

Lakes Leisure Limited

**STATEMENT OF INTENT
2009/2010**

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1. INTRODUCTION

Lakes Leisure Limited (“Lakes Leisure”) was incorporated in January 2008 by the Queenstown Lakes District Council (“Council”) to operate and manage leisure and recreation facilities and to deliver leisure and recreation services within the Queenstown Lakes District.

Lakes Leisure is a limited liability company incorporated under the Companies Act 1993. It is a Council Controlled Organisation as defined in Section 6 of the Local Government Act 2002. Accordingly, it will operate on a “not for profit” basis.

The following Statement of Intent has been prepared in accordance with requirements of section 64 and Schedule 9 of the Local Government Act 2002 and explains the intentions and expectations of Lakes Leisure as at 1 July 2009. The purpose of this Statement of Intent is to:

- Outline the proposed activities, intentions and the Council objectives to which those activities will contribute for the period 1 July 2009 to 30 June 2012.
- Provide an opportunity for stakeholders to influence the direction of the organisation.
- Provide a basis for accountability of the Board of Directors to their stakeholders for the performance of the organisation.

The Statement of Intent is updated on an annual basis.

Lakes Leisure provides Council and the community with a governance structure for the delivery of leisure services and the operation and management of leisure facilities that will optimise the utilisation of existing community assets. The company provides a sound platform for achieving excellence in the provision of leisure services, together with strong incentives to generate additional revenue through increased use of facilities coupled with rigorous control of costs. The structure also provides an appropriate mechanism for future capital investment through the provision of robust business cases and informed decision-making.

The Lakes Leisure business model provides for Council’s participation in the asset management and development process through collaboration and partnership. This will ensure that the long-term protection of Council’s asset investment is appropriately balanced against the cost control pressures the organisation will face as operator of those assets.

2. PRINCIPAL OBJECTIVES

Lakes Leisure contributes to the achievement of the following community outcomes which are contained in the Long Term Council Community Plan 2006 – 2009.

- **A safe and healthy community that is strong, diverse, and inclusive for people of all age groups and incomes.**
- **Effective and efficient infrastructure that meets the needs of growth.**

The principal objectives of a Council Controlled Organisation are set out in Section 59 of the Local Government Act 2002. Those objectives, which are embodied in the constitution of Lakes Leisure, are to:

- Achieve the objectives of the shareholders, both commercial and non-commercial, specifically:
 - (i) *To promote, encourage and facilitate the widest practical community participation in recreation and leisure within the facilities under its control.*
 - (ii) *In pursuit of that objective, to make access to facilities as affordable as possible to the community and its users.*
 - (iii) *In partnership with Council, to plan for the further development of facilities under its control to meet the ongoing demands of growth.*
 - (iv) *To assure the value of assets under its control and promote their enhancement.*
- Be a good employer
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage those interests when able to do so and
- Provide excellent customer service to all of its clients.

3. THE BOARD'S APPROACH TO GOVERNANCE

The Board of Directors of Lakes Leisure comprises five independent directors appointed by the shareholder for their knowledge, skills and expertise.

The directors are responsible for the governance of Lakes Leisure in the interests of the Queenstown Lakes District Council, as shareholder, in accordance with their duties and obligations under the Companies Act 1993, the Local Government Act 2002, the Constitution of Lakes Leisure and this Statement of Intent.

The Board's approach to governance is to adopt "best practice" as recommended by the Institute of Directors in New Zealand Inc. with respect to:

- The operation of the Board
- The performance of the Board
- Managing the relationship with the company's Chief Executive Officer and
- Accountability to the company's shareholder

The Board works collaboratively with the Queenstown Lakes District Council as shareholder and endeavours to ensure a "no surprises" relationship.

4. NATURE AND SCOPE OF ACTIVITIES

The purpose of Lakes Leisure is to operate and manage leisure and recreation facilities, and to deliver leisure and recreation services within the Queenstown Lakes District.

The facilities managed by Lakes Leisure are:

- Queenstown Aquatic Centre
- Queenstown Events Centre
- Lake Wanaka Centre
- Queenstown Memorial Hall
- Athenaeum Hall
- Lakes Hayes Pavilion
- Arrowtown Memorial Pool
- Wanaka Community Pool

LLL provides turf management and bookings of District sports fields and reserves:

- Queenstown Events Centre Sports Fields
- Queenstown Recreation Ground
- Jacks Point Sports Fields
- Warren Park, Queenstown
- Lake Hayes Estate multi-sports pitch
- Lake Hayes Estate McBride Park (2010)
- Lake Hayes Pavilion Show Grounds
- Millbrook Corner
- Jack Reid Park, Arrowtown
- Wanaka Recreation Reserve
- Pembroke Park, Wanaka
- Allenby Park, Wanaka
- Peter Fraser Park, Lake Hawea

Lakes Leisure coordinates the bookings of the following reserves and greens:

Queenstown -

- Earnslaw Park
- St Omer Park
- QT Village Green
- QT Gardens

Arrowtown-

- Butler Green
- Buckingham Green
- Library Green

Wanaka -

- Wanaka Station Park
- Dinosaur Playground

Banners, Signs and Flags -

- Banner over Horne Creek – Queenstown
- Flags(Streetlight) – Queenstown
- Flags (Streetlight) - Wanaka
- Event Sign at Wanaka Show Grounds
- Bus Shelter Event Light Box – Frankton, Queenstown

5. STRATEGIC DIRECTION FOR 2009/10

Lakes Leisure is a newly formed Council Controlled Organisation. During its second year of operation, the strategic direction will focus on the following areas:

- (a) **Consolidation:** ensuring that the facilities in the Lakes Leisure portfolio are managed efficiently and in a manner that meets the needs of existing and future users.
- (b) **Planning for Growth:** ensuring that Lakes Leisure actively pursues planning for future growth and associated opportunities that meet community needs in the medium and long term.
- (c) **Financial Control and Accountability:** ensuring that the community's investment is managed and controlled in a responsible manner while meeting the strategic objectives of the organisation.

The key initiatives for Lakes Leisure in the coming year are:

Assets

Ensuring that facilities and sports fields are maintained to an appropriate standard is a key driver for Lakes Leisure. Planning for growth on a district basis, building on work already completed at Queenstown Events Centre and ensuring that the boundaries of the Frankton campus are protected are a priority.

- Complete and maintain a Facilities Maintenance Plan for all facilities by December 2009.
- Establish activity in the 'Fitness Centre' space in Alpine Aqualand. The fit out, equipment and start up costs will be funded by a loan (guaranteed by Council). As a major transaction under the Companies Act, it will require shareholder approval from Council.
- Work cooperatively with Council and Queenstown Airport Corporation to resolve issues in relation to use of current and planned facilities at the Frankton campus.
- Complete the roll out of Lakes Leisure signage across all facilities by December 2009.
- Work with Council to complete a current traffic and access strategy (walking, cycling, public transport, safety, parking, and accessibility) for the Frankton campus.

- Contribute to the planning for proposed regional leisure facilities that are currently managed, or are likely to be managed by Lakes Leisure in the future.

Participation

Growing overall use of facilities and developing recreational and leisure opportunities for the Queenstown Lakes District community is a priority for the company. While increasing the number of nationally recognised events is a key strategy, this must be tempered by the need for facilities to be accessible to regular users.

- Support community participation by maintaining an appropriate balance between direct programme delivery and facility hire.
- Manage a community participation strategy that effectively utilises the mechanisms of pricing, space allocation, and the amount of direct programming that meets Council's community objectives.
- Record usage and participation numbers in all facilities.
- Develop an events strategy in parallel to Council's Event Strategy to provide leisure opportunities to the district and/or generating revenue to support local participation.
- Continue to provide direct programme delivery in the district.

Operations

Providing a safe and enjoyable aquatics environment and ensuring the community has opportunities to participate in a variety of aquatics activities are critical priorities for the company in the 2009/10 year.

- Continue to grow the "Learn to Swim Programmes" in order to enhance water safety in the district.
- Maximise the efficient use of pool space for maximum community benefit.
- Maintain safe and well managed pools that meet "Pool Safe" guidelines.
- Achieve performance targets for the Health and Fitness Centre.
- Manage the district sports field maintenance contract efficiently and effectively.

Financial Sustainability and Organisational Development

Developing revenue streams to become less reliant on rates funding is a key driver. A focus will be ensuring the company is in a strong financial position and has robust management practices so that it can take advantages of opportunities.

- Implement robust and responsive financial management systems that recognise and address the financial risks faced by the organisation.
- Maintain sufficient working capital to create a secure operating base for Lakes Leisure.

- Complete and manage a sponsorship and community funding strategy by December 2009.
- Secure funding for all capital items required for ongoing operations.
- Explore the viability and feasibility of business opportunities when they arise.

Key Stakeholders

As a Council Controlled Organisation our relationship with the Queenstown Lakes District Council is paramount. It is the goal of Lakes Leisure to have an open and collaborate relationship with Council, and one that is based on a “no surprises” basis.

As a regional organisation there are a number of other sports, leisure and tourism organisations that Lakes Leisure will develop strong working relationships with.

- Ensure all reporting mechanics to council are adhered to and develop strong working relationships with Council Officers.
- Develop protocols for collaboration with key sport, leisure and tourism agencies.
- Share all information relevant to district wide leisure planning.

6. SERVICE LEVEL AGREEMENT

The Council and Lakes Leisure will enter into a new contract (the Service Level Agreement) for the operation and management of the facilities on or before 1 July 2009. The Service Level Agreement will detail the joint approach to asset management that will operate between the Council and Lakes Leisure.

The Service Level Agreement will set out the services to be delivered and the agreed minimum levels of performance that are to be achieved in each service area, which will include:

- The scope of services
- The methods by which those services are to be delivered
- The basis of charging for the services
- The locations from which services are to be delivered
- Key performance indicators and performance standards
- Provision for formal reviews of particular applications
- Provision for auditing the adequacy of systems, processes and performance

The Service Level Agreement will also detail such other matters as need to be established between Council and Lakes Leisure including:

- Information ownership and management
- Insurance
- Principles of pricing for services and public good
- Term and review of the agreement
- Intellectual property ownership
- Rewards and sanctions
- Communications protocols and integration with Council
- Performance monitoring and reporting

The Service Level Agreement will provide for performance indicators and standards to be reviewed annually. It is anticipated that there will, in addition, be leases between the Council and Lakes Leisure for the facilities operated and managed by the company.

Lakes Leisure anticipates that the Service Level Agreement will be based on the provision of services that will broadly cover the following activities:

- (a) Assets – capital works, asset management services and sports field maintenance
- (b) Participation – venue management, activity programming and events
- (c) Aquatics – management of regional aquatic facilities

7. PERFORMANCE MONITORING, ACTIVITY OBJECTIVES AND PERFORMANCE TARGETS

Performance monitoring will occur against both the Statement of Intent and the Service Level Agreement. Council will monitor the performance of Lakes Leisure to evaluate its contribution to the achievement of:

- (a) The Council's principal objectives for the organisation
- (b) The performance targets detailed in the Statement of Intent and the Service Level Agreement

Where they do not already exist, performance measures will be developed to include the following areas within the first 12 months of operation:

- Governance capability
- Financial indicators
- Social and cultural
- Customer service
- Environmental
- Relationship with Council

To ensure that Lakes Leisure is accountable to the Council and the community, a number of objectives and performance targets have been identified, which are listed below. The actual performance of Lakes Leisure will be reported regularly to Council in accordance with the Service Level Agreement and the requirements outlined in this document.

Economic

Outcome: A sustainable and efficient business that contributes to the social and economic wellbeing of the district.

<i>Objective</i>	<i>Performance Indicator</i>
Ensure that Lakes Leisure's financial targets are within the funding available from Council identified in the LTCCP	Annual review concludes that: Lakes Leisure's actual financial performance is consistent with the funding available from Council. Lakes Leisure's financial management policies are appropriate and consistent with Council's investment, borrowing and funding policies.
Maintain a robust and sustainable pricing policy that promotes participation in leisure and recreation	Undertake an annual review of pricing for facility usage consistent with Council pricing guidelines
Contribute to the economic development of the district	Events hosted in regional down times. Events hosted as a result of work with external organisations

Social and Cultural

Outcome: Creating opportunities for increased participation in physical activity and community recreation and leisure.

<i>Objective</i>	<i>Performance Indicator</i>
Work with Council to implement a policy on access to leisure activities	Pricing and space allocation practices support community participation.
Increase programme range and capacity	Achieve targets for direct programming as a proportion of total usage of facilities.
Deliver programmes/events that have a specific “community good” outcome	Direct programming based on intervention to meet specific community need.
Develop effective relationships with sports and community organisations	Programmes developed in response to working with organisations. Bookings generated from working with organisations.
Establish baseline participation data	Accurate user figures maintained for each facility, event and programme.
Develop partnerships with educational and health providers	Initiatives generated from collaboration with education and health providers.

Customer Service

Outcome: Consistent high level of service and customer satisfaction achieved.

<i>Objective</i>	<i>Performance Indicator</i>
Maintain high customer satisfaction ratings	Annual QLDC customer survey rates satisfaction at 90% or higher for Events Centre and Aquatic centre. Annual QLDC customer survey rates satisfaction at 80% or higher for other facilities.
Maintain service capacity	Facilities available at all contracted times. Continue to planning of extension of facilities where there is demonstrated need in order to maintain level of service.
Maintain facility quality	Annual QLDC customer survey rates 90% of facility users satisfied with: tidiness, cleanliness, state of repair and availability of facility.

Environmental

Outcome: Environmentally sustainable.

Objective	Performance Indicator
Efficient water and energy consumption	Energy consumption figures for each facility and sports field maintenance. Water consumption figures where possible for each facility and sports field maintenance.
Location and design of future facilities.	Extent that sustainability features are incorporated into decisions on location and design of future facilities.

Relationship with Council

Outcome: Council satisfied with Board approach to corporate governance.

Objective	Performance Indicator
Ensure that Council is kept informed of all significant matters relating to Lakes Leisure. Ensure Council is advised on strategic issues relating to Lakes Leisure's investments and other assets.	<p>The Board prepare at least four reports for Councils Finance and Corporate Accountability Committee:</p> <ul style="list-style-type: none">• The half yearly report;• The yearly report and• Two quarterly reports providing Council with a brief review on progress on key measures <p>Reports are delivered at or before the required times.</p> <p>Major matters of urgency are reported to the Finance and Corporate Accountability Committee or the General Manager of Finance within three business days.</p> <p>The reporting and authorisation obligations in the constitution are met.</p> <p>The "no surprises" policy is adopted at all times.</p> <p>GM Community Services and CCO staff work co-operatively on recreation planning.</p>

	<p>Council, QAC and Lakes Leisure work cooperatively as land owners in the Frankton Flats.</p> <p>Work cooperatively with all QLDC CCO's</p>
<p>Monitor performance of Lakes Leisure's investments and other assets.</p>	<p>The annual review concludes that Council has no material concerns with Lakes Leisure's financial performance.</p>
<p>Ensure that Lakes Leisure's corporate governance procedures are appropriate, documented and reflect best practice.</p>	<p>The annual review concludes that the corporate governance procedures are; appropriate, documented and reflect best practice.</p> <p>The draft statement of intent is submitted for consideration by 1 March each year.</p>

8. ACTIVITIES FOR WHICH INVESTMENT BY COUNCIL IS SOUGHT

Lakes Leisure seeks funding for the activities that will enable the company to meet its strategic and operational objectives as follows:

	Forecast 2009/2010 (\$000's)	Forecast 2010/2011 (\$000's)	Forecast 2011/2012 (\$000's)
Revenue Lakes Leisure	2,417	2,490	2,564
Revenue Wanaka Pool	123	127	130
Total Revenue	<u>2,540</u>	<u>2,616</u>	<u>2,695</u>
Lakes Leisure Operating expenditure	4,157	4,336	4,466
Wanaka community pool operating expenditure	320	330	339
Facilities maintenance operating expenditure	53	109	102
Total Operating Expenditure, excl Depreciation	<u>4,530</u>	<u>4,720</u>	<u>4,862</u>
Operating Deficit Before Tax	-1,990	-2,104	-2,167
Operating Deficit After Tax	-1,990	-2,104	-2,167
Capital Expenditure:			
Arrowtown Hall Kitchen Upgrade (Carry forward)	60		
Arrowtown Hall Building Electrical Supply Upgrade	20		
Minor capex	50	50	50
Queenstown Events Centre Floodlighting for 3 fields – 50% total funding of \$150K	75		
Queenstown Events Centre - toilet and change facilities	100		
Queenstown Events Centre - Safety Fence along Joe O'Connell Drive	20		
Queenstown Events Centre - Landscaping to complete aquatic centre to oval	10		
Queenstown Events Centre Facility Maintenance and renewals – Upgrade Changing Rooms	100	50	
Queenstown Events Centre Facility Maintenance and renewals – Refit/Upgrade Ground Floor Function Room	75	25	
Queenstown Events Centre Sports Fields – Sports Field Irrigation	20		
Queenstown Events Centre Sports Fields – Ground Covers	20		
Queenstown Events Centre Sports Fields – Cricket Block rebuild	10		
District mobile infrastructure portable seating and trailer	60		
District mobile infrastructure portaloos and trailers	40		
District mobile infrastructure portacom buildings	37.5	37.5	
District mobile infrastructure chiller containers	25		
Asset Management Plans (Carry forward)	39.5		
Queenstown Events Centre Signage (Carry forward)	25.4		

Lake Hayes Pavilion – Kitchen Refit and Equipment Upgrade	2.5		
Lake Hayes Pavilion – Replace Tiles and Carpet	2		
Queenstown Memorial Hall – Minor Structural Improvements	35		
Queenstown Memorial Hall – Curtain (Carry forward)	10		
Queenstown Memorial Hall – Kitchen and Bar Equipment Upgrade	2	2	
Lake Wanaka Centre – Entrance Display Signage	15		
Lake Wanaka Centre – New Door between Bar & Auditorium	2.5		
Lake Wanaka Centre – Information Board for Foyer	2		
Total Facilities maintenance Renewals	51.5	42	331.5
Total Infrastructure and Minor Capex	387.5		
Total Facilities maintenance - New assets	284.5	97.5	20
Total Carry Forward	134.9		
<u>Health and fitness centre- Fit out and gym equipment</u>	<u>780</u>		
<u>Debt funding of Health and Fitness</u>	<u>(780)</u>		
Total Capital Expenditure	858.4		
Wanaka Swimming Pool – Renewals	305		
Total Capital Expenditure including Wanaka Swimming Pool	1163.4		
Total Operating and Capital Expenditure Funding Requested	3153.4		

9. FINANCIAL OBJECTIVES

Lakes Leisure will operate in a business-like manner. It will seek to recover its costs from users of its services. Those users include the Council for public good services or services where a statutorily imposed fee limit does not allow full recovery of costs.

A pricing model will be developed that fairly allocates costs between private benefits gained by facility users and public benefits that will be paid for by Council.

The directors will be responsible for ensuring that adequate systems, processes and controls are in place for the organisation to operate in an efficient and effective manner and to manage and control costs.

10. COMMERCIAL VALUE

The net value of the Council's investment in the company is estimated to be valued at \$50,000 as at 30 June 2008. This value shall be reassessed by the Board on completion of the annual accounts or at any other time determined by the Board. The method of assessment will use the value of shareholder's funds as determined in the annual accounts as a guide.

11. DIVIDEND POLICY

As Lakes Leisure is a not for profit Council Controlled Organisation, there is no requirement to pay dividends.

12. INVESTMENT IN OTHER ENTITIES

Unless authorised by the shareholder, (whether required under the major transactions test of the Companies Act or not) Lakes Leisure will not purchase or acquire any shares in any other company or other organisation.

13. REPORTING TO SHAREHOLDERS

Lakes Leisure will formally report to Council with a half-yearly and annual report.

Within two months after the end of the first half of each financial year, Lakes Leisure will deliver an un-audited half yearly report to the Council consisting of:

- A review of operations
- A comparison of actual performance with targeted performance
- Statement of Financial Position
- Statement of Financial Performance

Within three months after the end of each financial year, Lakes Leisure will deliver to the Council an annual report and audited financial statements which will consist of:

- A Chairman's report
- A Chief Executive's report, containing a review of operations
- A comparison of actual performance with targeted performance

- Statement of Financial Position
- Statement of Financial Performance
- Statement of Cash flows
- Auditor's Report

The Company's Chief Executive Officer will report to Council every three months on the performance of the organisation against the key performance indicators established in the Service Level Agreement.

Reports to Council will be available to the public (unless specific grounds for withholding the information exist under LGOIMA).

Lakes Leisure has adopted 30 June as its balance date. In future years the company will deliver a draft Statement of Intent for the following year by 1 March.

14. AUDIT

Deloitte, the Council's auditor, is responsible for carrying out the audit of the financial statements of Lakes Leisure.

15. ACCOUNTING POLICIES

Lakes Leisure will maintain accounting records in accordance with the Companies Act 1993.

The financial statements of the company will be prepared in accordance with the New Zealand equivalent to the International Financial Reporting Standards (NZ IFRS) as prescribed by the Institute of Chartered Accountants of New Zealand. The accounting policies will be determined in consultation with the company's accountants, WHK Cook Adam Ward Wilson, and the auditors prior to preparation of the 2009/10 financial statements.

16. OTHER MATTERS

No other matters have been agreed by the shareholder and the Board for inclusion in the Statement of Intent pursuant to clause 9 of Schedule 8 of the Local Government Act 2002.

For and on behalf of Lakes Leisure Limited



Jane Taylor
Chairman

30 April 2009