



VISION

Development West Coast will help create an environment for sustainable investment, development and employment to which people are attracted and promote the West Coast as a wealthy, growing, sustainable, vibrant and socially inclusive region which fosters a positive attitude to living and lifelong learning.

VALUES

Development West Coast will incorporate these values and attributes in its policies, processes, investments, operations and decision making:

- Exhibit good judgement to enhance permanence and continuity to achieve its intergenerational role
- Have a broad perspective, understanding and interaction with the Region
- Undertake effective dialogue, debate and communication at all levels
- Build regional capability
- Show leadership and vision
- Be proactive
- Take sufficient risks to generate sustainable innovation in a supportive environment
- Be equitable and consistent in dealings with customers
- Strive for systemic, sustainable solutions
- Recognise the roles and contributions of individuals and organisations
- Not only do things right, but do the right things by prioritising our actions.
- Demonstrate social responsibility





DIRECTORY

Trustees

Dooley, Mr F T (Chairman)
Coll, Mrs J C (Deputy Chair)
Copeland, Mr M to 5 November 2006
Carruthers, Mr D L
Clayton, J H from 6 November 2006
Fraser, Mrs S J to 5 November 2006
Kokshoorn, Mr A F
Lockington, Mr M
Shahadat, Mr M
White, Mrs C P
Wilkinson, Mr B T
Williams, Mrs G A
Williams, Mr A G from 6 November 2007
Wilson, Mr B A

Chief Executive Officer

Trousselot, Mr M C

Senior Executives

Dawson, Mr M S, Chief Financial Officer
Gilbertson, Mr W, Regional Development Unit Manager
Hemsworth, Mrs C J, Marketing Manager
Thomas, Mr B, Senior Relationship Manager

Registered Office

1st Floor
112 Mackay Street
P O Box 451
Greymouth

Advisory Body

Cox, Mr G (Chairman)
Gemmell, Mr B
Isles, Mr J
Mills, Mr W

Legal Advisors

Hannan & Seddon Buddle Findlay
P O Box 8 P O Box 322
Greymouth Christchurch

Bankers

Westpac
Mackay Street
Greymouth

Investment Advisors

Bancorp Treasury Services Ltd Goldman Sachs JBWere (NZ) Ltd
P O Box 4270 P O Box 887
Auckland Auckland

Tax Advisors

KPMG
P O Box 274
Christchurch

Auditors

Audit New Zealand
P O Box 2
Christchurch
On behalf of the Auditor-General



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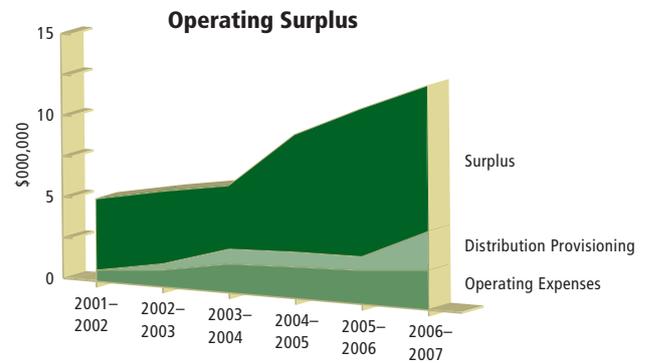
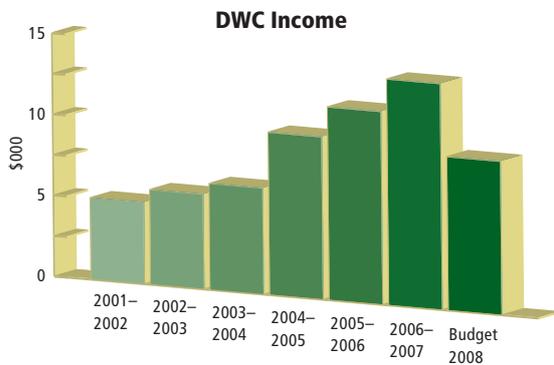
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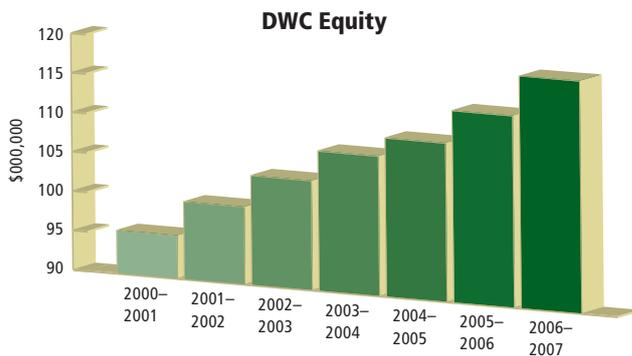
DEVELOPMENT WEST COAST OVERVIEW

1 Summary of Development West Coast Financial Performance and Position

Financial Performance	2007	2006
For the year ended 31 March	\$000	\$000
Income	13,962	11,978
Less Operating Expenses	2,421	2,071
Less Provisioning	2,504	940
Operating Surplus for Year	9,037	8,967
Community Distributions and Projects	3,876	4,757
Net Surplus for Year	5,161	4,210



Financial Position	2007	2006
For the year ended 31 March	\$000	\$000
Total Assets	125,756	119,842
Less Total Liabilities	6,219	5,466
Equity	119,537	114,376



DEVELOPMENT WEST COAST OVERVIEW (CONTINUED)



2 Trend Statement (Group Results)

Financial Performance	2002 \$000	2003 \$000	2004 \$000	2005 \$000	2006 \$000	2007 \$000	Total \$000
DWC Income	5,043	5,863	6,559	10,043	11,978	13,962	53,448
Operating Expenses (net of subsidiary provisions)	675	1,040	1,761	1,928	2,071	2,421	9,896
Non Subsidiary Provisions	–	140	112	160	(253)	1,110	1,269
Operating Surplus	4,368	4,683	4,686	7,955	10,160	10,431	42,283
Less Community Distributions	–	617	828	3,762	4,757	3,876	13,841
DWC Net Surplus (net of subsidiary provisions)	4,368	4,066	3,858	4,193	5,403	6,555	28,442
Subsidiary Trading (net of Minority Interest)	–	(242)	(801)	(754)	(1,099)	(1,274)	(4,170)
Group Net Surplus	4,368	3,824	3,057	3,439	4,304	5,281	24,272

Financial Position	2002 \$000	2003 \$000	2004 \$000	2005 \$000	2006 \$000	2007 \$000
Current Assets	99,083	102,571	28,601	23,778	29,244	115,408
Non Current Assets	861	3,421	79,570	90,184	91,316	10,890
Total Assets	99,944	105,992	108,171	113,963	120,560	126,298
Current Liabilities	97	2,335	1,399	2,569	4,172	6,042
Non Current Liabilities	-	-	-	1,222	2,357	743
Total Liabilities	97	2,335	1,399	3,791	6,529	6,785
Net Assets	99,847	103,657	106,772	110,172	114,031	119,513
Opening Equity	95,479	99,847	103,657	106,772	110,172	114,031
Net Surplus	4,368	3,823	3,057	3,440	4,304	5,281
Minority Interest	-	(13)	58	(40)	(444)	201
Equity	99,847	103,657	106,772	110,172	114,031	119,513

Trend Analysis	2002 \$000	2003 \$000	2004 \$000	2005 \$000	2006 \$000	2007 \$000
Annual Growth in Equity	4.6%	3.8%	3.0%	3.2%	3.5%	4.8%
Operating Expenses (excluding all distribution provisioning) as % of Income	13.4%	17.7%	26.8%	19.2%	17.3%	17.3%
Community Distributions as % of Income	0.0%	10.5%	12.6%	37.5%	39.7%	27.8%
Community Distributions as % of Opening Equity	0.0%	0.6%	0.8%	3.5%	4.3%	3.4%
Total Expenditure as % of Income	13.4%	30.7%	41.2%	58.2%	54.9%	53.1%
Operating Surplus as % of Opening Equity	4.7%	4.7%	4.5%	7.5%	9.2%	9.1%

DEVELOPMENT WEST COAST OVERVIEW (CONTINUED)

3 Applications and Distributions

Commercial Applications	2007		Cumulative 2001-2007	
	Number	\$000,000	Number	\$000,000
Number of enquires for the year	125	–	724	–
Business applications received	24	28.1	135	139.3

Community Distributions	2007		Cumulative 2001-2007	
	No.	\$000,000	No.	\$000,000
Community applications received	81		242	
Community applications approved	55	1.2	171	4.7
Trust facilitated Projects		0.9		3.9
Major Regional Initiative (MRI)		0.6		3.1
Major District Initiative (MDI)		1.2		2.1
Total Community Contribution		3.9		13.8

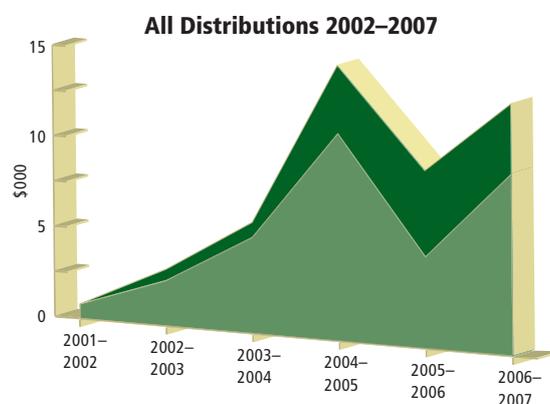
Regional Split for Community Distributions 2002-2007

District	Number of Applications Approved	Geographic Spread of Funds	Amount of Distributions
Buller	21	15.2%	\$2,102,657
Grey	32	23.8%	\$3,290,906
Westland	24	11.1%	\$1,541,567
Regional	75	49.9%	\$6,904,871
Total	152	100.0%	\$13,840,001

Distribution Fund

As at 31 March 2007

	\$000
Distribution Fund as at 1 April 2006	25,051
Net Profit for period ended 31 March 2007	5,161
Distribution Fund as at 31 March 2007	30,212
Less Distribution Assets as at 31 March 2007	18,405
	11,807
Plus 5.0% of initial capital	4,600
Available Distribution Funds as at 31 March 2007	16,407





4 Development West Coast's High Level Goals and Outcomes

Table 1 – High Level Strategic Goals

Goal	To support and promote sustainable regional economic and employment growth.	
Outcomes	Tourism	Three year project underway with Government funding of \$2 million and DWC and other regional partners contributing more than \$4 million.
	Mining	Role as a funding agent (Pike River Coal Company) and participant in the West Coast Minerals cluster programme (in partnership with the Government and regional partners).
	Timber	Role as a funding agent and an equity partner and will support a major review with industry and the Government.
	Horticulture	Acts as a funding agent and equity partner in initiatives such as Cranberries New Zealand.
	Fishing Industry	Working with industry and the Buller and Grey District Council to redevelop port infrastructure.
	Infrastructure	<p>Providing support and advocacy to make sure there are no barriers to development including:</p> <ul style="list-style-type: none"> • Ports review and re-development options. • Telecommunications – Partnership with Government and Telecom through the Digital Strategy providing fibre-optic infrastructure ensuring broadband access up to 97% of the region in addition to ICT education and awareness. • Workforce Development initiatives including review of regional apprenticeship support and potential scholarship programmes and other initiatives that help the region retain and attract quality workforce talent. • Input into Regional Land Transport Strategy ensuring that access and distribution road/rail points throughout the region are future-proofed.
	Other Mining / Extractive	Working with Buller District Council and Ministry of Social Development assisting Holcim to encourage reinvestment into their Westport operation.
		<p>Supported a number of conferences, including:</p> <ul style="list-style-type: none"> • Regional Young Farmers Competition • Creating West Coast Young Entrepreneurs' Conference, and • West Coast Young Entrepreneurs' Awards 2006.
		Active relationship with key Government agencies and private investors.
		Industry Advisory Committee - connect with key industry leaders and issues.
	Commenced update of the 2002 Regional Economic Development Strategy in partnership with the Government and key regional stakeholders.	
	Other areas of interest and facilitation include fishing, aquaculture, dairy and pastoral farming.	

DEVELOPMENT WEST COAST OVERVIEW (CONTINUED)

Goal	To ensure the West Coast becomes a lifelong learning region.
Outcomes	<p>Literacy Project Second year of a three year joint research and development project led by Woolf Fisher Research Centre (University of Auckland) with 33 participating primary schools and early childhood centres, University of Canterbury and Ministry of Education.</p> <p>School Network Upgrade Partnership with Ministry of Education to upgrade the computer networks including cabling of 16 small schools on the West Coast</p> <p>Enterprise Programmes Provision and support of enterprise programmes i.e. Education for Enterprise Project and Enterprise Training programme.</p> <p>Provision of teacher professional development.</p> <p>Partnering with Tai Poutini Polytechnic i.e. trades apprenticeships.</p> <p>Supported Careers Expo, apprenticeship support, Life Education Trust and professional development for staff and Trustees.</p> <p>Maintained involvement with Education West Coast, REAP, Tai Poutini Polytechnic and New Zealand Trade and Enterprise, and Ministry of Education.</p> <p>Providers of the BIZ information network.</p>
Goal	Provide Social and Community Support
Outcomes	<p>Approved Major District Initiative funding for each District through their Council i.e.</p> <ul style="list-style-type: none"> • Funding support for Buller District Councils' Vision 2010 and • Grey Districts' Aquatic Centre . <p>Community Funding and Sponsorship - providing grant funding to a wide range of applicants from sectors such as culture and heritage, sport, arts, and other community programmes, including:</p> <ul style="list-style-type: none"> • DARE • Healthy Homes • Life Education Trust • Around Brunner Cycle Ride <p>Invested over \$5 million into community projects this year</p>
Goal	To promote environmental sustainability and use and access to land resources.
Outcomes	<p>Active partnerships with the Department of Conservation, Ngai Tahu and local Runanga, West Coast Regional Council and local District Councils.</p> <p>Supported the Energy Efficiency Conservation Authority Healthy Homes project which insulated 238 homes throughout the region, improving health outcomes.</p>
Goal	To promote positive attitudes in the Coast and positive perceptions about our region.
Outcomes	<p>Wide promotion and distribution of the Regional Profile.</p> <p>Supported a number of community and sporting events.</p> <p>Specified and received regular economic indicator reports from BERL.</p> <p>Monitored bank surveys and statistics i.e. National Bank, ASB.</p> <p>Undertook a wide range of media and marketing promotion.</p> <p>Assessed and supported a wide range of community applications in the Cultural and Heritage area</p>
Goal	To support infrastructure and identify infrastructure needs as permitted by the Deed of Trust.
Outcomes	<p>Infrastructure – providing support and advocacy to make sure there are no barriers to development including:</p> <ul style="list-style-type: none"> • Ports review and re-development options. • Telecommunications – Partnership with Government and Telecom through the Digital Strategy providing fibre-optic infrastructure ensuring broadband access up to 97% of the region in addition to ICT education and awareness. • Workforce Development initiatives including review of regional apprenticeship support and potential scholarship programmes and other initiatives that help the region retain and attract quality workforce talent. • Input into Regional Land Transport Strategy ensuring that access and distribution road/rail points throughout the region are future-proofed. • Indicated support for the development of the Arnold River hydro scheme project.

CHAIRMAN'S REPORT

Key Achievements

I am pleased to report Development West Coast has continued to deliver a wide range of positive outcomes for the region and has once again exceeded its financial targets and budgets. Key deliverables for 2007 include:

- Record income, investment returns, operating profit and net surplus after community distributions.
- Confirming our contribution to a series of Major District Initiative approvals including:
 - The Buller Leisure Centre; and
 - Westport St James Theatre upgrade.
- Progressing with partners a series of Major Regional Initiative Tourism Projects including:
 - Oparara Valley Walking Tracks;
 - Shantytown Redevelopment;
 - Denniston Plateau Redevelopment; and
 - Ross Historic Goldfields.
- Completing a range of Regional Development Projects:
 - Re-launching the Regional Profile;
 - Enterprise Training Courses;
 - Broadband Enablement through Digital Strategy and Broadband Challenge;
 - Year Two Literacy Programme; and
 - School Computer Network Upgrades.

It is satisfying when independent and robust bodies such as the Office of the Auditor-General and Treasury both recognise and praise the strong performance and operations of Development West Coast.

I believe most people are quietly applauding the rollout of benefits that are visible under the service delivery programme throughout the length of the Coast.

A key area which continues to benefit the region is the West Coast Education Sector. Parents are seeing first hand the enormous value of the school network upgrade and the School Literacy Project. Education project co-ordinator Nicky Roberts is a familiar figure at schools, and her enthusiasm for the job is typical of our committed staff that bring a positive attitude and gritty reality to Development West Coast's vision for our region. The staff are the ones at the coal-face delivering the benefits, working alongside many committed partners including the Department of Conservation, New Zealand Trade and Enterprise, Ngai Tahu and other Stakeholders.

Operational Review

The original Deed specified an operational review, which was completed in June 2007. There was 18 months of consultation and evaluation by Treasury, of submissions and interviews with Development West Coast and other stakeholders including Local Authorities, Ministers and Ngai Tahu. The review and subsequent report also incorporated findings from the Office of the Auditor-General review.

The purpose of the review was to determine after five years of operation if any features or structures of Development West Coast were acting as an impediment to achieving its objects.

Treasury evaluated all submissions, held consultation meetings, and after completing a thorough process, endorsed the operations and functions, including:

- The administration of the fund.
- Operation of meetings.
- The accountability, transparency and audit requirements.
- The investment and distribution policies.
- The operation of the Advisory Body.
- The operation of the Investment Advisors.
- Interactions with staff, Trustees and Advisors.

Development West Coast and the Minister of Finance reached agreement on all aspects of the review and changes to the Deed on 14 June 2007.

The review noted that as Development West Coast has steadily grown in size, capability and operations, Trustees have needed to adopt more of a governance focus i.e. determining the direction and major policy settings of Development West Coast.

The Trustees' shift to a greater delegated application process was supported and has now been implemented.

The role of council appointed Trustees was queried during the review. Both the Deed and general



CHAIRMAN'S REPORT (CONTINUED)

law require Trustees to act in the best interests of Development West Coast and its beneficiaries. Trustees are not representatives of their appointing bodies. The overall findings confirmed Development West Coast has been very successful in getting its operations established, was supported by a strong set of policies and processes and had managed its funds well.

Significant amendments to the Deed

The number and composition of Trustees has been changed. The amended governance structure will take effect when council elections take place in October.

After 14 October 2007 there will be six Trustees:

- 1 appointed by the four councils jointly.
- 3 elected (one from each of the districts).
- 1 each appointed by Ngai Tahu, and jointly by the Law Society and Institute of Chartered Accountants.

Development West Coast will be able to borrow up to 10% of the investment fund for the purposes of investing.

The Settlor or Trustees can trigger another review of the operations after a further 5 years.

Summary

I thank all existing and past Trustees and Advisors for their contribution to the continued success of Development West Coast. It is pleasing to see that success, measured risk taking and high performance is recognised externally by Government, the Office of the Auditor-General, Treasury, New Zealand Trade and Enterprise, Ministry of Education, Department of Conservation and the Ministry of Social Development in a range of roles including audit, review and contract performance monitoring.

I believe the West Coast community at large is also happy with the performance of Development West Coast across its range of services, and I believe most families will have benefited directly or indirectly from the range of business, community, education, recreation, events and infrastructural investments of Development West Coast.

In continuing to provide progressive leadership for the growth of the West Coast economy and business sector, Development West Coast must consider and make proactive decisions towards achieving the region's development goals, using an approach based on solid evidence, and robust economic analysis and reports.

We must listen to and evaluate feedback from central and local government, communities, media, industry associations, clients, business and stakeholders. It is also important for the Community and Stakeholders to understand Development West Coast. It is a commercial entity within a charitable structure and must operate accordingly. It is not a political body; it is a complex organisation and its decision making processes must be modelled on sound business governance.

This report demonstrates Development West Coast has continued to perform at a high level and once again I thank Trustees, Advisory Body Members, Investment Advisors, Subsidiary Company Directors, the Chief Executive Officer (Mike Trousselot) and staff for their role in achieving these outcomes.

I am confident Development West Coast is heading in the right direction and our customer and opinion leader surveys back this up. Our transition towards a region with a strong, diverse and sustainable economy is certainly happening. Be proud of the achievements, celebrate the success and participate in the benefits.

Frank Dooley

CHIEF EXECUTIVE OFFICER'S REPORT



The Regional Economy

The West Coast region is changing and Development West Coast is adapting with it. The region has high employment, there is population and business growth, new and upgraded infrastructure, exciting community assets are planned; and there is a clear vision for the future.

Key data shows a positive change year on year. Percentage increases between 2005 and 2006 are reflected here:

FTE Employment	13,491	Up 3.3%
GDP Per Capita	\$34,631	Up 1.1%
Business Units	3,574	Up 2.9%
Milk Supplied	464 million litres	Up 12.6%
Coal Production	2.7 million tonnes	Up 1.1%
Visitor Numbers	2.472 million	Up 11.0%
Visitor Spend	\$304 million	Up 18.5%
Average House Price	\$170,728	Up 20.5%
Residential Building Consents	\$47.080 million	Up 18.7%

The foundation objectives of Development West Coast include assisting the region to increase its regional economy, population and employment base, enhancing education and skills, and supporting industry growth, and these remain a primary focus. However, with almost no unemployment, our focus has been broadened to consider the planning and support of community infrastructure and a range of regional development projects.

An area of specific priority for development has been the Tourism Sector.

The West Coast tourism sector is growing rapidly with visitor numbers up 11% and spend up 18.5% on 2005. Growth forecasts for total visits predict an additional 16% or 400,000 bed nights over the next five years, and this level of activity could generate more than \$100 million in additional tourism spend.

The Tourism Major Regional Initiative (MRI) was launched this year to address the value proposition of tourist experiences while visiting the West Coast.

Up to \$7 million is being spent on 15 projects between 2006 and 2008. Outcomes will include an increase in the quality of tourism planning, promotion, management and products which will be reflected in higher yields with increased benefits to the tourism industry and suppliers.

Through Development West Coast's partnership with New Zealand Trade and Enterprise, Department of Conservation, Tourism West Coast and Ngai Tahu,

the projects are able to combine utilisation of public conservation land, tourism sector assets, economic development and regional marketing.

Tourism benefits our wider economy - not just our accommodation, tourism and related service providers, but also our restaurants, retailers and transport operators.

With strong private sector investment, possibly supplemented by Development West Coast, the Region should be able to accommodate, entertain, host and meet the needs of the growth in tourism over the next five years.

An increasingly important part of Development West Coast is the Regional Development Unit.

The Regional Development Unit (RDU) implements and manages approved economic development, community and industry sector projects. It leverages approved Development West Coast funds, sources government funding and identifies regional contributions including cash and in-kind contributions from local authorities, Department of Conservation and other business and community groups. This significant additional funding increases Development West Coast's capability to deliver projects such as the Tourism MRI, Digital Strategy and Broadband Challenge, Literacy Programme, E4E in schools, Enterprise (business) Training and BIZ Info.

The RDU is a significant contributor to our strong regional growth. Development West Coast works co-operatively with a number of key stakeholders, including New Zealand Trade and Enterprise, Department of Conservation, Ngai Tahu, the education sector and driver industry and business leaders.

The Industry Advisory Group, established in 2006, is made up of CEO's and senior management from driver industries, businesses and stakeholders. This group acts as a sounding board and is a means for effective consultation for proposed projects in an environment which allows open discussion, planning and debate, particularly where there are potentially conflicting priorities and views. This group also has direct input into the completion of the Regional Economic Development Strategy.



CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

Staff

The increased demand on Development West Coast to process increasing numbers of regional development applications and deliver a wide range of independent and partnership projects has required high productivity of our professional staff.

Our numbers are stable at 17, and a large proportion of our positions are funded externally from contracts secured. The staff are hardworking and talented. They are a huge asset for our region and are delivering in their roles.

Capital Fund

Development West Coast was settled not only for the benefit of current but also future generations of West Coasters. It is Development West Coast's responsibility to ensure the capital fund continues to grow and this remains a priority focus in our annual and strategic plans and our operations. The more capital invested, the more income earned, and the more we can spend and invest in the region.

I am very pleased with the record investment fund growth, record income and the record \$9.0 million operating surplus of DWC in 2007. This continues our positive track record since the commencement of the organisation.

Economic Development

Development West Coast was established to help improve the economic development of the region. We do this through both our regional development services and our distributions, and the resources are provided from our investment and contracting income.

Development West Coast is not just about providing a development banking or community trust alternative, nor measuring a success/fail ratio based on the simple profit and loss of local business investments, but rather it takes considered and calculated risks on long term West Coast business development opportunities. We look beyond a loan transaction and consider employment, the direct and indirect local spend, the economic added value of a proposition and the long term benefits of the business to the region.

The conservative but real risks are offset by making provision for a safety fund. Over \$2.5 million was added to provisions for the 2006–2007 financial year to build a larger safety net for any future impairment in value of local investments.

We apply standard business discipline and monitoring to clients but where needed we often add mentoring and governance skills to the business partnership mix. At regular intervals, the net effect of both the business financial performance and the wider economic impact of the business is measured.

External Reviews

While Trustees, Staff and I were confident in Development West Coast delivering on its objectives, investments, contracts and projects, it was gratifying to have independent external confirmation by the recent Office of the Auditor-General and Treasury reviews.

Treasury has found our success in managing difficult and risky development investments to be at a higher level than they would have anticipated.

"Investing in "start-up" companies and Greenfield ventures is risky, and a level of business failure and consequential Trust losses is an inherent (and acceptable) aspect of operating in this area. To date, the Trust has managed to successfully fulfil its role with a lower level of provisioning and write-offs than Treasury would have anticipated."

It was pleasing to once again receive external support for our operations:

"The Trust has been very successful in getting its operations established and supported by a strong set of policies and processes within a short time-frame."

"Its investment strategy, supported by its Statement of Investing Policies and Objectives, has resulted in the growth of the initial capital from \$92 million to \$120 million over six years. The Trust has therefore managed its funds well, achieving significant returns."

Communication and Transparency

Recognising the increased public interest in our activities, we have increased our commitment to communication and clarified our understanding of Transparency. We hope people have both been informed by and enjoyed our recent newsletters and articles. They have included answers to many of the commonly asked questions reflected in Letters to the Editor and in media enquiries. This material is available for review on our website (www.dwc.org.nz).

Mike Trousselot



Chris Auchinvole (National List MP): Development West Coast has a new opportunity for leadership. As a Trustee, I worked hard to ensure the affairs of Development West Coast were free from political interference and that it had Coast ownership and operation. I think that was achieved in the first six years. Writing now as an interested observer, I sense that the governance dynamics and profile of Development West Coast will again be refocused through the negotiated changes to the Trust Deed and a reduction to the number of Trustees. There is a good opportunity, I think, for the Coast to demonstrate regional economic and social leadership to the rest of the country. Imaginative leadership from Development West Coast can be a catalyst for that happening. Updating the regional economic development plan is an appropriate task for Development West Coast to undertake. The efforts of those associated with farming, mining and tourism have considerably changed the Coast's well-being in recent years. I would like to suggest that, in the evolving life of Development West Coast, it is a good time now to recognise and celebrate the foundation work that has been done thus far, to recognise things have changed since the start-up days, and to stand by for the next phase. I wish all involved every success.



Damien O'Connor (Labour MP - West Coast Tasman): Development West Coast is the envy of other regions. It manages an invaluable resource for the West Coast and continues to be effective in creating new opportunities for our businesses. It is no coincidence that this has been at a time when the West Coast has regularly topped New Zealand regional economic surveys. Development West Coast is also successful in attracting key staff from outside the region – people who want to be part of this challenging and rewarding driver and supporter of regional development. We all must work together to ensure such successes continue. I urge all of you who see an opportunity, or have a dream, to make 2007 the year you start to make it happen – and let Development West Coast assist wherever it can.



Martin Sawyers (Mayor – Buller District): Sometimes I think it is easy for us as a community to overlook just how successful Development West Coast has been. When the West Coast was given the \$120 million the rest of New Zealand sat back and waited to see how long it would be until we Coasters squandered it. Well, six years on and Development West Coast has not only retained the original investment but has substantially grown it. The successes of Development West Coast over the past 6 years have included the growth of their original fund of \$92 million to \$120 million, the millions invested in a broad and diverse range of areas, securing government funds for investment into the tourism industry and education projects including the childhood literacy programme, and \$18 million earmarked for investment into the three districts for major projects over the next 15 years.

AUDIT REPORT

**TO THE READERS OF
DEVELOPMENT WEST COAST AND GROUP'S
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007**

The Auditor-General is the auditor of Development West Coast and group. The Auditor-General has appointed me, K J Boddy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of Development West Coast and group, on his behalf, for the year ended 31 March 2007.

Unqualified opinion

In our opinion:

- The financial statements of Development West Coast and group on pages 17 to 36:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflects:
 - Development West Coast and group's financial position as at 31 March 2007; and
 - the results of its operations and cashflows for the year ended on that date.

The audit was completed on 28 August 2007, and is the date at which our opinion is expressed.

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

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Trustees;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Trustees and the Auditor

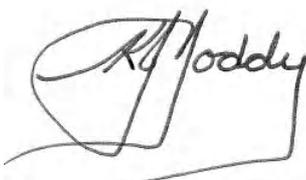
The Trustees are responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of Development West Coast and group as at 31 March 2007. They must also fairly reflect the results of its operations and cashflows for the year ended on that date.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.

Independence

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

Other than the audit, we have no relationship with or interests in Development West Coast or its subsidiaries.

A handwritten signature in black ink, appearing to read 'K J Boddy', enclosed within a rectangular box. The signature is stylized and cursive.

K J Boddy
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Development West Coast and Group for the year ended 31 March 2007 included on Development West Coast's web site. Development West Coast is responsible for the maintenance and integrity of the Development West Coast's web site. We have not been engaged to report on the integrity of Development West Coast's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 28 August 2007 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF INVESTMENT POLICY & OBJECTIVES

Development West Coast is a Trust for charitable purposes, established for the benefit of the community of the present and future inhabitants of the West Coast Region.

The Investment Fund of Development West Coast is expected to produce a rate of return from its investments which is, after investment management expenses, at least 3% per annum in excess of the inflation rate over any 3 year period.

The Statement of Investment Policy and Objectives was initially adopted in October 2001.

In April 2003, the Trustees developed and implemented a Treasury Policy to operationalise the Statement of Investment Policy and Objectives.

The Statement of Investment Policy and Objectives and Treasury Policy are reviewed on an annual basis.

Development West Coast has appointed two investment advisors to assist in the management of Development West Coast's funds. Goldman Sachs JB Were New Zealand Limited advise on investment in equity. Bancorp Treasury Services Limited advise on fixed interest, cash and foreign exchange portions of the portfolio.

The Trustees' optimum asset allocation strategy for the reported and ensuing financial year are as follows:

Class	Minimum	Maximum 2006–2007	Maximum 2007–2008
Cash	10%	100%	100%
NZ Fixed Interest	0%	90%	90%
Total Cash & Fixed Interest	45%	100%	100%
Australasian Equities	0%	12%	14%
Property	0%	5%	15%
International Equities	0%	17%	17%
Alternative Investments	0%	11%	9%
Total Equities	0%	45%	55%

The Trustees continuously monitor, with the assistance of the Investment Advisors, the appropriateness of the adopted asset allocation strategy, performance of the appointed Fund Managers, and other investment returns.

STATEMENT OF RESPONSIBILITY

1. The Trustees and management of Development West Coast accept responsibility for the preparation of these Financial Statements and the judgements used in them.
2. 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.
3. 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 2007

SIGNED FOR AND ON BEHALF OF THE TRUSTEES AND MANAGEMENT.



F T DOOLEY
Chairman
27 August 2007



M C TROUSSELOT
Chief Executive Officer
27 August 2007

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2007

	DWC		Group	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Revenue				
Interest Received	6,384	6,389	6,256	6,358
Realised Gains on Investments	5,262	4,373	5,262	4,373
Dividends Received	1,225	817	1,225	817
Other Income	1,091	399	1,091	400
Trading Sales	–	–	923	762
Total Income	13,962	11,978	14,757	12,710
Expenses				
Administration	258	183	995	477
Advisory Body Fees	82	72	82	72
Advisory Body Expenses	14	23	14	23
Audit Fees	41	40	70	62
Client Services & Application Assessment Costs	854	770	854	770
Cost of Sales	–	–	1,047	981
Depreciation	113	100	217	176
Directors' Fees	–	–	117	151
Election Costs	–	(5)	–	(5)
Equipment Lease Payments	10	17	10	17
External Consultancy Expenses	104	27	223	88
Financial Expenses	1	1	5	72
Information & Communication Technology	55	49	55	49
Insurance & Risk Management	35	37	35	37
Intangible Asset Amortisation	100	100	100	100
Investment Advisory Expenses	240	225	240	225
Legal Fees	62	64	80	83
Loss / (Gain) on Sale of Assets	(2)	–	(2)	2
Marketing & Promotion	132	83	132	83
Occupancy	45	68	45	68
Provision for Distribution Assets	1,110	(253)	1,110	(253)
Provision for Investments in Subsidiaries	1,394	1,193	–	–
Sales, Marketing & Despatch	–	–	77	254
Recruitment Costs	53	24	53	24
Trustees' Remuneration	148	144	148	144
Trustees' Expenses	76	49	76	49
Amortisation of Goodwill on Consolidation	–	–	38	38
Total Operating Expenses	4,925	3,011	5,821	3,787
Surplus before Community Distributions & Projects	9,037	8,967	8,936	8,923

STATEMENT OF FINANCIAL PERFORMANCE (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

	Note	DWC		Group	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Less Community Distributions & Projects					
Interest Concessions		179	187	179	187
Community Grants	3	1,782	1,387	1,782	1,387
Enterprise Training		211	174	211	174
Education 2 Business		184	209	184	209
Regional Development Unit		320	–	320	–
Major Regional Initiative		–	1,900	–	1,900
Provision for Major District Initiative		1,200	900	1,200	900
Total Community Distributions & Projects		3,876	4,757	3,876	4,757
Net Surplus before Minority Interest		5,161	4,210	5,060	4,166
Minority Interests' Share of Loss in Subsidiary		–	–	221	138
Net Surplus for the Year		5,161	4,210	5,281	4,304

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2007

	Note	DWC		Group	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Equity as at 1 April 2006		114,376	110,166	114,031	110,171
Net Surplus for Year and Total Recognised Revenues and Expenses		5,161	4,210	5,281	4,304
Minority Interests' Share of Loss in Subsidiary for the year		–	–	(221)	(138)
Total Recognised Revenues & Expenses		5,161	4,210	5,060	4,166
Minority Interest		–	–	422	(306)
Equity as at 31 March 2007	22	119,537	114,376	119,513	114,031

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2007

	Note	DWC		Group	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Equity					
Restricted Capital	22	79,325	79,325	79,325	79,325
Distribution Fund	22	30,212	25,051	30,431	25,150
Investment Fluctuation Reserve	22	10,000	10,000	10,000	10,000
Minority Interest in Subsidiary	22	–	–	(243)	(444)
Total Equity		119,537	114,376	119,513	114,031
Represented by					
Current Assets					
Cash at Bank		176	3,294	676	3,562
GST Refund Due		180	134	206	146
Trade Receivables		210	–	342	120
Sundry Receivables		362	260	60	179
Stock on Hand		–	–	641	701
Investments	4	111,266	19,920	111,266	19,920
Distribution Assets	7	11,046	7,981	3,496	4,616
Less Provisions	8	(5,663)	(2,991)	(1,279)	–
Total Current Assets		117,577	28,598	115,408	29,244
Non-Current Assets					
Investments	4	–	85,081	–	85,082
Distribution Assets	7	7,359	5,809	7,359	3,084
Less Provisions	8	–	(169)	–	(169)
Intangible Assets	11	105	205	1,190	1,328
Fixed Assets	10	715	318	2,341	1,991
Total Non Current Assets		8,179	91,244	10,890	91,316
Total Assets		125,756	119,842	126,298	120,560
Current Liabilities					
Accounts Payable		536	302	820	465
Advances		–	–	–	361
Loan - Westland District Council	20	–	–	200	200
Provision for Major Regional Initiative		900	1,900	900	1,900
Provision for Major District Initiative		2,100	900	2,100	900
Sundry Creditors	12	1,940	1,642	2,022	1,709
Total Current Liabilities		5,476	4,744	6,042	5,535
Non-Current Liabilities					
Advances		–	–	–	272
Sundry Creditors	12	743	722	743	722
Total Non-Current Liabilities		743	722	743	994
Total Liabilities		6,219	5,466	6,785	6,529
Net Assets		119,537	114,376	119,513	114,031

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2007

	Note	DWC		Group	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Cashflows from Operating Activities					
Cash was provided from -					
Receipts from Customers		–	–	902	771
Interest Received		6,141	6,118	6,098	6,095
Dividends Received		1,225	817	1,225	817
Realised Gains/Losses on Investments		–	377	–	377
Other Income		758	233	758	233
		8,124	7,545	8,983	8,293
Cash was applied to -					
Payments to Suppliers, Trustees & Employees		2,020	1,917	3,748	3,911
Interest Paid		–	–	6	21
Community Distributions & Projects		3,178	2,556	3,178	2,556
		5,198	4,473	6,932	6,488
Net Cashflows from Operating Activities	15	2,926	3,072	2,051	1,805
Cashflows from Investing Activities					
Cash was provided from -					
Sale of Fixed Assets		7	–	331	–
Investments		53,407	78,111	53,407	78,111
Distribution Asset Repayments		5,544	2,467	5,194	2,253
		58,958	80,578	58,932	80,364
Cash was applied to -					
Fixed Asset Purchases		517	219	899	1,544
Investments		54,410	77,082	54,410	77,133
Distribution Assets		10,075	5,091	8,023	1,945
		65,002	82,392	63,332	80,622
Net Cashflows from Investing Activities	15	(6,044)	(1,814)	(4,400)	(258)
Cashflows from Financing Activities					
Cash was provided from -					
Issue of Share Capital		–	–	422	–
		–	–	422	–
Cash was applied to -					
Repayment of Advance		–	–	326	–
Repayment of Shareholder Advance		–	–	633	34
		–	–	959	34
Net Cashflows from Financing Activities		–	–	(537)	(34)
Net Increase/(Decrease) in Cash Held for Year		(3,118)	1,258	(2,886)	1,513
Add Opening Cash Brought Forward		3,294	2,036	3,562	2,036
Add Cash from Purchase of Subsidiary		–	–	–	13
Closing Cash Balance		176	3,294	676	3,562



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

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 and the Trust Fund may be applied and used exclusively by the Trustees for the following general purposes within New Zealand, namely :

- a. to promote sustainable employment opportunities in the West Coast region; and
- b. to generate sustainable economic benefits for the West Coast region; and
- c. to support projects which are not the ordinary day-to-day running, maintenance and upgrade of the infrastructure that is normally the responsibility of the local authorities or central government, provided such projects meet paragraphs a. and b.;

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

2. Statement of Accounting Policies

2.1 Reporting Entity

Development West Coast was established by Deed on 18 April 2001 and these Financial Statements are General Purpose Financial Statements prepared in accordance with our Deed of Trust and generally accepted accounting principles. The Group comprises Development West Coast, its subsidiary, Forever Beech Limited, and that company's subsidiary Forever Holdings Limited, West Coast Development Holdings Limited and its subsidiaries, West Coast Development Trust Land Company Limited, West Coast Development Trust Research and Development Limited, West Coast Development No.1 Limited, West Coast Snowflake Limited and Cranberries New Zealand Limited.

Basis of Consolidation

Subsidiaries are those entities controlled directly or indirectly by DWC. The financial statements of subsidiaries are included in DWC's Group financial statements by separate line-by-line aggregations of like items of assets, liabilities, equity, revenues, expenses and cashflows that are recognised in the financial statements of all entities in the consolidated Group.

Measurement Base

The Financial Statements have been prepared on the basis of historical cost.

2.2 Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been applied.

a. Reporting Period

The period covered by these Financial Statements is from 1 April 2006 until 31 March 2007.

b. Recognition of Revenue and Expenses

Interest revenue and all expenses are recognised on a daily accrual basis.

Dividend revenue is accrued in the accounts when DWC is advised a dividend is payable by a company in which DWC holds equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007



c. Fixed Assets and Depreciation

All fixed assets are recorded at cost less accumulated depreciation to date.

Depreciation is provided on all fixed assets on a straight line basis at rates calculated to allocate the asset cost over the estimated useful life as follows:

Office Equipment	5 – 12.5 years
Motor Vehicles	5 years
Computer Hardware	4 years
Computer Software	4 years
Furniture and Fittings	5 – 12.5 years
Leasehold Improvements	6.5 years
Plant and Equipment	2 – 10 years

d. Income Tax

Development West Coast is registered with the Inland Revenue Department as a Charitable Trust and is therefore exempt from income tax.

In respect of subsidiary companies, taxation expense (if any) is charged in the Statement of Financial Performance in respect of current year's earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or tax losses are only recognised where there is virtual certainty of realisation.

e. Goods & Services Tax (GST)

Development West Coast is a "registered person" in terms of the Goods and Services Act 1985. Where GST has been able to be claimed or charged the amounts reported are GST exclusive, otherwise the Financial Statements have been prepared inclusive of goods and services tax.

Development West Coast's subsidiaries are registered for GST purposes and profit and loss figures expressed in these financial statements relating to the subsidiaries are stated exclusive of GST.

f. Financial Instruments

The Group is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors, creditors and distribution assets.

A financial asset or financial liability is recognised in the Statement of Financial Position if it is probable that any future economic benefit or service potential associated with the item will flow to or from DWC and the item has a cost or value that can be measured with reliability. Except for those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

Unrecognised financial instruments are from time to time used to hedge underlying financial asset/liability exposures, commitments and anticipated transactions. They can include forward rate agreements and interest rate swap agreements.

g. Inventories

Inventories are stated at lower of cost, determined on a first-in first-out basis, and net realisable value after due allowance for damaged or obsolete stock.

h. Distribution Assets

Distribution Assets are carried at the lower of cost or net realisable value and are net of any Specific or General Provisions made against Distribution Assets.

Where the approved distribution terms and conditions allow, some Distribution Assets at balance date may be below the maximum exposure available to the recipient.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

i. Classes of Distribution Assets

Development West Coast uses the following classes and definitions in reporting its Distribution Assets:

	Definition
Class 1	Distributions on non discounted terms and conditions.
Class 2	Distributions on discounted terms and conditions (interest or repayment concessions).
Class 3	Distributions with Suspensory conditions.
Class 4	Distributions in the form of equity and/or loans with conversion to equity terms.
Class 5	Distributions in the form of guarantees or sureties.
Class 6	Non performing distribution assets.

ii. Value of Distribution Assets

Development West Coast uses the following methods in valuing different classes of Distribution Assets:

Class 1,2 & 5	Distributions are valued at the maximum exposure outstanding at balance date.
Class 3	Distributions are valued at their original value less any approved suspensory write downs.
Class 4	Distributions are valued at their original cost.
Class 6	Distributions are valued at the maximum exposure less any provisions raised against specific Distributions.

iii. Quality of Distribution Assets

The underlying sustainable development theme of our Trust Deed requires DWC to look at projects with higher risk profiles.

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

i. Reporting On Policy Issues Relating to Distribution Assets

i. Securities

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

ii. 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.

j. Credit Risk on Distribution Assets

i. Level of Credit Risk

The level of Credit Risk assumed by DWC reflects the underlying objects of the Trust Deed.

In recognising Credit Risk the Trust Deed requires any applicant for a Distribution to have a minimum equity of 10%.

In addition, DWC uses the experience and skills of the Advisory Body in assessing any applications to reduce, where possible, any potential risks.

Distribution Assets are generally secured to further reduce Credit Risk.

ii. Concentrations of Credit Risks

In line with the objective of our Trust Deed, there is a geographical concentration of Credit Risk on the West Coast.

At balance date the Distributions made were spread across various industry sectors.

Investment Funds are invested in line with the Statement of Investment Policy and Objectives and Treasury Policy which incorporates maximum exposures to asset classes. These maximum exposures are monitored at all times.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007



k. Distribution Asset Provisioning and Bad Debts

Development West Coast has resolved to provide for the write-off of Suspensory Loans over the period of those loans.

Development West Coast has resolved to raise a Specific Provision where it considers a quantifiable loss will occur against a specific Distribution Asset.

l. Interest Rate Risks

Interest rate concessions are a feature of many of our Distribution Assets.

The loss of interest income from these loans is recognised as Interest Concessions, and is reported within the Statement of Financial Performance.

Most Distributions have been approved on a fixed interest rate.

Investment Funds are subject to interest rate risks. Development West Coast has established a Statement of Investment Policy and Objectives and Treasury Policy which incorporate the requirement to spread investment and interest rate risk.

Financial market risk management products are utilised to minimise risk.

All Investment Funds are invested in line with the Statement of Investment Policy and Objectives and Treasury Policy.

m. Currency Risk

All Distributions are made in New Zealand Dollars and therefore are not subject to currency risk.

Unless specifically agreed by the Trustees, no fixed interest and cash investments can create a foreign currency exposure. As at balance date, all Fixed Interest Investments were in New Zealand Dollars and therefore were not subject to currency risk.

Equity investments that create a currency exposure can be hedged 100% or remain unhedged at the discretion of the Investment Sub Committee. Other than AUD, International Equity currency exposures are hedged through the NZD/USD and NZD/GBP crosses as proxies for the overall exposures.

n. Liquidity Risk

Liquidity Risk is governed by our Trust Deed, Statement of Investment Policy and Objectives and Treasury Policy.

o. Fair Value

All Equity Investments are valued at the lower of cost or net realisable value.

Fixed Interest Bonds are valued at cost with any premium or discount on purchase amortised over the period of the Bond's life. Any change in the market value of a Bond is not recognised as it is intended these investments will be held until maturity.

Interest Rate contracts and Hedge contracts are not recognised in the financial statements therefore no carrying amount is shown.

p. Statement of Investment Policy & Objectives and Treasury Policy

Development West Coast's Investment Fund is managed in accordance with its approved Statement of Investment Policy and Objectives and Treasury Policy.

q. Intangible Assets

Intangible Assets will ordinarily be amortised over the life of the asset.

However, the cost of cutting rights acquired and held by Forever Beech Limited's subsidiary, Forever Holdings Limited, are amortised based on volume extracted relative to the total aggregate yield covered by those rights. In accordance with FRS-4 - Accounting For Inventories, the amount per cubic metre amortised is included in inventory as a direct cost of production.

At 31 March each year, the Directors of Forever Holdings Limited review the carrying value of these cutting rights. Where any cutting rights have been forfeited or there has been an impairment to their carrying value they are written off or written down to their recoverable amount respectively and the associated expense is recognised in the Statement of Financial Performance for the period ending on that date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

r. Goodwill

Goodwill arising from the acquisition of a subsidiary or associate represents the excess of the purchase consideration over the fair value of the identifiable net assets acquired. Goodwill is amortised in the Statement of Financial Performance on a straight line basis over the period during which benefits are expected to be derived (does not exceed 20 years).

s. Accounts Receivable

Accounts receivable are stated at their expected realisable value after provision for doubtful debts.

2.3 Changes in Accounting Policies

There have been no changes in accounting policies covered by these financial statements as all accounting policies have been applied on a basis consistent with the previous period.

3. Community Distributions and Projects Analysis

	2007 \$		2007 \$
Cultural and Heritage Grants		Economic Development	
DARE West Coast	20,000	West Coast Ragwort Control Trust	28,000
Greymouth Motorcycle Street Race	30,000	Meat and Wool New Zealand	60,000
Buller West Coast Racing	35,556	Karamea Info & Resource Centre	50,000
Westport Golf Club	5,000	Primary Health Organisation	37,500
Greymouth Golf Club	5,000	Mission Events Ltd – Source to Sea	30,000
Hokitika Golf club	5,000	EECA Energy Project – Healthy Homes	161,443
Relationship Services Inc	18,723	Challenge Events Ltd - Around Brunner	75,000
Ronald McDonald House	10,000	West Coastal Pathway	40,000
Bone Marrow Cancer Trust	10,000	Film South	13,390
Art in the Park	13,000	Industry Support	22,942
Wet West Film Festival	10,000		518,275
Greymouth Toy Library	2,500	Tourism Initiatives	
Westland Boys Brigade Charitable Trust	60,000	Buller Promotion Association	20,000
Whataroa Golf Club	11,000	Major Regional Initiative	562,555
Cobden Sports Complex	18,500	Tourism WC - Marketing Plan	43,244
Emergency Services – Scoping Report	20,000	Air NZ Inflight Advertising	9,315
Sponsorships and Promotions	55,584	Regional TV Advert Project	367
Parenting with Confidence	5,076		635,481
Kokatahi / Kowhitirangi Community Com	20,000		
	354,939	Reversal Prior Year Grants Unspent	(72,433)
Education Initiatives			
Apprentice Support	19,092	Total Community Distributions	1,781,946
Life Education Trust	30,000		
School Network upgrade	160,000		
Literacy Support	1,592		
Education West Coast	135,000		
	345,684		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007



4. Investments

During the period Development West Coast has made investments according to the terms of the Statement of Investment Policy and Objectives (SIPO). As at balance date the funds were invested as follows;

	DWC 2007 \$000	DWC 2006 \$000
Cash in short term money markets	11,540	19,641
Fixed Interest	63,675	57,812
Total Cash & Fixed Interest	75,215	77,453
Australasian Equity	11,429	10,992
Australasian Listed Property	5,623	3,268
International Equity	14,421	9,781
Active Trading Fund	–	279
Alternative Investments	4,578	3,228
Total Equity	36,051	27,548
Total Investments	111,266	105,001
Current Investments	111,266	19,920
Non Current Investments	–	85,081
Total Investments	111,266	105,001

In addition to DWC's Investments, the Group has additional investments of \$1000.

All investments were within the asset allocation range allowable by the SIPO.

Investment percentages can fluctuate by no more than 20% of the maximum within the portfolio of equity investments

All investments are now classed as current assets.

5. Investment Advisors

Development West Coast has appointed two investment advisors to assist in the management of DWC's funds. Goldman Sachs JB Were New Zealand Limited advise on investment in equity. Bancorp Treasury Services Limited advise on fixed interest, cash and foreign exchange portions of the portfolio.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

6. Fair Value of Financial Instruments

As at 31 March 2007, the fair value of financial instruments reported at the lower of cost and net realisable value in the Statements were:

	Fair Value 2007 \$000	Fair Value 2006 \$000
Australasian Equity	11,429	11,881
Australasian Listed Property	5,623	3,652
International Equity	14,421	12,372
Active Trading Fund	–	98
Alternative Investments	4,578	3,978
Fixed Interest	61,972	57,816
Cash in short term money markets	11,540	19,422
Total Fair Value of Financial Instruments	109,563	109,219

The fair value of financial instruments not recognised in these Financial Statements is \$50,789 (Interest Swap and Foreign Exchange Option Contracts in a net payable position).

7. Distribution Assets by Class

Class	DWC		Group	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Class 1	9,101	5,737	7,163	4,252
Class 2	4,173	3,626	1,983	1,746
Class 4	4,982	4,258	1,560	1,533
Class 6	149	169	149	169
Total Per Accounts	18,405	13,790	10,855	7,700
Current Distributions	11,046	7,981	3,496	4,616
Non Current Distributions	7,359	5,809	7,359	3,084
Total	18,405	13,790	10,855	7,700

8. Distribution Asset Provisioning and Bad Debts

The Class 6 distribution provision has been reduced by \$19,833 following receipt of this amount. A specific provision of \$1,129,975 has been raised against non subsidiary distribution investments.

Development West Coast has raised a specific provision against investments in its subsidiaries of \$1,393,585 (2006 \$1,193,258).

	Total DWC \$000	Total Group \$000
Provisions 1 April 2006	3,160	169
Plus Provisions Applied	2,523	1,130
Less Provision Reversed	(20)	(20)
Provision as at 31 March 2007	5,663	1,279

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007



9. Subsidiary Investments

Subsidiary	Ownership Interest		Balance Date	Principal Activity
	2007 %	2006 %		
Forever Beech Limited	100	100	31 March	Harvesting, Milling, Processing & Marketing of Beech Timber
Forever Holdings Limited	100	100	31 March	Holder of Forestry Rights
West Coast Development Holding Company Limited	100	100	31 March	Ownership Company
West Coast Development Trust Land Company Limited	100	100	31 March	Property Ownership Company
West Coast Development Trust Research & Development Company Limited	100	100	31 March	Research & Development
West Coast Snowflake Limited	100	100	31 March	Manufacturer of Ice Cream
Cranberries New Zealand Limited	50	50	31 March	Horticulture, principally cranberry growing and marketing
West Coast Development No.1 Ltd	100	–	31 March	Shelf company

The Group's equity in Cranberries New Zealand Limited was purchased on 1 April 2005. Goodwill of \$307,422 arising from the acquisition of Cranberries New Zealand Limited will be written off on a straight line basis over an 8 year period, being the period of development of the Cranberry cultivation prior to full commercial operation.

10. Fixed Assets

Asset	Cost \$000	Accumulated Depreciation \$000	Book Value 2007 \$000	Book Value 2006 \$000
DWC				
Art Collection	7	–	7	–
Motor Vehicles	291	97	194	147
Computer Hardware	170	124	46	56
Computer Software	21	11	10	13
Office Equipment	33	26	7	11
Furniture and Fittings	86	17	69	71
Leasehold Improvements	66	43	23	20
Plant and Machinery	365	6	359	–
DWC Total	1,039	324	715	318
Subsidiaries				
Plant & Equipment	899	159	740	516
Land & Buildings	933	86	847	1,104
Office Equipment	19	11	8	11
Motor Vehicles	59	28	31	42
Group Total	2,949	608	2,341	1,991

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

11. Intangible Assets

	2007 \$000	2006 \$000
DWC		
Project 421	105	205
Group		
Forestry Rights	803	803
Brands and Logos	51	51
Goodwill on Consolidation	231	269
Total	1,190	1,328

12. Sundry Creditors

The payment of community grants may be subject to meeting certain criteria and/or may not be made for a period of time following Trustee approval. However, given it is likely that grants approved will be paid DWC accrues community grants upon resolution approving a grant.

	DWC		Group	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Audit Fees	40	33	69	55
Employee Entitlements	68	61	120	99
Community Grants Committed	2,413	2,234	2,413	2,234
Other	162	36	163	43
Total	2,683	2,364	2,765	2,431
Current Creditors	1,940	1,642	2,022	1,709
Non Current Creditors	743	722	743	722
Total	2,683	2,364	2,765	2,431

13. Contingent Assets & Contingent Liabilities

There were no known contingent assets at balance date (2006 \$Nil).

At balance date Development West Coast has a contingent liability until 2020 for Major District Initiative funding of \$1.2 million per annum subject to DWC's financial performance and receipt of suitable applications.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007



14. Commitments

14.1 Future Distributions

At balance date, \$4,214,579 (2006 \$7,767,514) of the total funding approved by Trustees was either under consideration or was undrawn against the accepted facilities.

14.2 Lease Commitments

As at 31 March 2007, the value of the residual portion of lease commitments of DWC was \$104,418 (2006 \$123,157), classified into the following periods:

	2007 \$000	2006 \$000
0-12 Months	52	49
12-24 Months	41	44
24-60 Months	8	33
> 60 Months	3	–
Total	104	126

In addition, Forever Beech Limited had the following lease commitment:

Vessa Holdings

Commencement Date	1st April 2007
Term	Monthly
Monthly	Rental \$3,333 plus GST
Further Terms	Reviewed 1st of each month

The lease payments of the company during the period under review were:

	2007 \$000	2006 \$000
Lessor		
Shannons Ltd	–	4
Vessa Holdings Ltd	41	40
Total Lease Expense	41	44

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

15. Reconciliation of Net Surplus with Cashflows from Operating Activities

	DWC		Group	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Net Surplus for the Year	5,161	4,210	5,281	4,304
Minority Interests' share of loss in Subsidiary	–	–	(221)	(138)
Add/(Deduct) Non-Cash Items Included in Statement of Financial Performance				
Depreciation/Asset Write-off	113	100	217	176
Write down of Intangible Asset	100	100	100	100
Investment Write Down	–	–	–	10
Loss on Sale of Assets	–	–	2	2
Amortisation of Goodwill on Consolidation	–	–	38	38
Capitalised Distribution Interest	(84)	(7)	–	–
	5,290	4,403	5,417	4,492
Other				
Gain included in Investing Activities	(5,262)	(3,996)	(5,262)	(3,996)
Movements in Working Capital				
Increase/(Decrease) in Provisions	2,703	3,740	1,310	2,547
Increase/(Decrease) in Accounts Payable	553	(746)	688	(720)
(Increase)/Decrease in Inventory	–	–	61	(193)
(Increase)/Decrease in Receivables	(333)	(166)	(124)	(160)
(Increase)/Decrease in GST Asset	(46)	(83)	(60)	(85)
(Increase)/Decrease in Accrued Interest	21	(80)	21	(80)
	2,898	2,665	1,896	1,309
Net Cashflows from Operating Activities	2,926	3,072	2,051	1,805

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007



16. Enquiries and Applications

For the financial year ending 31 March 2007, Development West Coast received 125 client enquiries. The following table lists the quantum of applications received, and applications approved or under consideration at balance date.

Application Summary 2006–07	Quantity	Value \$
Total Applications Received	24	28,165,000
Advisory Body Recommended	17	15,348,000
Trustee Approved	19	18,913,500
Offers under Consideration by Applicants	1	2,085,000
Offers Lapsed or Declined by Applicants	1	5,000,000
Applications Withdrawn	1	240,000
Applications in Progress	2	5,350,000
Trustee Approved and Accepted by Client		
Berlins Cafe & Bar	Loan	20,000
Coastpine Ltd	Loan	400,000
Coastpine Ltd	Loan	300,000
Coastpine Ltd	Loan	420,000
Coastpine Ltd	Loan	350,000
Cobden Sports Complex	Loan	20,000
Cranberries New Zealand Ltd	Loan	240,000
Cranberries New Zealand Ltd	Equity	1,500,000
Forever Beech Ltd	Equity	1,500,000
Hokitika Golf Club	Loan	15,000
JHR Holdings Ltd (Glacier Centre)	Loan	4,185,500
Karamea Information & Resource Centre	Loan	97,000
Landing Bar & Cafe Ltd	Loan	430,000
G T Liddell Contracting Ltd	Loan	500,000
Portwest Enterprises Ltd	Loan	63,000
Snowy Peak Ltd	Loan	1,500,000
Teronick Mining Ltd	Loan	95,000
West Coast Snowflake Ltd	Loan	90,000
West Coast Snowflake Ltd	Loan	275,000
		12,000,500

17. Subsequent Events

Subsequent to balance date the Trust Deed review undertaken by Trustees and Treasury was completed. The main changes to the original Trust Deed will be

- a. a reduction in the number of Trustees to 6 (from 12)
- b. Development West Coast will be able to borrow funds for investment up to an amount equivalent to 10% of the Investment Fund
- c. A definition of the infrastructure clause has been appended to the deed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

18. Related Party Transactions

DWC

- 18.1 During the year, Development West Coast advanced the sum of \$1,489,430 to its subsidiary West Coast Development Holdings Limited. Interest is payable on this amount at the rate of 8% p.a. As at 31 March 2007 \$3,460,143 (2006 \$2,310,059) was owing to Development West Coast. Development West Coast is the parent of West Coast Development Holdings Ltd.
- 18.2 During the year, Development West Coast advanced the sum of \$220,000 (2006 \$780,000) to its subsidiary Forever Beech Limited. As at 31 March 2007 \$2,100,000 (2006 \$1,880,000) was owing to Development West Coast by Forever Beech Limited. Interest is not currently charged on the advances.
- 18.3 At 31 March 2007, West Coast Development Holdings Ltd owed Development West Coast \$112,801 (2006 \$27,860) for expenses paid by DWC on the Company's behalf. Development West Coast is the parent of West Coast Development Holdings Limited.
- 18.4 At 31 March 2007 the Development West Coast was owed \$31,390 (2006 \$18,247) by West Coast Development Trust Land Co. Ltd, \$18,413 (2006 \$17,465) by West Coast Development Trust Research and Development Ltd and \$36,209 (2006 \$36,209) by West Coast Snowflake Limited, for expenses paid by DWC on these Companies' behalf. West Coast Development Trust Land Co. Ltd, West Coast Development Trust Research and Development Ltd and West Coast Snowflake Limited are all subsidiaries of West Coast Development Holdings Limited. Development West Coast is the parent of West Coast Development Holdings Limited.
- 18.5 Development West Coast provides accounting and other services to Forever Beech Limited, West Coast Development Trust Land Co. Limited, West Coast Development Trust Research and Development Limited, West Coast Snowflake Limited and West Coast Development Holdings Limited. No management fees are currently charged for these services. No debts owing to DWC by a subsidiary were forgiven during the year.
- 18.6 All transactions between DWC and a party that a Trustee has an interest in have been entered into on an arms length basis.
- 18.7 During the year Development West Coast bought plant and machinery to the value of \$365,798. Subsequent to balance date Forever Beech Limited has entered into a lease agreement to lease the plant from DWC.

Group

- 18.8 During the period under review, Forever Beech Limited has conducted normal business transactions with Westimber Limited, whose director is Mr M J Donaldson, a director of Forever Beech Limited. Westimber Limited has purchased \$2,679 of timber from Forever Beech Limited during the period (2006 \$3,779), and Forever Beech Limited has incurred expenses from Westimber Limited of \$631 during the period (2006 \$2,772).
- 18.9 Forever Beech Limited has conducted normal business transactions with Beechwood Products Limited, whose director is Mr M J Donaldson, a director of Forever Beech Limited. Beechwood Products Limited has purchased \$99,656 of timber from Forever Beech Limited during the period (2006 \$94,837), and Forever Beech Limited has incurred expenses from Beechwood Products Limited of \$848 during the period (2006 \$935).
- 18.10 Included in Trade Receivables is an amount of \$6,407 (incl GST) (2006 \$10,317) which is owed by Beechwood Products Limited to Forever Beech Limited.
- 18.11 During the period under review Cranberries New Zealand Limited has engaged Bromark Limited to provide consultancy services and to complete the sales and marketing function on behalf of the company. Mr Roger Brough, a director of Bromark Limited is also a director of Cranberries New Zealand Limited. Bromark Limited were paid \$19,862 (2006 \$36,223) for their services. Cranberries New Zealand owed \$3,695 to Bromark Limited at 31 March 2007.
- 18.12 During the year West Coast Snowflake Limited leased property from West Coast Development Trust Land Company Limited. The companies had previously entered into a three year lease with an annual rental of \$36,000 plus GST. West Coast Snowflake Limited and West Coast Development Trust Land Company Limited are both owned by West Coast Development Holdings Limited.
- 18.13 During the period under review Strawbridge and Associates, Chartered Accountants of Nelson provided accountancy and taxation services to Cranberries New Zealand Limited. Mr Ross Strawbridge, principal of Strawbridge and Associates is also a director of Cranberries New Zealand Limited. Strawbridge and Associates were paid \$2,841 (2006 \$1,505) for their services. The company owed \$2,852 to Strawbridge and Associates at 31 March 2007.
- 18.14 During the year West Coast Development Holdings Limited was repaid (net) \$319,046 by its subsidiary, West Coast Development Trust Land Co Ltd. As at 31 March 2007, \$544,640 (2006 \$831,496) was owing to West Coast Development Holdings Limited. Interest is payable on this amount at the rate of 8% p.a.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007



19. Taxation

Taxation in respect of the trading operations is as follows:

	2007 \$000	2006 \$000
Net Surplus/(Deficit) before Taxation	(1,495)	(1,237)
Prima Facie Taxation at 33%	(493)	(408)
Add Prima Facie Taxation – costs not deductible	–	18
Tax Loss Not Recognised	493	390
Taxation Payments	3	–
Taxation Refund Due	3	–
Comprising:		
Current Taxation Asset	3	–
Deferred Taxation	–	–

Unrecognised tax losses available for set off against future assessable income:

	2007 \$000	2006 \$000
Tax Losses	4,376	2,882
Tax Saving Thereon @ 33%	1,444	951

The ability to utilise these tax losses depends on the generation of sufficient assessable income in the respective tax jurisdictions.

Imputation Credit Account

	2007 \$000	2006 \$000
Opening Balance	1	–
RWT Credits on Interest Income	3	1
Closing Balance	4	1

20. Loan – Westland District Council

This loan is secured over the assets of Forever Beech Limited and ranked pari passu with the interests of Development West Coast. This loan is currently subject to an interest rate of 6% per annum. Post balance date, as agreed between Forever Beech Limited and Westland District Council, the loan was repaid in full settlement of all principle and interest obligations.

21. New Zealand International Financial Reporting Standards

Development West Coast intends to adopt the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) for the accounting period ended 31 March 2008. Accordingly comparatives will be required for the year ended 31 March 2007, with an opening balance sheet as at 1 April 2006. Where applicable, adjustments required on transition will be made retrospectively against opening equity recognised in the Statement of Financial Position.

Management is overseeing the transition of Development West Coast to reporting under NZ IFRS. Appropriate accounting policies under NZ IFRS have been prepared and adopted by the Trustees. The key differences in accounting policies and their impacts that are expected to arise from adopting NZ IFRS are not known and may materially vary from the information presented.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

22. Equity

	DWC		Group	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
i) Restricted Capital <i>The Initial Capital (\$92 million), as reduced from time to time by Distributions made under Clause 11.1 of the Trust Deed</i>				
Closing Balance as at 31 March	79,325	79,325	79,325	79,325
ii) Distribution Fund <i>The Income and the amount of Restricted Capital available for distribution, in accordance with Clause 11 of the Trust Deed</i>				
Opening Balance as at 1 April	25,051	20,841	25,150	20,841
Net Surplus for Year	5,161	4,210	5,060	4,166
Minority Interest Adjustment FBL	–	–	–	5
Add Minority Interest Share of Loss	–	–	221	138
Closing Balance as at 31 March	30,212	25,051	30,431	25,150
(iii) Investment Fluctuation Reserve				
Closing Balance as at 31 March	10,000	10,000	10,000	10,000
(iv) Minority Interest	–	–	(243)	(444)
Total Equity	119,537	114,376	119,513	114,031

	DWC	
	2007 \$000	2006 \$000
i) Investment Fund <i>The Property that is from time to time held by Trustees on the trusts of this Deed, except for Distribution Assets</i>		
Closing Balance as at 31 March	101,132	100,586
ii) Distribution Assets <i>The Property that is from time to time held by the Trustees on the trusts of this Deed where that Property is the result of the Trustees making a Distribution to a Recommended Recipient in the form of subscribing for shares or by way of loan, surety or guarantee.</i>		
Closing Balance as at 31 March	18,405	13,790
Total Equity	119,537	114,376

APPENDIX

Regional Economic Development Report

In 2006, Development West Coast took over responsibility for a range of regional economic development contracts from New Zealand Trade and Enterprise. In addition, Development West Coast continued to build on its own extensive range of regional development projects.

The Regional Development unit (RDU) implements and manages approved industry sector work which is aligned with both the regional and Development West Coast's strategic plans. Through the RDU's relationship and contracts with Government agencies, the region receives significant additional funding, which in turn increases Development West Coast's capability to extend the benefits of economic development to the region. In addition, Development West Coast works co-operatively with a number of key stakeholders which include central government (Ministry of Economic Development, Department of Conservation, Ministry of Social Development, Ministry of Education), Ngai Tahu, local authorities, education sector, and driver industry and business leaders.

Development West Coast is well placed to continue building relationships with various departments given its proven track record in delivering on Government contracts. Development West Coast is one of the few agencies in New Zealand which has the financial capability to match, or in some cases exceed, the amount of money provided by Government for certain initiatives, such as the Literacy Project.

Development West Coast has also established an Industry Advisory Group made up of CEO's and senior management from driver sectors and businesses who come together in an environment which allows open discussion, planning and debate, particularly where there are conflicting priorities and views.

Regional Development Projects

Education and Business Training

Literacy Project – three year joint research and development project led by Woolf Fisher Research Centre (University of Auckland) with 33 participating primary schools and early childhood centres, University of Canterbury and Ministry of Education.

In its second year, literacy achievement has increased significantly - for example, in reading comprehension, the average student is almost a year ahead of the national average and now 42% of students are in the high or very high achievement bands compared with 29% at the beginning (the national expectation is 23% of children in these bands).

The Education for Enterprise Project – pilot project run in collaboration with Ministry of Education, New Zealand Trade and Enterprise and supported by the Tindall Foundation began in January 2007 and currently involves five cluster schools, three enterprise schools and 33 teachers - as at July 2007, 33 school projects are underway with diverse partnerships such as The Warehouse, The West Coast District Health Board, Martin's Mitre 10 – Westport, Thompson's Butcher – Hari Hari and the Westland District Council.

School Network Upgrade – partnership with Ministry of Education to upgrade the computer networks including cabling of 16 small schools on the West Coast. Under this initiative, MOE provided 75% – 80% of the total costs while Development West Coast provided 80% of the schools' financial contribution towards the total cost of implementing the upgrade.

Enterprise Training Programme – partnership with New Zealand Trade and Enterprise led by Development West Coast with specialist training providers offering a range of training for managing a business, complemented by capability assessments and follow-up coaching – 600 SME business registrations with over 70 workshops run over the year.



APPENDIX (CONTINUED)

Regional Development

Commenced update of the 2002 Economic Development Strategic Plan to identify priority actions and resources for the region for the next 5 years - Development West Coast will lead and manage the update of the initial 2002 plan with input from regional stakeholders over the next 12 months – funded jointly with Government.

Major District Initiative - economic development at District level providing subsidies to Local Authorities for large projects which have regional benefits - funded annually by Development West Coast, with the aim of making districts more appealing places to attract and retain workers (\$18 million committed over a 15 year period).

Community Funding and Sponsorship - economic development at a community level providing grant funding to a wide range of applicants from sectors such as culture and heritage, sport, arts, and other community programmes, including DARE, Healthy Homes, Life Education Trust and Around Brunner Cycle Race.

Actively working with industry and other business sectors to achieve better results for priority initiatives identified in the Regional Economic Development Strategic Plan. Examples of Development West Coast's involvement include:

- Tourism – three year project underway with Government funding of \$2 million and Development West Coast and other regional partners contributing more than \$4 million.
- Mining – role as a funding agent and participant in the West Coast Minerals cluster programme (in partnership with the Government and regional partners), and a major funder of Minerals West Coast
- Timber – role as a funding agent, an equity partner and will support a major review with industry and the Government.
- Horticulture – acts as a funding agent and equity partner.
- Other areas of interest and facilitation include fishing, aquaculture, dairy and pastoral farming.

Infrastructure – providing support and advocacy to make sure there are no barriers to development.

- Ports review and re-development options.
- Telecommunications – Partnership with Government and Telecom through the Digital Strategy providing fibre-optic infrastructure ensuring broadband access up to 97% of the region in addition to ICT education and awareness.
- Workforce Development initiatives including review of regional apprenticeship support and potential scholarship programmes and other initiatives that help the region retain and attract quality workforce talent.
- Input into Regional Land Transport Strategy ensuring that access and distribution road/rail points throughout the region are future-proofed.
- Proposed hydro scheme on Arnold and Mohikinui Rivers



Regional Economic Scorecard

As part of the 2002 West Coast Regional Economic Development Strategy, the plan outlined high growth targets for 2010 based on 2001 statistics and trends. They included:

- A population of 37,500, up 30,303 in 2001.
- Incomes reflecting GDP of \$30,245 per capita, up 30% from \$23,197 in 2000.
- Overall expansion of economic activity by over 50%.
- Increased employment from 12,000 fulltime equivalent jobs (FTE's) to about 14,500 FTE's.
- Growth of 50 to 100% for the three driver industries, tourism, mining and dairying.
- Recognition of the Coast's diverse industry base.
- Leadership in sound environmental practices within all Coast industries.
- Adoption of best practice in all development initiatives within the public and private sectors.

The strategy commented that the region was 'among the most economically deprived in New Zealand'. Expansions of the 'driver' industries were generally expected to be achieved by 2005 and the flow-on effects on the rest of the economy and community were easily predicted.

The analysis that follows sources statistics from a variety of recent reports and demonstrates how far the West Coast has progressed toward those targets. Analysis of each of the five High Level Goals identified in the 2002 strategy document allows stakeholders to evaluate achievements and re-examine objectives.

Economic Profile

Generally the region has recorded continuing economic growth above 3% over the last five years. Employment growth and business units' growth have not been far behind national trends. However positive growth over the next five years is reasonably assured given the projections for the main driver industries of dairying, mining and tourism. In 2000 the GDP per capita was \$23,197 and the target for 2010 was set at \$30,245. The 2006 GDP has exceeded that target recorded at \$34,361.

APPENDIX (CONTINUED)

Summary of West Coast Economic Indicators

Indicator	2001/2002	2006	2010 targets (where applicable)
Economic Performance			
Real value added GDP (2006 \$m)	739	1,085	
GDP per capita 2006 \$	23,197	34,631	30,245
Employment (FTE's)	12,000	13,491	14,500
Productivity (GDP per FET employed 2006 \$)	81,120	77,747	
Business units (number)	3,063	3,574	
Business size (FTE's per business unit)	3.8	3.8	
NBNZ regional economic performance index	144	168	
Demographics			
Resident population	30,303	31,329	37,500
School population	5,417	5,166	
Commercial			
Total dairy cows (000s)	94	124	
Milk supplied (millions of litres)	337	464	
Average payout (cents/kg milk solids)	543	415	
Coal production (millions tonnes)	2.4	2.7	4.0
Gold production (000s kgs)	0.59	0.2	2.0
Tourism			
Tourism GDP (\$ million)		80.1	
Visitor number (000s)	1,900	2,472	2,860
Accommodation guest nights (000s)	2,686	2,526	
Visitor spend (\$ millions)	237	304	400
Average visitor spend (\$)	118	123	140
Concession granted (DOC)	524	652	
Value added / FTE (\$)	36,663	40,696	
International visitors	31.3%	47.4%	55%

Berl Regional Database, Statistics NZ

APPENDIX (CONTINUED)

Employment

Over a period of five years leading up to 2005, total industry employment increased by 21%. FTE's recorded for 2006 were 13,491, up from the 11,743 in 2001. It is significant that unemployment has fallen rapidly since 2002 from 1200 benefits to just 318 claimed at the two Work and Income offices on the West Coast in March 2007. Given the expected growth in the region's driver industries there are very real concerns of a labour shortage in the near future.

The growing concern over recruitment and retention of staff, particularly skilled staff, has been voiced by all the main industry sectors recently. The mining and dairy farming industries in particular are experiencing recruitment and industry training difficulties. The tourism sector is experiencing a range of staffing problems brought about largely by the seasonal nature of the employment. Retaining skilled staff with positive customer service skills from year to year is the largest challenge. Clearly a range of approaches aimed at addressing these problems are strategically imperative.

Development Target and Industry Projections

	2000	2010	2006
Industry employment:			
Mining	400	800	807
Dairy Farming	1,100	1,400	1,025
Personal & Tourism Services	3,300	4,600	4,791
Sub-total 'driver' industries	4,800	6,800	6,623
Other Resource Based (eg fishing, forestry, hort, etc)	1,600	1,800	1,423
Processing and Manufacturing	1,000	1,300	1,438
Business Services, Finance	1,800	2,500	977
Infrastructure	800	1,100	958
General Government	300	300	657
Social and Community	1,800	2,400	1,107
Sub-total 'other' industries	7,300	9,400	6,868
Total Employment	12,100	16,200	13,491

APPENDIX (CONTINUED)

District Economic Performance

Across the Local Authorities that make up the region, Buller and Grey achieved the best performance during 2006 - Buller managing GDP growth of 2.1%, almost matching the national figure of 2.2% and GDP per capita growth well above the national average, at 2.1% versus the national average of 1.2%. On the other hand, Westland's GDP shrank by 1.2 %.

Employment grew by 3.9% in Buller, 3.5% in the Grey district which compared well against the national average of 3.5%. Westland achieved employment growth of 2.5%.

Grey made the biggest gains in new business units, at 4.5%, almost double the national average of 2.5% and well ahead of Westland at 3.2% and Buller at 0.6%.

Economic Performance by District

Indicator	Economic Performance (% change 2005 to 2006)				
	BDC	GDC	WDC	West Coast	New Zealand
Real Value Added GDP	2.1	1.7	-1.2	1.0	2.2
GDP per Capita	2.2	1.7	-0.9	1.1	1.2
Employment	3.9	3.5	2.5	3.3	3.3
Productivity (GDP per FTE employed)	-1.6	-1.5	-2.7	-1.8	-1.0
Business Units	0.6	4.5	3.2	2.9	2.5
Business Size (FTE's per Business Unit)	3.3	-1.0	-0.7	0.4	0.8

Berl Regional Database, Statistics NZ

West Coast rankings out of all New Zealand Territorial Authorities (1st – 73rd)

Growth Area as at December 2006	BDC	GDC	WDC
Population	47	41	53
Employment	27	30	45
Gross Domestic Product	27	36	60
Number of Businesses	67	5	21
Overall Rank - 2006	41	23	48
Overall Rank – 2005	39	32	47
Overall Rank – 2004	43	42	22

Berl Report, 2006