



WESTREEF SERVICES LIMITED

**STATEMENT OF INTENT
FOR THE YEAR ENDED 30 JUNE 2024**

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 has a particular focus on Health and Safety and upholds the highest Health and Safety standards including both ISO 45001 and TSQ1 accreditation. The Company strives to ensure the wellbeing and safety for all staff both at and away from work.

WestReef Services Limited continues to enhance the quality of life for the community with quality maintenance outputs and operation of Council’s infrastructure. The Company is committed to identifying, developing, and implementing opportunities for increasing external revenue to continue to provide benefit and dividends to the Buller 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.

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 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

The general economy is likely to have a degree of uncertainty moving forward with higher inflation and increases in interest rates. Therefore, the trading environment for 2023/2024 is not expected to remain as buoyant as previous years. However, the company will remain competitive in tendering for and winning a share of any project opportunities as they arise.

The major internal projects moving into 2024 include the depot development and relocation, and the new IT system implementation.

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



MAINTENANCE & CONSTRUCTION SERVICES



OUTCOMES GUIDE

INTERMEDIATE GOALS

- Achieve budget across all departments
- Provide consistently greater value than our competitors
- The best people working in a safe and enthusiastic manner
- Zero tolerance for unsafe work practices
- Develop and maintain a positive brand image at all times

Outcome Statement

WestReef will provide **safe** and **profitable** contracting activities in the Buller region!

Vision

To **safely** deliver any project, any time, in any environment for the benefit of our customers, shareholders, employees and **communities** we serve.

*Maintain and develop a workforce focused on safety and quality
Continue to maintain and develop our client relationships
Be known as a capable contracting company through work ethic, quality service and branding*

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 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. Climate change appears to be resulting in more frequent and severe weather events and has had a significant impact on the networks that

Westreef maintains. The organisation will continue to adapt ensuring service expectations are met.

(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 work will support a connected and capable workforce that drives ongoing health, safety, quality, and environmental performance. WestReef 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.

The company is committed to reviewing its status and measuring its environmental performance including carbon reduction. This with a view to identify areas for environmental improvement and formulate a pathway for the company. Appropriate performance measure/s have been included in this document for 2024.

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, wastewater 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 regarding other types of activities or expanding the geographic region of delivery to other regions of the South Island.

WestReef's core business is to provide civil construction and maintenance services to the Buller District Council as well as external clients throughout the West Coast of New Zealand.

WestReef employs more than 90 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.

WestReef currently holds the Buller District Council Roding contract for a three-year period (plus extensions) which commenced on 1st October 2020. As part of completing this process, the Company have worked hard to ensure that we can continue to provide excellent outcome for this contract, Buller ratepayers and other users of the network.

The Three Waters area of WestReef continues to provide high quality reticulation services throughout the district. We also assist Council in researching upgrades to various district supplies. The company recently negotiated 9-year Three Waters Services contract with Council.

A key area of the company that has seen significant growth and success in recent years is the Environmental Projects department. They have completed various high-profile trails notably including the Old Ghost Road and the Paparoa Track and all sections of the Kawatiri Coastal Trail (Westport to Charleston) to date. In addition, work completed for Department of Conservation on projects such as the famous Routeburn Track in Fiordland National Park, the Heaphy Track and St James Walkway has led to additional out of district work for that entity.

WestReef is proud to be able to support the Buller community, and this support is provided to various organisations in a number of ways. The community benefited from over \$20,000 of either sponsorships, donations or in-kind assistance in the financial year ended 30 June 2022. This includes the annual WestReef scholarship that helps a Buller student to pursue tertiary education in the civil engineering and/or construction industries. Donations and sponsorships are granted to community groups throughout Buller. Recipients include sports clubs, local event organisers, and not for profit educational organisations. In 2022 these included Buller Rugby, Christmas Parade and the Old Ghost Road Ultra. WestReef also assist community groups with technical items such as traffic management plans to enable community events to take place. These include, Returned Service Association events, the annual Whitebait Festival, and Buller Gorge Marathon.

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, 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

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 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 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		
		2024	2025	2026
Health & Safety	Medical Treatment Injuries	Nil	Nil	Nil
	Notifiable Incident ICAM (investigated with recommendations actioned)	100%	100%	100%
	Total safety audits completed	>100	>100	>100
	ISO 45001 Accreditation	Maintain accreditation	Maintain accreditation	Maintain accreditation
Operational	Employee Satisfaction – Staff turnover excluding retirement, redundancy, and internal transfers.	Within the range of +/- 5% of the national benchmark	Within the range of +/- 5% of the national benchmark	Within the range of +/- 5% of the national benchmark
	Client Satisfaction – Min 12 meetings per year	12	12	12
	Renewal of TQS1 certification	Achieved	Achieved	Achieved
Employee Development & Satisfaction	Undertake staff satisfaction survey (every 2nd year)	Nil	Survey completed	Nil
	Weekly department staff meetings	Achieved	Achieved	Achieved
Financial (\$000)	Revenue	\$16,124	\$16,495	\$16,808
	Expenditure	\$14,516	\$14,850	\$15,132
	Net Operating Surplus (EBIT)	\$1,608	\$1,645	\$1,676
	Provision for Capex	\$900	\$2.3m	\$600
	Competitively Procured Revenue	45%	45%	45%
	Ratio of Shareholders Funds to Total Assets	45%	45%	45%
Environmental	Number of	Nil	Nil	Nil

	enforcement notices			
	Business Environmental Footprint	Establish 2024 business footprint as baseline	Establish KPIs and Improve on 2024 baseline	Improve on 2025 baseline
Community	Support Minimum 25 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.

Any significant decision of WestReef Services 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.

Buller District Council has approved the purchase of land to be used for development of a depot. In 2025 capital expenditure of \$1.7m has been

included in the budget for the first stage of depot construction. This is proposed to be funded by debt.

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.