

# Group Annual Report 2018



  
**DEVELOPMENT**  
WEST COAST

*Te Ohu Whakawhanake o Te Tai Poutini*

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*Cover photo: Stewart Nimmo*

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# About Us



### Strategy 2018 - 2025

**Development West Coast (DWC)** was established as a Charitable Trust in 2001. Its purpose is to manage, invest and distribute income from a fund of \$92m received from the Government as an economic adjustment package for the loss of indigenous forestry and the privatisation of much infrastructure on the West Coast in the late 1990s.

DWC's objectives are to promote sustainable employment opportunities and generate sustainable economic benefits for the West Coast, both now and



*Te Ohu Whakawhanake o Te Tai Poutini*

into the future. Its seven-member Board is supported by an Advisory Body, which assists on matters around the commercial finance function, and investment advisors who assist with the management of the DWC fund. The organisation itself has 12 staff who carry out the day-to-day functions of the organisation.

## Purpose

*Sustainable Employment Opportunities and Economic Benefits*

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

## Vision

*Growing Business to Grow the Coast*

Supporting commercial enterprises that can strengthen the economy and create thriving communities across the region.

## Core Values

*A leader in all that we do*



Open Communication



Entrepreneurial Spirit



Empowering Others



Proactive and Responsive



Consistent Decision Making



Transparent and Accountable

# Priorities

## Managing the fund for current and future generations

- Protect DWC's charitable status
- Ensure DWC has a perpetual fund to invest into the region by maintaining the real value of DWC's equity
- Leverage DWC funds to attract investment into the region

## Enabling the development of business and industry on the West Coast

- Develop the capability and knowledge of local businesses to improve productivity and performance
- Support start-up business
- Identify opportunities to enable the creation and diversification of business and industry
- Develop and promote digital utilisation
- Target businesses that demonstrate:
  - Real potential to employ more people in skilled jobs
  - Medium to long term prospects of success
  - Ability to stimulate or strengthen a supply chain or commercial eco-system
  - Opportunity to diversify business, sector or industry potential to export

## Enhancing the profile and visibility of the West Coast

- Be the identifiable voice for regional development on the West Coast
- Be a key influencer and partner in the development of the West Coast region
- Develop strong working relationships with key stakeholders
- Be proactive and responsive to the economic climate and external factors affecting the region
- Maintain a regional profile which showcases the region as an attractive place to live, work, invest, do business and visit, while identifying opportunities and risks and potential strategies to address these
- Facilitate sector development strategies to promote jobs and attract investment to the region, with emphasis on:
  - Agri-food and fishing
  - Digital enablement
  - Start-ups
  - Tourism
  - Untapped opportunities in mining and resources

# Directory

<b>Trustees</b>	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 & NZ
	Christie, Julie DNZM	Council Appointee
	Little, Hugh	Elected – Westland District
	Oldham, Brent	Elected – Buller District
	Tumahai, Francois	Tangata Whenua Trustee
<b>Past Trustees</b>	Sturgeon, John (Past Chair)	(to 30 June 2017)
<b>Staff</b>	Coates, Tara	Administration Officer
	Dawson, Mark	Chief Financial Officer
	Doolan, Rachel	Administration Assistant
	Gibson, Tony	Accountant
	Grant, David	Business Development Manager
	Hill, Fiona	Business Development Manager
	Hopkins, Amanda	Accounts Assistant
	Lunn, Belinda	Executive Manager
	Mackenzie, Chris	Chief Executive
	McMillan, Dayle	Commercial Lending Manager
	Rees, Aaron	Project Administrator
Wilson, Helen	Research & Innovation Manager	
<b>Advisory Body</b>	Rushbrook, Keith (Chair)	
	Bestwick, Jenn	
	Steele, David	
<b>Registered Office</b>	1st Floor, Brunner House, 54 Tainui Street, Greymouth PO Box 451, Greymouth	
<b>Advisors</b>	Investment	Bancorp Treasury Services Ltd JBWere (NZ) Ltd
	Legal	Buddle Findlay Duncan Cotterill Hannan & Seddon
	Tax	KPMG
<b>Bankers</b>	Westpac	
<b>Auditors</b>	Audit New Zealand, on behalf of the Controller and Auditor-General	

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# Chair's Report

DWC began the 2018 financial year with a new focus. Trustees developed a strategic plan with a greater emphasis on working alongside businesses and industry to enable and support them, help them start, grow or diversify, and promote greater innovation and use of technology. We also looked at ways we could create an environment of support and prosperity for all by enhancing the profile and visibility of the West Coast.

Additionally, the launch in July 2017 of the West Coast Economic Development Action Plan by central government identified DWC as the lead economic development organisation for the region, and saw DWC taking on the responsibility of monitoring the implementation of the 17 projects within the Action Plan.

In the past 12 months I have seen the management and staff at DWC rise to the challenge of the new strategic direction. The focus on the new strategy and customer-driven direction, and the streamlining and updating of internal processes has created a strong platform to enhance the work of DWC. I'd like to thank the team for their responsiveness and willingness to change tack when needed, and to redefine and recalibrate DWC's direction in a way that reflects the current economic climate of our region.

Earlier this year I wrote a column in which I said "it takes the whole West Coast to raise the region". The efforts I have seen from our community support this view. I continue to hear how people are taking the opportunity to develop and grow their businesses, not just for their own success, but to play a positive role in our community. From the tenacity of the small sole operators to the large organisations choosing to expand and employ more staff – together industry and business leaders in our community are raising our region.

DWC's recent business opinion survey has helped gain a greater understanding of our business community. We have a better view of business confidence levels, the diverse challenges faced by our communities, and we heard commentary about what could be done to achieve greater success for our region. The survey also highlighted that many believe a positive economic upswing is on the horizon.

*"DWC's recent business opinion survey has helped gain a greater understanding of our business community. We have a better view of business confidence levels, the diverse challenges faced by our communities..."*

However, we will have challenges ahead, particularly with the uncertainty of opportunities in the mining sector and access to stewardship land. These matters are of significant importance to our region. DWC has been engaging with our West Coast mayors and leaders for a united voice on this issue, and we will be working and collaborating with others to find an effective outcome for all involved.



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Central government has created new tools to support our regional growth. The Provincial Growth Fund has \$3b available over the next 3 years, and the West Coast has been identified by Government as one of six 'surge' regions to be eligible for funds under this regional development initiative. The opportunity is there and we have to reach out and grab it.

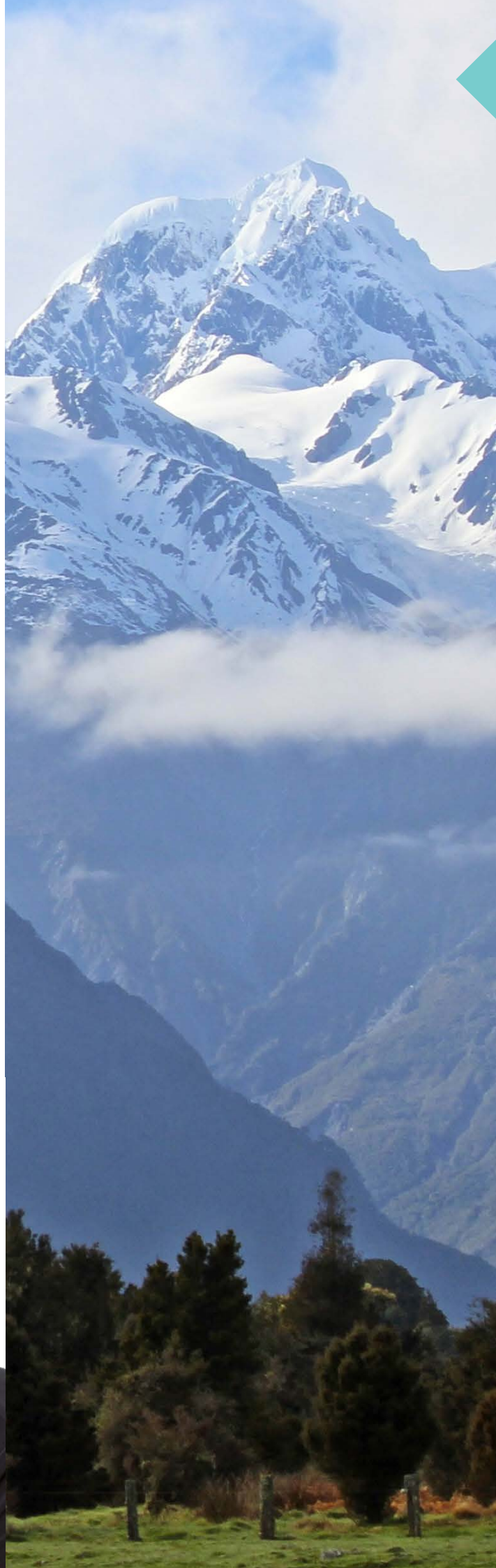
The Trustee group has provided the direction and energy to create a new customer-focus for the organisation. This is a powerful enabler for DWC and I am very pleased to see how these changes are translating into the work the organisation is doing. I wish to thank Trustees for their support and commitment to DWC and our region, the Advisory Body for their expert advice, and CEO Chris Mackenzie and staff for a very productive year.

I, along with our Trustee group and DWC team, look forward to working with you to enable a positive economic upswing for the region.



**Renee Rooney**

*Chair*



# Trustees



Renee Rooney

Patrick Mulligan

Mark Lockington

**Renee Rooney - Chair**  
**Elected - Grey District**

*Renee was newly 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.*

Renee is actively involved in her local community, and also holds a variety of roles at both regional and national levels including: immediate past Chair and long serving member of the Lake Brunner School Board of Trustees; executive member of Federated Farmers West Coast; committee member TB Free West Coast and Lake Brunner Community Catchment Care Group. In 2017 she was elected to the Federated Farmers National Dairy Industry Executive.

Renee is a Graduate of the 2014/15 DWC Leadership & Governance Programme.

**Patrick Mulligan - Deputy Chair**  
**Independent - New Zealand Law Society**

*Patrick was appointed to the Trust 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 Reefton mining family.

**Mark Lockington**  
**Independent - Chartered Accountants Australia & NZ**  
*Mark was initially appointed in 2005. He is the Company Secretary for Westland Milk Products, and has worked for companies in New Zealand and Australia in management, financial, treasury, accounting and administrative positions.*

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

Mark is married to Maria with three school-age children, and they are both actively engaged in the community.

**Julie Christie, DNZM**  
**Council Appointee**

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

Dame Julie has extensive governance and industry experience in media, business development, hospitality and sport. After 25 years leading an international television production company, Dame Julie served on the Board of New Zealand Trade & Enterprise, Rugby World Cup NZ 2011 and Mediaworks. Dame Julie currently sits on the Advisory Board of The New Zealand Story, a government initiative to communicate our unique value to the world, and on the Steering Group for New Zealand's participation in the World Expo 2020 in Dubai, as well as chairing



Julie Christie

Hugh Little

Brent Oldham

Francois Tumahai

the board of the new Ngai Tahu Tourism-New Zealand Rugby joint venture, The All Black Experience. She also now works as a business strategy, media and performance consultant.

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.

**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 19 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 Appointee**

*Francois Tumahai is the Tangata Whenua Appointee of Ngāti Waewae. He is a proud West Coaster with whakapapa links to Ngāi Tahu and Ngāti Whatua, and has served as the Chair of Ngāti Waewae since 2008.*

Francois has been instrumental in the project management of the Ngāti Waewae Arahura Marae development. He is currently the Chief Executive Officer of Arahura Holding Limited, the commercial arm of the Papatipu Rūnanga, which encompasses property, environmental, forestry, business and pounamu portfolio management.

In addition to this, Francois is involved in many boards including West Coast Conservation Board, West Coast District Health Board, New Zealand Institute for Minerals to Materials Research and Māori health provider Poutini Waiora. He is part of the Mayors and Chairs Forum and most recently Westland District Council.

# Chief Executive's Report

2017/18 has been a year of transition and planning for DWC as we finalise outcomes of the West Coast Economic Development Action Plan and prepare initiatives for consideration by the Provincial Growth Fund.

From an organisational point of view, the Action Plan's recommendation was to create a more co-ordinated approach to all aspects of the region's economic direction and development. While there was not complete unanimity to the recommendations of the consultant's report, we are working hard to implement them. I would like to thank everyone who has worked hard in the reorganisation to ensure the focus remains on the future success and prosperity of the West Coast and its people.

To make the most of this new organisational approach, DWC started this financial year with a review of its strategic focus, and we ended it by asking our stakeholders for their insights on the economic future of our region.

These two pieces of work are, of course, linked – without a strategic focus we wouldn't have long-term goals for the prosperity of the region, and without the information and ideas gleaned from our stakeholders we wouldn't have such clarity in the direction needed to achieve that overarching success.

The DWC 2018 – 25 Strategy has an ambitious economic focus. We aim to increase job numbers and raise the average level of earnings, which will in turn lead to an increase in wider regional prosperity.

DWC will be investing its time in promising start-ups, in businesses that have the potential to provide new employment and in those who can succeed in the export market. We will act as an

economic development agency, identifying obstacles to achieving economic growth and sustainable communities and working with local businesses to overcome these. We also need to get closer to, and work with, our local Iwi.

DWC is pleased with its results over the last year. While the financial markets remain volatile, DWC's growth (or equity) investments returned 14% for the year. 2017/18 financial year sees DWC Parent with total assets of \$135.0m. Total income for the year was \$7.3m (excluding unrealised revenue). Our Total Operating Expenses were \$2.4m and DWC also invested \$2.5m in Community Distributions and Projects during the year. We have ended the year with a net profit of \$5.2m.

DWC received a number of funding enquiries over the year, and they resulted in 11 commercial funding applications. Of those applications, 10 were approved, seeing \$2.83m distributed to business and industry across our region.

DWC staff work with businesses in many ways, including providing mentoring and training opportunities, and helping leverage other capital. As DWC moves to a wider economic development role we will continue to invest in staff and other resources. By developing our own capability and knowledge, we will be able to help local businesses improve their productivity and performance.

DWC continues to play a key role in funding West Coast Economic Development Action Plan projects,

*“We aim to increase job numbers and raise the average level of earnings, which will in turn lead to an increase in wider regional prosperity.”*

with funding of \$175,000 made available for feasibility studies including:

- Business case for Oparara Arches development;
- Feasibility study for upgrade of Croesus Road, Blackball (access to Paparoa Track Great Walk / Pike29 Memorial Trail);
- Business case for Kawatiri Coastal Trail; and
- Feasibility study for social enterprise pilot programme.

Supporting regional growth is not something we are attempting alone. With the Provincial Growth Fund we have the backing from central government to help us in our mission, and we aim to use every opportunity the fund presents to support our strategy.

I believe all of these projects, along with those funded through the many other DWC mechanisms, offer the potential for exciting new opportunities for the wider region.

I'd like to thank the DWC Board for their guidance over the past year, and also to the team at DWC for their hard work and positive attitudes which have made this year rewarding.



**Chris Mackenzie**  
Chief Executive

## Ensuring a perpetual investment fund by maintaining the real value of DWC's equity

In the period since the Global Financial Crisis (GFC), DWC has benefited from strong returns and low inflation. DWC has been consistently profitable and able to significantly support the region.

Our priorities remain managing the fund for current and future distributions, while enabling the development of business and industry in the region.

DWC was established in 2001 with an initial settlement of \$92m. That settlement has not kept pace with inflation, meaning the purchasing and earning power of our equity in 2018 is below the original \$92m.

We must be mindful of the balance between the need to generate ongoing income with the demand for DWC resources.

It is important that DWC retains some funds for reinvestment. Compounding returns allows DWC to increase the amount it can spend over time.

## Risk inherent in all investments

There is always a certain amount of risk involved when investing in business. DWC is prepared to accept that risk to meet its objectives of sustainable job promotion and financial benefits.

Of the \$90 million DWC has invested in commercial enterprises, around one quarter is unlikely to be repaid. This is never the desired outcome, however these distributions were made to promote DWC's objectives. There is a strong argument that these investments did provide a return to the region - directly through employment or enabling further external investment, and indirectly through knowledge gained and lessons learned.

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# By the Numbers



# Key Numbers & Highlights 2018

		Total Revenue (including Unrealised Gains)		Total Operating Expenses			
GROUP (Consolidated)	2017-18	15.4M	14.1M	2017-18	7.0M	2016-17	6.3M
	2016-17			2016-17			
DWC (Parent)	2017-18	10.4M	10.5M	2017-18	2.4M	2016-17	2.3M
	2016-17			2016-17			
		Community Distributions and Projects		Profit Before Tax			
GROUP (Consolidated)	2017-18	2.5M	1.7M	2017-18	4.8M	2016-17	5.4M
	2016-17			2016-17			
DWC (Parent)	2017-18	2.5M	1.7M	2017-18	5.2M	2016-17	5.3M
	2016-17			2016-17			
		Total Assets		Total Equity			
GROUP (Consolidated)	2017-18	152.3M	146.6M	2017-18	125.0M	2016-17	118.7M
	2016-17			2016-17			
DWC (Parent)	2017-18	135.0M	129.3M	2017-18	124.1M	2016-17	117.7M
	2016-17			2016-17			

# 2001- 2018 DWC at a Glance

## Financial Overview

Income 2001 - 18

**\$144M**

Operating Expenses 2001 - 18

**\$37.5M**

Net Profit 2001 - 18

**\$28.5M**

Total Assets as at 31 March 2018

**\$135M**

Total Equity as at 31 March 2018

**\$124M**

## Commercial Distributions\*

**306** Applications  
received  
totalling

**\$296M**

**200** Distributions  
approved  
totalling

**\$125M**

**147** Distributions  
made  
totalling

**\$87.2M**

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



# Community Distributions & Projects

**EDF** Extraordinary Distribution Fund

**\$6M**

A one-off distribution of \$2m to each of the three district councils. Spent on community assets.

**Cycleway Funding**

**\$1.5M**

Two grants of \$750k to the Westland Wilderness Trail and the Old Ghost Road.

**MDI** Major District Initiative

**\$20.1M**

DWC has committed \$6.7m to the three districts to develop significant community assets.

**DESF** District Economic Stimulus Fund

**\$3M**

A distribution of \$1m to the three districts to stimulate the local economies through direct assistance to businesses and organisations.

**MRI** Tourism Major Regional Initiative

**\$2.3M**

DWC's funding leveraged further investment of \$5m in 21 different tourism-related projects.

**DEF** Digital Enablement Fund

**\$1M**

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 was granted to each of the three district councils for investment in community assets.

**Grants and Projects**

**\$27.5M**

A significant number of regional economic and community development projects have been funded by DWC.

**Total**

**\$62.9M**

# Investment Fund

The broad investment objectives for DWC's Investment Fund remain consistent - to achieve a level of income 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, DWC's investment policy aims to earn a net rate of return that exceeds CPI increases by at least 3% pa over rolling three year periods.

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

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

DWC is pleased with its rate of return from its investments for the year ended 31 March 2018. 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% for the year, with the international

markets and alternative investments providing most of the gains.

As long-held bonds have matured, the average yield on DWC's bond portfolio has fallen slightly to 6.0% and overall cash and bond return to 4.7%. This compares favourably with the current 1.75% OCR, which has remained unchanged since November 2016.

Overall, DWC earned returns of 9.9% on its Investment Fund.

At the start of the financial year DWC had 53.4% of its Investment Fund in growth assets. By 31 March 2018 the percentage of the Investment Fund exposed to growth assets had fallen to 50.7%. The decrease was due to the overall growth of the Fund as the value of equities held actually increased when compared to last year.

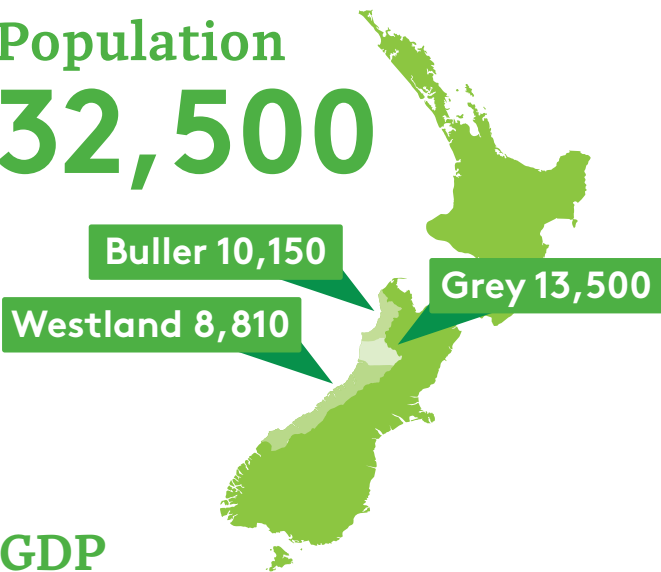
Available for Sale investments (consisting of Fixed Interest and Alternative Assets) increased in value during the year. These movements in value are reported in "Other Comprehensive Revenue and Expense".

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.

# Regional Economic Overview

Population

**32,500**

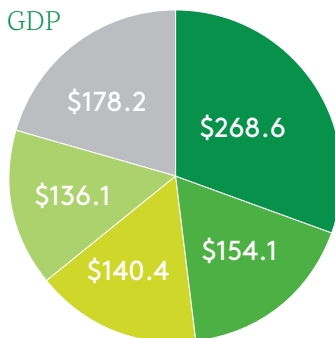


GDP

**\$1.555 Billion**

Industries that significantly contribute to the region's GDP

- Agriculture, Forestry and Fishing
- Construction
- Manufacturing
- Mining
- Tourism



GDP at 2010 prices



The current median house price in the region is **\$210,000** versus **\$560,000** for New Zealand

(Real Estate Institute of New Zealand, June 2018)

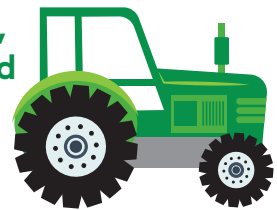
**3,729** Businesses

**15,994**  
Jobs filled

Industries that employ the most people

Agriculture, Forestry and Fishing

**1,830**



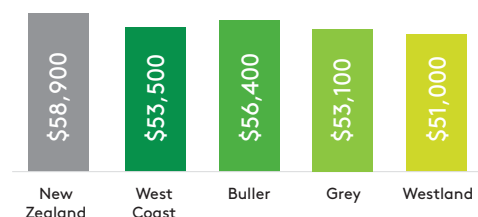
**1,783** Accommodation and Food Services

**1,757** Manufacturing

**1,757** Construction

Mean annual earnings

**\$53,500**



Source: Infometrics (2017). West Coast Region Economic Profile. Accessed from: <https://ecoprofile.infometrics.co.nz/West%20Coast%20Region>  
Real Estate Institute of New Zealand (2018). Monthly Property Report: 17 July 2018. Accessed from: <https://www.reinz.co.nz/residential-property-data-gallery>

# Supporting Business

Shannon and Tatiana Mahuika of Mahuika Pounamu have been working with a mentor from Business Mentors NZ as well as receiving valuable assistance from Ngai Tahu and Te Puni Kokiri. Showcasing their pounamu taonga from left to right: Samara Kelly, Raniera Hohepa-Wharerau and Kiani Wharerau.



MAHUIKA  
POUNAMU

# Supporting our Businesses

DWC provides a range of commercial financing options for West Coast business, including commercial lending, equity investment and guarantees.

In the 2018 financial year, DWC received eleven new applications for funding, with work on one application carrying over from the previous financial year. Ten applications were approved totalling \$2.665m.

At the end of the financial year, DWC was managing thirty commercial clients with a loan book of net \$16m. This includes DWC's equity investments in Cranley Farms Ltd (CFL) and Pūtake West Coast (PWC).

CFL's financial performance has significantly improved, with the farm benefiting from an increased milk pay-out and production, and reduced farm costs. The farm management plan has been bedded in and the restructured balance sheet has reduced financial costs. Further improvements are expected in the 2019 financial year.

PWC's honey operation has not traded as well as hoped with prices affected by the change implemented by the Ministry of Primary Industries in the definition of Manuka Honey. However, high production hive sites have been identified and DWC and our JV partners remain confident in honey's future.

In the 2016 financial year DWC allocated \$1m to each of the three districts through the District Economic Stimulus Fund (DESF). This resulted in 25 individual distributions made either directly to a client or via the local district council. A number of the distributions have ultimately benefited several businesses or organisations.

## District Economic Stimulus Fund (DESF)

### Buller District

Co.Starters	\$20,000
Buller Employment Initiative	\$300,000
West-Trak Equipment Ltd	\$150,000
Southwell Products Ltd	\$50,000
EPIC Westport - Spark	\$24,000
EPIC Westport - Dev & Design Role	\$70,000
EPIC Westport - Digital Modelling Lab	\$60,000
Wearbox Ltd	\$35,000
O'Connor Institute Trust Board	\$150,000
Logic Street Scene	\$20,000
West Coast Rewards	\$30,000
Bonnie and Clyde Gold Panning	\$10,000
Karamea Kitchen Café-Vinnies	\$16,000
Logic Street	\$28,000
Kominaya Organics	\$22,000
Scarlett & Co	\$5,000
Vertigo Technologies Ltd	\$10,000
<b>Total</b>	<b>\$1,000,000</b>

### Grey District

CBD Renewal Stage 1	\$700,000
Greymouth Gymnasium	\$300,000
<b>Total</b>	<b>\$1,000,000</b>

### Westland District

Heritage West Coast <i>(given as loan from DWC)</i>	\$200,000
Minehan Agencies <i>(given as loan from DWC)</i>	\$165,000
Hokitika Regent Theatre <i>(given as loan from DWC)</i>	\$165,000
West Coast Wilderness Trail Trust	\$200,000
Westland Produce <i>(given as loan from DWC)</i>	\$250,000
Co.Starters	\$20,000
<b>Total</b>	<b>\$1,000,000</b>

## Supporting Business

### Franz Josef Clay Target Shooting

A DWC loan to help get Franz Josef Clay Target Shooting started has been leveraged by the business owners, Vicki and Brent Whittington. The unique tourism activity has been operating since October 2017 and is proving popular with visitors to the lower parts of the West Coast.

Vicki and Brent have a passion for and long association with the sport as members of the Barrytown Clay Target Club. They have started with clay target shooting as the mainstay, but as the business grows they intend to introduce other activities, including archery, a golf driving range and small-calibre rifle shooting.

This business provides an all-weather activity for both locals and tourists. With the region's annual average of 260 rainy days, tourists need activities to keep them in the area while waiting for the skies to clear to gain access to the glaciers and other air-travel related adventures.

Vicki says the first months of running the business have been both exciting and challenging, but as time goes on and word of the clay target operation spreads, the bookings are steady. "We've been very grateful for the support we received from DWC, especially the help they gave us in getting everything together for our application. We felt that we had ticked all the boxes to provide everything that was needed and had a clear understanding of the process." Vicki says the difference of working with DWC was that its purpose is to help businesses like hers as much as possible. "So that makes a difference, and we know they genuinely will offer whatever support they can to help us succeed."



### Vertigo Technologies

Vertigo Technologies Limited (VT) is a technology company based in Westport designing and developing desktop manufacturing solutions, including Computer Numerical Control (CNC) routers.

VT caters to the growing market of hobbyists and small businesses who use CNC machines. The company has the skills and knowledge to be able to develop its own easy-to-use software to support those machines, so it has quickly become a busy West Coast company. On top of that, VT works with schools by providing students with the opportunity to use CNC machines through the technology curriculum.

The company approached DWC to help it work through the challenges of rapid growth – something a small business can struggle with if it doesn't have the personnel readily available or the space to grow its operation.

DWC's financial support meant the company was able to employ and train two specialist assemblers to operate their machinery, and to fit out the new premises they needed to take advantage of their growing operation.



### Reefton Powerhouse Charitable Trust

Funding from DWC, which helped purchase a critical parcel of land, proved to be a key step in the Reefton Powerhouse Charitable Trust's (RPCT) recent grant application to the Lottery Significant Projects Fund.

Greg Topp, from RPCT, goes so far as to describe DWC's involvement as the "game-changer" in the long-running project's timeline – and no wonder, as the Lottery funding awarded was almost \$3 million.

That amount acknowledges that the restoration and development of the historic powerhouse will significantly enhance the heritage site, and that in turn will create a unique tourism experience as visitors learn about where electricity was first made publicly available in the Southern Hemisphere.

This ambitious project has been in the making for many years, but is on track to get underway before the end of 2018. Once completed, the rebuilt powerhouse will be easily accessible from the popular walk from Reefton's centre, although this too will be enhanced to ensure users have an interpretive, scenic experience as they enjoy the one-hour loop.

The increased experience with the redeveloped powerhouse itself is expected to attract many more visitors to Reefton, meeting DWC's strategic goals to increase West Coast visitor numbers and the visitor experience.

Greg says the input and support of DWC made all the difference. "They made sure we dotted all the "i"s and crossed all the "t"s. While that felt like a lot of time, effort and scrutiny at the time, it was certainly worth the effort. Without the careful process we may not have been able to secure that land, and without that, we know the Lottery funding would have been unlikely."

Greg says the Reefton Powerhouse will add a unique tourism experience for the West Coast, and the site's significance will be a huge drawcard for history buffs. "It shows the importance of the DWC funding machine, and the positive impacts it is having on our community."

The construction programme to restore the powerhouse to its original splendour is estimated to take about three years.

In total, DWC has provided almost \$700k towards this project.

### Logic Street Scene

George and Cindy Field have owned street furniture company, Logic Street Scene, since June 2016, working the business up from a part-time operation to a full-time, busy Westport company.

They approached DWC for financial support to help move the business forward. With their loan they have been able to upgrade their computer systems and office equipment, build a new website, carry out their marketing, and undertake training and consultancy advice to help them along the way.

Logic Street Scene imports, designs, manufactures and installs Urban Street Furniture.

From off-the-shelf products to bespoke designs, Logic Street Scene works with urban designers, landscape and urban architects, councils, clubs, schools, commercial, and infrastructure consultancy firms.

Since securing support from DWC, the couple have been able to double the number of staff and are supporting other West Coast businesses by using local contractors and suppliers where they can.





Photo: Stewart Nimmo

## Tourism West Coast

A grant from DWC has enabled Tourism West Coast to activate the second stage in its exciting marketing campaign to promote the wider West Coast region to both domestic and international markets.

The Untamed Natural Wilderness marketing strategy has identified an opportunity to bolster visitors during the shoulder seasons, and to find new ways of encouraging tourists to travel wider during their visit to the Coast in order to experience the variety of locations and activities the region has.

The grant fits DWC's criteria in many ways – not least because growing the region's visitor economy has been singled out as a key focus of the West Coast Economic Development Action Plan.

The grant from DWC has allowed several activities to get underway, including the promotional campaign "Wake up to the West Coast". This campaign specifically targets people living in Auckland, Wellington and Canterbury, encouraging them to come to the Coast for their domestic holiday option. Within that target group, families and 'silver surfers' – travellers aged over 55 – are defined as the specific audience.

The grant has also enabled Tourism West Coast to refresh its international approach, attending trade shows in Australia, the USA and Europe to show off the beauty and unique activities the West Coast has to offer.

Tourism West Coast has been able to highlight the West Coast Cycle Trail – in particular the Old Ghost Road and the West Coast Wilderness Trail. These two



Photo: Stewart Nimmo

uniquely West Coast activities provide visitors with outdoor activities that promote the region's natural beauty and rugged landscapes, and appeal to the more adventurous and potentially longer-staying visitor.





# Developing our People

With the right level of support, the people behind our region's business and industry can maximise their skill sets and develop their capabilities. We work in a range of ways to provide development opportunities for people across the West Coast.

## Regional Business Partner Network

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

The RBP Programme is a key government service administered by New Zealand Trade & Enterprise and Callaghan Innovation. The programme supports businesses to grow and innovate, providing business development and innovation advisory services for small and medium-sized enterprises (SMEs) and High Value Manufacturing and Service businesses in all 14 regions throughout New Zealand.

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

Over the year, NZTE Management Capability Voucher assistance was provided for businesses to access capability training in the following areas:

- Governance
- Business Systems
- Managing Resources
- Business Planning
- Marketing
- Business Sustainability
- Finance
- Lean Manufacturing

## Regional Business Partner Network

45

NZTE Capability Development Vouchers awarded to West Coast Businesses, valued at \$60,000

14

West Coast businesses matched with mentors through the Business Mentors New Zealand programme

69

Businesses actively engaged under the RBP Network

183

Businesses registered with the RBP network

2

Businesses accessed International Connections Scheme Funding to assist with attending overseas Trade Fairs/Conferences

4

Businesses participated in Lean Innovation programme

Research & Development Projects totalling over

**\$46,000**

received up to 40% of their project costs



## Business Mentors New Zealand

DWC has been involved in this long-running and highly successful programme where local business owners are partnered with volunteer mentors from a wide range of industry backgrounds and, utilising their knowledge and experience, aid the success and growth of the business.

Their support involves an independent and impartial review of the business, assistance with implementation of any necessary improvements, and personal support at a level not generally available through standard courses or workshops.

Shannon and Tatiana Mahuika of Mahuika Pounamu accessed the BMNZ mentoring scheme delivered by DWC and were matched with John Barnes. His first step was to assess their business plan and work with the couple on ways their plan could be enhanced and expanded. He was also able to provide guidance about business risk, and work through a SWOT analysis to show the Mahuikas where opportunities lay for them.

Shannon and Tatiana say they had already received excellent support and advice from other successful Māori businesses, as well as iwi support and guidance from Ngai Tahu and Te Puni Kokiri. What John was able to offer was a different perspective – including how to shape the narrative about their business and purpose so that it resonated in both languages. John also had other channels for introductions and connections which opened new doors to potential customers.

**BUSINESS  
MENTORS**  
INSPIRING SUCCESS

## Leadership and Governance Programme

Over 70 West Coasters have graduated from the West Coast Leadership and Governance programme since it was launched in 2001. The programme, supported and facilitated by DWC, offers a unique learning opportunity for aspiring leaders on the West Coast.

The course covers leadership and management, self-discovery and strategic thinking, and gives attendees tools to develop effective teams. The intensive 12-month course has two components with the leadership workshops delivered by New Zealand Institute of Management and Leadership, and the governance workshops run by Westlake Governance.

The most recent cohort graduated in March 2018, ready to apply what they learned to their own careers and businesses, and having a new appreciation for everything from financials, company and contract law, to statutory requirements, health and safety and ethical standards.

## Co.Starters Programme

This Co.Starters programme targets a different sector of West Coast business owners, specifically targeting budding entrepreneurs who have the ideas but are unsure how to turn those ideas into successful business models.

The programme initially ran in Buller. That success inspired DWC to secure the licence for the West Coast, enabling Co.Starters to be rolled out in Westland and the Grey District.

Co.Starters is a nine-week programme geared towards providing practical skills to help attendees develop thriving new endeavours. This year 38 participants graduated from the programme, with cohorts being run in Westport, Hokitika and Greymouth.

Graduates of a Co.Starters programme celebrate their success at events enabling them to showcase their inspiring new businesses and business ideas.

The success of the programme is built on collaboration and the support and participation of the local business community. DWC acknowledges that without the community getting behind the programme and sharing their time and knowledge with the course participants, its success would not be as tangible.



## Opportunities to Network and Share Knowledge

The 2018 financial year proved very busy for business events with over 600 people attending various events ranging from business breakfasts on current business topics, business luncheons, business start-up workshops, digital technology workshops, and After-5 networking events highlighting local businesses.

### The Pitch

The Pitch has become a highlight event on the West Coast calendar, with new businesses taking part in sessions held throughout the year. In December 2017 the networking event was held in Hokitika where 13 local businesses battled it out for the top honour. Each gave a quick-fire four-minute pitch about their business, with the evening ending in a vote for the most popular.

This round's winner was Andrea Rogers – also known as the Crafty Chick. She won a promotional video from Weka Films, a free advertisement in the Hokitika Guardian, and printing vouchers from Printing.Com West Coast.

The Pitch is a fun event, with much laughter and energy from the various contestants, and DWC is proud to be involved in such a positive networking event.



### Weka Films Competition

West Coast production company Weka Films teamed up with DWC to run a social media competition to show how the geographical challenges of the West Coast could be offset by the growth of digital information sharing. The competition asked local businesses to submit a clever image and short profile of their company, vying for the prize of a promotional business video.

The value of social media was definitely highlighted by the contest – over 45,000 people viewed the various Facebook posts relating to the contest, giving the contributing businesses a huge promotional boost. The competition winner was the Hokitika Sandwich Company, whose entry was viewed 13,000 times.

Andrew Sinton-White from Weka films says we have some amazing talent here on the Coast, and social media is our ticket to taking business further than ever before. “A huge thanks to DWC for running the promo competition - it’s forward-thinking, innovative initiatives like this that’ll make sure our West Coast businesses stay alive and thrive!”

### Business Breakfasts

Katie Milne, National President of Federated Farmers of New Zealand, was one of the presenters during our successful Business Breakfast series. Her experiences as a West Coast farmer meant she brought a very personal connection to the participants and had a keen interest in others learning from her experiences.

Westland Milk Products’ Chief Executive Toni Brendish shared her insights into developing and maintaining resilience in business. She brings more than 30 years’ general management experience to the role, including over 15 years in chief executive and managing director roles in a variety of large consumer goods businesses across Asia, Australia and New Zealand. Toni’s messages were thoroughly appreciated by participants at the sell-out event.

Pike River Families Committee Spokesperson Bernie Monk and Andy Thompson from the Department of Conservation presented another very popular talk during the Business Breakfast series, with their presentation providing context, history and a progress report on the \$10m Paparoa Great Walk project.

Those attending heard that the walk, when completed, is projected to attract up to 7,000 extra visitors to the region in its first year, which will



in turn provide a range of economic and social opportunities for the West Coast.

### Successful Tradies Workshop

Helping tradies balance the feast or famine rollercoaster of self-employment was identified by DWC as an important focus this year. It is well known that tradies need to balance long hours, working nights and weekends, and weather-impacts, in their line of work. DWC hosted a workshop run by Daniel Fitzpatrick of Next Level Tradie, which equipped attendees with the tools and tricks to work a different way. The feedback from the event was extremely positive and had participants leaving with a new confidence that they will be able to increase profits while reducing hours and stress levels.

# Industry Support and Regional Development

DWC works alongside stakeholders to assist and identify potential opportunities for the creation, development and innovation of business and industry. DWC's involvement ranges from desktop research, identifying new and emerging opportunities, supporting industry body initiatives and facilitating research projects.

## DWC's financial contributions towards industry projects for 2017-18 were as follows:

Regional Growth Study <i>Oparara Arches Business Case</i>	<b>\$60,000</b>
Regional Growth Study <i>Paparoa Track Access Feasibility</i>	<b>\$40,000</b>
Regional Growth Study <i>Kawatiri Coastal Trail Business Case</i>	<b>\$50,000</b>
Regional Growth Study <i>Social Enterprise Pilot Programme</i>	<b>\$25,000</b>
GNS Science <i>Geothermal Study</i>	<b>\$60,000</b>
Tourism West Coast <i>Branding Stage 1</i>	<b>\$256,418</b>
Tourism West Coast <i>Marketing Stage 2</i>	<b>\$233,000</b>
Minerals to Materials Research Institute <i>New research entity establishment</i>	<b>\$50,000</b>

## Research and Innovation

### Geothermal Energy

DWC worked closely with GNS Science over the latter part of the year as they sought regional partners to pursue further research into the commercial viability and potential capacity for a geothermal energy resource that exists along the Alpine Fault. As a result, the study achieved the funding, stakeholder collaboration and resourcing necessary to commence in early 2018.

### Land Use

There has been a growing interest, particularly within the dairy farming sector, in the economics of diversifying land-use as a way of adding resilience and investigating new opportunities. Research has shown that there are three key options for diversifying land use: forestry/natives; existing horticulture alternatives; and new products, including high-value foods. Among the options investigated by DWC were hemp, sugar beet, biofuel crops and berries.

### Social Enterprise

The West Coast Economic Development Action Plan identified an opportunity to explore the Social Enterprise model on the West Coast to promote economic development and community resilience. In late 2017 the Akina Foundation, New Zealand's principal intermediary for social enterprise, was tasked with exploring the potential for the sector to contribute to the region's economic diversification and deliver employment benefits.

### Economic Indicators

Working with Infometrics, DWC continues to provide the region with up-to-date economic indicators. In addition to providing the regional indicators, DWC also purchased the rights to access the district data. All statistics are available to anyone to view and download from [www.dwc.org.nz](http://www.dwc.org.nz).

### Bioenergy Investigations

Bioenergy is energy from biological sources like wood and other plant materials, and can be used as a solid, liquid, or gas. Bioenergy is the most-used renewable energy globally, ahead of hydroelectricity and wind. It has become a major industry in many European countries and there is potential for this to happen in New Zealand.

Wood biomass is the main source of wood energy in New Zealand, coming in various forms, including firewood, shavings, sawdust, wood chips, agricultural crops and bark.

Local West Coast mills generate an estimated 3,000 tonnes of wet slab timber per month. At present this is sent to Christchurch as wet chip and is used for MDF board and animal bedding.

A meeting to discuss future opportunities for the wood energy industry and related sectors on the West Coast was facilitated by DWC in 2017. This was attended by representatives of the West Coast Timber Association, local sawmillers, Westland Milk Products, Ngāi Tahu Forest Estates, among others, and signalled a definite interest in the potential going forward; both for the forestry and timber industry and for energy end-users.

The forum was addressed by consultants from Ahika who were very involved in research to establish the commercial viability of a wood fuels project in Southland and are now replicating that research for Otago.

In June 2017 a group from the West Coast forum, including representatives from DWC and Ngāi Tahu Forest Estates, attended the Wood Fuels Symposium in Invercargill. The two day conference provided valuable information to the West Coast delegation about the viability of using wood residues for heat production.

Ngāti Waewae Chair and Development West Coast Trustee Francois Tumahai (Ngāi Tahu – Ngāti Waewae, Ngāti Whātua), is excited about the opportunity. “I like the idea of creating more jobs on

the West Coast and I certainly think there is space for bioenergy here, especially in schools, hospitals, community centres, and even in the heating of community swimming pools,” says Francois.

“It’s a great concept but I think it will ultimately come down to user demand. In the meantime, DWC is looking into it seriously. We need to understand more about bioenergy – what’s required, how it will ‘compete’ against the huge quantity of low-grade coal we have on the Coast.”

Francois says there are many variables to explore, particularly around the feasibility and cost-effectiveness for smaller businesses or whether bioenergy is better suited to large-scale operations.

As the largest Māori commercial forest owner in New Zealand, Ngāi Tahu Forest Estates is keen to ensure a sustainable future. It is working with DWC in the hopes of establishing additional bioenergy plants there, starting with a feasibility study.



### FoodSouth Food and Beverage Clinic

This event offered time with an expert to enable those in the hospitality sector to discuss their industry, how they could develop their businesses and products, and talk through technical issues such as dealing with shelf life and sensory balance, and market trends. The clinics were held in 30-minute segments, and Laura Nugent, Business Development Manager from FoodSouth, was happy to visit the participants’ businesses to ensure they were receiving relevant advice.



## Focus on Tourism

Since its inception, DWC has provided significant financial support to the tourism industry, which many operators have successfully converted into new jobs, new opportunities and industry growth.

It was a tourism venture, Punakaiki Canoes, that secured DWC's first ever loan in 2001, and that December a suspensory loan to Tourism West Coast was approved for \$374,000 to allow the Regional Tourism Organisation to lead a rebranding exercise for the West Coast. DWC has provided over \$20m of commercial funding to existing or start-up tourism businesses. In addition, we have supported the industry through services such as mentoring, training and other business support, or used our communication channels to promote tourism ventures.

Our significant support included large-scale investment in the Tourism Major Regional Initiative, which leveraged DWC's \$2.3m with \$5m of external funding to deliver 21 individual projects across the region.

The cycleways are excellent examples of how our funding can be leveraged by operators to create a base for business growth. DWC is proud to see that

our \$5m investment into these cycleways has been successfully utilised.

DWC has contributed \$1m into operational funding of Tourism West Coast since 2009 and has provided a further \$1.4m to fund Tourism West Coast projects. Funding provided to the West Coast Regional Economic Development Office was also utilised by Tourism West Coast in a recent rebrand of the West Coast. This has netted our region's promotional arm an award and the rebrand is already proving successful in attracting more domestic visitors to the Coast. Additionally, over \$1m has been spent on a range of other regional promotional initiatives, all of which play a part in building the profile of our region.

Most recently, in partnership with MBIE, we have funded the development of business cases for tourism projects promoted in the Action Plan of the Regional Growth Study.

DWC is pleased to have been able to provide this support to the tourism industry and believe the assistance has benefited both tourism operators and the wider West Coast community.

# Economic Development on the West Coast

Regional Economic Development has been a key focus for both DWC and central government. The West Coast has participated in the Regional Growth Programme and is a surge region for the Provincial Growth Fund. DWC has worked closely with the government and advisors on these initiatives.



## Tai Poutini West Coast Growth Study

Released in September 2016 as part of the government's nationwide Regional Growth Programme, the study explored the opportunities to achieve growth in investment, incomes and employment in the West Coast region. The study identified the need to build resilience, stabilise the local economy and sustain a skilled workforce so that future growth could be supported. It also identified the need to raise Māori economic performance and to examine arrangements to provide more effective delivery of economic development. The Study provided the groundwork for developing the Regional Economic Action Plan that followed.

## West Coast Economic Development Action Plan 2017

Launched on 13 July 2017 at the Arahura Marae, the West Coast Economic Development Action Plan built on the high priority actions for increasing economic growth identified in the Tai Poutini West Growth Study. A Regional Growth Study Governance Group managed the implementation of the Action Plan and has just recently been retired. A detailed



summary of the progress of the 18 actions originally identified in July 2017 appears on the next page. Many of the projects involved feasibility and business case studies that have been the basis for applications to the Provincial Growth Fund.

*To find out more and download the full Plan:*  
[wcr.govt.nz/actionplan](http://wcr.govt.nz/actionplan)

## The Provincial Growth Fund

Government has committed to investing \$3 billion over three years in regional economic development. Launched in April 2018, the Provincial Growth Fund (PGF) has been developed to enhance development opportunities, create sustainable jobs, enable Māori to reach their full potential, boost social inclusion and participation, build resilient communities, and help meet New Zealand's climate change targets. All provinces are eligible for funding, however the West Coast is one of six 'surge' regions identified for early investment.

Initially the PGF will contribute up to \$1 million towards the West Coast Wilderness Trail and the Old Ghost Road. A further \$100,000 will assist Punakaiki to develop a master plan for development, building on the Action Plan initiative. With 508,000 visitors last year, these numbers will only increase when the Paparoa Track and Pike29 Memorial Track open in 2019.

*To find out more:* [mbie.govt.nz/regions](http://mbie.govt.nz/regions)



## Action Plan Projects and Progress at a Glance

Description	Actions	The Progress
<b>Enhanced economic development support</b>	More effective support for West Coast sectors and businesses as they respond to new opportunities	Transition to a more collaborative structure is taking place. Two new Business Development Managers have been employed to work within the Economic Development Unit to provide more support to regional businesses.
<b>Growing the West Coast Economy</b>	Feasibility Studies for the Oparara Arches development, the Kawatiri Coastal Trail and the Blackball/Croesus Corridor	All work on these three feasibility studies has been completed, reviewed and applications to the PGF for the recommended construction work have been made for all projects.
	Extension of the Hokitika Gorge walking track along with amenity and safety improvements	The Hokitika Gorge continues to be a popular destination for visitors. Construction work to provide more parking, a new bridge and an extension to the track is on track for completion in December 2018.
	Future-proofing Punakaiki visitor and heritage infrastructure	The Punakaiki project, now known as the Dolomite Point Rehabilitation Project, has received completed geotechnical surveys and has been granted funding from the PGF to commission comprehensive design options.
	Future-proofing Franz Josef infrastructure against flooding and earthquakes	An options and cost benefit analysis for Franz Josef has been completed and an application to the PGF has been submitted.
	Preparing and Implementing the West Coast Tourism Marketing Plan	Tourism West Coast has received two grants from DWC to implement brand development and marketing over the past year.
	Tai Poutini Māori Tourism Strategy & Action Plan	This strategy will provide an Iwi/Māori tourism trail through the West Coast. It will also provide the marketing story to promote Ngai Tahu history. A launch of the strategy is imminent.
<b>Making it Easier to Invest and do Business</b>	Streamlining mining consent processes	Minerals Permitting workshops began in February 2018. NZP&M staff alongside other regulators and iwi attended the workshops. This allowed individuals to discuss their permit proposals and other issues with all the necessary parties on one day.
	Identifying low-value conservation land that could be disposed of	Currently this project is on hold.
<b>Support Economic Diversification</b>	Growing the digital economy action plan	The infrastructure roll out is on track. A comprehensive audit of black spots and weak spots is being prepared.
	Windblown timber from conservation land	Currently this project is on hold.
	Sustainable wild whitebait fishery	A working group made up of staff from MPI, Department of Conservation (DOC), University of Canterbury, Lincoln University and Te Rūnanga o Mākaawhio scoped out the actions to be carried out in October 2017. DOC worked over the 2017/2018 summer to identify and map barriers to migrating juvenile whitebait among other issues. A bid is being prepared for the Provincial Growth Fund to assess the economic, social and cultural importance of whitebait.
	Social enterprise pilot and regional expansion	Akina has been working in the region for a year with a focus on exploring the social enterprise approach for business in the region. An initial pilot scheme in Karamea focused on horticulture and food processing and is the subject of an application to the PGF.
<b>Improving Connectivity and Infrastructure</b>	Investment in road resilience and safer visitor routes	Several projects have been scoped and are included in the Regional Land Transport Plan (RLTP). The interim report on the RLTP was adopted by the WCRC on 12 June and has been submitted to the NZTA for a moderation process. Projects include many bridge replacements or strengthening work.

# West Coast Business Opinion Survey 2018

DWC undertook a significant survey of business owners and industry leaders to gauge a sense of the region's challenges and opportunities.

The collation of information provided by the 258 people who took part, most of whom have been in business for over 15 years, was invaluable.

Engagement with local businesses is key to DWC gaining a better understanding of the landscape faced by West Coasters, both as employers and employees. This engagement enables us to work together more effectively to promote sustainable employment and economic benefits for the region.

Business confidence findings from this survey suggest we are in an upswing, with a positive future ahead. To transform this optimism into tangible results we need to work in collaboration with all our local stakeholders to address the issues and leverage the opportunities voiced by local businesses.



## Some of the key findings

### Training/ Personal Development



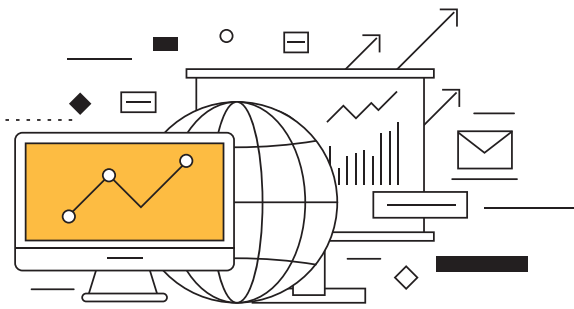
**34% think training in marketing and digital marketing will be useful for their business**

**ACTION:** DWC will continue to provide capability building workshops, such as our recent partnership with Facebook and AboutUs to bring the “Boost Your Town” digital skills training seminars to West Coast centres to equip business owners with the latest digital marketing skills and techniques.

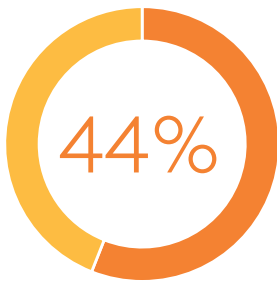


**49% say the location where training is offered can be a barrier**

**ACTION:** DWC will continue providing workshops, courses and seminars to different areas of the Coast, such as our Co.Starters programme that has been successful in Westport, Hokitika and Greymouth. We will also look to utilise digital technologies to provide training opportunities to businesses in more isolated areas and look at opportunities to bring training courses to the Coast where specific needs are identified.

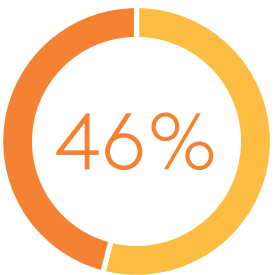


### Key Challenges



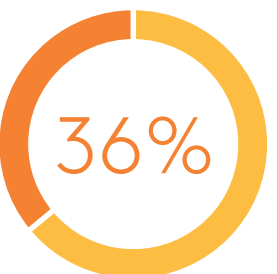
**44% expect attracting new customers to be a challenge over the next 12 months**

**ACTION:** DWC will work to provide marketing workshops and training to empower businesses with the skills and techniques to attract new customers. We will also continue supporting the development of our tourism sector to bring new visitors to the Coast.



**46% report availability of skilled staff to be a challenge over the next 12 months**

**ACTION:** DWC will continue building on the relationships already in place with local education providers, who are best placed to build local capabilities. We must also work to increase the region's profile through strategic marketing to encourage skilled staff to move to the West Coast.



**36% report improving business processes to be a challenge over the next 12 months**

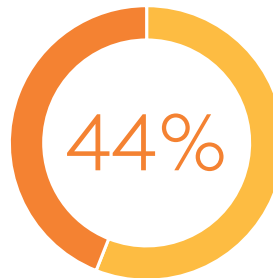
**ACTION:** DWC will continue providing a range of business support services to help improve business processes. We will also host industry specific workshops with a focus on improving business processes, such as the Successful Tradie, Succession Planning and Investment Attraction workshops.

### Business Confidence



**Net 20% of businesses expect employee levels to increase over the next 12 months**

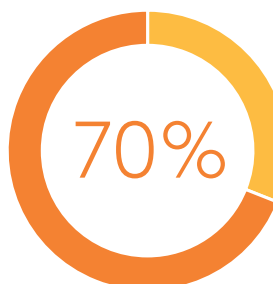
**ACTION:** The five-year strategy for DWC includes a focus on increasing employment significantly by 2025, and this may be supported through access to commercial lending to help businesses employ new staff.



**Net 44% of businesses expect revenue will increase over the next 12 months**

**ACTION:** The ability to employ more staff will enable West Coast businesses to tackle new markets and chase their growth targets. DWC will look to support businesses through its range of services and commercial finance.

### Advantages of the West Coast



**70% of people think overall quality of life is an advantage to having a business on the West Coast**

**ACTION:** Quality of life on the West Coast is second to none - we must leverage this to retain and attract people and businesses to the West Coast. DWC will look to increase our region's profile by working with media sources to put a spotlight on successful businesses who choose to be located on the Coast.

**The West Coast Business Opinion Survey can be downloaded from: [www.dwc.org.nz](http://www.dwc.org.nz)**

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# Spotlight on our Community



Photo: Stewart Nimmo

# Spotlight on our Community

DWC has continued its support of the community, providing community groups with funding to enhance a range of community facilities and programmes.

In 2017-18, DWC provided funding as follows:

<b>\$90,000</b>	<b>West Coast Community Trust</b>
<b>\$15,000</b>	<b>Development West Coast Amateur Sports Trust</b>
<b>\$6,660</b>	<b>Northern Buller Museum Granity Charitable Trust</b>

This funding was in addition to DWC's continued funding to each West Coast district council of the Major District Initiative (\$400,000 annually through to 2022) and Extraordinary Distribution Fund (one-off \$2m).

In total, \$63m has been invested in community grants and economic development projects since 2001.

## Major District Initiative Fund (MDI)

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

## Major District Initiative Fund (MDI)

### Buller District

Pulse Energy Recreation Centre	<b>6,000,000</b>
NBS Theatre	<b>700,000</b>
<b>Total</b>	<b>6,700,000</b>

### Grey District

Aquatic Centre	<b>6,000,000</b>
Cobden Sports Complex	<b>50,000</b>
West Coast Theatre Trust	<b>400,000</b>
Grey United Tennis Club	<b>20,000</b>
Westurf Recreation Trust	<b>100,000</b>
Uncommitted Funds	<b>130,000</b>
<b>Total</b>	<b>6,700,000</b>

### Westland District

Westland i-Site	<b>296,952</b>
Hokitika Regent Theatre (Stage I)	<b>340,000</b>
Library Relocation	<b>489,392</b>
Donovan's Store Refurbishment	<b>78,375</b>
Hokitika Gorge Upgrade	<b>82,014</b>
Westland Boys' Brigade Hall	<b>247,349</b>
Hokitika Regent Theatre (Stage II)	<b>570,000</b>
Harihari Community Hall	<b>455,000</b>
Franz Josef Community Centre	<b>100,000</b>
Fox Glacier Community Centre	<b>1,000,000</b>
Ross Community Hall	<b>90,000</b>
Hokitika Westland RSA	<b>400,000</b>
Westland Sports Hub	<b>1,500,000</b>
Chinese Miners' Memorial Reserve	<b>68,709</b>
Whataroa Community Hall	<b>200,000</b>
Haast Community Track	<b>50,000</b>
Uncommitted Funds	<b>732,209</b>
<b>Total</b>	<b>6,700,000</b>

# Spotlight on our Community

## 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 each West Coast district council to fund community assets and projects that would boost their local economy. The following schedule shows projects receiving EDF funding to date.



**\$25,000**

Buller Rugby Football Union  
Lights for Craddock Park

**\$195,000**

Karamea Medical Assn Trust  
New house for medical staff

**\$50,000**

Salvation Army  
Building work for 'The Shed'

**\$400,000**

Reefton Powerhouse Trust  
Reconstruct powerhouse

**\$200,000**

The O'Conor Institute Trust Board  
Extension & Earthquake strengthening

**\$15,000**

Westport Volunteer Fire Brigade  
Support vehicle

EDF FUNDING

**\$50,000**

Carters Beach Hall Committee  
Upgrade Hall

**\$500,000**

Coaltown Trust  
Construct cultural Hub

**\$250,000**

Mokihinui-Lyell Backcountry Trust  
Old Ghost Road Cycle & Tramping Trail

**\$54,000**

Tai Poutini Polytechnic  
Trades Centre Training Centre

**\$25,000**

Sunset Speedway Club  
Replace safety fence

**\$100,000**

Westport Kindergarten Assn  
New facility

**\$35,500**

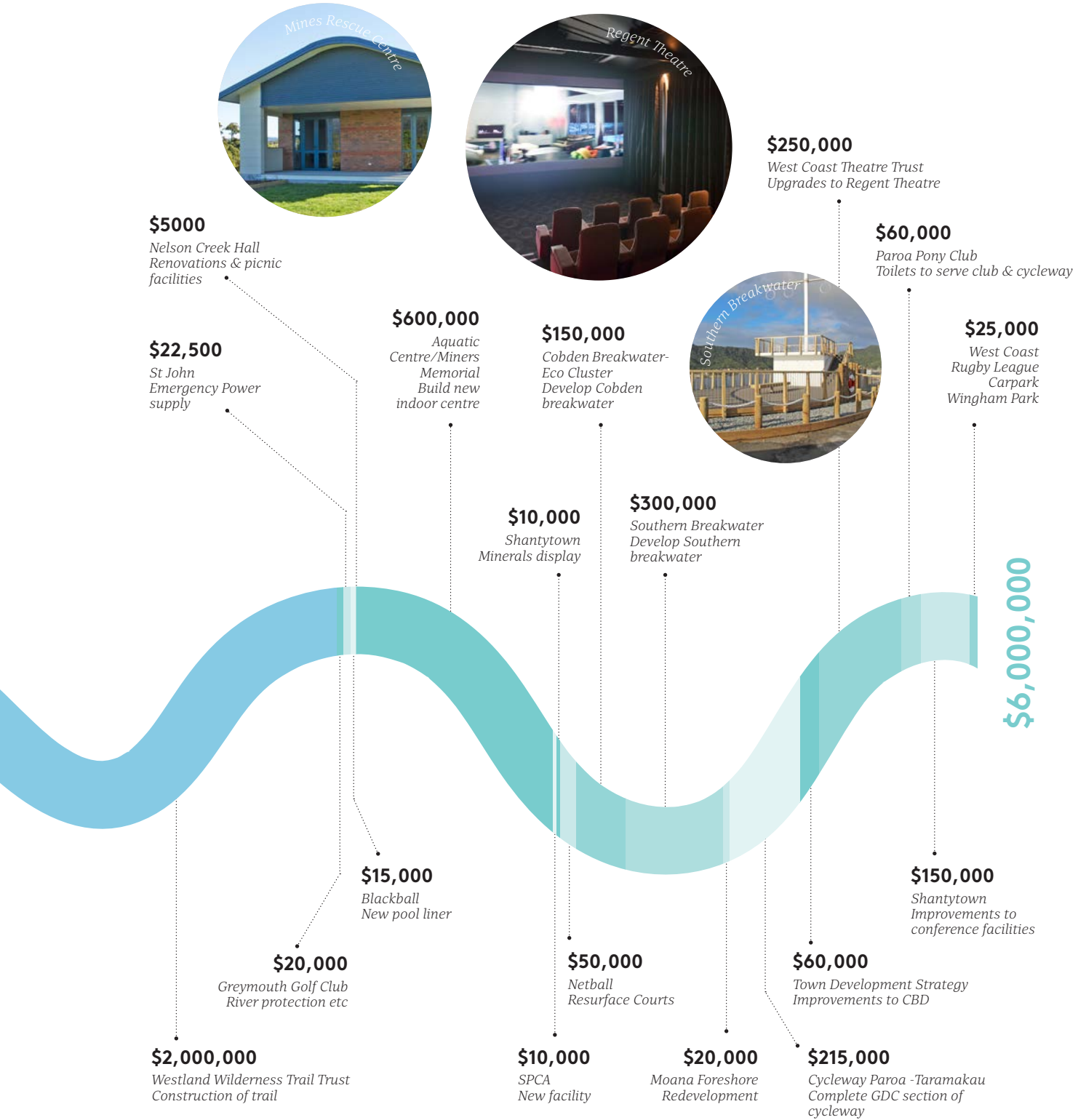
Seddonville Community Assn  
Relocate fire station & library

**\$100,000**

Reefton Early Learning centre  
New Learning Centre

**Buller District**  
Total Funding \$2,000,000

**Westland District**  
Total Funding \$2,000,000



**Grey District**  
**Total Funding \$2,000,000**



Mines Rescue Centre



Regent Theatre



Southern Breakwater



Ivan Talley Rescue



Greymouth CBD

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# Financial Reporting





## 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 2018.

Signed for and on behalf of the Trustees and Management.



Renee Rooney  
**Chair**

13 August 2018



Chris Mackenzie  
**Chief Executive**

13 August 2018

## Audit Opinion

### Independent Auditor's Report

#### To the readers of Development West Coast Group's financial statements for the year ended 31 March 2018

The AuditorGeneral is the auditor of the Development West Coast Group (the Group). The AuditorGeneral 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 Group on his behalf.

#### Opinion

We have audited the financial statements of the Group on pages 38 to 62, that comprise the consolidated statement of financial position as at 31 March 2018, 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 Group on pages 38 to 62:

- present fairly, in all material respects:
  - its financial position as at 31 March 2018; and
  - its 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 concessions.

Our audit was completed on 13 August 2018. 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 AuditorGeneral'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 AuditorGeneral'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 for the preparation and fair presentation of financial statements for the Group 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 them to prepare 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 Group for assessing the 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 liquidate the 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 AuditorGeneral'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.

*The accompanying notes should be read in conjunction with these financial statements.*

## Audit Opinion (cont)

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 AuditorGeneral'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 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 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 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 obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible solely for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 ii to 35, 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 Group in accordance with the independence requirements of the AuditorGeneral'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 Group.



John Mackey  
Audit New Zealand  
On behalf of the AuditorGeneral  
Christchurch, New Zealand

*The accompanying notes should be read in conjunction with these financial statements.*

## Consolidated Statement of Comprehensive Revenue & Expense

	Note	Consolidated		Parent	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
Finance Revenue	4	6,932	9,141	6,821	8,876
Trading Sales	5	4,199	3,108	0	0
Other Revenue and Gains		1,202	709	528	430
<b>Total Revenue</b>		<b>12,333</b>	<b>12,958</b>	<b>7,349</b>	<b>9,306</b>
Operating Expenses	6	6,987	6,266	2,439	2,314
Share of Loss in Associates		130	368	0	0
<b>Surplus before Community Distributions and Projects</b>		<b>5,216</b>	<b>6,324</b>	<b>4,910</b>	<b>6,992</b>
Regional Development	7	2,193	1,201	2,193	1,201
Major District Initiative		205	244	205	244
Community Grants	8	112	205	112	205
<b>Surplus/(Deficit) before Impairment of Assets</b>		<b>2,706</b>	<b>4,674</b>	<b>2,400</b>	<b>5,342</b>
Impairment of Distribution Assets		976	741	291	1,241
Impairment/(Revaluation) of Other Assets		0	(281)	0	0
Investment Mark-to-Market (Gain)/Loss		(3,098)	(1,180)	(3,098)	(1,180)
<b>Surplus/(Deficit) for the Year before Tax</b>		<b>4,828</b>	<b>5,394</b>	<b>5,207</b>	<b>5,281</b>
Income Tax (Credit)/Expense	9	(419)	(160)	0	0
<b>Surplus/(Deficit) for the Year</b>		<b>5,247</b>	<b>5,554</b>	<b>5,207</b>	<b>5,281</b>
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	20	1,134	692	1,134	692
Net Gain/(Loss) on Movement in Cash Flow Hedges	20	(38)	75	(38)	75
<b>Other Comprehensive Revenue and Expenses for the Year</b>		<b>1,096</b>	<b>767</b>	<b>1,096</b>	<b>767</b>
<b>Total Comprehensive Revenue and Expenses for the Year</b>		<b>6,343</b>	<b>6,321</b>	<b>6,303</b>	<b>6,048</b>
<b>Total Comprehensive Revenue and Expenses for the Year is attributable to:</b>					
Non-Controlling Interest		(98)	(100)	0	0
Group		6,441	6,421	6,303	6,048
		<b>6,343</b>	<b>6,321</b>	<b>6,303</b>	<b>6,048</b>

The accompanying notes should be read in conjunction with these financial statements.

## Consolidated Statement of Changes in Equity

	Note	Consolidated		Parent	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Balance at 1 April</b>		<b>118,684</b>	<b>110,816</b>	<b>117,748</b>	<b>111,700</b>
Surplus/(Deficit) for the Year		5,247	5,554	5,207	5,281
Other Comprehensive Revenue for the Year		1,096	767	1,096	767
<b>Total Comprehensive Revenue and Expenses for the Year</b>		<b>6,343</b>	<b>6,321</b>	<b>6,303</b>	<b>6,048</b>
<b>Transactions with Owners in their Capacity as Owners:</b>					
Acquisition of Non-Controlling Interest		0	1,547	0	0
<b>Balance at 31 March</b>		<b>125,027</b>	<b>118,684</b>	<b>124,051</b>	<b>117,748</b>

*The accompanying notes should be read in conjunction with these financial statements.*

## Consolidated Statement of Financial Position

	Note	Consolidated		Parent	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents		0	518	449	562
Term Deposits		20,133	7,644	20,133	7,644
Trade and Other Receivables	10	988	431	425	126
Derivative Financial Instruments	16	0	39	0	39
Biological Assets	11	3,410	3,291	0	0
Investments	12	60,262	59,481	60,262	59,481
Loan Advances	13	219	1,209	219	1,209
Loan Advances to Subsidiaries	13	0	0	12,275	15,504
<b>Total Current Assets</b>		<b>85,012</b>	<b>72,613</b>	<b>93,763</b>	<b>84,565</b>
<b>Non-Current Assets</b>					
Derivative Financial Instruments	16	0	76	0	76
Term Deposits		9,000	0	9,000	0
Property, Plant and Equipment	14	21,198	21,404	2,267	2,246
Investment Properties	15	2,102	4,754	0	0
Investments	12	27,435	38,649	26,251	37,490
Loan Advances	13	3,732	4,875	3,732	4,875
Investment in Associates	13	2,503	3,143	0	0
Intangible Assets		1,090	1,090	21	21
Deferred Tax Assets	9	230	0	0	0
<b>Total Non-Current Assets</b>		<b>67,290</b>	<b>73,991</b>	<b>41,271</b>	<b>44,708</b>
<b>TOTAL ASSETS</b>		<b>152,302</b>	<b>146,604</b>	<b>135,034</b>	<b>129,273</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Cash and Cash Equivalents		146	0	0	0
Derivative Financial Instruments	16	41	270	41	270
Trade and Other Payables	17	8,341	7,719	7,731	7,049
<b>Total Current Liabilities</b>		<b>8,528</b>	<b>7,989</b>	<b>7,772</b>	<b>7,319</b>
<b>Non-Current Liabilities</b>					
Deferred Tax Liability	9	0	189	0	0
Trade and Other Payables	17	3,247	4,242	3,211	4,206
Interest Bearing Loans and Borrowings	18	15,500	15,500	0	0
<b>Total Non-Current Liabilities</b>		<b>18,747</b>	<b>19,931</b>	<b>3,211</b>	<b>4,206</b>
<b>TOTAL LIABILITIES</b>		<b>27,275</b>	<b>27,920</b>	<b>10,983</b>	<b>11,525</b>
<b>NET ASSETS</b>		<b>125,027</b>	<b>118,684</b>	<b>124,051</b>	<b>117,748</b>
<b>EQUITY</b>					
Restricted Capital	19	79,514	79,514	79,514	79,514
Reserves	20	44,079	37,723	44,537	38,234
<b>Total Equity Attributable to the Group</b>		<b>123,593</b>	<b>117,237</b>	<b>124,051</b>	<b>117,748</b>
Non-Controlling Interests	20	1,434	1,447	0	0
<b>TOTAL EQUITY</b>		<b>125,027</b>	<b>118,684</b>	<b>124,051</b>	<b>117,748</b>

The accompanying notes should be read in conjunction with these financial statements.

## Consolidated Statement of Cash Flows

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Cash Flows from Operating Activities</b>				
Cash was provided from:				
Finance Revenue	8,284	7,045	3,680	4,442
Other Revenue	0	709	398	430
Cash was disbursed to:				
Payments to Suppliers, Trustees and Employees	(6,187)	(5,570)	(2,104)	(2,458)
Community Distributions and Projects	(2,673)	(5,446)	(2,674)	(5,446)
<b>Net Cash Flows from/(used in) Operating Activities</b>	<b>(576)</b>	<b>(3,262)</b>	<b>(700)</b>	<b>(3,032)</b>
<b>Cash Flows from Investing Activities</b>				
Cash was provided from:				
Proceeds from Sale of PPE & Investment Properties	3,049	5	0	1
Proceeds on Disposal of Investments	20,405	14,333	20,405	14,130
Term Deposit Maturities	19,747	48,593	19,747	42,321
Distribution Asset Repayments	2,604	1,863	5,997	7,769
Cash was disbursed to:				
Purchase of PPE & Investment Properties and Intangibles	(393)	(646)	(98)	(236)
Purchase of Investments	(3,376)	(12,443)	(3,351)	(12,404)
Investment in Associates	(292)	(2,327)	0	0
Term Deposit Investments	(41,235)	(42,321)	(41,235)	(36,049)
Repayment of debt	0	(2,994)	0	0
Distribution Asset Lending	(597)	(1,467)	(878)	(13,503)
<b>Net Cash Flows from/(used in) Investing Activities</b>	<b>(88)</b>	<b>2,596</b>	<b>587</b>	<b>2,029</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(664)	(666)	(113)	(1,003)
Addition due to Business Combination	0	(531)	0	0
Cash and Cash Equivalents at Beginning of Period	518	1,715	562	1,565
<b>Cash and Cash Equivalents at End of Period</b>	<b>(146)</b>	<b>518</b>	<b>449</b>	<b>562</b>

The accompanying notes should be read in conjunction with these financial statements.

## Notes to the Consolidated 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 2018 were authorised for issue by Trustees on 13 August 2018.

### 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 Reduced Disclosure Regime (PBE Standards RDR).

The financial statements of DWC and Group have been prepared in accordance with PBE RDR Standards and disclosure concessions have been applied. DWC and Group are eligible to report in accordance with PBE RDR 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 discounted 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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Interest on Distribution Assets	397	566	287	355
Administration Fees raised on Distribution Assets	0	0	0	0
Interest on Term Deposits and call accounts	442	261	442	261
Interest on Available for Sale Investments	1,998	2,395	1,998	2,395
Interest Concessions	170	244	170	244
Dividends on Available for Sale Investments	379	148	379	148
Dividends on Held for Trading Investments	1,235	1,316	1,234	1,316
Net Realised Gains/(Losses) on Disposal of Available for Sale Investments Reclassified from Unrealised Gains Reserve	1,006	82	1,006	82
Net Realised Gains/(Losses) on Held for Trading Derivatives	618	1,479	618	1,479
Net Realised Gains/(Losses) on Held for Trading Investments	687	2,596	687	2,596
Net Realised Gains/Losses) on Investment in Associates	0	54	0	0
<b>Total Finance Revenue</b>	<b>6,932</b>	<b>9,141</b>	<b>6,821</b>	<b>8,876</b>

## 5. TRADING SALES

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Dairy Produce	3,820	2,575	0	0
Livestock Trading	293	491	0	0
Other Farm Income	4	5	0	0
Rebates	82	37	0	0
<b>Total Trading Sales</b>	<b>4,199</b>	<b>3,108</b>	<b>0</b>	<b>0</b>

## 6. OPERATING EXPENSES

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Administration Expenses	1,404	1,278	1,261	1,121
Advisory Body Fees	70	70	70	70
Advisory Body Expenses	12	9	12	9
Auditor's Remuneration				
Current Audit Fees	106	103	80	87
Fees Charged for Previous Years	11	13	11	13
Depreciation & Amortisation	601	552	77	58
Directors' Costs	56	34	0	0
Election Costs	0	23	0	23
Equipment Lease Payments	2	2	2	2
External Consultancy Expenses	106	63	79	39
Finance Costs	795	539	1	1
Information & Communication Technology	65	83	65	83
Insurance & Risk Management	132	114	56	48
Investment Advisory Expenses	242	242	242	242
Legal Fees	118	134	111	124
Loss/(Gain) on Sale of Assets	0	60	0	42
Licenses	0	0	0	0
Marketing & Promotion	33	27	33	27
Occupancy	122	110	122	110
Recruitment Costs	12	4	12	4
Trading Expenses	2,895	2,595	0	0
Trustees' Remuneration	176	176	176	176
Trustees' Expenses	29	35	29	35
<b>Total Operating Expenses</b>	<b>6,987</b>	<b>6,266</b>	<b>2,439</b>	<b>2,314</b>



## 7. REGIONAL DEVELOPMENT

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Interest Concessions	168	244	168	244
Regional Partnership Network	87	85	87	85
Tourism West Coast	97	86	97	86
Business Development Unit*	1,841	786	1,841	786
<b>Total Regional Development</b>	<b>2,193</b>	<b>1,201</b>	<b>2,193</b>	<b>1,201</b>

* The following projects are included in Business Development Unit	Type	2018 \$
GNS Science Geothermal Study	Feasibility Grant	\$60,000
Tourism West Coast: Branding Stage 1	Grant	\$256,418
Tourism West Coast: Marketing Stage 2	Grant	\$233,000
West Coast Economic Development Manager	Project Co-Funding	\$165,000
Co.Starters Programme	Project Funding	\$78,725
Minerals to Materials Research Institute	Grant	\$50,000
Regional Growth Study: Oparara Arches Business Case	Grant	\$60,000
Regional Growth Study: Paparoa Track Access Feasibility	Grant	\$40,000
Regional Growth Study: Kawatiri Coastal Trail Business Case	Grant	\$50,000
Regional Growth Study: Social Enterprise Pilot Programme	Grant	\$25,000
<b>Total</b>		<b>\$1,018,143</b>

## 8. COMMUNITY GRANTS

Project or Recipient	2018 \$
Development West Coast Amateur Sports Trust	15,000
Northern Buller Museum Granity Charitable Trust	6,660
West Coast Community Trust	90,000
<b>Total Community Grants</b>	<b>111,660</b>

## 9. INCOME TAX

### 9.1 Income Tax Expense

	Consolidated	
	2018 \$000	2017 \$000
<b>Income Tax Expense</b>		
Current Income Tax Charges/Credit	(56)	(273)
Current year losses for which no deferred tax asset is recognised	56	273
Utilisation of Previously Unrecognised Tax Losses	0	0
<b>Deferred Tax</b>		
Origination and Reversal of Temporary Differences	(419)	(160)
<b>Income Tax (Credit)/Expense Reported in Surplus or Deficit</b>	<b>(419)</b>	<b>(160)</b>
<b>Reconciliation of Tax Expense</b>		
Accounting Surplus/(Deficit) Before Tax	4,828	5,394
At the Statutory Income Tax Rate of 28%	1,352	1,510
Adjustments in Respect of Parent (Surplus)/Deficit not Taxable	(1,473)	(1,654)
Adjustments in Respect of Permanent Tax differences	208	(189)
Adjustments in Respect of Temporary Tax Differences	(143)	60
Current year losses for which no deferred tax asset is recognised	56	273
Tax Losses not Recognised	0	0
<b>Deferred Tax</b>		
Origination and Reversal of Temporary Differences Relating to Non Depreciable Buildings	(419)	(160)
<b>Income Tax (Credit)/Expense Reported in Surplus or Deficit</b>	<b>(419)</b>	<b>(160)</b>

### 9.2 Deferred Tax

	Consolidated	
	2018 \$000	2017 \$000
Non Depreciable Buildings	(263)	(834)
Biological assets	(179)	(64)
Deferred Fertiliser	654	689
Employee leave accruals	18	13
Audit Accruals	0	7
<b>Deferred Tax (Liabilities)/Assets</b>	<b>230</b>	<b>(189)</b>
<b>Reconciliation of Deferred Tax (Liabilities)/Assets</b>		
Opening Balance as at 1 April	(189)	(570)
Tax Credit/(Expense) During the Year Recognised in Surplus or Deficit	419	160
Pre-acquisition entry due to business combination during the year	0	221
<b>Closing Balance as at 31 March</b>	<b>230</b>	<b>(189)</b>

### 9.3 Tax Losses

No asset has been recognised in respect of the taxation losses held by the Group. At 31 March 2018 Group losses totalled \$18,853,474 (2017 \$18,651,821). Losses able to be utilised across the Group are \$11,695,705. (2017 \$11,552,767).

## 10. TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Trade Receivables	739	334	151	22
GST Refund Receivable	0	0	30	20
Prepayments	0	42	14	29
Sundry Receivables	249	55	230	55
<b>Carrying Amount of Trade and Other Receivables</b>	<b>988</b>	<b>431</b>	<b>425</b>	<b>126</b>

## 11. BIOLOGICAL ASSETS

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Balance at Beginning of Financial Year</b>	<b>3,291</b>	<b>0</b>	<b>0</b>	<b>0</b>
Increase Resulting from Business Combination	0	2,895	0	0
Increases Due to Purchases	120	149	0	0
Decreases Attributable to Sales and Biological Assets Classified as Held for Sale	(294)	(244)	0	0
Net Gain/(Loss) from Changes in Fair Value Less Estimated Point of Sale Costs	120	396	0	0
Other Changes	173	95	0	0
<b>Balance at End of Financial Year</b>	<b>3,410</b>	<b>3,291</b>	<b>0</b>	<b>0</b>

### 11.1 Livestock

The Group owns dairy cattle. These are held at the Group's farm in the South Island. At 31 May 2018, the Group owned 1,400 milking cows, 339 in calf heifers, 307 one-year old heifers, and 15 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 2018. 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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Available for Sale Investments	41,208	53,739	40,024	52,580
Held for Trading Investments	46,489	44,391	46,489	44,391
<b>Total Investments</b>	<b>87,697</b>	<b>98,130</b>	<b>86,513</b>	<b>96,971</b>
Current Assets	60,262	59,481	60,262	59,481
Non-Current Assets	27,435	38,649	26,251	37,490
<b>Total Assets</b>	<b>87,697</b>	<b>98,130</b>	<b>86,513</b>	<b>96,971</b>

## 13. DISTRIBUTION ASSETS

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

Class	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Advances to Other Parties	3,951	6,084	3,951	6,084
Investments in Subsidiaries	0	0	12,275	15,504
Investments in Associates	2,503	3,143	0	0
<b>Total</b>	<b>6,454</b>	<b>9,227</b>	<b>16,226</b>	<b>21,588</b>

### 13.1 Related Party Distribution Assets

	Parent	
	2018 \$000	2017 \$000
Distribution Assets Invested in Subsidiaries and Associates	28,930	32,048
Provision for Impairment Relating to Distribution Assets Invested in Subsidiaries and Associates	16,655	16,545
<b>Total</b>	<b>12,275</b>	<b>15,504</b>

## 14. PROPERTY, PLANT AND EQUIPMENT

	Consolidated				Parent			
	Motor Vehicles	Other Property, Plant and Equipment	Land & Buildings	Total	Motor Vehicles	Other Property, Plant and Equipment	Land & Buildings	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>At Cost or Valuation</b>								
<b>Balance at 1 April 2016</b>	<b>185</b>	<b>287</b>	<b>1,977</b>	<b>2,449</b>	<b>185</b>	<b>287</b>	<b>1,977</b>	<b>2,449</b>
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)
<b>Balance at 31 March 2017</b>	<b>791</b>	<b>1,740</b>	<b>24,927</b>	<b>27,458</b>	<b>177</b>	<b>334</b>	<b>2,104</b>	<b>2,615</b>
<b>Balance at 1 April 2017</b>	<b>791</b>	<b>1,740</b>	<b>24,927</b>	<b>27,458</b>	<b>177</b>	<b>334</b>	<b>2,104</b>	<b>2,615</b>
Additions	145	58	190	393	22	19	56	97
Disposals	(97)	0	0	(97)	0	(25)	0	(25)
<b>Balance at 31 March 2018</b>	<b>839</b>	<b>1,798</b>	<b>25,117</b>	<b>27,754</b>	<b>199</b>	<b>328</b>	<b>2,160</b>	<b>2,687</b>
<b>Depreciation and Impairment Losses</b>								
<b>Balance at 1 April 2016</b>	<b>59</b>	<b>223</b>	<b>55</b>	<b>337</b>	<b>59</b>	<b>223</b>	<b>55</b>	<b>337</b>
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	(55)	(2)	0	(56)	(27)	0	0	(27)
<b>Balance at 31 March 2017</b>	<b>401</b>	<b>1,176</b>	<b>4,477</b>	<b>6,054</b>	<b>54</b>	<b>250</b>	<b>65</b>	<b>369</b>
<b>Balance at 1 April 2017</b>	<b>401</b>	<b>1,176</b>	<b>4,477</b>	<b>6,054</b>	<b>54</b>	<b>250</b>	<b>65</b>	<b>369</b>
Depreciation Charge for the Year	95	104	384	583	38	27	11	76
Disposals	(81)	0	0	(81)	0	(25)	0	(25)
<b>Balance at 31 March 2018</b>	<b>415</b>	<b>1,280</b>	<b>4,861</b>	<b>6,556</b>	<b>92</b>	<b>252</b>	<b>76</b>	<b>420</b>
<b>Net Carrying Amount</b>								
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
At 31 March 2018	424	518	20,256	21,198	107	76	2,084	2,267

Note 18 details the securities held by third parties over the Group's plant property and equipment.

## 15. INVESTMENT PROPERTIES

Consolidated	Land	Land	Buildings	Total
	\$000	Improvements \$000		
<b>At Cost or Valuation</b>				
<b>Balance at 1 April 2016</b>	<b>2,342</b>	<b>148</b>	<b>2,341</b>	<b>4,831</b>
Additions	0	274	0	274
Disposals	0	0	0	0
Impairment	0	0	0	0
<b>Balance at 31 March 2017</b>	<b>2,342</b>	<b>422</b>	<b>2,341</b>	<b>5,105</b>
<b>Balance at 1 April 2017</b>				
<b>Balance at 1 April 2017</b>	<b>2,342</b>	<b>422</b>	<b>2,341</b>	<b>5,105</b>
Additions	0	22	0	22
Disposals	(550)	(105)	(2,431)	(2,996)
Impairment	0	0	0	0
<b>Balance at 31 March 2018</b>	<b>1,792</b>	<b>339</b>	<b>0</b>	<b>2,131</b>
<b>Depreciation and Impairment Losses</b>				
<b>Balance at 1 April 2016</b>	<b>0</b>	<b>3</b>	<b>292</b>	<b>295</b>
Depreciation Charge for the Year	0	15	41	56
Disposals	0	0	0	0
<b>Balance at 31 March 2017</b>	<b>0</b>	<b>18</b>	<b>333</b>	<b>351</b>
<b>Balance at 1 April 2017</b>				
<b>Balance at 1 April 2017</b>	<b>0</b>	<b>18</b>	<b>333</b>	<b>351</b>
Depreciation Charge for the Year	0	17	0	17
Disposals	0	(6)	(333)	(339)
<b>Balance at 31 March 2018</b>	<b>0</b>	<b>29</b>	<b>0</b>	<b>29</b>
<b>Net Carrying Amount</b>				
At 31 March 2016	2,342	145	2,049	4,536
At 31 March 2017	2,342	404	2,008	4,754
At 31 March 2018	1,792	310	0	2,102

During the year the Group disposed of the Franz Josef Top Ten property. This resulted in a gain to the Group of \$400k, which is recognised in Other Revenue and Gains in the Statement of Comprehensive Revenue and Expense.

## 16. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Current Asset/(Liability)</b>				
Currency Option Contracts – Held for Trading	(41)	(270)	(41)	(270)
Interest Rate Swap Contracts – Cash Flow Hedge	0	39	0	39
	<b>(41)</b>	<b>(231)</b>	<b>(41)</b>	<b>(231)</b>
<b>Non-Current Asset/(Liability)</b>				
Currency Option Contracts – Held for Trading	0	76	0	76
Interest Rate Swap Contracts – Cash Flow Hedge	0	0	0	0
	<b>0</b>	<b>76</b>	<b>0</b>	<b>76</b>
<b>Total Derivative Financial Instruments</b>	<b>(41)</b>	<b>(155)</b>	<b>(41)</b>	<b>(155)</b>

## 16.1 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*  
No fixed or variable swaps were in place as at 31 March 2018 (2017 \$12.0 million).

## 17. TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Trade Payables	1,032	934	679	447
GST Payables	86	45	0	0
Employee Entitlements	100	87	49	38
Sundry Creditors	10,370	10,895	10,214	10,770
<b>Carrying Amount of Trade and Other Payables</b>	<b>11,588</b>	<b>11,961</b>	<b>10,942</b>	<b>11,255</b>
Current Liabilities	8,341	7,719	7,731	7,049
Non-Current Liabilities	3,247	4,242	3,211	4,206
<b>Carrying Amount of Trade and Other Payables</b>	<b>11,588</b>	<b>11,961</b>	<b>10,942</b>	<b>11,255</b>

### 17.1 Sundry Creditors Analysis

		Consolidated		Parent	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
Sundry Creditors		241	244	85	119
Major Regional Initiative		116	157	116	157
Economic Development Projects		924	0	924	0
Major District Initiative		5,530	6,057	5,530	6,057
Extraordinary Distribution Fund	Note 17.2	613	750	613	750
District Economic Stimulus Fund	Note 17.3	1,431	2,172	1,431	2,172
Digital Enablement Fund	Note 17.4	1,000	1,000	1,000	1,000
Other Community Grants		515	515	515	515
<b>Total Sundry Creditors</b>		<b>10,370</b>	<b>10,895</b>	<b>10,214</b>	<b>10,770</b>

### 17.2 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.

## 17.3 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 will be provided to each of the district councils who will administer the funds on behalf of their districts. The DESF is to be applied in such a way so as to leverage additional funding from other funding sources.

## 17.4 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.

## 18. INTEREST BEARING LOANS AND BORROWINGS

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Westpac Bank	15,500	15,500	0	0
<b>Total Borrowings</b>	<b>15,500</b>	<b>15,500</b>	<b>0</b>	<b>0</b>

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.

## 19. RESTRICTED CAPITAL

### 19.1 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
<b>At 1 April 2016</b>	<b>79,514</b>
Transfers to Distribution Fund	0
<b>At 1 April 2017</b>	<b>79,514</b>
Transfers to Distribution Fund	0
<b>At 31 March 2018</b>	<b>79,514</b>

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



## 20. RESERVES

### 20.1 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
<b>At 31 March 2016</b>	<b>29,402</b>	<b>1,536</b>	<b>(36)</b>	<b>400</b>	<b>31,302</b>	<b>0</b>	<b>31,302</b>	<b>30,686</b>	<b>1,536</b>	<b>(36)</b>	<b>32,186</b>
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
<b>At 31 March 2017</b>	<b>35,056</b>	<b>2,228</b>	<b>39</b>	<b>400</b>	<b>37,723</b>	<b>1,447</b>	<b>39,170</b>	<b>35,967</b>	<b>2,228</b>	<b>39</b>	<b>38,234</b>
Net Fair Value Gains on Available-for-Sale Investments		2,141			3,141		2,141		2,141		2,141
Reclassification to Finance Revenue on Disposal of Investment		(1,006)			(1,006)		(1,006)		(1,006)		(1,006)
Net Gains/(Losses) on Movement in Cash Flow Hedges			(39)		(39)		(39)			(39)	(39)
Net Surplus/(Deficit) for the Year	5,260				5,260	(13)	5,247	5,207			5,207
<b>At 31 March 2018</b>	<b>40,316</b>	<b>3,363</b>	<b>0</b>	<b>400</b>	<b>44,079</b>	<b>1,434</b>	<b>45,513</b>	<b>41,174</b>	<b>3,363</b>	<b>0</b>	<b>44,537</b>

## 20.2 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 subsidiaries and associates.

## 21. RELATED PARTY DISCLOSURE

### 21.1 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	
		2018	2017
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	81.8

### 21.2 Associates

- a) *Bold Head Farm Limited*  
In August 2016, West Coast Development Holdings Limited 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 2018 have been used to apply the equity method of accounting for the investment.
- b) *Putake West Coast Limited Partnership*  
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.

### 21.3 Transactions with Related Parties

Entities	Year	Advances to Related Parties	Repayments from Related Parties	Interest Raised by Group	Rent Received by Group	Amounts Owed by Related Parties*	Equity Contribution
		\$000	\$000	\$000	\$000	\$000	\$000
<b>Group Subsidiaries</b>							
West Coast Development Holdings Limited	2018	292	(3,411)	0	0	23,858	0
	2017	10,520	(4,221)	0	0	26,977	0
Forever Beech Limited	2018	0	0	0	0	1,372	3,700
	2017	0	0	0	0	1,372	3,700
Cranley Farms Limited	2018	0	0	0	(63)	0	12,014
	2017	704	(4,221)	134	(52)	0	12,014
<b>Group Associates</b>							
Bold Head Farm Limited	2018	0	(58)	51	0	1,449	1,519
	2017	1,554	(134)	36	0	1,456	1,519
Putake West Coast Limited	2018	292	(60)	60	0	795	500
	2017	115	(38)	38	0	503	500

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

a) 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 (2017 \$nil).

b) 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.

### 21.4 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:

	2018 \$000	2017 \$000
Board of Trustees	176	176
Chief Executive Officer	268	223
Total Remuneration	444	399

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 (2017: nil).

DWC did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2017: nil).

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

## 22. COMMITMENTS

	Parent	
	2018 \$000	2017 \$000
<b>Future Distributions</b> Approved Funding either under consideration by Client or Undrawn against accepted facilities	2,010	545
<b>Alternative Assets</b> Capital Contributions for Investments in Private Equity Funds – commitment if fully called	5,148	6,801

In addition to the above, Group subsidiary Cranley Farms Limited had minor commitments relating to the lease of grazing land.

## 23. CONTINGENCIES

The Group had no contingent assets or liabilities at 31 March 2018 (2017 nil).

## 24. ENQUIRIES AND APPLICATIONS

For the financial year ending 31 March 2018, DWC received 45 client enquiries. The following table lists the quantum of applications received, and applications approved or under consideration at balance date.

<b>Application Summary 2017-18</b>	<b>Quantity</b>	<b>Value \$000</b>
Total Applications Received	11	4,418
Prior Year's Applications in Progress Brought Forward	0	0
Trustee Approved	5	2,435
CEO Approved under Delegated Authority	4	230
Offers under Consideration by Applicants	0	0
Applications in Progress	0	0
Applications Withdrawn	2	500

## 25. EVENTS AFTER BALANCE DATE

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

**WEST** NEW ZEALAND  
**COAST**  
UNTAMED NATURAL WILDERNESS



*Te Ohu Whakawhanake o Te Tai Poutini*

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