

# STATEMENT OF COUNCIL CONTROLLED ORGANISATIONS

The Council operates four Council Controlled Organisations (CCOs). These organisations independently manage facilities and deliver services, with the exception of Strada Corporation Limited which wound up activities during the 2016/17 financial year. The following information explains what the organisations do and how their performance is measured.

## STRADA CORPORATION LIMITED

Strada Corporation Limited (formerly Tanlaw Corporation prior to 1 July 2009) was established in 1992 as a wholly owned Council Controlled Organisation (CCO). The Council wished to separate the planning and development of its work programme from the physical works. Strada was established to achieve this and to operate as a profitable business for the Council’s benefit, and ultimately Waikato District ratepayers’.

The company generally traded profitably and provided significant dividends that supplemented the Council’s income. However, in recent years in a more competitive market Strada had difficulty securing maintenance contract work and when the opportunity arose during 2015/16 to sell Strada’s joint venture

the decision was made to wind up operations. The operational assets were sold during 2016/17 and liabilities extinguished. While Strada has remained open in order to receive the final settlement payments in relation to the disposal of its previous interest

in the joint venture (Waikato Quarries Limited), it is no longer a going concern. As Strada is no longer trading, Council management have elected to file a non-active declaration with Inland Revenue.

## WAIKATO REGIONAL AIRPORT LIMITED

In December 1995, the Council along with four other local authorities purchased the Crown’s 50% shareholding in the Waikato Regional Airport Limited. The purchase increased the Council’s shareholding to 15.625%. At the time the Council considered the airport to be a significant infrastructural asset for the region and important to economic growth and development. The Council’s shareholding is considered a strategic asset. The airport also operates a tourism subsidiary which aims to promote the region to tourists. The Council contributes separately to this entity.

The Airport has the following core purpose and key objectives for the business:

**Key Objectives of the Group**  
(incorporating Titanium Park Limited & Hamilton Waikato Tourism Limited)

**Core Purpose**

- 1. Enabler of air services to the region.
- 2. Operate a first class, safe and compliant regional airport.
- 3. Strategic positioning of the business to enhance capital value.

- 1. Operate an efficient and compliant airport.
- 2. Enhance the traveller experience.
- 3. Maintain a viable aeronautical business.
- 4. Maximise revenue diversification through non-aeronautical business opportunities.

- 5. Develop and optimise the land holdings of the Group to generate a long-term property income from a diversified property portfolio.
- 6. To promote the Hamilton & Waikato region as an appealing destination to international and domestic visitors.

AGREED MEASURES	2021/22	2022/23	2023/24
Shareholders funds to total assets	70%	70%	70%
Earnings before interest, taxation and depreciation (EBITDA) excluding land sales	\$5,200,000	\$5,400,000	\$5,600,000
Earnings before interest, taxation and depreciation (EBITDA) including land sales	\$5,700,000	\$6,100,000	\$6,200,000
Net profit after tax no less than	\$1,200,000	\$1,800,000	\$2,200,000
Net operating cash flow (excluding land sales)	\$3,600,000	\$3,500,000	\$4,000,000
Total debt excluding design build property not exceeding	\$29,000,000	\$32,000,000	\$32,000,000
Percentage of non-landing charges revenue at least	60%	60%	60%
Land sales	\$2,000,000	\$4,000,000	\$3,000,000
Interest cover at least	4.0x	4.0x	4.0x

# WAIKATO LOCAL AUTHORITY SHARED SERVICES LIMITED

Local authorities of the Waikato region established the Waikato Local Authority Shared Services (WLASS) Limited during 2005/2006, the 12 local authorities of the region, being Environment Waikato; Hamilton City 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, jointly own the company.

These local authorities have worked closely together over the years on mutually beneficial joint projects. The Councils believe the company will generate saving through economies of scale and through additional purchasing power and the ability to recover costs.

The objectives of WLASS are:

- enable the Waikato Councils to collectively be more effective as a region on the national stage
- contribute to building central government’s confidence in the Waikato region, and to encourage central government investment
- achieve effectiveness and efficiency gains
- reduce duplication of effort and eliminate waste through repetition
- make it easier for customers to engage with Councils in the Waikato region
- promote and contribute to the development of best practice
- promote business transformation to improve customers’ experiences.

**The WLASS transformation**

In the 2019 SOI WLASS asked shareholding councils to commit to transforming the company into a service delivery agent to allow it to better serve those councils. That transformation had three key elements:

- Establishing in-house resources: WLASS has since employed a small core team (a Chief Executive, Business Analyst and Executive Assistant);
- Changing the WLASS governance structure: The Board has reduced to six members - an independent Chair and five Council Representative Directors; and
- Thought leadership: By providing these structural changes it will better enable the company to explore ways in which councils can operate better for the benefit of their communities.

**Performance reporting**

Transforming the company into a service delivery agent and a true strategic partner to councils, means the company has two fundamental roles:

1. It is a laboratory for developing opportunities that create value to councils, either by improving the experience of their communities or by making the councils themselves, collectively, more efficient and effective; and
2. It is a provider of services to councils where a business case to do so has been established (recognising that it may make sense for some services to be provided by someone other than WLASS).

Given the evolution of the company, WLASS has revisited the way that it measures its success to reflect these roles. A performance framework has been established (see Figure 1).

FIGURE 1					
OUR VISION	Waikato Councils are working together in the best way possible, for the collective benefit of them and their communities - which means less burden on ratepayers, happier communities and council staff and more effective councils.				
OUTCOMES WE ARE SEEKING	Council costs are reduced / performance is improved, without increased cost		The experience of councils' communities are improved		Central government investment into and engagement with Waikato is increased
OUR SPECIFIC OBJECTIVES	<ul style="list-style-type: none"><li>• Achieve effectiveness and efficiency gains</li><li>• Reduce duplications of effort and eliminate waste through repetition</li><li>• Helping the councils achieve an appropriate balance in risk and return</li></ul>		<ul style="list-style-type: none"><li>• Promote and contribute to the development of best practise</li><li>• Make it easier for communities to engage with councils in the Waikato region on a consistent basis</li><li>• Promote business transformation to improve communities' experiences</li></ul>		<ul style="list-style-type: none"><li>• Enable the Waikato councils to collectively be more effective as a region on the national stage</li><li>• Contribute to building central government's confidence in the Waikato region, and to encourage central government investment</li></ul>
PRIORITIES: HOW WE WILL ACHIEVE OUR OUTCOMES	Investigate the right opportunities	Develop opportunities on time and within budget	Ensure opportunity benefits are realised	Provide services that meet the need of council	Foster cross-council collaboration
WHAT WE MUST MANAGE WELL	Our relationships	Our services	Our projects	Our people	Our resources
	Our reputation				

**Priorities and Performance Measures**

Strategic priorities will be tracked using the following performance measures:

PRIORITY	PERFORMANCE MEASURE	TARGET
Prioritise and develop opportunities that add value to councils by achieving one or more of our objectives	Business cases will include measurable benefits linked to one or more of the outcomes sought	Projected savings to councils of \$300k+
Linked Impact(s)	Opportunity assessments are supported by councils (evidenced by Board minutes)	75% of councils
Develop opportunities and deliver projects within agreed budgets and timelines <sup>1</sup>	Opportunities / projects are developed / delivered within agreed timelines	80%
Linked Impact(s)	Opportunities / projects are developed / delivered, within approved budget	90%
Ensure projects realise their expected benefits	Measurable benefits are actively monitored and reported against	Six-monthly
Linked Impact(s)	Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)	\$200k+ Projects Within 15 months 90% of projected quantifiable benefits are realised
Ensure existing services are meeting the needs of councils	The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey): <ul style="list-style-type: none"><li>• RATA – roading &amp; waters</li><li>• Waikato Building Cluster</li><li>• Regional Infrastructure Technical Specifications</li><li>• Energy &amp; Carbon Management</li><li>• Professional Services Panel</li><li>• Health &amp; Safety pre-qualification</li></ul>	80% of councils
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice	Across these groups, ideas for future consideration and/or initiatives are identified each year	Six per annum
Linked Impact(s)		

1 Budgets and timelines for opportunity development will be those established following discovery and/or opportunity assessment. A business case will refine these parameters with respect to project delivery.

The targets noted above are for the three-year forecast period as stated in WLASS Statement of Intent for the year ended 30 June 2021.



# WAIKATO DISTRICT COMMUNITY WELLBEING TRUST

In 2010, the Waikato Foundation Trust proposed to distribute its capital fund to projects or trusts to fund projects of a community nature which would result in long term benefits to as many people as possible within the geographical area of the three constituent territorial authorities namely the Hamilton City Council, the Waikato District Council and the Waipa District Council. The Waikato District Community Wellbeing Trust was established to receive funds from the Waikato Foundation Trust which wound up in 2010. \$2.56 million was transferred to the Waikato District Community Wellbeing Trust during 2011/12.

The trust distributes funds that:

- Promote the social, environmental and cultural well-being of the Waikato district and its communities; and
- Deliver on the aspirations and community outcomes of the Waikato district identified

TARGET	METHOD	MEASURE
Government		
The Trust will be governed in accordance with the terms of the Trust Deed.	To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed;	Undertake an annual legal review of compliance with the Trust Deed no later than two months after the end of each financial year.
Investment		
<p>The Trust will, in accordance with the Trust Deed, invest or reinvest part or parts of the Trust Fund not immediately required for the purposes of the Trust (whether income or capital) in investments or securities, as the Trust Board considers beneficial to the Trust Fund.</p> <p>The Trust will also seek other opportunities and avenues for growing the Trust fund. The intention of the Trustees is that the real value of the Trust Fund is preserved.</p>	<p>To adhere to the Trust's Management of Investment Portfolio and Distribution Policy.</p> <p>To review, on an annual basis, the investment mandate and the performance of the portfolio manager.</p>	At each quarterly meeting review compliance with the Trust's Management of Investment Portfolio and Distribution Policy during that quarter.
Funds Disbursement		
The Trust will, as appropriate, disburse funds towards projects that meet the Trust's criteria and that meet the objectives of the Trust Deed.	As per the Management of Investment Portfolio and Distribution Policy, to distribute total grants that do not exceed 50% of the accumulated net income after allowing for accumulated expenses, inflation movements and prior year distributions.	A distribution process is undertaken that distributes the annual fund to eligible recipients in accordance with funding targets set by the Trustees in accordance with the Management of Investment Portfolio and Distribution Policy. Six-monthly reports are received from all successful applicants within the required timeframes.

Each Council Controlled Organisation has both financial and non-financial performance deliverables. More detail can be found in the individual statements of intent of these organisations.

