



Napier City Council
**Council Controlled
Organisations**

Supporting Document
for Long Term Plan Consultation Document 2018



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

Council Controlled Organisations

These can be best described as any organisation in which one or more local authorities control 50% or more of the voting rights or have the right to appoint 50% or more of the trustees, directors or managers. These include the following:

A company in which equity securities carrying 50% or more of the voting rights at any shareholders' meetings are held or controlled (directly or indirectly) by one or more local authorities, or where one or more local authorities has the right (directly or indirectly) to appoint 50% or more of the directors.

An entity where one or more local authorities have control (either directly or indirectly) of 50% or more of the votes at any meeting of the members or controlling body of the organisation, or the right to appoint 50% or more of the trustees, directors or managers of the organisation.

The following Council Controlled Organisations have been established to assist the Council to achieve its objectives:

Hawke's Bay Airport Limited

Policies and Objectives Regarding Ownership and Control

Hawke's Bay Airport Limited (HBAL) is incorporated under the Companies Act and is owned by the Crown 50%, Hastings District Council 24% and Napier City Council 26%. The HBAL produces separate annual accounts and no payments are forecast to be made by Council to HBAL in the Long Term Plan (LTP).

There are no Council specific objectives, policies or targets for HBAL. Council reviews and confirms HBAL objectives outlined below.

Nature and Scope of Activities

HBAL's core business is to be an efficient airport operator providing appropriate facilities for all airport users and the travelling public. HBAL's Vision Statement is:

Our vision is to be New Zealand's leading regional airport where people and commerce thrive.

HBAL will work towards achieving its vision by pursuing the following Six Strategic imperatives:

- Optimise shareholder value and returns
- Diversify the HBAL revenue base
- Champion a positive customer experience inside and outside the terminal
- Continually improve the management of all business risks
- To be an employer of choice focused on the development of our people
- To improve our impact on the environment

Performance Targets for Hawke's Bay Airport Limited

The following table sets out the financial performance targets as per the Company's Statement of Intent for the year ended 30 June 2019, and the following two years.

Financial Performance Targets	2018/19	2019/20	2020/21
Group Revenue	6,633,623	6,865,275	7,159,855
Operating Expenses	3,238,013	3,343,311	3,460,160
Profit before Tax	1,837,257	1,326,885	1,328,603
Profit after Tax	1,322,926	955,327	956,530
Net Debt	10,636,000	14,698,000	14,033,000
Total Assets	48,608,000	52,819,000	52,460,000
Shareholders' Funds	31,144,000	31,570,000	32,145,000
Operating Cashflow	2,831,000	2,246,000	2,312,000
Capital Expenditure	11,040,000	5,844,000	1,264,000
Dividend	529,000	382,000	383,000
Return on Equity	4.3%	3.1%	3.0%
Net Gearing Ratio	22.2%	29.1%	27.6%
Shareholders' Funds/Total Assets	64%	60%	61%

Council Controlled Organisations continues

Hawke's Bay Local Authority Shared Services Limited

Policies and Objectives Regarding Ownership and Control

Hawkes Bay Local Authority Shared Services Limited (HBLASS) is an incorporated Company. It is jointly owned by Central Hawke's Bay District Council (11%), Hastings District Council (26%), Hawke's Bay Regional Council (26%), Wairoa District Council (11%) and Napier City Council (26%).

During March 2018 the group of Hawkes Bay Councils agreed that HBLASS, as a legal entity will be made dormant in the short term.

The company HBLASS will continue however, it will be exempt from CCO reporting requirements, allowing its possible reactivation in the future. The same HBLASS board structure, with the same five Council CEOs and independent chair will continue without the legal entity requirements and with a focus on collaboration between councils.

Hawke's Bay Museums Trust

Policies and Objectives Regarding Ownership and Control

The Hawke's Bay Museums Trust (HBMT) is a Council Controlled Organisation as three of the five-member Board are Council nominees. This is in accordance with the revised Constitution and Rules adopted 30 October 2006, which were amended to reflect the change in role to that of owner and guardian of the regional collection.

HBMT Objectives

The objectives of the Trust are:

- To hold and protect the collection for the people of Hawke's Bay
- To encourage the development of quality cultural facilities capable of accessing or drawing upon the collection within Hawke's Bay
- To advance and promote cultural heritage and the arts through the use of the collection
- To oversee collection management through the development of

collection policy, conservation and risk management strategies via a contract for services with the Napier City Council

- To oversee collection development through the regulation of the acquisition and disposal of collection items
- To manage the bequests vested in the Trust in a way in which best industry practices benefit the collection.

Nature and Scope of Activities

The Nature and Scope of Activities to be undertaken by Napier City Council are outlined below. These activities will be achieved in accordance with agreed best industry practice and consistent with HBMT policies and procedures.

1. Protection
 - Storage including pest control, storage media, shelving and air quality
 - Pest control
 - Storage media
 - Shelving
 - Air quality
 - Security including alarm and access systems and monitoring, and insurance
 - Alarm systems (burglary, fire)
 - Alarm monitoring
 - Access systems
 - Insurance (loan items, owed items)
 - Records Management including Vernon database and other records
 - Vernon database
 - Other records
2. Quality including conservation, accessioning and de-accessioning
 - Conservation - appropriate conservation to accepted best industry practice and consistent with HBMT collection policies.
 - Accessioning - appropriate accessioning to accepted best industry practice consistent with HBMT collection policies.
 - De-accessioning - appropriate de-accessioning to accepted best industry practice

Council Controlled Organisations - Hawke's Bay Museums Trust continues

consistent with HBMT collection policies.

3. Access including exhibitions, research and archives
 - Exhibitions - Collection available to Hastings City Art Gallery and MTG Hawke's Bay and other institutions as appropriate within accepted best industry practice.
 - Research - Collection made available through MTG Hawke's Bay as appropriate within accepted best industry practice.
 - Archives - Archives made available through MTG Hawke's Bay as appropriate within accepted best industry practice.
4. Development including fundraising, reserves management and relationship development.
 - Fundraising - To work with the MTG Hawke's Bay Foundation to provide funding.
 - Reserves - To appropriately manage accession reserves.
 - Relationships - To appropriately manage relationships to allow the collection to develop appropriately.
 - Funding Councils
 - Te Rōpū Kaiawhina Taonga
 - MTG Friends

Capital Expenditure

There is no planned expenditure on buildings or plant and machinery for the 2018-2020 periods. Accessions and conservation will be funded from grants, donations, de-accessions, and bequest and investment interest income.

Faraday Centre

Trustees are reviewing the future direction of the Faraday Centre. This includes potentially separating this activity from the Hawke's Bay Museums Trust when a sustainable model is identified.

Compensation from Local Authority

The costs of maintaining the collection will be equally funded by Napier City Council and Hastings District Council. Additional funding may be sought from other sources as appropriate.

The Board estimates the commercial value of the Hawke's Bay Museums Trust collection at approximately \$39 million (including the Faraday Collection).

Council Controlled Organisations - Hawke's Bay Museums Trust continues

Performance Targets

Performance targets set by HBMT are:

Key Result Area	Performance Indicator	Target Reporting Method	
		2018-2020 Target	2017/18 Target
Protection	Full insurance cover is provided for the collection.	Yes	Yes
	Collections are stored in an acceptable environment.	No items reported to have suffered deterioration due to environment	No items reported to have suffered deterioration due to environment
Quality	Every item accessioned into the collection has undergone a detailed selection process within the framework of the Collection Strategy	Yes	Yes
	De-accessions are managed in accordance with the Collection Strategy and reported to the Board	Yes	Yes
Access	HBMT collections are used for academic and personal research	1,500 enquiries	2,000 enquiries
	Collections are made available to the public through quality exhibitions	Minimum of five collection based exhibitions	Minimum of five collection based exhibitions
Development	Bequest funds income is used in the manner determined by the donor.	Yes	Yes
	Conservation funds income is used solely for collection care.	Yes	Yes
	Joint HBMT/Te Rōpū Kaiawhina Taonga meeting held.	1 per annum	3 per annum

Other Organisations with Council's Significant Interest

Omarunui Landfill Operation

The Omarunui Landfill site is the disposal point of refuse from Napier City and Hastings District. The site is a 180 hectare farm located off Omarunui Road in the Hastings District.

The facility is jointly owned and operated by the two Councils under a Joint Committee Agreement, the ratio being Hastings District Council 63.68% and Napier City Council 36.32%.

The facility is operated as a part of this Council's solid waste infrastructure with the charges set at a level to cover all operating and capital costs.