

DWC MONTHLY UPDATE

February 2011



With the initial meeting of the new Board in December 2010 comprising a strategy review, the Trustees have now met for their first full ordinary meeting on Monday 7 February 2011.

The Board is discussing the direction and objectives of the organisation and aim to confirm the organisation's business plan for the next 3 years when they meet in March.

Financial Overview

At 31 December 2010, DWC's total net assets stood at **\$117 million**. This reflects a **\$1.4m** gain in the value of our investments during the month due to positive market conditions. This gain contributes to our year to date profit of **\$3.2m**. *(This profit does not take into consideration Trustees' recent decisions to fund the two West Coast cycleways or the \$1m contribution to the Pike River Relief Fund. The implications and timing of these recent decisions could have a significant effect on the year end result.)*

For the month of December 2010, total income was **\$2.1m**, with a net profit of **\$1.75m**.

Within total net assets, the value of the Investment Fund is \$102.4m, allocated to growth assets (equity) – 39.02%, and Fixed Interest & Cash – 60.98%.

The global economy is still fragile and continues to impact on the performance of the Investment Fund.

Community Investment

DWC has invested **\$223,500** into the community through grants and donations. This amount does not include DWC's **\$1.2m** annual contribution to the three district councils under the Major District Initiative (MDI).

A considerable portion of the total community distributions was a **\$99,000** grant to a "Computers in Schools" project. This project aims to assist West Coast schools to upgrade their technology to reach a desirable benchmark. Participating schools are also required to co-invest in the project. DWC's contribution will ensure our children on the West Coast have access to technology in the classroom to support their learning and that they are not left behind in the technology revolution.

Direct Property Investment

The Investment Fund generates DWC's main source of income which then becomes available for distribution (**Distribution Fund**) to achieve the Objects of the Deed - to promote economic benefit and employment on the West Coast.

A comprehensive Treasury Policy governs how DWC may invest the Investment Fund. The Investment Fund, standing at \$102.4m, is currently invested across multiple categories which include bonds, fixed interest, and equities, including Australasian properties.

DWC is currently looking at a commercial multi-storey office building in Christchurch as part of its investment strategy.

Investments such as this are made through the **Investment Fund** under the property asset allocation, but must first be recommended by DWC's investment advisors before any final decision can be made by Trustees. Should DWC investment in this Christchurch property, DWC will endeavour to make a formal and detailed announcement at the earliest possible opportunity.

Through the **Distribution Fund**, DWC has also invested in substantial West Coast properties in Karamea, Franz Josef and Punakaiki. Involvement in each of these had a two-fold purpose of promoting local employment while ensuring ownership of land holdings was retained in West Coast hands.

Cycleways

The funding applications submitted to DWC from both the Mokihinui-Lyell Backcountry Trust and Westland

Wilderness Trail for their cycleway projects were formally considered by DWC at a meeting in January 2011, and grants of \$750,000 each (\$1.5m in total) approved.

Trustees recognise the benefits these two cycleway projects could bring to the region, but have had to be realistic about the level of funding available to contribute to them. DWC's community funding pool is limited, and DWC's Major District Initiative funding which provides **\$1.2m** annually across the three district councils remains a priority over any new community funding applications.

With a total project cost estimated between \$4.2 to \$5 million, the Mokihinui-Lyell Backcountry Trust's application sought DWC funding of \$754,000 to complement National Cycleway funding of \$2 million and further funding sourced locally of around \$1.1 million to near complete the 160km "Old Ghost Road" cycle trail.

The Westland Wilderness Trail project is estimated to cost \$8.6 million and has attracted National Cycleway funding of \$3.2 million. The funding application to DWC sought the balance of the project cost of \$5.4 million.

DWC has also approved "in principle" funding of \$750,000 for the Westland Wilderness Trail over a 2–3 year period. DWC was not able to support the full \$5.4 million application from WDC however remains supportive of the concept and DWC management has met with NZ Cycleway officials and Westland Wilderness Trail Trustees to discuss and progress other options for funding.

Pike River Tragedy

Executive and Trustees have spent significant time dealing with the ongoing effects of the Pike River tragedy. Discussions are continuing with the various effected parties and agencies, including Grey District Council, Pike River Relief Fund Trust and Government officials.

Contractors & Suppliers

DWC's Chair and CEO met with the representatives of the Pike River Mine Contractors & Suppliers Group to discuss ways DWC could assist businesses affected by the tragedy.

While it is not possible for DWC to directly contribute a lump sum towards the Contractors and Suppliers, DWC is able to review and consider applications from individual businesses on a case by case basis.

Overall, the meeting was positive and the DWC and the Group will continue to collaborate on the situation.

Pike River Miners' Relief Fund Trust

At their meeting on 25 November 2010, Trustees resolved to make a \$1 million donation to a Pike River relief fund in recognition of the severity of the tragedy and its impact on the economy of the West Coast.

The Pike River Miners' Relief Fund Trust (Pike Trust) was formed in December 2010 to receive public and corporate donations for the families. Today, the Pike Trust has an estimated \$6.5 million, excluding DWC's contribution.

DWC's contribution will not be distributed to the 29 families of the deceased miners and contractors as the funding must be used for purposes that are consistent with the objectives of DWC's Deed.

Discussions have been held amongst various parties and individuals on how best to utilise DWC's contribution. From those discussions, an indicative list of potential projects and purposes has been identified and will soon be considered by DWC's Board and followed by a further discussion with the Pike Trust.

DWC management are in discussions with its auditors (Audit NZ) to ensure all decisions are in compliance with its Policies and Deed.

NZ Trade & Enterprise (NZTE) & DWC in Partnership to Provide Recovery Workshops

DWC is aware of the significant effects this tragedy is having on the local economy given the displaced Pike River employees, the decrease in business for suppliers and service providers and the flow-on effects to the general community.

In response to those effects, DWC has planned and is co-ordinating the delivery of a series of Business Recovery Workshops offered in conjunction with business mentoring.

The first workshop, "Cash Flow Management 1: Making Ends Meet Right Now", took place on 15 February and was very well received by the 15 participants who attended. Feedback was very positive and all attendees at this initial workshop have now been wait-listed to attend the further workshops scheduled.

The schedule of the remainder recovery workshops is:

Building resilience to Stress: Employee Perspective	9am – 12.30pm	Thursday 10 March 2011
Strategic Planning: Where to from Here	9am – 12.30pm	Monday 21 March 2011
Cash Flow Management 2: Tools for the Future	9am – 12.30pm	Monday 4 April 2011
Smart Business Thinking: A New Business Perspective	9am – 12.30pm	Monday 11 April 2011

Spaces are limited to 20 participants with all workshops now being fully booked with the exception of "Building resilience to Stress" where seats are still available. Any businesses are welcome to attend these workshops. If you are interested in attending any of the above workshops, please phone DWC to enquire on 768 0140.

West Coast Governance & Leadership Programme

A joint initiative of DWC and Westland Milk Products (WMP) will see the launch of the West Coast Governance & Leadership programme on 23 February 2010 - an initiative aimed at raising the capability of people in our community to effectively lead and govern.

The programme has been developed in partnership with the NZ Institute of Management (NZIM) in line with

best practice standards.

To date, 10 organisations across the West Coast have committed to the programme, with 14 participants. The programme is user pays and it has been very positive to see employers investing in their staff and recognising the value this programme can offer to their organisations and communities.

Business Mentors New Zealand

DWC is working with Business Mentors NZ (BMNZ) to establish a network of mentors on the West Coast.

On 1 February 2011, twelve experienced West Coast business people took part in an accreditation day. To date, six of those people have followed through with their full accreditation and the remaining six are considering this option.

West Coast businesses can register with BMNZ at www.businessmentors.org.nz

West Coast Leading Light Business Excellence Awards

The inaugural West Coast Leading Light Business Excellence Awards will be held on Friday 27 May 2011 at Shantytown.

This annual formal gala event will offer the opportunity to acknowledge the valuable contribution West Coast businesses make to our local economy, provide public recognition of West Coast business success stories, and highlight the capabilities, tenacity and scale of the businesses and industries on the West Coast.

Categories for entry are:

- Small/Medium Enterprise – Service and Retail
- Primary Producer
- Construction/Engineering/Manufacturing
- Tourism
- Community/Charity Organisations
- Health & Safety

Entries will open on 1 March 2011, closing on 15 April 2011. Businesses interested in entering can call DWC to request a copy of the application form and are welcome to discuss any matters around the awards.

Entering the awards will provide businesses with:

- Valuable insight into their business and an opportunity to analyse their business's progress
- The chance to network with other successful West Coast businesses
- A great team building project
- A chance to put their business in the spotlight with key local publicity
- A useful benchmark of their progress and achievements against competitors and other sectors in the local business environment
- The opportunity for the efforts of the business owner and staff to be acknowledged
- An opportunity for business owners to acknowledge the contribution made by employees in growing and developing their business
- A means of creating pride in their organisation
- An opportunity to focus on their business, its core strengths and the competitive advantages that make it a worthy candidate for business excellence
- On-going promotion opportunities for winning businesses to demonstrate leadership and excellence.

Comment from the Chair

Much has happened in the past which cannot be changed. As Chair of the organisation, I am interested in the Board moving forward and focusing on today and the future.

There is room for improvement of DWC, however on balance we need to also recognise the many positive achievements and contributions DWC has made over the past 10 years. I ask for time and patience from the community, and for the community to work with us, as we take the organisation forward.

I invite anyone who has concerns or questions to contact me or the Chief Executive Officer directly, and we will be as open and transparent as possible on all non-confidential matters.

John Sturgeon

For further information, contact:

John Sturgeon, Chair

021 421 790

John Chang, CEO

021 332 556

DWC's Monthly Update will feature regularly in the West Coast Messenger from next month

DWC offers its heartfelt condolences to the people of Christchurch. Our thoughts and prayers are with them all at this extremely devastating time."