

Council Controlled Organisations

Far North Holdings Ltd



At a Glance

Interesting Facts

Far North Holdings Limited (FNHL) will continue to focus on moving major infrastructural projects forward and managing resources and activities efficiently to provide for further reinvestment in aviation and maritime developments. There will be impetus given to key strategic projects including both Paihia Waterfront redevelopment and the Opuā Marine Industrial Park.

It is anticipated that demands on the Kerikeri airport infrastructure will continue and the Company will work with Council to explore options for meeting these with appropriate developments. There is further work required at Kaitiā airport to sustain and enhance the facility and position for continued growth in activity. The Company will continue to negotiate with the Crown for security of tenure of the airport lease to ensure investments are retained.

The Company will continue to pursue options for the redevelopment of various under-utilised commercial maritime facilities.

FNHL plans to return its non-strategic and community assets to Far North District Council and become an investor in only strategic and commercial assets, with a view to maximising its dividend to the community.

FNHL will consult with its shareholder to identify generic areas of new high priority infrastructure, and then invest in

those sectors as opportunities arise. Because of its capital constraints, investing in new sectors will require FNHL to recycle its existing capital. This will be done by divesting (either partially via joint ventures or via a full divestment) some, or all, of its existing investments in strategic assets, most likely to a private sector operator.

Highlights of Performance

Number of Performance Measures	3	4	14
	2008/09	2009/10	2010/11
Achieved	100%	100%	79%
Not Achieved	0%	0%	21%

Statement of Service Performance

For FAR NORTH HOLDINGS LTD the following pages detail:

1. Service performance information provides the actual achievements, issues and challenges going forward for each performance measure against the Annual Plan 2010/11.

FYI: Key symbols are used to identify each measure contributing to Community Outcomes. For more information on Community Outcomes please refer to page 76.



Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities

Council Controlled Organisation Initiatives		Measure		SC
Engage in successful commercial transactions		Growth in value of FNHL to the shareholder		
Result 2009/10: Not achieved	Target 2010/11: Annual increase	Result 2010/11: Not met	Not Achieved - Comments: Council has determined that the community is better served by the return of funds in the form of dividends and this is now the primary measure.	
Challenges going forward: The ongoing effects of continuing devaluations in property values from the general recession.				

Council Controlled Organisation Initiatives		Measure		SC
New Measure: Engage in successful commercial transactions		To return funds to the Community		
Result 2009/10: Dividend amount \$510,720	Target 2010/11: Dividend amount \$510,000	Result 2010/11: Dividend amount \$521,000	Achieved - Comments: Achieved target in spite of the difficult trading conditions.	
Challenges going forward: The continuing difficult trading conditions for all of our customers as a result of the general recession.				

Council Controlled Organisation Initiatives		Measure		SC
Maximise availability of assets		Number of days closed attributable to FNHL		
Result 2009/10: 0	Target 2010/11: 0	Result 2010/11: 0	Achieved No assets have been closed to public use, other than for short time periods due to planned routine maintenance.	
Challenges going forward: Several maritime assets are reaching the end of their effective useful life and decisions on their future replacement are required.				

Council Controlled Organisation Initiatives		Measure		SC
Effective financial management		Clean audit sign off each year		
Result 2009/10: Achieved	Target 2010/11: Achieve clean sign off	Result 2010/11: Achieved	Achieved - Comments: By application of strict and consistent financial management practices.	
Challenges going forward: Rapid changes in regulatory and reporting environment requirements.				

Council Controlled Organisation Initiatives		Measure		SC
Improve water quality adjacent to maritime facilities (note: no agreed water quality measure currently available)		No NRC abatement notices for water quality		
Result 2009/10: 0	Target 2010/11: 0	Result 2010/11: 0	Achieved - Comments: Achieved, and also achieved "Clean Marina Certification" status for Opua Marina. An abatement notice was issued to the Company, as managers of the facility, for the Mill Bay Boat Grid, and the facility was subsequently removed.	
Challenges going forward: To maintain this standard whilst under increased monitoring pressure.				

Council Controlled Organisation Initiatives		Measure		SC
Maintain a safe workplace		Reportable staff OSH incidents		
Result 2009/10: 0	Target 2010/11: 0	Result 2010/11: 0	Achieved - Comments: During the period FHNL experienced only minor staff related OHS incidents, none of which required reporting to OHS.	
Challenges going forward: To maintain the standard.				



Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities

Council Controlled Organisation Initiatives		Measure		SC
Develop and improve Bay of Islands Airport		CAA Certification		
Result 2009/10: Achieved	Target 2010/11: Maintain Certification	Result 2010/11: Achieved	Achieved - Comments: Continuing review, updating and application of maintenance and operating procedures.	
Challenges going forward: The lack of resources in other emergency services to participate in certification procedures.				

Council Controlled Organisation Initiatives		Measure		SC
Effective Financial Management		Annual operating Profit to exceed \$800,000		
Result 2009/10: \$1.021m	Target 2010/11: \$1.000m	Result 2010/11: \$1.043m	Achieved - Comments: Achieved target in difficult trading times.	
Challenges going forward: New baseline is to be established due to the return of assets to the shareholders.				

Council Controlled Organisation Initiatives		Measure		SC
To return funds to the Community		50% of operating profits distributed to Shareholders		
Result 2009/10: 50%	Target 2010/11: 50% Dividend Amount \$.510m	Result 2010/11: 50% Dividend Amount \$.521m	Achieved - Comments: Maintained growth in value of FNHL to the shareholder.	
Challenges going forward: To maintain cash flows to ensure sufficient for both dividends and resources for growth.				

Council Controlled Organisation Initiatives		Measure		SC
To grow Communities equity in the business		Shareholders Equity >\$40.0m		
Result 2009/10: \$38.114m	Target 2010/11: \$42.0m	Result 2010/11: \$32.7m	Not Achieved - Comments: Shareholders funds reduced by special dividend to FNDC of \$5.201m.	
Challenges going forward: On going effects of continuing devaluations in property values from the general recession. A new baseline is to be established.				

Council Controlled Organisation Initiatives		Measure		SC
To achieve a return on funds invested		Return on Investment (ROI) is higher than cost of borrowing : <i>Average cost of borrowings</i>		
Result 2009/10: 6.89%	Target 2010/11: 7.33%	Result 2010/11: 6.59%	Not Achieved - Comments: Borrowings costs have been reduced by taking advantage of short term rates.	
Challenges going forward: Expecting increases in borrowing costs in future periods, challenge to manage to minimise profit effect				

Council Controlled Organisation Initiatives		Measure		SC
To achieve a return on funds invested		Return on Investment (ROI): <i>On Shareholder equity (as calculated per the Statement of Intent)</i>		
Result 2009/10: 7.89%	Target 2010/11: N/A	Result 2010/11: 7.98%	Comments: Able to retain trading profit in period against national trends, resulting in better return on shareholders funds.	
Challenges going forward: The transfer of the special dividend assets to FNDC will reduce income base and profits, which will see a drop in the ROI in future periods				



Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities

Council Controlled Organisation Initiatives		Measure		SC
Asset growth and development		Capital Expenditure		
Result 2009/10: \$1.316m	Target 2010/11: 0.569	Result 2010/11: \$1.901m	Achieved - Comments: Completed purchase of Williams Road from Fire Service, and sale of Selwyn Road Car park, completed retail facilities at Opuā Wharf and received resource consent for Paihia Waterfront Development.	
Challenges going forward: The future lack of capital (retained cash flow) to invest in new projects will require alternative funding arrangements in the future.				

Council Controlled Organisation Initiatives		Measure		SC
Maximise availability of assets		Divest non strategic Business and Assets		
Comments: Sold the 50% interest in Paihia Maritime Properties, entered into agreement for sale of a portion of Cobham Road site, transferred community assets to Council as a special dividend.				
Challenges going forward: Remaining assets continued ownerships by the Company being reviewed by the Board of Directors				

Council Controlled Organisation Initiatives		Measure		SC
Develop and improve airports		Kerikeri Airport – Passenger Numbers from scheduled aircraft landings		
Result 2009/10: 61,786	Target 2010/11: 62,000	Result 2010/11: 65,074 passenger numbers (pax)	Achieved - Comments: Continued upgrade of facilities at terminal for customs clearances, and tenants.	
Challenges going forward: Capital cost to upgrade/maintain the runway, against traffic volume and revenue being earned				

Council Controlled Organisation Initiatives		Measure		SC
Develop and improve airports		Kaitiā Airport – Passenger Numbers from scheduled aircraft landings		
Result 2009/10: N/A	Target 2010/11: N/A	Result 2010/11: 14,850 pax	Comments: Estimated result for 2010/11. Taxi upgrade completed and work commenced on touch down area.	
Challenges going forward: Subject to a Treaty of Waitangi claim.				

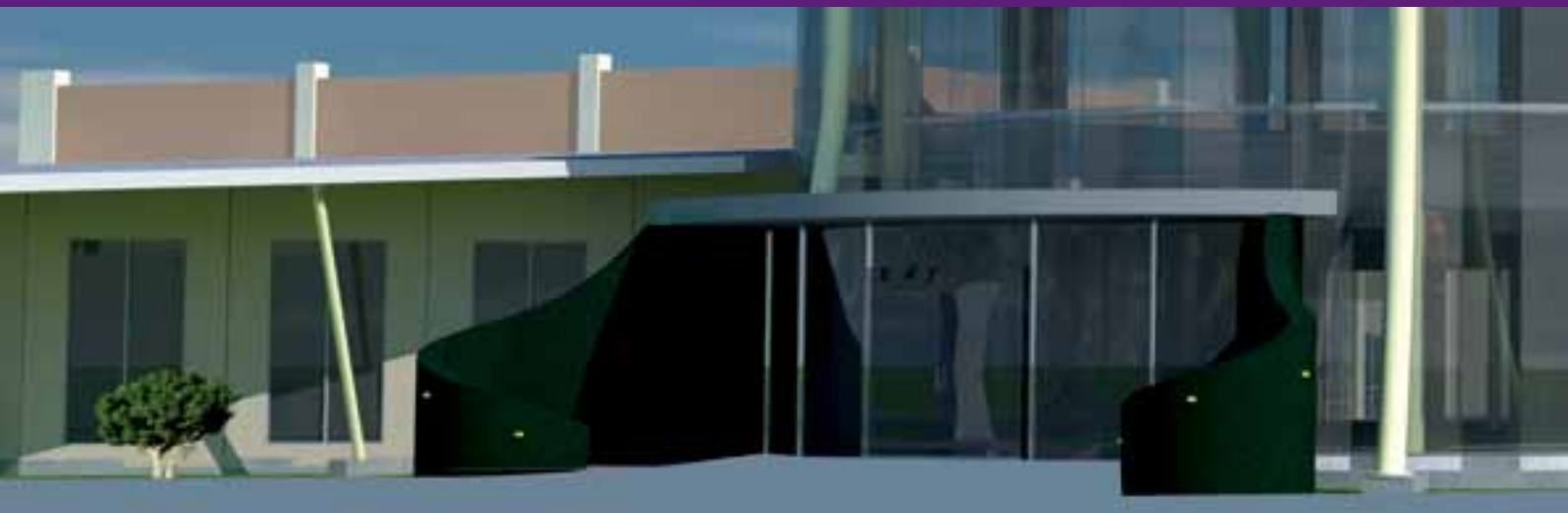
Council Controlled Organisation Initiatives		Measure		SC
Operate maritime facilities		Number of cruise vessels, passengers and crew visiting Bay of Islands		
Result 2009/10: 29 vessels	Target 2010/11: 34 vessels	Result 2010/11: 34 vessels	Achieved - Comments: Passenger transfers through the Waitangi facility coped well.	
Result 2009/10: 34,674 pax	Target 2010/11: N/A	Result 2010/11: 43,000 pax	Comments: Cruise vessel passengers (pax) visiting the Bay of Islands.	
Result 2009/10: 10,000 pax	Target 2010/11: N/A	Result 2010/11: 20,000 pax	Comments: Cruise vessel crew visiting the Bay of Islands.	
Challenges going forward: Increased number of vessels and double up of large vessels in port will place pressure on all facilities at certain times.				

Council Controlled Organisation Initiatives		Measure		SC
Operate maritime facilities		Number of Overseas yachts and Port of entry		
Result 2009/10: 435	Target 2010/11: N/A	Result 2010/11: 443	Comments: Have retained Opuā as the major entry port against competition from other ports.	
Challenges going forward: To continue to achieve this level of entries, and stay over periods, whilst berthage and ancillary services are at full capacity whilst other operators to the South have surplus capacity				



Council Controlled Organisations

Te Ahu Charitable Trust (TACT)



At a Glance

Interesting Facts

The 2010-2011 financial year got off to a promising start when the trust entered a partnership and lease agreement with Te Rarawa Runanga - a move one newspaper hailed as a race relations milestone. Securing a lease over Runanga land next to the Far North Community Centre allowed contractors to finally begin preparing the site for construction of the Te Ahu centre. Since then, contractors have made amazing progress. Steel framing and concrete wall panels started going up in March and the roof of the centre's dramatic atrium was lowered into place in July. The Te Ahu Charitable Trust expects to complete the multi-functional centre before the end of 2011.

Other big achievements during the year were the completion of extensive refurbishments of the Far North Community Centre and Little Theatre at a cost of nearly \$2 million. The 36-year-old centre is virtually a new building now, boasting a new roof, ceiling and wall linings, a refitted kitchen and toilets and new lighting and electrical wiring. A spacious deck has also been added to the centre's buffet room, making it an excellent venue for wedding receptions and socials. A major upgrade of The Little Theatre at a cost of about \$500,000 included a new roof and ceiling, new electrical wiring, fire and security system and new carpets and seats. A new projection booth equipped with a \$114,000 state-of-the-art digital projection system allows the 110-seat cinema to screen the latest movies

as soon as they are released. The new Little Theatre is a wonderful asset for Kaitaia which hasn't had a cinema since the Princess Theatre burned down in 1990.

The Te Ahu Charitable Trust was pleased to secure a \$500,000 Pub Charities grant for archival facilities and a \$90,000 Oxford Trust grant for interactive, multi-media spaces that tell the many stories of the Far North. However, a \$1 million shortfall in expected development contributions forced it to rethink its project finances.

It now plans to raise this money - which is needed to meet fit-out costs - from a community fundraising campaign.

The Trust welcomed new trustees to the Te Ahu governance team during the year. Well-known Kaitaia businessman Monty Knight and Ngati Kahu hapu development manager Charlie Larkins replaced Ian Bamber and Dixon Motu on the seven-member Trust in March. Monty's energy and people skills are already making him an asset to the Trust and he will lead the community fundraising campaign.

It has been four years since the Far North District Council formed a trust to oversee the building of a multi-functional community hall, theatre/cinema, library, museum, iSITE and council service centre in Kaitaia. This hasn't been an easy journey, but we are now making forward progress after searching for a way forward, I look forward to this magnificent project opening in the new year. sector operator.





Highlights of Performance

Number of Performance Measures	5 2010/11
Achieved	100%
Not Achieved	0%

Statement of Service Performance

For TE AHU CHARITABLE TRUST the following pages detail:

1. Service performance information provides the actual achievements, issues and challenges going forward for each performance measure against the Annual Plan 2010/11.

FYI: Key symbols are used to identify each measure contributing to Community Outcomes. For more information on Community Outcomes please refer to page 76.



Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities

Council Controlled Organisation Initiatives To ensure that the financial targets and strategic direction of Te Ahu Charitable Trust (TACT) are in line with the requirements of FNDC.		Measure A draft SOI for TACT will be submitted for approval to FNDC by 1 March each year.		SC
Result 2009/10: N/A	Target 2010/11: Achieved	Result 2010/11: Achieved	Achieved - Comments: The draft SOI was submitted to Council on 1 March and was approved at the Council meeting of 31 March 2011.	
Challenges going forward: Changing focus for the Trust once the build stage of the project has been completed and focus switches to the operation of the facility				

Council Controlled Organisation Initiatives To ensure that the financial targets and strategic direction of Te Ahu Charitable Trust (TACT) are in line with the requirements of FNDC.		Measure A completed SOI will be submitted to FNDC by 30 June each year.		SC
Result 2009/10: N/A	Target 2010/11: Achieved	Result 2010/11: Achieved	Achieved - Comments: A final SOI was approved by Council and signed on 11 June 2011.	
Challenges going forward: This will be defined when the organisation moves towards an operational entity				

Council Controlled Organisation Initiatives To ensure that FNDC is kept informed of all significant matters relating to its subsidiaries.		Measure At least two progress reports be made to FNDC in the financial year (in addition to reporting on specific issues), with at least one presentation be made to Councillors.		SC
Result 2009/10: N/A	Target 2010/11: Achieved	Result 2010/11: Achieved	Achieved - Comments: Financial updates were presented to Council for the months February to May 2011. Updates on physical progress are made by the Mayor in his role as Chair of the Te Ahu Charitable Trust.	
Challenges going forward: This will be defined when the organisation moves towards an operational entity.				

Council Controlled Organisation Initiatives To ensure that TACT Trustees add value to the Trust and that their conduct is according to generally accepted standards.		Measure The Trust will review the training needs of individual Trustees, and ensure training is provided where required.		SC
Result 2009/10: N/A	Target 2010/11: Achieved	Result 2010/11: Achieved	No training needs were identified during the year.	
Challenges going forward: Ensuring the mix of Trustees is able to meet the needs of the Trust once focus switches to operational aspects				

Council Controlled Organisation Initiatives To ensure that TACT performs within budget and provides additional funding from external funding sources to supplement the funds provided by FNDC.		Measure TACT will remain within budget.		SC
Result 2009/10: N/A	Target 2010/11: Achieved	Result 2010/11: Achieved	Achieved - Comments: The Te Ahu Charitable Trust continues to progress the build process and is within the agreed budget.	
Challenges going forward: This will be defined when the organisation moves towards an operational entity.				

