



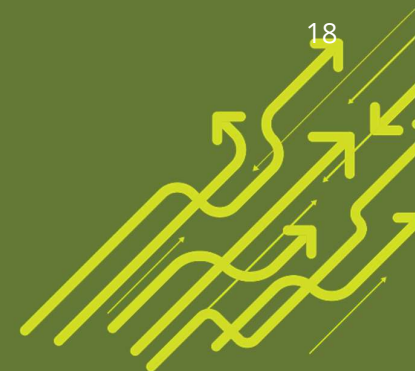
Westroads

Statement of Intent
2025/2026



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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 council-controlled organisation for the purposes of the Local Government Act 2002 and is registered under the Companies Act 1993.

The company is owned 100% by Westland District Council (the Council).



2: Vision and Values

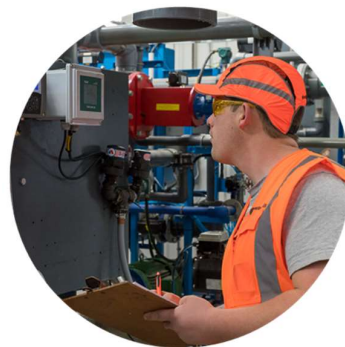
Vision:

A trusted central South Island contractor recognised for quality work and strong relationships.

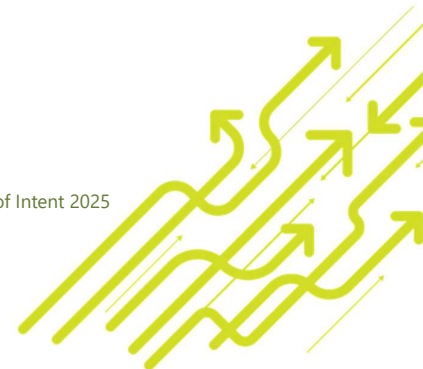
Values:

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



We are committed to the team



Safety comes first

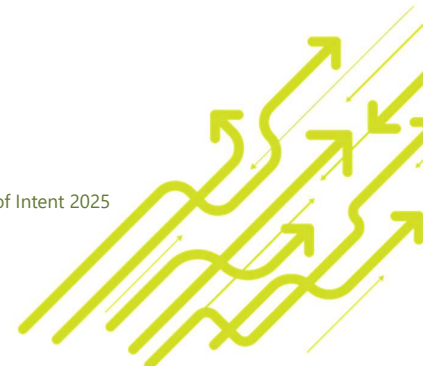
- Keep ourselves, our team and the public safe
- We all lead by example
- Have courage to correct unsafe behaviour
- Follow established procedures
- Ask if unsure

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 "Thank You" go a long way
- Care enough to provide constructive feedback
- Develop our people through training, mentoring and support
- Provide opportunities for career advancement
- Reward competitively



We are Performance Driven



Plan and Communicate

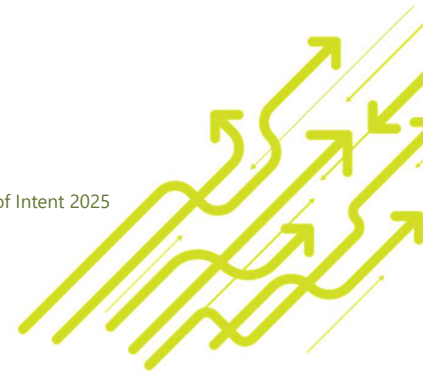
- Understand the requirements in detail
- Plan using team knowledge
- Communicate effectively

Always do our best

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

We Take Pride

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



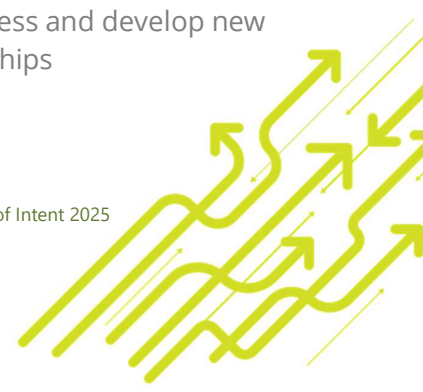
3: Our Principal Objectives and Strategic Priorities

The Principal objectives of the Company are to:

- A. Operate as a successful business
- B. Maximise shareholder value
- C. Provide positive community outcomes

Strategic Priorities

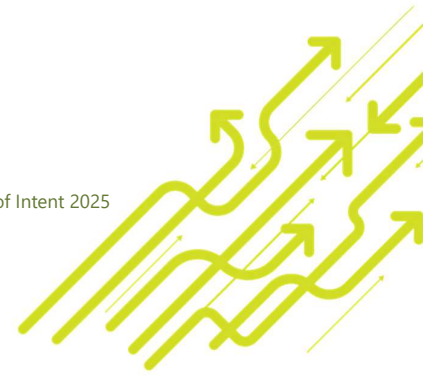
- A. Invest in People and Culture
 - Be employer of choice
 - Invest in leadership and skills training for all our people
 - Provide opportunities for young West Coasters
- B. Achieve Outstanding Results
 - Grow shareholder value (Year on Year)
 - Dividend growth
 - Equity growth
- C. Diversify
 - Grow customer base, work streams and geographical areas
- D. Care for the Community and the Environment
 - District wide emergency response capability
 - Five-year sustainability plan
 - Give back to our Westland communities
- E. Build Quality Relationships
 - Highly engaged relationships with our shareholder, clients and Iwi
 - Promote the business and develop new customer relationships



4: Nature and Scope of Activities

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. Roothing - 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 board. The directors of the company are:

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

The director's role includes:

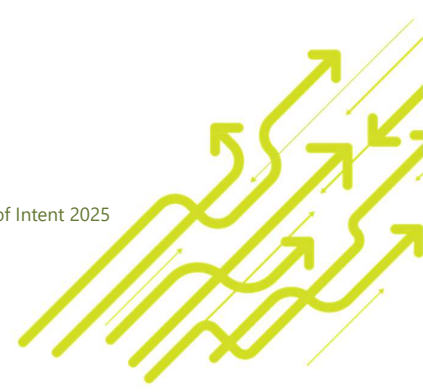
- A. Strategic governance
- B. Financial oversight
- C. Management performance review
- D. Overseeing tender prices for major tenders
- E. Ensuring statutory and regulatory compliance



One director retires each year in rotation. Directors can make themselves available for re-appointment.

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.

We are a commercially focused organisation, driven to deliver against our purpose. The company will update its Strategy document every year and provide a copy of this to Council. We are committed to transparency and operate under a no-surprises policy with our shareholder.



6. Performance Targets

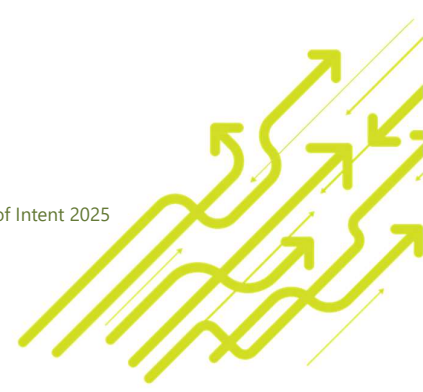
6.1 Financial Performance Targets

- 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 2025.
- 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.
- 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".
- All our financial performance targets are based on exceeding WACC.

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 effective first response and support for infrastructure during adverse events, especially in remote areas.
- Providing employment in the district and ensuring the community receives competitive prices for work done.



To achieve this for the Company's people and communities:

- We utilise a wide range of training schemes via the industry training organisations to continuously extend the skills of our staff and ensure that they are up to date with professional and technical current practice. Performance reviews are undertaken for all management and staff on an annual basis.
- We are committed to work together to ensure safe and sustainable working conditions for our employees. The Company provides inoculations for employees and monitors hearing, eyesight, and lung functions to ensure we have a healthy workforce.

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

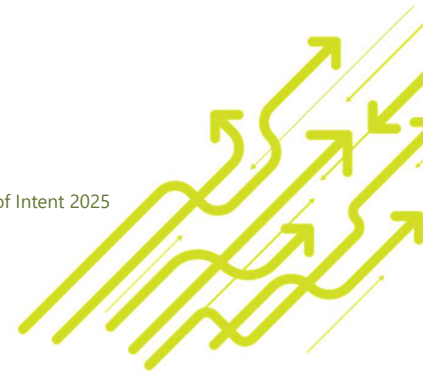
- Number of incidents notifiable to WorkSafe – Target Zero
- Continue to promote Safety First
- Achieving a TRIFR below 1.5 per 100,000 manhours
- Training expenditure as a percentage of Revenue Target – Target 0.8%
- Staff turnover rates excluding fixed term and temporary workers < 18%

7. Health and Safety

Officers are aware of their obligations under the Health and Safety at Work Act 2015, with particular reference to section 44 (4). We understand the hazards and risks within the business, with a specific focus on critical risks. The Board has a Risk and Assurance Committee in place.

8. Sustainability

We are committed to fostering a sustainable future by integrating environmentally responsible practices into our operations that align with our long-term ambitions.



9. Relationships

Westroads has relationship plans to ensure that we are engaged with our community. We focus on enhancing our relationships with Westland District Council and clubs and organisations that our staff are actively involved with, within our Westland communities.

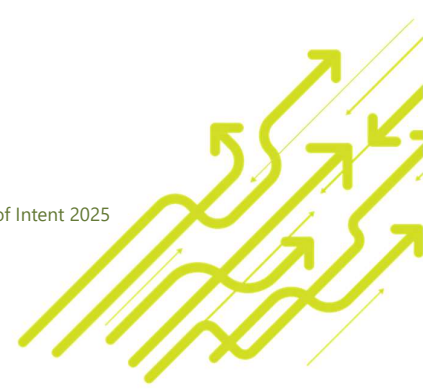
Westroads respects the importance Mana Whenua and their Takiwā. We are committed to developing genuine, long-term relationships with iwi, hapū, and other Māori organisations.

10. Distribution Policy

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

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.



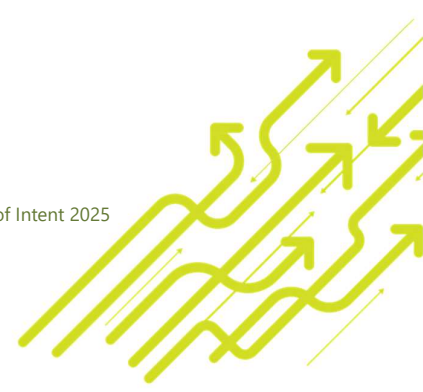
11. Capital Expenditure

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.

12. 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.



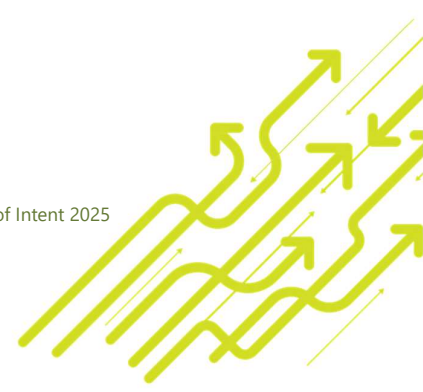
13. Commercial Value of Shareholders' Investment

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.

14. Risk Mitigation

The Company regularly reviews its key risks together with strategies for mitigation of these risks. Westroads has a Risk and Assurance Committee which conducts scheduled formal reviews, reinforced by a Board meeting structure that supports continual risk oversight and improvement. The Company has a formal Fraud Policy in place and all Directors and staff are aware of this policy. External Audits provide further surety of risk management and mitigation.



15. Reporting to Shareholders

The following information will be made available to the Council:

15.1 Draft Statement of Intent

On or before the 1st 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.

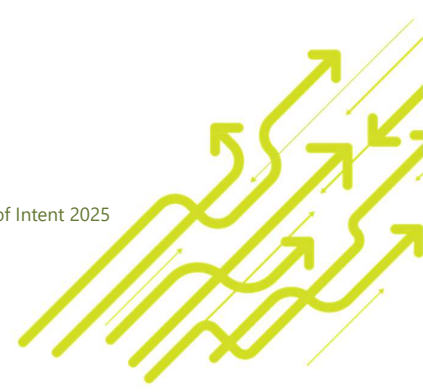
15.2 Completed Statement of Intent

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

15.3 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.



15.4 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:

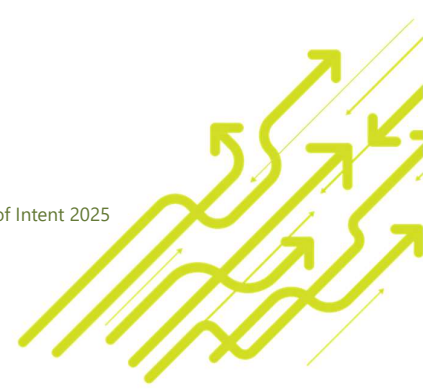
- A. A directors' report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to a dividend;
- B. A revenue statement disclosing actual and budgeted revenue and expenditure, and comparative figures in second and subsequent annual reports;
- C. A statement of financial position at the end of the year.

15.5 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.

15.5 Quarterly Report

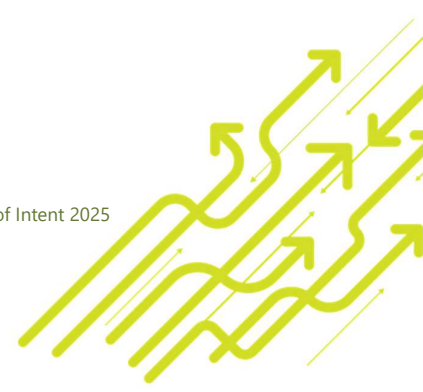
A report containing financial and operational information as agreed between the Company and the Council shall be supplied each quarter. These quarterly reports shall include commentary on the quarterly operations performance and outlook of the Company and any special events likely to affect the Company's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



16. 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.



17. Financial Forecasts

	SOI Budget	Budget	Forecast	Forecast
	2024/25	2025/26	2026/27	2027/28
	000's	000's	000's	000's
Gross Revenue	31,203	35,128	37,939	41,733
Cost of Sales	24,621	27,998	30,147	33,155
Gross Profit	6,582	7,131	7,782	8,577
Other Income	180	400	432	475
Administrative Expenses	3,124	3,517	3,799	4,178
Depreciation	2,094	2,164	2,337	2,571
Finance Costs	215	256	276	304
Net Profit Before Tax	1,328	1,593	1,802	1,999
Tax Expense	316	390	448	504
Subvention Payments	200	200	200	200
Total Comprehensive Income for the Year	812	1,003	1,153	1,295
Other Performance Targets				
Dividends	330	402	477	547
Earnings Retained	483	602	677	747
Closing Shareholder's Funds	12,511	12,552	13,228	13,976
Pre-Tax & Subvention Return on Average Shareholder's Funds	11.04%	13.33%	14.35%	15.11%

Subvention payments to be paid instead of dividends where possible.





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