

BULLER
Holdings Ltd

BULLER HOLDINGS GROUP

STATEMENT OF INTENT

FOR THE YEAR ENDED 30 JUNE 2026

DRAFT

1. Preamble

Buller Holdings Limited (BHL) was set up in September 2007 as a Council controlled trading organisation with WestReef Services Limited (WSL) as its only subsidiary. Buller Recreation Limited (BRL) (trading as the Pulse Energy Centre) was purchased from the Buller District Council (BDC) in 2009 and Westport Harbour Limited in 2010. Westport Harbour Limited was wound up as a company in 2018 by Council resolution. BDC is the sole shareholder of BHL. Information on the parent (BHL) and subsidiaries - WSL, BRL and Group are included in this Statement of Intent.

Buller Holdings Limited

Buller Holdings Limited goal is to provide a commercial focus in the governance and management of the shareholder assets and proactively search for commercial opportunities that will allow for sustainable returns on behalf of the ratepayers and provide benefits to the wider community.

In 2023 The company purchased land to develop a workshop and administration area and lease it back to WSL at a commercial return. The projections for this project are included in this Statement of Intent (SOI).

BHL and subsidiaries are council-controlled organisations for the purposes of the Local Government Act (2002) and are required to have a Statement of Intent 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 Group of Companies for the year ending 30th June 2026.

The Group 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.

WestReef Services Limited

WSL is the largest civil and maintenance company operating in the Buller District and is the Buller District Council's preferred contractor.

The company is community and customer focused with the financial objective of achieving a competitive rate of return on investment. WSL ensures quality maintenance outputs and operation of the Council's infrastructure. The Company is committed to identifying, developing, and implementing opportunities for increasing external revenue to continue to provide benefits and dividends to the Buller ratepayers.

WSL also has a particular focus on staff wellbeing and on health and safety. WSL has both ISO 45001 and TSQ1 Health and Safety accreditation.

Buller Recreation Limited

BRL was established to purchase the Pulse Energy Recreation Centre from BDC and to fulfil a service contract with Council for the provision of recreation services to the Buller community.

BRL continues to enhance the quality of life for the community with high quality recreation facilities, services, and experiences.

Outlook

The general economy has improved with reductions in inflation and interest rates and some stabilization of costs. Some areas of the economy such as civil construction remain challenging. Therefore, the trading environment, including government spending for 2025/2026 is still expected to be tight and challenging, which has necessitated a reset for the Group.

BRL has excellent patronage for such a relatively small community however rising costs such as insurance, electricity and to a lesser extent wages have resulted in increasing deficits which has put pressure on the cost of providing services to the community particularly the aquatic area of the facility which has

high fixed costs. BRL will continue to look for opportunities for increasing patronage and other revenue streams, although this is probably close to a ceiling in the community and user fees were increased in 2025. The recreation service fee is budgeted to be increased in this SOI to just over \$1m to effectively adjust for rising costs driven by inflation.

For 2026 WSL will focus on the depot development and relocation project (capital estimates are included in this SOI) and will borrow up to \$3.5m to finance construction. The Company will remain responsive to all tendering and project opportunities as they arise.

BHL has provided for a \$800,000 distribution to the shareholder in 2026 provided it complies with the group distribution policy and is subject to meeting all budgeted revenue targets including from Council.

2. Objective

Introduction

The strategic direction of the Group is guided by the vision, values, and strategic objectives. These provide the framework for each 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 shareholder assets, and proactively search for commercial opportunities that will allow for sustainable returns on behalf of ratepayers and benefits to the wider community.

BRL will provide for the community sustainable and customer-focused sport and recreation facilities and services. WSL strives to be a sustainable and profitable business with an empowered team that takes pride in meeting the

needs of staff, owners, suppliers, and the community.

Objectives

The principal objective of the Group is to operate collectively as successful businesses while working for the benefit of shareholders. In pursuing this objective, the Group is guided by the following key principles.

(a) Financial Performance

Each company in the Group is committed to operating 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 and cultural needs of the community.

(b) Service

The Group 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 Group values its employees and will recruit and retain employees with the skills necessary to run each 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 Group, 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. The Group will comply with all relevant legislation. The Groups direction will always reflect our commitment to, and beliefs about the management of health and safety and the environment with a goal of ensuring that our work does not create harm.

The Group is committed to reviewing its status and measuring its environmental performance including carbon reduction. This with a view to identifying areas for environmental improvement and formulating a pathway for the Group. Appropriate performance measures have been included in this SOI.

(e) Marketing

Each member of the Group 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 is to provide a holding company structure for the ownership of selected Council assets and investments. Currently the scope of the subsidiaries are as follows -

(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 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 and provides a range of leisure services to the district in accordance with a Service Level agreement with Council, 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

DRAFT

4. Corporate Governance

The Board of Directors of Buller Holdings Limited and the subsidiaries is responsible for the corporate governance of the Group. 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 Group on behalf of the shareholders. The principal objective of each company is to operate a successful business.

The functions of the Board include:

- Ensuring that each company’s 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 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 each company’s financial position is fully protected to allow it to meet all debts and obligations as they fall due.
- Ensuring that each 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 Group, and
- Reviewing and approving the Group 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 BHL 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 each company respectively and the Group, including goodwill.

The Group will also maintain a maximum gearing ratio (as set out in the Treasury Policy) of 40% (measured as debt/ debt plus equity).

6. Distribution Policy

It is the intention to maximise distributions after meeting the financial needs of the Group 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 Intents. Taking this into account the maximum distribution should not exceed the Group gross taxable profit.

7. Accounting Policies

The Buller Holdings Group 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.

- 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 Group 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.

Annual Reports

The Directors shall deliver to the shareholders by 30th September annual reports 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		
		2026	2027	2028
Health & Safety	Medical Treatment Injury	Nil	Nil	Nil
Operational	The board of directors will meet with the BDC Mayor and Chair Risk & Audit Committee on a formal basis: (per/year)	3 times per year	3 times per year	3 times per year
Financial Parent (\$000)	Revenue	\$770	\$777	\$795
	Expenditure	\$763	\$776	\$792
	Net Operating Surplus	\$7	\$1	\$3
	Provision for Capex	\$0	\$0	\$0
	Ratio of Shareholders Funds to Total Assets	45%	45%	45%
Financial Group (\$000)	Group Consolidated Operating Surplus before Tax	\$1,834	\$1,857	\$1,890
	Provision for capex	\$4,295	\$3,778	\$748
	Forecast distribution to Shareholders	\$800	\$800	\$900
	Ratio of Shareholders Funds to Total Assets	45%	45%	45%
	Gearing Ratio (Debt to Debt plus Equity)	40%	40%	40%
Environmental	Business Environmental Footprint	Improve on 2025 baseline	Improve on 2026 baseline	Improve on 2027 baseline

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

OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGETS		
		2026	2027	2028
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
Employee Development & Satisfaction	Undertake staff satisfaction survey (every 2nd year)	Nil	Survey completed	Survey completed
Financial (\$000)	Revenue	\$18,349	\$18,753	\$19,184
	Expenditure	\$16,503	\$16,866	\$17,254
	Net Operating Surplus before Tax	\$1,846	\$1,887	\$1,930
	Provision for Capex	\$4,100	\$3,200	\$700
	Competitively Procured Revenue	45%	45%	45%
	Ratio of Shareholders Funds to Total Assets	45%	45%	45%
Environmental	Number of enforcement notices	Nil	Nil	Nil
	Business Environmental Footprint	Improve on 2025 baseline	Improve on 2026 baseline	Improve on 2027 baseline
Community	Support Minimum 25 community activities	25	25	25

The performance of Buller Recreation Limited will be measured against the following targets:

Performance Measure	Key Performance Indicator	Targets		
		2026	2027	2028
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	4,000	4,000	4,000
Safety	Medical Treatment Injuries	Nil	Nil	Nil
	Undertake staff satisfaction survey every second year	Nil	Survey completed	Nil
	Undertake client satisfaction survey every second year.	Survey completed	Nil	Survey completed
	Complete maintenance and replacement in accordance with AMP (monitor monthly)	Achieved	Achieved	Achieved
Financial Forecasts (\$000)	Revenue	\$854	\$873	\$893
	BDC recreation service level fee	\$1,008	\$1,030	\$1,054
	Expenditure	\$2,382	\$2,434	\$2,490
	Net operating surplus (deficit) before Tax	(\$520)	(\$531)	(\$543)
	Cash surplus/(deficit) (after adding back depreciation)	\$0	\$9	\$47
	Provision for capex (funded by Council)	\$195	\$578	\$48
	Ratio of Shareholders Funds to Total Assets	45%	45%	45%
Environmental	Business Environmental Footprint	Improve on 2025 baseline	Improve on 2026 baseline	Improve on 2027 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. Financial performance results will also be provided for all subsidiaries WSL and BRL.

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 Group 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 Group'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. This includes the requirement to meet appropriate commercial returns from the investment which are measured against Buller Holdings Limited weighted average cost of capital (WACC).

The Directors will consult with the shareholders regarding 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 was completed in the 2024 financial year.

Any significant decision of Buller Holdings Limited and/or their subsidiaries affecting land or water, will consider 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

The Group acknowledges that there may be commercial opportunities within, or in partnership with other group entities that can be developed to benefit each company, the BHL Group and the Buller region.

(b) Growth of the Regional Economy

Each company within the Group 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

The Buller Holdings Group has adopted the Buller District Council's Customer Service Principles and Action policies.

DRAFT