	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Interest Concessions	244	201	244	201
Regional Partnership Network	85	69	85	69
Tourism West Coast	86	86	86	86
Business Development Unit	786	766	786	766
Total Community Distributions & Projects	1,201	1,122	1,201	1,122

8 COMMUNITY GRANTS

Project or Recipient	2017 \$
Development West Coast Amateur Sports Trust	15,000
The O'Connor Institute Trust Board	100,000
West Coast Community Trust	90,000
Total Community Grants	205,000

9 INCOME TAX

9.1 INCOME TAX EXPENSE

	Consolidated	
	2017	2016
	\$000	\$000
Income Tax Expense		
Current Income Tax Charges	(273)	75
Current Year Losses for which no Deferred Tax Asset is Recognised	273	0
Utilisation of Previously Unrecognised Tax Losses	0	(75)
Deferred Tax		
Origination and Reversal of Temporary Differences	(160)	(30)
Income Tax (Credit)/Expense Reported in Surplus or Deficit	(160)	(30)
Reconciliation of Tax Expense		
Accounting Surplus/(Deficit) Before Tax	5,394	(1,033)
At the Statutory Income Tax Rate of 28%	1,510	(289)
Adjustments in Respect of Parent (Surplus)/Deficit not Taxable	(1,654)	(145)
Adjustments in Respect of Permanent Tax Differences	(189)	495
Adjustments in Respect of Temporary Tax Differences	60	14
Current Year Losses for which no Deferred Tax Asset is Recognised	273	0
Tax Losses not Recognised	0	(75)
Deferred Tax		
Origination and Reversal of Temporary Differences Relating to Non Depreciable Buildings	(160)	(30)
Income Tax (Credit)/Expense Reported in Surplus or Deficit	(160)	(30)

9.2 DEFERRED TAX

	Consolidated	
	2017	2016
	\$000	\$000
Non Depreciable Buildings	(834)	(573)
Biological Assets	(64)	0
Deferred Fertiliser	689	0
Employee Leave Accruals	13	0
Audit Accruals	7	3
Deferred Tax (Liabilities)/Assets	(189)	(570)
Reconciliation of Deferred Tax (Liabilities)/Assets		
Opening Balance as at 1 April	(570)	(600)
Tax Credit/(Expense) During the Year Recognised in Surplus or Deficit	160	30
Pre-Acquisition Entry Due to Business Combination during the Year	221	0
Tax Credit/(Expense) During the Year Recognised in Other Comprehensive Revenue	0	0
Closing Balance as at 31 March	(189)	(570)

9.3 TAX LOSSES

No asset has been recognised in respect of the taxation losses held by the Group. At 31 March 2017 these totalled \$11,552,767 (2016 \$10,402,659).

10 TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Trade Receivables	334	20	22	61
GST Refund Receivable	0	15	20	14
Prepayments	42	28	29	13
Sundry Receivables	55	360	55	360
Carrying Amount of Trade and Other Receivables	431	423	126	448

11 BIOLOGICAL ASSETS

	Consolidated		Parent	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Balance at Beginning of Financial Year	0	0	0	0
Increase Resulting from Business Combination	2,895	0	0	0
Increases Due to Purchases	149	0	0	0
Decreases Attributable to Sales and Biological Assets Classified as Held for Sale	(244)	0	0	0
Net Gain/(Loss) from Changes in Fair Value Less Estimated Point of Sale Costs	396	0	0	0
Other Changes	95	0	0	0
Balance at End of Financial Year	3,291	0	0	0

11.1 LIVESTOCK

The Group owns dairy cattle. These are held at the Group's farm in the South Island. At 31 May 2017, the Group owned 1,414 milking cows, 245 in calf heifers, 411 one-year old heifers, 20 Jersey bulls and 8 mixed breed bulls.

Independent valuers, Tasman Agriculture Ltd, with the appropriate knowledge and experience in valuing livestock, have valued the livestock assets at 31 May 2017. The significant valuation assumptions adopted in determining the fair value of the livestock assets included current market values net of selling costs.

12 INVESTMENTS

	Consolidated		Parent	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Available for Sale Investments	53,739	46,728	52,580	46,728
Held for Trading Investments	44,391	45,520	44,391	45,520
Total Investments	98,130	92,248	96,971	92,248
Current Assets	59,481	62,432	59,481	62,432
Non-Current Assets	38,649	29,816	37,490	29,816
Total Assets	98,130	92,248	96,971	92,248

13 DISTRIBUTION ASSETS

The Distribution Assets (net of impairment) can be further analysed as follows:

Class	Consolidated		Parent	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Advances to Other Parties	6,084	7,037	6,084	7,037
Investments in Subsidiaries	0	0	15,504	9,702
Investments in Associates	3,143	4,770	0	0
Total	9,227	11,807	21,588	16,739

13.1 RELATED PARTY DISTRIBUTION ASSETS

Class	Parent	
	2017 \$000	2016 \$000
Distribution Assets Invested in Subsidiaries and Associates	32,048	25,749
Provision for Impairment Relating to Distribution Assets Invested in Subsidiaries and Associates	16,545	16,045
Write-Off of Distribution Assets Outstanding from Subsidiaries of DWC	-	-

14 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

14.1 ACQUISITION OF ADDITIONAL INTEREST IN CRANLEY FARMS LIMITED

On 1 August 2016, the Group acquired a further 38.3% of the voting shares of Cranley Farms Ltd Limited, increasing its ownership interest to 81.8%. Consideration of \$7.661m was paid for a new equity issue of 17,036,030 shares.

The Group has elected to measure the non-controlling interests in the acquiree at the proportionate share of the fair value of the acquiree's identifiable net assets.

	Fair Value at Acquisition Date \$000
Assets	
Trade Receivables	166
Investment in Associates	788
Biological Assets	2,895
Deferred Tax Assets	549
Available for Sale Investments	1,120
Property, Plant and Equipment	19,482
Total Assets	25,000
Liabilities	
Bank Overdraft	531
Trade and Other Payables, including Employee Benefit Obligations	581
Term Loans	22,715
Deferred Tax Liability	328
Total Liabilities	24,155
Total Identifiable Net Assets at Fair Value Prior to the Issue of New Shares	845
Plus Cash Received from Issue of New Shares	7,661
	8,506
Non-Controlling Interest Measured at Fair Value of Net Assets	1,547
Carrying Value of Investment Prior to the Business Acquisition	87
Gain Recognised as a Result of Re-measuring to Fair Value of Previous Interest Held at Acquisition	281
Goodwill	(1,070)
Cash Consideration Paid for Issue of New B Class Shares	7,661
	8,506

15 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
At Cost or Valuation								
Balance at 1 April 2015	192	444	2,107	2,743	192	444	2,107	2,743
Additions	79	21	29	129	79	21	29	129
Disposals	(86)	(178)	(159)	(423)	(86)	(178)	(159)	(423)
Balance at 31 March 2016	185	287	1,977	2,449	185	287	1,977	2,449
Balance at 1 April 2016								
Balance at 1 April 2016	185	287	1,977	2,449	185	287	1,977	2,449
Additions	103	58	208	369	62	47	127	236
Acquisitions through Business Combination	620	1,397	22,742	24,759	0	0	0	0
Disposals	(117)	(2)	0	(119)	(70)	0	0	(70)
Balance at 31 March 2017	791	1,740	24,927	27,458	177	334	2,104	2,615
Depreciation and Impairment Losses								
Balance at 1 April 2015	93	367	47	507	93	367	47	507
Depreciation Charge for the Year	38	20	8	66	38	20	8	66
Disposals	(72)	(164)	0	(236)	(72)	(164)	0	(236)
Balance at 31 March 2016	59	223	55	337	59	223	55	337
Balance at 1 April 2016								
Balance at 1 April 2016	59	223	55	337	59	223	55	337
Depreciation Charge for the Year	59	100	337	496	22	27	10	59
Depreciation through Business Combination	337	855	4,085	5,277	0	0	0	0
Disposals	(54)	(2)	0	(56)	(27)	0	0	(27)
Balance at 31 March 2017	401	1,176	4,477	6,054	54	250	65	369
Net Carrying Amount								
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
At 31 March 2017	390	564	20,450	21,404	123	84	2,039	2,246

16 INVESTMENT PROPERTIES

	Land \$000	Land Improvements \$000	Buildings \$000	Total \$000
At Cost or Valuation				
Balance at 1 April 2015	800		2,400	3,200
Additions	2,054	148		2,202
Disposals	(262)			(262)
Impairment	(250)		(59)	(309)
Balance at 31 March 2016	2,342	148	2,341	4,831
Balance at 1 April 2016	2,342	148	2,341	4,831
Additions		274		274
Balance at 31 March 2017	2,342	422	2,341	5,105
Depreciation and Impairment Losses				
Balance at 1 April 2015			244	244
Depreciation Charge for the Year		3	48	51
Disposals				
Balance at 31 March 2016		3	292	295
Balance at 1 April 2016	3		292	295
Depreciation Charge for the Year		15	41	56
Balance at 31 March 2017		18	333	351
Net Carrying Amount				
At 31 March 2015	800	0	2,156	2,956
At 31 March 2016	2,342	145	2,049	4,536
At 31 March 2017	2,342	404	2,008	4,754

17 DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated		Parent	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Current Asset/(Liability)				
Currency Option Contracts – Held for Trading	(270)	0	(270)	0
Interest Rate Swap Contracts – Cash Flow Hedge	39	28	39	28
	(231)	28	(231)	28
Non-Current Asset/(Liability)				
Currency Option Contracts – Held for Trading	76	227	76	227
Interest Rate Swap Contracts – Cash Flow Hedge	0	(64)	0	(64)
	76	163	76	163
Total Derivative Financial Instruments	(155)	191	(155)	191

17.1 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.

Fixed and variable swaps in place total \$12.0 million (2016 \$7.0 million). The effective fixed rate locked in on the receive swap is 6.62% (2016 6.62%) and the effective fixed rate locked in on the pay swaps taken out in 2016-17 is 4.73% (2016 5.04%).

18 TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Trade Payables	934	505	447	503
GST Payables	45	0	0	0
Employee Entitlements	87	34	38	34
Sundry Creditors	10,895	15,045	10,770	15,003
Carrying Amount of Trade and Other Payables	11,961	15,584	11,255	15,540
Current Liabilities	7,719	10,422	7,049	10,378
Non-Current Liabilities	4,242	5,162	4,206	5,162
Carrying Amount of Trade and Other Payables	11,961	15,584	11,255	15,540

18.1 SUNDRY CREDITORS ANALYSIS

	Consolidated		Parent	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Sundry Creditors	244	136	119	94
Major Regional Initiative	157	157	157	157
Major District Initiative	6,057	7,985	6,057	7,985
Extraordinary Distribution Fund (Note 18.2)	750	1,407	750	1,407
District Economic Stimulus Fund (Note 18.3)	2,172	3,000	2,172	3,000
Digital Enablement Fund (Note 18.4)	1,000	1,000	1,000	1,000
Other Community Grants	515	1,360	515	1,360
Total Sundry Creditors	10,895	15,045	10,770	15,003

18.2 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.

18.3 DISTRICT ECONOMIC STIMULUS FUND (DESF)

In the 2016 financial 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 was provided to each of the district councils to administer the funds on behalf of their districts. The DESF was to be applied in such a way so as to leverage additional funding from other funding sources.

18.4 DIGITAL ENABLEMENT FUND

In the 2016 financial year, 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.

19 INTEREST BEARING LOANS AND BORROWINGS

	Consolidated		Parent	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Westpac Bank	15,500	0	0	0
Total Borrowings	15,500	0	0	0

The bank loans are secured by a first ranking GSA in all present and acquired property of Cranley Farms Limited, and a first registered mortgage over the freehold land and buildings of Cranley Farms Limited.

20 RESTRICTED CAPITAL

20.1 NATURE OF RESTRICTED CAPITAL

Restricted Capital is classified as equity. It is comprised of the Initial Capital (\$92m) and is reduced from time to time in accordance with clause 11 of the Trust Deed as follows:

- 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;*
- 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*
- The Trustees may only pay or apply further amounts under clause 11 with the written approval of the Settlor.*

Movement in Restricted Capital	\$000
At 1 April 2015	79,514
Transfers to Distribution Fund	-
At 1 April 2016	79,514
Transfers to Distribution Fund	-
At 31 March 2017	79,514

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

21 RESERVES

21.1 MOVEMENTS IN RESERVES

	Consolidated							Parent			
	Distribution Fund	Net Unrealised Gains Reserve	Cash Flow Hedge Reserve	Revaluation Reserve	Total Reserves Attributable to Group	Non -Controlling Interest	Total Reserves	Distribution Fund	Net Unrealised Gains Reserve	Cash Flow Hedge Reserve	Total Reserves
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 31 March 2015	30,405	1,484	75	400	32,364	0	32,364	31,031	1,484	75	32,590
Net Fair Value Gains on Available-for-Sale Investments		1,442			1,442		1,442		1,442		1,442
Reclassification to Finance Revenue on Disposal of Investment		(1,390)			(1,390)		(1,390)		(1,390)		(1,390)
Net Gains/(Losses) on Movement in Cash Flow Hedges			(111)		(111)		(111)			(111)	(111)
Share of Gain/(Loss) on Revaluation of PPE of Associates											
Net Surplus/(Deficit) for the Year	(1,003)				(1,003)		(1,003)	(345)			(345)
At 31 March 2016	29,402	1,536	(36)	400	31,302	0	31,302	30,686	1,536	(36)	32,186
Net Fair Value Gains on Available-for-Sale Investments		774			774		774		774		774
Reclassification to Finance Revenue on Disposal of Investment		(82)			(82)		(82)		(82)		(82)
Net Gains/(Losses) on Movement in Cash Flow Hedges			75		75		75			75	75
Share of Gain/(Loss) on Revaluation of PPE of Associates											
Acquisition of Non-Controlling interest						1,547	1,547				
Net Surplus/(Deficit) for the Year	5,654				5,654	(100)	5,554	5,281			5,281
At 31 March 2017	35,056	2,228	39	400	37,723	1,447	39,170	35,967	2,228	39	38,234

21.2 NATURE AND PURPOSE OF RESERVES

a) *Net Unrealised Gains Reserve*

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

b) *Cash Flow Hedge Reserve*

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

c) *Distribution Fund Reserve*

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

d) *Asset Revaluation Reserve*

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

22 RELATED PARTY DISCLOSURE

22.1 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	
		2017	2016
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
Cranley Farms Limited	New Zealand	81.8	-

22.2 ASSOCIATES

a) *Bold Head Farm Limited*

In August 2016, West Coast Development Holdings Limited further invested \$585,610 in shares in Bold Head Farm Limited. Due to this investment, the Group owns 48% 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 2017 have been used to apply the equity method of accounting for the investment.

b) *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 Limited. 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.

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.

22.3 TRANSACTIONS WITH RELATED PARTIES

	Consolidated		Parent	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Group Subsidiaries				
West Coast Development Holdings Limited				
Amounts Owed *	-	-	26,977	20,677
Advances	-	-	10,520	5,477
Repayments	-	-	(4,221)	(345)
Forever Beech Limited				
Equity Contribution from DWC	-	-	3,700	3,700
Amounts Owed**	-	-	1,372	1,372
Cranley Farms Limited (step acquisition as at 1 August 2016)				
Equity Contribution from the Group	12,014	4,352	-	-
Amounts Owed*	-	3,383	-	-
Advances	704	3,168	-	-
Repayments	(4,221)	-	-	-
Interest Raised by Group	134	64	-	-
Rent received from Cranley	(52)	0	-	-
Group Associates				
Bold Head Farm Limited				
Equity Contribution from the Group	1,519	933	-	-
Amounts Owed*	1,456	-	-	-
Advances	1,554	-	100	-
Repayments	(134)	-	(100)	-
Interest Raised by Group	36	-	-	-
Putake West Coast LP				
Equity Contribution from DWC	500	500	-	-
Amounts Owed*	503	388	-	-
Advances	115	385	-	-
Repayments	(38)	(10)	-	-
Interest Raised by Group	38	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, Cranberries New Zealand 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 (2016 \$nil).

Related party disclosures have not been made for transactions with related parties that are:

Within normal supplier or client/recipient relationship, and

On terms and conditions no more favourable than those that it is reasonable to expect the Group and DWC would have adopted in dealing with the party at arm's length in the same circumstances.

22.4 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:

	2017	2016
	\$000	\$000
Board of Trustees	176	176
Chief Executive Officer	223	290
Total Remuneration	399	466

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 (2016: nil).

DWC did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2016: nil).

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

23 COMMITMENTS

	Parent	
	2017	2016
	\$000	\$000
Future Distributions		
Approved Funding either under consideration by Client or Undrawn against accepted facilities	545	2,233
Alternative Assets		
Capital Contributions for Investments in Private Equity Funds – commitment if fully called	6,801	5,578

24 CONTINGENCIES

The Group had no contingent assets or liabilities at 31 March 2017 (2016 nil).

25 ENQUIRIES AND APPLICATIONS

For the financial year ending 31 March 2017, DWC received 29 client enquiries. The following table lists the quantum of applications received, and applications approved or under consideration at balance date.

Application Summary 2016-17	Quantity	Value \$000
Total Applications Received	26	14,597
Prior Year's Applications Under Consideration Brought Forward	3	455
Trustee Approved	15	12,220
CEO Approved under Delegated Authority	3	135
Offers under Consideration by Applicants	1	165
Applications in Progress	1	300
Applications Withdrawn	10	991

26 EVENTS AFTER BALANCE DAY

Subsequent to balance date, the final report of the Regional Growth Study was released. This may expand DWC's role in economic development on the West Coast. For further detail, see page 1 of the annual report.



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 **Web** www.dwc.org.nz

COVER PHOTOS

1. LEADING LIGHT AWARDS. 2. MANUKA HONEY HARVEST.
3. WESTFLEET WHARF. 4. WEST COAST WILDERNESS TRAIL.

Credit: Stewart Nimmo (1), Jason Blair (2, 3 & 4)