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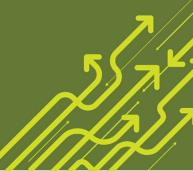
## Introduction

This Statement of Intent is prepared in accordance with section 64 and schedule 8 of the Local Government Act 2002.

Westroads Limited (the Company) is a councilcontrolled organisation for the purposes of the Local Government Act 2002 and is registered under the Companies Act 1993.

From 1<sup>st</sup> July 2024 the company will be owned 100% by Westland District Council (the Council).







## 2: Company Mantra and Values

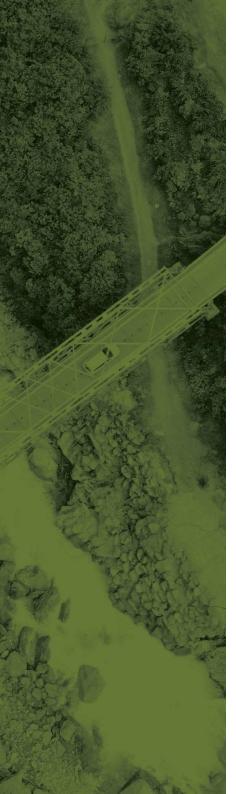
## At Westroads "Excellence" is a way of life

The following Values guide our activities and actions, in our pursuit of excellence.

#### We pursue improvement in all that we do



- Learning from our mistakes
- Looking for better ways
- Being innovative
- Embracing change



## 2: Company Mantra and Values

#### We are committed to the team



#### Safety comes first

- Keep ourselves, our team and the public safe
- We all lead by example
- Have courage to correct unsafe behaviour
- Follow established procedures
- Ask if unsure

#### Respect goes a long way

- Respect ourselves, our teammates, clients and the public
- Respect the Company's assets and image
- Trust our people to do the right thing
- Listen openly
- Respect and protect the environment

#### Value our people

- Together we achieve more
- "Please" and "Thanks" goes a long way
- Care enough to provide constructive feedback
- Develop our people through training, mentoring and support
- Provide opportunities for career advancement
- Reward competitively



## 2: Company Mantra and Values

#### We are Performance Driven



#### Plan and Communicate

- Understand the requirements in detail
- Plan using team knowledge
- Communicate effectively

#### Always do our best

- Come to work to work
- Deliver the plan efficiently
- Do it right first time

#### We Take Pride

- Lead by example
- Take pride in ourselves, our work and our Company
- Enjoy work and celebrate success



## 3: The Objectives of the Company

#### **Priority objectives of the Company are:**

- A. Returning a distribution that makes a significant contribution to the Council.
- B. Maintaining a significant presence in Westland including employing local people and having equipment available throughout the district.
- C. Successfully bidding for contestable contracts tendered by the Council and other significant organisations and businesses.



## 4: Nature and Scope of Activities

#### **Westland District Council**

Westroads Limited (100%)

The nature of Westroads Limited activities will be that of a general contractor and a trading organisation offering goods and services for sale and plant and equipment for hire. Its activities will include:

- A. Three Water Services maintenance and construction
- B. Roading-maintenance and construction, including bridge maintenance and construction.
- C. Greenspace maintenance and construction, including maintenance of council parks and reserves.
- D. Waste Management services including landfill and transfer station operation.
- E. General civil contracting activities include carpark, driveway and building pad construction.

- F. Vehicle and equipment maintenance services including automotive maintenance and engineering services.
- G. The manufacture and supply of aggregates/sand and base course products.
- H. The supply of goods, materials, services and equipment for sale or hire.
- I. Any other relevant activity as determined by the Directors from time to time.



### 5: Governance

The Company is governed by a four-member board of directors including:

- Mark Rogers (Chair)
- Rob Caldwell (Deputy Chair and Chair Risk and Assurance)
- Peter Cuff
- Ross Pickworth

#### The director's role includes:

- A. Strategic governance
- B. Financial oversight
- C. Management performance review
- D. Overseeing tender prices for major tenders
- E. Ensuring statutory and regulatory compliance

One director retires each year in rotation. Directors can make themselves available for reappointment.

Board evaluation is conducted at least biannually and is facilitated by the Chair. Directors consider training requirements annually to ensure that professional standards are adhered to.



## **6. Performance Targets**

#### **6.1 Financial Performance Targets**

- The ratio of net profit before taxation and revaluations (before extraordinary items) to average shareholder funds shall be at least 10% for the three years commencing 1 July 2024
- An annual dividend to the shareholder within a range of 40-70% of the Company's net profit after tax, after adjusting for returns to shareholders via a subvention payment;
- Compliance with statutory and regulatory requirements that will allow the Company and the Council to comply with the Local Government Act 2002.

#### **6.2 Social Performance Targets**

#### Westroads Limited is committed to:

- Attracting and retaining the best people for our organisation.
- Maintaining a high level of transparent and effective communication with our shareholder.
- Being an asset to the community through returns to the Council.
- Supporting local community initiatives.
- Providing employment in the district and ensuring the community receives competitive prices for work done.



#### **6.3 Employee and Safety Performance Measuring**

The Company has the following performance measures regarding employees and safety:

- Number of incidents notifiable to WorkSafe Target Zero
- Continue to promote Safety First
- Achieving a TRIFR below 1.5 per 100,000 manhours
- Training expenditure as a percentage of Revenue Target Target 0.8%
- Staff turnover rates excluding fixed term and temporary workers < 20%

#### 6.4 Strategy

The company will update its Strategy document every year and provide a copy of this to the Council.



# 7. Ratio of Consolidated Shareholders' Funds to Total Assets

The ratio of consolidated shareholder funds to total assets shall be greater than 45%. Shareholders' funds are defined as the paid-up capital, plus any tax paid profits earned less any dividends distributed to shareholders. They include undistributed profits which have been accumulated in accounts known as either "Revenue Reserves" or "Capital Reserves".

## 8. Distribution Policy

Distributions will be paid, by way of dividends and subvention payments to the Council in accordance with the annual Statement of Intent, as agreed.

The level of profit retention/distribution will be agreed annually with the Council, subject to the following criteria:

- The Company will utilise Group losses to the maximum extent available and pay for the use of the losses at the current tax rate by way of Subvention Payments.
- The amount of any distribution will consider the Company's ability to fund future capital expenditure requirements, to maintain and expand its operations, to meet its obligations under the Companies Act 1993 and to address matters related to the debt structure of the Company.



## 9. Capital Expenditure

The board's policy is to replace plant and equipment on a "wear and tear" basis, with all items requiring board approval.

Approval of the Council must be obtained for any significant purchases or developments more than \$500,000 for any one project, including the funding mechanism for the purchase or development. For general plant replacement items, amounts in excess of \$750,000 need to be referred to the Council as above.

## 10. Procedures for Acquisition of Other Interests

The Company will not subscribe for, purchase, or otherwise acquire shares in any company or other organisation without first being authorised to do so by a special resolution from the Council.



# 11. Commercial Value of Shareholders' Investment

The director's estimate that the opening balance of shareholders' funds, fairly reflects the commercial value of the investment. The directors will advise the Council on an annual basis if they believe the value to differ materially from this amount.

The value of the investment will be reassessed every three years by evaluating the movement in asset values, in particular changes in land and improvements as recorded on the tri-annual government valuations.

## 12. Risk Mitigation

The Company shall regularly review key risks together with strategies for mitigation of these risks.

The Company has a formal Fraud Policy in place. All Directors and staff are aware of this policy.



## 13. Reporting to Shareholders

The following information will be made available to the Council:

#### 13.1 Draft Statement of Intent

On or before the 1<sup>st</sup> of March each year, the directors shall deliver to the Council a draft Statement of Intent with tracked changes which fulfils the requirements of clause 9 of schedule 8 of the Local Government Act 2002.

#### **13.2 Completed Statement of Intent**

On or before the 30<sup>th</sup> of June each year, the directors shall deliver to the shareholders a final Statement of Intent.



#### **13.3** Half Yearly Report

On or before the end of February each year, the directors shall deliver to the shareholders an unaudited report containing the following information as a minimum in respect of the half year under review:

- A. A revenue statement disclosing actual and budgeted revenue and expenditure, and comparative figures in second and subsequent half yearly reports;
- B. A statement of financial position at the end of the half year;
- C. A commentary on the results for the first six months of the year together with a report on the outlook for the second six months with reference to any significant factors that are likely to influence the company's performance, including an estimate of the financial result for the year based on that outlook;
- D. A report on non-financial performance measures; and
- E. A copy of the auditor's management report for the previous year.

#### 13.4 Annual Report

By the 30th of September each year, or such later date set by government and approved by the shareholder, the directors shall deliver to the shareholders an annual report and audited financial statements in respect of the financial year ending on the preceding 30 June, containing the following information as a minimum:

- 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 actual and budgeted revenue and expenditure, and comparative figures in second and subsequent annual reports;
- C. A statement of financial position at the end of the year.



#### 13.5 Annual Budget

An annual budget shall be provided for the coming financial year and the following two years, at such a time to enable it to be included within the draft Annual Plan for the Council.

### 13.5 Quarterly Report

A report containing financial and operational information as agreed between the Company and the Council shall be supplied each quarter. These quarterly reports shall include commentary on the quarterly operations performance and outlook of the Company and any special events likely to affect the Company's performance.





## 14. Accounting Policies

#### **Reporting Entity**

Westroad's accounting policies will comply with legal requirements of the Companies Act 1993, the Financial Reporting Act 1993, the Local Government Act 2002 and with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards. For the purposes of complying with NZ GAAP the company is a for-profit entity





# 15. Financial Forecasts (\$000S)

	SOI Budget	Budget	Forecast	Forecast
	2023/24	2024/25	2025/26	2026/27
Gross Revenue	28,726,074	31,202,777	32,888,483	34,532,907
Cost of Sales	21,598,315	23,350,849	24,566,355	25,794,673
Gross Profit	7,127,759	7,851,928	8,322,127	8,738,233
Other Income	168,000	179,760	192,343	201,960
Administrative Expenses	4,002,685	4,393,659	4,582,674	4,811,808
Depreciation	1,946,340	2,094,480	2,228,365	2,339,783
Finance Costs	217,683	215,200	249,225	261,687
Net Profit Before Tax	1,129,051	1,328,349	1,454,206	1,526,917
Tax Expense	260,134	315,938	351,178	371,537
Subvention Payments	200,000	200,000	200,000	200,000
Total Comprehensive Income for the Year	668,917	812,411	903,029	955,380
Other Performance Targets				
Dividends	262,458	329,788	379,514	390,000
Earnings Retained	406,458	482,623	523,515	565,380
Closing Shareholder's Funds	12,028,106	12,510,729	13,034,244	13,599,624
Pre Tax & Subvention Return on Average Shareholder's Funds	9.39%	11.04%	11.62%	11.71%

Subvention payments to be paid instead of dividends where possible.

