

Our Business



June 16, 2016

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Issue 5

Introducing Munda Wana Wilurarra Pty Ltd



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Munda Wana Wilurarra Pty Ltd was established a few years ago to be a Joint Venture partner in long term car leasing with Cedrent Pty Ltd (Ceduna Rent a Car).

Unfortunately, after due diligence and much consideration, the long term car leasing wasn't viable due to the competition in that market. We couldn't compete.

However, Far West Coast Investments and Cedrent have kept the Joint Venture alive to consider other opportunities that may present themselves.

A few months ago, an opportunity to enter into the retail tyre business came up so Cedrent put forward a proposal.

The proposal was to purchase Ceduna Fuel and Tyres and run the local Cedrent Agency through this business. Further to this, there was also an opportunity to purchase the Dunlop Super Dealership in Darwin and run the recently set up Cedrent Agency within that business.

We are very pleased to inform the membership that both these businesses have been purchased in partnership with Cedrent.

'...benefits of a Joint Venture is that the risk and commitment is shared.'

Establishment and Directors

Munda Wana Wilurarra Pty Ltd (MWW) was established due to the vision of the late Mr Dunnett who was an original Director. His idea was that by entering into a Joint Venture with an established business, we're getting the business systems and management structures required to manage a business on a day to day basis. The other benefits of a Joint Venture, are that the risk and capital commitment is shared.

The current Board of Directors are Barry (Jack) Johncock and Robert Larking who are also Directors of Tjutjuna Holdings Pty Ltd. Tjutjuna Holdings Pty is the Joint Venture company and it has four Directors, two from MWW and two from Cedrent.

Tjutjuna Holdings is the shareholder of Ceduna Tyre Investments Pty that owns Darwin Tyre and Battery Pty Ltd (trading as Dunlop Super Dealership) and Ceduna Tyre and Battery Pty Ltd (trading as Ceduna Fuel and Tyres)

Why buy off country and what is the attraction of the tyre business?

In short the answer is to make money - both are good businesses.

Trying to find a business in Ceduna that makes a good return once you take the owner operator out and install a manager on a wage is very difficult. By adding the Cedrent Agency and value adding to the business, there should be profits after wages.

The Dunlop Darwin business already made a profit with a manager in place. By adding the car rental agency there's an opportunity for growth.

The attraction of the tyre business is that it has nothing to do with mining. The Far West Coast has to diversify and get organised as, one day, there will be no mining. On country or off country, it has to be about making money for the future past the life of mining.

Above: From left to right: Robert Larking (MWW Director), Peter Sampson (Cedrent Director), Wayne Gurney (former owner) and Peter Miller (FWCAC) at the handover on 2nd May 2016.

Below: Robert Larking and Peter Sampson on the first day of trading as Ceduna Tyre and Battery



'On country or off country – it has to be about making money for the future past the life of the mine'



Ceduna Tyre and Batteries

Most of you know this business located at 28 McKenzie Street, Ceduna. This is a Bridgestone Dealership that sells fuel and does trailer hire.

The business is well established and has now also become the Cedrent Agency. It's a local business and will remain a local business.

Ceduna Rent a Car started here in Ceduna and will continue to have a presence here.

Property Purchase

In addition to purchasing Ceduna Fuel and Tyres, Wana Wilurarra Pty Ltd (MWW) have purchased the site at 28 McKenzie Street and will lease the property to Ceduna Fuel and Tyres. The property is 100% Far West Coast owned and is not involved in the Joint Venture.

This is a very large piece of land that's situated right in the middle of Ceduna with main road frontage on two sides.

Ceduna Fuel and Tyres occupies the McKenzie Street side of the block and there is plenty of room for future development on the Murat Terrace side.

The land was purchased with the contingent liability of the existing fuel tanks factored into the purchase price.

Dunlop Super Dealer: Darwin

This business is located at Holtze, just off Berrimah Road near Pinelands. Along with providing the full range of tyre and wheel services, the Dunlop Super Dealer is also the retailer for Independent Batteries.

The Cedrent Agency will operate from here. There's tremendous opportunity for growth in the Top End with the Commonwealth Government pushing for development in Northern Australia.

Darren Walmsley is a partner in Cedrent and has relocated to Darwin to be the Managing Director of the business. The tyre business is well established so Darren will be ensuring that existing and new clients receive excellent customer care and advice. He will also be working hard to grow Cedrent's presence in the Northern Territory.

Below - Robert Larking handing the cheque over for the purchase of the Dunlop Super Dealer business in Darwin. Representing the FWCAC is the Chairperson, Peter Miller. The new business premises and staff.



The three investments, being Dunlop in Darwin, Bridgestone in Ceduna and the property at 28 McKenzie Street, Ceduna are all separate investments. This means that any risk sits within each investment. If one investment doesn't go so well, it doesn't affect the bottom line of the other two.

Since 2010, Far West Coast Investments has looked at many business opportunities, and have been very cautious in the way it approaches its investments.

Far West Mining and Civil has been a very good investment for the Far West Coast but is absolutely dependent on Iluka's presence on country and their mining activity. We're already experiencing a downturn in income due to the Jacinth-Ambrosia mine being placed into care and maintenance for a year or two.

Exact Mining are no longer required to carry out earthworks and thus the D10 Bull Dozer is no longer required. The Far West Coast Native Title Holders started their investment activity by purchasing the D10 for \$1.4M and leasing it to Exact Mining.

Other machines have followed and will be, for the most part, retained by Iluka at Jacinth-Ambrosia, but the D10 was a big earner.

One day Iluka will wind up and move on so the Far West Coast needs to be looking at investments away from the mining sector in order to provide services to it's members past the life of the mine.

Once the mine closes, Far West Mining and Civil may be all but worthless. For example: the D10 Bull Dozer was purchased for \$1.4M and was operated at the mine for just over six years having amassed around 40,000 machine operating hours. This amount of hours, pretty much, brings it to the end of it's usefulness as a mining machine as miners will be reluctant to lease this machine when they can lease a new one.



General Managers Comment

It's really important that the Far West Coast prepares for the day when there's no longer any mining.

Your investments over the past couple of years have been heavily focused on a future without mining.

Your building at 62 Poynton Street, Ceduna was purchased as a home for your administration. Instead of paying around \$40,000 a year in rent, you now earn about that in rent paid received from your tenants. This makes the building self-sustaining as there's enough income to pay the phone, internet, council rates, electricity, insurance, etc.

There's also enough room for growth should the organisation require more staff to provide more services at some stage in the future.

The three latest investments have no reliance on mining. No matter how bad the economy gets, anyone who wants to drive a car will need to have tyres. While there's risk in everything you do, we have carried out stringent due diligence on these investments and believe the risk is very limited.

In entering into a Joint Venture with Cedrent Pty Ltd we've pursued an investment with a company that has an established history of good performance and potential growth e.g. developing their business opportunities in the Northern Territory.

We have avoided 100% ownership of the tyre businesses. We have joint ventured on a 50/50 basis with partners who have a clear history of excellence and integrity. This means that there's only half the risk.

Cedrent have the skills to run and monitor the performance of the businesses under a governance structure that's inclusive of Far West Coast representation. The Joint Venture company has two Directors from Cedrent and two from Munda Wana Wiliurarra. We have access to view the accounting systems of both tyre business via the internet through cloud based software. This isn't a set and forget investment, we'll be actively involved in the operations of the company.

Purchasing these businesses and establishing the Joint Venture has been a lot of work and very satisfying but it's not time for celebration of a job completed. The real work of developing these businesses has just begun.

The search still continues for investments you can afford, that have the potential to provide good financial returns, are low risk and maintain that balance between retention, investment and distribution of money to the Trust.

John Isgar - General Manager:

Far West Coast Investments ATF Far West Coast Aboriginal Community Charitable Trust

Far West Mining & Civil Pty Ltd ATF Far West Mining & Civil Pty Ltd Discretionary Trust

Munda Wana Wilurarra Pty Ltd

Poynton Property Investments Pty Ltd

