



**I give notice that
an Extraordinary Taupō Airport Authority Committee Meeting will be
held on:**

Date:	Monday, 4 April 2022
Time:	10.30am
Location:	www.taupo.govt.nz

AGENDA

MEMBERSHIP

Chairperson Mr Chris Johnston

Deputy Chairperson Cr Kathy Guy

Members Mr Andrew Hintz
Cr Christine Rankin
Mayor David Trewavas

Quorum 3

Gareth Green
Chief Executive Officer

Order Of Business

- 1 Apologies**
- 2 Conflicts of Interest**
- 3 Confirmation of Minutes**
 - 3.1 Taupō Airport Authority Committee Meeting - 14 February 20223
- 4 Reports**
 - 4.1 General Managers Report9
 - 4.2 Taupō Airport Authority Financial Reports - February 202210
 - 4.3 Cashflow Forecast Update.....15
- 5 Confidential Business**

Nil

3.1 TAUPŌ AIRPORT AUTHORITY COMMITTEE MEETING - 14 FEBRUARY 2022

Author: Nicole Turnbull, Executive Assistant

Authorised by: Nigel McAdie, Legal, Risk and Governance Manager

RECOMMENDATION(S)

That the minutes of the Taupō Airport Authority Committee meeting held on Monday 14 February 2022 be confirmed as a true and correct record.

ATTACHMENTS

1. Taupō Airport Authority Committee Meeting Minutes - 14 February 2022 [↓](#)

Taupō Airport Authority Committee Meeting Minutes

14 February 2022

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE TAUPŌ AIRPORT AUTHORITY COMMITTEE MEETING
HELD AT THE WWW.TAUPO.GOV.NZ
ON MONDAY, 14 FEBRUARY 2022 AT 10:30AM**

PRESENT: Mr Chris Johnston (in the chair), Cr Kathy Guy, Cr Christine Rankin
IN ATTENDANCE: General Manager Operations and Delivery, General Manager Corporate, General Manager Taupō Airport, Finance Business Partner, Technical Advisor, Governance Quality Manager, Executive Assistant
MEDIA AND PUBLIC: Nil

Chair Chris Johnston opened the meeting and welcomed everyone.

1 APOLOGIES

TAA202202/01 RESOLUTION

Moved: Cr Christine Rankin
Seconded: Cr Kathy Guy

That the apology received from Mayor David Trewavas, Mr Andrew Hintz be accepted.

CARRIED

2 CONFLICTS OF INTEREST

Nil

3 CONFIRMATION OF MINUTES

3.1 TAUPŌ AIRPORT AUTHORITY COMMITTEE MEETING - 6 DECEMBER 2021

TAA202202/02 RESOLUTION

Moved: Cr Christine Rankin
Seconded: Cr Kathy Guy

That the minutes of the Taupō Airport Authority Committee meeting held on Monday 6 December 2021 be confirmed as a true and correct record.

CARRIED

4 REPORTS

4.1 TAUPŌ AIRPORT AUTHORITY FINANCIAL REPORTS - DECEMBER 2021

The Finance Business Partner shared her screen and updated the committee on the Financial reports to December 2021 (A3082576)

The following key points were noted:

- All non financial performance objectives had been achieved, except the cashflow target.
- Aircraft movements have increased from December 2020, but overall there had been a decrease in

Page 1

Taupō Airport Authority Committee Meeting Minutes

14 February 2022

scheduled airlines due to Covid-19 restrictions.

- Increase in private operations and helicopters, and decrease in parachuting.
- Surplus and deficit, we have a loss of \$181k for six months to December 2021, which is \$22k lower than last year, and \$12k lower than the Statement of intent.
- Net assets are \$17.6m
- Statement of cashflows, we have got an operating cashflow from operating activities at -\$78,000
- Sold the ute in november for \$12k which gives us -\$66k
- We are owed \$58k of GST relating to the project, which gives us true operating cash movement of negative \$8k from June to December 2021.
- Total spend on the project is \$1.7m, with an equity injection of \$3.0m
- Total Revenue is \$206k which is slightly higher than December last year, and about \$26k less than the Statement of Intent.
- Landing and terminal fees are \$30k lower due to Covid-19.
- Lease revenue is \$25k higher than last December, with having an element of CPI and valuation increases, it will offset our negative in landing and terminal passenger fees.
- Total expenses, including depreciation is \$387k which is \$12k more than the Statement of Intent, \$8k is due to leave taken during the year. This is higher than the total cost the prior year, due to grass runway maintenance which was \$10k last year, and the aeronautical study completed last year which was \$35k. Accident investigation costs were \$8.7k in professional services.
- Software Licences include MetService weather data, information published to pilots, last year it was equipment hire.
- Equity note, the main part is the capital injection which is a flow on effect from the Central Government funding for the project which was \$250k from TDC and 2.7m from the Crown.
- Cash and Equivalents is \$5.65m (incorrect on agenda pg6). Most of this relates to the project fund, which leaves an operating cash balance of \$116k, \$53k of this relates to the GST that needs to be transferred back to the project fund.
- True operating cash balance is \$70k, so still in credit.
- Trade and trade receivables, the historic number has dropped due to the debt collection efforts earlier in the year. The majority of the other receivables is GST.
- Trade and other payables is \$549k is mostly project related costs. \$406k is related to project expenses for December. \$50k owing to TDC.
- Employee benefit liabilities have not changed much.
- There was a plan in place to deal with annual- and sick leave accruals.

TAA202202/03 RESOLUTION

Moved: Mr Chris Johnston

Seconded: Cr Kathy Guy

That the Taupō Airport Authority Committee receives the financial reports as circulated.

CARRIED**4.2 TAUPŌ AIRPORT AUTHORITY PROJECT FINANCIAL UPDATE - DECEMBER 2021**

The Finance Business Partner advised that \$2.9m had been spent to date, and we are 60% through our contingency.

TAA202202/04 RESOLUTION

Moved: Mr Chris Johnston

Seconded: Cr Christine Rankin

That the Taupō Airport Authority Committee receives the financial reports as circulated.

CARRIED

Page 2

Taupō Airport Authority Committee Meeting Minutes

14 February 2022

4.3 CASHFLOW FORECAST UPDATE

The Finance Business Partner shared a graph of the updated short-term outlook.

- They key part of this is that we are still ending up in the same place, and once we receive the \$50k overdraft, this will cover the short fall. The Ministry of Transport had verbally agreed to the overdraft, we will receive that confirmation in writing.
- Auditors have not audited yet, they are looking at April/May which pushes some expenses out and also the cropping income we had in the forecast is a lot less which is offset with less expenses, extra cost in the Statement of Intent, and double up in tax expenses.

The General Manager Taupō Airport advised that with the current red traffic light settings, AIRNZ and Sounds Air have said that flight schedules will reduce, although not as bad as Level 3 & 4 Lockdowns. We are only losing two flights per week with AIRNZ, although this does not guarantee passenger numbers, so we may see a further dip in flights.

Sounds Air are also dropping flights during the week, whilst still maintaining a schedule, they will no longer have the overnight which allows for early morning flights to Wellington which may further decrease passenger numbers. We will work with Sounds Air about going forward in the future.

TAA202202/05 RESOLUTION

Moved: Cr Christine Rankin

Seconded: Mr Chris Johnston

That the Taupō Airport Authority Committee receives the information.

CARRIED

4.4 GENERAL MANAGER'S REPORT

The General Manager Taupō Airport shared his screen to show a graph. He noted that:

- TAA Landing fees were last reviewed in 2014. TAA has collaborated with other airports around New Zealand and Australia in a review of landing fees in light of facilitation costs.
- Taupō sits second to the bottom for landing fees ahead of Hokitika at \$2.83 per passenger.
- We are quite far behind in terms of operating costs based on our Q300 aircraft service. With the new terminal this will jump up to the \$6 mark, whilst other airports will also jump up.
- Operating costs, we are due for a complete review.
- Same exercise was done on general aviation across the airports involved, C172 was set as the benchmark, Taupō is at the bottom, Timaru is \$2 more than us.
- We would like to work with AIRNZ to do an in-depth review and put a timescale on it.
- Ideas and outcomes would be brought to the next meeting.
- A member asked if this poses any risks to us if the review goes ahead and we make a decision to lift our landing fees which obviously needs to be done, looking at our current financial position.
- Airport Manager advised that if the process is performed properly and we have clear reasonings. For both general aviation and passenger fees, TAA is substantially lower than other airports. We have adopted a user pays model, rather than asking rate payers to subsidise. The review has not been done since 2014, ideally this should be done every five years. The TAA decided on a 5 yearly data collection to review this. Members agreed this should be reviewed every 5 years.
- TAA has had interest in the Rotocraft area to Northwest of the new terminal (Zone D). Three parties are ready to proceed with the build of the helicopter facilities in the area. Sites in this area have been plotted out, the next stage will be collaboration with interested parties on future build plans.
- The transition from the current terminal to the new terminal is now in process of discussing timeframes between practical completion of the facilities, to opening to passengers and commercial operators. The General Manager to provide further progress updates in future meetings.
- In answer to a question, the General Manager Taupō Airport advised that the project communication is going well, via TDC's steering group.

Page 3

Taupō Airport Authority Committee Meeting Minutes

14 February 2022

- The CAA (Civil Aviation Authority) will be auditing the TAA on the 139 Certification and Part 100 Safety Management Plan in 2023.
- Suggestion to include a report in future agendas regarding safety management and risk updates.
- The General Manager Taupō Airport and the Airport Operations Manager were working with the luceme contractor to clarify some aspects of the contract.

TAA202202/06 RESOLUTION

Moved: Cr Christine Rankin

Seconded: Mr Chris Johnston

That the Taupō Airport Authority Committee receives the General Manager's report.

CARRIED**4.5 DRAFT TAUPŌ AIRPORT AUTHORITY STATEMENT OF INTENT 2023 - 2025**

The Finance Business Partner and General Manager Taupō Airport provided updates on the 2023 – 2025 Statement of Intent.

The General Manager Operations and Delivery and the General Manager Taupō Airport were investigating potential different governance structures for the TAA. This would be an item on a future meeting agenda.

The Finance Business Partner shared a graph to visually display the income actuals of 2021 versus 2023 SOI.

The following key points were noted:

- Potential revenue expansion opportunities were discussed, including the installation of underwing fueling. There is a cost for that development but it would mean that passenger and landing fees would increase.
- Performance targets remain the same.
- Some changes with the upcoming new terminal. A projected \$212k deficit for the 2023 year. There is depreciation of \$355k so cashflow will still be positive in \$143k. For the 2024 year, a deficit of \$184k with positive cashflow of \$258k. For the 2025 year, a projected \$82k deficit with positive cashflow of \$355k.
- With the \$442k revenue in 2021, to get to the 2023 SOI \$677k, the major differences were broken down.
- Landing Fees will be reviewed, 5% increase has been accounted for once the new terminal is complete. This has been populated prior to getting study results, meaning the increase is likely to be around 15%.
- The Local Authority Compensation was explained that it is to cover the shortfall in the terminal of the apron cost of \$776k. The apron enabling works that are happening currently is about 30k that is required while during the terminal works to avoid that coming out of the contingency. We are requesting a total of \$800k in funding from TDC.

It was suggested that the Statement of Intent should include a strategic focus which aligns with the Council's vision.

TAA202202/07 RESOLUTION

Moved: Cr Christine Rankin

Seconded: Cr Kathy Guy

That the Taupō Airport Authority Committee adopts the Draft Taupō Airport Authority Statement of Intent 2023 - 2025

CARRIED

Page 4

Taupō Airport Authority Committee Meeting Minutes

14 February 2022

5 CONFIDENTIAL BUSINESS

Nil

The meeting closed at 11:41am.

The minutes of this meeting were confirmed at the Taupō Airport Authority Committee Meeting held on 28 March 2022.

.....
CHAIRPERSON

4.1 GENERAL MANAGERS REPORT

Author: Rhys Frearson, Airport General Manager

Authorised by: Kevin Strongman, General Manager Operations and Delivery

PURPOSE

This item is for the General Manager Taupō Airport to provide a verbal update to the committee on governance related matters for the Taupō Airport.

RECOMMENDATION(S)

That the Taupō Airport Authority Committee receives the General Managers Report.

ATTACHMENTS

Nil

w

4.2 TAUPŌ AIRPORT AUTHORITY FINANCIAL REPORTS - FEBRUARY 2022

Author: Danielle Klue, Finance Business Partner

Authorised by: Jeanette Paenga, Finance Manager

PURPOSE

To receive the Taupō Airport Authority financial reports for the month ending 28 February 2022.

RECOMMENDATION(S)

That the Taupō Airport Authority Committee receives the financial reports as circulated.

ATTACHMENTS

1. TAA Statement of Financial Performance [↓](#)
2. TAA Statement of Cashflows [↓](#)
3. TAA Statement of Financial Position [↓](#)
4. TAA Development Project Financial Update

Statement of Financial Performance
for the period ending 28 February 2022

Taupo Airport Authority

	YTD Actual 28/02/22 \$	YTD Budget (as per SOI) 28/02/22 \$	YTD Variance \$	Full Year Budget (as per SOI) 30/06/22
Income				
Landing charges - Bulk	2,867	2,720	147	4,080
Landing charges - General Aviation	64,289	97,248	(32,959)	143,814
Landing charges - Charters	-	3,016	(3,016)	4,524
Aircraft Parking	240	1,000	(760)	1,500
Leases	142,055	140,000	2,055	210,000
Passenger Terminal Charge	31,183	45,892	(14,709)	66,871
Terminal Rent	17,303	17,000	303	25,500
Advertising	356	-	356	-
Hay Sales	3,030	-	3,030	-
Insurance proceeds	8,727	-	8,727	-
Other income	4,073	800	3,273	1,200
Gain on sale of assets	12,186	-	12,186	-
Interest	1,814	-	1,814	-
Total operating revenue	288,122	307,676	(19,554)	457,489
Expenditure				
Employee Expenses				
Employee expenses	127,332	138,472	11,140	207,714
ACC levies	603	696	93	1,049
Training & associated costs	524	1,320	796	1,440
	128,458	140,488	12,030	210,203
Operating, Management and Administration Expenditure				
Audit fees - Audit NZ	9,143	9,471	328	14,206
Professional Fees	15,647	16,000	353	16,000
Bad and doubtful debts	86	-	(86)	-
Administration	550	440	(110)	660
Cleaning	15,533	14,800	(733)	22,200
Catering	108	-	(108)	-
Grants/Donations	350	-	(350)	-
IT & Telecommunications	27,562	21,999	(5,563)	32,319
Rental & equipment hire	5,750	14,824	9,074	23,280
Travel	240	3,450	3,210	4,200
Contractors	6,502	20,000	13,498	30,000
Consultants fees & TDC Business Services	43,333	48,336	5,003	52,504
Legal fees	5,106	5,000	(106)	5,000
Electricity	10,971	13,204	2,233	20,154
Fringe Benefit Tax	302	2,004	1,702	4,008
Maintenance - Airside	30,539	13,030	(17,509)	19,610
Maintenance - Landside	5,785	13,000	7,215	17,000
Building maintenance	2,128	-	(2,128)	-
Cropping expenses	48,996	-	(48,996)	-
Rates	11,446	11,200	(246)	14,700
Stationery and supplies	2,406	1,520	(886)	2,280
Insurance	7,981	8,800	819	13,200
Rubbish Disposal	3,130	2,400	(730)	3,600
Security	1,490	1,336	(154)	2,000
Vehicle running costs & maintenance	7,075	9,000	1,925	14,000
Total operating expenditure	262,161	229,814	(32,347)	310,921
Operating surplus/(deficit) before depreciation & taxation	(102,498)	(62,626)	(39,872)	(63,635)
Depreciation & Amortisation				
Depreciation	145,786	140,480	(5,306)	210,720
	145,786	140,480	(5,306)	210,720
Operating surplus/(deficit) before taxation	(248,283)	(203,106)	(45,177)	(274,355)

Statement of Cashflows
for the period ended 28 February 2022

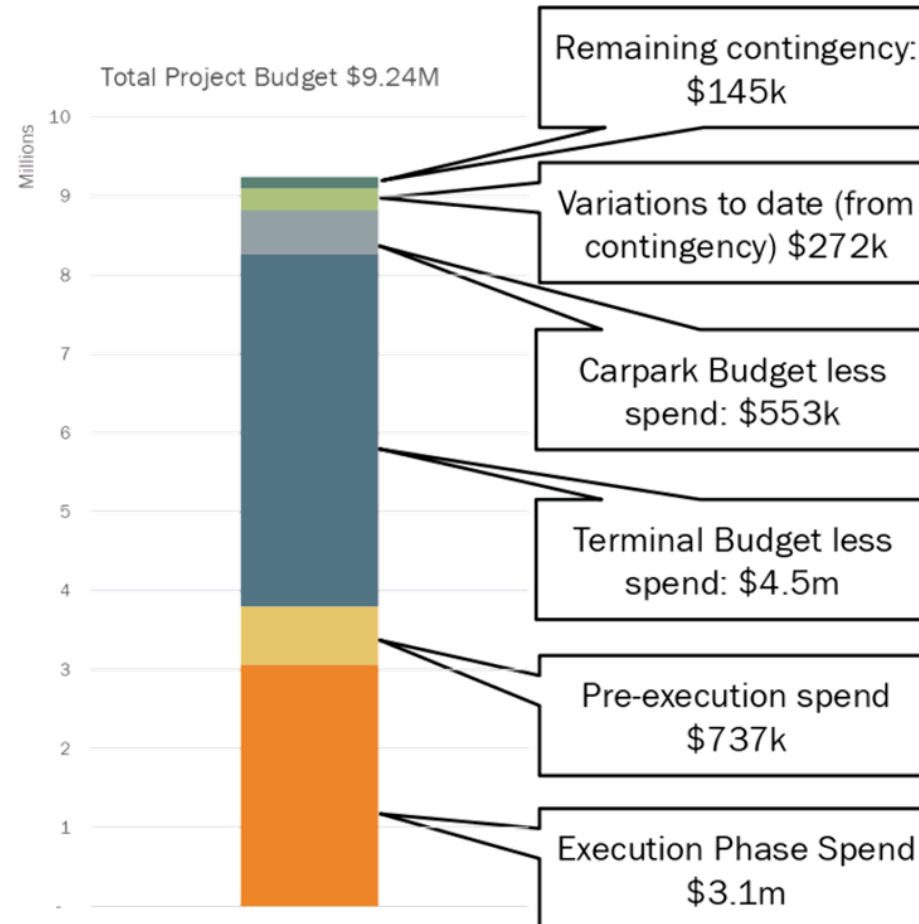
	YTD 28/02/22	Full Yr - draft 30/06/21
	\$	\$
Operating Cashflows		
Receipts from customers	293,089	422,575
Interest received	19	219
Payments to suppliers	(149,749)	(257,126)
Payments to employees	(129,284)	(200,388)
Proceeds from sale of property, plant & equipment	12,186	-
Purchase of property, plant & equipment	(700)	(5,091)
GST (receivable from)/payable to IRD	(3)	1,557
GST received to be transferred to project account	64,487	-
Total Operating Cashflows	90,045	(38,254)
Add Cash at start of year	77,514	115,768
Operating cash & cash equivalents at end of period	167,559	77,514
<i>Operating cash after transfer due to project account</i>	<i>103,071</i>	<i>77,514</i>
Project Cashflows		
Payments toward WIP development project	(2,759,247)	(686,644)
Proceeds from Equity injection	3,000,000	2,500,000
Interest received	1,795	2,112
GST (receivable from)/payable to IRD	(55,900)	-
GST received to be transferred from operating account	(64,487)	-
Total Project Cashflows	122,160	1,815,468
Add Cash at start of year	4,544,230	2,728,762
Project cash & cash equivalents at end of period	4,666,390	4,544,230
<i>Project cash after transfer due from operating account</i>	<i>4,730,877</i>	<i>4,544,230</i>
Total cash & cash equivalents at end of period	4,833,949	4,621,744

Statement of Financial Position
as at 28 February 2022

	28/02/2022	Full Yr - draft 30/06/2021
Equity	\$	\$
Equity Interest of Joint Venture Partners	12,311,585	9,311,585
Appropriation Accounts	1,263,433	1,511,716
Asset Revaluation Reserves	4,002,785	4,002,785
Total Equity	17,577,803	14,826,086
Assets		
Current Assets		
Cash & Cash Equivalents	4,833,948	4,621,744
Trade Debtors	36,992	83,481
Other Receivables	10,878	14,132
Total current assets	4,881,818	4,719,357
Non-Current Assets		
Intangible Assets	1,220	1,220
Property, Plant and Equipment	10,481,532	10,626,618
Work in Progress	3,799,849	713,236
Total non-current assets	14,282,601	11,341,074
Total Assets	19,164,420	16,060,431
Liabilities		
Current Liabilities		
Trade Payables	8,379	49,434
Other Payables	464,718	43,416
Income in Advance	30,090	53,626
Provisions	1,243	3,729
Employee Entitlements	31,762	33,715
Total current liabilities	536,192	183,920
Non-Current Liabilities		
Provisions	16,781	16,781
Deferred Tax Liability	1,033,644	1,033,644
Total non-current liabilities	1,050,425	1,050,425
Total Liabilities	1,586,617	1,234,345
Net Assets	17,577,803	14,826,086

PROJECT BUDGET UPDATE

Terminal Budget	7,356,663
Carpark Budget	1,465,943
Contingency for all projects	417,394
Variations to date	271,943
Total Spend to 28/2/2022	3,799,848
Total Spend Execution Phase	3,062,851



4.3 CASHFLOW FORECAST UPDATE

Author: Danielle Klue, Finance Business Partner

Authorised by: Jeanette Paenga, Finance Manager

PURPOSE

The Finance Business Partner will provide an update to the Committee on the Taupō Airport Authority cashflow forecast.

RECOMMENDATION(S)

That the Taupō Airport Authority Committee receives the cashflow forecast update.

ATTACHMENTS

1. Cashflow Forecast - March 2022 [↓](#)



TAUPO AIRPORT
AUTHORITY

CASHFLOW FORECAST



FUNDING REQUIRED

- Based on the updated forecast a \$50k overdraft facility will no longer meet the funding deficit.
- Recommend that the committee approves a loan request from Taupo District Council of \$150k.
- See next slide for updated cashflow forecast if payments were made quarterly of \$13,500 (based on 5% interest and 3 year repayment period)

