

COUNCIL CONTROLLED ORGANISATIONS

We are involved with and represented in a number of organisations to support the realisation of our vision for Hamilton City. Council Controlled Organisations (CCOs) are any organisation in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the directors.

We have an interest in the following CCOs:

- Co-Lab;
- New Zealand Local Government Funding Agency Ltd; and
- Waikato Regional Airport Limited and its subsidiaries, Hamilton & Waikato Tourism Ltd, Titanium Park Ltd and Waikato Regional Airport Hotel Ltd.

The following tables explain what these organisations do, our objectives in regard to ownership, nature and scope of activities, key performance targets and outcomes. We also have interests in Council Organisations details of which are available on our website.

We manage and monitor our investment in CCO's by reviewing statement of intents, six month and annual reports at our Finance Committee.

Co-Lab

Ownership	13.72% SVDS shares, 37.5% WRTM Service shares and 17.8% WRAPS shares equating to 16.02% of the total weighted value of issues shares. The balance of shares is owned by other Local Authorities in the Waikato Region. Council has only one voting right out the 12 voting Local Authorities.
Representation (total members)	1(6) - Co-Lab has six Directors, with five Directors each representing a shareholder Council, as well as an Independent Chair.
Significant policies and objectives	To make a regional leadership contribution and seek opportunities to operate more efficiently by participating with the region's local authorities on shared services, particularly in respect of information collection and management, with the aim of reducing the cost of those activities to the community at large.
Nature and scope of activities	<ul style="list-style-type: none"> ▪ Shared Valuation Data Service (SVDS) ▪ Regional Asset Technical Accord ▪ Waikato Regional Transportation Model (WRTM) ▪ Waikato Building Consent Group ▪ Future Proof ▪ Energy Management ▪ Joint Procurement Initiatives ▪ Light Detection and Ranging Technology ▪ Waikato Regional Aerial Photography Service ▪ Aligned Resource Consent Planning ▪ Regional Infrastructure Technical Specifications ▪ Local Government Contractor Health & Safety Pre-qualification Scheme

Key performance targets

- Prioritise and develop business cases for opportunities, including measurable benefits (projected savings/increased revenue to councils of at least \$300K), that are supported by 75% of councils.
- Develop opportunities and deliver projects within agreed budgets (target of 90%) and timelines (target of 80%).
- Ensure projects realise their expected benefits by monitoring measurable benefits and reporting on a six-monthly basis. Audit & Risk Committee undertake an assessment of projects following implementation for \$200K+ projects, within 15 months, and 90% of quantifiable benefits are realised.
- Ensure existing services are meeting the needs of 80% of councils.
- Foster and promote cross-council collaboration and networking to share a target of four ideas per annum, on improving efficiencies and best practice.
- Financial forecasts to be achieved:

Financial Forecasts	2025	2026	2027*
Earnings before interest, taxation & depreciation (EBITDA)	\$0.1M	(\$0.1M)	
Net surplus / (deficit) before tax	\$0.1M	(\$0.1M)	
Total assets	\$2.6M	\$2.5M	
Total capital funds	\$1.7M	\$1.5M	

New Zealand Local Government Funding Agency Limited (LGFA)

Ownership	8.3%
Representation (total members)	1(31) – There are currently 31 shareholders comprising of the New Zealand Government at 20% and 30 local councils at 80%
Significant policies and objectives	Council’s main objective for ownership in LGFA is to access shared funding at better rates and for more flexible terms.
Nature and scope of activities	LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand Local Authorities and CCOs and may undertake any other activities considered by the Board to be reasonably related or incidental to, or in connection with, that business. The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA’s lending policies.

Key performance targets

- Statement of Corporate Intent, Interim Report and Annual Report is presented to the CCO Subcommittee.
- Financial forecasts, based on the draft Statement of Corporate Intent, to be achieved as follows:

Financial Forecasts	2025	2026	2027*
Comprehensive income			
Net interest income	\$18.6M	\$20.2M	
Issuance and on-lending costs	\$3.9M	\$4.0M	
P&L	\$9.3M	\$10.5M	
Dividend	(\$2.0M)	(\$2.0M)	
Financial Position			
Total assets	\$21,935M	\$23,288M	
Total LG loans	\$20,030M	\$21,505M	
Total Equity	\$125M	\$134M	
Shareholders’ Funds/Total assets	2.7%	2.7%	

- Performance targets to be met or exceeded as follows:

LGFA’s total operating income for the period to:

- 30 June 2025 will be greater than \$19.9M
- 30 June 2026 will be greater than \$21.5M
- 30 June 2027*

LGFA’s annualised issuance and operating expenses for the period to:

- 30 June 2025 will no more than \$10.6M
- 30 June 2026 will no more than \$11.0M
- 30 June 2027*

Total lending to participating local authorities at:

- 30 June 2025 will be at least \$19,754M
- 30 June 2026 will be at least \$21,208M
- 30 June 2027*

Waikato Regional Airport Limited (WRAL) and its Subsidiaries, Hamilton & Waikato Tourism Ltd, Titanium Park Ltd and Waikato Regional Airport Hotel Ltd

Ownership	50%
Representation (total members)	0(4)
Significant policies and objectives	Council's main objective in the ownership of WRAL (and its subsidiaries) is to support and provide economic growth to our community which can benefit from the opportunities WRAL provides.
Nature and scope of activities	<ul style="list-style-type: none"> ▪ Operate an efficient and compliant airport. ▪ Enhance the traveller experience. ▪ Maintain a viable aero nautical business. ▪ Maximise revenue diversification through non-aeronautical business opportunities.

Key performance targets

- Financial performance targets be achieved as follows:

Financial Forecasts	2025	2026	2027*
Consolidated company forecast:			
Earnings before interest, taxation & depreciation (EBITDA) excluding land sales	\$6.5M	\$7.0M	
EBITDA including land sales	\$9.5M	\$18.0M	
Net profit before tax	\$3.0M	\$12.5M	
Net operating cash flow (excluding land sales)	\$7.0M	\$15.0M	
Total debt	\$35.0M	\$55.0M	
Parent Company operations only:			
Percentage of non- landing charges revenue	60%	60%	
Interest cover	4.0x	4.0x	

- Non-financial performance targets:

Health, safety and wellbeing:

- Zero Work Safe notifiable accidents/injuries
- Operate a workplace that fosters employee wellbeing and improving organisational culture, as measured by the Employee Engagement Survey.

Aeronautical compliance:

- To maintain the Airport Certification Standards as required by the Civil Aviation Authority.
- Ensure airport is operationally available for all scheduled passenger services.

Maintain a viable aeronautical business:

- Assist airlines to identify opportunities to increase flight schedules and passenger numbers.
- Identify and activate new development opportunities within the general aviation sector.
- Position and protect the airport as an efficient, cost effective international port.
- Remain collaborative with local authorities and central government agencies for joint infrastructure and transport initiatives.

Property:

- Complete construction of airport infrastructure to support property development and optimisation.

- Develop a MOU with local iwi organisations that provides for a collaborative relationship to future developments that will embrace Te Ao Maori principles and celebrating the rich cultural history of our rohe.

Climate Change Response:

- Reduce Group electricity purchases by at least 20% on 2023 levels (measure in kWh used) upon commissioning of the first stage of the solar farm development.
- Achieve Level 3 accreditation to the Airport Council International's Airport Carbon Accreditation programme.
- Reduce landfill waste through reduced usage of non-recyclable single-use materials and improved sustainable material usage in construction.

Note:

**2027 Financial Forecasts and Performance target information is expected from the CCO's during March 2024.*