

# **ATTACHMENTS**

**Taupō Airport Authority Committee  
Meeting**

**18 February 2019**

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Taupō Airport Authority Committee Meeting Minutes

5 November 2018

**TAUPŌ DISTRICT COUNCIL  
MINUTES OF THE TAUPŌ AIRPORT AUTHORITY COMMITTEE MEETING  
HELD AT THE TAUPŌ AIRPORT, ANZAC MEMORIAL DRIVE , TAUPŌ  
ON MONDAY, 5 NOVEMBER 2018 AT 10.30AM**

**PRESENT:** Mr Chris Johnston (in the Chair), Cr Rosanne Jollands, Cr Christine Rankin  
**IN ATTENDANCE:** Head of Democracy, Governance & Venues, General Manager – Taupō Airport,  
Airport Operations Manager, Economic Relationship Manager, Democratic  
Services Support Officer  
**MEDIA AND PUBLIC:** Nil

**1 APOLOGIES****TAA201811/01 RESOLUTION**

Moved: Cr Rosanne Jollands  
Seconded: Mr Chris Johnston

That the apologies received from Mayor David Trewavas and Mr John Funnell be accepted

**CARRIED****2 CONFLICTS OF INTEREST**

Nil

**3 CONFIRMATION OF MINUTES****3.1 TAUPŌ AIRPORT AUTHORITY COMMITTEE MEETING - 17 SEPTEMBER 2018**

Minutes of a meeting of the Taupō Airport Authority Committee held on Monday, 17 September 2018, had been circulated (A2365457).

**TAA201811/02 RESOLUTION**

Moved: Cr Christine Rankin  
Seconded: Mr Chris Johnston

That the minutes of the Taupō Airport Authority Committee meeting held on Monday 17 September 2018 be confirmed as a true and correct record.

**CARRIED****4 REPORTS****4.1 GENERAL MANAGER'S OPERATIONS REPORT**

The General Manager took the report as read and highlighted key points:

- Would relocate 'no entry' signs to be more visible following the car park safety incident.
- Safety Management Systems (SMS) would be a key focus of the next audit in March 2019. There was no requirement to flag extra costs for safety manager.
- Received draft Airbiz report (this morning). Airbiz had looked at existing land available to the airport

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and provided some options

- Terminal – based on foot traffic, terminal building including office needed to be increased from 520m<sup>2</sup> to 800m<sup>2</sup>
- Toilets – were not big enough for current level of patronage
- Apron area - an option was to increase grass area which would allow more aircraft to enter safely
- Runway – any planned work needed to ensure that adequate clearance was available for parked aircraft

The Economic Relationship Manager advised that ideally the Airbiz proposal would go to Council before Christmas however in the interim, Ministry of Transport (MoT) quantum conversations still needed to be had. Also recently met with Nigel Bickel, Head of the Provincial Development Unit and overseer of the Provincial Growth Fund (PGF); the proposal would be expedited upon the agreement being confirmed.

**TAA201811/03 RESOLUTION**

Moved: Cr Rosanne Jollands

Seconded: Cr Christine Rankin

That the Taupō Airport Authority Committee receives the General Manager's Operations report as presented on 5 November 2018.

**CARRIED****4.2 SAFETY MANAGEMENT SYSTEM (SMS) UPDATE**

Nothing new to report.

**TAA201811/04 RESOLUTION**

Moved: Cr Rosanne Jollands

Seconded: Mr Chris Johnston

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

**CARRIED****4.3 HEALTH AND SAFETY UPDATE**

The General Manager advised that mitigation measures were being investigated following the carpark incident.

Discussions ensued regarding reporting of health and safety incidents in the public section of the meeting which were currently covered off in the confidential section. The Head of Democracy, Governance & Venues clarified that there was strict criteria for use of confidential reasons for meeting items. Members' noted that further discussions were required.

**TAA201811/05 RESOLUTION**

Moved: Cr Rosanne Jollands

Seconded: Mr Chris Johnston

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

**CARRIED**

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**5 CONFIDENTIAL BUSINESS****TAA201811/06 RESOLUTION**

Moved: Cr Christine Rankin

Seconded: Cr Rosanne Jollands

**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
<b>Agenda Item No: 5.1</b> Confirmation of Confidential Portion of Taupō Airport Authority Committee Minutes - 17 September 2018		
<b>Agenda Item No: 5.2</b> Receipt of Unconfirmed Minutes: Taupō Airport & Operational Safety Committee - 11 September 2018	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

I also move that *[name of person or persons]* be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of *[specify]*. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because *[specify]*.

**CARRIED**

**The Meeting closed at 10.59am.**

**The minutes of this meeting were confirmed at the Taupō Airport Authority Committee Meeting held on 18 February 2019.**

.....  
**CHAIRPERSON**

Statement of Financial Performance  
for the period ending 31 December 2018

Taupo Airport Authority

	YTD Actual 31/12/18 \$	YTD Budget 31/12/18 \$	YTD Variance \$	Full Year Budget (as per SOI) 30/06/19 \$
<b>Income</b>				
Landing charges - Bulk	2,331	2,365	(34)	4,730
Landing charges - General Aviation	141,769	143,439	(1,670)	286,878
Landing charges - Charters	167	250	(83)	500
Aircraft Parking	610	750	(140)	1,500
Leases	94,134	96,995	(2,861)	193,990
Terminal Rent	13,177	13,530	(353)	27,057
Advertising	339	250	89	511
Fuel Commission	2,739	2,042	697	4,084
Hay Sales	960	1,021	(61)	2,042
Other Income	958	1,000	(42)	2,000
Interest	137	204	(67)	408
<b>Total operating revenue</b>	<b>257,320</b>	<b>261,846</b>	<b>(4,526)</b>	<b>523,700</b>
<b>Expenditure</b>				
<b>Employee Expenses</b>				
Employee expenses	87,085	84,000	(3,085)	168,000
ACC levies	-	180	180	360
Training & associated costs	1,424	2,500	1,076	3,000
	<b>88,509</b>	<b>86,680</b>	<b>(1,829)</b>	<b>171,360</b>
<b>Management and Administration Expenses</b>				
Accountancy & Business Services - Taupo District Council	6,250	6,252	2	12,504
Audit fees - Audit NZ	7,393	6,950	(443)	13,900
CAA Audit fees	-	-	-	-
Taxation / Revaluation Fees	200	8,000	7,800	8,000
Directors fees and expenses	-	1,000	1,000	2,000
Bad and doubtful debts	-	-	-	-
Administration	750	1,969	1,219	3,978
	<b>14,593</b>	<b>24,171</b>	<b>9,578</b>	<b>40,382</b>
<b>Other Operating Expenditure</b>				
Cleaning	9,776	8,714	(1,062)	17,428
Advertising	-	-	-	-
Catering	89	200	111	400
Entertainment	-	-	-	-
Telecommunications	1,408	978	(430)	1,956
WIFI costs	1,085	1,020	(65)	2,040
Travel	2,605	3,000	395	6,000
Contractors	9,124	17,250	8,126	34,500
Consultants fees	74,397	1,500	(72,897)	3,000
Electricity	7,724	7,371	(353)	12,468
Equipment hire	10,341	8,508	(1,833)	17,017
Ground maintenance - Airside	2,086	2,000	(86)	4,000
Ground maintenance - Other	7,368	4,800	(2,568)	10,000
Runway maintenance	1,436	2,500	1,064	5,000
Building maintenance	1,171	2,500	1,329	5,000
Software maintenance	745	250	(495)	500
Vehicle Maintenance	533	1,000	467	2,000
Roading maintenance	939	2,000	1,061	4,000
Other maintenance	10,720	800	(9,920)	1,600
Software Licences	6,319	6,306	(13)	12,612
Aerodrome Inspections & Bird Control	6,393	5,090	(1,303)	10,180
Rates	8,200	6,810	(1,390)	12,910
Stationery and supplies	6,326	4,200	(2,126)	8,400
Subscriptions	5,746	1,500	(4,246)	3,000
Insurance	3,928	3,810	(118)	7,620
Rubbish Disposal	1,564	1,140	(424)	2,280
Security	2,310	-	(2,310)	-
Vehicle running costs	812	795	(17)	1,415
Loss on disposal of intangible assets	16	-	(16)	-
<b>Total operating expenditure</b>	<b>183,161</b>	<b>94,042</b>	<b>(89,119)</b>	<b>185,326</b>
<b>Operating surplus/(deficit) before depreciation &amp; taxation</b>	<b>(28,943)</b>	<b>56,953</b>	<b>(85,895)</b>	<b>126,632</b>
<b>Depreciation &amp; Amortisation</b>				
Depreciation	117,111	114,528	(2,583)	226,764
	<b>117,111</b>	<b>114,528</b>	<b>(2,583)</b>	<b>226,764</b>
<b>Operating surplus/(deficit) before taxation</b>	<b>(146,054)</b>	<b>(57,575)</b>	<b>(88,478)</b>	<b>(100,132)</b>

**Statement of Financial Performance**  
for the period ending 31 December 2018

	July Actual \$	August Actual \$	September Actual \$	October Actual \$	November Actual \$	December Actual \$	YTD Actual \$
<b>Income</b>							
Landing charges	22,005	21,797	23,089	25,783	24,420	27,006	144,100
Leases	15,363	16,015	15,689	15,689	15,689	15,689	94,134
Terminal Rent	2,196	2,196	2,196	2,196	2,196	2,196	13,177
Advertising	-	-	-	339	-	-	339
Fuel Commission	-	-	-	1,202	-	1,537	2,739
Hay Sales	-	-	-	-	960	-	960
Other income	170	142	142	142	222	142	958
Interest	23	23	21	25	23	21	137
<b>Total operating revenue</b>	<b>40,007</b>	<b>40,173</b>	<b>41,137</b>	<b>45,376</b>	<b>43,917</b>	<b>46,711</b>	<b>257,320</b>
<b>Expenditure</b>							
<b>Employee Expenses</b>							
Employee expenses	15,524	14,507	10,979	18,736	14,078	13,261	87,086
Training & associated costs	-	1,244	-	-	-	-	1,424
	<b>15,524</b>	<b>15,751</b>	<b>10,979</b>	<b>18,736</b>	<b>14,078</b>	<b>13,261</b>	<b>88,510</b>
<b>Management and Administration Expenses</b>							
Accountancy & Business Services - Taupo District Council	1,042	1,042	1,042	1,042	1,042	1,042	6,250
Audit fees - Audit NZ	1,070	1,070	2,041	1,070	1,070	1,070	7,393
CAA Audit fees	-	-	-	-	-	-	-
Taxation / Revaluation Fees	-	-	-	200	-	-	200
Directors fees and expenses	(405)	405	-	-	-	-	-
Bad and doubtful debts	-	-	-	-	-	-	-
Administration	185	59	194	79	185	48	750
	<b>1,892</b>	<b>2,576</b>	<b>3,277</b>	<b>2,391</b>	<b>2,297</b>	<b>2,160</b>	<b>14,593</b>
<b>Other Operating Expenditure</b>							
Cleaning	1,382	1,869	1,374	1,383	2,075	1,382	9,774
Telecommunications	295	148	154	150	525	136	1,408
WiFi costs	181	181	181	181	181	181	1,085
Travel	-	-	403	308	1,409	486	2,605
Contractors	2,011	1,361	1,076	2,073	1,696	908	9,124
Consultants fees	-	-	6,908	1,077	60,831	5,569	74,397
Electricity	2,250	1,705	1,577	1,550	3	640	7,724
Equipment hire	165	3,041	1,962	1,579	3,007	588	10,341
Ground maintenance - Other	1,085	733	1,163	1,223	2,280	883	7,368
Building maintenance	337	4	293	98	190	249	1,171
Other maintenance	72	5,430	811	2,282	1,937	1,127	11,659
Software Licences	1,164	931	1,015	1,015	1,179	1,015	6,319
Aerodrome Inspections & Bird Control	818	998	620	1,166	951	1,840	6,393
Rates	-	3,700	-	4,499	-	-	8,200
Stationery and supplies	1,542	221	862	627	2,088	986	6,326
Subscriptions	1,682	358	795	1,112	912	886	5,746
Insurance	649	649	634	665	657	673	3,928
Security	-	1,790	-	-	520	-	2,310
Vehicle running costs	54	-	603	59	54	42	812
<b>Total operating expenditure</b>	<b>14,044</b>	<b>24,524</b>	<b>21,093</b>	<b>21,795</b>	<b>81,896</b>	<b>19,487</b>	<b>183,159</b>
<b>Operating surplus/(deficit) before depreciation &amp; taxation</b>	<b>8,547</b>	<b>(2,678)</b>	<b>5,788</b>	<b>2,454</b>	<b>(54,354)</b>	<b>11,803</b>	<b>(28,942)</b>
<b>Depreciation &amp; Amortisation</b>							
Depreciation	19,504	19,504	19,504	19,538	19,534	19,526	117,112
	<b>19,504</b>	<b>19,504</b>	<b>19,504</b>	<b>19,538</b>	<b>19,534</b>	<b>19,526</b>	<b>117,112</b>
<b>Operating surplus/(deficit) before taxation</b>	<b>(10,957)</b>	<b>(22,182)</b>	<b>(13,716)</b>	<b>(17,084)</b>	<b>(73,888)</b>	<b>(7,723)</b>	<b>(146,054)</b>

**Balance Sheet**  
**as at 30 November 2018**

	<b>Full Yr</b>	
	<b>31/12/2018</b>	<b>30/06/2018</b>
<b>Equity</b>	\$	\$
Equity Interest of Joint Venture Partners	4,071,587	4,071,587
Appropriation Accounts	1,911,584	2,057,630
Asset Revaluation Reserves	4,432,170	4,432,170
<b>Total Equity</b>	<b>10,415,341</b>	<b>10,561,387</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash & Cash Equivalents	186,726	266,432
Other Financial Assets	-	-
Trade Debtors	69,595	64,441
Other Receivables	9,396	4,974
Provision for income tax	-	-
<b>Total current assets</b>	<b>265,717</b>	<b>335,847</b>
<b>Non-Current Assets</b>		
Intangible Assets	2,433	2,946
Property, Plant and Equipment	11,285,839	11,394,500
<b>Total non-current assets</b>	<b>11,288,272</b>	<b>11,397,446</b>
<b>Total Assets</b>	<b>11,553,989</b>	<b>11,733,293</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade Payables	20,100	33,981
Other Payables	2,653	23,912
Income in Advance	47,951	46,591
Employee Entitlements	42,379	41,857
<b>Total current liabilities</b>	<b>113,083</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>1,138,648</b>	<b>1,171,906</b>
<b>Net Assets</b>	<b>10,415,341</b>	<b>10,561,387</b>



## DIRECTORY

<b>Governing Body</b>	<b>Taupō Airport Authority Committee</b> Mayor David Trewavas Councillor Rosanne Jollands (Council Representative) Councillor Christine Rankin (Council Representative) Chris Johnstone (Business Representative) John Funnell (Taupō Airport User Group Representative) Vacant Position (DGLT 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 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 RD 2, TAUPŌ	
<b>Telephone</b>	Airport Manager	[07] 378-7771
	Facsimile	[07] 377-7776
	email	airport@Taupoairport.co.nz
	website	www.Taupoairport.co.nz

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## STATEMENT OF PERFORMANCE: PERFORMANCE TARGETS AND RESULTS ACHIEVED TO DATE

### Non-financial performance:

Taupō Airport		
<b>Objective:</b> To operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupō district.		
Performance targets	Results	Achievement
To maintain facilities so as to avoid any diversion or cancellation of scheduled flights other than for weather or airline problems	Achieved	No diversions or cancellations due to facility maintenance (June 2018 Achieved)
The airport will be operated in such a way as to continue to hold CAA Part 139 certified	Achieved	The Airport is CAA Part 139 (June 2018 Achieved)
A positive financial return on Equity to be achieved annually.	Not Achieved	Half Yearly result for the Airport is a loss of \$97k (June 2018 Loss \$140k)
The TAA be self-funding in terms of its own cash flow requirements.	Not Achieved	Operating cash flow for the half year is \$-80k (June 2018 \$-62k)

### Financial performance:

Consolidated shareholder funds to total assets 90.14% (June 2018: 90.01%) against a projected 88%.

## SUMMARY OF AIRCRAFT MOVEMENTS

For the six months ended 31 December 2018

	6 months to 31 December 2018	Year to 30 June 2018	Year to 30 June 2017	Year to 30 June 2016	Year to 30 June 2015
Scheduled airlines	1,570	2,992	2,914	3,334	3,462
Private operation	5,276	11,024	10,114	10,317	9,750
Parachuting	3,398	6,272	7,016	8,636	8,124
Charters	30	80	70	90	73
Military operations	40	24	30	16	66
Helicopters	2,676	5,316	5,100	4,948	4,550
	12,990	25,708	25,244	27,341	26,025

**Statement of Comprehensive Revenue and Expense**  
For the half-year ended 31 December 2018

	Note	Unaudited Actual 6 Months to 31 December 2018 \$	Unaudited Actual 6 Months to 31 December 2017 \$	Audited Actual 30 June 2018 \$
<b>Revenue</b>				
Revenue from services provided	4	257,183	250,172	513,937
Finance revenue	5	137	158	289
<b>Total revenue</b>		<u>257,320</u>	<u>250,330</u>	<u>514,226</u>
<b>Expenditure</b>				
Employee benefit expenses	6	87,085	86,402	171,596
Depreciation and amortisation expense		117,111	105,784	248,404
Other expenses	6	199,178	131,849	290,907
<b>Total operating expenditure</b>		<u>403,374</u>	<u>324,035</u>	<u>710,907</u>
<b>Surplus/(deficit) before tax</b>		<u>(146,054)</u>	<u>(73,705)</u>	<u>(196,681)</u>
Income tax (expense)/credit		-	-	57,076
<b>Surplus/(deficit) attributable to TDC and The Crown</b>		<u>(146,054)</u>	<u>(73,705)</u>	<u>(139,605)</u>
<b>Other comprehensive revenue</b>				
Property, plant & equipment revaluations	7	-	-	-
Deferred tax on revaluation		-	-	-
<b>Total other comprehensive income</b>		<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u>(146,054)</u>	<u>(73,705)</u>	<u>(139,605)</u>
<b>Net surplus/(deficit) after taxation is attributable to: TDC &amp; The Crown</b>		<u>(146,054)</u>	<u>(73,705)</u>	<u>(139,605)</u>
<b>Total comprehensive revenue and expenses attributable to: TDC and The Crown</b>		<u>(146,054)</u>	<u>(73,705)</u>	<u>(139,605)</u>

*Explanations of major variances against budget are provided in*

**Statement of Changes in Net Assets/Equity**  
For the half-year ended 31 December 2018

	Note	Unaudited Actual 6 Months to 31 December 2018 \$	Unaudited Actual 6 Months to 31 December 2017 \$	Audited Actual 30 June 2018 \$
<b>Equity at start of the year</b>	7	10,561,387	10,700,992	10,700,992
Total comprehensive revenue and expenses previously reported		(146,054)	(73,705)	(139,605)
<b>Equity as at 31 December 2018</b>	7	<u>10,415,333</u>	<u>10,627,287</u>	<u>10,561,387</u>
<b>Total recognised revenue and expenses are attributable to:</b>				
Taupo District Council		(73,027)	(36,853)	(69,802)
Crown		(73,027)	(36,852)	(69,803)
<b>Total comprehensive revenue and expenses</b>		<u>(146,054)</u>	<u>(73,705)</u>	<u>(139,605)</u>

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

**Statement of Financial Position**  
As at 31 December 2018

	Note	Unaudited Actual 6 Months to 31 December 2018 \$	Unaudited Actual 6 Months to 31 December 2017 \$	Audited Actual 30 June 2018 \$
<b>ASSETS</b>				
Cash and cash equivalents	8	186,726	264,216	266,432
Trade and other receivables	9	70,413	80,917	64,441
Prepayments		9,396	9,767	4,974
<b>Total current assets</b>		<b>266,535</b>	<b>354,900</b>	<b>335,847</b>
<b>Non-current assets</b>				
Intangible assets		2,426	3,466	2,946
Property, plant and equipment		11,285,837	11,525,414	11,394,500
<b>Total non-current assets</b>		<b>11,288,263</b>	<b>11,528,880</b>	<b>11,397,446</b>
<b>Total assets</b>		<b>11,554,798</b>	<b>11,883,780</b>	<b>11,733,293</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	10	71,521	132,427	104,484
Employee benefit liabilities	11	42,379	37,530	41,857
<b>Total current liabilities</b>		<b>113,900</b>	<b>169,957</b>	<b>146,341</b>
<b>Non-current liabilities</b>				
Employee benefits liabilities	11	1,484	5,379	1,484
Deferred tax liabilities		1,024,081	1,081,157	1,024,081
<b>Total non-current liabilities</b>		<b>1,025,565</b>	<b>1,086,536</b>	<b>1,025,565</b>
<b>Total liabilities</b>		<b>1,139,465</b>	<b>1,256,493</b>	<b>1,171,906</b>
<b>Net assets (assets minus liabilities)</b>		<b>10,415,333</b>	<b>10,627,287</b>	<b>10,561,387</b>
<b>EQUITY</b>				
Equity interest of joint venture partners	7	4,071,585	4,071,587	4,071,585
Appropriation accounts	7	1,911,581	2,123,530	2,057,635
Asset revaluation reserves	7	4,432,167	4,432,170	4,432,167
<b>Total equity</b>		<b>10,415,333</b>	<b>10,627,287</b>	<b>10,561,387</b>

Explanations of major variances against budget are provided in

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

**Statement of cashflows**

For the half-year ended 31 December 2018

	Note	Unaudited Actual 6 Months to 31 December 2018 \$	Unaudited Actual 6 Months to 31 December 2017 \$	Audited Actual 30 June 2018 \$
<b>Cash flows from operating activities</b>				
Receipts from customers		250,669	223,933	503,203
Finance revenue		137	158	289
Payments to suppliers		(231,987)	(200,430)	(276,928)
Payments to employees		(86,563)	(83,729)	(166,634)
Net GST paid		(818)	(15,067)	12,721
<b>Net cash flow from operating activities</b>		<b>(68,562)</b>	<b>(75,135)</b>	<b>72,651</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		(11,144)	(110,127)	(255,700)
<b>Net cash flow from investing activities</b>		<b>(11,144)</b>	<b>(110,127)</b>	<b>(255,700)</b>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<b>(79,706)</b>	<b>(185,262)</b>	<b>(183,049)</b>
Add cash at start of year		266,429	449,478	449,478
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	8	<b>186,723</b>	<b>264,216</b>	<b>266,429</b>

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

## **1 Statement of accounting policies for the half-year ended 31 December 2018**

### **1.1 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 Airport. Governance is provided by a Committee of Council.

The primary objective of the Airport 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 Airport has designated itself a public benefit entity for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (PBE IPSAS).

The financial statements of Taupo Airport Authority are for the half year ended 31 December 2018. The financial statements were authorised for issue by the Airport Committee on 18th February 2019.

## **2 Summary of significant accounting policies**

### **2.1 Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on the going concern basis and in accordance with the Civil Aviation Act 1990, the Airport Authorities Act 1966, and the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZGAAP).

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 Airport is New Zealand dollars.

#### **Changes in accounting policies**

The following accounting policies have been changed to reflect the new accounting standards:

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not for profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Trust has applied these updated standards in preparing its 31 December 2018 financial statements. There are no changes in applying these updated accounting standards.

### **2.2 GST**

The financial statements have been prepared exclusive of GST with the exception of receivables and payables that have been shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

Commitments and contingencies are disclosed exclusive of GST.

### **2.3 Revenue**

Revenue is measured at the fair value of consideration received or receivable.

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 is recognised on a straight-line basis over the term of the payments.

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.

## 2 Summary of significant accounting policies

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 fair value of consideration received.

The main sources of revenue for the Airport are airfield landing charges and lease revenue from leasehold sites at the airport. Revenue is recognised in the period to which it relates. Payment is by cash, cheque, credit card, EFTPOS, automatic payment or direct debit.

### 2.4 Leases

#### (i) Finance leases

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the Statement of Financial Position at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lease are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

#### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Revenue and Expense as an integral part of the total lease expense.

#### Finance leases

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### Financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange losses, and losses on hedging instruments that are recognised in the Statement of Comprehensive Revenue and Expense using the effective interest rate method.

### 2.5 Equity

- Accumulated funds
- Revaluation Reserves

Equity is the community's interest in the Airport and is measured as the difference between total assets and total liabilities.

### 2.6 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.

### 2.7 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 Revenue and Expense.

### 2.8 Trade and other receivables

Trade and other receivables are recognised at their cost less impairment losses.



## 2 Summary of significant accounting policies

A provision for impairment of receivables is established when there is objective evidence that the Airport will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of the estimated recovery of the debt.

### 2.9 Property, plant and equipment

Property, plant, and equipment consist of operational assets, which include office equipment, furniture and fittings, computer equipment, and a vehicle.

These assets are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property, plant, and 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 Airport and the cost of the item can be reliably measured.

#### 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 Airport 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.

#### Additions

Additions between valuations are shown at cost.

The cost of an item of property, plant, and 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 Airport and the cost of the item can be measured reliably.

#### Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net 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.

## 2 Summary of significant accounting policies

When the use of a property changes from owner-occupied to investment property, the property is reclassified to investment property at its fair value at the date of the transfer.

### Subsequent measurement

Property, plant, and equipment, and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

### 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 that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Class of PP&E	Estimated useful life	Depreciation rates
Buildings	5 - 57 Years	1.75% - 20%
Furniture and Fittings	4 - 10 Years	10% - 25.2%
Office Equipment and Plant and Equipment	4 - 50 Years	2% - 25%
Motor vehicles	5 Years	20%
Infrastructural assets		
Formation	Indefinite	
Pavement	60 Years	
Top surface (seal)	15 Years	
Stormwater	50 - 80 Years	
Footpaths	80 Years	
Kerbs	50 Years	
Fencing	10 Years	
Streetlights	15 Years	

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

### Details of valuations by asset class

#### Valuation of land and buildings

Airport land was initially valued at fair value by independent valuer Quotable Value New Zealand as at 1 July 2005, which was considered deemed cost. The land and buildings were revalued to fair value on the same basis by independent valuer, Quotable Value New Zealand at 30 June 2017. Land is not depreciated.

#### Valuation of infrastructural assets

Infrastructure assets are the utility systems that provide a continuing service to the Airport and are not generally regarded as tradeable. 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 Limited at 30 June 2017.

#### 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. Assets under construction are recognised at cost less impairment. The current carrying amount of items under construction is separately disclosed.

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

## 2 Summary of significant accounting policies

### 2.10 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.

Class of intangible asset	Estimated useful life	Amortisation rates
Website	4 years	25%

Costs associated with maintaining computer software are recognised as an expense when incurred.

### 2.11 Investment property

Properties leased to third parties under operating leases and properties held for capital appreciation 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 revenue and expense.

All investment properties have been disposed.

### 2.12 Financial Liabilities

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

### 2.13 Employee entitlements

#### Short-term employee entitlements

Provision is made in respect of the Airport's liability for salaries and wages accrued up to balance date, annual leave, long service leave, lieu leave, and gratuities.

Retiring gratuities and long service leave, where there is already actual entitlement, is accrued at actual entitlement using current rates of pay. In addition, there is an actuarial assessment of value for which entitlement has not yet been reached. This assessment uses current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value.

Liabilities for annual leave and lieu day leave are accrued on an actual entitlement basis, using current rates of pay.

#### Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

#### Superannuation schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit when incurred.

### 2.14 Income tax

Income tax on the surplus or deficit for the year comprises current and deferred tax.

## 2 Summary of significant accounting policies

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at 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 surpluses 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 revenue and expense, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

### 2.15 Budget figures

The budget figures are those approved by the Committee in the Statement of Intent and in complying with sections 64, 66, and 67 of the Local Government Act 2002.

### 2.16 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 Airport can continue its current operations.

## 3 Critical accounting estimates and judgements

In preparing the financial statements the Airport made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**4 Revenue from services provided**

	Unaudited Actual 6 Months to 31 December 2018 \$	Unaudited Actual 6 Months to 31 December 2017 \$	Audited Actual 30 June 2018 \$
Landing fees	92,761	91,268	181,313
Lease revenue	94,134	88,819	192,169
Other services	70,283	70,085	140,325
Other revenue	5	-	130
<b>Total revenue from services provided</b>	<b>257,183</b>	<b>250,172</b>	<b>513,937</b>

**5 Finance revenue**

	Unaudited Actual 6 Months to 31 December 2018 \$	Unaudited Actual 6 Months to 31 December 2017 \$	Audited Actual 30 June 2018 \$
Interest revenue	137	158	289
<b>Total finance revenue</b>	<b>137</b>	<b>158</b>	<b>289</b>

**6 Operating expenditure**

<b>Employee benefit expenses</b>			
Salaries and wages	83,994	79,488	161,782
Increase/(decrease) in employee entitlements/liabilities	522	4,529	4,961
Defined contribution plan employer contributions	2,569	2,385	4,853
<b>Total employee benefit expenses</b>	<b>87,085</b>	<b>86,402</b>	<b>171,596</b>
<b>Depreciation by asset class:</b>			
Total depreciation	116,591	105,264	247,364
Total amortisation	520	520	1,040
<b>Total depreciation and amortisation</b>	<b>117,111</b>	<b>105,784</b>	<b>248,404</b>
<b>Other expenses</b>			
Audit fees for financial statements audit	6,423	5,732	12,672
Maintenance	19,256	11,299	24,288
Ground maintenance	9,454	17,189	41,324
Runway & pavement maintenance	4,159	4,273	5,839
Terminal maintenance	1,171	3,250	8,228
Airfield contractors	12,794	5,516	15,246
Electricity and gas	7,724	7,778	13,986
Materials and supplies	3,402	3,174	8,039
Professional services fees/legal fees	74,597	20,564	51,102
Accountancy & business services TDC	6,250	6,250	12,500
Vehicle running costs	812	498	1,429
Insurance	3,928	3,873	7,649
Committee expenses	-	-	531
Cleaning	9,784	8,654	17,704
Equipment Hire	10,341	12,068	20,315
Bad debts written off	-	-	3,506
Loss on disposal of property, plant & equipment	16	-	4
Other expenses	29,067	21,731	46,545
<b>Total other expenses</b>	<b>199,178</b>	<b>131,849</b>	<b>290,907</b>

**7 Net assets/equity**

	<b>Unaudited Actual 6 Months to 31 December 2018 \$</b>	<b>Unaudited Actual 6 Months to 31 December 2017 \$</b>	<b>Audited Actual 30 June 2018 \$</b>
<b>(a) Equity Interest of Joint Venture Partners</b>			
<b>(i) Taupo District Council</b>			
Opening balance	<u>2,003,902</u>	<u>2,003,903</u>	<u>2,003,902</u>
Closing balance	<u>2,003,902</u>	<u>2,003,903</u>	<u>2,003,902</u>
<b>(ii) The Crown</b>			
Opening balance	<u>2,067,683</u>	<u>2,067,684</u>	<u>2,067,683</u>
Closing balance	<u>2,067,683</u>	<u>2,067,684</u>	<u>2,067,683</u>
<b>Total closing balance of equity accounts</b>	<u><b>4,071,585</b></u>	<u><b>4,071,587</b></u>	<u><b>4,071,585</b></u>
<b>(b) Appropriation Accounts</b>			
<b>(i) Taupo District Council</b>			
Opening balance	<u>2,353,446</u>	<u>2,423,243</u>	<u>2,423,248</u>
Share of net surplus (deficit)	<u>(73,027)</u>	<u>(36,853)</u>	<u>(69,802)</u>
Closing balance	<u>2,280,419</u>	<u>2,386,390</u>	<u>2,353,446</u>
<b>(ii) The Crown</b>			
Opening balance	<u>(295,811)</u>	<u>(226,008)</u>	<u>(226,008)</u>
Share of net surplus (deficit)	<u>(73,027)</u>	<u>(36,852)</u>	<u>(69,803)</u>
Closing balance	<u>(368,838)</u>	<u>(262,860)</u>	<u>(295,811)</u>
<b>Total closing balance of appropriation accounts</b>	<u><b>1,911,581</b></u>	<u><b>2,123,530</b></u>	<u><b>2,057,635</b></u>
The breakdown of asset revaluation reserves are disclosed as follows:			
Opening balance	<u>4,432,167</u>	<u>4,432,170</u>	<u>4,432,167</u>
<b>Property, plant and equipment revaluation reserve</b>			
<b>Balance at 1 July</b>	<u>4,432,167</u>	<u>4,432,167</u>	<u>4,432,167</u>
Revaluation gains/(losses)	-	-	-
Deferred tax on revaluation	-	-	-
Transfer to accumulated funds	-	-	-
Less minority interest share in change in asset value	-	-	-
<b>Balance at 31 December</b>	<u><b>4,432,167</b></u>	<u><b>4,432,167</b></u>	<u><b>4,432,167</b></u>

## 7 Net assets/equity

Asset revaluation reserves for each asset class consist of:

	Unaudited Actual 6 Months to 31 December 2018 \$	Unaudited Actual 6 Months to 31 December 2017 \$	Audited Actual 30 June 2018 \$
<b>Operational assets:</b>			
Land	1,345,000	1,345,000	1,345,000
Buildings	189,754	189,754	189,754
Fencing	59,664	59,664	59,664
Land improvements	130,967	130,967	130,967
<b>Infrastructure assets</b>			
Roading & streetlighting	370,095	370,095	370,095
Stormwater	192,645	192,645	192,645
Runways	2,144,042	2,144,042	2,144,042
<b>Total asset revaluation reserves</b>	<b>4,432,167</b>	<b>4,432,167</b>	<b>4,432,167</b>

## 8 Cash and cash equivalents

	Unaudited Actual 6 Months to 31 December 2018 \$	Unaudited Actual 6 Months to 31 December 2017 \$	Audited Actual 30 June 2018 \$
Cash at bank and in hand	9,781	539	3,624
Call deposits	176,945	263,677	262,808
<b>Total cash and cash equivalents used in statement of cashflows</b>	<b>186,726</b>	<b>264,216</b>	<b>266,432</b>

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

## 9 Trade and other receivables

	Unaudited Actual 6 Months to 31 December 2018 \$	Unaudited Actual 6 Months to 31 December 2017 \$	Audited Actual 30 June 2018 \$
Trade receivables	69,595	79,220	66,787
Provision for doubtful receivables	-	-	(3,506)
<b>Net trade receivables</b>	<b>69,595</b>	<b>79,220</b>	<b>63,281</b>
Other	818	1,697	1,160
<b>Total current net trade and other receivables</b>	<b>70,413</b>	<b>80,917</b>	<b>64,441</b>
Receivables from exchange transactions	69,595	80,917	67,947
Receivables from non-exchange transactions	818	-	(3,506)
<b>Total current net trade and other receivables</b>	<b>70,413</b>	<b>80,917</b>	<b>64,441</b>

## 9 Trade and other receivables

Debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

The status of receivables as at 31 December 2018 are detailed below:

	<b>Actual 31 December 2018 \$</b>	<b>Actual 31 December 2017 \$</b>	<b>Audited Actual June 2018 \$</b>
Current	58,602	60,769	57,294
Past due 1-30 days	7,870	10,790	3,120
Past due 31-60 days	363	1,050	4,033
Past due 61+ days	2,760	8,308	2,340
<b>At 31 December</b>	<b>69,595</b>	<b>80,917</b>	<b>66,787</b>

## 10 Trade and other payables

	<b>Unaudited Actual 6 Months to 31 December 2018 \$</b>	<b>Unaudited Actual 6 Months to 31 December 2017 \$</b>	<b>Audited Actual 30 June 2018 \$</b>
Trade payables	13,723	66,147	40,622
Accrued expenses	9,847	18,223	17,271
Revenue in advance	47,951	48,057	46,591
Other payables	-	-	-
<b>Total creditors and other payables</b>	<b>71,521</b>	<b>132,427</b>	<b>104,484</b>
 Total creditors and other payables from exchange transactions	 <b>23,389</b>	 <b>83,341</b>	 <b>50,423</b>
 Total creditors and other payables from non-exchange transactions	 <b>48,132</b>	 <b>49,086</b>	 <b>54,061</b>
 <b>Total current creditors and other payables from exchange and non-exchange transactions</b>	 <b>71,521</b>	 <b>132,427</b>	 <b>104,484</b>

Trade payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade payables approximates their fair value.



**11 Employee benefit liabilities**

	<b>Unaudited Actual 6 Months to 31 December 2018 \$</b>	<b>Unaudited Actual 6 Months to 31 December 2017 \$</b>	<b>Audited Actual 30 June 2018 \$</b>
<b>Current portion</b>			
Annual leave	<u>42,379</u>	<u>37,530</u>	<u>41,857</u>
<b>Total current portion</b>	<u><b>42,379</b></u>	<u><b>37,530</b></u>	<u><b>41,857</b></u>
<b>Non-current portion</b>			
Long service leave	<u>1,484</u>	<u>5,379</u>	<u>1,484</u>
<b>Total non-current portion</b>	<u><b>1,484</b></u>	<u><b>5,379</b></u>	<u><b>1,484</b></u>
<b>Total employee entitlements</b>	<u><b>43,863</b></u>	<u><b>42,909</b></u>	<u><b>43,341</b></u>

The present value of retirement gratuities and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation figure. Any changes in these assumptions will affect the carrying amount of the liability.

A discount factor of 1.97% (June 2018 1.97%) and an inflation factor of 2% (June 2018 2%) were used.

**12 Contingencies**

As at 31 December 2018 the Airport had no contingent liabilities or assets (June 2018: \$0).

**Contingent assets**

There are no contingent assets at 31 December 2018 (June 2018 \$0).

**13 Events after balance date**

There were no subsequent events after 31 December 2018.



# TAUPO AIRPORT AUTHORITY

## STATEMENT OF INTENT

2020 – 2022

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DRAFT

## DIRECTORY

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<b>Governing Body</b>	<b>Taupō Airport Authority Committee</b>	
	Mayor David Trewavas Councillor Rosanne Jollands (Council Representative) Councillor Christine Rankin (Council Representative) Chris Johnston (Business Representative) 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 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, 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

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## STRATEGIC FOCUS & MAJOR PROJECTS

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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.

## 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 30/06/2020</b>	<b>Projected 30/06/2021</b>	<b>Projected 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

## The Best Little Airport in NZ!

### *The Taupō Airport will be:*

A destination  
in its own  
right

A vibrant hub  
for  
commercial  
business

An experience  
that is  
authentic &  
efficient

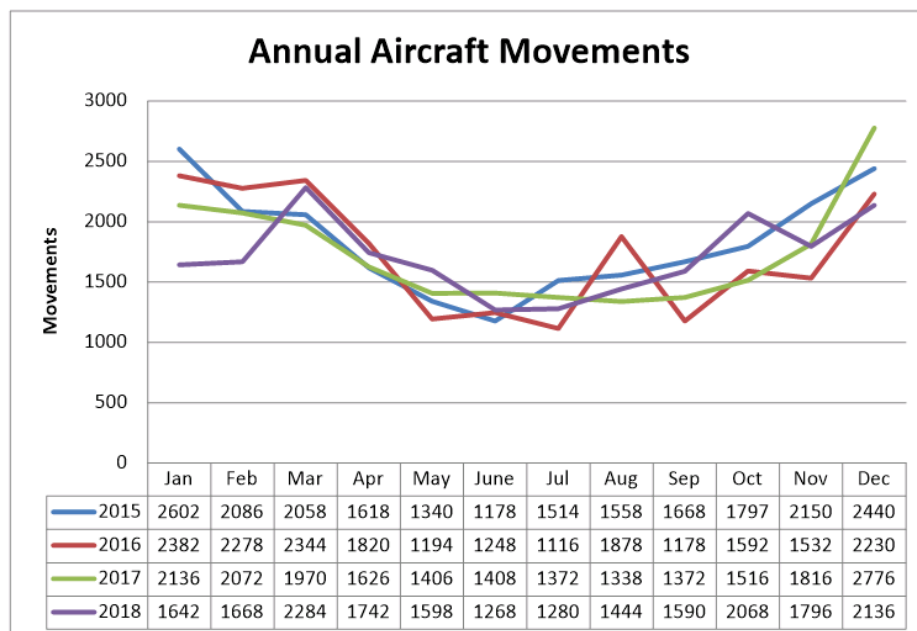
A service  
delivered for  
the  
community

### *How will we get there?*

#### **We have identified five key strategies to achieve our vision**

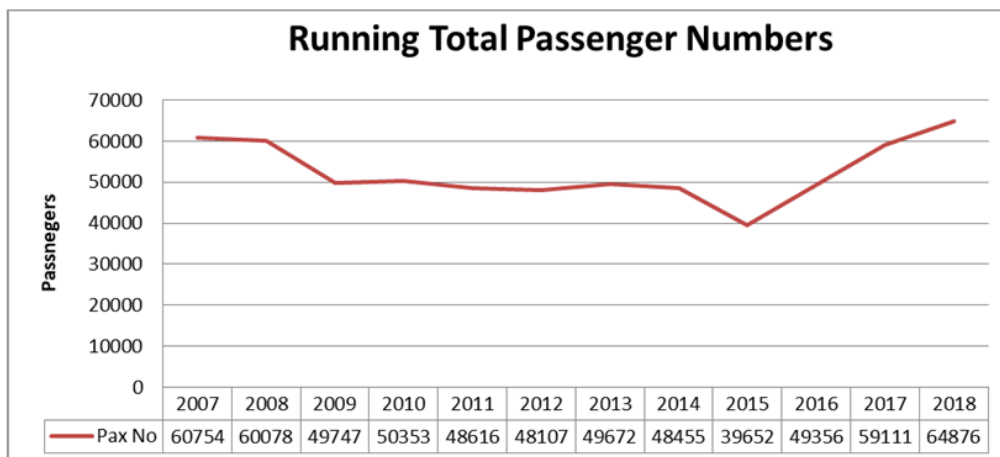
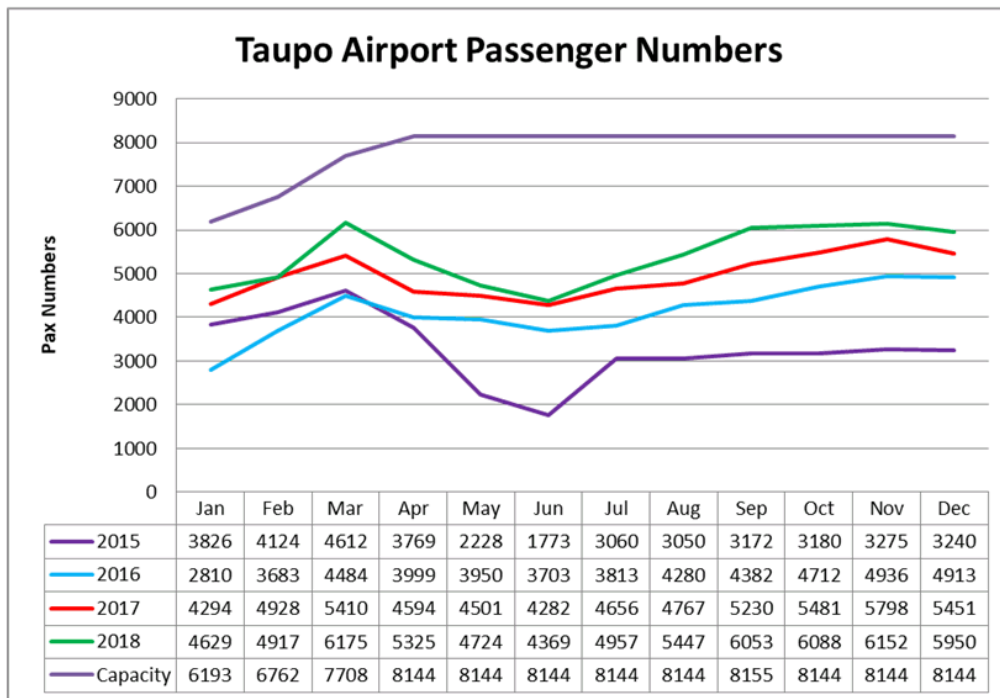
1. Infrastructure development
  - Terminal
  - Parking
  - Airport hub environment (look & feel)
2. Commercial land development
  - Airside
  - Landside
3. Growth of tourism product
4. Increase in commercial passenger number
5. Relationship Management



**General Manager's Report – February 2019****Operational**

Landing Activity	Dec-18	Cumulative year 2018	Dec-17	Cumulative year 2017
Scheduled flights	252	3010	248	2250
Charters	16	68	12	66
General Aviation				
Helicopters	534	5222	642	5398
Parachute	852	6664	994	6958
Private	1016	10716	1522	10730
Military	0	58	0	28
Total Movements	2136	20516	2776	20808

Note helicopter movements are included in general aviation movements



Total Passenger Numbers Air New Zealand and Sounds Air.									
	2014	2015	2016	2017	2018	Seat Capacity	% on Prev Year		
Jan	3786	3826	4176	4294	4629	7388	7%		2007
Feb	4337	4124	3012	4928	4917	6661	0%		2008
Mar	4754	4612	3789	5410	6175	7379	12%		2009
Apr	4044	3769	3999	4594	5325	7170	14%		2010
May	3820	2228	3950	4501	4814	6879	7%		2011
Jun	3476	2284	3703	4037	4369	7170	8%		2012
Jul	3896	3060	3813	4656	4957	6979	6%		2013
Aug	3726	3050	4280	4767	5447	7079	12%		2014
Sep	4093	3172	4382	5194	6053	6770	14%		2015
Oct	4171	3180	4403	5481	6088	6879	10%		2016
Nov	4201	3275	4936	5798	6152	6870	6%		2017
Dec	4151	3072	4913	5451	5950	6979	8%		2018
Annual Total	48455	39652	49356	59111	64876	84203			
% Inc/Dec	-2%	-18%	20%	17%	9%		9%		

Air New Zealand Cancelled Flights 2017													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Flights	51	60	65	58	61	57	66	62	68	68	69	67	752
Cancelled	1	4	6	6	5	7	5	7	1	2	3	3	50
													6.6%
Air New Zealand Cancelled Flights 2018													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Flights	55	57	68	66	61	66	65	65	68	68	67	69	775
Cancelled	4	8	2	3	2	5	3	5	0	1	3	2	38
													4.9%
Cause						E 1	E 2	E 1		E 1	E 3	E 2	
W- Weather						W 4	W	B 1					
E- Engineering							1	W 3					
C- Crew													
B- Bird Strike													

### General comments

#### **Passenger Numbers**

In my last report I estimated we would put through 62,000 passengers by the end of December. The actual figure was 64,876 which is very encouraging as it is 5,765 more than the previous year.

The average loading for the year ran at 77%.

#### **Aircraft Movements**

Aircraft movements for 2018 ended up being very similar to the previous year.

#### **Airbiz and Terminal Development**

We have received feasibility cost estimates for three options from Airbiz; a cost benefit analysis will follow shortly. Once that analysis is received, we will be in a position to brief the Taupō Airport Authority and Taupō District Council.

#### **Civil Aviation Part 139 Surveillance Audit**

The Civil Aviation Authority conducted their regular surveillance audit of the Taupō airport last week. There was an emphasis on our preparedness for the implementation of Safety Management Systems audit which will take place over a two day period from March 4. Feedback from the Civil Aviation Authority was positive and they were pleased with where we are at with this process. Taupō airport is the first uncontrolled airport to be audited under the new SMS rule, therefore it will be a learning experience for both the CAA auditors as well as ourselves. There were no findings reported.

This audit is one of three we will be having over the next few months. The next is our Safety Management System certification audit (as mentioned above) followed by a Part 139 re-certification audit at the end of June as the Airport Part 139 Operating Certificate expires on July 2, 2019.

#### **Memorandum of Understanding**

The Memorandum of Understanding is an agreement between the Taupō Airport Authority, scheduled airlines and two skydiving organisations. The intent of the document is to provide a guideline for parties / signatories to minimise the likelihood of any disruption to the respective scheduled operator's services and / or skydiving operations, as well as reduce any potential airspace conflict.

The MOU is currently being reviewed by the safety committee. Once finalised, it will be brought to the Taupō Airport Authority for approval.

#### **OPERATIONS REPORT**

##### **TDC Land adjacent to Anzac Memorial Drive**

Earth works are well underway on the land adjacent to Anzac Memorial Drive. The developer met with Taupō Airport Authority late last year prior to works to discuss operational requirements. Reducing dust has been mandatory as the land is beneath the helicopter arrival / departure path. The use of water trucks and irrigation has kept dust to a minimum.

##### **Security**

In early January Skydive Taupō was broken into and their safe taken. In the same timeframe, an airport boundary fence was cut and diesel stolen from an agriculture contractor's tank. A report was filed with police and a positive identity confirmed. The airport community have been reminded to report any suspicious or criminal behaviour to the police and Taupō Airport Authority.

##### **Wildlife Control**

Prior to Christmas we had an increase with birds. This is typical during the plover breeding season and when we are mowing more regularly during the spring months. Disrupting their habitat through runway sweeps, long grass policy, culling and bird scarring was increased to manage the risk.

##### **Taxiway Repairs**

As loose chip is an issue on taxiways in terms of chip coming into contact with an aircraft propeller, runway sweeping was carried out. Unfortunately, in places the seal came away resulting in patches needing to be repaired. In future we will investigate concreting the high use areas, as this material is proving to be more robust.

##### **RPAS**

Taupō District Council are working on improving the RPAS web map application. While this is still in the planning stages, it works on both desktop and mobile. The web map application could be placed on both the Airport and Council websites – linking the two sites and their forms together. This would allow ease of use for the general public as the current system can become convoluted.

##### **Charters**

This summer we have seen a large volume of New Zealand owned jets operating to and from Taupō, and sometimes parking overnight or for several days.

Mike Groome  
General Manager – Taupō Airport Authority