

ATTACHMENTS

Taupō Airport Authority Committee Meeting

22 June 2020

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Taupō Airport Authority Committee Meeting Minutes

11 May 2020

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE TAUPŌ AIRPORT AUTHORITY COMMITTEE MEETING
HELD ONLINE VIA 'ZOOM' WITH RECORDING AVAILABLE AT WWW.TAUPO.GOVT.NZ
ON MONDAY, 11 MAY 2020 AT 10.30AM**

PRESENT: Mr Chris Johnston (in the Chair), Cr Kathy Guy, Cr Christine Rankin, Mayor David Trewavas

IN ATTENDANCE: Cr Anna Park, Head of Economic Development and Business Transformation, Head of Democracy, Governance & Venues, General Manager – Taupō Airport, Economic Relationships Manager, Financial Accountant, ICT Support Officer, Democratic Services Support Officer

MEDIA AND PUBLIC: Nil

1 APOLOGIES

Nil

2 CONFLICTS OF INTEREST

Nil

3 CONFIRMATION OF MINUTES

3.1 TAUPŌ AIRPORT AUTHORITY COMMITTEE MEETING - 17 FEBRUARY 2020

TAA202005/01 RESOLUTION

Moved: Cr Kathy Guy
Seconded: Cr Christine Rankin

That the minutes (both public and confidential portion) of the Taupō Airport Authority Committee meeting held on Monday 17 February 2020 be confirmed as a true and correct record.

CARRIED

4 REPORTS

4.1 TAUPŌ AIRPORT AUTHORITY MONTHLY FINANCIAL REPORT - MARCH 2020

The Financial Accountant noted that there were no changes in income during March due to level 4.

The financial report for April was almost finalised and would show the effects of no landing fees.

The forecast column was based on 5% of Air New Zealand and Sounds Air (for the remainder of the financial year) and lowering maintenance costs.

TAA202005/02 RESOLUTION

Moved: Cr Christine Rankin
Seconded: Mr Chris Johnston

That the Taupō Airport Authority Committee receives the monthly financial report for month ending 31 March 2020.

CARRIED

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4.2 DRAFT TAUPŌ AIRPORT AUTHORITY STATEMENT OF INTENT 2021-2023

A copy of the Draft Taupō Airport Authority Statement of Intent (SOI) 2021-2023 had been circulated via email before the meeting.

The Financial Accountant advised that the SOI was based on 50% Air New Zealand landing fees, 50% Sounds Air landing fees, 5% skydivers, and 25% other airfield users. Maintenance had been scaled back to be in line with 50% of major stakeholders, and other cost savings implemented where possible eg would try to utilise Council staff to do mowing and gardening rather than paying for external contractors. With the exception of depreciation, there were no inflation adjustment figures for the next two years as there was too much uncertainty.

The General Manager noted that the figures provided were a pragmatic view and based around best indications received from other parties.

The write-up at the top of the document was carried over from the previous SOI and needed to be updated.

TAA202005/03 RESOLUTION

Moved: Mr Chris Johnston
Seconded: Cr Kathy Guy

That the Taupō Airport Authority Committee adopts the Draft Taupō Airport Authority Statement of Intent 2021-2023.

CARRIED

4.3 UPDATE ON TAUPŌ AIRPORT PROJECT

The following key points were noted:

- Had met with the design team to provide ideas for the carpark redesign from an operational and functional perspective. Expecting to receive concept designs by tomorrow, which would initially be shared with the steering committee.
- Were in the early stages of designing the terminal. Had the original plans used at Kerikeri terminal which the design team would modify for Taupō requirements. Due to building constraints, the Kerikeri terminal building was L-shaped however, the Taupō terminal would be more rectangular in shape.
- Had received \$1m from Ministry of Business Innovation & Employment (MBIE) Provincial Growth Fund (PGF) and \$870k from the Ministry of Transport (MoT). Total of \$1.87m had been paid by Council to the Airport as an equity injection.

TAA202005/04 RESOLUTION

Moved: Mr Chris Johnston
Seconded: Cr Kathy Guy

That the Taupō Airport Authority Committee receives the update in relation to the Taupō Airport project.

CARRIED

4.4 GENERAL MANAGER'S REPORT

The General Manager gave a verbal update on airport operations noting that it had been a bleak month and very trying time. Additional key points noted were:

- Even though the airport had been operational there were still a lot of fixed costs to cover.
- Were trying to cut costs to an absolute minimum whilst still meeting compliance requirements. The General Manager and Operations Manager had worked extra hours, completed runway inspections, and undertaken bird eradication.
- Air New Zealand (Air NZ) had advised that they would not be restarting their Auckland to Taupō route

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- until level 1. However, on a positive note they had guaranteed that in level 1 they would provide 1 flight per day, 7 days per week. Any changes beyond that would be demand driven.
- The forecast beyond this initial hit looked quite average though the long term (3-year) prospect was good. Taupō Airport would be positioned a lot better than other airports in level 1 and would retain at least 50% of its services. Comparatively, Rotorua's weakest link - the Wellington to Rotorua service - and the strongest link - Rotorua to Christchurch - had both now ceased.
 - His Worship the Mayor advised that he had spoken to Reuben Levermore (Air NZ Head of Tourism and Regional Affairs) prior to the meeting regarding a draft proposition from Sounds Air (SA). SA had proposed a schedule based on a Taupō to Wellington (return) flight and Auckland to Taupō link (during level 2 only). Mr Levermore would follow up with his superiors about this and provide a response to His Worship. Lengthy discussion for and against the proposition ensued and concluded with members agreeing to wait for Air NZ's response before making a decision.
 - The Obstacle Limitation Survey which was a 5-yearly requirement and normally due in June / July had been deferred until November 2020. The cheapest basic package that met compliance requirements was just over \$18k; a top modelled survey cost circa \$35k. The General Manager explained the difference between the two cost options and confirmed that safety of the aerodrome would in no way be compromised by opting for the cheaper package. In addition, mid-year 2020 there would be an PGF Aerial Lidar survey completed which was a comprehensive top specification survey. The General Manager was also waiting to hear back from the MoT regarding them making a financial contribution towards the cost.
 - There had been some jet aircraft operations during level 4 which had the appropriate approvals as required from MoT and Civil Aviation Authority (CAA). Cr Guy noted that she had received expressions of concern from local residents about the jet movements and had updated them accordingly about the approvals being in place.
 - The apron markings for Q300 aircrafts had been completed to address concerns initially raised by Air NZ.

TAA202005/05 RESOLUTION

Moved: Cr Christine Rankin

Seconded: Cr Kathy Guy

That the Taupō Airport Authority Committee receives the update from the General Manager – Taupō Airport as submitted on April 6, 2020.

CARRIED**5 CONFIDENTIAL BUSINESS**

Nil

The meeting closed at 11.11am.

The minutes of this meeting were confirmed at the Taupō Airport Authority Committee Meeting held on 22 June 2020.

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CHAIRPERSON

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Statement of Financial Performance
for the period ending 31 May 2020

	January Actual	February Actual	May Actual	April Actual	May Actual	YTD Actual
						\$
Income						
Landing charges	28,127	26,227	21,646	1,613	3,306	218,772
Landing charges - Charters	-	-	-	-	-	-
Aircraft Parking	-	480	-	-	240	1,560
Leases	15,530	15,530	19,293	15,530	16,937	175,762
Terminal Rent	2,205	2,259	2,205	2,151	2,205	24,419
Advertising	-	-	431	-	-	1,267
Fuel Commission	-	-	-	-	-	714
Hay Sales	990	-	120	-	750	2,840
Other income	141	291	141	42	12,466	14,434
Interest	12	13	14	101	63	298
Total operating revenue	47,005	44,800	43,850	19,437	35,967	440,065
Expenditure						
Employee Expenses						
Employee expenses	14,089	8,445	17,875	18,144	16,732	136,758
Training & associated costs	-	-	-	-	-	-
	14,089	8,445	17,875	18,144	16,732	136,758
Management and Administration Expenses						
Accountancy & Business Services - Taupo District Council	1,042	1,042	1,042	1,042	1,042	12,498
Audit fees - Audit NZ	1,070	1,070	1,070	1,396	1,103	12,129
CAA Audit fees	-	-	-	-	-	-
Taxation / Revaluation Fees	-	5,585	1,130	-	9,196	23,564
Directors fees and expenses	-	-	-	-	-	-
Bad and doubtful debts	-	-	-	-	-	-
Settlements	-	-	32,433	-	-	32,433
Administration	603	97	46	61	47	2,722
	2,715	7,794	35,721	2,499	11,388	83,346
Other Operating Expenditure						
Cleaning	1,705	1,539	1,250	809	803	16,222
Advertising	-	-	-	-	900	900
Catering	-	-	-	-	-	88
Entertainment	-	-	-	-	-	-
Telecommunications	84	377	234	144	160	1,902
WIFI costs	273	303	273	273	273	2,483
Travel	-	329	-	377	-	3,997
Contractors	421	3,017	1,734	545	1,538	70,250
Consultants fees	-	-	-	-	-	610
Legal Fees	1,236	-	(618)	3,079	656	34,325
Electricity	1,124	272	811	716	1,163	14,046
Equipment hire	1,592	1,592	1,981	1,592	1,418	17,692
Ground maintenance - Airside	652	-	-	546	198	3,881
Ground maintenance - Other	2,137	674	823	-	595	10,766
Runway maintenance	-	362	-	2,372	6,178	10,256
Building maintenance	694	370	242	-	213	4,413
Software maintenance	30	629	40	40	76	1,826
Vehicle Maintenance	-	707	265	-	-	3,650
Other maintenance	745	-	-	-	-	3,460
Software Licences	1,079	1,065	300	921	1,674	11,450
Aerodrome Inspections & Bird Control	1,414	1,413	670	50	500	11,488
Rates	3,873	-	-	-	-	12,488
Stationery and supplies	738	829	2,245	209	209	9,355
Subscriptions	760	747	235	1,279	760	9,596
Insurance	760	720	770	745	770	8,232
Rubbish Disposal	374	280	329	130	130	2,663
Security	-	-	95	-	215	1,960
Vehicle running costs	231	512	317	-	987	2,645
Loss on disposal of intangible assets	-	-	-	-	173,338	173,525
Total operating expenditure	19,922	15,737	11,996	13,827	192,754	444,169
Operating surplus/(deficit) before depreciation & taxation	10,279	12,824	(21,742)	(15,033)	(184,907)	(224,208)
Depreciation & Amortisation						
Depreciation	20,398	21,689	19,898	20,776	20,776	226,581
	20,398	21,689	19,898	20,776	20,776	226,581
Operating surplus/(deficit) before taxation	(10,119)	(8,865)	(41,640)	(35,809)	(205,683)	(450,789)

Statement of Financial Performance
for the period ending 31 May 2020

Taupo Airport Authority

	YTD Actual 31/05/20 \$	YTD Budget 31/05/20 \$	YTD Variance \$	Full Year Budget (as per SOI) 30/06/20 \$	Full Year Forecast 30/06/20
Income					
Landing charges - Bulk	4,371	5,076	(705)	5,538	5,000
Landing charges - General Aviation	214,402	261,405	(47,003)	281,700	216,300
Landing charges - Charters	-	800	(800)	800	
Aircraft Parking	1,560	1,500	60	1,500	1,600
Leases	175,760	172,700	3,060	188,400	186,200
Terminal Rent	24,417	24,158	259	26,355	27,200
Advertising	1,267	1,020	247	1,360	1,500
Fuel Commission	715	4,200	(3,485)	5,200	1,000
Hay Sales	2,840	2,000	840	2,000	3,000
Other Income	14,221	1,558	12,663	1,700	14,500
Gain on sale of assets	215	-	215	-	215
Interest	299	242	57	264	500
Total operating revenue	440,066	474,659	(34,592)	514,817	457,015
Expenditure					
Employee Expenses					
Employee expenses	136,343	158,500	22,157	173,000	149,000
ACC levies	414	1,000	586	2,000	8,781
Training & associated costs	-	2,500	2,500	3,000	
	136,757	162,000	25,243	178,000	157,781
Management and Administration Expenses					
Accountancy & Business Services - Taupo District Council	12,496	11,462	(1,034)	12,504	12,500
Audit fees - Audit NZ	12,131	13,300	1,169	14,400	13,500
CAA Audit fees	-	-	-	-	
Taxation / Revaluation Fees	23,564	13,500	(10,064)	13,500	23,900
Directors fees and expenses	-	-	-	-	
Bad and doubtful debts	-	-	-	-	
Settlements	32,433	-	(32,433)	-	32,500
Administration	2,724	1,655	(1,069)	1,806	3,000
	83,348	39,917	(43,431)	42,210	85,400
Other Operating Expenditure					
Cleaning	16,227	16,835	608	18,220	16,360
Advertising	900	-	(900)	-	1,000
Catering	88	300	212	400	100
Grants/Donations	-	-	-	-	
Entertainment	-	-	-	-	
Telecommunications	1,901	2,215	314	2,420	2,000
WIFI costs	2,484	2,035	(449)	2,220	3,000
Travel	3,997	4,000	3	4,000	4,000
Contractors	70,250	27,500	(42,750)	30,000	73,000
Consultants fees	610	36,500	35,890	40,000	4,500
Legal fees	34,324	-	(34,324)	-	35,000
Electricity	14,045	12,870	(1,175)	14,816	17,000
Equipment hire	17,692	18,728	1,036	20,737	21,500
Ground maintenance - Airside	3,880	-	(3,880)	-	4,000
Ground maintenance - Other	10,766	13,750	2,984	15,000	15,000
Runway maintenance	10,255	-	(10,255)	-	11,000
Building maintenance	4,412	9,150	4,738	10,000	5,000
Software maintenance	1,826	1,330	(496)	1,480	3,000
Vehicle Maintenance	3,650	2,500	(1,150)	2,500	4,000
Roading maintenance	748	3,500	2,752	4,000	1,000
Other maintenance	2,712	6,400	3,688	7,000	4,000
Software Licences	11,449	13,200	1,751	14,400	12,000
Aerodrome Inspections & Bird Control	11,488	-	(11,488)	-	12,000
Rates	12,487	16,000	3,513	16,000	15,000
Stationery and supplies	9,366	12,800	3,444	13,650	10,000
Subscriptions	9,597	9,845	248	10,740	10,500
Insurance	8,232	7,524	(708)	8,208	9,000
Rubbish Disposal	2,663	2,890	227	3,140	3,000
Security	1,959	2,000	41	2,000	3,500
Vehicle running costs	2,645	1,445	(1,200)	1,500	3,500
Loss on disposal of assets	173,525	-	(173,525)	-	173,525
Total operating expenditure	444,168	223,317	(220,851)	242,431	476,485
Operating surplus/(deficit) before depreciation & taxation	(224,207)	49,425	(273,631)	52,176	(262,651)
Depreciation & Amortisation					
Depreciation	226,582	224,543	(2,039)	244,956	240,088
	226,582	224,543	(2,039)	244,956	240,088
Operating surplus/(deficit) before taxation	(450,789)	(175,118)	(275,670)	(192,780)	(502,739)

Balance Sheet
as at 31 May 2020

	31/05/2020	Full Yr 30/06/2019
Equity	\$	\$
Equity Interest of Joint Venture Partners	6,811,587	4,071,585
Appropriation Accounts	1,565,109	1,836,391
Asset Revaluation Reserves	4,112,430	4,291,938
Total Equity	12,489,126	10,199,914
Assets		
Current Assets		
Cash & Cash Equivalents	2,910,016	190,364
Other Financial Assets	-	-
Trade Debtors	17,722	66,867
Other Receivables	9,531	4,164
Provision for income tax	-	-
Total current assets	2,937,269	261,395
Non-Current Assets		
Intangible Assets	953	1,906
Property, Plant and Equipment	10,633,716	11,008,712
Work in Progress	8,822	-
Total non-current assets	10,643,491	11,010,618
Total Assets	13,580,760	11,272,013
Liabilities		
Current Liabilities		
Trade Payables	16,449	17,241
Other Payables	64,662	31,170
Income in Advance	27,536	53,379
Employee Entitlements	24,723	14,974
Total current liabilities	133,370	116,764
Non-Current Liabilities		
Borrowings	-	-
Employee Entitlements	4,690	1,761
Deferred Tax Liability	953,574	953,574
Total non-current liabilities	958,264	955,335
Total Liabilities	1,091,634	1,072,099
Net Assets	12,489,126	10,199,914

Cashflow Statement*for the period ended 31 May 2020*

	YTD Actual 31/05/20	Actual 30/06/19
	\$	\$
Cashflows from operating activities		
Cash was provided from:		
Receipts from customers	489,707	524,856
Interest received	299	248
Other income		
Payments to suppliers	(352,501)	(391,503)
Interest paid	-	-
Payments to employees	(124,079)	(200,202)
Net GST refunded / (paid)	(1,009)	(322)
Net Cashflows from Operating Activities	12,417	(66,923)
Cashflows from Investing Activities		
Proceeds from sale of property, plant & equipment	5,000	-
Purchase of property, plant & equipment	(37,767)	(9,142)
Net Cashflows from Investing Activities	(32,767)	(9,142)
Cashflows from Financing Activities		
Proceeds from Equity injection	2,740,000	-
Net Cashflows from Financing Activities	2,740,000	-
Net Increase (decrease) in cash held	2,719,650	(76,065)
Add Cash at start of year	190,364	266,429
Cash & cash equivalents at end of period	2,910,014	190,364
Consisting of:		
Cash and bank	34,826	10,698
Call deposits	2,875,188	179,666
Cash at end of period	2,910,014	190,364

Reconciliation of Net Surplus to Net cash Inflow from Operating Activities

Net surplus(deficit)	(450,789)	(221,250)
<i>Adjustments for non-cash items</i>		
Bad/Doubtful Debts	-	-
Gain on sale of fixed assets	(215)	-
Loss on sale of fixed assets	173,525	16
Depreciation	226,582	249,847
<i>Changes in Working Capital</i>		
(Increase) decrease in accounts receivable & other receival	43,778	(66,236)
Increase (decrease) in accounts payable & accruals	32,700	(9,482)
Increase (decrease) in income in advance	(25,843)	6,788
Increase (decrease) in employee entitlements	12,678	(26,606)
	463,205	154,327
<i>Non-operating changes in working capital</i>		
Increase (decrease) in Capital Creditors	-	-
Per statement of cashflows	12,417	(66,923)

Taupō Airport Authority Committee (TAA)

Standing Committee

Objective	To manage the Taupō Airport including safety requirements, leases and licences, and plan future development of the Airport.
Membership	Two (2) Councillors One (1) business representative appointed by Council One (1) Taupō Airport User Group representative nominated by the Group and appointed by Council One (1) Airport Safety Committee representative, nominated by the Safety Committee and appointed by Council Mayor (Note: This committee elects its own Chairperson).
Quorum	Three (3)
Meeting frequency	Every 6 weeks or as required
Reporting	Reports to Council with minutes of each meeting being provided to Council, plus half year and annual reports

Scope of activity

To contribute toward the safe, appropriate and efficient air transport needs of the Taupō District, and to plan for future development of the Airport.

Power to act

1. The Committee has the power to resolve on matters of day to day operations and issues of safety where they are provided for within the airport's annual budget. Any individual expenditure of capital or maintenance nature greater than \$10,000 requires Crown approval prior to being expensed or committed.
2. External representatives appointed to the committee have full voting rights.

Power to recommend to Council

The Committee can make recommendations to Council on matters or proposals relevant to The Taupō Airport. All matters exceeding budget must be recommended to full council for approval.

Delegation of powers

No powers to sub-delegate

Limits on authority

The Committee's 'power to act' pursuant to these delegations is subject to:

1. Matters being related solely to the Taupō Airport.
2. An overriding responsibility to ensure that its actions and decisions are always within the law, Council policy and the Joint Venture Deed with the Crown.