

**BULLER**  
**Holdings Ltd**

**BULLER HOLDINGS LIMITED**

**STATEMENT OF INTENT**

**FOR THE YEAR ENDED 30 JUNE 2024**

## **1. Preamble**

Buller Holdings Limited (“Company”) was set up in September 2007 as a Council controlled trading organisation with WestReef Services Limited as its only subsidiary. Buller Recreation Limited (trading as the Pulse Energy Centre) was purchased from the Buller District Council (‘Council”) in 2009 and Westport Harbour Limited in 2010. Westport Harbour Ltd was wound up as a company on or prior to 30<sup>th</sup> June 2018 by Council resolution. The Buller District Council is the sole shareholder of Buller Holdings Limited.

The Company’s continued purpose is to provide a commercial focus in the governance and management of Council's commercial assets, allowing for maximum returns on behalf of the ratepayers and benefits to the wider community.

In 2023 The company purchased land to develop a workshop and admin area and lease back to Westreef Ltd at a commercial return. The projections for this project are included in this SOI.

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.

Buller Holdings 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.

The SOI is prepared in terms of the Act and clause 22.1 of the Constitution of Buller Holdings Limited and sets out the activities and intentions of the Company for the year ending 30<sup>th</sup> June 2024.

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

## **Outlook**

The general economy is likely to have a degree of uncertainty moving forward with higher inflation, increasing costs and increases in interest rates.

Therefore, the trading environment for 2023/2024 is not expected to be as buoyant as the last few years.

Government changes to the delivery of 3-waters could have potential significant effects on the Group. From July 2024 BHL subsidiary WestReef would like continue to work with our client to continue to provide this service.

## **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**

Buller Holdings Limited will provide a commercial focus in the governance and management of Buller District Council's commercial assets, allowing for maximum returns on behalf of ratepayers and benefits to the wider community. The Group will remain cognisant of assisting the shareholder with fulfilling cultural requirements as part of its 'Four Wellbeings'.

## **Objectives**

The principal objective of Buller Holdings Limited is to operate as a successful business while working for the benefit of shareholders. In pursuing this objective, the Company is guided by the following key principles.

### **(a) Financial Performance**

The Company is committed to operating the group as a successful business and achieving a competitive commercial rate of return on the investment while working for the benefit of the shareholders. It will be striving to minimise operating costs and manage the assets and liabilities in a prudent way. The definition of return on investment the company is broader than just the financial returns, and considers 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 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**

Our leadership will enable our subsidiaries to develop positive workplace cultures, capable workers, and resources for responsible health, safety, quality and environmental performance. BHL Directors will comply with all relevant legislation and will ensure our organisations' compliance. The Board's direction will always reflect our commitment to, and beliefs about the management of health and safety and the environment.

#### **(e) Marketing**

The Company and each of its subsidiaries has developed a marketing plan with objectives, costs, timeline and KPI's to retain and obtain increased external and non-council profitable business.

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

The nature and scope of Buller Holdings Limited will be to provide a holding company structure for the ownership of selected Council assets and investments.

#### **(a) WestReef Services Limited**

The nature and scope of WestReef Services Limited activities is to provide contracting services for physical works in the Buller Region and the West Coast of the South Island. Its activities include maintenance and 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, wastewater treatment, storm water collection)
- Solid and Liquid Waste Collection and Disposal
- Vehicle workshop repairs
- Transfer stations

- Recovery parks
- Roadside vegetation control
- Property maintenance
- Refuse collection
- Environmental & Back Country Projects

(b) Buller Recreation Limited

Buller Recreation Limited owns and operates the Pulse Energy Recreation Centre that was formally opened on 18th April 2009, and provides a range of leisure services to the district as summarised below:

- 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

## **4. Corporate Governance**

The Board of Directors of Buller Holdings 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 and group.
- Monitoring the performance of management relative to the established goals and plans, having delegated day-to-day management of the company to the Chief Executive.
- Appointing and annually assessing the performance of the Chief Executive
- Ensuring that the Company's financial position is fully protected 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 group adheres to high standards of ethics and corporate behaviour.
- Ensuring that the group has appropriate risk management and regulatory compliance policies in place, including health and safety.
- 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.
- Directors are appointed by the Buller District Council.
- The Board meets regularly, and schedules additional meetings as required. There are 2 sub committees, an Audit & Risk Committee, and a Health, Safety & Environment Committee.

- 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 Chief Executive of the business on behalf of the Board. The Board will evaluate its own performance annually.

## **5. Ratio of Shareholders Funds to Total Assets**

The ratio will be maintained at a minimum of 45% (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 after meeting the financial needs of the company including future operations and capital expenditure. Directors should aim to deliver a minimum distribution as agreed in this Statement and as forecasted in the Statement of Intent.

## **7. Accounting Policies**

Buller Holdings 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, 23<sup>rd</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.

- 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 influence the company's performance, including an estimate of the financial result for the full year. A commentary on progress towards meeting proposed distributions to shareholders should be included.

## **Consolidated Annual Report**

The Directors shall deliver to the shareholders by 30th September an annual report and audited financial statements in respect 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. Group Performance Targets

The performance of Buller Holdings Limited will be judged against the following measures and targets;

Objective	Key Performance Measure	Budget Targets		
		2024	2025	2026
Health & Safety	Medical Treatment Injury	Nil	Nil	Nil
	Serious harm accidents	Nil	Nil	Nil
	Lost Time Injury Target	Nil	Nil	Nil
Operational	The board of directors will meet with the BDC, CCTO Committee on a formal basis: (per/year)	3 times per year	3 times per year	3 times per year
	The Buller Holdings Ltd Chief Executive will provide a formal and or informal report to Council as requested.	As requested	As requested	As requested
	The Chief Executive of Buller Holdings Ltd will meet with the Chief Executive of Buller District Council when requested.	As requested	As requested	As requested
Financial Parent (\$000)	Revenue	\$691	\$806	\$812
	Expenditure	\$688	\$802	\$810
	Net Operating Surplus	\$3	\$4	\$2
	Provision for Capex	\$0	\$0	\$0
	Capital carryover from 2022	\$1m	-	-
	Ratio of Shareholders Funds to Total Assets	45%	45%	45%
Financial Group (\$000)	Group Revenue	\$17,745	\$18,296	\$18,637
	Group Expenditure	\$16,983	\$17,481	\$17,808
	Group Consolidated Operating Surplus (EBIT)	\$1,112	\$1,165	\$1,179
	Provision for capex	\$1.255m	\$2.448m	\$1.085m
	Forecasted distribution to Shareholders	\$1.3m	\$1.3m	\$1.3m
	Ratio of Shareholders Funds to Total Assets	45%	45%	45%
Environmental	Business Environmental Footprint	Establish 2024 business footprint as baseline	Establish KPIs & improve on 2024 baseline	Improve on 2025 baseline

## **Financial Performance**

The financial performance of the Group will be an aggregation of the results from the businesses that make up the structure including administration costs of the parent company. This aggregation will include surpluses after tax less any losses incurred.

## **Subsidiary Performance Measures and Targets**

The performance objectives, measures and targets for each subsidiary are attached to this Statement of Intent. Formal reports by the Company to the shareholder will include the outcomes against each measure for each subsidiary company.

## **10. Value of Shareholders Investment**

The value of the Shareholders' investment will be not less than the carrying value of the investment in the Council's financial statements.

## **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 the Company and Council.

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 approval will be required. Buller District Council has approved the purchase of land to be used for development of a

depot. This capital expenditure will be completed in the 2024 financial year, hence \$1m capital carryover is included in the Group Performance Measures as a carryover.

Any significant decision of Buller Holdings Limited and/or their subsidiaries affecting land or water, will take into account the relationship of Maori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga before it makes a decision that may significantly affect land or water. This is under s 60A Local Government Act 2002 Amendment Act 2019.

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

### **(a) Commercial Relationship**

Buller Holdings Limited acknowledges 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 Holdings 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, Buller Holdings Limited has adopted the Council's Customer Service Principles and Action policies.