



## Council Controlled Trading Organisation



# Far North Holdings Limited

### Introduction

Far North District Council established FNHL to act as a vehicle for the delivery of Council's commercial activities and to create a structure delivering services in the most efficient and cost effective manner.

### Structure

FNHL is a company 100% owned by Far North District Council and operates with an independent Board of professional Directors appointed by Council.

Directors:

- Ross Blackman (Chairperson)
- Bill Birnie
- Ian Walker
- Kevin Baxter

Chief Executive:

- Andrew Nock



### Activities

- FNHL forms the focus of Council's interface with its commercial investments and ensures uniformity in approach and reporting. FNHL activities include:
- The provision of maritime, airport, property and car parking facilities
- The management of maritime and aviation assets under contract to Council
- Investment in any commercial opportunity that arises including any proposed by its shareholder
- The sale and purchase of commercial assets.

### Objectives

As the Far North District Council's commercial vehicle, FNHL will facilitate and create commercial and infrastructural assets in the Far North district with the aim of maximising profit for its shareholder, the Council, and creating shareholder value.

### Performance Measures

Financial Performance Measures tabled below:

PERFORMANCE MEASURES	TARGET 2013/14	ACHIEVEMENT
To operate the Company without further equity injection from the Shareholder	To operate the Company without further equity injection from the shareholder	Achieved
That the annual operating profit will exceed \$505,000	>\$825,000	\$923,740 (it excluded revaluation, goodwill, impairment, deferred tax and share of associate)
Distribution to shareholders	50% of operating profits	Dividend for 2013/14 of \$461,870 to be declared
Shareholder Equity	>\$33.1 million	\$39.33 million before dividend of \$461,870
Return on Investment (RoI) is higher than cost of borrowing	Average cost of borrowing RoI on shareholder equity(calculated as defined within the Statement of Intent)	5.214% 5.607%



Other performance measures tabled below:

OBJECTIVE	ACHIEVEMENT
To invest in, develop, operate and divest "strategic businesses"	<p>431 vessels (overseas yachts) utilised the free port of entry services in Opuia.</p> <p>During the period under review, 44 cruise liners have visited the Bay of Islands with a total passenger capacity of 72,000 and approximately an additional 30,000 crew members.</p> <p>Acts as the Airport Authority for the airports under its control.</p> <p>Carried out capital expenditure investment of \$1.583 million with major projects being a site purchase in the Hokianga, refurbishment of the Kaitaia Education Centre, land purchases in Paihia, plus on-going mooring purchases and yard equipment.</p> <p>On behalf of the Council, at the Kaitaia Airport, further work was completed on the runway with a "slurry" seal repair.</p>
<p>To deliver value to the Shareholder</p> <p>-by means of dividends</p> <p>-Adequate return on shareholder's</p>	<p>During the year the Company paid to its shareholders the sum of \$409,258 in dividends from the 2013 year, and has provided for a further dividend of \$461,870 from this year's profits.</p> <p>Return on shareholder's funds is details above with the financial performance measures section.</p> <p>The Company continues to manage the Kaitaia Airport on behalf of Council.</p>
To operate within the constraints of its existing capital	Achieved the Company did not call upon its Shareholder for additional capital
To operate the Company within its banking covenants	<p>Equity Ratio to be greater than 50%. Result was 68%.</p> <p>Interest Cover Ratio to be greater than 1.5 times earning before interest, tax and revaluations. Result was 2.74.</p>
To operate in accordance with sound business practices	<p>During the period under review Far North Holdings Limited experienced only minor staff related OH&amp;S incidences.</p> <p>Accidents and incidents involving the general public not under FNHL control while on FNHL land or facilities was a Nil result for Maritime, Aviation and Boatyard.</p> <p>An unqualified financial audit was achieved.</p>

OBJECTIVE	ACHIEVEMENT
To be a good employer	Staff policy manuals have been updated to accommodate legislative changes. No instances of discrimination or harassment have been identified during this review period. 71 training and professional development courses were undertaken by staff.
To operate with a sense of social and environmental responsibility	The Company held 91 meetings with the community or promoting community related issues throughout the year to determine the community's views on Company activities. Supported youth academic training through donations to the Opuā Marina Scholarship Fund (\$32,000). Supported youth leadership training through the R Tucker Thompson Sail Training Trust (\$16,000). Supported cultural and environmental projects through donations to the Opuā Environmental and Cultural Fund (\$7,133). Monitoring of water quality in Opuā is ongoing, with further improvements to run off systems having been implemented in the last year.
To further progress Opuā Marina Stage 2	The Company has applied for the consents to construct the Marina and is awaiting the Commissioners decision
No abatement notice	The Company has not received any abatement notices during the year