



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

| | |
|------------------|--|
| Date: | Monday, 16 May 2022 |
| Time: | 10.30am |
| Location: | Council Chamber 107 Heuheu Street Taupō |

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 | Extraordinary Taupō Airport Authority Committee Meeting - 4 April 2022..... | 3 |
| 4 | Reports | |
| 4.1 | General Manager's Report..... | 8 |
| 4.2 | Taupō Airport Authority Financial Update | 9 |
| 4.3 | Request to Council for Loan Facility for Taupō Airport | 11 |
| 5 | Confidential Business | |
| 5.1 | Confirmation of Confidential Portion of Extraordinary Taupō Airport Authority Committee Minutes - 4 April 2022..... | 16 |

3.1 EXTRAORDINARY TAUPŌ AIRPORT AUTHORITY COMMITTEE MEETING - 4 APRIL 2022

Author: Nicole Turnbull, Executive Assistant

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

RECOMMENDATION(S)

1. That the minutes of the Taupō Airport Authority Committee meeting held on Monday 4 April 2022 be confirmed as a true and correct record.

ATTACHMENTS

1. Taupō Airport Authority Committee Meeting Minutes - 4 April 2022 [↓](#)

Extraordinary Taupō Airport Authority Committee Meeting Minutes

4 April 2022

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE EXTRAORDINARY TAUPŌ AIRPORT AUTHORITY COMMITTEE MEETING
HELD ONLINE VIA 'ZOOM' AND LIVESTREAMED TO WWW.TAUPO.GOV.NZ
ON MONDAY, 4 APRIL 2022 AT 10:30AM**

PRESENT: Mr Chris Johnston (in the chair), Cr Kathy Guy, Mr Andrew Hintz, Cr Christine Rankin

IN ATTENDANCE: General Manager Operations and Delivery, General Manager Taupō Airport, Airport Operations Manager, Finance Business Partner, Finance Manager, Governance Quality Manager, Executive Assistant

MEDIA AND PUBLIC: Nil

The Chairperson welcomed everyone to the meeting and advised that agenda item 4.3 – Cashflow Forecast Update would be considered in confidence on the Local Government Official Information and Meetings Act 1987 ground “commercial activities

1 APOLOGIES

TAA202204/01 RESOLUTION

Moved: Cr Kathy Guy

Seconded: Cr Christine Rankin

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 - 14 FEBRUARY 2022

TAA202204/02 RESOLUTION

Moved: Mr Chris Johnston

Seconded: Cr Kathy Guy

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

CARRIED

4 REPORTS

4.1 GENERAL MANAGERS REPORT

The General Manager Taupō Airport shared his screen to provide the committee with an update on the Joint Venture Discussion. The following key points were noted:

Page 1

Extraordinary Taupō Airport Authority Committee Meeting Minutes

4 April 2022

- The Ministry of Transport (MoT) and Taupō Airport Authority Joint Venture Deed was last reviewed in the 1970s, which means there is now an opportunity for the deed to be updated as it is outdated.
- Taupō Airport Authority and MoT plan to discuss the deed together and produce a draft review, which will be presented to the committee for feedback once completed.
- In the current deed, there are a number of clauses that can be amalgamated into one title which would come under the operator which Taupō District Council and their ability to maintain the 139 certification requirements.
- In answer to a members question around whether there is a timeline in place for this deed review process, the General Manager mentioned that there has been no official timeline set by MoT, and this will be raised in the upcoming discussion to clarify a timeline.
- In answer to a members suggestion on holding a workshop once the draft review has been produced by Taupō District Council with MoT, the General Manager noted that a workshop date will be arranged, to allow members to provide their feedback on the draft review.

The Airport Operations Manager provided an operations update to the committee, the following key points were noted:

- Passenger numbers are looking to increase over the coming months as Covid-19 restrictions are lifted and public holidays occur.
- The airport continues to see a steady number of private jets operating in and out of Taupō.
- The southern taxiway markings have recently been refreshed, although the airport meets regulatory requirements, their aim is to exceed these requirements.
- Work is being done with the project development team on areas such as the relocation of the apron equipment in conjunction with the new terminal build.
- For Taupō airport tenants relocating into the new terminal, work will begin with the legal team on the preparation of licences to occupy and deeds of lease for tenants.
- Temporary lighting has been set up in the new carparking area, due to the planned street lights still being in transit from the supplier.
- The grass runway that had surface improvements last year has improved further with recent rainfall which has resulted in a smoother strip for aircraft operations.
- Contingency planning around Covid-19 and Omicron has continued, procedures such as separating essential staff with different work stations have been put in place and is working well.
- With security being the Airports highest risk, a tabletop exercise was recently carried out with Taupō Police which included a security breach scenario which is a requirement of Taupō Airports Part 139 certification.

TAA202204/03 RESOLUTION

Moved: Cr Christine Rankin

Seconded: Cr Kathy Guy

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

CARRIED**4.2 TAUPŌ AIRPORT AUTHORITY FINANCIAL REPORTS - FEBRUARY 2022**

The Finance Business Partner shared the financial reports on screen and provided an update on the financial reports to the committee, the following key points were noted:

- Landing charges in December 2021 were \$4k below the Statement of Intent (SOI), whilst January was \$2k above SOI, and February was inline.
- Passenger terminal chargers over the three months between December 2021 and February 2022 were in line with the SOI.
- Annual leave was further favourable due to leave taken.
- One of the key favourable variances was the contractors, and this being that the budget for the

Page 2

Extraordinary Taupō Airport Authority Committee Meeting Minutes

4 April 2022

safety manager is a lot higher than what we are seeing for the actuals, which is about \$2.5k in the SOI per month, and the accruals are about \$800 per month.

- Maintenance expenses are about \$12k unfavourable, with the majority of that being grass runway maintenance and signage.
- There has been a significant increase than expected in the established cost for cropping.
- The Finance Business Partner suggested for future updates that the balance sheet be presented in the current format, but additional items expanded for more in depth updates, which the committee agreed with.
- They key item in the Project Budget Update is the contingency, we have spent about 65% now, and there is still some left.
- Project spend to date is \$3.8m up to February 2022.

TAA202204/04 RESOLUTION

Moved: Cr Christine Rankin

Seconded: Mr Chris Johnston

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

CARRIED**5 CONFIDENTIAL BUSINESS****TAA202204/05 RESOLUTION**

Moved: Cr Kathy Guy

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: 4.3 Cashflow Forecast Update | Section 7(2)(h) - the withholding of the information is necessary to enable [the Council] to carry out, without prejudice or disadvantage, commercial activities | 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 |

The meeting closed at 11.35am.

Extraordinary Taupō Airport Authority Committee Meeting Minutes

4 April 2022

The minutes of this meeting were confirmed at the Extraordinary Taupō Airport Authority Committee Meeting held on 9 May 2022.

.....
CHAIRPERSON

4.1 GENERAL MANAGER'S REPORT

Author: Rhys Frearson, General Manager - Taupō Airport

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 Manager's report.

ATTACHMENTS

Nil

4.2 TAUPŌ AIRPORT AUTHORITY FINANCIAL UPDATE

Author: Danielle Klue, Finance Business Partner

Authorised by: Andrew Peckham, General Manager Corporate

PURPOSE

The Finance Business Partner will provide a financial update to the Committee on the Taupō Airport Authority.

RECOMMENDATION(S)

That the Taupō Airport Authority Committee receives the information.

ATTACHMENTS

1. Statement of Financial Performance March 2022 [↓](#)

**Statement of Financial Performance
for the period ending 31 March 2022**

Taupo Airport Authority

| | YTD Actual 31/03/22 \$ | YTD Budget (as per SOI) 31/03/22 \$ | YTD Variance \$ | Full Year Budget (as per SOI) 30/06/22 |
|---|------------------------------|--|--------------------|--|
| Income | | | | |
| Landing charges - Bulk | 3,200 | 3,060 | 140 | 4,080 |
| Landing charges - General Aviation | 75,517 | 108,889 | (33,372) | 143,814 |
| Landing charges - Charters | - | 3,393 | (3,393) | 4,524 |
| Aircraft Parking | 240 | 1,125 | (885) | 1,500 |
| Leases | 159,910 | 157,500 | 2,409 | 210,000 |
| Passenger Terminal Charge | 37,607 | 51,137 | (13,530) | 66,871 |
| Terminal Rent | 19,466 | 19,125 | 341 | 25,500 |
| Advertising | 356 | - | 356 | - |
| Hay Sales | 3,030 | - | 3,030 | - |
| Insurance proceeds | 8,727 | - | 8,727 | - |
| Other income | 4,173 | 900 | 3,273 | 1,200 |
| Gain on sale of assets | 12,186 | - | 12,186 | - |
| Interest | 2,009 | - | 2,009 | - |
| Total operating revenue | 326,420 | 345,129 | (18,709) | 457,489 |
| Expenditure | | | | |
| Employee Expenses | | | | |
| Employee expenses | 154,910 | 155,781 | 871 | 207,714 |
| ACC levies | 685 | 783 | 98 | 1,049 |
| Training & associated costs | 524 | 1,440 | 916 | 1,440 |
| | 156,119 | 158,004 | 1,885 | 210,203 |
| Operating, Management and Administration Expenditure | | | | |
| Audit fees - Audit NZ | 10,286 | 10,655 | 369 | 14,206 |
| Professional Fees | 18,697 | 16,000 | (2,697) | 16,000 |
| Bad and doubtful debts | 86 | - | (86) | - |
| Administration | 571 | 495 | (76) | 660 |
| Cleaning | 17,587 | 16,650 | (937) | 22,200 |
| Catering | 108 | - | (108) | - |
| Grants/Donations | 350 | - | (350) | - |
| IT & Telecommunications | 31,546 | 24,579 | (6,967) | 32,319 |
| Rental & equipment hire | 6,449 | 17,460 | 11,012 | 23,280 |
| Travel | 240 | 3,450 | 3,210 | 4,200 |
| Contractors | 7,550 | 22,500 | 14,950 | 30,000 |
| Consultants fees & TDC Business Services | 44,375 | 49,378 | 5,003 | 52,504 |
| Legal fees | 5,106 | 5,000 | (106) | 5,000 |
| Electricity | 12,001 | 14,354 | 2,353 | 20,154 |
| Fringe Benefit Tax | 302 | 3,006 | 2,704 | 4,008 |
| Maintenance - Airside | 32,954 | 14,775 | (18,179) | 19,610 |
| Maintenance - Landside | 7,163 | 14,000 | 6,837 | 17,000 |
| Building maintenance | 2,128 | - | (2,128) | - |
| Cropping expenses | 76,200 | - | (76,200) | - |
| Rates | 11,446 | 11,200 | (246) | 14,700 |
| Stationery and supplies | 2,781 | 1,710 | (1,071) | 2,280 |
| Insurance | 8,874 | 9,900 | 1,026 | 13,200 |
| Rubbish Disposal | 3,556 | 2,700 | (856) | 3,600 |
| Security | 2,607 | 1,503 | (1,104) | 2,000 |
| Vehicle running costs & maintenance | 7,421 | 10,000 | 2,579 | 14,000 |
| Total operating expenditure | 310,384 | 249,315 | (61,069) | 310,921 |
| Operating surplus/(deficit) before depreciation & taxation | (140,084) | (62,190) | (77,894) | (63,635) |
| Depreciation & Amortisation | | | | |
| Depreciation | 164,009 | 158,040 | (5,969) | 210,720 |
| | 164,009 | 158,040 | (5,969) | 210,720 |
| Operating surplus/(deficit) before taxation | (304,093) | (220,230) | (83,863) | (274,355) |

4.3 REQUEST TO COUNCIL FOR LOAN FACILITY FOR TAUPŌ AIRPORT

Author: Danielle Klue, Finance Business Partner

Authorised by: Kevin Strongman, General Manager Operations and Delivery

DISCUSSION

At a meeting held on 4 April 2022 the Taupō Airport Authority Committee made the following resolution:

1. That the Taupō Airport Authority Committee receives the cashflow forecast update.
2. That the Taupō Airport Authority Committee recommends to Council that an appropriate funding facility of \$150k be approved for Airport operating revenue

It is now recommended that the above resolution should be revoked and replaced with the following new recommendation to Council.

The details of the reason for the update to this request are covered in the attached cashflow forecast.

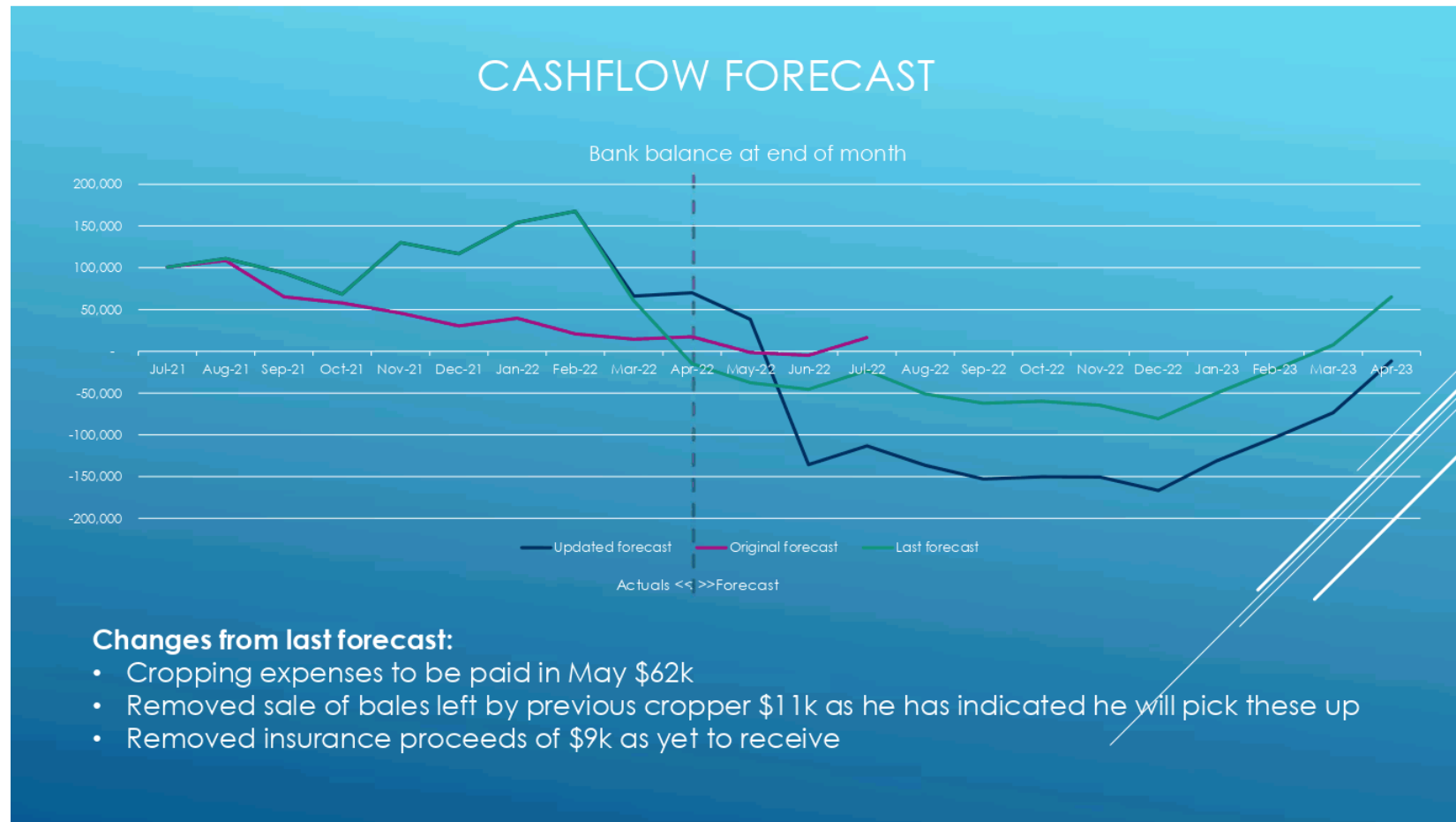
RECOMMENDATION(S)

That the Taupō Airport Authority Committee:

1. Revokes resolution TAA 2022 04/C01; and
2. Recommends to Council that a loan facility of \$300,000 from Taupō District Council to Taupō Airport Authority (TAA) should be approved to support the TAA to meet its short term operational cashflow commitments.

ATTACHMENTS

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



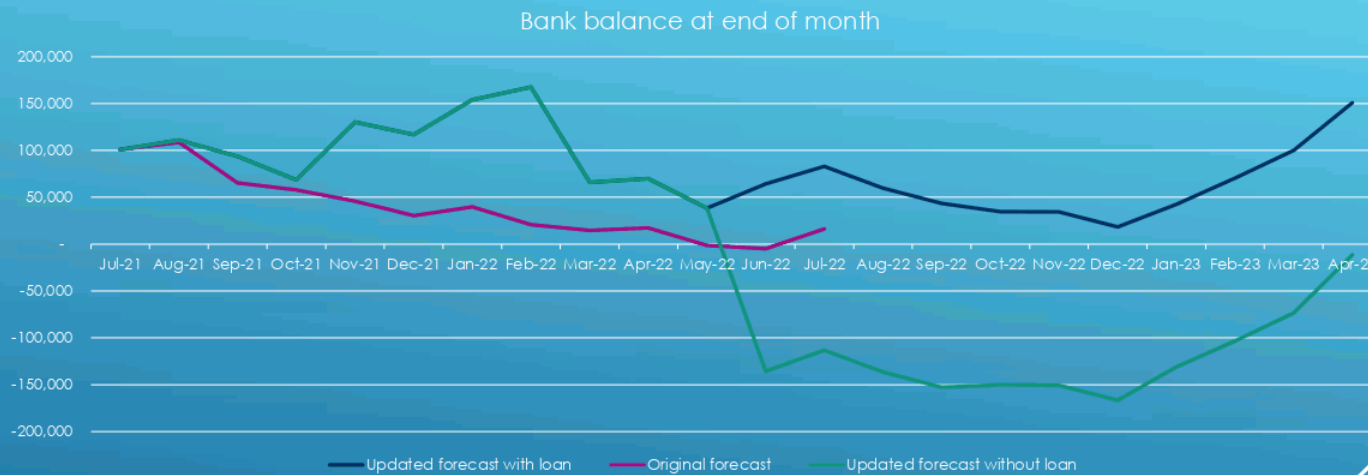
The TAA's operating revenue has been negatively impacted by Covid-19 in the past two years and therefore TAA requires a loan to be able to fund operational expenses to keep the Airport running. When comparing the revenue from landing fees and terminal passenger charges to the same month prior to Covid-19/March 2020 the total impact is a \$250k reduction in revenue.

The need for a loan has been accelerated recently with costs to clear the land around the Airport of scrub being incurred earlier than expected, this land clearing has increased the area available to crop so will mean increased haylage revenue in the future (an update will be provided at the meeting as we are having ongoing discussions with the contractor). If it wasn't for the Covid-19 impact as above TAA probably would have had the funds to do this work.

FUNDING REQUIRED

- Recommend that the committee approves a loan facility request from Taupo District Council of \$300k, in the previous meeting this was approved at \$150k. This is to be increased based on points per the first slide and to allow for future drawdowns if necessary.
- Initial drawdown in June 2022 of \$200k. Further drawdowns of up to \$100k available if needed.
- See next slide for updated cashflow forecast if payments were made quarterly of \$11,400 (based on 5% interest and 5 year repayment period for \$200k drawdown)

CASHFLOW FORECAST WITH \$200K LOAN DRAWN



- Forecast updated with \$200,000 drawdown in June 2022 of the \$300k loan facility
- Quarterly payments of \$11,400, loan term of 5 years allows for lower payments in the short-term
- Allows a positive cash balance to allow for unexpected expenses and timing issues, additional <\$100k can also be drawn down at a later date if needed.
- After February 2023 additional payments towards the loan should be able to be made if increased revenue eventuates.

5 CONFIDENTIAL BUSINESS

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 matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(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 Confirmation of Confidential Portion of Extraordinary Taupō Airport Authority Committee Minutes - 4 April 2022 | | |