




Council-Controlled Organisations

The Local Government Act 2002 requires that Council include in the LTCCP information on those organisations in which Council is a shareholder.

In particular, Council must include:

-  Its significant policies and objectives regarding ownership and control of the organisation;
-  The nature and the scope of the activities to be provided by the organisation; and
-  The key performance targets and other measures by which performance may be judged.

Waikato Regional Airport

Waikato Regional Airport Ltd (Hamilton International Airport) is jointly owned by five local authorities: Hamilton City, Waikato District, Waipa District, Otorohanga District and Matamata / Piako District Councils.

Otorohanga District Council's shareholding is 3.125%

Corporate Mission

The mission of Waikato Regional Airport is to operate a successful commercial business providing safe, appropriate and efficient services for the transportation of people and freight in and out of the port of Hamilton.

Goal

Retention of the Airport as a major infrastructural facility, important to the economy of the Waikato. A Statement of Intent provided by the Airport Company (as required by Section 64 of the Local Government Act 2002) is available but does not form part of this Plan.

Policies and Objectives

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of Waikato Regional Airport.

Performance Targets

	2010	2011	2012
Net profit after tax to average shareholders' funds* * Appears low due to the value of the company's large land holdings	-1.24%	-1.68%	-1.70%
Net Profit before tax / interest to total assets.	-0.30%	-0.67%	-0.75%
Net profit after tax to total assets.	-0.83%	-1.37%	-1.40%
Net profit before tax / interest to average shareholders' funds.	-0.45%	-0.82%	-0.91%
Percentage of Non Landing Charges Revenue.** ** Non Landing Charges Revenue is defined as revenue that has not been recovered directly from airlines	73.11%	72.08%	72.56%
Total Liabilities / Shareholders Funding (Debt / Equity Ratio)	20:80	19:81	18:82

Interest rate cover

The interest cover measures the number of times the Net Profit Before Interest, Tax and Depreciation (EBITDA) covers interest paid on debt and is used as an indicator of under-capitalisation.

The forecast interest coverage of 2.49:1 for 2009/10 complies with the ASB Bank's requirement that the interest rate coverage ratio does not fall below 1.5.

During May 2004 the shareholders of Waikato Regional Airport Limited (of which Otorohanga District Council has a 3.125% shareholding) authorised the company to issue further shares totalling \$21.6m to existing shareholders.

This capital restructure was part of the WRAL Airport Development and has allowed WRAL to borrow at commercially favourable interest rates.

Although at the time there were no plans to call up the capital, Council has recorded a contingent liability for \$650,000 for uncalled capital in the financial statements.

With the loss of Air New Zealand as the international carrier, the resulting significant impact on operating revenues, and the requirement to meet banking covenants, a portion of this uncalled capital will be called up in the near future from all 5 shareholders. At this stage the magnitude of that has not been established, but will be included in the LTCCP adopted by Council in June 2009.

Local Authority Shared Service Limited

Establishment

The local authorities of the Waikato Region have worked closely together over a number of years on mutually beneficial joint projects. These projects have demonstrated the benefits that can be gained, both in terms of outcomes achieved and reductions in costs to the community.

Taking this a step further the local authorities have begun to develop new shared service initiatives, including a valuation database to provide on-line, up-to-date, information for all Councils.

The initiative has been formalised by the establishment of Local Authority Shared Service Limited (LASS).

Local authorities of the Waikato Region have established LASS as a Council Controlled Organisation by way of a company, in which each local authority will have a single share. This company will be used as

an umbrella for future development of shared services throughout the region.

Share Holders

Local Authority Shared Service Limited is jointly owned by the 13 local authorities of the Waikato region, being:

-  Waikato Regional Council (Environment Waikato);
-  Hamilton City Council;
-  Franklin District Council;
-  Hauraki District Council;
-  Matamata-Piako District Council;
-  Otorohanga District Council;
-  Rotorua District Council;
-  South Waikato District Council;
-  Taupo District Council;
-  Thames-Coromandel District Council;
-  Waikato District Council;
-  Waipa District Council; and
-  Waitomo District Council.

Constitution

The constitution of Local Authority Shared Services Limited sets out the principles according to which the company will be operated and governed. This includes shareholders' rights and the appointment of directors.

The annual Statement of Intent identifies the activities and intentions of the company for the year, and the objectives to which those activities will contribute.





Company Objectives

The company, Local Authority Shared Services Limited (LASS), provides Waikato Region local authorities with a vehicle to procure shared services and provide them to local authorities.

The services that will be initiated under the umbrella of this company will only be promulgated if the business case shows that they will provide benefit to the shareholders in terms of improved levels of service and/or reduced cost. All such proposals will be presented to the Directors for approval prior to implementation.

Nature and Scope of Activities

The principle nature and scope of the activity for the company is to:

-  Provide shared services to all local authorities within the Waikato Region. LASS may also sell processes and systems, as set up under individual agreements, to local authorities outside the region.
-  Pursue all opportunities to procure shared services that may benefit the community, either through enhanced services and/or through reduced cost.
-  Give consideration to developing shared services that a majority of local authorities of the Region believe are of value. The objective is to provide the most effective access to Regional information that may be of value to the community, using modern technology and processes.
-  Explore all possible avenues to provide these services itself or contract them from outside parties, each depending on a rigorous business case and risk assessment.

Future Developments

A business case will be developed for any new service that is proposed. This business case will be approved by the Directors prior to any service proceeding. The investigation of any new services will be fully funded by Councils that wish to promote that service.

The Shared Valuation Database Service will continue to be developed to enable greater contestability in the provision of valuation services to Councils, and to provide the Regional Council, and others, with up to date and accurate valuation data.




LASS will work to improve the flow of property related data and information to its stakeholders, to the public and to the market, and, where appropriate, to cover the costs by selling the data.


LASS will explore opportunities to partner with other authorities within New Zealand to deliver services effectively and efficiently. It is anticipated that new services, which will be operated as separate business units, will be developed in the area of information services.

Performance Targets

Performance targets relate to the level of services that are current or under development. It is envisaged that these targets will change as new services are developed.

The Performance Targets are that:

-  Positive cash flow will be maintained so that the equity ratio is maintained at a minimum of 40 percent.
-  Customers will be surveyed annually to ensure that there is at least 90 percent satisfaction with the services provided.
-  Expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.

 The CEO will provide a written report on the business operations and financial position of the LASS at a minimum on a six monthly basis.

Directors

The current directors of Local Authority Shared Service Limited are noted below:

Directors	Position	Councils Director Represents
Bob Laing	CEO Environment Waikato	Environment Waikato
Michael Redman	CEO Hamilton City Council	Hamilton City Council
John Inglis	CEO Waipa District Council	Waipa, Otorohanga and Waitomo District Councils
Langley Cavers	CEO Hauraki District Council	Thames-Coromandel, Hauraki and Matamata-Piako District Councils
Gavin Ion	CEO Franklin District Council	Franklin and Waikato District Councils
Peter Guerin	CEO Rotorua District Council	Rotorua, South Waikato and Taupo District Councils

Minor Shareholdings

Council continues to hold minor shareholdings in the following companies:

King Country Energy	0.054%
Balance Agrinutrients	0.0046%
NZ Local Govt Insurance Corp	0.0078%