

Far North Holdings Limited

Far North Holdings Limited (FNHL) is a Council Controlled Trading Organisation (CCTO) that manages assets and commercial trading on behalf of Council. Council maintains a shareholding in FNHL, which manages a diverse range of district assets to boost investment and employment for the benefit of our communities. Council's return on its investment in FNHL is by way of annual dividends.

Key activities

- The provision of maritime, airport, property and carparking facilities
- Investment in any commercial opportunity that arises including any proposed by its shareholder
- The management of maritime and aviation assets under contract to Council

Structure

FNHL is an independent professional Board of Directors appointed by Council:

- Bill Birnie (Chairperson)
- Ross Blackman
- Kevin Baxter
- Sarah Peterson
- Murray McCully

Legislative requirements	Objectives
Local Government Act 2002 Resource Management Act Other relevant Acts, regulations, rules, bylaws, policies and strategies.	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 - Council, and operate as a commercial profit orientated entity.

Levels of service

Objective	How we'll measure performance	Latest results: 2016/17	2018/19	2019/20	2020/21
Engage in successful commercial transactions	Growth in shareholder value	Shareholder's funds increased by \$1.88 million after the payment of a dividend	Shareholders funds increase by \$1.0 million after payment of dividend	Shareholders funds increase by \$1.12 million after payment of dividend	Shareholders funds increase by \$1.28 million after payment of dividend
Effective financial management	Annual operating profit to exceed \$500,000	Operating profit before asset revaluations \$1.438 million	\$1.985 million	\$2.24 million	\$2.24 million
Provide a commercial return to FNDC	Dividend return to FNDC	Actual dividend of \$719,000	Pay a minimum dividend of \$1.097 million for 2018/19	Pay a minimum dividend of \$1.215 million for 2019/20	Pay a minimum dividend of \$1.340 million for the 2020/21
To achieve a return on funds invested	Return on Investment (ROI) is higher than the average cost of borrowing on its commercial assets	ROI 6.90% Average cost of borrowings 4.43%	ROI 9.7% Average cost of borrowings 4.5%	ROI 10.6% Average cost of borrowings 4.83%	ROI 9.32% Average cost of borrowings 4.85%
Asset growth and development	Capital expenditure	\$11.012 m	\$9.30 million	\$2.02 million	\$2.015 million

Objective	How we'll measure performance	Latest results: 2016/17	2018/19	2019/20	2020/21
Effective governance and financial control	Clean audit sign off each year from Audit NZ	Achieved	To achieve	To achieve	To achieve
	Annual board review with appointed Audit NZ representative	16 May 2016	To be held	To be held	To be held
	To remain within banking covenants	Achieved	To achieve	To achieve	To achieve
	Quarterly audit review by BDO	Achieved	To perform	To perform	To perform
	Board audit and finance committee meetings to be conducted semi-annually	26 October 2016 12 April 2017	To be held	To be held	To be held

Council Controlled Organisation Initiatives:	How we'll measure performance	Latest results: 2016/17	2018/19	2018/19	2019/20
Ensure that the Bay of Islands Airport operates within regulatory requirements	CAA Certification	Achieved	To achieve	To achieve	To achieve

Non-financial performance objectives	How we'll measure performance	Latest results: 2016/17	2018/19	2019/20	2020/21
Enhancing the Far North as a visitors destination	Each year complete at least one customer and airline industry survey that demonstrates satisfaction levels with facilities and services at either Kerikeri or Kaitaia airports	No survey undertaken as FNHL working with Air NZ on new terminal design	85%	85%	85%
Enhancing and developing a maritime economy	Each year complete at least one marina user or maritime services customer satisfaction survey that demonstrates satisfaction levels with facilities and services available	No survey undertaken as Marina under construction	94%	95%	95%
Enhancing the Far North as a destination	Complete bi-annual customer satisfaction surveys with cruise ship industry that demonstrates satisfaction levels with Far North Holdings as security authority and provider of disembarking infrastructure	86%	Only every second year	85% or higher satisfaction	Only every second year