

COUNCIL CONTROLLED ORGANISATIONS

The Council is involved and represented in a number of organisations to assist in meeting its vision for the 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.

The Council has an interest in the following CCOs: Waikato Local Authority Shared Services Ltd, New Zealand Local Government Funding Agency Ltd, Waikato Regional Airport Limited and its subsidiaries (Hamilton & Waikato Tourism Ltd and Titanium Park Ltd), Vibrant Hamilton Trust, and Waikato Innovation Growth Ltd and its subsidiary New Zealand Food Innovation (Waikato) Ltd.

The following tables explain what these organisations do, Council's objectives in regard to ownership, nature and scope of activities, key performance targets and outcomes. The Council also has interests or shared control in several council organisations (for example Waikato Regional Transport Committee).

Details of the council organisations the Council has interests in are available on the website at <http://www.hamilton.govt.nz/our-council/about-council/councilcontrolledorganisations/Pages/default.aspx>.

Please note:

This statement reflects information from the 2016 CCO Statements of Intent (SOIs). Revised and updated SOIs are not expected from CCOs until the end of April 2018.

This statement is being included as supporting information as it is the best information Council has on this matter at the time of going to audit and subsequently consultation on the 2018-28 draft 10-Year Plan. An updated CCO statement will be presented to Council as part of the development of the final 2018-28 10-Year Plan.

Organisation	Waikato Local Authority Shared Services Limited (WCLASS)															
Ownership	13.72% SVDS class shares and 37.5% WTRM Service class shares (this equates to 24.58% of the total weighted value of issued shares). The balance of shares is owned by other Local Authorities in the Waikato Region. Council has only one voting right out the twelve Local Authorities.															
Representation (total members)	1(12) - WCLASS has twelve Directors, with each Director representing a shareholder Council.															
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	<p>The company has four major initiatives under the WCLASS umbrella, plus a support role for the collaborative work streams of the Waikato Mayoral Forum.</p> <ul style="list-style-type: none"> ▪ Shared Valuation Data Service (SVDS) ▪ Waikato Regional Transportation Model (WRTM) ▪ Joint Procurement Initiatives ▪ Waikato Regional Aerial Photography Service (WRAPS) <p>The specific objectives of the company are agreed each year in accordance with the constitution and the Statement of Intent.</p>															
Key performance targets	<ul style="list-style-type: none"> ▪ Statement of Corporate Intent, Interim Report and Annual Report is presented to the Finance Committee. ▪ Financial Forecasts and Performance Targets are specified annually in the Statement of Corporate Intent. ▪ Joint procurement initiatives for goods and services are investigated and implemented. ▪ Collaborative projects are identified and business cases are developed for the highest priority projects and the projects implemented. ▪ Existing WCLASS contracts are managed and renegotiated as required. ▪ Positive cash flow will be maintained. ▪ Expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the directors. ▪ The Board will provide a written report on the business operations and financial position of the WCLASS to shareholder as a minimum on a six-monthly basis. ▪ Administrative support and regular updates provided to Mayoral Forum regarding progress for approved work streams. ▪ The Shared Valuation Data Service (SVDS) is reliable, well maintained and available to users at least 99% of normal working hours. All SDVS major enhancements are supported by business case. ▪ The Waikato Regional Transport Model (WRTM) is reliable, well managed and available to all users. Modelling reports requested are actioned within the agreed time frame. A report by the Contract Manager is provided to the Board at least every six months. ▪ Shareholders are surveyed annually and satisfied with the performance of WCLASS. ▪ Shareholders are informed on the benefits being provided to shareholding Councils by WCLASS. ▪ Financial forecasts to be achieved: <table border="1" data-bbox="512 1214 1822 1336"> <thead> <tr> <th>Financial Forecasts</th> <th>2016</th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>EBITDA</td> <td>\$10k</td> <td>\$10k</td> <td>\$10k</td> </tr> <tr> <td>Net surplus /(deficit) before tax</td> <td>\$(428)k</td> <td>\$(318)k</td> <td>\$(99)k</td> </tr> </tbody> </table>				Financial Forecasts	2016	2017	2018	EBITDA	\$10k	\$10k	\$10k	Net surplus /(deficit) before tax	\$(428)k	\$(318)k	\$(99)k
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Organisation	New Zealand Local Government Funding Agency Limited (LGFA)																																												
Ownership	8.3%																																												
Representation (total members)	1(19)																																												
Significant policies and objectives	<ul style="list-style-type: none"> To ensure the Council's finances are sustainable in the long term. To optimise debt funding terms and conditions for the Council, including flexible lending terms. To enhance the certainty of access to debt markets for the Council. To ensure savings in annual interest costs for the Council. To support LGFA to ensure profits are sufficient to pay a dividend to Council in accordance with the LGFA dividend policy. 																																												
Nature and scope of activities	<ul style="list-style-type: none"> 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 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. In lending to local authorities LGFA will ensure its products and services are delivered in a cost effective manner. 																																												
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	<ul style="list-style-type: none"> Performance targets to be met or exceeded as follows: <ul style="list-style-type: none"> LGFA's average cost of funds relative to the average cost of funds for New Zealand Government Securities for the period to: <ul style="list-style-type: none"> 30 June 2016 will be less than 0.50% higher 30 June 2017 will be less than 0.50% higher 30 June 2018 will be less than 0.50% higher 																																												

The average margin above LGFA's cost of funds charged to the highest rated participating local authorities for the period to:

- 30 June 2016 will be no more than 0.10%
- 30 June 2017 will be no more than 0.10%
- 30 June 2018 will be no more than 0.10%

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

- 30 June 2016 will be no more than \$5.65 million
- 30 June 2017 will be no more than \$6.58million
- 30 June 2018 will be no more than \$7.06million

Total lending to participating local authorities at:

- 30 June 2016 will be at least \$5,760 million
- 30 June 2017 will be at least \$6,970 million
- 30 June 2018 will be at least \$7,610 million.

Organisation	Waikato Regional Airport Limited (WRAL) and its Subsidiaries, Hamilton & Waikato Tourism Ltd and Titanium Park Ltd			
Ownership	50%			
Representation (total members)	0(5)			
Significant policies and objectives	<ul style="list-style-type: none"> To support the delivery of sustainable airport operations for the region To support and enable a strong, productive economy where it is easy to do business. 			
Nature and scope of activities	<ul style="list-style-type: none"> Operate an efficient and compliant airport. Enhance the traveller experience. Maintain a viable aeronautical business. Maximise revenue diversification through non-aeronautical business opportunities. Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation. 			
Key performance targets	<ul style="list-style-type: none"> Statement of Corporate Intent, Interim Report and Annual Report is presented to the Finance Committee. Financial Forecasts and Performance targets are specified annually in the Statement of Corporate Intent. Financial performance targets be achieved as follows: 			
		2016	2017	2018
	Consolidated company forecast:			
	Earnings before interest, tax, depreciation & amortisation (EBITDA)	\$1.930m	\$1.903m	\$1.872m
	Net surplus/(deficit) after tax	\$(0.573)m	\$0.701m	\$0.760m
	Net surplus/(deficit) after tax to average shareholders' funds	(1)%	(1)%	(1)%
	Net surplus/(deficit) after tax to total assets	(1)%	(1)%	(1)%
	Net cash flow (operating & investing)	\$35k	\$28k	\$101k
	Total liabilities/shareholders' funds (debt/equity ratio)	26:74	25:75	24:76
	Parent Company operations only:			
	Percentage of non- landing charges revenue	64%	64%	64%
	Interest cover	2.73	2.76	3.00
	<ul style="list-style-type: none"> Non-financial performance targets: <ul style="list-style-type: none"> Health & safety: <ul style="list-style-type: none"> Facilitate Health & Safety meeting every 2 months with representative from each company department. Zero Worksafe notifiable accident/ injuries. Commission independent review of the company's Health & Safety framework. Implement recommendations from the review to ensure best-practice compliance. Operational Compliance: <ul style="list-style-type: none"> To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by the Civil Aviation Authority audit reports. Ensure airport is operationally available for all passenger services (except for uncontrollable events). Facilitate noise management meetings every 4 months in accordance with the Noise Management Plan. Customer satisfaction: <ul style="list-style-type: none"> Continuously monitor and improve the customer experience using the customer feedback form. 			

Vibrant Hamilton Trust (VHT)																	
Ownership	Incorporated Society and Charitable Trust																
Representation (total members)	5(5)																
Significant policies and objectives	<p>The Vibrant Hamilton Trust is a CCO as per the requirements under section 64(1) of the Local Government Act 2002.</p> <p>It was established under the Charitable Trusts Act 1957 to provide a legal entity to receive funds from the Waikato Foundation Trust and is empowered to make distributions of income and capital for the charitable purposes authorised in its Trust Deed.</p> <p>The Waikato Foundation Trust transferred funds to the Vibrant Hamilton Trust (65%) and the Waikato District Community Wellbeing Trust Board (35%) on 31 January 2012. The Waikato Foundation Trust was subsequently disestablished.</p> <p>The objectives of Vibrant Hamilton Trust are to:</p> <ul style="list-style-type: none"> ▪ Promote the social, economic, environmental and cultural wellbeing of City of Hamilton and its communities. ▪ Relieve poverty through sustainable policies and practices. ▪ Advance education in the City of Hamilton, particularly to promote and advance economic standards for the benefit of the public. ▪ Deliver on strategic aspirations of the City of Hamilton as identified by the community from time to time and endorsed by Hamilton City Council. 																
Nature and scope of activities	The Vibrant Hamilton Trust is a Charitable Trust was established for the primary reason of earning a return on investment funds and the provision of grant distributions that meet the Trust’s criteria and the objects of the Trust Deed.																
Key performance targets	<ul style="list-style-type: none"> ▪ Statement of Corporate Intent, Interim Report and Annual Report is presented to the Finance Committee. ▪ Financial Forecasts and Performance Targets are specified annually in the Statement of Corporate Intent. ▪ Ensure trust membership obligations are fulfilled in accordance with section 5 of the Trust Deed. ▪ Ensure Trustees deliver against position descriptions. ▪ Monitor the performance of investments by receiving and considering financial information, on at least a quarterly basis. ▪ Monitor investment mandate to ensure the investment portfolio reflects the risk tolerance, investment time zone and drawing requirement of the Trust. ▪ Review the performance of the Portfolio Manager. ▪ Ensure the minimum total annual grant of \$300,000 is made for 2016. ▪ Financial forecast targets to be achieved: <table border="1" data-bbox="512 1149 1864 1273"> <thead> <tr> <th>Financial Forecasts</th> <th>2016</th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Surplus before grants made</td> <td>\$0.449m</td> <td>\$0.460m</td> <td>\$0.472m</td> </tr> <tr> <td>Grants made</td> <td>\$0.300m</td> <td>\$0.300m</td> <td>\$0.300m</td> </tr> <tr> <td>Portfolio investment balance</td> <td>\$6.512m</td> <td>\$6.672m</td> <td>\$6.844m</td> </tr> </tbody> </table>	Financial Forecasts	2016	2017	2018	Surplus before grants made	\$0.449m	\$0.460m	\$0.472m	Grants made	\$0.300m	\$0.300m	\$0.300m	Portfolio investment balance	\$6.512m	\$6.672m	\$6.844m
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Organisation	Waikato Innovation Growth Limited (WIGL) and its subsidiary, New Zealand Food Innovation (Waikato) Limited (NZFIW)																				
Ownership	These CCOs reflect a new arrangement and this section (taken from the 2016 SOI) will need to be thoroughly amended to reflect new arrangements in place for 2018 with WIGL and NZFIW.																				
Representation (total members)	0(5)																				
Significant policies and objectives	<p>Council supports economic development through its investment in Innovation Waikato Limited.</p> <p>The core purpose of the IWL Group is:</p> <ul style="list-style-type: none"> ▪ To promote research, commercialisation and marketing of new and existing entities or individuals of new products, processes, technologies and quality improvement. ▪ To actively promote economic development by supporting the growth of business that contributes to New Zealand’s export economy. <p>The focus of the Park is on innovation and technology- led businesses that enhance New Zealand’s competitive advantage and align the region’s economic development strategy in areas such as: agriculture, agribusiness, food processing, value added food products from primary production, horticulture, environmental sustainability, enabling information and communication technology</p>																				
Nature and scope of activities	Innovation Waikato Limited is involved in the development and operation of the Innovation Park in Hamilton, which currently includes two commercially tenanted properties and a pilot spray dryer facility.																				
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