

Ngā rōpū a te kaunihera

Statement on council controlled organisations



WHAT IS A COUNCIL CONTROLLED ORGANISATION?

A Council Controlled Organisation (CCO) is an organisation where a council (or a number of councils) either directly or indirectly controls the organisation.⁵² This control can be ownership of shares, voting rights or the power to appoint directors or trustees. Currently Council has three CCOs:

1. MWRC Holdings Limited;
2. MW LASS Limited; and
3. Regional Software Holdings Limited.

SIGNIFICANT POLICIES FOR OUR COUNCIL CONTROLLED ORGANISATIONS

- Policy on Appointment and Remuneration of Directors
- Investment Policy
- MWRC Holdings Statement of Intent
- Regional Software Holdings Statement of Intent

⁵² The definition of a Council Controlled Organisation is set out in Section 6 of the LGA 2002

1. MWRC HOLDINGS LIMITED

Description and objectives

MWRC Holdings Limited is our investment holding company that manages Council's income-generating assets such as port investments, property rentals/developments and short-term cash investments. In addition, MWRC Holdings Limited manages a portfolio of New Zealand and international equities for Council.

The company was established in December 2009 with the objective of providing a commercial basis for the management of Council's medium and long-term investments. Investment in this company is provided for in our Investment Policy which can be found on our website www.horizons.govt.nz. It should be noted that the company's main investment, (23.08 per cent of the shares in CentrePort Limited) is considered a strategic asset under our Significance and Engagement Policy.

Nature and scope of activities

MWRC Holdings Limited is charged with commercially managing our medium to long-term investments, which currently comprise the following:

- To hold and manage the 23.08% shareholding in CentrePort Ltd.



He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing



He whatunga waka mauritau
Our region has effective transport networks



He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

- To hold manage the \$3.67 million 28 North Street investment property.
- To hold manage the \$25 million 17-23 Victoria Ave investment property.
- To hold manage the \$1.1 million 7 Victoria Ave investment property.
- To hold manage the \$0.8 million 184 Grey Street investment property.
- To hold manage the \$2.0 million 40 Bowen Street investment property.
- To manage the \$3.797 million Hobson Wealth investment as directed by Council with a focus on increased returns rather than capital growth assets. This investment is owned by Council but managed by MWRC Holdings Ltd.
- To operate within the developed process for identifying and evaluating potential investment opportunities in a non-political environment.
- To develop sound and prudent strategies and policies for its trading and capital intensive investments.
- To research and develop new investment opportunities that meet Council's objectives, which is to enhance the well-being of the region, provide a return per shareholder's requirements and match the risk profile of Council.

Key performance targets

MWRC Holdings' current performance targets are set out in its 2024-26 Statement of Intent as shown below.

The targets are to:

- Operate within agreed budgets; and
- Maintain the following financial performance targets.

	2023-24 \$000	2024-25 \$000	2025-26 \$000
Net Profit/(Loss) Before Tax	2,430	2,650	2,816
Income Return on Total Assets ¹	3.05%	3.33%	3.47%
Income Return on Net Assets excluding Investment in CentrePort	6.56%	7.22%	6.79%

Dividend Payment (excluding subvention payments)	2,049	2,226	1,110
Debt Repayment	-	-	1,500

Note: 1. Return on Total Assets is the net profit before interest, tax and depreciation (EBITDA) divided by the total average assets.

2. MW LASS LIMITED

Description and objectives

MW LASS Limited is a council-controlled organisation (CCO) set up in 2008 by seven councils (Horizons Regional Council and Horowhenua, Manawātū, Rangitikei, Ruapehu, Tararua and Wanganui District Councils) within the Region to investigate efficiencies and cost savings for the participating councils. We own one seventh or approximately 14% of this company. The company is considered to be a CCO under the Local Government Act 2002, but the member councils have resolved that it is exempt for the purposes of Section 6(4)(i) of that Act.

Nature and scope of activities

The focus of the company is to provide benefit to Councils and their staff through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation. Activities range from joint tendering projects to actually employing staff to more effectively run Council operations such as:

- Archives Central
- Debt Management Central

Key performance targets

MW LASS is an “exempt organisation” under section 7 of the Local Government Act 2002. As such, it does not have performance measures and targets.

Ngā putanga ā-hapori Our community outcomes



He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered



He pūnaha hauropi ora
Our region's ecosystems are healthy



He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

3. REGIONAL SOFTWARE HOLDINGS LIMITED

Description and objectives

Regional Software Holdings Ltd was incorporated in 2012 by six Regional Councils (Waikato, Northland, Taranaki, Southland, West Coast and Horizons Regional Councils) to provide a high quality shared service for the regional council sector that delivers value to shareholders, customers and the sector. We own 15.5% of this company.

Nature and scope of activities

RSHL provides a framework for collaboration across Te Uru Kahika. It supports the procurement or development of shared solutions in a manner that provides greater consistency in how we operate. RSHL provides a more cost effective alternative than individual councils can achieve on their own

RSHL activities are grouped as follows:

- IRIS Software Platform
 - IRIS Next Generation Software Platform
 - Environmental Monitoring and Reporting
 - Regional Sector Office
- Sector Financial Management System

Significant policies and obligations on ownership and control

Council will retain its shareholding in Regional Software Holdings Ltd as long as it remains a user of the IRIS solution.

Key performance targets

The performance of Regional Software Holdings Ltd can be judged against the following measures:

	Measure	2023/24	2024/25	2025/26
Non-Financial	Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support. Provide a summary of the survey results in the annual report, including performance against the baseline. Survey results to be the same or better than the previous year.	Complete baseline survey	Complete survey. Results to be better than previous year.	Complete survey. Results to be better than previous year.
	Budgets for IRIS support and development are approved by the IRIS Advisory Group and Board by 30 June each year. Delivery within these budgets is effectively managed by the Advisory Group and the Chief Executive	Applies each year		
	Be an effective service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System. Revenue and Expenditure for SFMS Programmes are within budget, with any variations approved by the RCEOs. Annual Survey of Programme Leads in relation to SFMS Management presented to RCEOs in June. Survey results to be the same or better than the previous year.	Complete baseline survey	Complete survey. Results to be better than previous year.	Complete survey. Results to be better than previous year.

	Measure	2023/24	2024/25	2025/26
	Effectively support the activities of the Te Uru Kahika through the Regional Sector Office. Annual survey of RCEOs in relation to performance of the sector office presented to RCEOs in June. Survey results to be the same or better than the previous year.	Applies each year		
	Budgets for EMAR are approved by the EMAR Steering Group by 30 June each year, and delivery within these budgets is effectively managed by the EMAR Project Manager.	Applies each year		
	Be a service delivery vehicle for wider regional council sector and related bodies information management programmes and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the relevant regional sector group.	Applies each year		
Financial	RSHL will operate within approved budget, with any material variations approved by the relevant governance group. RSHL Overheads – RSHL Board. IRIS NextGen Programme – IRIS NextGen Steering Group IRIS Programme – IRIS Advisory Group Sector Financial Management System – RCEOs Group	Applies each year		
	Annual charges for shareholders and customers to be at the level approved by the relevant governance group. Based upon the approved operating budget and budgets. RSHL Overheads – RSHL Board. IRIS NextGen Programme – IRIS NextGen Steering Group IRIS Programme – IRIS Advisory Group Sector Financial Management System – RCEOs Group	Applies each year		
Growth	Monitor the regional sector and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.	Applies each year		
	Work with the Te Uru Kahika Network to develop shared service opportunities.	Applies each year		
	Engage with councils in the regional sector to increase the scope of the usage of shared solutions. The objective is to increase the number of councils using the solutions, and the breadth of the solution in use.	Applies each year		

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