

# **Omarama Airfield Limited**

## **Statement of Intent**

### **For the Year 2017-18**

#### **1. Introduction**

This Statement of Intent has been prepared in accordance with Clauses 9 and 10 in Schedule 8 of the Local Government Act 2002.

It identifies for the 2017-18 the activities and intentions of Omarama Airfield Limited for the 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 compiled annually in consultation with the two shareholders, 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. each own 50% of the shares issued by the Company. Under the provisions of the Local Government Act 2002, the company is a Council Controlled Organisation.

Council's primary objective for continued ownership is to maintain public access to the transport and recreational facilities of the airfield whilst encouraging the gliding activities which 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 the operation and ongoing development of the facility.

##### **2.3 Objectives**

The principal objective of the Company is to provide airfield facilities that support flying activities and encourage air operation opportunities in Omarama.

The principal objective is advanced through:

- Enhancing the airfield infrastructure for local and international gliding visitors;

- Providing public access to airfield facilities;
- Enabling recreational flying activities where they support the above objectives;
- Supporting commercial operations;
- Hosting competitions and events and
- Supporting aviation 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.
- The overall performance supports shareholder reasons for continued ownership.
- The decisions made enhance the achievement of the Company's long term objectives.
- The Company acts as a good employer and as an environmentally conscious and responsible citizen.
- That transparent and collaborative relations are maintained with the shareholders.

## **3. Reporting and Performance Measures**

### **3.1 Reporting Frequency and Content**

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

Based on an annual balance date of 30<sup>th</sup> June the company will in accordance with the provisions of Clauses 8 and 9 of Schedule 8 and Section 64 of the Local Government Act 2002 provide to the shareholders the following reports:

#### *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 .

#### *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.

#### *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. The report shall include a commentary on the first six months results and 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 of the end of the financial year, the Directors shall deliver to the shareholders the Annual Report which 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 financial result after prudent provision for asset replacement, depreciation and 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 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.

## **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 'the role of a director of a council-controlled organisation is to assist the organisation to meet its objectives and any other requirements in its statement of intent' without limitation on 'the other duties that a director of a council-controlled organisation has.' 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 as required by the Local Government Act 2002 and the Companies Act 1993

The Board acknowledges that it is responsible for the overall control framework of the Company but it recognises that no cost effective internal control system will preclude all errors and irregularities.

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

The Board will ensure that the shareholders are informed of all major developments affecting the Company. The shareholders are provided with a draft Statement of Intent and information is communicated to them via the Half Yearly and Annual Reports or if required special meetings.

The shareholders appoint the directors

#### *(c) Board Appointments*

The board comprises four directors and in accordance with the constitution two are appointed by each shareholder.

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 four directors' are involved on a day to day basis in the management of the airfield with 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.

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.

The approval of the shareholders will be obtained prior to any such transaction.

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

The directors will co-operate with council in establishing a discharge to land via seepage field for the wastewater outfall from the Omarama waste water treatment plant. Providing there is no cost to the company

There are no other activities contemplated for which the company seeks local authority compensation.

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

#### **4.6Tendering Policy**

The Company has a tendering policy for the supply of goods and services to the Company..

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