



BULLER RECREATION LIMITED

STATEMENT OF INTENT

FOR THE YEAR ENDED 30 JUNE 2020

1. Preamble

Buller Recreation Limited (“Company”) is a fully owned subsidiary of Buller Holdings Limited (BHL) and was established to purchase the Pulse Energy Recreation Centre from the Buller District Council (BDC), and to fulfil a service contract with BDC for the provision of recreation services to the Buller community.

Buller Recreation Limited continues to provide the community with high quality recreation facilities and services. The Company is committed to identifying, developing and implementing opportunities for increasing external revenue to minimise the relative burden on ratepayers.

Section 6 (1) of the Local Government Act 2002 (“Act”), provides that any company in which equity securities carrying 50% or more of the voting rights are held by one or more local authority is to be known as a council controlled organisation. In addition, any council controlled organisation that operates a trading undertaking for the purposes of making a profit is considered a council controlled trading organisation.

The Company is a council controlled trading organisation for the purposes of the Act and is therefore required to have a Statement of Intent (SOI) that complies with clause 9 of Schedule 8.

This SOI, prepared in terms of the Act and clause 22.1 of the Constitution of Buller Recreation Limited sets out the activities and intentions of the Company for the year ending 30th June 2020

The Company will update its SOI annually and deliver a draft to shareholders before 1st March each year and a completed SOI by 30th June each year.

2. Objective

Introduction

The strategic direction of the Company is guided by the vision, values and strategic objectives. These provide the framework for the Company to make plans and investment decisions. The following is an overview of these key planning components.

Vision

To provide for the Buller community, sustainable and customer-focused sport and recreation facilities and services.

Objectives

The principal objective of Buller Recreation Limited is to operate as a successful business. In pursuing this objective the company is guided by the following key principles.

a) Financial Performance

The company is committed to operating as a successful business in accordance with the Service Level Agreement with Buller District Council. The definition of a successful business is broader than financial returns, and also takes into account the social, economic and environmental needs of the community.

(b) Service

The company recognises that the needs of its major customers are paramount and is committed to meeting these needs. It also recognises the need to develop its customer base to ensure sustainability of the business in the future.

(c) Employee Relations

The company values its employees and will recruit and retain employees with the skills necessary to run the business and will provide opportunities for staff training and development.

It will ensure that employees are fairly treated and provided with good and safe working conditions.

The company, together with its employees, will create a culture that recognises the importance of being competitive, the value of delivering high quality customer service and the mutual benefit of continued employment. This will involve effective leadership and communication.

(d) Safety and Environment

The company has a zero tolerance to safety and environmental incidents. The company undertakes to meet all legislative Health and safety requirements.

3. Nature and Scope of Activities

The nature and scope of the company's activities are to provide accessible sport, recreation and event services and facilities to residents and visitors to the Buller district of New Zealand.

Its activities will include provision of services for:

- Recreational swimming and learn to swim programmes
- Aquatic sports events
- Indoor court sports competitions and events
- Fitness centre programmes and classes
- Outdoor turf sports
- Corporate, trade and social events

The Directors will consider opportunities from time to time with regard to other types of activities or expanding the reach of Buller Recreation Limited for the provision of services outside of the centre's physical location.

4. Corporate Governance

The Board of Directors of Buller Recreation Limited is responsible for the corporate governance of the Company. The term "corporate governance" encompasses the direction and control of the business by the Directors, and the accountability of Directors to shareholders and other stakeholders for the performance of the Company and compliance by the Company with laws, standards and agreed protocols as specified between Buller Holdings Limited and Buller District Council.

Role of the Board

The Board is responsible for the proper direction and control of the Company on behalf of the shareholders. The principal objective of the Company is to operate a successful business.

The functions of the Board include:

- Ensuring that the Company goals are clearly established, updated annually and that strategies are in place for achieving the goals.
- Establishing policies for strengthening and enhancing the performance of the Company.
- Monitoring the performance of the management relative to the established goals and plans, having delegated day-to-day management of the company to the manager.
- Annually receive a report on the assessment of the general manager's performance.
- Ensuring that the Company's financial position is fully protected so as to allow it to meet all debts and obligations as they fall due.

- Ensuring that the Company and group's financial statements are fairly presented and conform to law.
- Ensuring that the Company adheres to high standards of ethics and corporate behaviour.
- Ensuring that the Company has appropriate risk management and regulatory compliance policies in place.
- Approving and implementing the Business Plan and Statement of Intent of the company, and
- Reviewing and approving the Company's capital investments and distributions

Board operations and membership

The composition of the Board is determined in accordance with the following principles:

- The Board comprises up to 6 directors.
- The Board meets regularly and schedules additional meetings as required.
- Directors receive formal Board papers for consideration and all necessary information to enable participation in an informed discussion of all agenda items.

The Company constitution sets out policies and procedures on the operation of the Board including the appointment and removal of Directors.

The Board supports the concept of separation of governance and management of the businesses. The role of the Chairman is to lead the Board to ensure that it carries out its governance role effectively, and to provide leadership and direction to the general manager of the business on behalf of the Board.

5. Ratio of Shareholders Funds to Total Assets

The ratio will be maintained at a minimum of 60% (net of any proposed dividend). Total assets are defined as the sum of all current and non-current assets of the company including goodwill.

6. Distribution Policy

It is the company's intention to maximise distributions to Buller Holdings Limited after meeting the financial needs of the company including future operations and capital expenditure.

7. Accounting Policies

Buller Recreation Limited will adopt and adhere to accounting policies that are consistent with those of the Buller District Council and comply with appropriate accounting practices and in accordance with the Companies Act 1993, the Financial Reporting Act 2013, NZ Equivalents to International Financial Reporting Standards, and any other applicable laws and standards.

8. Information to be Reported

The following information will be available to shareholders based on an annual balance date of 30th June.

Statement of Intent

The Directors shall deliver to the shareholders a draft Statement of Intent by 1st March for comment by the shareholder. The Directors shall deliver to the shareholder a completed Statement of Intent by 30th June.

Consolidated Quarterly Reports

The Directors shall deliver to the shareholders by 16th November, 16th February and 16th May an un-audited report containing the following information as a minimum in respect to the quarter under review for the Buller Holdings Group.

- a. A revenue statement disclosing actual and budgeted revenue and expenditure with comparative figures for the previous equivalent period.
- b. A statement of financial position at the end of the half year.
- c. A statement of cashflows at the end of the half year.
- d. Key performance indicators.
- e. A commentary on the results for the quarter together with a report on the outlook for the remainder of the year with reference to any significant factors that are likely to have an effect on the company's performance, including an estimate of the financial result for the full year.

Consolidated Annual Report

The Directors shall deliver to the shareholders by 30 September a consolidated annual report and audited financial statements in respect the Buller Holdings Group to the financial year containing the following information as a minimum.

- a. A Directors report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to a dividend.
- b. A revenue statement disclosing revenue and expenditure with comparative figures for the previous year.
- c. A statement of financial position at the end of the year.
- d. A statement of cashflows.
- e. An auditor's report on the above statements and the measurement of performance in relation to key performance targets.

9. Performance Targets

Performance Measure	Key Performance Indicator	Targets		
		2020	2021	2022
Financial	Revenue (\$000's)	\$707	\$721	\$726
	Expenditure (\$000's)	\$2109	\$2118	\$2127
	Ratio of Shareholders Funds to Total Assets	60%	60%	60%
Fitness membership	Average membership over 12-month period.	455	460	470
	Average retention rate over 12-month period	>75%	>75%	>75%
Aquatic centre usage	Average visits per month over 12 months	4080	4100	4120
	Achieve number of students over 4 swimming terms	150	150	150
Safety	MTI	Nil	Nil	Nil
	Serious Harm Accidents	Nil	Nil	Nil
	LTI	Nil	Nil	Nil
Work Environment	Maintain regular communication with all employees through weekly emailed updates and meetings with all staff every 4 months.	Achieved	Achieved	Achieved
	Review the succession plan for key positions and identify training needs and actions for the next 12 months	Achieved	Achieved	Achieved
	Complete annual review process with all staff	Achieved	Achieved	Achieved
	Undertake staff satisfaction survey every second year	Nil	Survey	Nil
	Undertake client satisfaction survey every second year.	Survey	Nil	Survey
Asset Management	Review of the Asset Management Plan annually	Achieved	Achieved	Achieved
	Complete maintenance and replacement in accordance with AMP (monitor monthly)	Achieved	Achieved	Achieved
Financial Forecasts \$000's	Revenue	\$707	\$721	\$726
	BDC Service level fee	\$851	\$851	\$851
	Expenditure	\$2109	\$2118	\$2127
	Net operating surplus (deficit)	\$(552)	\$(547)	\$(551)
	Provision for capex	\$255	\$163	\$102

10. Value of Shareholders Investment

The Directors estimate of the company value is not less than shareholders' funds.

11. New Investments

The Company's ability to subscribe for, purchase or otherwise acquire shares in any company or other organisation, or enter into a major transaction is governed by the provisions in the Company's constitution, standards and agreed protocols as specified in the Charter between BHL and BDC.

The company will consult with the shareholders with regard to purchasing a business or subscribing for shares in any company or other organisation where that investment is more than 25% of shareholders' funds as at the previous balance date. Where the investment is more than 50% of shareholders' funds, shareholder and Council approval will be required.

12. Role in the Buller District Council Group and Regional Economy

(a) Commercial Relationship

Buller Recreation Limited acknowledges, as a wholly owned subsidiary of BHL, that there may be commercial opportunities within, or in partnership with other group entities that can be developed to benefit the company, BHL and the Buller region.

(b) Growth of the Regional Economy

Buller Recreation Limited acknowledges that it has a role to play in promoting the growth of the Buller region by contributing to regional initiatives as a good corporate citizen.

(c) Customer Service Principles

Buller Recreation Limited has adopted customer service principles that ensure all customers are given the service that they expect and are entitled to.