



**STATEMENT OF INTENT**  
**2016/2017 to**  
**2018/19**

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## 1. Foreword

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I have pleasure, on behalf of Bay Venues Limited (BVL), in introducing our Statement of Intent for the 2016/2017 period.

This statement is presented by BVL (in accordance with the requirement of Section 64 (i) of the Local Government Act 2002.

It outlines BVL's objectives, nature and scope of activities undertaken, and the performance targets by which we will be measured for the year 1 July 2016 to 30 June 2017.

BVL provides a significant contribution to the well-being of Tauranga City and the immediate surrounding region.

BVL is the Tauranga City Council's (Council) largest Council Controlled Organisation (CCO) and as such its performance is important to Council's overall financial position and its capacity to meet its social, economic, environmental and cultural objectives, Tauranga and its communities.

The purpose of BVL is to efficiently deliver quality, safe and sustainable performance in the venues and related activities under its management.

By doing this, BVL will contribute in Tauranga becoming;

- A City with 'heart and soul'.
- A City of great places, spaces and environments.
- A talented and innovative City full of opportunity.

**Peter Farmer**  
Chairman  
Bay Venues Limited

## 2. Strategic Objectives

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### Our Aspirations

We will be the New Zealand leader in customer service experience and in delivering dynamic, innovative, and exceptional opportunities for leisure, wellbeing and connectivity

By achieving this we will make a significant contribution to Tauranga being a community of vibrant, healthy and actively involved people.

### Our Purpose

**Our purpose is to create fantastic customer experiences through:**

1. Outstanding venues
2. Phenomenal People
3. High Performance Service Delivery
4. Innovative Products and Services

**Our broad objectives aim to achieve the following:**

### Outstanding Venues

**By 2018 we will have:**

Provided outstanding venues

**We will do this by:**

- Ensure all our assets are maintained to a safe and healthy standard
- Continually reviewing existing assets to ensure they are outstanding or have potential to be outstanding.
- Contribute to the development of a future facility plan for the City for consideration by Council.
- Within the next 5 years, in consultation with Council, identify any assets that are not fit for purpose and potentially could be divested to achieve better community outcomes.

## Phenomenal People

### By 2018 we will have:

1. An organisational structure and workforce scale and capability that is integrated with the purpose of the business.
2. Leadership and management systems that ensure individual performance is aligned with the objectives of the organisation.
3. A culture founded on teamwork, delivering exceptional value to our customers, and opportunities for self-development.

### We will do this by:

- Reviewing the organisational structure and workforce scale and capability on an on-going basis to ensure it can deliver the objectives of the Strategic Plan.
- Attract outstanding individuals through quality recruitment practices.
- Retain quality staff by providing:
  - Excellent training and development opportunities
  - A fair and equitable remuneration structure which is aligned with Council policy, is able to be delivered over time and enables improved financial performance of the business overall
  - A robust performance management system which includes recognising and rewarding star performers and encourages employees to exceed customer expectations
  - A safe, caring and fun work environment
  - A healthy values-based culture
  - A leadership development framework
  - Encouragement and reward for innovation and continuous improvement
  - Various modes of communication to facilitate information flow.

## High Performance Service Delivery

### By 2018 we will have:

Operating systems that focus on exceeding customer expectations.

### We will do this by:

- Collect, collate, provide and utilise accurate data and information in a timely manner to innovate, increase value, and enhance customer experiences and develop quality documentation system that supports our business
- Continue to develop effective standard operating procedures to enhance efficiencies
- Proactively manage safety of staff, contractors, customers and the general public to the highest standards through an embedded safety culture and the use of best practice procedures and systems.

- Utilise technology to improve service at every touch point with our customers and make it easy for customers to do business with us.
- Implement initiatives that promote environmental sustainability

## **Innovative Products & Services**

### **By 2018 we will have:**

- Focused, high performing sales capability
- Achieved significant customer development targets
- Achieved revenue growth targets.
- Demonstrated that we are a commercially astute organisation.

### **We will do this by:**

- Position Bay Catering as Tauranga's leading catering business
  - Continue to leverage opportunities within the current Bay Catering market.
  - Invest in customer service training for staff
- Position ASB Baypark Stadium as THE speed adrenaline venue in New Zealand
  - Maintain existing event structure and speedway season
  - Develop new speed events
  - Develop permanent/thrill attractions at Baypark
- Confirm BVL as the leading event organisation in Tauranga
  - Continue to target conference and small business units
  - Continue to grow number of concerts
  - Develop new BVL events

- Position Bay Audio Visual as the leading provider of audio visual equipment and services in Tauranga
  - Continue to leverage opportunities within BVL and TCC networks and events
  - Increased capital investment in equipment
  - Enter strategic partnerships where appropriate e.g. Baycourt
- Increase Clubfit membership
  - Increase and improve spaces with Clubfit
  - Introduce new, innovative products
  - Engage with the corporate market – employee wellness programmes
  - Increase number of senior specialists
  - Develop more effective retention systems
- Increase visits across Aquatic venues
  - Provide more youth and senior adult activities and programmes
  - Undertake minor upgrade work at Baywave providing more leisure activities and improved spectator seating
  - Undertake minor upgrade work at the Hot Pools to increase its appeal
  - Investigate options to minimise maintenance closures without compromising asset performance
- Increase hours of use across Indoor Recreation venues
  - Support user groups to grow their activities
  - Attract more minor events
- Position Bayswim as Tauranga’s best Learn to Swim school
  - Continue development of the Northern Arena partnership
  - Implement effective marketing campaigns to drive enrolments
  - Heat the shallow pool at Greerton to provide more space to deliver learn to swim
- Increase programme participation
  - Develop Baypark Pavilion into a netted court facility
  - Introduce new programmes
  - Enhance the fun and quality factor in our OSCAR programmes
  - Open a new sustainable OSCAR venue
  - Increase the Childcare Centre opening hours to full time.
- Focus on new opportunities
  - Increase new products and programmes
  - Respond to opportunities in a timely, proactive manner
  - Identify, investigate and formulate new opportunities for Tauranga for consideration by Council.
- Investigate opportunities to ensure effective use of all BVL Spaces.

### 3. Nature and Scope of Activities

BVL core business is venue ownership and management, and the operation of venue based businesses, programmes and services.

BVL is also in the business of providing event services and hosting and operating events within its venues.

Assets under BVL management are worth approximately \$150 million.

BVL employs or utilises over 280 full time, part-time, and casual staff.

Over 1.6 million people visit BVL facilities in any one calendar year.

BVL owns and/or manages twenty four facilities comprising five aquatic facilities, a Stadium and Speedway, one large contemporary multi-purpose recreation and event centre, three smaller recreation facilities, two community centres, two community share facilities and eight community halls and a high performance sports training centre.

Aquatic Facilities (5)	Community Halls & Centres (11)	Indoor Sports Facilities (5)	Other (3)
Baywave	Arataki Community Centre	ASB Arena	ASB Stadium, Baypark
Mount Hot Pools	Elizabeth St Community Centre	QEYC & Memorial Hall	University of Waikato Adams Centre for High Performance
Greerton Pools	Papamoa Community Centre	Mount Sports Centre	Pavilions
Memorial Pool	Papamoa Sports & Rec Centre	Aquinas Action Centre	
Otumoetai Pool	Bethlehem Hall	Merivale Action Centre	
	Matua Hall		
	Greerton Hall		
	Welcome Bay Hall		
	Tauriko Hall		
	Waipuna Park Pavilion		
	Cliff Rd Building		

## Aquatic Facilities

### Baywave

This is an aquatic and leisure centre, recognized regionally as providing a variety of fun, safe, well maintained aquatic and leisure activities for the general public including group fitness classes and children's entertainment. The facility is also designed and utilised for elite squad training and development, water polo, underwater hockey and local, regional and national events.

Within the facility, a number of business units exist as 'secondary', although complimentary to the main overall purpose of the facility:

- Learn to Swim
- Childcare Centre
- Café
- Merchandise.

### Mount Hot Pools

An iconic and unique hot salt water facility and tourist attraction, providing rest, relaxation and rejuvenation/rehabilitation for a broad range of the community, including elite sports people, elderly and families. The Mount Hot Pools also provides a number of physical therapy options for the general public, including massage therapy, aqua walking and aquarobics.

### Greerton Aquatic & Leisure Centre

The primary purpose of this facility is very similar to that of Baywave's, being an aquatic and leisure centre, providing a variety of fun, safe, well maintained aquatic and, leisure activities for the general public (primarily local), including group fitness classes, both aquatic and gym.

This facility also allows for the continued growth and development of one of the region's best performing clubs, Greerton Swimming Club.

### Memorial Pool

This is a seasonal facility providing a safe, clean, maintained environment for families and recreational swimmers to enjoy during the summer months.

The Tauranga Swim Club are anchor tenants of the facility.

### Otumoetai Pool

The primary purpose of this facility is to provide for high level squad training delivered by the anchor tenant, Otumoetai Swimming Club, while enabling Otumoetai College to undertake ongoing physical education throughout the school year. In addition, the Otumoetai Pool provides a safe, clean, maintained facility for the general public to partake in various aquatic activities.

## Indoor Sports and Events Facilities

### **ASB Stadium Lounge**

The Stadium Lounge is a self-contained venue adjoined to the Stadium Baypark offering a secure and private environment to host public and private functions. Suitable for meetings, conferences, gala dinners, school balls, private functions, weddings and small to medium sized trade shows this venue can comfortably accommodate up to 500 people for dinner or 900 for performances. For major stadium events, this facility offers the client added flexibility for hosting corporate hospitality or pre and post event activities.

### **ASB Arena**

This is a versatile multi-purpose venue with the ability to host any type of event – from community and national sporting fixtures through to trade shows, conferences, gala dinners, corporate hospitality and concerts. The ASB Arena provides a range of pay for play sports leagues and programmes that service the community. Within the facility is a licensed café providing quality food and beverage service.

### **Aquinas Action Centre (Community Share Facility)**

Situated on the grounds of Aquinas College, the facility features a single court gymnasium suitable for hosting sporting, art and cultural activities.

### **Merivale Action Centre (Community Share Facility)**

This facility is located on the grounds of Merivale Primary, it features a single court gymnasium suitable for hosting sporting groups and community activities.

### **Mt Maunganui Sports Centre**

Located at Blake Park, this facility features a single court gymnasium suitable for hosting sporting groups, community activities and minor events.

An after school care and holiday programme servicing the local area is based at this facility.

### **Queen Elizabeth Youth Centre & Memorial Hall**

This provides the City with a multi-court venue suitable for hosting sporting groups and community activities, as well as hosting community and regional sporting fixtures and minor events. A range of programmes that service the needs of the community are also run from this venue.

An after school care and holiday programme servicing the local area is based at this facility.

## Community Halls & Centres

### **Arataki Community Centre**

This venue provides a high quality, versatile indoor space of varying sizes and flooring as well as equipment, to enable community groups to host their activities. It also provides a range of programmes that service the needs of the community.

An after school care and holiday programme servicing the local area is based at this facility.

### **Bethlehem Hall**

This venue is primarily used by the local community for community groups to host a variety of activities. Private functions also use this venue.

### **Cliff Road Building**

This building provides a space of hire while TCC decides on the future of the proposed museum location and is home to No Compromise box fit group. It is also a storage area for the Petanque Club.

### **Elizabeth St Community & Arts Centre**

This is a facility within the local community for community groups to host a variety of activities. It also provides space for individuals to host private functions.

### **Greerton Hall**

The primary purpose of this venue is to provide space within the local community for community groups to host a variety of activities and individuals to host private functions. It is also used as office space for Greerton Village Mainstreet.

### **Matua Hall**

This venue provide space within the local community for community groups to host a variety of activities. They also provide space for individuals to host private functions.

### **Papamoa Community Centre (at the Library)**

This venue has a variety of high quality indoor spaces of varying sizes and flooring as well as equipment, to enable community groups to host their activities. It also provides a range of programmes that service the needs of the community and provides visitors with useful information including activities and services available in the community.

### **Papamoa Sports & Recreation Centre**

Located at Gordon Spratt Reserve, this indoor facility has rooms of varying sizes as well as a range of equipment, to enable community groups to host their activities. Within the facility is a fully equipped gym with friendly knowledgeable staff who provide fitness assessments and personalised programmes. There is also a commercial kitchen and licensed bar for groups, businesses and individuals to host a function.

### **Tauriko Hall**

This hall provides space within the local community for community groups to host a variety of activities and provides a venue for individuals to host private functions.

### **Waipuna Park Pavilion**

This pavilion is for the users of Waipuna Park to utilise for registrations, after match functions and meetings.

An after school care and holiday programme servicing the local area is based at this facility.

### **Welcome Bay Hall**

These venues provide space within the local community for community groups to host a variety of activities. They also provide space for individuals to host private functions.

## **Other**

### **ASB Stadium, Baypark**

This is Tauranga City's only significant outdoor stadium. It has the capacity for crowds of up to 18,000 people inclusive of seated and corporate hosting areas. It features a 480 metre oval clay speedway track and a turf area (inside the track) which fits field sports codes such as rugby or football. The primary activities are Speedway race meetings (15-17 per annum) and provincial level rugby (3-4 games per annum). ASB Stadium is also a venue for other events and activities suited to outdoor spaces (jetboats, outdoor concerts etc.)

Corporate boxes and a Premium Lounge are also available for businesses to utilise for hosting, functions or meetings.

### **University of Waikato Adams Centre for High Performance**

Based at Mt Maunganui opposite Bay Oval, the Adams Centre for High Performance is a world-class facility of over 2,500 m<sup>2</sup> of state of the art facilities including a 652m<sup>2</sup> gym, plunge pools, physiotherapy, massage and rehabilitation rooms, a sport science laboratory with performance testing, research and acclimatisation facilities, meeting rooms, board and conference rooms along with an athletes lounge and kitchen. It caters for a wide range of athletes, high performance organisations, sports science research and athlete medical support services. Current tenants of the Centre include NZ Rugby, BOP Rugby, Body in Motion High Performance Sports and the University of Waikato.

### **Pavilions, Baypark**

Three Pavilions are located on the Baypark site – the first is currently being developed into an Indoor Sports Pavilion with two netted courts to host indoor sports such as netball, soccer, hockey, dodgeball as well as recreational activities.

The second Pavilion is currently used for storage however plans are afoot to develop this space for recreational purpose.

The third Pavilion is currently tenanted by Paintball.

## **Businesses**

BVL operates a number of venue based businesses including:

### **Bay Audio Visual**

A sound, lighting and audio visual equipment and support business unit that provides services primarily at the ASB Arena, ASB Stadium Lounge, ASB Stadium and some external off-site events and venues.

### **Bay Catering**

This business unit primarily provides catering services at venues managed by BVL as well as some off-site catering at other venues and events. Bay Catering also operates food and beverage outlets throughout the ASB Baypark venue as well as the cafes at ASB Arena and Baywave.

### **Clubfit**

This is made up of three gymnasiums located at Baywave, Greerton Aquatics Centre and Papamoa Sports and Recreation Centre. Clubfit provides support and fitness programming to members who have access to mid to high level quality equipment.

### **Bay Events**

This business unit is primarily responsible for attracting events to BVL facilities. Venue hire, corporate hospitality, signage, corporate boxes, outdoor space hire and event support make up the products and services offered by Bay Events.

### **Speedway**

ASB Baypark is regarded as one of the best equipped Speedway venue in New Zealand with a fast, wide clay track, a large well serviced pit area, and seating capacity of up to 15,000. Up until the 2014/2015 Speedway season, BVL was the Promoter of Speedway events at Baypark. In September 2014, a Promoter was appointed to promote and operate Speedway events at Baypark.

### **Merchandise**

BVL operates small retail outlets at its aquatics facilities selling swimming apparel and associated products.

### **Community Centre-Run Programmes**

BVL runs a number of community focused programmes across the network for pre-schoolers, children, youth and adults including the popular tumble time, Funky Fundays, Oddball, coaching clinics, sports days, birthday parties, social badminton and more.

### **BaySwim**

BVL has partnered with Northern Arena to deliver a quality Learn to swim programme catering for all ages at Baywave and Greerton Aquatic and Leisure Centres.

In addition, BaySwim also provides Learn to Swim lessons for primary school groups as part of our funded Schools in Pools programme.

### **Sports Leagues**

BVL organises sports leagues both at the ASB Arena and Queen Elizabeth Youth Centre for indoor netball, fastnet, football, turbo touch and volleyball.

### **Little Splashes Childcare Centre**

BVL operates a licensed childcare centre, Little Splashes, located at Baywave.

### **OSCAR**

An after school care programme and holiday programme is currently hosted at Arataki Community Centre, Mt Sports Centre, Papamoa Community Centre, QEYC and Waipuna Pavilion.

## 4. Key Areas of focus for the 2016/2017 Year

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In FY17 BVL will continue to develop and execute robust business plans and innovative initiatives that support and deliver the overall objectives of the BVL Strategic Plan. In doing this BVL aims to meet the expectations Council has of BVL in relation to the four focus areas in Council's Long Term Plan

- a. Investing in our Future
- b. Providing for our growing City
- c. Maintaining what we own
- d. Delivering efficient services to our communities.

Key areas of focus for BVL in FY17 include:

### **Health & Safety**

- In FY17 BVL will continue to place a great deal of importance on our health and safety systems. We will continue to ensure we have comprehensive health and safety systems in place within a company culture that aims for a zero injury outcome for customers and employees. Particular emphasis will be placed on ensuring all Standard Operating Procedures (SOP) are up to date and documented, enhanced contractor management processes in place, and improved incident and accident reporting and management with a longer term goal of applying for ACC WSMP secondary status in 2018.

### **Asset Management**

- Greater emphasis will be placed on improving the management of our assets and the delivery of capital projects. Important initiatives to be undertaken include the appointment of an Asset Manager dedicated to this function as well as the implementation of the new Accela Asset Management System. This will ensure all BVL assets are integrated under one system and that information is provided in an accurate and timely manner.

### **Capital Expenditure**

- BVL will continue to work in consultation with Council and other stakeholder organisations to review and plan for the future facility needs of a growing city. In particular, BVL will play an active role in reviewing the outcomes of the Regional Facility Inventory Review and work closely with Council to review community halls and community needs.
- To provide for the needs of a growing population and in support of community and commercial growth initiatives BVL will invest in the following:
  - Increase the heating of the learner's pool at Greerton Aquatic & Leisure Centre to increase capacity to teach Learn to Swim
  - Refurbishment of Mount Hot Pools
  - Provide more waterplay features at Baywave to enhance leisure customer experience

- Creation of indoor sports pavilion at ASB Baypark.

## **People**

- As a service organisation BVL relies heavily on staff to provide excellence in service delivery. In FY17 BVL will continue to remedy a relatively high staff turnover rate in several key parts of the business through addressing identified remuneration issues, improving our recruitment processes and capabilities, introducing innovative recognition systems, and continuing to develop better staff communication techniques.

## **Customer Satisfaction**

- BVL will recognise the contribution Council makes to the funding of BVL facilities by implementing the agreed branding and communication protocols currently in place.
- BVL will continue to monitor customer satisfaction levels through a variety of methodologies and implement initiatives to achieve high levels of performance in this area.
- Particular focus will be placed on working with user groups and developing positive relationships with key stakeholders. BVL will continue to implement innovative ways to connect and engage with these groups.

## **Service Delivery**

- Since its inception, BVL has placed a high priority on achieving growth in participation and revenue whilst at the same time ensuring costs remain at acceptable levels. In FY17 this approach will continue. The Business Plan calls for growth of 5% in the number of visitors to our facilities in the FY17. In support of this the Venues & Programmes Division, which primarily delivers community focused outcomes, will seek growth in:
  - BaySwim – Learn to Swim programmes
  - OSCAR – after school and holiday programmes
  - Greater utilisation of aquatic facilities
  - Increased number of teams participating in sports leagues
  - Increased number of people participating in centre-run programmes.
- FY17 will see the introduction of new technologies to support business practices including the implementation of a time and attendance system, online customer satisfaction reporting, a review of the document management system, and continued development of LINKS, intranet, operational checking tools, and Sharepoint information systems.
- BVL will continue to deliver on the expectations of our shareholder, the Tauranga City Council. In particular BVL will ensure services are delivered as per the Council/BVL Contract for Services Agreement.

## **Events**

- BVL will work in a collaborative manner with Council and other agencies to help develop and deliver the city wide events programme.
- The Commercial Business Division will grow Events revenue in FY17 by 10%. Key initiatives to achieve this include:
  - Greater number of concerts and speed related events at ASB Baypark.
  - Business development initiatives to increase the utilisation of hospitality, meeting, exhibition and conference events at ASB Baypark.

### **Financial**

- In FY17 a key objective is to achieve a balanced, sustainable financial outcome. In support of this objective BVL will:
  - Grow revenue across all business units.
  - Increase expenditure only where this is directly justified by revenue increase or efficiency improvements.
- BVL will reduce ratepayer funding on a per user basis for those facilities assisted by Council's annual operating grant. BVL will achieve this by increasing user numbers in these facilities while at the same time receiving an annual operating grant from Council that is retained at the current 2015/16 level (including an annual CPI adjustment).
- Implement methodologies and monitoring systems to ensure that any competition with private sector operators is conducted on a commercially realistic and fair basis.

## 5. Performance Measures

### a. Balanced Scorecard

Activity	Target	Weighting
Staff H & S	Decrease 2015/16 Lost Time Injuries (LTI) by 5% in 2016/17 for employees.	5%
Customers H & S	Decrease 2015/16 venue related injuries by 5% in 2016/17 for customers. (Excludes exertion related injuries)	5%
Asset Management	Rated on zero major service disruptions > 4 hours due to asset maintenance or operational deficiencies.	10%
Capital Expenditure	Rated on 80% of CAPEX projects > \$ 50 k are on time and within budget, conditional on overall CAPEX is within budget.	5%
People – Permanent Staff	Staff Turnover below 28% per annum.	10%
Customer Satisfaction	Rated on Customer Survey with > 85 % rating satisfied or higher.	15%
Community Outcomes	Meet at least 85 % of the TCC Services * Agreement targets	20%
Events	<ul style="list-style-type: none"> <li>• 6 Major events at ASB Baypark Stadium</li> <li>• 6 Major events of ASB Arena</li> </ul> TBC	10%
Financial		
<ul style="list-style-type: none"> <li>• Revenue</li> <li>• EBITDA</li> </ul>	Achieve \$18,081,032 Achieve \$443,358	10% 10%

- Please note BVL has not received the Final 2016/2017 Services Agreement. This target is contingent on a satisfactory agreement in place.

## b. Financial

	15/16 Budget \$	Draft 16/17 Budget \$	Draft 17/18 Budget \$	Draft 18/19 Budget \$
<b>Revenue</b>				
User Fees and Charges & Other	13,772,473	15,565,145	15,315,045	15,622,183
TCC Community Outcome Subsidy	2,513,858	2,515,887	2,556,141	2,597,039
<b>Total Revenue</b>	<b>16,286,331</b>	<b>18,081,032</b>	<b>17,871,186</b>	<b>18,219,222</b>
Less Total expenditure before interest and depreciation	15,836,329	17,637,674	17,408,539	17,737,709
<b>EBITDA Profit / (Loss)</b>	<b>450,002</b>	<b>443,358</b>	<b>462,647</b>	<b>481,513</b>
Debt Servicing Grant		520,000	520,000	520,000
Less Depreciation		366,739	389,420	461,239
Less Debt Servicing Costs		249,123	269,548	279,723
<b>Surplus / (Deficit) after BVL capital costs.</b>		<b>347,496</b>	<b>323,679</b>	<b>260,551</b>

- TCC Venues Renewals Grant \$1,616,825 \$2,850,733 \$2,632,676

## c. Reporting

BVL is committed to considering Council's strategic priorities and objectives. BVL will endeavour to respond promptly and appropriately on issues raised by Council.

BVL will provide Council with the following information:

### i. Statement of Intent (SOI)

Provide Council with a draft SOI by 1 March 2016 and a final SOI by 30 June 2016.

## **ii. Annual Report**

Provide an Annual Report to Council within two months after the end of the financial year. This will comply with section 68 of the Local Government Act 2002 and include the following:

- a. Board report including summary of the financial results, a report of the operations, a comparison of performance in relation to objectives and any recommendation as to dividend;
- b. Audited financial statements for the financial year in respect of the Company, and;
- c. The Auditor's report on:
  - i. Those financial statements; and
  - ii. The performance targets and other measures by which performance has been judged in relation to the objectives.
- d. The audited financial statements shall consist of:
  - i. Statement of Financial Position; and
  - ii. Statement of Comprehensive Income; and
  - iii. Statement of Movements in Equity; and
  - iv. Statement of Cashflows; and
  - v. Disclosure of Related Party Transactions; and
  - vi. Notes to the Financial Statements; and
  - vii. Such other statements as may be necessary to fairly reflect the financial position of the Company and its subsidiaries, the resources available to the Company and its subsidiaries and the financial results of the operations of the Company and its subsidiaries.

The annual report is to be presented in the format prescribed by TCC to enable consolidation into the Group.

## **iii. Half-Year Report**

Within two months after the end of the first six months of each financial year, BVL will provide Council with a report of performance against the SOI including the following unaudited financial statements:

- a. Statement of Comprehensive Income;
- b. Statement of Financial Position;
- c. Report on non-financial KPI's year to date;
- d. A commentary on performance year to date;
- e. A commentary on expected performance for the next 6 months.

## **iv. Quarterly Reports**

BVL will provide Council with a quarterly report for the first, third and fourth quarters of each financial year.

- The first quarter report will be provided to the Council after it is considered at the BVL Board's November meeting.

- The third quarter report will be provided to the Council after it is considered at the BVL Board's May meeting.
- The fourth quarter report will be provided to the Council after it is considered at the BVL Board's September meeting.
- All quarterly reports will report on BVL's performance against the SOI including the following unaudited financial statements:
  - a. Statement of Comprehensive Income;
  - b. Statement of Financial Position;

**v. Two Quarterly Meetings**

The Board of BVL will meet with the Elected Members of TCC at the end of the first and third quarters of each financial year in a confidential, informal workshop to discuss and review issues of common interest.

**vi. No Surprises**

Notwithstanding the reporting requirements the Board will operate on a 'no' surprises' basis to ensure that TCC is appraised as soon as is practicable, of any event or the possibility of an adverse effect of an economic social or political nature.

## 6. The Board's Approach to the Governance of BVL

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The Directors of BVL are responsible for the stewardship and future well-being of the organisation. Directors exercise leadership, enterprise, integrity and judgement in directing the organisation so as to provide assurance of its continuing and lasting prosperity and effectiveness.

In discharging their responsibilities Directors have a duty to act in the best interest of BVL as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations. Directors' first duty and loyalty must be to the legal entity defined in the BVL Constitution consistent with 1.3.1 of the Companies Act.

More detailed obligations in relation to both the Directors obligations to BVL and TCC's obligations to BVL are outlined in the Enduring Statement of Expectations (ESE).

## 7. Board Performance Reviews

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A Board led review will be undertaken in April 2017 by an independent entity, with results reported to Council. This review will include:

- Individual Director performances
- Performance of the Chair
- Review of Board policies and procedures
- Board effectiveness and dynamics

## 8. Ratio of Consolidated Funds

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In November 2014 Council resolved that an appropriate starting debt equity ratio of 20:80 is appropriate for BVL but the ratio may change up to 25:75. This ratio is calculated as Total Equity: Total Liabilities as a proportion of Total Assets.

## 9. Estimate of Commercial Value

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The Board estimate that the commercial value of the TCC's investment in BVL is represented by the net assets of BVL. This value is calculated from total assets less liabilities.

## 10. Accounting Policies & Other Compliance

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Financial statements will be prepared in accordance with generally accepted accounting practice (GAAP), NZ International Financial Reporting Standards, Companies Act 1993, Local Government Act 2002 and Financial Reporting Act 1993.

## 11. Dividend Policy

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Any retained surpluses over \$250,000 must be approved by Council unless otherwise agreed or prevented due to legal requirements.

Council may decide to reinvest part or all of the surplus into BVL if BVL establishes a compelling investment proposal and/or using such option to retire debt

In determining funds that are 'surplus', Council will consider the operating result against budget including the accounting surplus, the underlying cash surplus, and surpluses generated from particular activities.

## 12. Procedures for Acquisition of Other interests

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Pursuant to the Constitution, BVL will only invest in the shares of a new or existing company or organisation with the prior approval of Council. Where the Board consider the size of the acquisition warrants it, they will have due diligence carried out prior to any binding agreement being made.

## 13. Other Matters Agreed as Between the Directorate and the Shareholders

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BVL shall to enter into where necessary such agreements with TCC giving effect to any restrictions, requirements and obligations required by TCC.

## 14. Transactions between Related Parties

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Transactions between TCC and BVL will be conducted on a commercial basis (fair and reasonable) and if appropriate contestable basis.

Other related party transactions will be on a commercial basis and in accordance with BVL's procurement policy.

## 15. Compensation from Local Authority

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Compensation for any services provided to the Council will be established annually in the SLA.

## 16. Other Matters

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- Information for the financial year 2015/2016.
- TCC Statement of Expectation.