

6.1 FAR NORTH HOLDINGS LIMITED - HALF YEAR REPORT

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PURPOSE OF THE REPORT

To present the half year report for Far North Holdings and seek guidance on the content of future reports.

EXECUTIVE SUMMARY

- There is a legal requirement for Far North Holdings Limited (FNHL) to submit a half yearly report to the shareholder.
- This is specified in Part 5 s66 of the Local Government Act 2002 (LGA).
- This report was prepared for the 25 March 2020 - Assurance, Risk and Finance Committee meeting.
- As the meeting was cancelled and legislation required this to be done within a set timeframe, this has been submitted directly to Council for consideration.

RECOMMENDATION

That Council:

- a) **accept the Half Year Report from Far North Holdings Limited:**
- b) **request that future reports contain the following information;**
 - i) **annual and Year to Date budget**
 - ii) **commentary on any significant variances**
 - iii) **detail of significant income and expenditure, for example fees & charges and salaries to aid the shareholder understanding of the financial position.**

1) BACKGROUND

Far North Holdings Limited are required to submit a half yearly report to the shareholder within 2 months of the end of the half year for the financial year under Part 5, section 66 of the Local Government Act 2002. FNHL submitted the report as required.

2) DISCUSSION AND OPTIONS

The report contains a Chairman's report that outlines some financial information in relation to performance against budget as well as information on significant projects. However, it is not possible for the shareholder to consider this information in any detail as the budgets are not included in the financial statements. Staff recommend that FNHL be requested to include this information in all future reports.

The Statement of Financial Performance shows very high-level information. There is a single entry for both income and expenditure so this does not allow the shareholder to consider the operational position of FNHL in any detail or to understand if there are any issues that would be of concern. Staff recommend that FNHL be requested to provide detail on income and expenditure at a more detailed level to allow a better understanding of the position reported.

This statement should also provide some form of variance analysis or commentary to explain significant variations.

Reason for the recommendation

To accept the report in compliance with the LGA requirements and to seek more informative information in future reports

3) FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no specific financial implications for this report

ATTACHMENTS

- 1. FNHL Half Year Financials - A2860857**

Compliance schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
 - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
 - b) Assess the options in terms of their advantages and disadvantages; and
 - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

Compliance requirement	Staff assessment
State the level of significance (high or low) of the issue or proposal as determined by the Council's Significance and Engagement Policy	Low.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Local Government Act 2002 Part 5 S66.
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	This report has district wide relevance.
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	<ul style="list-style-type: none"> • There are no specific issues that have implications for Māori.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	N/A.
State the financial implications and where budgetary provisions have been made to support this decision.	None.
Chief Financial Officer review.	The Chief Financial Officer prepared this report.