



# **WESTREEF SERVICES LIMITED**

**STATEMENT OF INTENT**

**FOR THE YEAR ENDED 30 JUNE 2020**

## **1. Preamble**

WestReef Services Limited (“Company”) was established in 1996, and in 2007 became a fully owned subsidiary of Buller Holdings Limited. The Company is the largest civil and maintenance company in the Buller District and is the Buller District Council’s most utilised contractor.

The Company continues to maintain its long and successful record of operation in providing services throughout the district and broader West Coast area. The company is entirely customer focussed with a financial objective of achieving a competitive rate of return on investment. The Company upholds the highest Health and Safety standards and strives to ensure the wellbeing and safety for all staff both at and away from work.

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.

WestReef Services Limited (“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 WestReef Services 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 establish, make plans and investment decisions. The following is an overview of these key planning components.

### **Vision**

The vision of the Company is to be a sustainable and profitable business being operated by an empowered team who take pride in meeting the needs of staff, owners, suppliers and the community.

### **Objectives**

The principal objective of WestReef Services Limited is to operate as a successful business while working for the benefit of the shareholders. 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 and achieving a competitive commercial rate of return on the investment in the businesses. It will be striving to minimise operating costs and manage the assets and liabilities in a prudent way. The definition of return on investment for the company is broader than financial returns. It also takes into account 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 those business 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 a high quality of 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 agrees to comply with all Health and safety legislation and Council Health and safety standards and policies as they relate to Contractors.

## **3. Nature and Scope of Activities**

The nature and scope of WestReef activities will be predominantly to provide contracting services for the construction and maintenance of infrastructure and amenity assets on the West Coast of the South Island of New Zealand.

Its activities will include maintenance and civil construction services for:

- Roads and bridges
- Response to Road and Civil Defence emergencies
- Parks and reserves (including associated facilities)

- Utility services (water and sewerage reticulation, waste water treatment, storm water collection)
- Solid and Liquid Waste Collection and Disposal
- Vehicle workshop repairs and maintenance
- Transfer stations
- Recovery parks
- Roadside vegetation control
- Property maintenance
- Refuse collection
- Environmental & Backcountry Projects

The Directors will consider opportunities from time to time with regard to other types of activities or expanding the geographic region of delivery to other regions of the South Island.

#### **4. Corporate Governance**

The Board of Directors of WestReef Services 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 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**

WestReef Services 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 30<sup>th</sup> June.

### **Statement of Intent**

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

### **Consolidated Quarterly Reports**

The Directors shall deliver to the shareholders by 16<sup>th</sup> November, 16<sup>th</sup> February and 16<sup>th</sup> 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 30th 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**

The performance of WestReef Services Limited will be measured against the following targets:

OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGETS		
		2020	2021	2022
<b>HEALTH &amp; SAFETY</b>	Medical Treatment Injuries	Nil	Nil	Nil
	Serious Harm Accidents	Nil	Nil	Nil
	LTI Target	Nil	Nil	Nil
	ISO 45001 Accreditation	Maintain	Maintain	Maintain
<b>OPERATIONAL</b>	Employee Satisfaction – Employee turnover <15% per annum	<15%	<15%	<15%
	Client Satisfaction – Min 12 meetings per year	12	12	12
	Renewal of TQS1 certification	Achieve	Achieve	Achieve
<b>EMPLOYEE DEVELOPMENT &amp; SATISFACTION</b>	Undertake staff satisfaction survey (2/yearly)	Nil (Complete 18/19yr)	Survey	Nil
	Weekly department staff meetings	Achieve	Achieve	Achieve
<b>FINANCIAL (000's)</b>	Revenue	\$10,646	\$10,880	\$11,130
	Expenditure	\$9,346	\$9,551	\$9,771
	Net Operating Surplus	\$1,300	\$1,329	\$1,359
	Provision for Capex	\$550k	\$550k	\$550k
	Return on Revenue	12%	12%	12%
	Competitively Procured Revenue	40%	45%	45%
	Ratio of Shareholders Funds to Total Assets	60%	60%	60%
<b>ENVIRONMENTAL</b>	Number of Enforcement notices	Nil	Nil	Nil
<b>COMMUNITY</b>	Support Minimum 15 community activities	25	25	25

## **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**

WestReef Services 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**

WestReef Services 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

As part of the Buller District Council Group, WestReef Services Limited has adopted the Council's Customer Service Principles and Action policies.