

# **Omarama Airfield Limited**

## **Statement of Intent**

### **For the Year 2015-16**

#### **1. Introduction**

This Statement of Intent has been prepared in accordance with Section 64 of the Local Government Act 2002.

It outlines the activities and intentions of Omarama Airfield Limited for the 2015 -16 year and the objectives to which those activities will contribute. Performance targets and measures are specified, along with the Company's policies relating to governance and other matters.

The Statement of Intent is reviewed annually by the Company in consultation with its two share holders the Waitaki District Council and the Omarama Soaring Centre Incorporated.

#### **2. The Company**

##### **2.1 Background**

Omarama Airfield Limited was formed in 1993 to develop and operate the Omarama Airfield. Waitaki District Council and Omarama Soaring Centre Inc. jointly own the Company with each shareholder owning 50% of the shares issued by the Company. Under the provisions of the Local Government Act 2002, it is deemed to be a Council Controlled Trading Organisation.

Council's primary objective for continued ownership is to maintain public access to the airfield for its transport and recreational facilities while encouraging the gliding facilities and activities which make use of the world class gliding environment of the Omarama area.

##### **2.2 Nature and Scope of Activities**

Omarama Airfield Limited owns the airfield, infrastructure and common facilities and is responsible for its ongoing development and day to day airfield operations, maintenance and administration as required.

## 2.3 Objectives

The principal objective of the Company is to provide airfield facilities and associated infrastructure to support flying activities and encourage other air operations opportunities in the Omarama area. The principal objective is advanced through:

- Maintaining airfield infrastructure
- Public access to airfield facilities;
- Recreational flying activities;
- Commercial operations,
- Competitions and events and
- Founding club operations.

## 2.4 Shareholder Expectations

The shareholders expect that in conducting the affairs of the Company, the directors shall ensure:

- Business activities are conducted in an efficient and effective manner.
- Assets and liabilities are prudently managed.
- Overall performance support shareholders reasons for continued ownership.
- Appropriate decisions are made that enhance the achievement of the Company's long term needs and objectives.
- The Company acts as a good employer and as an environmentally conscious and responsible citizen.
- Transparent and collaborative relations are maintained with its shareholders.

# 3. Reporting and Performance Measures

## 3.1 Reporting Frequency and Content

A Director of the Company shall attend any meeting at which the Annual Report or Half Yearly Report is presented to Council or the Omarama Soaring Centre as shareholder.

The following information will be available to the shareholders based on an annual balance date of 30<sup>th</sup> June:

### Draft Statement of Intent

By 1 March each year, the Directors shall deliver to the shareholders a Draft Statement of Intent for the following year which fulfils the requirements of Section 64 of the Local Government Act 2002.

### Completed Statement of Intent

By 30<sup>th</sup> June of each year, the Directors will deliver to the shareholders a Statement of Intent for the following year which fulfils the requirements of Section 64 of the Local Government Act 2002.

### Half Yearly Report

Within two months after the end of the first half of each financial year, the Directors shall deliver to the shareholders an un-audited report containing the information required by the Financial Reporting Act 1993 and a commentary on the results for the first six months together with a report on the outlook for the second six months with reference to any significant factors that are likely to have an effect on the Company's performance.

### Annual Report

Within three months after the end of each financial year, the Directors shall deliver to the shareholders an annual report that will include:

- A report on the operations of the Company to enable an informed assessment of the Company's performance, including variations from the business plan and achievements against performance targets.
- Audited financial statements as required under the Financial Reporting Act 1993.
- A report on performance against the Corporate Governance Statement.

## **3.2 Performance Targets and Measures**

Over the next three years the Company's performance targets are to:

- (i) Maintain operate and provide planned services within budgeted income.
- (ii) Achieve a break even or better result after prudent provision for assets depreciation and replacement, and for future trading requirements.
- (iii) Update the Company's business plan on an annual basis.
- (iv) Enhance the economic benefits to the Omarama and Ahuriri community arising from the operation and development of the airfield as measured by increased patronage of facilities and participation in events.

### Ratio of Consolidated Shareholders' Funds to Total Assets

'Shareholders' Funds' (Equity) are defined as the paid-up capital plus any retained tax paid profits earned and less any dividends distributed to shareholders. They include accumulated surpluses, revaluation reserves, trust funds and any other reserves or funds which have been accumulated in accounts known as either "Revenue Reserves" or "Capital Reserves".

'Total Assets' are defined as the sum of all current and non-current assets plus investments of the Company.

The projected target for the ratio of shareholders' funds to total assets is at least 90%.

### Directors Estimate of the Company Value

The Company's commercial value is estimated in all material respects to be equivalent to the paid up share capital. The directors will advise the shareholders on an annual basis if they believe the value to differ materially from this state.

## **4. Governance, Policy and Procedures**

### **4.1 Corporate Governance Statement**

#### *(a) Role of the Board of Directors*

The Directors' role is defined in Section 58 of the Local Government Act 2002. This section states that all decisions relating to the operation of the Council Controlled Organisation shall be made pursuant to the authority of the directorate of the Organisation and its Statement of Intent. The Board consults with the Company's shareholders in preparing and reviewing the Statement of Intent.

The Board meets on a regular basis and is responsible for the proper direction and control of the Company's activities. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and reporting to shareholders. While the Board acknowledges that it is responsible for the overall control framework of the Company, it recognises that no cost effective internal control system will preclude all error and irregularities.

#### *(b) The Role of the Shareholders*

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. The shareholders are consulted with on the review of the Company's Statement of Intent and are responsible for the appointment of directors. Information is communicated to shareholders in the Annual Report, the Interim Report and special meetings where required.

#### *(c) Board Appointments*

Two of the Company's four directors are appointed by Council in accordance with Council policy. The other two directors are appointed by the company's other shareholder, Omarama Soaring Centre Inc. The Council's director rotation policy requires its directors to retire over any three year period. Retiring Directors shall be eligible to apply for reappointment.

#### *(d) Board Committees*

There are no Board Committees.

#### *(e) Company Management Structure*

The Company's organisational structure includes the four Directors' with airfield management, administration and maintenance services contracted as required.

### **4.2 Dividend Policy**

It is not intended that the Company will pay a dividend

### **4.3 Accounting Policies**

The Company's accounting policies will comply with the legal requirements of the Companies Act 1993, the Financial Reporting Act 1993 and Local Government Act 2002 and be consistent with generally accepted accounting principles.

A full statement of Accounting Policies will be presented in the Company's Annual Report.

### **4.4 Procedures for Acquisition of Other Interests**

The acquisition of shares or interest in other companies or organisations will only be considered by the Directors where such acquisition is consistent with the long term commercial objectives of the Company.

If the directors believe that the Company should invest in, or otherwise acquire, any interest in another company or organisation, they will obtain the prior approval of the shareholders.

### **4.5 Activities for Which the Company Seeks Compensation from any Local Authority**

The directors will co-operate with council in establishing an in ground disposal field for waste grey water. It is envisaged there will be no cost to the company and the project will be mutually beneficial to both parties.

There are no other activities contemplated for which the directors seek compensation from any local authority.

The Council is not permitted to provide any guarantee, indemnity or security in respects of the assets, liabilities or trading activities of the Company.

### **4.6 Tendering Policy**

The Company has a tendering policy relating to the supply of goods and services to the Company from suppliers and directors.

Compliance with the tendering policy is reported in the Company's Annual Report.