



**Far North
District Council**



Te Kaunihera o Tai Tokerau ki te Raki

AGENDA

Supplementary Reports Ordinary Council Meeting

Thursday, 30 June 2022

Time: 10:00 am
Location: Council Chamber
Memorial Avenue
Kaikohe

Membership:

Mayor John Carter - Chairperson
Cr Ann Court
Cr David Clendon
Cr Dave Collard
Cr Felicity Foy
Cr Mate Radich
Cr Rachel Smith
Cr Kelly Stratford
Cr Moko Tepania
Cr John Vujcich

Te Paeroa Mahi / Order of Business

6	Reports	4
6.5	Far North Holdings Statement of Intent 2023-2025	4
6.6	Remits for consideration at 2022 LGNZ AGM	30

6 REPORTS

6.5 FAR NORTH HOLDINGS STATEMENT OF INTENT 2023-2025

File Number: A3753312

Author: Julia Lee, Senior Financial Accountant

Authoriser: William J Taylor MBE, General Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

To accept the Far North Holdings Ltd (FNHL) 2023-25 Statement of Intent (SOI).

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- The FNHL SOI 2023-25 outlines the activities and intentions of the company including performance targets and measures.

TŪTOHUNGA / RECOMMENDATION

That the Council accept the Far North Holdings Limited Statement of Intent 2023-2025.

1) TĀHUHU KŌRERO / BACKGROUND

The Local Government Act 2002 requires every Council Controlled Organisation (CCO) to provide a SOI that is adopted before the commencement of the financial year to which it relates.

FNHL have prepared the 2023-25 SOI which was discussed with the FNHL Board at a workshop on 13th April. Then SOI has now been approved by their Board after taking into consideration the points raised at the workshop.

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

The SOI has been an iterative process. Council commenced the process by considering how they wanted the amendments to the Local Government Act 2002 to be incorporated. Following this, Council met with the Board of FNHL and the key issues were discussed to ensure that all parties understood the changes that were expected. The Board took those issues away and incorporated them into a revised SOI, which is attached to this report.

The process requirements of the Local Government Act 2002 have been completed and the final action is for Council to accept the SOI.

Take Tūtohunga / Reason for the recommendation

Council is required by the Local Government Act 2002 to accept the SOI before the new financial year begins on 1st July.

3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

Council have asked FNHL to make every effort to attain the dividend previously proposed of \$1.3m but acknowledge that current inflationary conditions may impact the final value.

The SOI attached has been approved by the FNHL Board.

ĀPITIHINGA / ATTACHMENTS

1. FNHL SOI 2022 to 2025 Final to FNDC 22.6.2022 - A3763711 [↓](#) 

Hōtaka Take Ōkawa / 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.

He Take Ōkawa / Compliance Requirement	Aromatawai Kaimahi / 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, Schedule 8 part 1
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.	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. State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	FNHL and its Directors will take all practicable steps to ensure that their actions align with Te Tiriti o Waitangi. The Statement of Intentions dated December 2021 and issued by Council states an expectation for the community, in particular Maori, be considered and accommodated and actively seek positive relationships with regard to the culture and traditions with ancestral land, water, sites of significance, wahi tapu, valued flora and fauna and other taonga.
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).	District and community wide significance.
State the financial implications and where budgetary provisions have been made to support this decision.	Council have asked FNHL to make every effort to attain the dividend previously proposed of \$1.3m but acknowledge that current inflationary conditions may impact the final value
Chief Financial Officer review.	Senior Financial Accountant has prepared this report



Statement of Intent
2023 to 2025

Far North Holdings Limited Statement of Intent 2023 to 2025



Table of Contents

Introduction.....2

Purpose of Statement of Intent2

About Far North Holdings Limited (FNHL).....2

Nature and Scope of Activity.....3

Decisions for which prior FNDC approval is required.....4

Economic Conditions and the Impact of COVID.....4

Strategic Direction.....5

Objectives.....5

Performance Measures.....7

Dividend Policy9

Accounting Policies.....10

Reporting to Shareholders10

Transactions with FNDC.....11

Acquisition of Shares11

Commercial Value of Shareholder's Investment11

Board's Approach to Governance.....11

Current Board Membership11

Engagement with the Shareholder.....12

Commitment of the Shareholder13

Far North Holdings Limited Statement of Intent 2023 to 2025



Introduction

Far North Holdings Limited (FNHL) is a limited company pursuant to the Companies Act 1993 and is a Council Controlled Trading Organisation pursuant to Section 6 of the Local Government Act 2002 (LGA).

This Statement of Intent (SOI) is prepared to meet the requirements of Section 64 and Schedule 8 of the LGA.

It outlines the activities and intentions of FNHL, and its subsidiaries, and the objective to which those activities will contribute, upholding the Shareholder's values to act in a socially and environmentally responsible manner. Performance targets and measures are specified, along with the Company's policies relating to governance and other matters.

The SOI is reviewed annually following consultation with Far North District Council (FNDC).

Purpose of Statement of Intent

This Statement of Intent (SOI) is presented by FNHL in accordance with Section 64(1) of the Local Government Act 2002. This SOI takes Shareholder (FNDC) comments into consideration and represents the objectives, nature and scope of activities and performance targets by which FNHL is to be measured as the basis of accountability. This SOI relates to the period from 1 July 2022 to 30 June 2025.

About Far North Holdings Limited (FNHL)

FNHL was formed in the late 1990's with the amalgamation of several local Council trading entities that collectively owned maritime, aviation and commercial property assets. It was established as a for-profit, commercial trading company to manage and develop the commercial assets of FNDC.

We are proud to have delivered a number of significant developments and infrastructure projects for the Far North, and to be responsible for strategic community assets including the Bay of Islands Marina development and the associated marine precinct & boatyard facilities, the Bay of Islands Airport and aviation cluster, Opuā, Paihia, Waitangi & Russell wharves and surrounding commercial properties. We continue to invest in these properties for the benefit of current and future generations, which has seen the value of our assets rise from \$49 million to \$136 million over the last ten years.

By leveraging our assets and experience we are able to increase capital and investment put into our district, thereby creating employment locally for our community and generating strong sustainable business outcomes, supporting the Council's Vision for "A District of sustainable prosperity and well-being". Over the past five years, FNHL has been granted funding from Kānoa – Regional Economic Development & Investment Unit of \$46.5m to undertake regional infrastructure projects, many of which protect key assets from climate change impacts and catalyse economic opportunities in the Far North.

Far North Holdings Limited Statement of Intent 2023 to 2025



These projects have ranged from wharf, pontoon and boat ramp upgrades throughout the Far North to the Bay of Islands Airport upgrade, and provision of project management services to numerous other local organisations to deliver their community Kānoa – Regional Economic Development & Investment Unit funded projects. Together with FNDC, we continue to work on major projects supported by the Kānoa – Regional Economic Development & Investment Unit, including development underway at the Ngawha Innovation & Enterprise Park (the Park) to stimulate economic activity.

The Park represents the most significant development project undertaken by FNHL in recent years. The Park seeks to promote value added manufacturing and processing of our primary sector to help catalyse businesses and support a shift away from seasonal lower paid tourism and external horticultural harvesting work towards full time, higher value employment. FNHL are excited to have partnered with Ngāpuhi Asset Holdings to develop 10ha for covered berry production on the Park that will generate year round employment, and look forward to welcoming our other high quality cornerstone tenants to the Park including government agencies who will develop education, skills-based training and business incubation services. We are optimistic about the opportunities that the Park will create to attract and grow new business and employment opportunities locally within a circular economy which positively impacts our environment.

Following approval by FNDC, FNHL has established two wholly owned subsidiaries, Far North Housing Limited and Bay of Islands Marina Limited, both of which will become fully operational during this SOI term. Far North Housing aims to actively identify and develop opportunities to deliver residential housing to address the needs in our communities, in a socially and commercially responsible manner. Bay of Islands Marina will own and manage the Bay of Islands Marina assets, and oversee marine infrastructure and assets owned by FNHL in the Bay of Islands region.

For the last ten years, FNHL has supported the Far North by developing and managing property, maritime and aviation assets to have a positive impact in our community and future generations and operating profitably to provide dividends of over \$6.2 million for FNDC, helping to reduce the rates burden for FNDC ratepayers.

Nature and Scope of Activity

As Council's commercial trading organisation, FNHL exists to:

1. Manage, operate and develop commercial and infrastructure assets within its ownership in a commercial manner, or under the terms of any management agreement entered into;
2. Plan, facilitate and secure commercial outcomes and investment in its area of influence that support economic growth of the Far North District for the betterment of the district, in a socially and environmentally responsible way;
3. Create profits for its Shareholder and improve the Shareholder's asset value.

Far North Holdings Limited Statement of Intent 2023 to 2025



Decisions for which prior FNDC approval is required

The Company will seek approval from the Shareholder:

- before entering any arrangements that provide commercial or infrastructural assets outside of the Far North District (the district);
- for decisions which will affect the CCTO's ability to meet any statutory responsibility;
- for any decisions which will significantly impact on any agreed service levels for a CCO activity delivered to FNDC;
- for any decisions which will commit the FNDC to future provision of funding;
- for any decisions which are not based on a "full arm's length" commercial basis requiring FNDC approval to be shown in the accounts as such;
- prior to divestment of any assets identified by the FNHL and FNDC as strategic regional assets as listed below:
 - Bay of Islands Airport
 - Paihia Car Park and Countdown
 - Wharves and Ramp Infrastructure at Russell, Opuā, Mangonui and Paihia
 - Te Hononga and ātea; or
- prior to divestment of those assets where FNDC retain the first right to acquire upon disposal by FNHL.

In addition, the Company will:

- consult with the Shareholder on any changes to the structure of the company; and
- provide a report providing assurance that any such change will not adversely affect the profitability and risk profile of the company.

Economic Conditions and the Impact of COVID

FNHL continues to feel the impact of COVID-19 as a result of our exposure to the tourism and hospitality sector, and we expect this to be ongoing for the period of this SOI. Our forecasts assume tourism may take up to five years to recover to 2019 levels experienced prior to COVID, however we acknowledge this may take longer.

FNHL provided targeted rental relief to tenants during the initial COVID lock-down in March 2020, and this has continued during subsequent Auckland and regional lockdowns, and local border closures. While these concessions have a direct financial impact on profitability, these measures were approved by the Board to support our business community and economic well-being and contribute towards regional economic recovery by helping business reduce cashflows and continue trading during difficult times.

While regional economic performance has been more positive than expected post-COVID, we expect future trading conditions to become more challenging during the term of this SOI. Projected rising inflation, interest rate increases, general supply chain disruptions and reducing government support to a struggling hospitality and tourism sector are likely to make business conditions more difficult. While our diverse asset and revenue portfolio provide some financial resilience in tough financial times, we expect the next few years will require careful financial and

Far North Holdings Limited Statement of Intent 2023 to 2025



risk management, while continuing concessions to some tenants. Accordingly, our projections reflect this outlook.

Strategic Direction

This SOI sets the strategic framework, activities, and performance measures we have set for the next three years to deliver the outcomes its Shareholder seeks.

We consider FNHL to be an enabler of FNDC's Vision for the Far North "A District of sustainable prosperity and well-being", and our strategic direction reflects this and the Mission of "creating great places, supporting our people". In setting our strategy, where appropriate, we also seek to align itself with FNDC's 2021/31 Long Term Plan (LTP), related Annual Plans and the Far North 2100 strategy; and in the spirit of "no surprises", we will communicate openly and transparently with FNDC on any changes to the strategic direction in the SOI.

Over the period of the SOI, FNDC will provide FNHL with any other documents that it should have knowledge of, whether they be in the consultation stage, or have been formally adopted, that reflect any changes to FNDC's vision or aspirations that FNHL needs to align with.

FNHL aims to grow asset values to \$200 million within 5 years, and to generate increasing profitability to return to FNDC and the community. We will achieve this, having regard to the interests of our communities and stakeholders, by actively managing our commercial property, infrastructure and maritime assets for future generations and delivering residential housing to address the needs in our communities.

Objectives

As FNDC's commercial vehicle, FNHL will grow the value of shareholder funds, the return to FNDC over time and actively manage, develop and maintain regional infrastructure and assets and contribute to the four aspects of well-being in the communities in which we operate. We will achieve these objectives by undertaking the following actions:

1. Achieve sustainable, commercial returns from our combined asset portfolio to facilitate dividends to our shareholder;
2. Sustainably manage and maintain core community infrastructure and assets, in a socially and environmentally responsible manner which reflects and accommodates the interests of our stakeholders and communities when we are able to do so;
3. Deliver growth by identifying opportunities for investment and improved profitability, including development of a housing portfolio that helps to address community housing needs and consideration of opportunities proposed by FNDC;
4. Actively manage marine assets & infrastructure to support growth of the Bay of Islands Marina, the associated marine economy, and address climate change and environmental impacts;
5. Develop the Park stage one to provide employment and skills-based training opportunities for our District and seek to attract value added manufacturing and processing business that will generate further employment opportunities;
6. Be a good employer by doing the right thing by employees; and

6.6 REMITS FOR CONSIDERATION AT 2022 LGNZ AGM

File Number: A3759444

Author: Caroline Wilson, Manager - District Administration

Authoriser: William J Taylor MBE, General Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide Council with an opportunity to consider its position on each of the remits for consideration at the 2022 Local Government New Zealand (LGNZ) Annual General Meeting (AGM).

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- 5 remits are included on the 2022 LGNZ AGM agenda.
- His Worship the Mayor will be attending the LGNZ AGM with voting rights on behalf of Far North District Council.
- Adopted remits become LGNZ Policy.
- The AGM is scheduled for 28 July 2022 as an online meeting.
- The Far North District Council vote is worth 5 votes in accordance with the LGNZ constitution.

TŪTOHUNGA / RECOMMENDATION

That Council:

a) supports the following 2022 Local Government New Zealand Remits:

- **Review of Government transport funding**
- **Illegal street racing**
- **Bylaw infringements**
- **Density and proximity of vaping retailers**

b) abstains from voting for the Central Government funding for public transport remit.

1) TĀHUHU KŌRERO / BACKGROUND

Each year LGNZ calls for proposed remits to be considered at their Annual General Meeting. Nominating Councils must have endorsement from 5 other Councils. The AGM votes on these proposals and adopted remits become LGNZ Policy.

Zone 1 supported a remit proposed by Kaipara District Council recommending a review into the density and proximity of vaping retailers.

There were an additional 4 remits submitted.

His Worship the Mayor will be attending the LGNZ AGM on 28 July 2022 and will be able to put forward the view of the Far North.

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

The list of the proposed remits is provided below along with commentary and suggested voting from the subject matter experts within Council.

Remit	Recommendation	Rationale
Central government funding for public transport	Abstain	Whilst Council does acknowledge the need to encourage the greater uptake of public transport, it believes that this proposal will focus on urban areas

		<p>and areas where there are already high levels of public transport provision. Council would prefer to see funding directed to regional and rural areas to provide subsidised public transport services, particularly in areas where there are high levels of deprivation, and where the private motor vehicle is currently the only viable transport option. This would address transport poverty.</p> <p>This remit appears to focus on existing public transport services and is therefore limited in its relevance to the Far North district. Whilst staff have recommended abstaining on that basis, members may equally choose to support or oppose.</p>
Review of Government transport funding	Support	<p>With the paradigm change around hybrid working and the government supported drive to EV vehicles, the current model of transport funding is fundamentally broken. The current funding model will not be able to deliver the outcomes for roading outlined in the GPS, particularly as funding now being provided to rail and coastal shipping. This has already manifested itself in roading maintenance budgets being suppressed and major projects being postponed. A new mechanism for funding roading is needed.</p>
Illegal street racing	Support	<p>Illegal street racing is an issue that the FNDC has not experienced on a large scale. However, there is a possibility that the district may experience increasing instances of this over time. For that reason, FNDC would welcome the establishment of a nation-wide working group of subject matter experts with the objective of formulating an action plan to effectively enforce the Land Transport Act 1998 and work with police to tackle illegal street racing and the antisocial behaviour associated with it. Arguably, the NZ Police are better placed to address this issue than Council who do not have the resources to monitor and enforce such occurrences. Often there is confusion on the part of the public over which agency (Police or Council or both) are responsible for responding to complaints.</p>
Bylaw infringements	Support	<p>Council has no general power to infringe across a range of bylaws and, in many instances, is left with the time-consuming and expensive option of prosecution. The proposed infringement notice regime under S259 of the LGA would enhance Council's ability to impose infringements where such action is deemed necessary, following the VADE approach to achieving regulatory compliance.</p> <p>Due to the nature of bylaw breaches, an infringement fee is most likely to be the proportionate response to breaches of a bylaw. Due to the lack of an infringement regime Councils are only left with the options of education, a warning and then prosecution. Undertaking prosecutions are also of limited utility due to their significant cost and</p>

		<p>unlikely deterrence due to the limited fines that are likely to be imposed by the Court. So, without an infringement regime we lack the regulatory tools to respond to the myriad of issues that arise in our district. If we could deal with small issues like bylaw breaches early, it could stop further issues compounding within the district.</p> <p>Additionally, an area like the Far North has even further limitations when it comes to undertaking prosecutions for breaches of bylaws. The Far North only has court houses in Kaikohe and Kaitaia. Both of these venues are already overwhelmed dealing with serious criminal offending and family law care and protection issues. These delays have only been compounded by Covid. As such it takes significant time to get before the court to deal with bylaw prosecutions. Due to the low level nature of bylaw breaches in such prosecutions judges are also reluctant to deal with such issues due to the other serious matters they are dealing with. So effectively Council is left without any effective tools to deal with the bylaw breaches if people refuse to cooperate.</p>
<p>Density and proximity of vaping retailers</p>	<p>Support the general intent of restricting the sale of vaping products to R18 specialist vape stores in urban communities.</p> <p>Support proximity limits</p>	<p>Specialist vape retailers can be a great quit tool as long as retailers give advice and recommendations about vaping products to customers who are inside the retailer’s approved vaping premises. Council staff expect that this will work well in urban centres.</p> <p>However, specialist vape stores may not be viable in small rural settlements where specialty stores may struggle to meet the current stipulation that 85% of the store’s income must come from vaping products. Stores in rural communities could be enabled to provide vaping products as a quit smoking tool by partitioning an R18 area within the footprint of the business.</p> <p>Proximity limits would be in line with our other policies related to preventing community harm (Psychoactive Substances and Class 4 Gaming and TAB Venues policies). Which limit proximity to other venues and to sensitive sites (places where young people visit such as schools).</p>

Take Tūtohunga / Reason for the recommendation

To allow Council to determine their positions on each remit for His Worship the Mayor to put forward at the LGNZ AGM.

3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications in endorsing (or not), remits at the LGNZ AGM.

ĀPITIHINGA / ATTACHMENTS

- 1. LGNZ Remits 2022 - A3759445**  

Hōtaka Take Ōkawa / 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.

He Take Ōkawa / Compliance Requirement	Aromatawai Kaimahi / 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	This is a matter of low significance.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Staff have commended on how each proposed remit aligns with existing council policies and processes.
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.	These are matters considered to have national impact that we have opportunity to comment on from a district perspective. The views of the Community Boards have not been sought due to time constraints however the chair of the Bay of Islands-Whangaroa Community Board was present and voted on whether or not to support Kaipara's density and proximity of vaping retailers remit at the Strategy and Policy Committee on 3 May 2022.
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. State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	This report seeks the Council's views on matters considered to have potential impact across the nation.
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).	This report seeks the Council's views on matters considered to have potential impact across the nation.

<p>State the financial implications and where budgetary provisions have been made to support this decision.</p>	<p>There are no financial implications or need for budgetary provision in formulating a view on these remits.</p>
<p>Chief Financial Officer review.</p>	<p>The CFO has reviewed this report.</p>

