

# Council Controlled Organisation

## *Far North Holdings Limited*



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## *At a Glance*

### Primary Services

**Council established Far North Holdings Limited (FNHL) to act as a vehicle for delivery of Council's commercial activities. The reason for establishing a holding company is to create a structure that delivers services in the most efficient and cost effective manner. The establishment of a separate commercial entity provides advantages to Council in:**

- Providing efficient corporate governance and commercial direction.
- Rationalising operating activities and cost structures;
- Maximising commercial skills.
- Providing the right tax structures for operations; and
- Providing better communications between shareholders and operating subsidiaries.

### Why We Do It

The main purpose of FNHL is to invest in, develop, operate and where appropriate divest strategic businesses, being businesses / assets that create high priority infrastructure needed by the Far North district, which are not being created in any substantial way by the private sector, and which deliver value to FNHL's shareholder (and therefore ratepayers) in the form of either new or improved facilities.

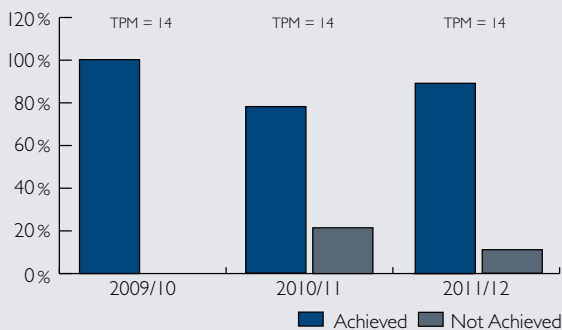




Priorities For 2011/12	What We Have / Haven't Achieved
<b>FNHL will continue to focus on managing resources and activities efficiently to provide income for Council plus the ability for further reinvestment in commercial opportunities that may arise</b>	FNHL continued with its development of tenanted properties, and a purchase of a commercial jetty. It also invested in the upgrade of its facilities at Ashby's boat yard to improve environmental performance, and invested in a new approach light system at Kerikeri airport. FNHL traded profitably, resulting in a dividend to Council of \$256,302 for the year; and increased shareholders funds by a further \$0.58million.
<b>FNHL will continue to pursue options for the redevelopment of various under utilised commercial / maritime facilities and economic development opportunities for the district</b>	FNHL continued its investigations into improving its return from Kerikeri airport, both in terms of the airport operation, and the investment that is held in the land holdings. Work has also continued with further investigation into the development of Stage II of the Opuā marina.
<b>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</b>	During the financial year, the company completed the necessary documentation and processes to transfer the \$5.2 million of special dividend assets back to Council, as recorded in the June 2011 accounts. No further assets were transferred back in the financial year 2011/12.

Future Issues / Challenges	Implications
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 Kaitiāia airport to sustain and enhance the facility and position for continued growth in activity. FNHL will continue to negotiate with the Crown for security of tenure of the airport lease to ensure investments are retained.	FNHL worked with both the Council and other local and government agencies to try and obtain essential funding to meet the capital requirements of Kerikeri airport, and these are ongoing. Without this funding the ability to carry out longer term maintenance issues will be of serious concern. For Kaitiāia airport we await the outcome of the ongoing negotiations with the Crown and their Waitangi Treaty settlements.

## Highlights of Performance



TPM = Total number of Performance Measures  
 ↑ Performance 2010/11 vs. 2011/12 - has improved

## Statement of Service Performance

For FAR NORTH HOLDINGS LTD the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

*FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.*



Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities

<b>Council controlled organisation initiatives</b> Engage in successful commercial transactions		<b>Measure</b> Growth in value of FNHL to the shareholder.		SC
<b>Result 2010/11:</b> Not achieved	<b>Target 2011/12:</b> Annual increase	<b>Result 2011/12:</b> Achieved	<b>Achieved - Comments:</b> Shareholders funds increase by \$0.58m, after payment of a \$0.256m dividend.	
<b>Council controlled organisation initiatives</b> New Measure: Engage in successful commercial transactions		<b>Measure</b> To return funds to the community.		SC
<b>Result 2010/11:</b> Dividend amount \$0.521m	<b>Target 2011/12:</b> Dividend amount \$0.250m	<b>Result 2011/12:</b> Dividend amount \$0.256m	<b>Achieved - Comments:</b> Achieved dividend requirement.	
<b>Council controlled organisation initiatives</b> Maximise availability of assets		<b>Measure</b> Number of days closed attributable to FNHL.		SC
<b>Result 2010/11:</b> 0	<b>Target 2011/12:</b> 0	<b>Result 2011/12:</b> 0	<b>Achieved</b> Achieved, no facilities closed due to FNHL.	
<b>Council controlled organisation initiatives</b> Effective financial management		<b>Measure</b> Clean audit sign off each year.		SC
<b>Result 2010/11:</b> Achieved	<b>Target 2011/12:</b> Achieve clean sign off	<b>Result 2011/12:</b> Achieved	<b>Achieved - Comments:</b> Clean audit achieved.	
<b>Council controlled organisation initiatives</b> Improve water quality adjacent to maritime facilities (note: no agreed water quality measure currently available)		<b>Measure</b> No NRC abatement notices for water quality.		SC
<b>Result 2010/11:</b> 0	<b>Target 2011/12:</b> 0	<b>Result 2011/12:</b> 0	<b>Achieved - Comments:</b> Achieved.	
<b>Council controlled organisation initiatives</b> Maintain a safe workplace		<b>Measure</b> Reportable staff OHS incidents.		SC
<b>Result 2010/11:</b> 0	<b>Target 2011/12:</b> 0	<b>Result 2011/12:</b> 0	<b>Achieved - Comments:</b> No reportable staff OHS incidents.	
<b>Council controlled organisation initiatives</b> Develop and improve Bay of Islands airport		<b>Measure</b> CAA Certification		SC
<b>Result 2010/11:</b> Achieved	<b>Target 2011/12:</b> Maintain certification	<b>Result 2011/12:</b> Certification maintained	<b>Achieved - Comments:</b> Achieved during year; also emergency drill undertaken.	

Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities

<b>Council controlled organisation initiatives</b> Effective financial management		<b>Measure</b> Annual operating profit to exceed \$500,000.		SC
<b>Result 2010/11:</b> \$1.043m	<b>Target 2011/12:</b> \$0.500m	<b>Result 2011/12:</b> \$0.512 m	<b>Achieved - Comments:</b> Achieved on reduced assets following special dividend transfer.	
<b>Council controlled organisation initiatives</b> To return funds to the Community		<b>Measure</b> 50% of operating profits distributed to shareholders.		SC
<b>Result 2010/11:</b> 50% Dividend amount \$0.521m	<b>Target 2011/12:</b> Dividend amount \$0.250m	<b>Result 2011/12:</b> 50% Dividend amount \$0.256m	<b>Achieved - Comments:</b> Achieved target on reduced income producing assets following special dividend asset transfer.	
<b>Council controlled organisation initiatives</b> To grow communities equity in the business		<b>Measure</b> Shareholders equity >\$32.0m.		SC
<b>Result 2010/11:</b> \$31.7m	<b>Target 2011/12:</b> \$32.0m	<b>Result 2011/12:</b> \$32.3m	<b>Achieved - Comments:</b> Achieved.	
<b>Council controlled organisation initiatives</b> To achieve a return on funds invested		<b>Measure</b> Return on investment (ROI) is higher than cost of borrowing; Average cost of borrowings.		SC
<b>Result 2010/11:</b> 6.59%	<b>Target 2011/12:</b> 5.3%	<b>Result 2011/12:</b> 5.39%	<b>Achieved - Comments:</b> Achieved better cost of borrowing than forecast.	
<b>Council controlled organisation initiatives</b> To achieve a return on funds invested		<b>Measure</b> Return on investment (ROI): On shareholder equity (as calculated per the Statement of Intent).		SC
<b>Result 2010/11:</b> 7.98%	<b>Target 2011/12:</b> 5.3%	<b>Result 2011/12:</b> 5.38 %	<b>Achieved - Comments:</b> Return on investment achieved ahead of forecast.	
<b>Council controlled organisation initiatives</b> Asset growth and development		<b>Measure</b> Capital expenditure.		SC
<b>Result 2010/11:</b> \$1.901m	<b>Target 2011/12:</b> \$0.569	<b>Result 2011/12:</b> \$1.070 m	<b>Achieved - Comments:</b> Capital expenditure over initial target due to purchase of a jetty at Opuā marina.	
<b>Council controlled organisation initiatives</b> Maximise availability of assets		<b>Measure</b> Divest non strategic business and assets.		SC
<b>Comments:</b> During the 2011/12 year there were no further assets disposed off, nor agreements entered into disposing off any other assets.				



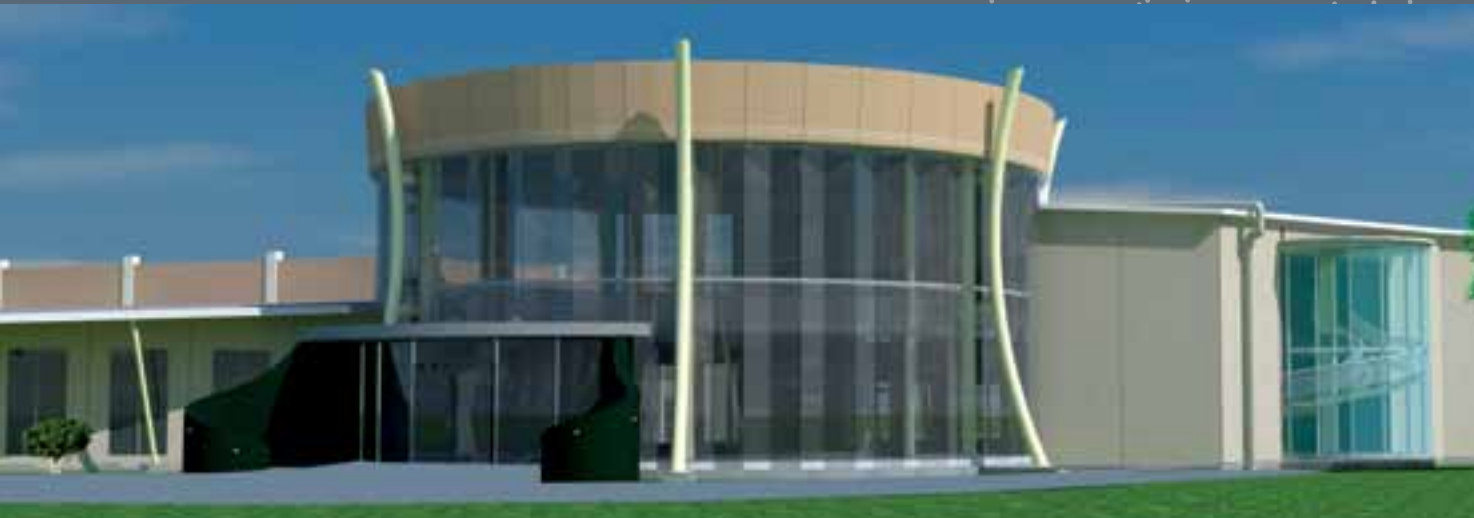
Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities

<b>Council controlled organisation initiatives</b> Develop and improve airports		<b>Measure</b> Kerikeri airport – passenger numbers from scheduled aircraft landings.		<b>SC</b>
<b>Result 2010/11:</b> 65,074 passenger numbers (pax)	<b>Target 2011/12:</b> 62,000 passenger numbers (pax)	<b>Result 2011/12:</b> 60,874 passenger numbers (pax)	<b>Not Achieved - Comments:</b> Number of passengers down on previous year.	
<b>Council controlled organisation initiatives</b> Develop and improve airports		<b>Measure</b> Kaitaia airport – passenger numbers from scheduled aircraft landings.		<b>SC</b>
<b>Result 2010/11:</b> 14,850 pax	<b>Target 2011/12:</b> 14,000 pax	<b>Result 2011/12:</b> 14,483 pax	<b>Achieved - Comments:</b> Achieved.	
<b>Council controlled organisation initiatives</b> Operate maritime facilities		<b>Measure</b> Number of cruise vessels, passengers and crew visiting Bay of Islands.		<b>SC</b>
<b>Result 2010/11:</b> 34 vessels	<b>Target 2011/12:</b> 50 vessels	<b>Result 2011/12:</b> 45 vessels	<b>Not Achieved - Comments:</b> Not achieved, as 5 vessels were unable to call due to weather and other circumstances.	
<b>Result 2010/11:</b> 43,000 pax	<b>Target 2011/12:</b> 75,000 pax	<b>Result 2011/12:</b> 71,800 pax	<b>Not Achieved - Comments:</b> 5 vessels did not arrive due to weather and other circumstances.	
<b>Result 2010/11:</b> 20,000 pax	<b>Target 2011/12:</b> 34,000 pax	<b>Result 2011/12:</b> 30,000 pax	<b>Not Achieved - Comments:</b> 5 vessels did not arrive due to weather and other circumstances.	
<b>Council controlled organisation initiatives</b> Operate maritime facilities		<b>Measure</b> Number of overseas yachts and port of entry.		<b>SC</b>
<b>Result 2010/11:</b> 443	<b>Target 2011/12:</b> 400	<b>Result 2011/12:</b> 421	<b>Achieved - Comments:</b> Achieved, but reduced numbers over previous years due to global financial crisis.	



# Council Controlled Organisation *Te Ahu Charitable Trust (TACT)*



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## *At a Glance*

### Primary Services

- **A multi purpose community facility including a local museum, public library, visitor information centre and / or gallery and art display areas.**

### Achievements

A year of milestones that stands taller than any others in Te Ahu Charitable Trust's 5 year history. TACT will remember 2012 as the year it completed Te Ahu centre. Like Sydney's opera house and the Eiffel Tower in Paris, Te Ahu initially suffered from controversy and there were engineering challenges along the way. The \$14 million civic centre we have today is therefore a triumph of vision, perseverance and ingenuity over inertia, adversity and the laws of physics. TACT completed construction of new build areas of Te Ahu in late January 2012 after receiving a code compliance certificate for the refurbished cinema and little theatre in December 2012. A soft opening of Te Ahu after a blessing by Iwi on 10<sup>th</sup> February 2012 allowed Far North District Council to begin offering library, i-SITE and customer services at the centre on 13<sup>th</sup> February 2012. Tiny tweaks were needed in a few places, but Te Ahu otherwise passed its first week in business with flying colours.

### Why We Do It

Provide, maintain, resource and manage a multi purpose community facility building located in Kaitaia and to house a local museum, public library, visitor information centre and / or gallery and art display areas, for the benefit, use and enjoyment of the Kaitaia and surrounding communities.

Comments about Te Ahu by 114 visitors surveyed by a Massey University research team during the Te Ahu's first week of operation were overwhelmingly positive. People were generally very impressed with the facilities, commented on the beauty of the building's interior and expressed a great deal of pride in having this facility in the community. A report by researchers Dr Avril Bell (Massey University) and Professor Eva Mackey (visiting from Carleton University in Canada) made for gratifying reading, given the years of hard work many people had put into making Te Ahu a reality. TACT spent the next 11 weeks readying Te Ahu for an official opening on April 28 2012. This work mainly involved landscaping the site to a design by Kaeo landscape architect Paul Quinlan, finishing access paths and working with the Far North Regional Museum to complete exhibition space in Te Ahu.



TACT was privileged to have New Zealand's top official and distinguished entertainers at the opening which was attended by about 250 people. Council hosted a visit by Governor General, Sir Jerry Mateparae in February to open Te Ahu. Trustee Monty Knight, was able to use his connections in the music industry to persuade music legends Tina Cross ONZM and Ray Woolf to perform at a celebration dinner and cabaret after the opening ceremony which included a 3 cannon salute. Sir Jerry Mateparae praised TACT for underwriting a magnificent venture that had resulted in a remarkable building built without government support and funded by ratepayers across the district. Te Ahu represented quintessentially kiwi qualities: volunteering, hard work, ingenuity and a can do attitude, he said. The opening was not just a culmination of years of planning and hard work by TACT and others in the Kaitia community. It was also a major milestone in race relations.

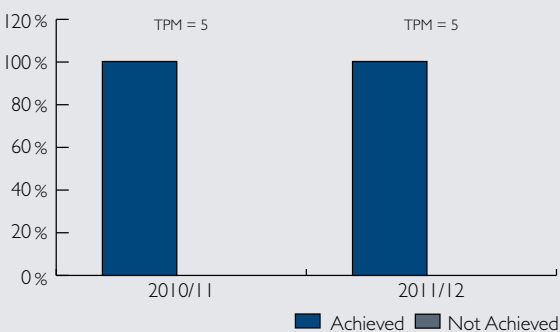
Most people are aware that Te Ahu is built on land owned by the Council and Te Rarawa, but many don't know that 61 chiefs signed the Treaty of Waitangi on the site in 1840. It seemed fitting therefore to hold the opening on the 172nd anniversary of the signing. Trustees also elected to fly the New Zealand and Maori Tino

Rangatiratanga flags from Te Ahu's flagpole on opening day. The large numbers of Maori and pakeha who attended the opening showed that TACT had fulfilled its goal of creating a place where cultures intersect. Te Runanga o Te Rarawa chairman Haami Piripi said Te Ahu represented a dream of Maori, pakeha and dalmatian forebears who wanted to co exist peacefully and work together to achieve common goals.

It has taken a relatively short 5 years for TACT to raise funds for and build Te Ahu. The district can pride itself in a first class facility that was designed and built almost entirely by local firms, including Arcline Design, Beard Parsonson Architecture and KPH Construction. A national best use of glass award recently won by Kaitia Glass and Aluminium, which created the joinery for the atrium's two storey pleated glass wall, shows how high we raised the bar. Trustees are pleased to have delivered a multi function centre as planned and within budget. They are now turning their attention to TACT's post construction role, its relationship with the community, stakeholders and the Far North District Council and how the centre should be run to best effect moving forward.

Future Issues / Challenges	Implications
Maximise the opportunities that are presented to the community	Under utilised facilities

## Highlights of Performance



TPM = Total number of Performance Measures  
 ⇔ Performance 2010/11 vs. 2011/12 - is neutral

## Statement of Service Performance

For TE AHU CHARITABLE TRUST the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

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Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities

<b>Council Controlled Organisation initiatives</b> To ensure that the financial targets and strategic direction of TACT are in line with the requirements of Far North District Council.		<b>Measure</b> A draft SOI for TACT will be submitted for approval to Far North District Council by 1 March each year.		<b>SC</b>
<b>Result 2010/11:</b> N/A	<b>Target 2011/12:</b> Achieved	<b>Result 2011/12:</b> Achieved	<b>Achieved - Comments:</b> The draft SOI was submitted to Council on 27 February 2012 and was approved at the Council meeting of 26 April 2012.	

<b>Council Controlled Organisation initiatives</b> To ensure that the financial targets and strategic direction of TACT are in line with the requirements of Far North District Council.		<b>Measure</b> A completed SOI will be submitted to Far North District Council by 30 June each year.		<b>SC</b>
<b>Result 2010/11:</b> N/A	<b>Target 2011/12:</b> Achieved	<b>Result 2011/12:</b> Achieved	<b>Achieved - Comments:</b> The final SOI was approved by the Trust on 17 May and presented to Council subsequent to that.	

<b>Council Controlled Organisation initiatives</b> To ensure that Far North District Council is kept informed of all significant matters relating to its subsidiaries.		<b>Measure</b> At least 2 progress reports be made to Far North District Council in the financial year (in addition to reporting on specific issues), with at least 1 presentation be made to Councillors.		<b>SC</b>
<b>Result 2010/11:</b> N/A	<b>Target 2011/12:</b>	<b>Result 2011/12:</b> Achieved	<b>Achieved - Comments:</b> Financial updates were presented to Council for the months February to May 2012. Updates on the physical progress are made by the Mayor in his role as Chair of TACT.	

<b>Council Controlled Organisation initiatives</b> To ensure that TACT Trustees add value to TACT and that their conduct is according to generally accepted standards.		<b>Measure</b> TACT will review the training needs of individual Trustees, and ensure training is provided where required		<b>SC</b>
<b>Result 2010/11:</b> N/A	<b>Target 2011/12:</b> Achieved	<b>Result 2011/12:</b> N/A	<b>Comments:</b> No training needs were identified during the year.	

<b>Council Controlled Organisation initiatives</b> To ensure that TACT performs within budget and provides additional funding from external funding sources to supplement the funds provided by Far North District Council.		<b>Measure</b> TACT will remain within budget.		<b>SC</b>
<b>Result 2010/11:</b> N/A	<b>Target 2011/12:</b> Achieved	<b>Result 2011/12:</b> Achieved	<b>Achieved - Comments:</b> TACT is within the agreed budget of \$15m in total. Of this sum, Far North District Council contributed \$9.5m.	

