



AGENDA

Te Miromiro - Assurance, Risk and Finance Committee Meeting

Wednesday, 23 October 2024

Time: 10:00 AM


Location: Council Chamber, Kaikohe

Membership:

Mr Graeme McGlinn - Chairperson
Deputy Chairperson John Vujcich
Kahika - Mayor Moko Tepania
Kōwhai - Deputy Mayor Kelly Stratford
Cr Ann Court
Cr Penetaui Kleskovic
Cr Steve McNally



**Te Kaunihera
o Te Hiku o te Ika**
Far North District Council

	Authorising Body	Mayor/Council
	Status	Standing Committee
COUNCIL COMMITTEE	Title	Te Miromiro – Assurance Risk and Finance Terms of Reference
	Approval Date	15 December 2022
	Responsible Officer	Chief Executive

(1) Purpose

The purpose of Te Miromiro - Assurance, Risk and Finance Committee is to assist and advise the Governing Body in discharging its responsibility and ownership of finance, risk and internal control.

Committee will review the effectiveness of the following aspects:

- 1.1 The robustness of financial management practices;
- 1.2 The integrity and appropriateness of internal and external reports and accountability arrangements;
- 1.3 The robustness of the risk management framework;
- 1.4 The robustness of internal controls and the internal audit framework;
- 1.5 Compliance with applicable laws, regulations, standards and best practice guidelines;
- 1.6 The establishment and maintenance of controls to safeguard the Council's financial and non-financial assets;
- 1.7 Data governance framework

To perform his or her role effectively, each member must develop and maintain his or her skills and knowledge, including an understanding of the Committees responsibilities, and of the Council's business, operations and risks.

(2) Membership

The Council will determine the membership of the Committee including at least one independent appointment with suitable financial and risk management knowledge and experience.

The Committee will comprise of elected members, and one independent appointed member, appointed as Chair with full voting rights.

Membership is as follows:

Mr Graeme McGlinn – Chairperson and Independent Member

John Vujcich – Deputy Chairperson

Kahika - Moko Tepania

Kōwhai - Kelly Stratford

Ann Court

Penetaui Kleskovic

Steve McNally

(3) Quorum

The quorum at a meeting of the Committee is 4 members.

(4) Frequency of Meetings

The Committee shall meet six weekly.

(5) Power to Delegate

The Committee may not delegate any of its responsibilities, duties or powers.

(6) Responsibilities

The Committees responsibilities are described below:

6.1 Financial systems and performance of the Council

- 6.1.1 Review the Council's financial and non-financial performance against the Long-Term Plan and Annual Plan
- 6.1.2 Review Council quarterly financial statements and draft Annual Report

6.2 Far North Holdings Limited (FNHL)

- 6.2.1 Recommend to Council the approval of the Letter of Expectation and Statement of Intent
- 6.2.2 Receive Annual Report (s67 LGA)
- 6.2.3 Receive quarterly financial statements (s66 LGA)
- 6.2.4 Receive reports on FNHL strategies and plans

6.3 Risk Management

- 6.3.1 Review appropriateness of Council's risk management framework and associated procedures for effective risk identification, evaluation and treatment
- 6.3.2 Receive and review risk management dashboard reports
- 6.3.3 Provide input, annually, into the setting of the risk management programme of work
- 6.3.4 Receive updates on current litigation and legal liabilities

6.4 Internal Audit and Controls

- 6.4.1 Review whether management has in place a current and comprehensive internal audit framework
- 6.4.2 Receive and review the internal audit dashboard reports
- 6.4.3 Provide input, annually, into the setting of the internal audit programme of work
- 6.4.4 Review whether there are appropriate processes and systems in place to identify and investigate fraudulent behaviour

The Committee will manage Council's relationship with external auditor.

(7) Rules and Procedures

Council's Standing Orders and Code of Conduct apply to all meetings.

Far North District Council

Audit, Finance and Risk Committee work plan

Terms of reference	Work stream	Work Plan Dates						
		28-Feb	3-Apr	22-May	24-Jul	4-Sep	22-Oct	3-Dec
Internal Controls framework	Outstanding auditor recommendations, progress and updates	x	x					x
	Issues arising from Audits, register of issues and risks, updates	x	x					x
	Internal audit plans, and focus audits							x
	Cyber security and system availability risks (Px)		x					
Finance and reporting oversight	Budget v actual review of key areas, year end forecasts	x		x	x		x	
	Capital expenditure and financing	x		x	x		x	
	Debt, liquidity, and debtor performance, hygiene factors	x		x	x		x	
	Levels of service (SSP) review	x		x			x	
	Financial, Quarterly updates, including performance SOI's for CCTO's	x		x			x	
External reporting and accountability	Review of accounting policies			x				
	Review of valuations					x		
	Review of Auditor Planning documents			x				

	Review of key audit issues						x	
	Review of Draft annual report, representation letters and recommendation to Council re signing					x		
	Review of Report to Governance						x	
	Emerging accounting issues and requirements (Green)							
	Changes in the legislative environment and emerging risks and changes							
Key Council plans	Review of upcoming Annual Plan or LTP and key assumptions and accounting policies					x		
	Legislative compliance with LGFA / LGA						x	
Risk management	Review of top risks - update	x		x		x		x
	AFRC and Executive team risk issues and emerging risks (Horizon scan)	x		x		x		x
	Risk management update on projects and work streams	x		x		x		x
	Risk management workshop to update the overall risk register (annual) and brain storm			x				
	Deep dive into a risk area (cyclical)	x		x	x			x
	Delegations register review		x					
Probity, Waste, and Policies	Sensitive expenditure review, critical fraud controls and reviews of control effectiveness				x			
	Fraud risk update and work streams				x			x

	Cyclical review of key fraud and internal control risk areas	x		x	x		x	
	Policies - cyclical review schedule				x			
Insurance	Review of policies, processes and strategies					x		
	Review of annual insurance renewals					x		
Treasury	Treasury policies including covenants and policy compliance					x		
	Economic update and impact on to AP/LTP						x	
Occupational Health and Safety	Report on progress, and learnings	x	x	x	x	x	x	x
	Stopwork notices and handling	x	x	x	x	x	x	x
	Key risk areas and compliance	x	x	x	x	x	x	x
Legal issues and updates	Current legal issues in progress (Px)	x	x	x	x	x	x	x
	Potential legal issues and risks (Px)	x	x	x	x	x	x	x
	Legal compliance review across Council					x		
	Ratings validity review						x	
Other	Review and confirmation of Terms of Reference		x					
	Review and update the ARFC work plan		x					
	Review of the effectiveness of the AFRC		x					

	Review of the external auditor performance (3 yearly)		x					
		17	13	18	13	15	16	13

Far North District Council
Te Miromiro - Assurance, Risk and Finance Committee Meeting
will be held in the Council Chamber, Kaikohe on:
Wednesday 23 October 2024 at 10:00 AM

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1 KARAKIA TIMATANGA / OPENING PRAYER**2 NGĀ WHAKAPĀHA ME NGĀ PĀNGA MEMA / APOLOGIES AND DECLARATIONS OF INTEREST**

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Committee and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a Member thinks they may have a conflict of interest, they can seek advice from the Chief Executive Officer or the Manager - Democracy Services (preferably before the meeting).

It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

3 NGĀ TONO KŌRERO / DEPUTATION

No requests for deputations were received at the time of the Agenda going to print.

4 TE WHAKAAETANGA O NGĀ MENETI O MUA / CONFIRMATION OF PREVIOUS MINUTES

4.1 CONFIRMATION OF PREVIOUS MINUTES

File Number: A4899755

Author: Marysa Maheno, Democracy Advisor

Authoriser: Aisha Huriwai, Manager - Democracy Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

The minutes are attached to allow the Committee to confirm that the minutes are a true and correct record of previous minutes.

TŪTOHUNGA / RECOMMENDATION

That Te Miromimro - Assurance, Risk and Finance Committee confirm the minutes of the previous meeting held 4 September 2024 are a true and correct record.

1) TĀHUHU KŌRERO / BACKGROUND

Local Government Act 2002 Schedule 7 Section 28 states that a local authority must keep minutes of its proceedings. The minutes of these proceedings duly entered and authenticated as prescribed by a local authority are prima facie evidence of those meetings.

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

The minutes of the meetings are attached.

Far North District Council Standing Orders Section 27.3 states that no discussion shall arise on the substance of the minutes in any succeeding meeting, except as to their correctness.

TAKE TŪTOHUNGA / REASON FOR THE RECOMMENDATION

The reason for the recommendation is to confirm the minutes are a true and correct record of the previous meetings.

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

There are no financial implications or the need for budgetary provision as a result of this report.

ĀPITIHINGA / ATTACHMENTS

1. Te Miromiro - Assurance, Risk and Finance Committee Minutes 4 September 2024 - A4862746  

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.	This report complies with the Local Government Act 2002 Schedule 7 Section 28.
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.	It is the responsibility of each meeting to confirm their minutes therefore the views of another meeting are not relevant.
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.	There are no implications for Māori in confirming minutes from a previous meeting. Any implications on Māori arising from matters included in meeting minutes should be considered as part of the relevant report.
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 is asking for minutes to be confirmed as true and correct record, any interests that affect other people should be considered as part of the individual reports.
State the financial implications and where budgetary provisions have been made to support this decision.	There are no financial implications or the need for budgetary provision arising from this report.
Chief Financial Officer review.	The Chief Financial Officer has not reviewed this report.

UNCONFIRMED

Te Miromiro - Assurance, Risk and Finance Committee Meeting Minutes

4 September 2024

**MINUTES OF FAR NORTH DISTRICT COUNCIL
TE MIROMIRO - ASSURANCE, RISK AND FINANCE COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 5 MEMORIAL AVENUE, KAIKOHE 0405
ON WEDNESDAY, 4 SEPTEMBER 2024 AT 10.05AM**

- PRESENT:** Cr Steve McNally (Interim Chairperson), Chairperson Mr Graeme McGlenn (online), Deputy Chairperson John Vujcich (online), Kahika - Mayor Moko Tepania, Kōwhai - Deputy Mayor Kelly Stratford, Cr Ann Court.
- IN ATTENDANCE:** Cr Felicity Foy, Earl White (External from Bancorp), Murray Bain (external), Cr Babe Kapa, Cr Mate Radich, Roddy Pihema (Community Board Member), Adele Gardner (Community Board Chair), Cr Tāmati Rākena.
- STAFF PRESENT:** Guy Holroyd (Chief Executive Officer), Marysa Maheno (Democracy Advisor), Jonathan Slavich (Chief Financial Officer), Charlie Billington (General Manager – Corporate Services), Tanya Proctor (Head of Infrastructure), Joshua Panday (Risk and Assurance Specialist), Emma Healy (Chief of Staff), Carla Ditchfield (Manager – Legal Services), Jacine Warrington (Group Manager – Strategic Relationships), Maria Bullen (Democracy Advisor), Grace Hamlin (Support Officer), Esther Powell (Group Manager – Planning and Policy)(Acting), Ian Wilson (Manager – Health, Safety and Wellbeing), Kevin Johnson (Group Manager - Delivery and Operations)(online), Ruben Garcia (Group Manager – Community and Engagement)(online).

1 KARAKIA TIMATANGA / OPENING PRAYER

Chief Executive Officer – Guy Holroyd commenced the meeting with a karakia at 10:05am.

2 NGĀ WHAKAPĀHA ME NGĀ PĀNGA MEMA / APOLOGIES AND DECLARATIONS OF INTEREST**APOLOGY****RESOLUTION 2024/27**

Moved: Cr Steve McNally

Seconded: Kōwhai - Deputy Mayor Kelly Stratford

That the apology received from Cr Penetaui Kleskovic be accepted and leave of absence granted.

CARRIED**3 NGĀ TONO KŌRERO / DEPUTATION**

There were no deputations.

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Te Miromiro - Assurance, Risk and Finance Committee Meeting Minutes

4 September 2024

4.0 RESOLUTION TO APPOINT INTERIM CHAIRPERSON**RESOLUTION 2024/28**

Moved: Kahika - Mayor Moko Tepania
Seconded: Deputy Chairperson John Vujcich

That Te Miromiro – Assurance, Risk and Finance Committee appoint Cr Steve McNally as interim Chairperson for today’s meeting only.

CARRIED**5 TE WHAKAAETANGA O NGĀ MENETI O MUA / CONFIRMATION OF PREVIOUS MINUTES****5.1 CONFIRMATION OF PREVIOUS MINUTES**

Agenda item 4.1 document number A4840685, pages 12 - 19 refers.

RESOLUTION 2024/29

Moved: Kahika - Mayor Moko Tepania
Seconded: Kōwhai - Deputy Mayor Kelly Stratford

That Te Miromiro - Assurance, Risk and Finance Committee confirm the minutes of the previous meeting held 24 July 2024 are a true and correct record subject to the following amendment;

- **Removed “in” from resolution 2024/20 in minutes from Te Miromiro – Assurance, Risk and Finance Committee meeting 24 July 2024.**

CARRIED**6 NGĀ PŪRONGO TAIPITOPITO / INFORMATION REPORTS****6.1 TREASURY UPDATE**

Agenda item 5.1 document number A4844335, pages 20 - 22 refers.

RESOLUTION 2024/30

Moved: Deputy Chairperson John Vujcich
Seconded: Mr Graeme McGlenn

That Te Miromiro - Assurance, Risk and Finance Committee receive the report Treasury Update.

CARRIED

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Te Miromiro - Assurance, Risk and Finance Committee Meeting Minutes

4 September 2024

6.2 RESOLUTION TO ALLOW COUNCILLORS PRESENT TO HAVE SPEAKING RIGHTS**RESOLUTION 2024/31**

Moved: Kahika - Mayor Moko Tepania
 Seconded: Kōwhai - Deputy Mayor Kelly Stratford

That Te Miromiro – Assurance, Risk and Finance Committee allow Councillors present to have speaking rights.

CARRIED

At 10:52 am, Kahika - Mayor Moko Tepania left the meeting and returned at 10:55am.

6.3 PEOPLE AND CAPABILITY REPORT - APRIL - JUNE 2024

Agenda item 5.2 document number A4846407, pages 23 - 30 refers.

RESOLUTION 2024/32

Moved: Deputy Chairperson John Vujcich
 Seconded: Mr Graeme McGlenn

That Te Miromiro - Assurance, Risk and Finance Committee receive the report People and Capability Report - April - June 2024.

CARRIED**7 TE WĀHANGA TŪMATAITI / PUBLIC EXCLUDED****RESOLUTION TO EXCLUDE THE PUBLIC****RESOLUTION 2024/33**

Moved: Cr Steve McNally
 Seconded: Kōwhai - Deputy Mayor Kelly Stratford

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
7.1 - Confirmation of Previous Minutes Public Excluded	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

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UNCONFIRMED

Te Miromiro - Assurance, Risk and Finance Committee Meeting Minutes

4 September 2024

7.2 - Risk Management Update	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.3 - Far North Holdings Governance Review	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.4 - FNDC Current Legal Action Potential Liability Claims	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<p>Also including Councillors present, Community Chairperson Adele Gardner, Community Board Member Roddy Pihema and Murray Bain (external).</p> <p style="text-align: right;">CARRIED</p>		

8 KARAKIA WHAKAMUTUNGA / CLOSING PRAYER

Kōwhai – Deputy Mayor Kelly Stratford closed the meeting with a karakia.

9 MEETING CLOSE

The meeting closed at 1:23pm.

The minutes of this meeting will be confirmed at Te Miromiro - Assurance, Risk and Finance Committee Meeting held on 22 October 2024.

.....
CHAIRPERSON

5 NGĀ PŪRONGO TAIPITOPITO / INFORMATION REPORTS

5.1 MAYORAL DISCRETIONARY FUND

File Number: A4780944

Author: Donna Hippolite, Executive Assistant

Authoriser: Jacine Warmington, Group Manager - Strategic Relationships

TAKE PŪRONGO / PURPOSE OF THE REPORT

For Te Miromiro - Assurance, Risk and Finance Committee to note the quarterly expenditure from the Mayoral Discretionary Fund.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

Council policy requires the reporting from the Mayoral Discretionary Fund to the Committee. This report covers the quarterly period of **1 July 2024 to 30 September 2024**.

Organisation and individual names have been omitted from the report for privacy reasons.

TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro - Assurance, Risk and Finance Committee receive the report Mayoral Discretionary Fund.

TĀHUHU KŌRERO / BACKGROUND

The Mayoral Discretionary Fund was established as a response to ongoing requests for financial assistance that are not eligible under other funding policies within Council or the request is of an emergency assistance nature.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

All funding decisions are made at the mayor's discretion; however, in the interest of transparency for ratepayers, Council policy requires that certain details of the awarded grants be made public.

Purpose of Funding	Amount Awarded
Travel assistance to support representative teams participating in the North Island Junior Netball Championships in New Plymouth, Taranaki. Total cost \$2,750.00	\$500.00
Funding to assist with travel and associated costs to attend and present at the IYRC, International Young Researchers Conference in Tokyo, Japan. Total cost \$1,583.40	\$1,000.00
Funding assistance to help with a local school's initiative to beautify and maintain Mangakahia Road and the Lindvart Park pavilion. Total cost \$750.00	\$500.00
Total Awarded	\$2,000.00

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

The total fund amounts to \$20,000, excluding GST, and has been provisioned for in the annual budget.

ĀPITIHINGA / ATTACHMENTS

Nil

5.2 INSURANCE UPDATE

File Number: A4911948

Author: Jonathan Slavich, Chief Financial Officer

Authoriser: Charlie Billington, Group Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide an update on the 2025 Council insurance renewal process, and an insurance market update.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

The insurance renewal process sees a refresh and update of our asset information and insurance requirements to allow Council's insurance broker, Aon, to work with insurance underwriters to prepare the best insurance renewal option for our needs.

TŪTOHUNGA / RECOMMENDATION

That Te Miromiro - Assurance, Risk and Finance Committee receive the report Insurance update.

TĀHUHU KŌRERO / BACKGROUND

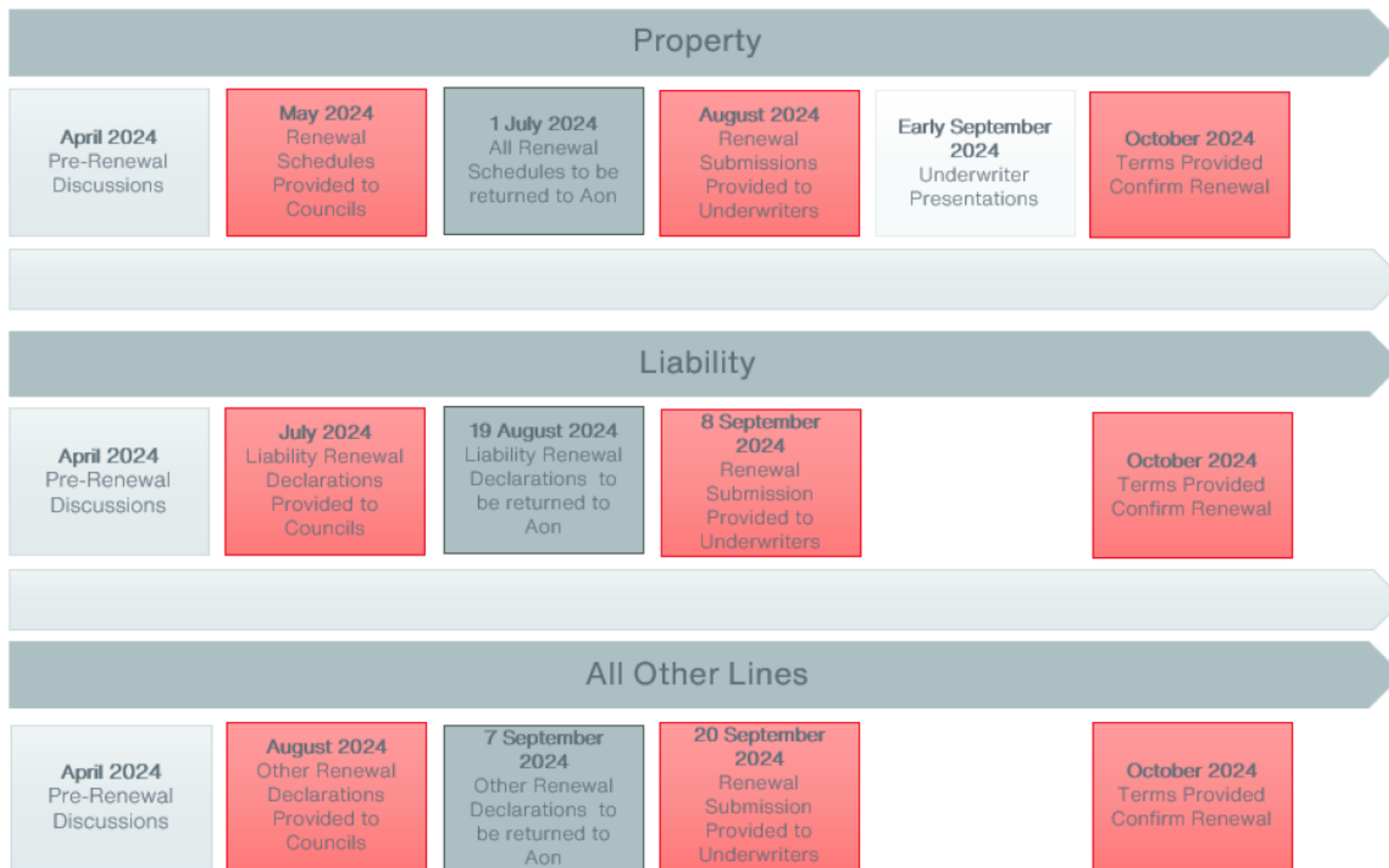
Aon New Zealand Ltd

Aon New Zealand Ltd have been Council's Insurance Brokers since 2011. Aon is responsible for providing Council with options for all insurance provision across a range of Insurance Policies, and is currently working engaged in Council's annual insurance renewal process.

Annual insurance renewal process

Each year council goes through an insurance renewal process. This begins in April and is concluded by October. The process begins with a series of pre-renewal engagements with our brokers, followed by a significant amount of data collection, information updates and submissions of renewal schedules. This information is used by our brokers to engage with the various insurance underwriters to pull together the best renewal option for council.

AON Timetable for 1 November Renewals



Summary of Council Insurance Policies and Premiums for current year

Note – insurance renewal premiums for the upcoming 2024-25 year will be provided to council in the final weeks of October 2024. An update will be provided in the next Te Miromiro meeting.

Far North District Council – Renewal Premiums 2023-24

Policy	2023-24
Material Damage & Business Interruption	\$1,023,225
Commercial Motor	\$107,508
Employers Liability	\$2,547
Statutory Liability	\$16,191
Fidelity/Crime	\$11,798
General Liability	\$64,332
Professional Indemnity	\$408,319
PL & PI - Liability Excess Layer	\$53,841
Cyber Liability	\$45,000
Standing Timber	\$901
Marine Hull	\$26,256
Total Premium (excl GST, FSL, EQC levies & Contract Works)	\$1,759,918

Insurance market update from Aon

Aon will provide an insurance market update to Te Miromiro Assurance Risk and Finance Committee.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

Annual insurance renewal process is scheduled for completion on 1 November 2024.

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

Recent years insurance market pressures have seen insurance premiums increase. Over the 2022/23 to 2023/24 year council saw insurance premiums increase 40%, or \$505k. This was largely driven by:

- A combination of price and coverage increases for Material Damage & Business Interruption, totalling a \$393k increase in premiums.
- To a less material extent, council also saw increases in Commercial Motor by \$41k, due motor claims history, but was also heavily impacted by the losses insurers incurred during Gabrielle and the Auckland flooding events.
- Public Liability and Professional Indemnity also saw an increase in premiums by \$40k. These markets were influenced by claims, and there have been several significant claims in these spaces over the past few years.

Since receiving the above estimates, indicative renewal premiums have improved. The most significant component, Material Damage & Business Interruption, is likely to result in a from 2023/24

to the present. Commercial Motor also appears favourable, with a potential slight reduction. As the renewal progresses, additional information will be incorporated into the 2025-26 Annual Plan.

ĀPITI HANGA / ATTACHMENTS**Nil**

5.3 FAR NORTH HOLDINGS LIMITED ANNUAL REPORT 2023/24

File Number: A4912036

Author: Jonathan Slavich, Chief Financial Officer

Authoriser: Charlie Billington, Group Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

The purpose of the report is to receive the Far North Holdings Annual Report and update for the year ended 30 June 2024.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

Far North Holdings Limited has prepared its annual report and financial statements that comply with NZ International Financial Reporting Standards (NZ IFRS). The financial statements have received audit sign-off, and the annual report was formally adopted by the Far North Holdings Limited Board on 30 September 2024.

Highlights from the report are:

- Operating revenue increased by \$3.7 million year on year, to a total of \$22.7 million.
- Operating profits before net finance costs was also up \$0.7 million on prior year, to a total of \$4.2 million.
- Total equity was \$97.7 million, with total assets growing to \$194.2 million, up from \$186.4 million in the prior year.

TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro - Assurance, Risk and Finance Committee receive the report Far North Holdings Limited Annual Report 2023/24.

TĀHUHU KŌRERO / BACKGROUND

The Local Government Act 2002 requires a Council Controlled Organisation to deliver to its shareholder an annual report that complies with the requirements of the Local Government Act 2002 and any other regulations applicable to the organisation. The report is to be produced and audited within three months of the end of the financial year.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

The Far North Holdings Limited Annual Report for the year ended 30 June 2024 is attached.

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

There are no financial implications in receiving this report.

The financial performance and position is provided to this Committee regularly through the year on a quarterly basis, and full financial year results are consolidated into the group financials for the purpose of councils annual report.

ĀPITIHINGA / ATTACHMENTS

1. **FNHL FY24 Annual Report - A4933495** [↓](#) 



Annual Report

2023/24



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CHAIRMAN'S REPORT FOR THE YEAR ENDED 30 JUNE 2024

On behalf of the directors, I am pleased to report on the activities of the Group for the twelve months to 30 June 2024, as required by the Local Government Act 2002 and by Far North Holdings Limited's (FNHL) Statement of Corporate Intent (SOI). Included in this report are FNHL's Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, and Statement of Cash Flows for the relevant period.

The year under review was challenging for most businesses in an economy battered by high interest rates, falling business confidence and election-year uncertainty. Along with the rest of Northland, the Far North District suffered heavily as a result of the extended closures of the Brynderwyns. During this period, the directors have been acutely conscious of the impact of the company's business decisions on the local economy, and have sought to play a constructive and supportive role.

While high interest rates have impacted all businesses, FNHL is fortunate to hold a highly-varied asset portfolio, providing a good level of stability in uncertain times. A longer summer in the past year provided a welcome boost for the Far North's tourism sector, supported by strong cruise boat activity in the Bay of Islands.

The Group is pleased to report the completion of two important developments during the year: the completion of the Corrections facilities at the Ngawha Innovation Park enabled the commencement of a long-term lease arrangement with the Department in January 2024. And the completion of stage 1 of the Ministry of Housing and Urban Development (MHUD) - supported Te Kohekohe community housing development in May of this year saw the housing of foundation tenants.

Directors are pleased to confirm that the Group has met its obligations under the SOI to pay the forecast dividend of \$0.5m, based upon a trading profit of \$1.0m.

Total comprehensive income was \$0.3m (2023 \$9.0m) reflecting movements in valuations. Last years' \$8.5m uplift was followed by a net devaluation of \$3.5m in the 2024 year – a relatively minor adjustment in the context of a difficult market.

Shareholders' equity decreased by \$1.4m from June 2023, reflecting conditions, and the impact of new tax rules relating to depreciation of commercial property.

Assets grew from \$186.4m in June 2023 to \$194.2m in June 2024, reflecting an increased investment in community housing assets. Debt levels were carefully managed during this period of high interest rates through the sale of mature, non-core assets.

Since balance date, the Group has advanced construction on the final stages of the community housing project on the Kaikohe RSA site – the partnership between Far North Housing and Te Hau Ora Ō Ngāpuhi will see the completion of 60 one, two and three bedroom homes in October 2024. The fact that our management team have been able to complete this complex project on time and on budget despite an extremely difficult construction market underlines the quality of their work.

Similarly, a development of 46 one, two and three units in Dargaville, in partnership with Kāhui Tū Kaha Limited, underscores the important work being undertaken by our team outside the boundaries of the Far North District, executing Government Housing policies with the support of our shareholder.

FNHL continues to work closely with Far North District Council (FNDC) under its Maritime Maintenance Contract on projects including Freese Park, Hokianga and Rangiputa boat ramps, and the Mangonui stage two parking facility.

**CHAIRMAN'S REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

The board looks forward to 2025 with confidence. The FNDC decision to facilitate funding for the Group from the Local Government Funding Agency will enhance profitability. This, and the pending completion of the major projects referred to earlier have given us confidence to commit to the higher dividend flows reflected in the current SOI. By agreement with the Council, the Group's focus in recent years has been upon asset growth. As the needs of our owners have changed, the Group has sought to move to a careful balance between asset accumulation and increased dividends.



Murray McCully
CHAIRMAN

**INDEPENDENT AUDITOR'S REPORT****TO THE READERS OF FAR NORTH HOLDING LIMITED'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2024**

The Auditor-General is the auditor of Far North Holdings Limited and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Bennie Greyling, using the staff and resources of Deloitte Limited, to carry out the audit of the consolidated financial statements and the performance information of the Group, on his behalf.

Opinion

We have audited:

- the consolidated financial statements of the Group on pages 8 to 36, that comprise the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 37 to 46.

In our opinion:

- the consolidated financial statements of the Group:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2024; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR); and
- the performance information of the Group presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2024.

Our audit was completed on 30 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of the readers, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

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obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 3, 7 and 47 to 50, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Group.



Bennie Greyling
Partner
For Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand

**DIRECTORS' RESPONSIBILITY STATEMENT
FOR THE YEAR ENDED 30 JUNE 2024**

The directors have pleasure in presenting to the shareholders the Annual Report and audited financial statements of Far North Holdings Limited (the "group") for the year ended 30 June 2024.

The directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of the group as at 30 June 2024 and its financial performance for the year ended on that date.

The directors consider that the financial statements of the group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates, and comply with New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime as appropriate for profit-orientated entities.

The directors consider that proper accounting records have been kept, which enable, with reasonable accuracy, the determination of the financial position of the group.

Approved for and on behalf of the Board of Directors:



Director



Director

30 September 2024

Date

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**



	Note	2024 \$000	2023 \$000
Revenue from contracts with customers	1	19,547	18,748
Other income	2	3,127	205
		22,674	18,953
Employee benefit expenses	3	4,969	4,062
Depreciation and amortisation expenses	4	1,066	1,016
Other expenses	5	12,417	10,351
Operating profit before net finance costs		4,222	3,524
Finance income		55	9
Finance expenses		3,185	2,853
Net finance costs	6	3,130	2,844
Profit before other non-operating movements		1,092	680
Gain on transfer of investment property	11	6,437	-
Share of (losses)/profits of associates	11	(1,410)	(261)
Gain on sale of share in associate	11	-	677
Devaluation of property intended for sale		(90)	(279)
Devaluation of biological assets	14	(39)	(53)
Net (losses)/ gains on valuation of investment property	9	(3,544)	8,540
Profit before income tax		2,446	9,304
Income tax expense	7	(1,842)	(791)
Profit for the period		604	8,513
(Devaluation)/revaluation of property, plant and equipment	8	(66)	470
Share of associates other comprehensive income	11	(22)	(110)
Revaluation of equity investments	12	-	56
Tax on items that will not be reclassified to profit or loss	7	(213)	117
Other comprehensive income for the year, net of tax		(301)	533
Total comprehensive income for the year		303	9,046

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024



	Share capital	Property revaluation reserve	Equity investment reserve	Buildings & maintenance reserves	Capital reserve	Retained earnings	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2022	18,000	12,453	(287)	100	72	59,911	90,249
Profit for the year	-	-	-	-	-	8,513	8,513
Other comprehensive income for the year:						(110)	(110)
Revaluation of property, plant and equipment	-	587	56	-	-	-	643
Total comprehensive income for the year	-	587	56	-	-	8,403	9,046
Transfers	-	-	-	275	-	(275)	-
Transactions with owners of the company in their capacity as owners:							
Dividends paid	-	-	-	-	-	(125)	(125)
Total transactions with owners of the company	-	-	-	-	-	(125)	(125)
Balance at 30 June 2023	18,000	13,040	(231)	375	72	67,914	99,170
Balance at 1 July 2023	18,000	13,040	(231)	375	72	67,914	99,170
Profit for the year	-	-	-	-	-	604	604
Other comprehensive income for the year:						(22)	(22)
Devaluation of property, plant and equipment	-	(279)	-	-	-	-	(279)
Total comprehensive income for the year	-	(279)	-	-	-	582	303
Transfers	-	-	231	290	-	(521)	-
Transactions with owners of the company in their capacity as owners:							
Dividends paid	-	-	-	-	-	(1,752)	(1,752)
Total transactions with owners of the company	-	-	-	-	-	(1,752)	(1,752)
Balance at 30 June 2024	18,000	12,761	-	665	72	66,223	97,721

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**



	Note	2024 \$000	2023 \$000
Equity and Liabilities			
Equity			
Share capital	17	18,000	18,000
Reserves	18	13,498	13,256
Retained earnings		66,223	67,914
Total equity		97,721	99,170
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	19	12,443	48,568
Income in advance	22	18,037	15,274
Deferred tax liability	7	6,609	4,554
Total non-current liabilities		37,089	68,396
Current liabilities			
Bank overdraft	16	1,080	755
Trade and other payables	21	10,006	6,571
Employee benefits	20	649	556
Interest-bearing loans and borrowings	19	45,954	10,383
Income in advance	22	1,654	573
Total current liabilities		59,343	18,838
Total liabilities		96,432	87,234
Total equity and liabilities		194,153	186,404
Assets			
Non-current assets			
Property, plant and equipment	8	31,038	31,363
Investment property	9	130,306	128,137
Other investments/loans	12	1,006	665
Biological assets	14	219	258
Intangible assets	10	103	106
Investments in associates	11	13,835	5,640
Total non-current assets		176,507	166,169
Current assets			
Inventories	13	7,207	1,513
Properties intended for sale	23	6,663	17,073
Other investments/loans	12	-	499
Trade and other receivables and prepayments	15	2,601	939
Contract assets		240	-
Cash and cash equivalents	16	935	211
Total current assets		17,646	20,235
Total assets		194,153	186,404

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024**



	Note	2024 \$000	2023 \$000
Cash flows from operating activities			
Cash receipts from customers		21,661	23,585
Cash paid to suppliers and employees		(21,810)	(15,598)
GST (paid)/received		(1,246)	384
Interest received		55	9
Interest paid		(3,220)	(2,201)
Net cash (outflow)/inflow from operating activities		(4,560)	6,179
Cash flows from investing activities			
Purchase of property, plant and equipment and investment property, and biological assets		(17,096)	(19,782)
Sale of investments		449	-
Loan to associate		(341)	-
Purchase of share in associate		-	(3,980)
Proceeds from sale of property, plant and equipment, investment property and property intended for sale		24,069	8,380
Dividends received		61	-
Distributions from associates		123	-
Net cash inflow/(outflow) from investing activities		7,265	(15,382)
Cash flows from financing activities			
Interest-bearing loans and borrowings (repayment)/advance		(554)	8,490
Dividends paid		(1,752)	(125)
Net cash (outflow)/inflow from financing activities		(2,306)	8,365
Net increase/(decrease) in cash and cash equivalents		399	(838)
Cash and cash equivalents at beginning of year		(544)	294
Cash and cash equivalents at end of year	16	(145)	(544)

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



MATERIAL ACCOUNTING POLICY INFORMATION

Reporting entity

Far North Holdings Limited (the “Company”) is a company registered under the Companies Act 1993.

It is a Council Controlled Trading Organisation (CCTO) as defined in the Local Government Act 2002. The Company is wholly owned by the Far North District Council.

The consolidated financial statements comprise the results of Far North Holdings Limited (FNHL) and its subsidiaries (together the Group) and the results of the Group's equity accounted associates.

The company owns 100% of the shares in Bay of Islands Marina Limited, Far North Housing Limited and Northern Housing Limited. Far North Holdings Limited owns 12% of Kaikohe Berryfruit Limited Partnership and 50% of 450 Kamo Road Limited Partnership, and Northern Housing Limited owns 50% of 56 Tawanui Road Limited Partnership. These have been accounted for as a share in associates using the equity method.

The Group financial statements are for the year ended 30 June 2024 and were authorised for issue by the Directors on 30 September 2024.

Basis of preparation

The financial statements have been prepared on a going concern basis. This is supported by:

- FNHL has the potential to defer capital expenditure, should it be required
- Continued support from FNHL's banking partners - refer note 19 for further details
- FNHL is expected to be solvent and able to meet cashflow obligations whilst remaining within financing obligations and covenants.

The accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Group have been prepared in accordance with the requirements of the Local Government Act 2002, Part 5, Section 67 which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with New Zealand equivalents to IFRS Accounting Standards - Reduced Disclosure Regime (“NZ IFRS (RDR)”).

The Group is a Tier 2 For-profit entity and has elected to report in accordance with Tier 2 For-profit Accounting Standards as issued by the New Zealand External Reporting Board (XRB). The Group is eligible to report in accordance with Tier 2 For-profit Accounting Standards on the basis that it does not have public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR the company has applied a number of disclosure concessions.

Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$) which is the Group's functional presentation currency, rounded to the nearest thousand dollars (\$000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

- Investment property;
- Land and buildings, wharves and runways; and
- Financial instruments - fair value through other comprehensive income.

Use of estimates and judgements

The Group makes certain estimates regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Property, plant and equipment useful lives and residual values

At each balance date the Group reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Company to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the Statement of Profit or Loss and Other Comprehensive Income, and carrying amount of the asset in the Statement of Financial Position. The Group minimises the risk of this estimation uncertainty by:

- Physical inspection of assets;
- Asset replacement programmes;
- Review of second-hand market prices for similar assets; and
- Analysis of prior asset sales.

The Group has not made significant changes to past assumptions concerning useful lives and residual values.

Fair value measurement

A number of assets and liabilities in the Group's financial statements require measurement at, and/or disclosure of fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy").

- Level 1: Quoted prices in an active market for identical items
- Level 2: Observable direct or indirect inputs other than level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

The Group measures a number of items at fair value - revalued property, plant and equipment, investment property, equity investments, and biological assets. For more detailed information on the fair value measurement of these items please refer to the applicable notes.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024*****Classification of properties under construction***

The Group's activities includes construction of properties that are held for the long-term or are sold to earn a development profit. The recognition of these properties as investment properties or inventory requires the Company to consider the arrangement of each project and intended use of the completed property.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity. Financial instruments are comprised of trade and other receivables, cash and cash equivalents, debt securities, other financial assets, trade and other payables, borrowings and other financial liabilities.

Financial assets and financial liabilities are offset only when the entity has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis, or to realise the asset and liability simultaneously. The right to set off must not be contingent on a future event, and must be legally enforceable in the normal course of business, and in the event of default and in the event of insolvency or bankruptcy of the entity and all of the counterparties.

The Group initially recognises financial instruments on the date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group has the following categories of financial assets;

Amortised cost

Financial assets with fixed or determinable payments that are not quoted in an active market, are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses (see further below). These comprise of cash and cash equivalents, trade and other receivables and short-term loans.

Fair value through Other Comprehensive Income

Equity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at fair value, with all gains and losses recognised in other comprehensive income. Changes to fair value are not subsequently recycled to profit and loss. Dividends are recognised in profit or loss. On disposal of these equity investments, any related balance within equity investment reserve is reclassified to retained earnings.

Financial liabilities

The Group initially recognises debt securities on the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies financial liabilities into the amortised cost category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



Financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's property, plant and equipment held at cost and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (Company of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (Company of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**



1. REVENUE FROM CONTRACTS WITH CUSTOMERS

Accounting Policy

(i) Goods Sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed or the proportion of costs incurred.

(iii) Commissions

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Company.

(iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

	2024	2023
	\$000	\$000
Goods sold	2,368	3,114
Services	10,277	8,935
Commission	6	34
Rental income	6,896	6,665
Total revenue from contracts with customers	19,547	18,748

2. OTHER INCOME

	2024	2023
	\$000	\$000
Government grants	6	-
Dividends received	61	-
Gain on sale of investment property	3,037	197
Depreciation recovered	23	8
Total other income	3,127	205

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**



3. EMPLOYEE BENEFITS EXPENSES

Accounting Policy

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short Term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date. The Company recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

	2024	2023
	\$000	\$000
Salaries and wages	4,726	3,922
Contributions to Kiwisaver	150	122
Increase/(decrease) in employee benefit liabilities	93	18
Total employee benefit expenses	4,969	4,062

4. DEPRECIATION AND AMORTISATION EXPENSES

Accounting Policy

For plant and equipment, depreciation is based on the cost of an asset less its residual value, and for runways, wharves and buildings is based on the revalued amount less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated. Assets under construction are not subject to depreciation.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- Buildings and structures - 33 years
- Plant, fittings and office equipment - 3-20 years
- Wharves - 33 years
- Ramps and moorings - 33 years
- Motor vehicles, boat transporters – 5-15 years
- Runways, including all airport infrastructure / civil works assets - 25 years
- Leasehold improvements - 29 years

Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**



4 DEPRECIATION AND AMORTISATION EXPENSES (cont.)

	2024	2023
	\$000	\$000
Depreciation, property, plant & equipment	1,063	1,014
Amortisation intangible assets	3	2
Total depreciation & amortisation	1,066	1,016

5. OTHER EXPENSES

	2024	2023
	\$000	\$000
Fees to principal auditor - audit fees for current year	123	122
Directors fees	373	334
Donations	3	3
Inventories	2,376	2,714
Impairment of receivables	31	94
Honey stock impairment	1,162	-
Loss on sale of shares	49	-
Minimum lease payments under operating leases	176	116
Direct expenses from investment property generating income	2,849	2,771
Other operating expenses	5,275	4,197
Total other expenses	12,417	10,351

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



6. NET FINANCE COSTS

Accounting Policy

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

	2024	2023
	\$000	\$000
Recognised in profit or loss:		
Finance Income		
Interest income on loans and receivables	55	9
Finance Expense		
Interest expenses on financial liabilities measured at amortised cost (including finance leases)	3,185	2,853
Net finance costs	3,130	2,844

7. INCOME TAX

Accounting Policy

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**



7. INCOME TAX (cont.)

of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

a) Income tax recognised in profit or loss and other comprehensive income

	2024	2023
	\$000	\$000

Income tax recognised in profit or loss:

Current tax	-	-
Deferred tax expense	1,842	791
Total income tax expense	1,842	791

Income tax recognised in other comprehensive income:

Aggregate deferred tax relating to items in other comprehensive income	213	(117)
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b) Reconciliation of income tax expense

Profit before income tax expense	2,446	9,304
Tax expense at 28%	685	2,605
Permanent differences	(1,691)	(514)
Other movements	2,848	(1,300)
Tax expense	1,842	791

c) Deferred tax

	2024	2023
	\$000	\$000
Balance at the beginning of the year	4,554	3,880
Current year movement	2,055	674
Deferred tax liability	6,609	4,554

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



7. INCOME TAX (cont.)

Deferred tax (assets)/liabilities are attributable to the following:

	2024	2023
	\$000	\$000
Property, plant and equipment other	602	788
Property, plant and equipment buildings	1,695	158
Investment property and properties intended for sale	4,479	3,963
Biological assets	-	(195)
Employee benefits	(106)	(92)
Other items	(61)	(68)
Deferred tax liability	6,609	4,554

d) Movement in deferred tax income tax assets and liabilities

	Balance at 30 June 2022	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 30 June 2023	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 30 June 2024
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Property, plant and equipment other	874	(23)	(63)	788	(264)	78	602
Property, plant and equipment buildings	61	151	(54)	158	1,402	135	1,695
Investment property and properties intended for sale	3,307	656	-	3,963	516	-	4,479
Biological assets	(231)	36	-	(195)	195	-	-
Employee benefits	(87)	(5)	-	(92)	(14)	-	(106)
Other items	(44)	(24)	-	(68)	7	-	(61)
Total deferred tax liability	3,880	791	(117)	4,554	1,842	213	6,609

Taxation legislation changes enacted during the year ended 30 June 2024 have removed tax depreciation on commercial buildings with an expected life of 50 or more years from 1 July 2024. This change has increased the deferred tax expense and deferred tax liability by \$1.5 million for the year ended 30 June 2024.

8. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

(i) Recognition and measurement

Land, runways, wharves and buildings are measured at fair value, less accumulated depreciation (except for land) and accumulated impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024****8. PROPERTY, PLANT AND EQUIPMENT (cont.)**

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any revaluation surplus arising on the revaluation of an asset is credited to other comprehensive income and shown in the asset revaluation reserve in the Statement of Financial Position. A revaluation deficit in excess of the asset revaluation reserve balance for an asset is recognised in the profit or loss in the period it arises. Revaluation surpluses which reverse previous revaluation deficits recognised in the profit or loss are recognised in the profit or loss.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. Any revaluation surplus on disposal of an item of property, plant and equipment is recognised in retained earnings.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

The most recent valuation of land, buildings, runways and wharves was performed by Brad Sworn, ANZIV of the firm Telfer Young (Northland) Limited, and the valuation is effective at 30 June 2024.

Security

At 30 June 2024, certain land and buildings, with a carrying amount of \$100.1 million (2023: \$112.7 million) are subject to a first mortgage to secure bank loans. There is also a General Security Agreement over all property, plant and equipment.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

8. PROPERTY, PLANT AND EQUIPMENT (cont.)

	Land	Buildings	Runways	Wharves	Ramps & fittings and moorings	Plant, fittings and office furniture	Motor vehicles, boat improvements	L'hold	Work in progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost or Valuation										
Balance at 1 July 2023	11,334	12,303	3,301	2,397	87	3,511	2,093	164	102	35,292
Additions	-	121	-	-	30	275	252	-	228	906
Disposals	-	-	-	-	-	-	-	-	(102)	(102)
Revaluations	(827)	107	(149)	222	-	-	-	-	-	(647)
Balance at 30 June 2024	10,507	12,531	3,152	2,619	117	3,786	2,345	164	228	35,449
Accumulated depreciation and impairment										
Balance at 1 July 2023	-	-	-	-	30	2,801	1,054	44	-	3,929
Depreciation	-	376	132	73	3	298	175	6	-	1,063
Elimination on revaluation	-	(376)	(132)	(73)	-	-	-	-	-	(581)
Balance at 30 June 2024	-	-	-	-	33	3,099	1,229	50	-	4,411
Net book value										
At 30 June 2023	11,334	12,303	3,301	2,397	57	710	1,039	120	102	31,363
At 30 June 2024	10,507	12,531	3,152	2,619	84	687	1,116	114	228	31,038

The fair value of land and buildings is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Group, and to market based yields for comparable properties.

The fair value of runways and wharves is determined using depreciated replacement cost.

9. INVESTMENT PROPERTY
Accounting Policy

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**



9. INVESTMENT PROPERTY (cont.)

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. When an investment property is expected to be sold the fair value is remeasured and any gain or loss recognised in profit or loss, and the fair value is transferred to property held for sale.

	2024	2023
	\$000	\$000
Balance at 1 July	128,137	128,777
Acquisitions	17,039	14,838
Disposals	(10,520)	(8,150)
Transfer to properties intended for sale	(806)	(15,991)
Reclassification from property plant & equipment	-	123
Change in fair value	(3,544)	8,540
Balance at 30 June	130,306	128,137

Investment property comprises a number of commercial properties that are leased to third parties. The leases all have variable terms. Subsequent renewals are negotiated with the lessee.

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

The most recent valuation was performed by Brad Sworn, ANZIV of the firm Telfer Young (Northland) Limited, and the valuation is effective at 30 June 2024. The prior valuation was completed 30 June 2023. Valuations are completed every year for all investment properties.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**



10. INTANGIBLE ASSETS

Accounting Policy

(i) Goodwill

Goodwill that arises upon the acquisition of a business is presented with intangible assets.

(ii) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Except for goodwill and intangible assets that have indefinite lives or are not yet available for use, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- Computer software - 3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

	Goodwill \$000	Software \$000	Total \$000
Cost			
Balance at 1 July 2023	301	188	489
Additions	-	-	-
Balance at 30 June 2024	301	188	489
Accumulated amortisation and impairment			
Balance at 1 July 2023	201	182	383
Amortisation charge for the year	-	3	3
Balance at 30 June 2024	201	185	386
Net book value			
At 30 June 2023	100	6	106
At 30 June 2024	100	3	103

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



11. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

Accounting policy

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Associates

Where the Company has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Company's share of post-acquisition profits or losses and other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

Profits and losses arising on transactions between the Company and its associate are recognised only to the extent of unrelated investors' interest in the associate.

	Country incorporation and place of business	of and	Portion of ownership held	
			2024	2023
Associate				
Kaikohe Berryfruit Limited Partnership	New Zealand		12%	12%
450 Kamo Road Limited Partnership	New Zealand		50%	50%
56 Tawanui Road Limited Partnership	New Zealand		50%	-
Subsidiaries				
Far North Housing Limited	New Zealand		100%	100%
Bay of Islands Marina Limited	New Zealand		100%	100%
Northern Housing Limited	New Zealand		100%	100%

The Directors of the Company consider it has the power to exercise significant influence over the Associate Kaikohe Berryfruit Limited Partnership even though it only owns 12% of the shares. This is because of the position it holds on the Board of Directors.

During the 2024 year a new entity was formed 56 Tawanui Road Limited Partnership. FNHL was initially the sole limited partner and it transferred an investment property to this entity. Subsequent to this Far North Housing Limited sold a 50% share to its subsidiary Northern Housing Limited, and a 50% share to an unrelated party.

During the 2023 year a new entity was formed 450 Kamo Road Limited Partnership. FNHL was initially the sole limited partner and it transferred an investment property to this entity. Subsequent to this FNHL sold a 50% share to its subsidiary Far North Housing Limited, and a 50% share to an unrelated party.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**



12. OTHER INVESTMENTS/LOANS

	2024	2023
	\$000	\$000
Loan Manea	665	665
Loan to Associate	341	-
Fonterra shares	-	499
Total other investments	1,006	1,164
Fonterra shares		
Opening value	499	443
Change in fair value	-	56
Disposals	(499)	
Closing value	-	499

The fair value of quoted securities is based on published market prices.

13. INVENTORIES

Accounting policy

Inventories are measured at the lower of cost and net realisable value with due allowance for any damaged and obsolete stock items. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of items transferred from biological assets is their fair value less point-of-sale costs at the date of transfer.

Development property is held as inventory when there is an intention to sell the property and recognise a development margin, rather than hold the property for long term gain.

	2024	2023
	\$000	\$000
Development property	6,921	-
Honey	232	1,443
Fuel	32	55
Chandlery and boatyard	22	15
Total inventories	7,207	1,513

Some chandlery and boatyard inventories are subject to retention of title clauses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**



14. BIOLOGICAL ASSETS

Accounting policy

Biological assets are measured at fair value less point-of-sale costs, with any changes recognised in profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets. Agricultural produce from biological assets is transferred to inventory at its fair value, by reference to market prices for honey, less estimated point-of-sale costs at the date of harvest.

	2024	2023
	\$000	\$000
Balance at beginning of year	258	311
(Decrease) in fair value of queens and hives	(39)	(53)
Balance at end of year	219	258

Biological assets have been valued at fair value by reference to the Ministry of Primary Industries published prices.

15. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2024	2023
	\$000	\$000
Far North District Council	1,471	13
Trade and other receivables	702	695
Prepayments	428	231
Total trade and other receivables and prepayments	2,601	939

Impairment losses are recognised in other expenses in profit or loss – see note 5. Trade receivables generally have terms of 30 days and are interest free. Trade receivables of a short-term duration are not discounted. Reconciliation of the allowance for impairment in respect of trade and other receivables:

	2024	2023
	\$000	\$000
Balance at 1 July	75	64
Receivables written off during the year	71	19
Additional provisions made during the year	(111)	(8)
Balance at 30 June	35	75

The allowance accounts in respect of loans and receivables are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**



16. CASH AND CASH EQUIVALENTS

	2024	2023
	\$000	\$000
Cash at bank and in hand	935	211
Bank overdrafts	(1,080)	(755)
Total cash and cash equivalents and bank overdrafts for the purpose of the statement of cash flows	(145)	(544)

Bank overdraft facilities are provided by the Bank and secured by the first charge debenture. The interest rate on the bank overdraft was 9.64% (2023: 8.89%). The maximum overdraft facility available to the Group was \$2 million (2023: \$2 million).

Interest rates applying to bank balances was 0.0% (2023: 0.0%). Bank balances are on call.

17. SHARE CAPITAL

	2024	2023
	\$000	\$000
Ordinary shares - fully paid	7,000	7,000
Redeemable shares - fully paid	11,000	11,000
Total share capital	18,000	18,000

The holders of the convertible non-participating redeemable shares have no rights to participate in the profits or assets of the Group, other than by the discretion of the Directors, to vote at any General Meeting of the Group or to subscribe for or be offered or allotted any present or future issues of shares in the capital of the Group. Since 30 May 2004, FNHL is entitled to redeem half of the convertible non-participating redeemable shares at the available subscribed capital per share.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group, and rank equally with regard to the Group's residual assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**



18. RESERVES

	2024	2023
	\$000	\$000
Balances		
Asset revaluation reserve	12,761	13,040
Equity investment reserve	-	(231)
Buildings and maintenance reserves	665	375
Capital reserve	72	72
Total reserves	13,498	13,256
Movements		
Asset revaluation reserve		
Opening balance	13,040	12,454
Revaluation - fixed and intangible assets	(66)	469
Less deferred tax	(213)	117
Closing balance	12,761	13,040
Equity investment reserve		
Opening balance	(231)	(287)
Revaluation Fonterra shares	-	56
Transferred to retained earnings	231	-
Closing balance	-	(231)
Buildings and maintenance reserves		
Opening balance	375	100
Transferred from retained earnings	290	275
Closing balance	665	375
Capital reserve		
Opening balance	72	72
Closing balance	72	72

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**



19. INTEREST-BEARING LOANS AND BORROWINGS

	2024	2023
	\$000	\$000
Secured bank loans		
Current	45,954	10,383
Non-current	12,443	48,568
Total interest-bearing loans & borrowings	58,397	58,951

The terms and conditions of outstanding loans are as follows:

New Zealand Dollars	Nominal interest rate	Year of maturity	2024		2023	
			Face value \$000	Carrying amount \$000	Face value \$000	Carrying amount \$000
Secured bank loan	8.44%	2023-2024	-	-	1,241	1,241
Secured bank loan	8.72%	2023-2024	-	-	2,890	2,890
Secured bank loan	8.58%	2023-2024	-	-	3,180	3,180
Secured bank loan	8.57%	2023-2024	-	-	3,072	3,072
Secured bank loan	8.01%	2024-2025	1,100	1,100	-	-
Secured bank loan	8.05%	2024-2025	2,728	2,728	2,787	2,787
Secured bank loan	7.08%	2024-2025	-	-	44,225	44,225
Secured bank loan	7.27%	2024-2025	42,126	42,126	-	-
Secured bank loan	8.10%	2005-2026	10,923	10,923	-	-
Secured bank loan	8.20%	2028-2029	1,520	1,520	1,556	1,556
Total interest-bearing liabilities			58,397	58,397	58,951	58,951

The bank loans are secured over certain land and buildings with a carrying amount of \$110,135k (2023: \$112,719k), and a general security agreement over all company assets. Interest rates on the loans at 30 June 2024 varied from 7.27% to 8.20% (2023 4.21% to 7.49%). See note 27 regarding renewal of borrowings after 30 June 2024.

20. EMPLOYEE BENEFITS

	2024	2023
	\$000	\$000
Salaries payable	274	229
Liability for annual leave - current	375	327
Total employee benefits	649	556

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**



21. TRADE AND OTHER PAYABLES

	2024	2023
	\$000	\$000
Far North District Council	2,435	1,845
Trade and other payables	7,571	4,726
Total trade and other payables	10,006	6,571

Trade payables generally have terms of 30 days and are interest free. Trade payable of a short-term duration are not discounted.

22. INCOME IN ADVANCE

Accounting policy

Income in advance represents rental income received for future periods calculated on a straight line basis over the term of the lease. Marina berths licence income is spread to 2033, or 2049 if an extension has been granted.

	2024	2023
	\$000	\$000
Non current portion		
Income received in advance - long term	18,037	15,274
Total non current portion	18,037	15,274
Current portion		
Income received in advance - current	1,077	65
Marina Stage 2 berth sales	577	508
Total current portion	1,654	573
Total income in advance	19,691	15,847

Income in advance relates to marina berth licences income which has been spread over the period of the licences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



23. PROPERTIES INTENDED FOR SALE

Accounting policy

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, and the sale is highly probable, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, the Group's property, plant and equipment are no longer amortised or depreciated.

FNHL has seven properties with a carrying value of \$6.7 million (2023: \$17.1 million) and a market valuation of \$8.8 million (2023 ten properties \$22.8 million) intended for sale.

24. RELATED PARTIES

Identity of related parties

The Group has a related party relationship with its key management personnel being the executive officers, and the Directors.

The Group also has a related party relationship with its parent Far North District Council and its equity accounted associates (disclosed in note 11).

Total key management personnel being the Chief Executive and General Management compensation for the year ended 30 June 2024 was \$1,055,150 (2023: \$801,175). Directors fees for the year were \$373,413 (2023: \$333,960).

Transactions with related parties

Transactions with related parties are to be settled in cash. None of these balances are secured. There have been no impairments of related party balances during the year (2023: nil) and there have been no write-offs of related party balances during the year (2023: nil).

Mr R Blackman was a director of Bay of Islands Marina Limited until his resignation on 30 April 2024 and rented a berth in the marina and used the boatyard facility to the value of \$8,776 (2023: \$5,407). During the year Mr Blackman provided consulting services to the Group and was paid \$88,453. These services were made on commercial terms and at market rates.

Mr K Drinkwater is a director of Far North Holdings Limited and Bay of Islands Marina Limited, he is a berth holder at Bay of Islands Marina and used the marina and boatyard facilities to the value of \$6,699. (2023: \$6,537).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



24. RELATED PARTIES (cont.)

Ms S Petersen is a Director of Far North Holdings Limited, Far North Housing Limited, Northern Housing Limited and Bay of Islands Marina Limited. SODA Group Limited, a company in which Ms Petersen is a director and 50% shareholder, was paid nil (2023: \$29,500) for provision of short-term CFO services provided by Ms Petersen under a contract for services. These services were made on normal commercial terms and at market rates.

Mr W Birnie CNZM is a director of Far North Housing Limited and Northern Housing Limited, and was a director of Far North Holdings Limited and Bay of Islands Marina Limited until his resignation on 7 December 2023 and 1 May 2023 respectively. During the prior year, Far North Housing Limited provided services to Go Bloodstock New Zealand Limited, a company in which Mr Birnie CNZM is a Director, under a Property Management and Development Agreement and invoiced Go Bloodstock Limited \$165,000. These charges were negotiated on an arms length basis and represent the value as if undertaken by independent third parties

Inter-group transactions and balances

	2024	2023
	\$000	\$000
Receivables from Far North District Council (excluding agency transactions)	1,471	13
Sales to Far North District Council	245	316
Purchases from Far North District Council	598	671
Payables to Far North District Council	10	17
Sales to Associates	16	-
Loan to Associate	341	-

During the year FNHL also carried out capital works on behalf of Far North District Council to the value of \$4,268k (2023: \$3,394k).

25. OPERATING LEASES

	2024	2023
	\$000	\$000
Non-cancellable operating leases as lessor		
Not later than one year old	3,635	2,240
Later than one and not later than five	10,258	5,383
Later than five years	13,180	4,597
Total Non-cancellable operating leases	27,073	12,220

26. COMMITMENTS

During the year FNHL entered into new contracts worth \$16.2 million for a community housing project in Dargaville, Airport Fire Rescue appliances, improvements to Kerikeri airport parking facilities and car park sealing at Bay of Islands Marina (2023: \$9.2 million). At 30 June 2024 \$4.79 million (2023: \$5.5 million) remained to be paid on contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



27. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to Reporting Date FNHL has entered into borrowing arrangements with New Zealand Local Government Funding Agency (LGFA) and secured bank loans held at 30 June 2024 have been transferred to the LGFA. The LGFA arrangement has no end date and FNHL can drawdown borrowings provided the Group meets certain covenants. Sale of a property classified as property intended for sale has also settled after the reporting date.

28. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities that require disclosure in these financial statements.

29. GOVERNMENT GRANTS RECEIVED

Accounting policy

Government Grants received for assets have been deducted in arriving at the carrying amount of the assets. Where retention of a government grant is dependent on the Group satisfying certain criteria it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the carrying amount of the asset.

FNHL received \$2.75 million in 2023 in grants from the Ministry of Business, Innovation and Employment. This amount has been deducted from the carrying amount of the assets.

Government grants received were for the following projects:

	2024	2023
	\$000	\$000
Ngawha Innovation & Enterprise Park	-	2,752

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024



ABOUT FAR NORTH HOLDINGS LIMITED

Far North Holdings Limited (the “Company”) was originally established by the Far North District Council (“Council”) as a Local Authority Trading Enterprise (LATE) pursuant to Part XXXIVA of the Local Government Act 1974 (the “Act”). The Company is now a Council Controlled Trading Organisation (CCTO) under the Local Government Act 2002.

The Council’s Three Year Long Term Plan for 2024-27 provides general guidance on the strategic direction of the Company in the following areas as per the following extracts:

Far North Holdings Limited (FNHL) is a Council Controlled Trading Organisation (CCTO) that develop and manage assets and commercial trading on behalf of Council. FNHL manages a diverse range of district assets to provide employment, economic, cultural, and social outcomes to support the growth in the Far North District.

Key Activities

- 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; and
- Development and management of community housing assets.

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.

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024



PERFORMANCE MEASURES



Financial

Achieve sustainable commercial returns

Performance Objective 1

Create value for ratepayers by increasing shareholder funds

Measure	Target	Actual			
		2023/24	2022/23	2021/22	2020/21
Grow shareholders' funds	\$10 million	Not achieved (\$1.4) million	Achieved \$8.9 million	Achieved \$17.3 million	Achieved \$10.9 million
Narrative					
<p>This performance objective is measured by reference to total equity reported in the Statement of Financial Position. This shows a reduction of \$1.4 million from FY23 which reflects general market conditions, dividends and one-off adjustments. While Housing developments have delivered asset growth for the Group, this growth has been offset by softening of existing assets in the current market, a change in income tax legislation regarding depreciation on commercial properties which increase our deferred tax liability, and a special dividend of \$1.5 million paid to our shareholder in February 2024.</p>					

Performance Objective 2

Ratio of consolidated shareholder funds to total assets

Measure	Target	Actual			
		2023/24	2022/23	2021/22	2020/21
Total equity / total assets	>50%	Achieved 50.3%	Achieved 53.2%	Achieved 53.8%	Achieved 53.8%
Narrative					
<p>The capital ratio target was achieved.</p>					

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024



Performance Objective 3

Effective financial management to deliver profitability

Measure	Target	Actual			
		2023/24	2022/23	2021/22	2020/21
Operating profit	>\$1.0 million	Achieved \$2.4 million	Achieved \$0.5 million	Not Achieved \$0.2 million	Achieved \$1.1 million
Narrative Operating profit is calculated as profit prior to movements in investment properties, share of associates and other non-operating movements, excluding cost of honey sold and includes distributions received from associates.					

Performance Objective 4

Return profit to FNDC by way of dividend, in line with dividend policy

Measure	Target	Actual			
		2023/24	2022/23	2021/22	2020/21
Dividend to FNDC	Dividend payable >\$0.5 million	Achieved \$1.2 million	Achieved \$1.75 million	Not Achieved \$0.12 million	Achieved \$0.48 million
Narrative Dividend payable under the policy is 50% of the operating profit and is payable in February following the financial year end. The Group will declare and pay a dividend in accordance with policy and expects to also pay a special dividend before 30 June 2025. A special dividend of \$1.5 million was paid in February 2024 in addition to the \$0.25 million FY23 operating dividend.					

Performance Objective 5

Regular risk assessments undertaken and reported to FNDC, identifying key organisational risks and mitigants

Measure	Target	Actual			
		2023/24	2022/23	2021/22	2020/21
6 monthly report submitted	Achieved	Achieved	Achieved	N/A new measure	N/A new measure
Narrative Required risk assessment reporting to FNDC has been completed.					

**STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2024**



Performance Objective 6

Insurance

Measure	Target	Actual			
		2023/24	2022/23	2021/22	2020/21
Asset insurance valuation undertaken	Achieved	Achieved	N/A new measure	N/A new measure	N/A new measure
Narrative An insurance valuation was completed during the year.					

Performance Objective 7

Comply with banking covenants

Measure	Target	Actual			
		2023/24	2022/23	2021/22	2020/21
Comply with bank covenants	To achieve	Achieved	Achieved	Achieved	Achieved
Narrative The Company's banking covenants in place for the period 2023/24 were complied with throughout.					

**STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2024**



PEOPLE
Be a good employer

Performance Objective 1

To make safety our priority to ensure health, safety and wellbeing of all employees and contractors in the Group

Measure	Target	Actual			
		2023/24	2022/23	2021/22	2020/21
Health and safety improvement plan in place, and being actioned	To achieve	Achieved	Establish key metrics and implement 6-month reporting to FNDC Achieved	N/A new measure	N/A new measure
Narrative Health, safety, and wellbeing (HSW) policies and procedures in place and being monitored and measured. HSW reporting to FNDC has been completed at least 6 monthly.					

Performance Objective 2

Comply with our living wage policy for all permanent employees

Measure	Target	Actual			
		2023/24	2022/23	2021/22	2020/21
Comply with living wage policy for all permanent employees	To achieve	Achieved	Achieved	N/A new measure	N/A new measure
Narrative All permanent employees were paid the living wage during 2023/24.					

**STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2024**



Performance Objective 3

Directors to make an effective contribution to the Board, with conduct in accordance with generally accepted standard

Measure	Target	Actual			
		2023/24	2022/23	2021/22	2020/21
External board effectiveness review	To achieve	Not achieved	Achieved	N/A new measure	N/A new measure
Narrative					
This measure was superseded by a governance review commissioned by the Council, with the findings delivered to Council in September 2024.					

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024



SUSTAINABILITY

Undertake sustainable investment and management for the benefit of future generations

Performance Objective 1

Commit to tangible action to measure climate impact and target reductions based on best practice

Measure	Target	Actual			
	2023/24	2023/24	2022/23	2021/22	2020/21
Following internal workshops carried out in 2022/23 the company will look to finalise and adopt a sustainability roadmap	To achieve	Not achieved	Prepare a sustainability Roadmap identifying ways to minimise climate impact Achieved	N/A new measure	N/A new measure
Narrative Development and formal adoption of a sustainability roadmap continues.					

Performance Objective 2

Ngawha Innovation & Enterprise Park to achieve best practice environmental standards

Measure	Target	Actual			
	2023/24	2023/24	2022/23	2021/22	2020/21
Submit a formal application for a Greenstar rating for NIEP	To achieve	Not Achieved	N/A new measure	N/A new measure	N/A new measure
Narrative Greenstar application remains in progress at 30 June 2024.					

Performance Objective 3

Achieve and maintain Clean Marina certification

Measure	Target	Actual			
	2023/24	2023/24	2022/23	2021/22	2020/21
Achieve and maintain Clean Marina certification	Achieved	Achieved	Achieved	Achieved	Achieved
Narrative Clean Marina certification held throughout the period.					

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024



Performance Objective 4

Meet or exceed all environmental obligations required under resource consents issued to the company, and address any notices received from environmental regulators promptly or within specified timeframes

Measure	Target	Actual			
	2023/24	2023/24	2022/23	2021/22	2020/21
Meet or exceed all environmental obligations required under resource consents issued to the company, and address any notices received from environmental regulators promptly or within specified timeframes	Achieved	Achieved	N/A new measure	N/A new measure	N/A new measure
Narrative FNHL is party to a number of resource consents, including consents with ongoing monitoring requirements. Consent monitoring for compliance purposes is undertaken by third party agencies, and accordingly, the Company considers the most reliable way to determine compliance is through observation of any third-party breach or compliance notifications. While the Company did receive one abatement notice during the year, upon enquiry and clarification by the Company, this was withdrawn by the regulator. The Board have relied on the absence of any breach or infringement notices in FY24 to conclude that the Company has met all legislative environmental obligations.					

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024



COMMUNITY

Create economic & housing opportunities, with improving engagement and communication

Performance Objective 1

Encourage positive relationships with the community by having transparent engagement policies and monitoring key stakeholder perceptions

Measure	Target	Actual			
		2023/24	2022/23	2021/22	2020/21
Stakeholder perceptions survey	To achieve	Achieved	N/A new measure	N/A new measure	N/A new measure
Narrative The Company holds and has implemented a Significance & Engagement Policy. Curia Group was engaged in the year to carry out a stakeholder survey.					

Performance Objective 2

Ngawha Innovation & Enterprise Park developed to grow economic and employment opportunities in the Far North

Measure	Target	Actual			
		2023/24	2022/23	2021/22	2020/21
5 businesses based at the Ngawha Innovation & Enterprise Park (the Park)	To achieve	Achieved	Open stage 1 Achieved	N/A new measure	N/A new measure
Narrative Businesses based at the Park include Kaikohe Berries Ltd, Te Pūkenga, Regent, Corrections, and the Innovation Centre. There are also a number of smaller businesses working out of the shared workspace and utilising the laboratory facilities.					

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024



Performance Objective 3

Encourage positive and meaningful relationships with Māori by supporting project delivery or building long-term relationships if suitable opportunities or commercial ventures arise

Measure	Target	Actual			
		2023/24	2022/23	2021/22	2020/21
3+ projects/relationships	To achieve	Achieved	2+projects/ relationships Achieved	N/A new measure	N/A new measure
Narrative We continue to look to build long-term meaningful relationships with Māori, where projects and opportunities arise where we can offer commercial and development support. We continue to be partner with Ngāpuhi Asset Holding Co as a joint shareholder in Kaikohe Berries Limited, and during FY24 progressed housing developments in partnership with Te Hau Ōra o Ngāpuhi in Kaikohe and Kāhui Tū Kaha in Dargaville. We are supporting other hapū to register as Community Housing Providers to help address housing needs longer term and provide annual support to Te Rūnanga-Ā-Iwi-Ō-Ngāpuhi for academic grants and awards.					

Performance Objective 4

Identify opportunities to deliver social housing to meet local needs in partnership with Community Housing Providers (CHP's)

Measure	Target	Actual			
		2023/24	2022/23	2021/22	2020/21
Develop at least 50 housing units	To achieve	Achieved	Analysis of 2 social housing opportunities Achieved	N/A new measure	N/A new measure
Narrative There continues to be considerable need for social and community housing within the wider Northland region. We have now completed two housing developments that include 18 dwellings in Kamo (in partnership with the Ministry of Housing and Urban Development and Kāhui Tū Kaha) and 60 dwellings in Kaikohe (in partnership with Te Hau Ora o Ngāpuhi). Construction of a 46 dwelling community housing project in Dargaville is in progress, and we are investigating further opportunities in the North.					

Performance Objective 5:

Civil Aviation Authority Certification maintained for the BOI Airport to support regional tourism and business visitors

Measure	Target	Actual			
		2023/24	2022/23	2021/22	2020/21
CAA Certification maintained	To achieve	Achieved	Achieved	Achieved	Achieved
Narrative Bay of Islands Airport continued to hold a current CAA Part 139 Aerodrome Operating Certificate through 2023/24, thereby confirming with CAA regulatory requirements.					

STATUTORY INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

INTEREST REGISTERS

The following entries were recorded in the Directors' Interest Registers of the Company during the year:

SHARE DEALINGS

No Director acquired or disposed of any interest in shares in the Company during the year.

LOANS TO DIRECTORS

There were no loans to Directors authorised during the year.

DIRECTORS' INTERESTS

Directors' interests have been updated regularly and recorded to manage perceived and potential conflicts. In accordance with good practice, individual Directors are excluded from decision-making processes where there is a perceived or potential conflict of interest.

DIRECTORS'

Directors of the Company and wholly owned subsidiaries during the year were as follows:

Far North Holdings Limited	
M McCully	Full year term
S Petersen	Full year term
K Drinkwater	Full year term
N Anderson	Full year term
J Frances	Term began 1 November 2023
W Birnie	Term ended 7 December 2023
Far North Housing Limited	
M McCully	Full year term
S Petersen	Full year term
W Birnie	Full year term
B Donnelly	Full year term
Bay of Islands Marina Limited	
S Petersen	Full year term
P Wardale	Full year term
K Drinkwater	Full year term
R Blackman	Term ended 30 April 2024
Northern Housing Limited (incorporated 23 April 2024)	
M McCully	Term began 23 April 2024
S Petersen	Term began 23 April 2024
W Birnie	Term began 23 April 2024
B Donnelly	Term began 23 April 2024

STATUTORY INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

EMPLOYEES' REMUNERATION

Number of staff with salaries and benefits more than \$100,000:

	2024	2023
\$100,000 – \$149,999	7	3
\$150,000 – \$199,999	4	3
\$200,000 – \$249,999	2	2
\$250,000 – \$299,999	1	
\$300,000 – \$349,999		
\$350,000 – \$399,999		1
\$400,000 – \$449,999	1	

INDEMNIFICATION AND INSURANCE OF EXECUTIVE EMPLOYEES' AND DIRECTORS'

All Directors and Executive Officers of the Company have been insured against liabilities to other parties that may arise from their office.

AUDITOR

Deloitte New Zealand on behalf of the Auditor-General has been appointed as the Company's auditors.

STATUTORY INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

DONATIONS AND SPONSORSHIPS

Cash donations	2024 Amount excl GST \$	2023 Amount excl GST \$
Autism New Zealand	55	55
Caring Families Aotearoa	60	180
Going Bananas Kids Show	-	52
Kids Day Out	60	60
Police Managers Guild Trust	300	260
R Tucker Thompson Sailing Trust	21,730	21,730
Resilient Russell Charitable Trust	1,500	-
Russell Radio	330	688
"In kind" donations	2024 Amount excl GST \$	2023 Amount excl GST \$
Kaikohe Berryfruits Limited Partnership	21,026	-
Blue Water Festival Prize	1,309	-
Sea Cleaners Charitable Trust	4,500	-
Landsar Far North	4,025	-
Opua Cruising Club & Annual Membership Prize	-	634
Bay of Islands Coastguard	-	3,077

**COMPANY DIRECTORY
FOR THE YEAR ENDED 30 JUNE 2024**

Nature of Business	Property and infrastructural investment, management, development, operations, and services
Registered Office	5449a State Highway 12 Kaikohe
Directors	Hon Murray McCully CNZM CF LLB (appointed Chair 7 November 2023) William Birnie CNZM LLB (Chair) (resigned 7 December 2023) Sarah Petersen BMS, Hons, FCA Nicole Anderson CMIInstD Kevin Drinkwater BCom, CA Jane Frances (appointed 1 November 2023)
Independent Auditor	Deloitte
Bankers	Bank of New Zealand
Business Locations	Opuā, Kerikeri, Kaitiā, Kaikohe and wider Northland area
Shareholders	Far North District Council
Share Capital	\$18,000,000

5.4 HEALTH SAFETY AND WELLBEING

File Number: A4915219

Author: Ian Wilson, Manager - Health, Safety and Well Being

Authoriser: Jacine Warmington, Group Manager - Strategic Relationships

TAKE PŪRONGO / PURPOSE OF THE REPORT

The purpose of this report is to provide the Te Miromiro – Assurance, Risk and Finance Committee with a snapshot overview of key activities related to Health Safety and Wellbeing across the organisation for Quarter 1 (July – September 2024).

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

The Health, Safety and Wellbeing (HSW) team is focused on managing FNDC's risks, in particular critical risks. A critical risk is one that will occur infrequently but has serious consequences to health and safety should it occur.

The report provides an update on any critical risks, HSW training, and other achievements across the organisation.

TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro - Assurance, Risk and Finance Committee receive the report Health Safety and Wellbeing.

TĀHUHU KŌRERO / BACKGROUND

Hazard and Risk Management

The Health, Safety and Wellbeing (HSW) team is focused on managing FNDC's risks, in particular critical risks. A critical risk is one that will occur infrequently but has serious consequences to health and safety should it occur.

Following consultation with staff in 2023 six critical risks were identified that are involved with activities conducted by FNDC staff. The critical risks identified are listed below:

- Driving on Council business
- Lone working
- Psychosocial hazards
- Contractor management Occupational Health & Safety (OHS)
- Site Visits
- Threatening behaviour towards customer-facing staff

Each quarter the HSW team focuses on reducing the risk to staff conducting activities that involve critical risks.

Table 1 below shows the various ways the HSW team has collaborated with staff regarding managing critical risks during Q1. 129 staff were engaged through workshops and team talks.

Table 1: HSW lead activities conducted during Q1 2024

Q YR	Date	Topic	Presenter	Team	No.	Description
Q1 24	31/07/24	Contractor Management	IW	Ventia	1	Audit
Q1 24	31/07/24	Contractor Management	IW	FNHL	1	Audit
Q1 24	1/08/24	Site visits - JSA	KTHA	Monitoring	11	Team talk
Q1 24	9/08/24	Site visits - JSA	KTHA	Animal Management	11	Team talk
Q1 24	27/08/24	Psychosocial hazards	KTHA	All staff	58	Team workshop
Q1 24	28/08/24	Site visits - JSA	KTHA	Building Compliance	11	Team talk
Q1 24	12/09/24	Contractor management	IW	Ventia	1	Audit
Q1 24	19/09/24	Site visits - JSA	KTHA	Resource Consents	12	Team talk
Q1 24	23/09/24	Psychosocial hazards	KTHA	All staff	23	Team workshop
Q1 24	25/09/24	Site visits - JSA	KTHA	Technical Operations		Team talk
Q1 24	26/09/24	Psychosocial hazards	KTHA	All staff		Team workshop

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

Health, Safety and Wellbeing Achievements

- Engagement with 129 staff around critical risks.
- Engagement with 147 staff about the new HSW strategy 2024-2026.
- HSW training provided to 38 staff.
- No lost time injuries (LTIs) due to work injuries

Health, Safety and Wellbeing Strategy 2024-2026

The new 2024-2026 HSW strategy was developed during Q1 with engagement from across the organisation.

Table 2: HSW engagement with staff on the new HSW strategy during Q1 2024.

Q YR	Date	Topic	Presenter	Team	No.	Description
Q1 2024	12/08/24	Strategy review	IW	HSRs	2	HSR engagement
Q1 2024	16/08/24	Strategy review	IW	HSRs	5	HSR engagement
Q1 2024	21/08/24	Strategy review	IW	All staff	74	Staff engagement
Q1 2024	23/08/24	Strategy review	IW	All staff	59	Staff engagement
Q1 2024	23/08/24	Strategy review	IW	All staff	1	Te Hono engagement
Q1 2024	13/09/24	Strategy review	IW	SLT	7	SLT engagement

The strategy is currently awaiting formatting with appropriate FNDC branding. In the meantime, the draft version can be seen here: [HSW Strategy 2024-2027 draft.docx](#).

HSW Training

First aid training and new starter HSW induction courses were conducted in Q1 with a total of 38 staff receiving training. Katherine is responsible for arranging training and delivers the induction every two weeks.

Table 3: HSW training provided to staff during Q1 2024.

Q YR	Date	Training	No.
Q1 24	04/07/24	St John First Aid Refresher Training	11
Q1 24	08/07/24	Health, Safety & Wellbeing Inductions	8
Q1 24	22/07/24	Health, Safety & Wellbeing Inductions	4
Q1 24	05/08/24	Health, Safety & Wellbeing Inductions	3
Q1 24	19/08/24	Health, Safety & Wellbeing Inductions	3
Q1 24	20/08/24	First Aid Comprehensive 2-day training	12
Q1 24	02/09/24	Health, Safety & Wellbeing Inductions	1
Q1 24	16/09/24	Health, Safety & Wellbeing Inductions	4

HSW Incidents

There have been six staff warning flags (SWFs) raised by staff during Q1 as a result of threatening behaviour.

What is a SWF?

- SWFs are memo alert pop-ups in Pathways that open automatically when an address or person has a SWF allocated against them.
- The SWF will warn employees of hazards associated with the person or address.
- SWFs are usually created as a result of abusive, violent, or dangerous behaviour by the occupant of the address. Other hazards, such as dangerous dogs, may be listed.

27 HSW incidents were entered into PeopleSafe during Q1. PeopleSafe is FNDC's Health and Safety reporting database for all work-related injuries, incidents, accidents, near misses, risks, hazards, discomfort and pain. It is a requirement under the Health and Safety at Work Act (2015) for FNDC to provide a platform to report such incidents. The most frequently reported incidents are threatening behaviour, which are listed as critical risks. Full information on how the HSW team manages threatening behaviour towards staff can be found here [Threatening behaviour towards front facing staff - a critical risk](#).

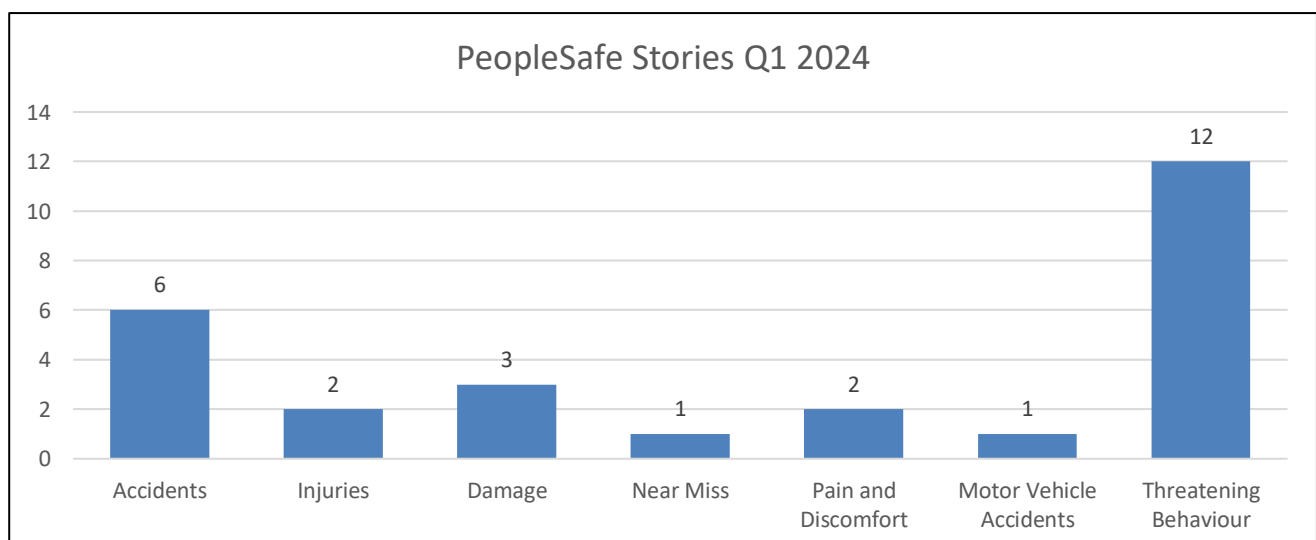


Figure 1: HSW incidents logged into PeopleSafe during Q1 2024.

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

There are no financial implications.

ĀPITIHINGA / ATTACHMENTS

Nil

6 TE WĀHANGA TŪMATAITI / PUBLIC EXCLUDED**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
6.1 - FNDC Current Legal Action Potential Liability Claims	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
6.2 - Confirmation of Previous Minutes Public Excluded	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
6.3 - Adoption of Annual Report and Auditors Report	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
6.4 - Risk Management Update	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

7 KARAKIA WHAKAMUTUNGA / CLOSING PRAYER

8 TE KAPINGA HUI / MEETING CLOSE