

# **ATTACHMENTS**

## **Taupō Airport Authority Committee Meeting**

**13 May 2019**

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Taupō Airport Authority Committee Meeting Minutes

1 April 2019

**TAUPŌ DISTRICT COUNCIL  
MINUTES OF THE TAUPŌ AIRPORT AUTHORITY COMMITTEE MEETING  
HELD AT THE TAUPŌ AIRPORT, ANZAC MEMORIAL DRIVE, TAUPŌ  
ON MONDAY, 1 APRIL 2019 AT 10.30AM**

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

**IN ATTENDANCE:** Head of Economic Development & Business Transformation, Head of Democracy, Governance & Venues, General Manager-Taupō Airport, Airport Operations Manager, Airport Safety Manager, Financial Accountant, Democratic Services Officer

**MEDIA AND PUBLIC:** Mr Mark Funnell, Chief Pilot Taupō Tandem Skydiving, CEO Helicopter Services (BOP) Ltd, Helimaintenance  
Mr Hamish Funnell, CEO / Director, Helimaintenance  
Mr Roy Clements, CEO Skydive Taupō

**1 APOLOGIES**

**TAA201904/01 RESOLUTION**

Moved: Cr Christine Rankin  
Seconded: Mr Chris Johnston

That the apology received from His Worship the Mayor, David Trewavas be accepted.

**CARRIED**

**2 CONFLICTS OF INTEREST**

Nil

**3 CONFIRMATION OF MINUTES**

**3.1 TAUPŌ AIRPORT AUTHORITY COMMITTEE MEETING - 18 FEBRUARY 2019**

It was noted that the workshop to discuss the Strategic Plan refresh would be scheduled some time after the Airbiz workshop had been held.

**TAA201904/02 RESOLUTION**

Moved: Mr John Funnell  
Seconded: Mr Chris Johnston

That the minutes of the Taupō Airport Authority Committee meeting held on Monday 18 February 2019 be confirmed as a true and correct record.

**CARRIED**

**4 REPORTS**

**4.1 TAUPŌ AIRPORT AUTHORITY MONTHLY FINANCIAL REPORT - FEBRUARY 2019**

The Financial Accountant provided a brief update and answered questions. The following points were noted:

- There was still another \$2k on the EPO for Airbiz consultancy fees.

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1 April 2019

- Audit New Zealand representatives would be starting this year's audit on 8 April 2019.
- The Taupō Airport Authority's draft Statement of Intent had been received by Council.
- The Ministry of Transport would be kept informed of timeframes and progress of the provincial growth fund application.

**TAA201904/03 RESOLUTION**

Moved: Cr Rosanne Jollands

Seconded: Cr Christine Rankin

That the Taupō Airport Authority Committee receives the February 2019 monthly financial report.

**CARRIED****4.2 CIVIL AVIATION AUTHORITY SAFETY MANAGEMENT SYSTEM CERTIFICATION AUDIT**

The General Manager-Taupō Airport provided an update on the recent Safety Management System certification audit. The following points were noted:

- The audit had gone well.
- One minor finding/observation had been identified. This related to documentation. The same finding/observation had been raised as a result of all five other airport audits.
- Taupō Airport would receive its certification on 14 April 2019.
- A formal report would be issued in due course and this would be presented to the Council's Audit & Risk Committee.
- Only the country's major international airports; New Plymouth; Invercargill; and Taupō airports had gone through this particular audit process to date.

The Chairperson of the Committee, Mr Chris Johnston, thanked the General Manager and everyone else involved in the audit process.

**TAA201904/04 RESOLUTION**

Moved: Mr John Funnell

Seconded: Cr Rosanne Jollands

That the Taupō Airport Authority Committee receives the information on the CAA SMS audit.

**CARRIED****4.3 GENERAL MANAGER'S OPERATIONS REPORT**

The General Manager-Taupō Airport summarised his report and answered questions. The following additional points were noted:

- Delays in the lead-up to the Ironman event had always been a challenge, but this year had been particularly difficult. Council's District Events Manager, Mr Steve Giles would be discussing with Ironman representatives ahead of next year's world championships in Taupō.
- In terms of security designation, Taupō Airport was currently 'tier 3', but it was only a matter of time before security requirements would be increased. 'Tier 2' designated airports had to have security fencing 300m either side of the terminal. Screening machines may be required in the future.
- The apron area would require rejuvenation in five to eight years' time – the asset management plan would be updated accordingly.

Members asked for the Council-Taupō Airport Authority workshop with Airbiz to be changed to the morning of Friday 12 April 2019. It was noted that Taupō Airport Authority's joint venture with the Ministry of Transport; and the airport governance structure were topics for further discussion. It was particularly important to have the latter conversation prior to the local government elections on 12 October 2019.

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1 April 2019

In relation to the Memorandum of Understanding (MoU), the Airport Safety Manager advised that he had sent version 3 of the MoU document to Civil Aviation Authority's aeronautical department for peer review. Their feedback was expected within the next two weeks, after which time another catch up between parties would be scheduled. Cr Rosanne Jollands would attend the meeting.

**TAA201904/05 RESOLUTION**

Moved: Cr Rosanne Jollands  
Seconded: Mr Chris Johnston

That the Taupō Airport Authority Committee receives the General Manager's Operations report as presented on April 01, 2019.

**CARRIED****4.4 SAFETY MANAGEMENT SYSTEM (SMS) UPDATE**

It was noted that the SMS update had been received earlier in the meeting.

**TAA201904/06 RESOLUTION**

Moved: Mr Chris Johnston  
Seconded: Cr Rosanne Jollands

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

**CARRIED****4.5 HEALTH AND SAFETY UPDATE****TAA201904/07 RESOLUTION**

Moved: Mr Chris Johnston  
Seconded: Cr Rosanne Jollands

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

**CARRIED****5 CONFIDENTIAL BUSINESS****TAA201904/08 RESOLUTION**

Moved: Mr Chris Johnston  
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:

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1 April 2019

| 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  |
|--|---|---|
| <b>Agenda Item No: 5.1</b><br>Confirmation of Confidential Portion of Taupō Airport Authority Committee Minutes - 18 February 2019 | Section 7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public | 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 of information for which good reason for withholding would exist under section 7 |
| <b>Agenda Item No: 5.2</b><br>Receipt of Unconfirmed Minutes: Taupō Airport & Operational Safety Committee - January 29, 2019      | Section 7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public | 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 of information for which good reason for withholding would exist under section 7 |

**CARRIED**

The meeting closed at 11.15am.

The minutes of this meeting were confirmed at the Taupō Airport Authority Committee meeting held on 13 May 2019.

.....  
**CHAIRPERSON**

Statement of Financial Performance  
for the period ending 31 March 2019

|   | January<br>Actual | February<br>Actual | March<br>Actual | YTD Actual<br>\$ |
|---|-------------------|--------------------|-----------------|------------------|
| <b>Income</b>   |                   |                    |                 |                  |
| Landing charges   | 26,148            | 26,102             | 27,529          | 223,879          |
| Leases  | 15,689            | 15,689             | 15,690          | 141,202          |
| Terminal Rent   | 2,196             | 2,196              | 2,198           | 19,766           |
| Advertising   | 339               | -                  | 294             | 972              |
| Fuel Commission   | -                 | -                  | -               | 2,739            |
| Hay Sales   | -                 | -                  | 1,250           | 2,210            |
| Other income  | 142               | 142                | 213             | 1,457            |
| Interest  | 16                | 17                 | 20              | 189              |
| <b>Total operating revenue</b>  | <b>45,250</b>     | <b>44,146</b>      | <b>47,194</b>   | <b>393,910</b>   |
| <b>Expenditure</b>  |                   |                    |                 |                  |
| <b>Employee Expenses</b>  |                   |                    |                 |                  |
| Employee expenses   | 9,743             | 13,890             | 13,851          | 124,569          |
| Training & associated costs   | -                 | -                  | -               | 1,424            |
|   | <b>9,743</b>      | <b>13,890</b>      | <b>13,851</b>   | <b>125,993</b>   |
| <b>Management and Administration Expenses</b>                         |                   |                    |                 |                  |
| Accountancy & Business Services - Taupo District Council              | 1,042             | 1,042              | 1,039           | 9,375            |
| Audit fees - Audit NZ   | 1,070             | 1,070              | 1,073           | 10,604           |
| CAA Audit fees  | -                 | -                  | 988             | 988              |
| Taxation / Revaluation Fees   | -                 | 625                | -               | 825              |
| Directors fees and expenses   | -                 | -                  | -               | -                |
| Bad and doubtful debts  | -                 | -                  | -               | -                |
| Administration  | 241               | 87                 | 126             | 1,204            |
|   | <b>2,353</b>      | <b>2,824</b>       | <b>3,226</b>    | <b>22,996</b>    |
| <b>Other Operating Expenditure</b>                                    |                   |                    |                 |                  |
| Cleaning  | 1,390             | 1,390              | 1,810           | 14,375           |
| Telecommunications  | 134               | 146                | 107             | 1,795            |
| WIFI costs  | 181               | 163                | 163             | 1,593            |
| Travel  | -                 | -                  | 487             | 3,093            |
| Contractors   | 2,027             | 2,213              | 2,778           | 16,143           |
| Consultants fees  | 19,947            | 3,318              | 1,723           | 99,383           |
| Electricity   | 644               | 560                | 1,199           | 10,128           |
| Equipment hire  | 1,588             | 1,627              | 1,966           | 15,523           |
| Ground maintenance - Other  | 1,097             | 1,656              | 406             | 10,526           |
| Building maintenance  | 353               | 643                | 1,337           | 3,504            |
| Other maintenance   | 2,699             | -                  | -               | 14,358           |
| Software Licences   | 383               | 300                | 1,858           | 8,860            |
| Aerodrome Inspections & Bird Control                                  | 1,562             | 1,704              | 1,453           | 11,112           |
| Rates   | -                 | 3,701              | -               | 11,900           |
| Stationery and supplies   | 100               | 1,015              | 478             | 7,919            |
| Subscriptions   | 1,409             | 359                | 884             | 8,397            |
| Insurance   | 836               | 659                | 731             | 6,153            |
| Security  | 449               | 85                 | 264             | 3,108            |
| Vehicle running costs   | 699               | 100                | 673             | 2,284            |
| <b>Total operating expenditure</b>                                    | <b>36,647</b>     | <b>19,935</b>      | <b>18,745</b>   | <b>258,496</b>   |
| <b>Operating surplus/(deficit) before depreciation &amp; taxation</b> | <b>(3,493)</b>    | <b>7,497</b>       | <b>11,372</b>   | <b>(13,575)</b>  |
| <b>Depreciation &amp; Amortisation</b>                                |                   |                    |                 |                  |
| Depreciation  | 19,551            | 19,551             | 18,980          | 175,192          |
|   | <b>19,551</b>     | <b>19,551</b>      | <b>18,980</b>   | <b>175,192</b>   |
| <b>Operating surplus/(deficit) before taxation</b>                    | <b>(23,044)</b>   | <b>(12,054)</b>    | <b>(7,608)</b>  | <b>(188,767)</b> |

Statement of Financial Performance  
for the period ending 31 March 2019

## Taupo Airport Authority

|   | YTD Actual<br>31/03/19<br>\$ | YTD Budget<br>31/03/19<br>\$ | YTD Variance<br>\$ | Full Year<br>Budget (as<br>per SOI)<br>30/06/19<br>\$ |
|---|------------------------------|------------------------------|--------------------|---|
| <b>Income</b>   |                              |                              |                    |   |
| Landing charges - Bulk  | 3,716                        | 3,548                        | 168                | 4,730   |
| Landing charges - General Aviation                                    | 220,163                      | 215,159                      | 5,004              | 286,878   |
| Landing charges - Charters  | 167                          | 375                          | (208)              | 500   |
| Aircraft Parking  | 1,330                        | 1,125                        | 205                | 1,500   |
| Leases  | 141,202                      | 145,493                      | (4,291)            | 193,990   |
| Terminal Rent   | 19,766                       | 20,293                       | (527)              | 27,057  |
| Advertising   | 972                          | 383                          | 589                | 511   |
| Fuel Commission   | 2,739                        | 3,063                        | (324)              | 4,084   |
| Hay Sales   | 2,210                        | 1,532                        | 678                | 2,042   |
| Other income  | 1,457                        | 1,498                        | (41)               | 2,000   |
| Interest  | 189                          | 306                          | (117)              | 408   |
| <b>Total operating revenue</b>  | <b>393,910</b>               | <b>392,775</b>               | <b>1,136</b>       | <b>523,700</b>  |
| <b>Expenditure</b>  |                              |                              |                    |   |
| <b>Employee Expenses</b>  |                              |                              |                    |   |
| Employee expenses   | 124,569                      | 126,000                      | 1,431              | 168,000   |
| ACC levies  | -                            | 270                          | 270                | 360   |
| Training & associated costs   | 1,424                        | 2,250                        | 826                | 3,000   |
|   | <b>125,993</b>               | <b>128,520</b>               | <b>2,527</b>       | <b>171,360</b>  |
| <b>Management and Administration Expenses</b>                         |                              |                              |                    |   |
| Accountancy & Business Services - Taupo District Council              | 9,375                        | 9,378                        | 3                  | 12,504  |
| Audit fees - Audit NZ   | 10,604                       | 10,425                       | (179)              | 13,900  |
| CAA Audit fees  | 988                          | -                            | (988)              | -   |
| Taxation / Revaluation Fees   | 825                          | 6,000                        | 5,175              | 8,000   |
| Directors fees and expenses   | -                            | 1,500                        | 1,500              | 2,000   |
| Bad and doubtful debts  | -                            | -                            | -                  | -   |
| Administration  | 1,204                        | 2,984                        | 1,780              | 3,978   |
|   | <b>22,996</b>                | <b>30,287</b>                | <b>7,291</b>       | <b>40,382</b>   |
| <b>Other Operating Expenditure</b>                                    |                              |                              |                    |   |
| Cleaning  | 14,375                       | 13,071                       | (1,304)            | 17,428  |
| Advertising   | -                            | -                            | -                  | -   |
| Catering  | 187                          | 300                          | 113                | 400   |
| Entertainment   | -                            | -                            | -                  | -   |
| Telecommunications  | 1,795                        | 1,467                        | (328)              | 1,956   |
| WIFI costs  | 1,593                        | 1,530                        | (63)               | 2,040   |
| Travel  | 3,093                        | 4,500                        | 1,407              | 6,000   |
| Contractors   | 16,143                       | 25,875                       | 9,732              | 34,500  |
| Consultants fees  | 99,383                       | 2,250                        | (97,133)           | 3,000   |
| Electricity   | 10,128                       | 9,351                        | (777)              | 12,468  |
| Equipment hire  | 15,523                       | 12,763                       | (2,760)            | 17,017  |
| Ground maintenance - Airside  | 2,877                        | 3,000                        | 123                | 4,000   |
| Ground maintenance - Other  | 10,526                       | 7,500                        | (3,026)            | 10,000  |
| Runway maintenance  | 1,436                        | 3,750                        | 2,314              | 5,000   |
| Building maintenance  | 3,504                        | 3,750                        | 246                | 5,000   |
| Software maintenance  | 967                          | 375                          | (592)              | 500   |
| Vehicle Maintenance   | 533                          | 1,500                        | 967                | 2,000   |
| Roading maintenance   | 939                          | 3,000                        | 2,061              | 4,000   |
| Other maintenance   | 13,419                       | 1,200                        | (12,219)           | 1,600   |
| Software Licences   | 8,860                        | 9,459                        | 599                | 12,612  |
| Aerodrome Inspections & Bird Control                                  | 11,112                       | 7,635                        | (3,477)            | 10,180  |
| Rates   | 11,900                       | 9,683                        | (2,217)            | 12,910  |
| Stationery and supplies   | 7,919                        | 6,300                        | (1,619)            | 8,400   |
| Subscriptions   | 8,397                        | 2,250                        | (6,147)            | 3,000   |
| Insurance   | 6,153                        | 5,715                        | (438)              | 7,620   |
| Rubbish Disposal  | 2,326                        | 1,710                        | (616)              | 2,280   |
| Security  | 3,108                        | -                            | (3,108)            | -   |
| Vehicle running costs   | 2,284                        | 1,061                        | (1,223)            | 1,415   |
| Loss on disposal of intangible assets                                 | 16                           | -                            | (16)               | -   |
| <b>Total operating expenditure</b>                                    | <b>258,496</b>               | <b>138,995</b>               | <b>(119,501)</b>   | <b>185,326</b>  |
| <b>Operating surplus/(deficit) before depreciation &amp; taxation</b> | <b>(13,575)</b>              | <b>94,973</b>                | <b>(108,547)</b>   | <b>126,632</b>  |
| <b>Depreciation &amp; Amortisation</b>                                |                              |                              |                    |   |
| Depreciation  | 175,192                      | 171,792                      | (3,400)            | 226,764   |
|   | <b>175,192</b>               | <b>171,792</b>               | <b>(3,400)</b>     | <b>226,764</b>  |
| <b>Operating surplus/(deficit) before taxation</b>                    | <b>(188,767)</b>             | <b>(76,819)</b>              | <b>(111,947)</b>   | <b>(100,132)</b>                                      |



**Balance Sheet**  
**as at 31 March 2019**

|   | <b>Full Yr</b>    |                   |
|---|-------------------|-------------------|
|   | <b>31/03/2019</b> | <b>30/06/2018</b> |
| <b>Equity</b>                             | \$                | \$                |
| Equity Interest of Joint Venture Partners | 4,071,587         | 4,071,585         |
| Appropriation Accounts                    | 1,868,871         | 2,057,635         |
| Asset Revaluation Reserves                | 4,432,170         | 4,432,167         |
| <b>Total Equity</b>                       | <b>10,372,628</b> | <b>10,561,387</b> |
| <b>Assets</b>                             |                   |                   |
| <b>Current Assets</b>                     |                   |                   |
| Cash & Cash Equivalents                   | 240,810           | 266,432           |
| Other Financial Assets                    | -                 | -                 |
| Trade Debtors                             | 51,896            | 64,441            |
| Other Receivables                         | 9,581             | 4,974             |
| Provision for income tax                  | -                 | -                 |
| <b>Total current assets</b>               | <b>302,287</b>    | <b>335,847</b>    |
| <b>Non-Current Assets</b>                 |                   |                   |
| Intangible Assets                         | 2,163             | 2,946             |
| Property, Plant and Equipment             | 11,229,217        | 11,394,500        |
| <b>Total non-current assets</b>           | <b>11,231,380</b> | <b>11,397,446</b> |
| <b>Total Assets</b>                       | <b>11,533,667</b> | <b>11,733,293</b> |
| <b>Liabilities</b>                        |                   |                   |
| <b>Current Liabilities</b>                |                   |                   |
| Trade Payables                            | 18,281            | 33,981            |
| Other Payables                            | 32,052            | 23,912            |
| Income in Advance                         | 44,672            | 46,591            |
| Employee Entitlements                     | 40,469            | 41,857            |
| <b>Total current liabilities</b>          | <b>135,474</b>    | <b>146,341</b>    |
| <b>Non-Current Liabilities</b>            |                   |                   |
| Borrowings                                | -                 | -                 |
| Employee Entitlements                     | 1,484             | 1,484             |
| Deferred Tax Liability                    | 1,024,081         | 1,024,081         |
| <b>Total non-current liabilities</b>      | <b>1,025,565</b>  | <b>1,025,565</b>  |
| <b>Total Liabilities</b>                  | <b>1,161,039</b>  | <b>1,171,906</b>  |
| <b>Net Assets</b>                         | <b>10,372,628</b> | <b>10,561,387</b> |

**Cashflow Statement**  
**for the period ended 31 March 2019**

|   | <b>YTD Actual<br/>31/03/19<br/>\$</b> | <b>Actual<br/>30/06/18<br/>\$</b> |
|---|---------------------------------------|-----------------------------------|
| <b>Cashflows from operating activities</b>          |                                       |                                   |
| Cash was provided from:                             |                                       |                                   |
| Receipts from customers                             | 406,266                               | 503,203                           |
| Interest received                                   | 189                                   | 289                               |
| Other income  |                                       |                                   |
| Payments to suppliers                               | (295,738)                             | (276,928)                         |
| Interest paid                                       | -                                     | -                                 |
| Payments to employees                               | (127,381)                             | (166,634)                         |
| Net GST refunded / (paid)                           | 176                                   | 12,721                            |
| <b>Net Cashflows from Operating Activities</b>      | <b>(16,488)</b>                       | <b>72,651</b>                     |
| <b>Cashflows from Investing Activities</b>          |                                       |                                   |
| Proceeds from sale of property, plant & equipment   | -                                     | -                                 |
| Purchase of property, plant & equipment             | (9,142)                               | (255,700)                         |
| <b>Net Cashflows from Investing Activities</b>      | <b>(9,142)</b>                        | <b>(121,318)</b>                  |
| Net Increase (decrease) in cash held                | (25,630)                              | (183,049)                         |
| Add Cash at start of year                           | 266,429                               | 449,478                           |
| <b>Cash &amp; cash equivalents at end of period</b> | <b>240,799</b>                        | <b>266,429</b>                    |
| Consisting of:                                      |                                       |                                   |
| Cash and bank                                       | 4,813                                 | 3,620                             |
| Call deposits                                       | 235,986                               | 262,809                           |
| <b>Cash at end of period</b>                        | <b>240,799</b>                        | <b>266,429</b>                    |



# TAUPO AIRPORT AUTHORITY

## STATEMENT OF INTENT

2020 – 2022

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## DIRECTORY

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|                                    |  |                            |
|------------------------------------|--|----------------------------|
| <b>Governing Body</b>              | <b>Taupō Airport Authority Committee</b>   |                            |
|                                    | Mayor David Trewavas<br>Councillor Rosanne Jollands (Council Representative)<br>Councillor Christine Rankin (Council Representative)<br>Chris Johnston (Business Representative)<br>John Funnell (Taupō Airport User Group Representative) |                            |
| <b>Airport General Manager</b>     | Mike Groome  |                            |
| <b>Bankers</b>                     | Bank of New Zealand, Taupō – transactional banking   |                            |
| <b>Auditors</b>                    | Audit New Zealand on behalf of<br>The Controller & Auditor General   |                            |
| <b>Solicitors / Legal Advisors</b> | Le Pine & Co, Taupō  |                            |
| <b>Insurance Brokers</b>           | Aon New Zealand Limited  |                            |
| <b>Joint Venture Partners</b>      | Taupō District Council   | 50%                        |
|                                    | The Crown (Ministry of Transport)  | 50%                        |
| <b>Address</b>                     | Anzac Memorial Drive, TAUPŌ,<br>RD 2, TAUPŌ  |                            |
| <b>Telephone</b>                   | Airport Manager  | [07] 378-7771              |
|                                    | Facsimile  | [07] 377-7776              |
|                                    | email  | airport@Taupōairport.co.nz |
|                                    | website  | www.Taupōairport.co.nz     |

## INTRODUCTION

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The Taupo District Council and the Crown - represented by the Ministry of Transport, own the Taupo Airport Authority (TAA) equally.

TAA is managed, under agreement with the Crown, by the Taupo District Council. Management is represented by the General Manager of the Airport, who reports to the Chief Executive Officer of the Taupo District Council

DRAFT

## STRATEGIC FOCUS & MAJOR PROJECTS

---

The Taupo Airport will be:

- A destination in its own right
- A vibrant hub for commercial business
- An experience that is authentic and efficient
- A service delivered for the community

How will we get there?

- Infrastructure development
  - Terminal
  - Parking
  - Airport hub environment (look & feel)
- Commercial land development
  - Airside
  - Landside
- Growth of tourism product
- Increased commercial passenger numbers
- Relationship management

Taupo is one of a handful of regional towns in NZ currently experiencing both economic and demographic growth. Taupō Airport (TA) provides a complimentary mix of scheduled air travel. This includes aviation enthusiasts, the southern hemisphere's busiest skydiving adventure operations, scenic flights, general transportation as well as commercial and retail offering to the market.

The redevelopment of the Taupō Airport in the context of the wider airport commercial precinct is a key growth project for the district. The development of the terminal buildings, carparks, baggage handling facilities, airport apron, retail, café, sewerage and water infrastructure, commercial land, roading, and other amenities will ensure that the airport is "future proofed" for the growth we are expecting in the Taupo district.

The airport was built in 1963 and the last upgrade occurred in 1994. The airport currently, does not cope with existing passenger demand nor can it provide the facilities required cope with current or future aviation flows.

In 2017, the airport was identified as a critical piece of transport infrastructure, requiring urgent investment through the District Economic Strengthening Strategy (produced by Taupo District Council) and the Bay of Plenty Visitor Economy Strategy (produced by the Bay of Connections and partially funded by MBIE).

In 2018/19, the TAA has engaged AirBiz, aviation specialist consultants based out of Auckland to complete a feasibility cost estimate as well as a cost benefit analysis on the most appropriate quantum for the upgrade.

A redeveloped airport precinct will create a gateway to the region that provides the amenity and level of service commensurate with Taupo District Council and central government economic growth aspirations.

While it is not possible to quantify future expenditure via this Statement of Intent, the TAA signals that it anticipates that the next few years will be a period of significant expansion for Taupō Airport.

## PERFORMANCE TARGETS

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- (a) To maintain facilities so as to avoid any diversion or cancellation of scheduled flights other than for weather or airline problems.
- (b) The airport will be operated in such a way as to continue to hold CAA Part 139 certification
- (c) The airport will manage health and safety risks and provide a safe and healthy environment for everyone affected by the activities of TAA including employees, customers, tenants, contractors and visitors.
- (d) That TAA will be self funding in terms of its own cash flow.

TAA shall continue to review its performance targets to reflect the future growth and development of its services and operations.



## FINANCIAL DISCLOSURES

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### REPORTING ENTITY

The Taupo Airport Authority is a joint venture between Taupo District Council and the Crown with both parties having a 50% interest. Taupo District Council has responsibility for the management of the Authority. Governance is provided by a Committee of Council.

The Taupo Airport Authority has designated itself as a tier one public benefit entity for the purposes of New Zealand equivalents to Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS). These standards have applied from 1<sup>st</sup> July 2014.

### STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and therefore also comply with International Public Sector Accounting Standards. The primary objective of the Authority is to operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupo district, rather than making a financial return. Accordingly, the Authority has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (PBE IPSAS).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are prepared using the historical cost basis except for certain classes of assets and liabilities which are recorded at fair value. These are detailed in the specific policies below.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Authority is New Zealand dollars.

### ACCOUNTING POLICIES

The following accounting policies, which materially affect the measurement of results and financial position, have been applied.

#### 1. Goods & Services Tax

The financial statements have been prepared on a goods and services tax (GST) exclusive basis, except for trade and other receivables and trade and other payables.

#### 2. Revenue recognition

##### *Exchange revenue*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from any services rendered (except as described above) is recognised in proportion to the stage of completion of the transaction at the balance date. The stage of completion is assessed by reference to surveys of work performed.

Landing revenue for those operators on bulk invoicing is recognised on a straight-line basis over the term of the payments. All other landing revenue is recognised in the period in which the landing occurred.

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

Interest revenue is recognised as it accrues, using the effective interest method.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue is measured at the fair value of consideration received.

The main sources of income for the Authority are Airfield Landing Charges and Lease Income from leasehold sites at the airport. Income is recognised in the period to which it relates. Payment is received by cash, cheque, automatic payment or direct debit.

### **3. Operating Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.

### **4. Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits, and other short term highly liquid investments with maturities of three months or less.

### **5. Financial Assets**

Taupo Airport classifies its investments as loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of comprehensive income.

## 6. Trade Receivables

Trade receivables are recognised at their cost less impairment losses.

A provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

## 7. Property, Plant and Equipment

### ***Valuation methodologies***

Those asset classes that are revalued are revalued on a three yearly valuation cycle. All other asset classes are carried at depreciated historical cost. The carrying values of all assets not revalued in any year are reviewed at each balance date to ensure that those values are not materially different to fair value.

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.

Increases in the carrying amounts arising on revaluation of an asset class are credited to revaluation reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the surplus or deficit, the increase is first recognised in the surplus or deficit. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the surplus or deficit.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

### **Valuation of Land and Buildings**

Airport land was initially valued at fair value by Quotable Value New Zealand as at 1 July 2005 which was deemed cost. The land and buildings were revalued to fair value by Quotable Value New Zealand as at 30 June 2013. Land is not depreciated.

### **Valuation of Infrastructural Assets**

Infrastructural assets are the utility systems that provide a continuing service to the airport and are not generally regarded as tradable. They include the runways, roads and stormwater systems together with other improvements of an infrastructural nature. These assets were valued at fair value by Beca Projects NZ Ltd as at 30 June 2014.

All other property, plant, and equipment are stated at cost less depreciation.

### Additions

Additions between valuations are shown at cost.

The cost of an item of property, plant or equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

### Disposals

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the surplus or deficit. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

### Depreciation

Land is not depreciated. Depreciation has been provided on a straight-line basis on all property, plant and equipment. Depreciation is provided at rates calculated to allocate the asset cost over the estimated useful life. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

#### Infrastructural assets

|             |            |                 |               |
|-------------|------------|-----------------|---------------|
| Formation   | Indefinite | Pavement        | 60 Years      |
| Top Surface | 15 Years   | Kerb            | 50 Years      |
| Footpaths   | 80 Years   | Stormwater      | 50 – 80 Years |
| Fencing     | 10 Years   | Street Lighting | 15 Years      |

#### Operational Assets

|  |              |           |
|--|--------------|-----------|
| Buildings                                | 40 Years     | (2.5%)    |
| Furniture and Fittings                   | 10 Years     | (10%)     |
| Motor Vehicles                           | 5 Years      | (20%)     |
| Office Equipment and Plant and Equipment | 4 to 5 Years | (20%-25%) |

The depreciation rates are applied at a component level and are dependent on the expected remaining useful life of each component.

**Assets under construction/work in progress**

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated. The current carrying amount of items under construction is separately disclosed

All the Authority's assets are classed as non-cash generating, that is they are not held with the primary objective of generating a commercial return.

**Intangible Assets****Website**

The website has been capitalised on the basis of costs incurred to acquire and bring to use the website. This has been valued at cost, and will be amortised over the expected useful life of the website. This is estimated as 4 years (25%).

**8. Investment Property**

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, Taupo Airport Authority measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the statement of comprehensive income.

All investment properties have been disposed.

**9. Financial Liabilities**

Short term creditors and other payables are recorded at their face value.

**10. Employee Entitlements**

Provision is made in respect of the Airport's liability for annual leave. Annual leave has been calculated on an actual entitlement at current rates of pay.

**11. Income Taxation**

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect to prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

**12 Revenue**

Revenue is measured at the fair value of consideration received.

The main sources of income for the Authority are Airfield Landing Charges and Lease Income from leasehold sites at the airport. Income is recognised in the period to which it relates. Payment is received by cash, cheque, automatic payment or direct debit.

**13 Going Concern**

The Taupo Airport Authority consider that the continued adoption of the going concern assumption for the preparation of this financial report is appropriate. This conclusion has been reached having regard to assurances from the Taupo District Council that financial support and / or funding will be made available to ensure that the Authority can continue its current operations.

**Acquisition of new investments**

Approval of the joint venture partners is required before the joint venture can subscribe for, purchase or otherwise acquire shares in any company or other organisation.

**Local Authority Compensation**

The joint venture does not currently seek compensation from any local authority for any activities.

**Commercial value of the investment**

The joint venture partner's estimate of the commercial value of the joint venture partner's investment in the TAA is equal to the net assets of the airport authority. Some asset classes will be revalued. Where an asset class is revalued, the revaluations will be carried out at least every five years.

**Distribution of profits/reserves to joint venture partners**

Any distribution of profits is allocated 50/50 between the joint venture partners. There is currently no intention to distribute accumulated profits to the joint venture partners, but for the foreseeable future, any capital reserves shall be used to fund Capital Expenditure.

**Information to be provided to shareholders**

The committee will provide the following statements to shareholders

- At least 5 months prior to the start of the financial year the committee shall deliver to the Council a report setting out its recommendations on the annual budget.
- Within two months of the end of the first half of the financial year the following statements: Comprehensive Revenue & Expenses, Changes in Equity, Financial Position, Cashflows and Service Performance Results.
- Within three months of the end of the financial year the following audited statements: Comprehensive Revenue & Expenses, Changes in Equity, Financial Position, Cashflows and Service Performance Results plus a summary of how the Airport has fared against its objectives and prospects for the next financial year.

**Setting of Fees and Charges**

A single till approach shall be taken in setting fees and charges.



**Projected Statement of Comprehensive Revenue & Expense**

|  | <b>Projected<br/>30/06/2020</b> | <b>Projected<br/>30/06/2021</b> | <b>Projected<br/>30/06/2022</b> |
|--|---------------------------------|---------------------------------|---------------------------------|
|  | \$                              | \$                              | \$                              |
| <b>Income</b>                                      |                                 |                                 |                                 |
| Revenue from services provided                     | 514,553                         | 521,437                         | 527,867                         |
| Other Gains  | -                               | -                               | -                               |
| Financial Revenue                                  | 264                             | 270                             | 276                             |
| Total Operating Revenue                            | 514,817                         | 521,707                         | 528,142                         |
| <b>Expenditure</b>                                 |                                 |                                 |                                 |
| Employee benefit expenses                          | 175,000                         | 179,025                         | 182,785                         |
| Depreciation and amortisation                      | 245,376                         | 233,695                         | 226,225                         |
| Management and administration expenses             | 82,744                          | 54,647                          | 55,795                          |
| Other operating expenditure                        | 203,431                         | 208,110                         | 212,480                         |
| Total Operating Expenditure                        | 706,551                         | 675,477                         | 677,284                         |
| <b>Operating Surplus (Deficit) before taxation</b> | <b>-191,734</b>                 | <b>-153,770</b>                 | <b>-149,142</b>                 |
| <b>Taxation (expense)/credit</b>                   | <b>-</b>                        | <b>-</b>                        | <b>-</b>                        |
| <b>Net Surplus (Deficit) after taxation</b>        | <b>-191,734</b>                 | <b>-153,770</b>                 | <b>-149,142</b>                 |
| <b>Other comprehensive income</b>                  |                                 |                                 |                                 |
| Property, plant & equipment revaluations           | -                               | -                               | -                               |
| Deferred tax on revaluation                        | -                               | -                               | -                               |
| Total Other Comprehensive Income                   | -                               | -                               | -                               |
| <b>Total Comprehensive Income</b>                  | <b>-191,734</b>                 | <b>-153,770</b>                 | <b>-149,142</b>                 |

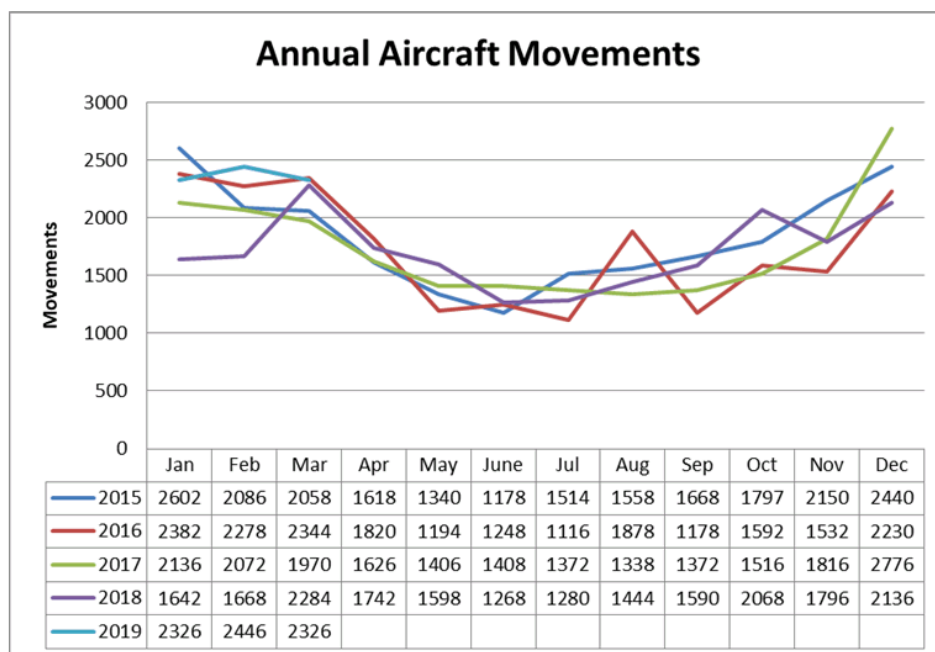
The projected ratio's of consolidated shareholders funds to total assets are as follows:

|         |       |
|---------|-------|
| 2019/20 | 88.0% |
| 2020/21 | 86.0% |
| 2021/22 | 84.0% |

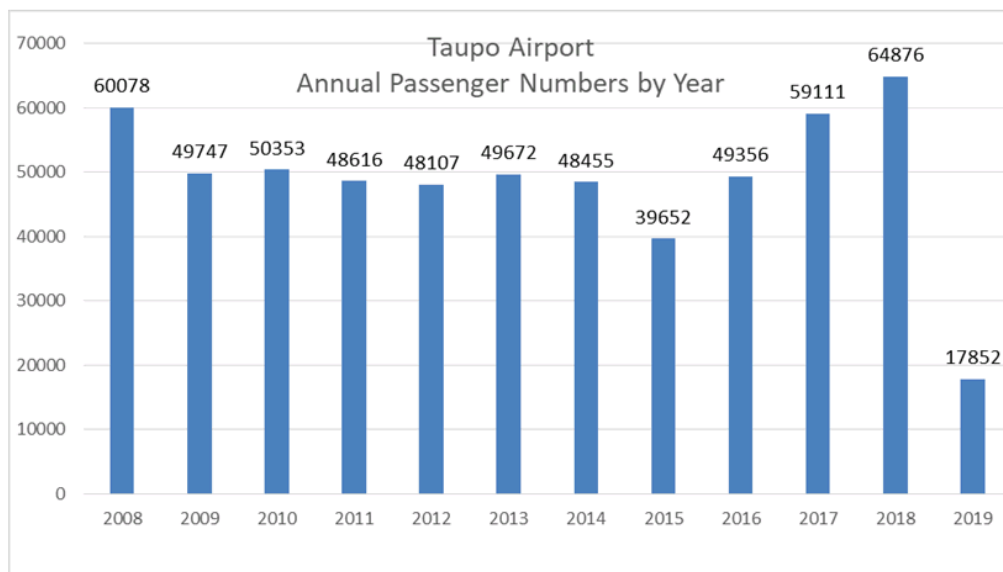
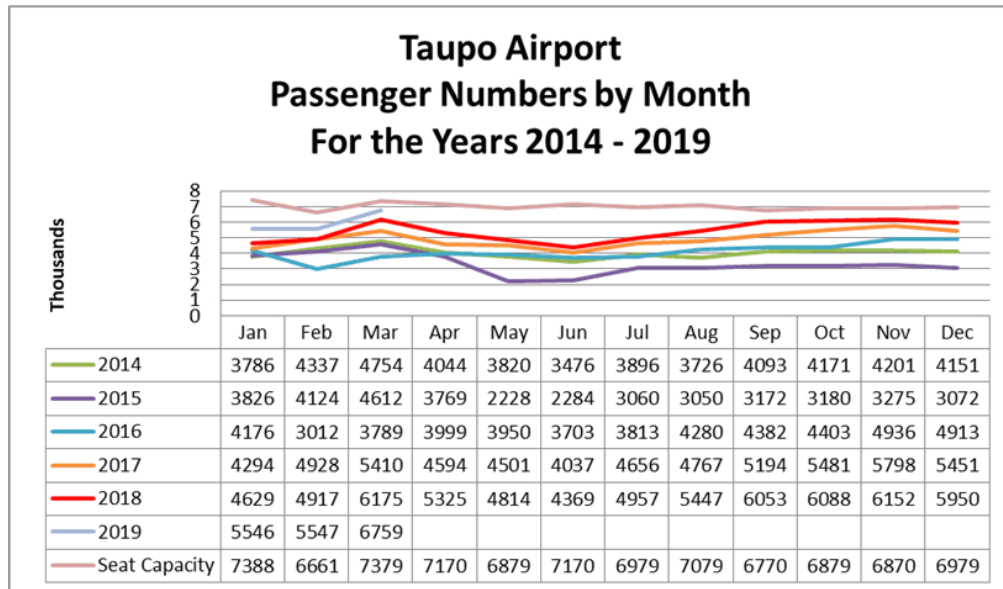
2018/19 Actual 90.01%

This ratio is calculated by dividing the total value of equity by the total value of assets



**General Manager's Report (as at May 13, 2019)****Operational**

| Landing Activity  | Mar-19 | Cumulative<br>year 2019 | Mar-18 | Cumulative<br>year 2018 |
|-------------------|--------|-------------------------|--------|-------------------------|
| Scheduled flights | 272    | 744                     | 280    | 704                     |
| Charters          | 12     | 24                      | 4      | 32                      |
| General Aviation  |        |                         |        |                         |
| Helicopters       | 616    | 1650                    | 568    | 1338                    |
| Parachute         | 778    | 2708                    | 780    | 2016                    |
| Private           | 1262   | 3616                    | 1218   | 2838                    |
| Military          | 2      | 6                       | 2      | 4                       |
| Total Movements   | 2326   | 7098                    | 2284   | 5594                    |



**Passenger Numbers**

Passenger numbers are up again on the previous month and ahead by 2131 on the same time last year.

Air New Zealand has reduced their flights to the winter schedule, meaning 150 seats are out of the system until July 2019; this is normal practice for this time of the year.

**Aircraft Movements**

Aircraft movements have been very good through the summer but are showing signs of reducing as the more inclement weather is upon us.

**Airbiz and Terminal Development**

Work in progress.

**Civil Aviation Part 100 Safety Management System Certification Audit**

We have been working to clear the minor finding we had, whilst making some improvements to our processes. This will all be completed in the next few weeks.

**Memorandum of Understanding**

This document is still in the process of being reviewed.

**Generator**

The concrete pad has been laid ready for the generator to be installed.

**Wildlife**

There is still an issue with wild pigs in the gully to the north of the airport. After each culling operation when we think we have eliminated the problem, more pigs show up. Our wildlife officer is coming out more frequently to deal with the issue. This has become a problem due to there no longer being any farmland right up to the airport boundary, but instead plantings of Manuka and Eucalyptus which is providing the perfect cover for the animals.

**Runway Paint Markings**

Awaiting on Airways NZ timeline for this to happen.

Mike Groome  
General Manager – Taupō Airport Authority