

ATTACHMENTS

Taupō Airport Authority Committee Meeting

11 June 2018

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Taupō Airport Authority Committee Meeting Minutes

19 February 2018

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE TAUPŌ AIRPORT AUTHORITY COMMITTEE MEETING
HELD AT THE TAUPŌ AIRPORT, ANZAC MEMORIAL DRIVE, TAUPŌ
ON MONDAY, 19 FEBRUARY 2018 AT 10.30AM**

PRESENT: Mr Chris Johnston (in the Chair), Mrs Kathy Guy, Mr John Funnell, Cr Rosanne Jollands, Cr Christine Rankin

IN ATTENDANCE: Group Manager: Business & Technology, General Manager Taupō Airport, Airport Operations Manager, Democracy & Community Engagement Manager, Financial Accountant, Democratic Support Services Officer

MEDIA AND PUBLIC: Nil

Note: Mrs Kathy Guy left the meeting at 11.15am and was not present for resolutions TAA201802/06 and TAA201802/C07.

1 APOLOGIES

TAA201802/01 RESOLUTION

Moved: Mr Chris Johnston
Seconded: Cr Christine Rankin

That apologies from Mayor David Trewavas be received and accepted.

CARRIED

2 CONFLICTS OF INTEREST

Nil

3 CONFIRMATION OF MINUTES

3.1 TAUPŌ AIRPORT AUTHORITY COMMITTEE MEETING - 27 NOVEMBER 2017

TAA201802/02 RESOLUTION

Moved: Mr Chris Johnston
Seconded: Cr Christine Rankin

That the public and confidential portion of minutes of the Taupō Airport Authority Committee meeting held on Monday 27 November 2017 be confirmed as a true and correct record.

CARRIED

4 REPORTS

4.1 FINANCIAL REPORT: SIX MONTHLY REPORT TO DECEMBER 2017 & DRAFT STATEMENT OF INTENT 2019

The Financial Accountant made the following comments in relation to the six monthly report and Draft Statement of Intent (SOI):

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- Landing fees were up by \$10k on the July-December 2016 figures
- Expenditure costs were attributed primarily maintenance and capital works.
- In response to auditor comments, airport assets were now on Council books and would also be valued cyclically at the same time as Council. To further align with those changes, going forward Council auditors would be used instead of Becca.
- The draft SOI financials had been produced in collaboration with the Group Manager: Business & Technology and the Airport General Manager.
- KPIs – which were complex to sort out -were in line with similar sized joint venture airports. In reply, a member noted that KPIs were never achieved due to being such a small airport. Another member suggested aligning individual tasks with the Committee's desired outcomes which would be more meaningful.

TAA201802/03 RESOLUTION

Moved: Mr Chris Johnston

Seconded: Cr Christine Rankin

That the Taupō Airport Authority Committee receives the financial report.

CARRIED**4.2 GENERAL MANAGER'S OPERATIONS REPORT**

The General Manager spoke to his report highlighting that activities had been quiet which was typical of the Christmas period and movement tallies were down due to inclement weather.

The following was noted during questions, answers and related discussion:

- Lack of accommodation influenced flight activities.
- Something needed to be done about the excessive cancellation of Auckland to Taupō flights which numbered three in January alone. The regular Sunday 5pm Auckland to Taupō flight seemed to have a higher rate of cancellations than others. Not only was displacement for affected passengers frustrating but high cancellations also failed Taupō as a great destination if people could not even get there in the first instance.

Note: The General Manager undertook to follow up with Air NZ on statistics for cancelled flights from Auckland to Taupō and vice versa.

- Sounds Air were now offering three one-way (Taupō to Wellington fare classes) on their website: low - \$179; mid - \$219; and high \$239-259.
- Statistics were provided from a camera installed in the airport which counted people coming in / out.
- Recapping on the two reported power outages, the General Manager reiterated that it was crucial that the generator quickly to at least power the terminal initially. Given the high level risk factors, the Group Manager: Corporate, Risk and Community was also looking into the matter.
- The Group Manager had met with MBIE and MoT representatives in the previous week. It was noted that funding assistance for designing of plans for terminal improvements would be provided.
- LTP funding of \$2.5m had been budgeted for Taupō airport however, confirmation of the funding would not be known until the end of the consultation process.

TAA201802/04 RESOLUTION

Moved: Cr Rosanne Jollands

Seconded: Mr John Funnell

That the Taupō Airport Authority Committee receives the General Manager's Operations report as presented on 19 February 2018.

CARRIED

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4.3 SAFETY MANAGEMENT SYSTEM (SMS) UPDATE

The General Manager noted that a comprehensive review of the Implementation Plan and Gap Analysis was completed in December 2017 and was now ready to forward to CAA. The Gap Analysis identified that although procedures and systems were operative, they were not documented. WIBIH would coordinate this, which would also be required for recertification purposes.

The Group Manager noted that the Plan would also need to be reviewed by the Audit & Risk Committee.

TAA201802/05 RESOLUTION

Moved: Cr Christine Rankin

Seconded: Mrs Kathy Guy

That the Taupō Airport Authority Committee receives the update on the Safety Management System.

CARRIED

4.4 HEALTH AND SAFETY UPDATE

The General Manager advised that the power outages were the only incidents to report. In reply to a member question about what had been done to prevent vehicles entering onto the apron, he further advised that a key pad had been installed and, the entrance gate was kept locked at all times. Fencing off an area near Mr Orr's lease site was also being investigated as this had been also been used as an unauthorised access point.

TAA201802/06 RESOLUTION

Moved: Cr Rosanne Jollands

Seconded: Cr Christine Rankin

That the Taupō Airport Authority Committee receives the information relating to health and safety.

CARRIED

5 CONFIDENTIAL BUSINESS**TAA201802/07 RESOLUTION**

Moved: Cr Rosanne Jollands

Seconded: Cr Christine Rankin

RESOLUTION TO EXCLUDE THE PUBLIC

I move that the public be excluded from the following parts of the proceedings of this meeting.

The general subject 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[1] 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(1) for the passing of this resolution
Agenda Item No: 5.1 Receipt of Unconfirmed Minutes: Taupō Airport Operational & Safety Committee - 18 December 2017	Section 7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of	Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure

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	members of the public	of information for which good reason for withholding would exist under section 7
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I also move that *[name of person or persons]* be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of *[specify]*. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because *[specify]*.

CARRIED

The Meeting closed at 11.50am.

The minutes of this meeting were confirmed at the Taupō Airport Authority Committee Meeting held on 11 June 2018.

.....
CHAIRPERSON

Statement of Financial Performance
for the period ending 30 April 2018

Taupo Airport Authority

	YTD Actual 30/04/18 \$	YTD Budget 30/04/18 \$	YTD Variance \$	Full Year Budget (as per SOI) 30/06/18 \$	Full Year Forecast 30/06/18
Income					
Landing charges - Bulk	4,417	3,500	917	4,200	5,000
Landing charges - General Aviation	232,888	204,950	27,938	244,300	280,000
Landing charges - Charters	932	500	432	500	1,000
Aircraft Parking	1,200	1,300	(100)	1,300	1,400
Leases	152,016	161,402	(9,386)	193,683	190,000
Terminal Rent	22,212	22,505	(293)	27,006	26,500
Advertising	989	-	989	-	1,000
Fuel Commission	4,324	3,000	1,324	4,000	5,500
Hay Sales	930	2,000	(1,070)	2,000	2,000
Other income	3,387	3,655	(268)	3,996	4,000
Interest	245	1,667	(1,422)	2,000	400
Total operating revenue	423,540	404,479	19,061	482,985	516,800
Expenditure					
Employee Expenses					
Employee expenses	137,530	140,000	2,470	168,000	170,000
ACC levies	662	300	(362)	360	1,000
Training & associated costs	1,194	3,000	1,806	3,000	3,000
	139,386	143,300	3,914	171,360	174,000
Management and Administration Expenses					
Accountancy & Business Services - Taupo District Council	10,417	10,420	3	12,504	12,500
Audit fees - Audit NZ	9,272	11,583	2,311	13,900	13,900
CAA Audit fees	1,723	-	(1,723)	-	2,000
Taxation / Revaluation Fees	13,390	8,000	(5,390)	8,000	15,000
Directors fees and expenses	-	1,667	1,667	2,000	1,000
Bad and doubtful debts	-	-	-	-	-
Administration	1,088	3,143	2,055	3,978	2,500
	35,890	34,813	(1,077)	40,382	46,900
Other Operating Expenditure					
Cleaning	14,506	14,190	(316)	17,428	17,500
Advertising	-	-	-	-	-
Catering	198	300	102	400	400
Entertainment	-	-	-	-	-
Telecommunications	1,867	1,630	(237)	1,956	2,000
WIFI costs	1,944	1,700	(244)	2,040	2,200
Travel	660	5,000	4,340	6,000	2,000
Contractors	3,422	3,750	328	4,500	4,500
Consultants fees	13,122	1,500	(11,622)	3,000	35,000
Electricity	10,628	9,595	(1,033)	12,407	15,000
Equipment hire	18,685	14,180	(4,505)	17,017	24,000
Ground maintenance - Airside	4,439	3,400	(1,039)	4,000	5,000
Ground maintenance - Other	32,932	8,800	(24,132)	10,000	40,000
Runway maintenance	3,170	4,166	996	5,000	5,000
Building maintenance	7,733	4,166	(3,567)	5,000	9,000
Software maintenance	1,980	417	(1,573)	500	3,000
Vehicle Maintenance	1,763	1,668	(97)	2,000	2,000
Roading maintenance	2,597	3,332	735	4,000	4,000
Other maintenance	1,665	1,132	(533)	1,600	2,000
Software Licences	10,130	10,510	380	12,612	12,500
Aerodrome Inspections & Bird Control	8,729	8,483	(246)	10,180	10,000
Rates	13,171	12,910	(261)	12,910	13,200
Stationery and supplies	9,333	7,132	(2,201)	8,400	11,000
Subscriptions	6,495	2,500	(3,995)	3,000	7,500
Insurance	6,429	6,350	(79)	7,620	7,600
Rubbish Disposal	2,488	1,900	(588)	2,280	3,000
Security	3,304	-	(3,304)	-	4,000
Vehicle running costs	1,009	1,205	196	1,415	1,200
Loss on disposal of intangible assets	-	-	-	-	-
Total operating expenditure	182,407	129,914	(52,493)	155,265	242,600
Operating surplus/(deficit) before depreciation & taxation	65,857	96,452	(30,595)	115,978	53,300
Depreciation & Amortisation					
Depreciation	177,471	190,880	13,409	226,803	212,000
	177,471	190,880	13,409	226,803	212,000
Operating surplus/(deficit) before taxation	(111,614)	(94,428)	(17,186)	(110,825)	(158,700)
Items Capitalised in this period					
Computer and monitor for office	1,641				
Items Capitalised this financial year					

Statement of Financial Performance
for the period ending 30 April 2018

	January Actual	February Actual	March Actual	April Actual	YTD Actual \$
Income					
Landing charges	20,433	22,879	27,841	23,616	237,305
Leases	15,816	15,816	15,783	15,783	152,016
Terminal Rent	2,225	2,263	2,238	2,238	22,212
Advertising	330	-	-	330	989
Fuel Commission	-	-	1,438	-	4,324
Hay Sales	-	-	-	-	930
Other income	151	142	141	2,060	3,387
Interest	24	19	21	23	245
Total operating revenue	38,979	42,003	48,178	44,050	423,540
Expenditure					
Employee Expenses					
Employee expenses	10,568	13,028	13,292	14,240	138,192
Training & associated costs	-	-	-	-	1,194
	10,568	13,028	13,292	14,240	139,386
Management and Administration Expenses					
Accountancy & Business Services - Taupo District Council	1,042	1,042	1,042	1,042	10,417
Audit fees - Audit NZ	293	293	293	2,661	9,272
CAA Audit fees	-	-	1,106	617	1,723
Taxation / Revaluation Fees	-	-	1,950	725	13,390
Directors fees and expenses	-	-	-	-	-
Bad and doubtful debts	-	-	-	-	-
Administration	68	59	86	23	1,088
	1,403	1,394	4,477	5,068	35,890
Other Operating Expenditure					
Cleaning	1,353	1,507	1,382	1,606	14,506
Telecommunications	153	290	267	163	1,867
WIFI costs	181	316	181	181	1,944
Travel	-	-	-	452	660
Contractors	446	354	383	384	3,422
Consultants fees	1,814	1,459	-	-	13,122
Electricity	612	547	566	1,126	10,628
Equipment hire	1,534	1,545	1,955	1,583	18,685
Ground maintenance - Other	2,281	4,499	7,769	2,482	32,932
Building maintenance	689	2,457	1,338	-	7,733
Other maintenance	-	473	121	-	4,262
Software Licences	1,045	629	1,835	379	10,130
Aerodrome Inspections & Bird Control	1,025	815	1,070	861	8,729
Rates	3,166	-	-	197	13,171
Stationery and supplies	1,446	1,693	1,116	799	9,333
Subscriptions	750	1,079	40	830	6,495
Insurance	670	587	649	649	6,429
Security	1,162	971	295	302	3,304
Vehicle running costs	249	142	68	51	1,009
Total operating expenditure	21,073	21,185	21,023	12,321	182,407
Operating surplus/(deficit) before depreciation & taxation	5,935	6,396	9,386	12,421	65,857
Depreciation & Amortisation					
Depreciation	17,908	17,908	17,908	17,963	177,471
	17,908	17,908	17,908	17,963	177,471
Operating surplus/(deficit) before taxation	(11,973)	(11,512)	(8,522)	(5,542)	(111,614)

Balance Sheet
as at 30 April 2018

	Full Yr	
	30/04/2018	30/06/2017
Equity	\$	\$
Equity Interest of Joint Venture Partners	4,071,587	4,071,587
Appropriation Accounts	2,085,621	2,197,240
Asset Revaluation Reserves	4,432,170	4,432,167
Total Equity	10,589,378	10,700,994
Assets		
Current Assets		
Cash & Cash Equivalents	273,252	449,477
Other Financial Assets	-	-
Trade Debtors	59,861	53,382
Other Receivables	(6,765)	6,417
Provision for income tax	-	-
Total current assets	326,348	509,276
Non-Current Assets		
Intangible Assets	3,119	3,990
Property, Plant and Equipment	11,459,235	11,520,546
Total non-current assets	11,462,354	11,524,536
Total Assets	11,788,702	12,033,812
Liabilities		
Current Liabilities		
Trade Payables	27,150	147,861
Other Payables	14,757	16,299
Income in Advance	33,418	49,121
Employee Entitlements	37,463	33,001
Total current liabilities	112,788	246,282
Non-Current Liabilities		
Borrowings	-	-
Employee Entitlements	5,379	5,379
Deferred Tax Liability	1,081,157	1,081,157
Total non-current liabilities	1,086,536	1,086,536
Total Liabilities	1,199,324	1,332,818
Net Assets	10,589,378	10,700,994

Cashflow Statement
for the period ended 30 April 2018

	YTD Actual 30/04/18 \$	Actual 30/06/17 \$
Cashflows from operating activities		
Cash was provided from:		
Receipts from customers	416,816	472,920
Interest received	245	1,773
Other income		
Payments to suppliers	(328,007)	(55,835)
Interest paid	-	-
Payments to employees	(134,924)	(165,838)
Net GST refunded / (paid)	(15,064)	(11,740)
Net Cashflows from Operating Activities	(60,934)	241,280
Cashflows from Investing Activities		
Proceeds from sale of property, plant & equipment	-	-
Purchase of property, plant & equipment	(115,289)	(263,868)
Net Cashflows from Investing Activities	(115,289)	(263,868)
Net Increase (decrease) in cash held	(176,223)	(22,589)
Add Cash at start of year	449,478	472,067
Cash & cash equivalents at end of period	273,255	449,478
Consisting of:		
Cash and bank	4,489	2,606
Call deposits	268,766	446,872
Cash at end of period	273,255	449,478
Reconciliation of Net Surplus to Net cash Inflow from Operating Activities		
Net surplus(deficit)	(111,614)	(165,890)
<i>Adjustments for non-cash items</i>		
Bad/Doubtful Debts	-	33
Gain on sale of fixed assets	-	-
Loss on sale of fixed assets	-	2,670
Depreciation	177,471	280,102
<i>Changes in Working Capital</i>		
(Increase) decrease in accounts receivable & other receival	6,703	(17,921)
Increase (decrease) in accounts payable & accruals	(122,253)	162,168
Increase (decrease) in income in advance	(15,703)	(23,184)
Increase (decrease) in employee entitlements	4,462	3,302
	50,680	407,170
<i>Non-operating changes in working capital</i>		
Increase (decrease) in Capital Creditors	-	-
Per statement of cashflows	(60,934)	241,280

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Strategies for your airport business

Friday, 11 May 2018

Mike Groome
CEO/General Manager
Taupo Airport Authority
New Zealand

**RE: TUO Terminal Development Plan – Fee Proposal**

Dear Mike,

We are pleased to submit this fee proposal to conduct a feasibility study for a terminal development at Taupo Airport (TUO). This letter sets out our proposed scope, programme and fee for your review.

We understand that the terminal and apron is currently at capacity during peak periods and that you have started consulting with your two shareholders namely the Taupo District Council and the Ministry of Transport, regarding funding requirements.

To guide development planning and funding, you now require a 10-year strategic development plan for the terminal, car parking and apron considering two options: a new terminal versus expanding the current terminal.

This study will support development of the Airport to continue its role as a strategic enabler for the Taupo district. Our work at airports in New Zealand and around the world has given us a strong appreciation of the importance of airports as strategic community assets and their potential to act as an economic development “engine”. Airports are widely recognised as having significant strategic implications for the cities and regions which they serve and service. Airlines and airports together facilitate travel for passengers, whether residents or visitors; and the transportation of freight and mail. That travel enables individuals to travel for business or leisure and to connect with people for social, economic or educational reasons. Airports also facilitate medical services such as Air Ambulance, and are focal points for civil and national defence activities.

Considering existing site constraints, terminal structure, airfield and apron compliance the project will agree and document an approach to terminal development that meets the strategic objectives for the Airport’s infrastructure requirements along with the region’s development aspirations.

The final deliverable of this study will be a presentation to a stakeholder group. We expect that a range of organisations may attend this presentation as this development has potential benefits to many parties beyond the Airport and its shareholders. Organisations that we expect to be represented are the Airport’s shareholders, Taupo District Council and Ministry of Transport; and local Iwi, Ngāti Tūwharetoa, Ngāti Tahu / Ngāti Whāoa and Raukawa.

12567s01d_TUO Terminal Development Plan.docx
11/05/2018



SCOPE OVERVIEW

We have developed the following draft scope and methodology to achieve the stated objectives:

No.	Task	Description
1.	Scheduled Annual Forecasts	<p>Prepare annual air traffic forecasts for a 10-year horizon. Annual forecasts would be prepared for:</p> <ul style="list-style-type: none"> • Scheduled passengers • Scheduled aircraft movements. <p>Forecasts will be prepared for three growth scenarios:</p> <ul style="list-style-type: none"> • Low • Business as Usual • High. <p>The assumptions used in developing each scenario will be discussed and agreed at the commencement of the forecasting exercise.</p> <p>As part of the forecasting we will consult with Air New Zealand and Sounds Air to better understand their long-term intentions for Taupo services.</p> <p>The consultation with Air New Zealand will occur in Auckland if possible or by phone. The consultation with Sounds Air will be conducted by phone.</p>
2.	Design Demand Scenario	<p>One design scenario will be prepared and used in determining the facility requirements of the passenger terminal, apron and car parking. The design horizon would be 10 years. The design demand scenario will be for scheduled passenger activity only and be made up of busy hour passengers and aircraft movements.</p>
3.	Planning Parameters	<p>Airbiz will compile a set of terminal planning parameters that describe the processing and level of service targets for use in the facility requirements modelling described below. In the first instance Airbiz will propose values for each of the parameters and issue to TUO to review and advise changes.</p>
4.	Benchmarking	<p>Airbiz will collate benchmarks of the footprint and relevant characteristics of apron, terminal and car parks of Airports with similar traffic size and composition. This will give a guide as to the range of development options that may result from this study.</p> <p>As requested benchmarking will also be prepared for the annual forecasts. This will present the publically available forecasts for other Airports with similar traffic size and composition. It should be noted that the public availability of such Airport forecasts is limited.</p>
5.	Pricing Review and Principles	<p>A significant strategic element of the business case that is being prepared for this terminal development will be the potential for cost recovering through airline pricing. We have considerable experience with the structure of airline pricing around significant airport capital projects and have a recommended approach that has been applied at a range of</p>



No.	Task	Description
		<p>airports including, Queenstown, Timaru, Marlborough, Tauranga, Palmerston North, Hamilton, Invercargill and New Plymouth.</p> <p>In general, aeronautical pricing reviews aim to achieve economically efficient pricing that is commercially sustainable. In simple terms, this means determining prices that customers (airlines) can afford to pay, and which allow Taupo Airport to recover all operational costs plus the costs of capital associated with the activities.</p> <p>A key issue is how the pricing for the new airport terminal is developed. In general new infrastructure provides better services but often at a higher cost per passenger. In addition, the airlines will be aware of the source of funding for the terminal development and in some cases that will influence their willingness to pay higher charges. These issues need to be worked through so that once a development is agreed, the resulting pricing implementation is relatively straightforward.</p> <p>As part of the first onsite workshop, discussed below, Airbiz is proposing to cover two key tasks:</p> <ol style="list-style-type: none"> 1. Reviewing Taupo Airport's current pricing so as to provide a baseline for comparison with any other proposal. 2. Establishing and agreeing with the Airport the fundamental pricing criteria that future pricing decisions may be based on. For example, some airports wish to operate on a purely commercial cost recovery basis; other airports may acknowledge their role as a regional economic growth engine and decide to target a lower rate of return. The approach adopted here will significantly shape the business case to the Regional Development Fund as well as future discussions with airline customers. <p>We will use the opportunity of the workshop to:</p> <ul style="list-style-type: none"> • Establish and/or confirm Taupo Airport's commercial strategy for aeronautical activities • Review current aeronautical market conditions • Review recent regulatory decisions and their implications for Taupo Airport • Discuss the potential structure of a future pricing consultation process.
6.	Planning Baseline Workshop and Site Visit	<p>Airbiz will hold a one day planning baseline workshop and site visit in Taupo with TAA management to present and confirm:</p> <ul style="list-style-type: none"> • Annual Scheduled Demand Forecasts • Design Demand Scenario • Planning parameters to be used for facility requirements • Site constraints • Benchmarking



No.	Task	Description
		<ul style="list-style-type: none"> Pricing Review and Principles (discussed above). <p>This workshop will also be an opportunity to meet key stakeholders, visit the Airport to understand current constraints as well as to agree on the high level design principles for the development. We appreciate that there has already been consideration of the development options and we wish to understand and incorporate these ideas.</p> <p>The workshop will be attended by Geoffrey Page, Vincent Hourcade and Peter Seed from Airbiz as well as Leo Wilkinson from Beca (see item 10 Cost Estimate below).</p>
7.	Facility Requirements	<p>Following confirmation of the annual forecasts, demand scenario, planning parameters and development pathways, Airbiz will prepare facility requirements for the 10-year design horizon of those key items:</p> <ul style="list-style-type: none"> Terminal area by function (e.g. check-in, baggage make-up, dwell, back of house etc.) Car parking (passenger and staff) number of bays and total area Aircraft stand demand. <p>These facility requirements will be issued to TAA for comment prior to option development.</p>
8.	Options Development	<p>Airbiz will prepare 1 concept layout for the new terminal option and another 1 for the terminal expansion option.</p> <p>Both layouts will seek to satisfy the facility requirements for the 10-year design horizon and will be detailed to a level suitable for feasibility planning (function, size, location, key processing units/equipment).</p> <p>Considerations of the terminal planning will include:</p> <ul style="list-style-type: none"> Apron constraints Apron compliance requirements Potential future security requirements (passenger, cabin and hold baggage screening requirements) Retail implications Back of house requirements Alignment with existing/new carpark and other existing landside facilities.
9.	Teleconference 1 – Initial Options	<p>The initial layouts for the terminal development concept options, along with the facility requirements, will be presented through a teleconference with Taupo Airport management. The options will include changes to apron and car parking facilities but would exclude any other airfield or landside facilities.</p>
10.	Options Refinement	<p>Airbiz will use the feedback received in the Teleconference 1 to refine the terminal development concept options.</p>



No.	Task	Description
		These will be issued to Taupo Airport for final comment before the cost estimates are made.
11.	Cost Estimate	<p><i>Beca have agreed to provide the cost estimation services described in this item. They will be subcontracted to Airbiz.</i></p> <p>The refined concepts will be issued to Beca to prepare the two high level cost estimates based on feasibility level drawings for terminal, apron and car park. One estimate will relate to new work, whilst the other will relate to the re-use of existing structures.</p> <p>In light of this latter option we consider it essential for Beca to visit the site with Airbiz to gain a full appreciation of the existing layout, condition of the structures, constraints and other consequential considerations which may have an impact on the potential costs.</p> <p>The fee includes time for a briefing, site visit, preparation of the estimate, review and amendments, final verification and preparation of the estimate report.</p> <p>The estimate parameters, inclusions and exclusions will be part of the estimate report. For the sake of clarity the Cost Estimation will not include revenue or any financial commercial impacts of construction activity on the airport business.</p>
12.	Financial Modelling	Develop a pricing financial model utilising the principles developed in the Pricing Review and Principles stage that will determine the revenue requirement over an agreed time horizon.
13.	Commercial Cost Benefit Analysis	<p>The study will include a commercial (as opposed to wider regional economic) cost benefit analysis. The analysis will assume that the secondary economic effects, including indirect and induced economic effects, will be roughly the same between options and that any differences are trivial.</p> <p>The commercial cost benefits analysis assesses the difference between the present value of the revenues generated by the project, and the present values of operating costs, capital costs, taxation effects, and the project residual value. The cost of capital on debt and equity is taken into account by the discount rate (usually a weighted average cost of capital or WACC) used to estimate the present value.</p> <p>Commercial cost benefit analysis uses standard investment criteria such as net present value (NPV) and internal rate of return (IRR) to evaluate the feasibility of competing project options. Airports are combinations of aeronautical and commercial activities. In the case of aeronautical activities, aeronautical charges are normally set so that the NPV of the aeronautical component of the project is zero and therefore the IRR equals the appropriate WACC for aeronautical activities. This approach is used by New Zealand commercial airports and regulators such as the Commerce Commission.</p> <p>At some NZ regional airports, the level of aeronautical charges required to achieve a zero NPV is high and countervailing power from airline</p>



No.	Task	Description
		customers prevents the airport from fully charging it. In these cases the airports are unable to recover their full cost of capital and the projects can have negative NPVs. Assessing the NPV of the commercial component of any terminal project is more straightforward as the payments for leases, concessions and other forms of revenues are usually set against a market benchmark. In general the NPV of commercial activities is assessed at a higher WACC than that used to estimate the aeronautical NPV.
14.	Teleconference 2 – Refined Options	The refined options will be presented along with the cost estimates, airline pricing and commercial cost benefit analysis will then be presented in through a second Teleconference with Taupo Airport management. At this time we expect to discuss which option (expansion or new) is preferred and how this preference will be present to the Taupo District Council and the Ministry of Transport.
15.	Final Presentation and Report Workshop	Airbiz will prepare a workshop pack which will cover all the key aspects of this project (from demand forecasts to layouts options, cost estimates and airline pricing), presenting the pathway to obtain the preferred terminal concept option for the 10-year design horizon. This final workshop pack will be used as our main reporting document and also as the basis for the final presentation in Taupo with TAA to a group of stakeholders. We expect to be advised which organisations will attend this session at a time prior to the session. The workshop will be attended by Geoffrey Page and Vincent Hourcade.

DELIVERABLES

The deliverables are proposed as follows:

1. **Planning Baseline Pack** – delivered at Workshop 1 including:
 - Low, Business as Usual and High Case Demand Forecasts for 10 year horizon:
 - Annual Passengers
 - Annual aircraft movements
 - One Design demand scenario for facility planning covering
 - busy hour aircraft movements
 - busy hour passenger movements
 - Planning Parameters.
2. **Two Development Options** (New Terminal vs. Current Terminal Expansion) including
 - Facility Requirements for terminal, car park and apron (aircraft stand demand)
 - Concept layouts covering terminal, landside and apron.
3. **Two Options Refinement with CAPEX and Commercial Cost Benefit Analysis** (New Terminal vs. Current Terminal Expansion) – same inclusion as 2. above
4. **Final Workshop Pack** including all the above with preferred option selection.

12567s01d_TUO Terminal Development Plan.docx
11/05/2018



EXCLUSIONS

The following items have not been included in the scope given above. In most cases the effort required is unclear and therefore we would be unable to provide fee guidance at this time. We expect that some of these may become relevant in the future and we would welcome the opportunity for Airbiz to take a role if required:

- Business Case preparation. As discussed we understand that Airbiz may be able to support the development of a business case, however we recommend resolving the nature of our involvement until after this part of the project is largely complete.
- Changes required to the options or other material prepared due to feedback from the stakeholders that attend the final presentation.
- Stakeholder engagement – we have not allowed for stakeholder engagement beyond a discussion with Air New Zealand and Sounds Air to provide input into the forecasting. We would recommend engaging with airlines after a preferred approach has been adopted to confirm the details of a development's design as it will affect airline pricing and airport/airfield operations.
- Running iterations of the pricing model and sensitivity analysis
- Revenue or any financial commercial impacts of construction activity on the airport business as part of Cost Estimation (item 11).
- Additional meetings or workshops not listed in this draft scope.

PROGRAMME

We expect this study to take approximately 19 weeks. The estimated programme is as follows:

No.	Task	Week																		
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1.	Scheduled Annual Forecasts																			
2.	Design Demand Scenario																			
3.	Planning Parameters																			
4.	Benchmarking																			
5.	Pricing Review and Principles																			
6.	Planning Baseline Workshop and Site Visit																			
7.	Facility Requirements																			
8.	Options Development																			
9.	Teleconference 1 – Initial Options																			
10.	Options Refinement																			
11.	Cost Estimate																			
12.	Financial Modelling																			
13.	Commercial Cost Benefit Analysis																			
14.	Teleconference 2 – Refined Options																			
15.	Final Presentation and Report Workshop																			

**FEE**

Our fee to complete this study is \$84,000 excluding GST and disbursements. Disbursements for travel to the two workshops in Taupo will be invoiced at cost.

As indicated in earlier discussions we are willing to invoice on time basis to a maximum budget basis rather than seeking to claim the full amount as a fixed fee.

TEAM

Geoffrey Page will manage this project with day to day support from Vincent Hourcade. Both of whom are based in the Auckland office of Airbiz. Christchurch based Peter Seed will provide the strategic pricing advice. Cally Ward who worked with Taupo Airport last year on marketing material and is familiar with your situation will be assisting in the development of annual forecasts. CVs of personal are available on request.

Beca will be providing the cost estimates as a subcontractor to Airbiz with the work lead by Leo Wilkinson.

Thank you again for the opportunity to submit this proposal and be a part of this very exciting project.

Yours sincerely,

A handwritten signature in black ink, appearing to read "G. Page", written in a cursive style.

Geoffrey Page

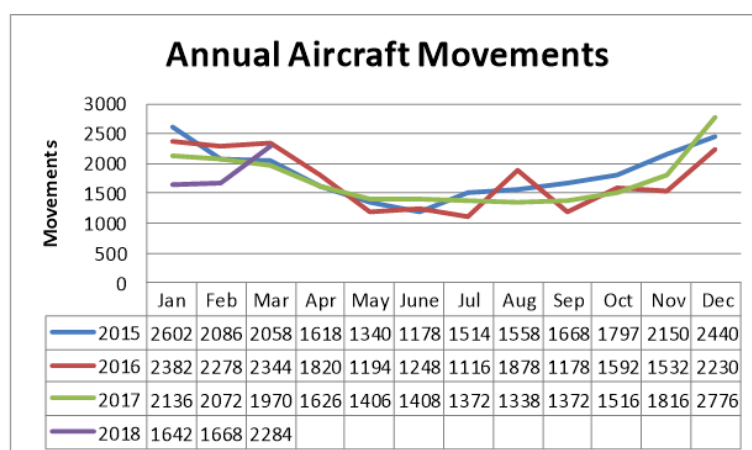
TO: TAUPŌ AIRPORT AUTHORITY COMMITTEE

FROM: Taupō Airport Manager

SUBJECT: General Manager's Report – April 2018

Operational

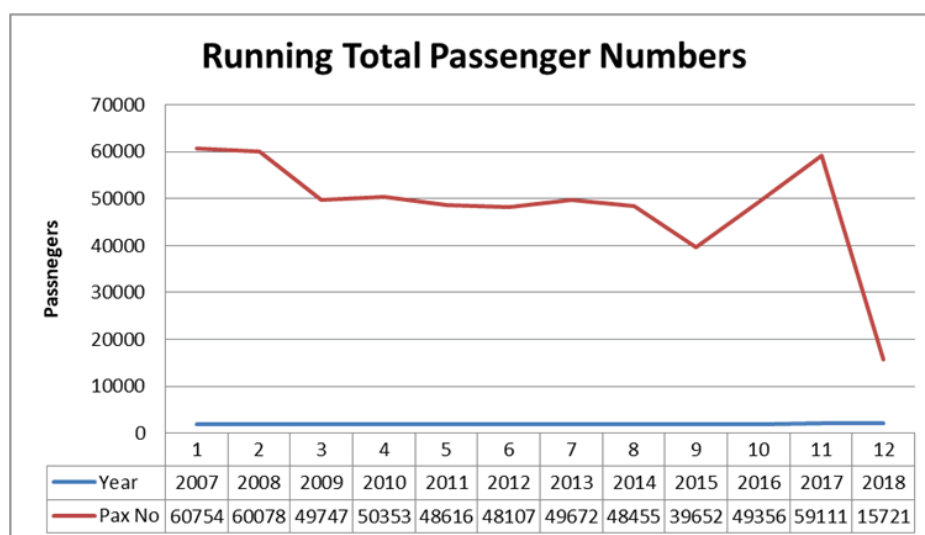
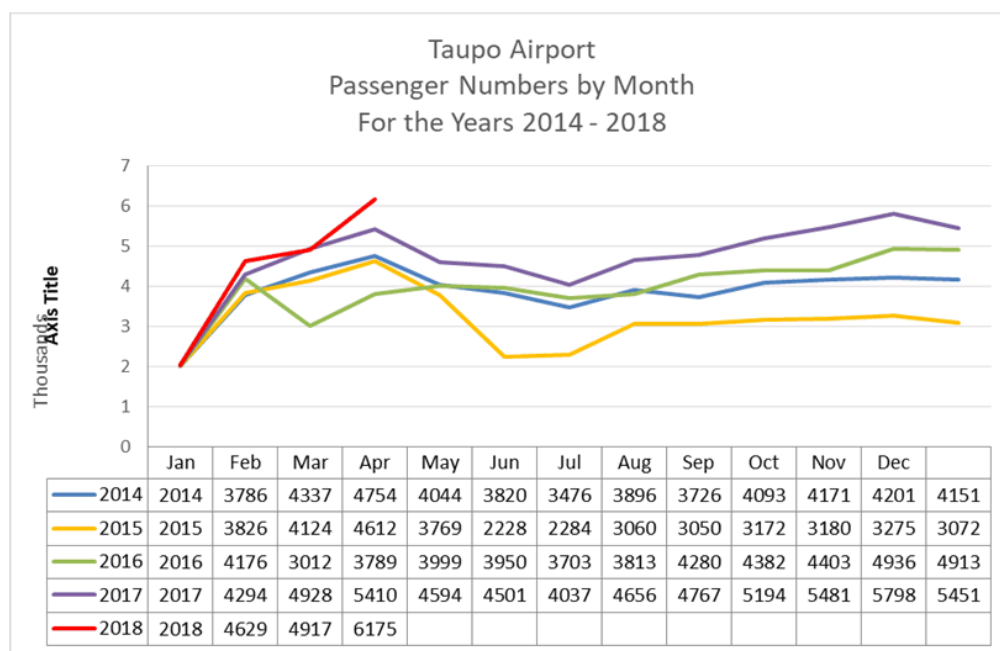
Landing activity	Monthly operated Mar 2018	Monthly operated Mar 2017	Cumulative Year 2018	Cumulative Year 2017
Scheduled flights	280	268	704	742
Non-scheduled charters	4	6	32	18
General Aviation	568	536	1338	1476
- Helicopter				
- Parachute	780	648	2016	2406
- Private	1218	1046	2838	3000
- Military	2	2	4	12
Total movements	2284	1970	5594	6178
Note: Helicopter movements are included in General Aviation movements.				



Aircraft movements have generally been good with an increase in general aviation, skydiving and helicopter movements.

Passenger Activity	Month Mar 2018	Monthly Load Factor	Month Mar 2017	Cumulative Year 2018	Cumulative Load Factor 2018	Cumulative Year 2017
Scheduled flights	280		268	1724		1668
Air New Zealand	5388	83%	4591	15721	78.8%	12656
Sounds Air	787	64%	819	1875	60%	1976
Total passengers	6175		5410	17596		14632

Passenger numbers are well ahead of the same period last year and cumulatively for the year are nearly 7500 ahead. Air New Zealand is performing well but Sounds Air was static with a slight decrease in September.



General comment on passenger numbers

Passenger numbers are well ahead of the same period last year, just over 20%, and cumulatively for the year ahead by 12%.

Air New Zealand is performing well with Sounds Air remaining consistent with previous figures.

It is good to see the average loadings lifted for the period up to 83% which is very encouraging.

As a part of the winter schedule, commencing beginning May 2018 Air New Zealand will drop their Monday midday flight. This is normal for winter operations and the flight will be reinstated at the end of August.

Emergency Exercise

Under our Part 139 Operating certificate we are required to carry out a full emergency exercise every two years. This was to fall due this year.

The NZ Police informed us that they were going to be conducting an exercise with the Police National Dive Squad. We asked that we become a part of this exercise, as it involved multiple agencies not just the Police, and would satisfy our requirements under the CAA rules.

This exercise was conducted over a four day period, with the scenario based on a light fixed wing aircraft and a helicopter conflicting over the lake by Five Mile Bay.

The TAA were involved in the initial alerting and information gathering. This allowed us to test and review our Emergency Response Plan for this type of event, and also to test our business continuity whilst working closely with the emergency services.

A very valuable exercise, which went well.

Water Pump Station

Every time there is a power outage here at the airport we have had a drop in water pressure to the all parts of the airport.

Following a review over the past few months where we have had outages on numerous occasions the TDC have been working on improving the system. The improved system was tested just recently and is much improved on what we were experiencing.

The improvements include:

- Installation of a generator plug to improve the response time for service restoration in the event of a power failure.
- Alteration of the reservoir feed point to enable the feed of low pressure water into the network during a power failure.

In the event of a power failure, low water pressure will remain available. Full service will occur on resolution of the power fault, or by TDC operations team connecting a mobile generator.

Internal Audit

GRG Consulting Ltd carried out an internal audit of the airport in March (copy attached). The scope of the audit was to make sure that the TAA was complying with the CAA rules.

I am pleased to say that we had no findings from the audit.

Safety Management System

The TAA Safety Management System Implementation Plan has been accepted by the Civil Aviation Authority.

A separate report on the SMS to be tabled at the meeting.

Mike Groome
General Manager – Taupō Airport Authority

GRG Consulting

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22 March 2018

Mr Mike Groome
CEO/General Manager
Taupo Airport Authority
R D 2
TAUPO 3378

Dear Mike

TAUPO AIRPORT – INTERNAL AUDIT

Taupo Airport is managed in accordance with an Exposition – a document approved by the Civil Aviation Authority of NZ as part of the process of certification of Taupo Airport pursuant to civil aviation rules CAR Part 139.

The Exposition provides for an internal quality assurance audit to be undertaken and for the quality assurance records, including internal quality assurance audit reports for at least two years.

This letter is to provide you with an internal aviation safety audit report in your capacity as Chief Executive of Taupo Airport Authority for the purposes of the civil aviation rules.

The Aerodrome Operating Certificate issued by the Civil Aviation Authority is current and due for renewal on 2 July 2019.

I have sighted the report from the last Civil Aviation Authority audit which was undertaken on 11 September 2015. There were no findings and no recommendations requiring follow-up.

Background to the Internal Audit

The purpose of the internal audit is to annually review compliance with all systems, plans, procedures, or programmes defined in the Exposition.

I have undertaken the audit, by reviewing the currency of the Exposition documentation, together with a site visit on Thursday 22 March 2018. I was assisted in the audit by the Airport CEO/General Manager Mr Mike Groome and Operations Manager, Kim Gard. I have been

given access to all of the information sought by me and have had satisfactory explanation from airport management of all questions raised in the course of the audit.

The audit cannot examine every document or process identified in the Exposition, nor can a guarantee be given that every requirement of the Exposition has been complied with. The audit has relied upon sampling of the requirements of the Exposition and the information and explanations made available during the course of the audit. Some oversight of compliance with CAR Part 139 has been incorporated in the audit. Compliance with a small selection of items in Advisory Circular AC139-6 "Aerodrome Design Requirements" have also been included as a focus on safety matters that may not necessarily be captured in the Exposition. The Exposition is otherwise relied upon as the means of compliance with the rules.

While not a specific requirement for the internal audit, I have approached this internal audit with some independence from the airport's management. Apart from this engagement I have no other relationship with Taupo Airport, or its management.

I wish to thank Mike Groome and Kim Gard for their co-operation and ready access to all material required for the audit, and for facilitating a brief visual inspection of the airport during the site visit.

Internal Audit Report

The CAR Part 139 Exposition has been internally reviewed by management with a number of changes/edits marked up ready for publication of the next iteration of the documents.

The Airport is operated as an unattended Aerodrome Reference Code 2C airport.

Attached as Appendix A is an internal audit checklist which was prepared in the course of the audit to select matters covered in the Exposition that would be reviewed. The checklist has been completed to show not only compliance or otherwise, but to note matters that may be of assistance to management as part of continuous improvement.

No areas of non-compliance were identified.

In several areas the Exposition documents need to be updated to reflect new practices and procedures that are now in place. Many of these are already noted by management in the drafts of the current documents.

In particular the introduction of the IRIS database system for recording inspection reports, incidents, and risk analysis uses procedures and input that is not reflected in the forms appended in the Manual of Standards and Operating Procedures and Quality Assurance that forms part of the Exposition.

The IRIS system was used to disclose various reports and records sought during the audit, and will provide a much more robust basis for analysis and improvement of risk management over time.

The second area of significance where documentation needs to be updated is the Airport Emergency Plan which also forms part of the Exposition documentation. While this document appears to have not been formally updated since 28 August 2008, the table of contacts in the Emergency Plan has been regularly updated and is readily available at the airport office, but has not been exposed to the other key stakeholders who hold copies of the Airport Emergency Plan.

The exercises and relationships with external parties set out in the plan appear to be active and current.

The Operational area was observed to be well maintained and in a tidy condition. All paved surfaces are in a good condition and isolated areas where sub-surface water may be penetrating the pavement and causing ice problems in winter are being monitored by management.

Paint markings are satisfactory although showing signs of aging. PAPI have replaced the former VASI navigation aids, but yet to be updated in the documentation.

Vegetation has been controlled around all visual navigation aids such as edge lights and signage on the operational area.

No foreign object debris (FOD) was observed during the on-site inspection – which is a credit to the culture of those who access the operational area and maintain it.

The terminal building is arranged to control access between the terminal and the apron. Management have noted the size of the terminal is near capacity when servicing two Q300 (50-seat) sized aircraft simultaneously and have plans for expansion to better cope with not only day to day demands but the possibility of increased security requirements if introduced through events beyond the Airport Authority's control. (Airports only marginally busier than Taupo have in the last year implemented 'Security Areas' in the vicinity of the terminal building and increased security practices.)

A high level of control over access onto the operational area is observed and this disciplined culture with tenants holds the airport in a good position in the event of any increase in security requirements being imposed.

The perimeter fencing was not fully inspected, but is understood to be maintained and inspected to ensure livestock do not get access to the operational area (stock are usually only in adjoining paddocks on rare short-term occasions). Fencing and gate/access standards in the immediate vicinity of the terminal were observed and are of a good standard for a non-security designated aerodrome.

The current level of aircraft movements has been reviewed by management and does not trigger a change in Rescue Fire Category.

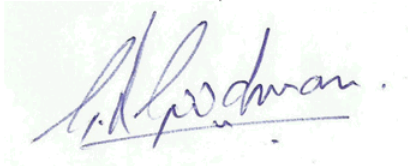
Monthly reporting of aircraft movements to the Civil Aviation Authority is being carried out.

Rule 139.103(b)(3) introduces a requirement for real-time surface condition reporting using a standardised reporting system from 1 August 2018. This is not currently provided for in the Exposition, however airport management are keeping abreast of industry-wide efforts to clarify interpretation of the rule and to determine industry-wide resolution of issues that are likely to arise in implementation. At this stage the airport expects to be making an application for exemption from the rule in line with templated recommendations from NZ Airports.

A rule requirement for illuminated holding point signage comes into effect in August 2018 (E4.2). Taupo Airport is taking the opportunity to review and rename Taxiways and Holding Points and will include illuminated signage of the holding point on the lit taxiway accessing the main runway in compliance with the rule.

Significant progress has been made for introducing Safety Management Systems (SMS). An SMS Implementation Plan has been submitted and approved by the Civil Aviation Authority ahead of the rule deadline of 30 July 2018. The Director of Civil Aviation has set the date for implementation of SMS at Taupo Airport as 14 April 2019 and an audit has already been scheduled with CAA for 5/6 March 2019.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'G. Goodman', is written over a light green rectangular background.

GARRY GOODMAN
Principal

**INTERNAL AUDIT
CHECKLIST****APPENDIX A**

MANUAL	CLAUSE	QA ISSUE	Complies	Complies but Documentation incomplete	Comments
Op Man	2.3.7	Organisation structure current	✓	▪	New Safety Manager position appointed but yet to be approved as Senior Person
Op Man	3	AIPNZ reflects aerodrome limitations	✓	▪	
Op Man	5.2.2	AEP includes up to date contacts details		✓	Contacts up to date but not published in Emergency Plan
Op Man	5.2.3	Airport Emergency Plan maintained		✓	Last update 28 Aug 2008
Op Man	6.1	Aircraft activity remains within Rescue Firefighting category	✓	▪	"Well below"
Op Man	7.2.1.5	Fencing 1200mm in vicinity of terminal	✓	▪	
Op Man	7.2.1.6	Trespass signage	✓	▪	
Op Man	7.2.1.7	Perimeter of operational area maintained	✓	▪	
Op Man	7.2.1.8	Investigate all reported incidents	✓	▪	
Op Man	8.1.1.1	Monitor wildlife activity	✓	▪	
Op Man	8.1.1.2	Shotgun & licenced operator to control wildlife	✓	▪	Noted that DOC authorisation to disturb or kill protected species could desirable

Ref: Internal Audit March 2018 final.docx

5 | Page

Op Man	8.1.1.3	Mowing to maintain safe & efficient aircraft movements	✓	▪	
Op Man	8.1.1.4	Bird strike and near miss data available	✓	▪	
Op Man	9.1.1	NOTAM procedures available and being used	✓	▪	
Op Man	9.2.3	Obstacle survey (5 yearly) up to date	✓	▪	Next due 2020
Op Man	10.3	Internal QA being undertaken & follow up	✓	▪	
Op Man	10.4.1.9	6-mthly review of non-compliance rectification	✓	▪	Tabled at committee meetings
Op Man	11.2.1.3	Standard of runway surface	✓	▪	Rubber contamination ok. Noted limited areas where water penetration may be source of ice risk in winter
Op Man	11.2.1.7	Maintenance records (5yrs)	✓	▪	
Op Man	12.1	Contactual arrangement with ACNZ reflects ACE	✓		Contract being rolled over - may need renewal
Op Man	12.2.4	Runway condition - annual evaluation	✓	▪	Undertaken by Mgr with support available from Council pavements engineers
Op Man	12.2.4.4	Obstacles marked	✓	▪	
Op Man	13.2.1.3	Unserviceable areas returned to service without delay	✓	▪	No evidence of areas not being kept serviceable
Op Man	13.2.1.4.2	Meetings of Ops & Safety Committee includes security awareness	✓	▪	
Op Man	14.2.1.3	AEP Review after each exercise and update		✓	

Op Man	14.2.1.5	AEP exercise dates in Emergency Plan	✓	▪	Last Full exercise 20/9/16; Last Tabletop 6/7/17
Op Man	14.2.1.5	AEP exercises conducted and recorded	✓	▪	Full ex 20/9/16; Tabletop 6/7/17
Op Man	16.2.1.1	Vehicle access to apron controlled	✓	▪	Only airport vehicle and a forklift access the passenger apron.
Op Man	16.2.1.2	2-Way comms on common frequency	✓	▪	
Op Man	18.3	Contingency security requirements	✓	▪	Capacity of terminal discussed. Plans to extend and increase apron space for future development.
Op Man	18.3.8	Access to portable lighting for apron and security event	✓	▪	
Op Man	18.3.9	Isolated aircraft parking area & lighting	✓	▪	
Op Man	28.1.2.3	Incident Reports recorded and followed up	✓	▪	
Op Man	App 1	Management Action Plan produced and maintained	✓	▪	Sighted separate plans for Mike & Kim
Op Man	App 16	Airside vehicle permit register	✓	▪	Has been replaced - need to update Exposition. Vehicles recorded & personal briefings.
Op Man	App 17	Safety & Security Induction Form	✓	▪	Replaced - need to update Exposition. Use both Airways database and IRIS
Op Man	App 18	Contractor permits	✓	▪	Replaced - need to update Exposition. Using 'Whos on Location' app to sign in and sign out
Op Man	App 3	Daily Aerodrome Inspection Forms	✓	▪	Sighted in IRIS
Op Man	App 4	Non-compliance and Defects Report	✓	▪	Action Items in IRIS

Op Man	App 8	Quarterly Quality Control inspection	✓	▪	In IRIS - Hard copy sighted - Last completed 19 March 2018
Op Man		Aerodrome Operating Certificate current	✓	▪	
		AIPNZ cautions wildlife presence	✓	▪	
		Managing drone activity within 4km of airport	✓	▪	Complex 4 airports within 4km including lake. Observed example of structured response to drone proposals.
		Record of Accident and Incident reports under Part 12	✓	▪	Mgmt aware of obligations
		Senior persons current	✓	▪	