



2009-2019

Long-Term Council Community Plan Volume Two



part 3: council controlled
organisations

part 3: council controlled organisations

Council controlled organisations

Council controlled organisations are described in the Local Government Act 2002 as 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.

Matamata-Piako District Council is a shareholder in the Waikato Regional Airport Limited (Hamilton International Airport) and the Local Authority Shared Services Limited as outlined in the following table.

Waikato Regional Airport Limited (WRAL)			
Ownership	Why does it exist?	What does it do?	
WRAL is jointly owned by five local authorities; Hamilton City, Waikato District, Waipa District, Otorohanga District and Matamata-Piako District Councils. Matamata-Piako's shareholding is 15.625%	WRAL replaced the Airport Authority in 1989, which previously ran the airport. Council considers that the airport is a significant infrastructural asset for the region and important for economic growth and development. The LGA defines shareholding in an airport as a strategic asset.	The objective of the WRAL is to provide and operate a successful, affordable commercial business, providing safe, appropriate and efficient services for the transportation of people and freight. The airport enhances the economic development of the Waikato Region and the retention of the airport as a major infrastructural facility is important to the economy of the Waikato.	
Performance measures	2009/10	2010/11	2011/12
Net profit after tax to average shareholders funds	0.50%	0.76%	0.65%
Net profit before tax/interest to total assets	2.28%	2.37%	2.28%
Net profit after tax to total assets	0.32%	0.55%	0.48%
Net profit before tax/interest to average shareholders funds	3.49%	3.29%	3.13%
Percentage of Non Landing Charges Revenue (defined as revenue that has not been recovered directly from airlines)	81.42%	78.59%	78.90%
Earnings Before Interest, Taxation and Depreciation (EBITD)	2,878,199	3,018,928	3,064,081
Total Liabilities/Shareholders Funds (Debt/Equity Ratio)	26:74	27:73	27:73
Interest Rate Cover The interest rate cover measures the number of times the Net Profit Before Interest, Tax and Depreciation (EBITD) covers interest paid on debt and is used as an indicator of under-capitalisation. The forecast interest coverage of 2.4:1 for 2008/09 complies with the ASB Bank's requirement that the interest rate coverage ratio does not fall below 1.5.	2.4:1	2.8:1	2.8:1

Airport uncalled capital

Council has a contingent liability of \$3.375m for uncalled capital as at 1 July 2008. Council expects that Air New Zealand's withdrawal of international flight services

from the airport will necessitate the reduction of the company's debt. Council's prospective financial statements have been prepared on the basis that \$1.7m of the uncalled capital will be paid to WRAL by 30 June 2009.

part 3: council controlled organisations

Local Authority Shared Services Limited (LASS)		
Ownership	Why does it exist?	What does it do?
<p>Local authorities of the Waikato Region have established LASS as a council controlled organisation by way of a company, in which each local authority in the Waikato Region has a single share.</p> <p>Matamata-Piako's shareholding is 7.69%.</p> <p>One member between Thames-Coromandel, Hauraki and Matamata-Piako District Councils.</p>	<p>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 of working together, such as the outcomes achieved and the reduction of costs to the community.</p> <p>The shared service initiatives have been formalised by the establishment of the LASS.</p> <p>Council became a shareholder for the purpose of developing shared services across the local authorities in the Waikato region, following public consultation in the 2005/06 Annual Plan.</p>	<p>This company is used as an umbrella for future development of shared services through the Region.</p> <p>There are a number of services provided by local authorities, particularly in respect of information collection and management, where improved services at lower aggregate cost can be achieved by having a number of authorities participate in purchase or development of infrastructure for the service, and ongoing operation of it.</p> <p>The specific objectives of the company will be agreed each year in accordance with the constitution and the Statement of Intent to be agreed between the Board of the company and the shareholders.</p> <p>Current activities are a Shared Valuation Database Service and Waikato Regional Transport Model.</p>
Performance targets		
<ul style="list-style-type: none"> • Positive cash flow will be maintained so that the equity ratio is maintained at a minimum of 40% • Expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors 		

Council Policies

Council has no other policies and objectives that relate to the ownership or control of the above organisations.



glossary

appendix

Appendix One

The cumulative inflation factors applied in the plan are listed in the table below:

%	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Energy	0.00	3.20	5.55	8.26	11.48	14.68	18.43	22.32	26.30	30.56
Other	0.00	4.60	8.02	10.47	13.10	15.45	17.97	20.66	23.40	26.34
Property	0.00	3.80	6.98	9.74	12.78	15.91	19.23	22.78	25.94	28.69
Roading	0.00	4.40	7.40	10.48	13.10	15.68	18.20	20.89	23.77	26.71
Staff	0.00	3.70	6.47	9.32	12.02	14.79	17.64	20.67	24.49	27.82
Water	0.00	4.90	8.01	11.01	13.98	17.70	21.08	25.28	29.13	33.23



glossary

glossary

Annual Plan

Contains the Council's proposed budget and funding impact statement for one financial year. Identifies any variation from the financial statements and funding impact statement included in Council's current LTCCP for that year.

Annual Report

A report that the Council prepares once a year to assess performance against its objectives, activities, performance targets and budgets outlined in the LTCCP.

Council Organisation

Any organisation in which the Council owns or controls any proportion of voting rights or has the right to appoint one or more of the directors, trustees, etc.

Council-Controlled Organisation (CCO)

An organisation in which one or more local authorities owns or controls 50 percent or more of the voting rights or has the right to appoint 50 percent or more of the directors of the organisation.

Capital Expenditure

Money spent to build or buy a new asset or to improve the standard of an existing asset.

Equity

As a financial term, also known as net worth. The total value of assets less total liabilities.

Funding Impact Statement

The way we identify how and where we collect our funds.

LGA

Local Government Act 2002.

LGRA

Local Government (Rating) Act 2002.

UAGC

Uniform Annual General Charge.



2009-2019

Long-Term Council Community Plan **Volume Two**



**matamata
piako**

district council