



BULLER RECREATION LIMITED

STATEMENT OF INTENT

FOR THE YEAR ENDED 30 JUNE 2024

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 (Council), and to fulfil a service contract with Council for the provision of recreation services to the Buller community. Buller Recreation Limited continues to enhance the quality of life for the community with high quality recreation facilities, services, and experiences.

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 2024. 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.

Outlook

Inflation pressure on expenditure such as insurance, electricity and other expenses have increased operating costs and this is expected to continue. The Company will pursue opportunities for increasing patronage and revenue which offsets the management fee paid by Council. The management fee has not been increased for 4 years and an increase of \$55,000 has been forecast in year 2 of the SOI.

VISION
Pulse Energy Recreation Centre— nationally recognised, regionally celebrated

PURPOSE



To provide for the Buller Community sustainable and customer focused sports and recreation facilities and services.

VALUES

CUSTOMER CRAZY
We engage with our customers by showing respect, professionalism and a desire for excellence!

GOT YA BACK
By supporting and trusting our team we will achieve our shared vision

SMARTEN UP
Continuous improvement, learning & innovation drives us forward to new opportunities.

STRAIGHT UP
Having integrity and transparency in our communication will earn us respect.

STEP UP
Taking on challenges, accepting responsibility and showing leadership.

FACILITIES

- Objective 1:
Ensure facility is well looked after, well maintained and well presented
- Objective 2:
Ensure facility provides a safe environment for staff & visitors
- Objective 3:
Promoting accessibility to as many people in the community as possible

CUSTOMER EXPERIENCES

- Objective 4:
Better understand the needs of our customers & community
- Objective 5:
Provide a high-level of customer focused service, communication & responsiveness to our customers.

RELATIONSHIPS

- Objective 6:
Strengthen and leverage our key strategic relationships to deliver shared outcomes for the community.
- Objective 7:
Engage with community groups, clubs etc to fulfill our mutual needs.

PEOPLE

- Objective 8:
Attract great people to the right roles
- Objective 9:
Invest in enabling and retaining our people
- Objective 10:
Ensure our people are doing the right things to deliver our strategy.

PLANNING & FUNDING

- Objective 11:
Proactively seek opportunities to expand current activities.
- Objective 12:
Investigate innovative funding models/solutions to support business investment

SUSTAINABILITY

- Objective 13:
Ensure financial expectations are sustainable and balanced against community outcomes.
- Objective 14:
Ensure that environmental sustainability is core to our business.

BUSINESS SYSTEMS

- Objective 15:
Use technology to mitigate risk, improve our service delivery to our customers and enable our staff to do their jobs more efficiently & professionally.
- Objective 16:
Develop and review processes to mitigate business risk.

OVERALL MEASURES OF SUCCESS

Financial Sustainability

Achieve budgeted targets based on financial forecasts

Performance Targets

Ensure KPI's of financial, memberships and usage are met each year.

Asset Management

Annual review of asset management plan

Health and Safety

Provide a safe facility for public and staff

Customer Satisfaction

Responders in customer survey are satisfied or higher with overall customer experience

Staff engagement

Maintain regular communication with all employees, complete annual reviews and undertake a staff survey every second 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 a Service Level Agreement with Council. The definition of a successful business is broader than financial returns. It also considers the social, economic and environmental needs of the community. The company is proud of its recent performance of working with it's customers and the wider community to meet their wellbeing needs. Given the ongoing pandemic and weather events this has been very important.

(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

Our work will support a trained and capable workforce that drives ongoing health and safety for our workers, stakeholders and facility users. Buller Recreation will uphold all health and safety legislation and will meet or exceed the Council's health and safety requirements for Contractors. We will work towards making sustained improvements to health and safety outcomes, with a goal of ensuring that our work does not create harm.

3. Nature and Scope of Activities

Buller Recreation Limited core business is to provide accessible sport, recreation and event services and facilities to residents and visitors to the Buller district of New Zealand. The main asset under Company management is the Pulse Energy Recreation Centre, which is an impressive community asset. This comprises an aquatic centre, a fitness centre, including a group fitness room, a two court Stadium, a water turf, and squash court.

The Company employs approximately 30 full time, fixed term, part-time, and casual staff and as part of the Buller Holdings group is a significant employer in the Buller District.

We were delighted receive the wonderful news in October 2022 that two of our staff members were shortlisted finalists in the Exercise NZ trainer of the year awards.

We welcomed 98,100 users to our facility in the 2021/22 financial year. The centre was closed for three weeks in 2022 due to the Covid-19 regulations that have affected recreational facilities. BRL has performed very well managing the Covid-19 pandemic. We continue to be vigilant and promote a safe environment while being fiscally responsible. Severe weather events also had a detrimental impact on the centre and the wider Buller community. The centre played an important role assisting residents with health and wellbeing as a result of these events. We will continue to work hard to welcome both members of our community and visitors to our facilities during the 2023/2024 year. We will continue to work hard to welcome both members of our community and visitors to our facilities during the 2023/2024 year.

The Company also run the Reefton Swimming Pool that provides supervised swimming and valuable swimming tuition for Reefton community. Substantial building upgrades were completed in March 2021 and it will continue to be a valuable community asset.

Aquatic Facilities

This is an aquatic centre, recognised locally as providing a variety of recreational & leisure, competition, aquatic education, exercise, health & wellbeing activities using our 25m Lap Pool, Hydrotherapy and Leisure/Toddlers pools. The configuration of the lap pool also accommodates regional aquatic events with the venue home to Westport's Amateur Swimming Club. By promoting quality Learn

To Swim lessons, we give children the confidence required when in water. The personalised swimming lessons provided by our qualified instructors has been particularly well received by the community.

Fitness Centre

With an extensive range of modern gym equipment, a wide range of group fitness classes and with the help of our qualified fitness trainers' users can tackle their fitness goals head on. We now provide an exceptional fitness facility to provide the Buller community with a quality experience. We expanded our range of classes during 2022/2023 year to meet our clients' needs and this included more Yoga classes and the introduction of Pilates. These classes have been very successful.

Sports and Events

Indoor Stadium

The Indoor Stadium feature a sprung wooden floor and can be split into two courts to allow two different activities to take place at the same time. The two-court stadium is also available for larger events such as conferences, trade shows, award ceremonies, reunions, and other corporate and social events with kitchen facilities on site.

Hockey Turf

The artificial water turf features a London Blue Poligras Olympia turf installed on the new Insitu Shockpad and has proven to be a valuable resource for many Buller sporting Codes. Sports played on the turf to date have included, Hockey, Soccer, Cricket and Ultimate Frisbee. The facility is the home of Buller Hockey and are very pleased to be able to offer a world class facility to both our community and visiting representative teams.

Squash Court

Our modern squash court features a sprung wooden floor and glass back.

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, 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.
- 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 general manager of the business on behalf of the Board.

The Board will annually evaluate its own performance.

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 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, 23rd 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 influence 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 Buller Recreation Limited will be measured against the following targets:

Performance Measure	Key Performance Indicator	Targets		
		2024	2025	2026
Fitness membership	Average membership over 12-month period.	700	700	700
	Average retention rate over 12-month period	>75%	>75%	>75%
Aquatic centre usage	Average visits per month over 12 months	3,750	4,000	4,000
	Achieve number of students over 4 swimming terms	140	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 completed	Nil
	Undertake client satisfaction survey every second year.	Survey completed	Nil	Survey completed
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)	Revenue	\$735	\$752	\$766
	BDC Service level fee	\$851	\$906	\$923
	Expenditure	\$2,435	\$2,491	\$2,538
	Net operating surplus (deficit) (EBIT)	\$(849)	\$(833)	\$(849)
	Cash surplus/(deficit) (after adding back depreciation)	\$(129)	\$(103)	\$(119)
	Provision for capex (funded by Council)	\$355	\$148	\$485
	Ratio of Shareholders Funds to Total Assets	45%	45%	45%
Environmental	Business Environmental Footprint	Establish 2024 business footprint as baseline	Establish KPIs and Improve on 2024 baseline	Improve on 2025 baseline

10. Value of Shareholders Investment

In 2021 the parent company Buller Holdings Limited impaired the value of the of the Recreation Centre in the Group financial accounts by \$9.1m. The value of the shareholder investment in Buller Recreation Limited reflects this impairment and is below Buller Recreation Limited's reported shareholder 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 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 and Council approval will be required.

Any significant decision of Buller Recreation Limited 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 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.