

WHAKATĀNE AIRPORT JOINT VENTURE

Annual Report

Rīpoata -ā- Tau

2014/15



14
15





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How the Airport is managed

The Whakatāne Airport is a joint venture operation between the New Zealand Government (Ministry of Transport) and the Whakatāne District Council (the Council), with each party owning a 50 percent share. The Grow Whakatāne Advisory Board provides advice to the Council, which is responsible for decisions relating to the Airport. Day-to-day operation and maintenance of the Airport is managed by the Council.

A brief history

Planning for an aerodrome was initiated by the Whakatāne County and Borough Councils in 1944. Development of a grass airfield started in 1958 on the current Whakatāne Airport site, but it was not until 1960 that it was officially opened, following some difficulties in sowing grass. A sealed airstrip was completed in 1962, to provide adequate facilities for the larger DC3 aircraft, and that development was followed by the construction of the current airport terminal building, designed by architect Roger Walker (completed in 1974). Today, the Airport caters for both commercial and recreational flight activities including daily passenger services to and from Auckland.



Foreword

Welcome to the Whakatāne Airport Annual Report for the 2014/15 financial year. This report is a statutory document detailing the actual performance of the Whakatāne Airport for the past financial year, compared to what was planned through the Whakatāne Airport Statement of Intent for 2014/15.

The Whakatāne Airport is a Council-Controlled Organisation (CCO) under the Local Government Act 2002. As a critical regional infrastructure asset, it contributes to residents' quality of life and is crucial to the economic well-being of the District and the wider Eastern Bay of Plenty.

The Council's primary focus for the Airport is its efficient operation under sound business principles, for the benefit of both commercial and non-commercial aviation users. The Airport must also operate in accordance with the terms of its aerodrome certificate, which defines standards and conditions laid down by the Civil Aviation Authority of New Zealand (CAA).

This Annual Report provides an opportune moment for the Council to acknowledge its partners and their contributions to the Whakatāne Airport during the year. In particular this includes the Ministry of Transport, the Grow Whakatāne Advisory Board and the Whakatāne Airport User Group.



A Year in Review

New arrivals

At 6:50am on Tuesday, 28 April 2015 Air New Zealand's final scheduled flight service from Whakatāne Airport departed. At 9:30am on the same day Air Chathams' first flight as the Eastern Bay of Plenty's new flight service provider landed at Whakatāne Airport. Increased capacity, improved passenger comfort, a significant upgrade in freight capabilities and sensible pricing are all outcomes achieved by the new air service. Air Chathams, utilising its fleet of 50-seat Convair 580 airliners and 19-seat Metroliner aircraft, has achieved positive community feedback and good passenger loadings. A recently-amended flight schedule has also allowed passengers to better connect with Air New Zealand domestic flights departing Auckland.

In addition to Air Chathams' new service, SunAir has also commenced scheduled passenger flights from Whakatāne Airport to Gisborne, Napier and Hamilton, using its Piper Chieftain and Aztec aircraft.



30,241

passengers

Departures & Arrivals from Whakatāne Airport

Airport open day draws crowds

Thousands of locals and visitors turned out to view and experience a range of aircraft at the Whakatāne Airport open day on 26 April. Organised to welcome Air Chathams, the open day recognised the commencement of the company's Whakatāne Air Services and also the introduction of Sun Air's scheduled flight service. Spectators were treated to impressive aerial displays from a Vampire fighter jet and several Russian Yak aircraft flew in for a static display. Air Chathams' vintage DC3 also flew into town for the weekend and offered hugely popular scenic flights over Whakatāne and Ōhope. The crowds were treated to entertainment by local artists throughout the day and had the opportunity to view local fire appliances, Coastguard vessels and learn about the Whakatāne Emergency Response Team. \$8000 was raised through the gold coin entry donation and sausage sizzle, with the funds going to the Air Training Corps and Rotary International.

Whakatāne Airport Certified

In order to accommodate the larger Convair 580 aircraft operated by Air Chathams, the Whakatāne Airport undertook CAR Part 139 Aerodrome Certification with the Civil Aviation Authority. Certification of the Airport was completed through a Civil Aviation Authority audit carried out in April, with final approval received on 28 April 2015. The certification process required a range of actions and physical works to be completed, including signage and improvements to airport security; physical works associated with the Runway End Safety Areas (RESA); and developing and documenting airport processes. This project was completed within four months, with no interruption to scheduled flight services.

TEN YEAR BUSINESS PLAN

During the 2012/13 year, the Whakatāne Airport Board adopted a Ten Year Business Plan for Whakatāne Airport. This plan provides a strategic framework for the Airport, identifies opportunities for growth and development and outlines a set of actions to support its future capacity.

The Business Plan has four inherent strategies, which are to:

1. **Maximise commercial opportunities;**
2. **Diversify income streams by encouraging the development of aviation and other service industries and associated enterprises;**
3. **Maintain and improve the assets of the Whakatāne Airport in order that it operates as an efficient facility and enterprise; and**
4. **Maintain and enhance relationships with businesses and individuals with interests in the Airport to improve confidence in its operations and management.**

As part of the transition in scheduled flight service providers changes to the landing fees charged were required. The new fees were set through consultation with Air Chathams, SunAir and approval by the Ministry of Transport.



PLANNING FOR THE FUTURE



Financial Statements

Statement of Financial Performance

For the Year Ended 30 June 2015

		ACTUAL	
		2015	2014
		\$	
REVENUE			
Operating Revenue	Note 2	189,641	203,785
Finance Revenue		4,373	3,874
Total Revenue		194,014	207,659
EXPENSE			
Operating Expense	Note 3	384,681	228,642
Personnel Costs		1,738	210
Depreciation and Amortisation	Note 7	30,591	30,050
Audit Fees		9,190	9,094
Total Expense		426,200	267,996
Surplus/(Deficit) before Tax		(232,186)	(60,337)
Income Tax Expense	Note 4	-	-
Surplus/(Deficit) After Tax		(232,186)	(60,337)

The Notes and the Statement of Accounting Policies on pages 13 to 24 form part of the Financial Statements.

Statement of Financial Position

As at 30 June 2015

		ACTUAL	
		2015	2014
		\$	
ASSETS			
Current Assets			
Receivables	Note 5	461,211	27,565
Non-Current Assets			
Property, Plant and Equipment	Note 7	1,306,941	1,317,101
Total Assets		1,768,152	1,344,666
LESS LIABILITIES			
Current Liabilities			
Whakatāne District Council		828,833	293,920
Trade and Other Payables	Note 6	49,048	47,044
Total Liabilities		877,881	340,964
Assets Less Liabilities		890,270	1,003,702
ACCUMULATED FUNDS			
Capital		1,303,577	1,184,821
Reserve Funds		84,329	75,956
Partners Current Accounts		(497,636)	(257,078)
Total Accumulated Funds	Note 8	890,270	1,003,700

The Notes and the Statement of Accounting Policies on pages 13 to 24 form part of the Financial Statements.



Tony Bonne
MAYOR
30 September 2015



Marty Grenfell
CHIEF EXECUTIVE
30 September 2015

Statement of Changes in Net Assets and Equity

For the Year Ended 30 June 2015

	ACTUAL	
	2015	2014
	\$	
Balance at 1 July	1,003,700	1,004,563
Net Surplus (Deficit)	(232,186)	(60,337)
Total Recognised Revenue (Expense)	(232,186)	(60,337)
Capital Contributions - MOT and WDC	118,756	59,475
Balance at the End of the Period	890,270	1,003,700
	Note 8	

The Notes and the Statement of Accounting Policies on pages 13 to 24 form part of the Financial Statements.



Notes to the Financial Statements

Note 1-

Statement of Accounting Policies

The financial statements are for the Whakatāne Airport, which is a 50:50 joint equity venture between the Whakatāne District Council and the Crown.

The principal accounting policies adopted in the preparation of the financial report are set out below.

REPORTING ENTITY

Whakatāne Airport is a Council Controlled Organisation (CCO) registered under the Local Government Act 2002 and is domiciled in New Zealand. Relevant legislation governing the Airport's operations includes the Local Government Act 2002 (LGA).

The primary objective of Whakatāne Airport is to provide goods or services for the community or social benefit rather than making a financial return. The Whakatāne Airport has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the Whakatāne Airport are for the year ended 30 June 2015.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of Compliance

The financial statements of the Whakatāne Airport have been prepared in accordance with the requirements of the LGA, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP)

The financial statements have been prepared in accordance with Tier 3 PBE accounting standards and the financial statements comply with these standards.

The Whakatāne Airport has elected to apply PBE SFT-A(PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that it does not have public accountability and has total annual expenses of less than \$2 million. All transactions in the financial statements are reported using the accrual basis of accounting.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. There are no material adjustments arising on transition to the new PBE accounting standards.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. Some rounding variances may occur in the financial statements due to the use of decimal places in the underlying financial data. The functional currency of Whakatāne Airport is New Zealand dollars.

Goods and Services Tax (GST)

All amounts are recorded exclusive of GST, including receivables, payables, commitments and contingencies. GST is accounted for by the Whakatāne District Council.

HISTORICAL COST CONVENTION

These financial statements have been prepared under the historical cost convention. The Whakatāne District Council will continue to provide the necessary support to enable the Whakatāne Airport Joint Venture to pay its liabilities as they fall due, including providing funds through the District Fund Account.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with PBE accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying Whakatāne Airport's accounting policies.

No material estimates were required this accounting period.

REVENUE RECOGNITION

Revenue comprises the fair value for the sale of goods and services, net of rebates and discounts. All revenue is recognised when earned.

Rental Revenue

Rental revenue is recognised in the period that it relates to.

Finance Revenue

Interest income is recognised on a time-proportion basis using the effective interest method.

INCOME TAX

The Income Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

LEASES

Assets leased to third parties under operating leases are included in property, plant and equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

IMPAIRMENT OF ASSETS

Items of property, plant and equipment and intangible assets with finite useful lives are reviewed at each balance date to determine whether there is any indication that the asset might be impaired. Where such an indication exists, the asset is tested for impairment by comparing its carrying value to its recoverable amount. Intangible assets with indefinite useful lives, intangible assets not yet available for use and goodwill are tested for impairment annually. 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 assets fair value less costs to sell and its value in use. Where the future economic benefits of the asset are not primarily dependent on its ability to generate net cash inflows, and where Whakatāne Airport would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

CURRENT ACCOUNT

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position. Investments held are recorded at cost price. The bank account is held by Whakatāne District Council as part of its General Funds. All cashflow is via the Council; therefore the Airport does not prepare a Statement of Cashflows.

RECEIVABLES

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful receivables is established when there is objective evidence that Whakatāne 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 asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Financial Performance.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Whakatāne Airport provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of operational assets, which include land, buildings, plant & equipment and furniture & fittings. Items of property, plant and equipment are initially recognised at cost, which includes purchase price plus directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue.

All property, plant and equipment is shown at cost less depreciation and impairment costs. Cost includes expenditure that is directly attributable to the acquisition of the items. 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 Whakatāne Airport and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The expected lives, in years, by major classes of fixed assets are as follows:

OPERATIONAL ASSETS:	YEARS	METHOD
Airport Runways, Taxiways and Apron	50	Straight Line
Building	40-100	Straight Line
Water Supply	75-100	Straight Line
Plant & Equipment	2-5	Diminishing Value
Furniture & Fittings	5	Diminishing Value
Fence	10-20	Diminishing Value

The Airport land is vested in the Council under the Reserves Act 1997 for use as an Airport. The Airport holds the land "in substance" and is shown at the value at the date of vesting. Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Financial Performance.

PAYABLES AND DEFERRED REVENUE

These amounts represent liabilities for goods and services provided to Whakatāne Airport prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 2- Operating Revenue

	ACTUAL	
	2015	2014
	\$	
Airport Dues	74,866	86,822
Lease of Buildings	10,650	13,103
Commercial Leases	31,103	28,636
Grazing Leases	64,104	74,875
Sundry Income	8,918	350
	189,641	203,786

Note 3- Operating Expenses

	ACTUAL	
	2015	2014
	\$	
Consultants	67,950	7,910
Contracts	134,237	58,227
Direct Cost Reallocated	29,080	27,911
Directors Fees	-	3,914
Equipment & Materials	11,122	-
Electricity	13,837	22,779
Fire Security	360	360
General Expenses	327	2,865
Insurances	3,300	4,725
Legal Costs	2,853	3,304
Maintenance and Repairs	16,741	12,131
Materials and Services	18,068	575
Rates Paid	6,001	5,748
Security	2,281	5,475
Training & Professional Development	2,625	1,784
Subscriptions	5,525	2,036
Taxation Advice	4,365	4,509
Telephones and Tolls	82	335
Travel & Accommodation	907	-
Valuation Expenses	424	722
Waste Disposal - Dump Fees	13	80
Water Purchases	162	4,697
Overheads	64,420	58,555
Total Other Expenses	384,681	228,642

(Excludes Depreciation, Personnel Costs and Audit Fees)

Note 4- Taxation

	ACTUAL	
	2015	2014
	\$	
Income Tax Expense		
Net Surplus (deficit) before tax	(232,186)	(60,337)
Tax calculated at applicable tax rate 28% (2014:28%)	(65,012)	(16,894)
Prior year adjustment		-
Depreciation Adjustments	(695)	(519)
Tax loss not recognised	65,707	17,413
Tax Expense/(Benefit)	-	-
Current tax expense	-	-
Prior year adjustments to current tax	-	-
	-	-
Tax Expense	-	-

Tax losses of \$1,700,089 (2014: \$1,464,852) are available to carry forward to offset any future taxable profit. No imputation credits are available to attach to distribution to owners.

Note 5- Receivables

	ACTUAL	
	2015	2014
	\$	
Landing Fees	3,879	7,342
Ministry of Transport	457,332	20,223
Total Receivables	461,211	27,565

Note 6- Payables and Deferred Revenue

	ACTUAL	
	2015	2014
	\$	
Audit Fees	9,190	3,217
Trade Payables	11,314	2,674
Income Received in Advance - Rentals & Leases	28,544	40,195
GST Payable	-	958
Total Payables and Deferred Revenue	49,048	47,044

Note 7 - Plant, Property & Equipment - 2015

2015	COST/ REVALUATION 30 JUNE 2014	ACCUMULATED DEPRECIATION AND IMPAIRMENT 30 JUNE 2014	NET BOOK VALUE 30 JUNE 2014	ADDITIONS CURRENT YEAR	DISPOSALS CURRENT YEAR	IMPAIRMENT CURRENT YEAR	DEPRECIATION CURRENT YEAR	COST/ REVALUATION 30 JUNE 2015	ACCUMULATED DEPRECIATION AND IMPAIRMENT 30 JUNE 2015	NET BOOK VALUE 30 JUNE 2015
LAND										
Land	12,246	-	12,246	-	-	-	-	12,246	-	12,246
AIRPORT										
Runways & Taxiways	1,083,062	242,548	840,514	-	-	-	16,810	1,083,062	259,358	823,704
Fencing	69,608	25,428	44,180	-	-	-	3,181	69,608	28,609	40,999
Water Supply	112,107	12,814	99,293	-	-	-	993	112,107	13,807	98,300
Aprons	24,195	18,067	6,128	-	-	-	123	24,195	18,189	6,006
Water Supply Improvement	7,592	661	6,931	-	-	-	69	7,592	730	6,862
Radio Transmitter	941	941	-	-	-	-	-	941	941	-
Airport Signage	9,710	3,040	6,670	8,071	-	-	1,334	17,781	4,374	13,407
Grassing	30,133	-	30,133	-	-	-	-	30,133	-	30,133
Roading	15,568	-	15,568	-	-	-	-	15,568	-	15,568
Security	25,620	8,457	17,163	-	-	-	2,145	25,620	10,602	15,018
	1,378,536	311,956	1,066,581	8,071	-	-	24,655	1,386,607	336,611	1,049,997
TERMINAL										
Paths & Parking Area	12,206	4,634	7,572	-	-	-	-	12,206	4,634	7,572
Building	285,531	141,186	144,345	12,360	-	-	2,887	297,891	144,073	153,818
Floodlighting	10,874	8,032	2,842	-	-	-	284	10,874	8,317	2,557
Terminal Site Development	75,221	8,600	66,621	-	-	-	1,075	75,221	9,675	65,546
Automatic Sliding Doors	14,689	8,416	6,273	-	-	-	627	14,689	9,043	5,646
	398,521	170,868	227,653	12,360	-	-	4,873	410,881	175,741	235,140
WORK SERVICES										
Plant & Equipment	14,700	4,079	10,621	-	-	-	1,062	14,700	5,141	9,559
Furniture & Fittings	21,690	21,690	-	-	-	-	-	21,690	21,690	-
	36,390	25,769	10,621	-	-	-	1,062	36,390	26,831	9,559
	1,825,693	508,593	1,317,101	20,431	-	-	30,591	1,846,124	539,183	1,306,941

Lease rentals amounting to \$114,776 (2014: \$116,614) relating to the lease of building space and grazing leases are included in the income statement (Note 2). The Airport Land is vested in Council under the Reserves Act 1977 for use as an Airport. The Airport holds the land "in substance" and is shown at the value at the date of vesting. No assets are pledged as security.

Note 7 - Plant, Property & Equipment - 2014

2014	COST/ REVALUATION 30 JUNE 2013	ACCUMULATED DEPRECIATION AND IMPAIRMENT 30 JUNE 2013	NET BOOK VALUE 30 JUNE 2013	ADDITIONS CURRENT YEAR	DISPOSALS CURRENT YEAR	IMPAIRMENT CURRENT YEAR	DEPRECIATION CURRENT YEAR	COST/ REVALUATION 30 JUNE 2014	ACCUMULATED DEPRECIATION AND IMPAIRMENT 30 JUNE 2014	NET BOOK VALUE 30 JUNE 2014
LAND										
Land	12,246	-	12,246	-	-	-	-	12,246	-	12,246
AIRPORT										
Runways & Taxiways	1,079,102	225,475	853,627	3,960	-	-	17,073	1,083,062	242,548	840,514
Fencing	69,608	22,000	47,608	-	-	-	3,428	69,608	25,428	44,180
Water Supply	75,622	11,873	63,749	36,485	-	-	942	112,107	12,814	99,293
Aprons	24,195	17,942	6,253	-	-	-	125	24,195	18,067	6,128
Water Supply Improvement	7,592	591	7,001	-	-	-	70	7,592	661	6,931
Radio Transmitter	941	941	-	-	-	-	-	941	941	-
Airport Signage	3,040	3,040	-	6,670	-	-	0	9,710	3,040	6,670
Grassing	30,133	-	30,133	-	-	-	-	30,133	-	30,133
Roading	15,568	-	15,568	-	-	-	-	15,568	-	15,568
Security	25,620	6,005	19,615	-	-	-	2,452	25,620	8,457	17,163
	1,331,421	287,867	1,043,555	47,115	-	-	24,089	1,378,536	311,956	1,066,581
TERMINAL										
Paths & Parking Area	12,206	4,634	7,572	-	-	-	-	12,206	4,634	7,572
Building	273,171	138,493	134,678	12,360	-	-	2,694	285,531	141,186	144,345
Floodlighting	10,874	7,717	3,157	-	-	-	316	10,874	8,032	2,842
Terminal Site Development	75,221	7,525	67,696	-	-	-	1,075	75,221	8,600	66,621
Automatic Sliding Doors	14,689	7,719	6,971	-	-	-	697	14,689	8,416	6,273
	386,161	166,086	220,075	12,360	-	-	4,781	398,521	170,868	227,653
WORK SERVICES										
Plant & Equipment	14,700	2,899	11,801	-	-	-	1,180	14,700	4,079	10,621
Furniture & Fittings	21,690	21,690	-	-	-	-	-	21,690	21,690	-
	36,390	24,589	11,801	-	-	-	1,180	36,390	25,769	10,621
	1,766,218	478,542	1,287,676	59,475	-	-	30,050	1,825,693	508,593	1,317,101

Lease rentals amounting to \$116,614 (2013: \$112,415) relating to the lease of building space and grazing leases are included in the income statement (Note 2).
The Airport Land is vested in Council under the Reserves Act 1977 for use as an Airport. The Airport holds the land "in substance" and is shown at the value at the date of vesting.
No assets are pledged as security

Note 8- Equity

	ACTUAL	
	2015	2014
	\$	
EQUITY		
Capital	1,303,577	1,184,821
Reserve Funds	84,329	75,956
Partners Current Accounts	(497,636)	(257,078)
Total Closing Public Equity	890,270	1,003,700

REPRESENTED BY:

CAPITAL

Whakatāne District Council

Opening Balance	600,505	561,252
Capital Contribution	10,216	39,253
Closing Balance	610,720	600,505
Crown		
Opening Balance	584,317	564,094
Capital Contribution	108,541	20,223
Closing Balance	692,857	584,317
Total Capital	1,303,577	1,184,821

RESERVE FUNDS

Runway Sealing Fund

Opening Balance	22,932	19,805
Interest	1,320	1,127
Contribution	2,000	2,000
Closing Balance	26,252	22,932
Terminal Depreciation Fund		
Opening Balance	53,024	48,277
Interest	3,052	2,747
Contribution	2,000	2,000
Closing Balance	58,076	53,024
Total Reserve Funds	84,329	75,956

PARTNERS CURRENT ACCOUNTS

Whakatāne District Council

Opening Balance	(126,141)	(92,036)
Movement for the Period*	(120,280)	(34,105)
Closing Balance	(246,421)	(126,141)
Crown		
Opening Balance	(130,936)	(96,831)
Movement for the Period	(120,280)	(34,105)
Closing Balance	(251,216)	(130,936)
Total Partners Current Accounts	(497,636)	(257,078)

*Movement in Partners Current Accounts for the Period

Net Surplus/(Deficit) after Tax	(232,186)	(60,337)
Less Reserve Interest	(4,373)	(3,874)
Runway reserve	(2,000)	(2,000)
Terminal Depreciation Reserve	(2,000)	(2,000)
Total Movement	(240,559)	(68,211)
Partner 50% Share	(120,280)	(34,105)

Note 9- Related Party Transactions

Whakatāne Airport is a 50:50 joint equity venture with the Ministry of Transport and Whakatāne District Council, and both entities are considered to be related parties.

The following transactions were carried out with related parties:

	ACTUAL	
	2015	2014
	\$	
Whakatāne District Council		
Administrative Services	64,420	53,583
Direct Costs Reallocated - Recreation & Community Facilities Admin.	958	993
Direct Costs Reallocated - OBU Parks Maintenance	8,477	7,786
Direct Costs Reallocated - Community Property Admin.	14,569	19,132
Total	88,424	81,494

Related Parties disclosure

In conducting its activities, the Airport is required to pay various taxes and levies (such as GST) to the Crown and entities related to the Crown. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers.

The Airport also provided a service to Air New Zealand which is controlled by the Crown. Revenue from Air New Zealand for the year ended 30 June 2015 totalled \$58,937 (2014: \$64,098).

Outstanding balances at year end

All cash transactions occur through the Whakatāne District Council bank accounts. The balance in the District Fund at 30 June 2015 is \$828,833 (2014: \$293,920 deficit).

Note 10- Capital Commitments

Whakatāne Airport has capital commitments as at 30 June 2015 of \$nil for capital projects (2014: \$nil).

Note 11- Contingencies

Whakatāne Airport has no contingent assets or liabilities as at 30 June 2015 (2014 : nil).

Note 12- Events After Balance Sheet Date

There were no significant events after the balance date.

Note 13- Financial Instruments

Whakatāne Airport has a series of policies to manage the risks associated with financial instruments. Whakatāne Airport is risk averse and seeks to minimise exposure from its treasury activities. Whakatāne Airport uses Council approved Liability Management and Investment policies. These policies do not allow any transactions to be entered into that are speculative in nature.

Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Whakatāne Airport does not hold financial instruments and is therefore not exposed to equity securities price risk on its investments.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Whakatāne Airport is not exposed to currency risk, as it does not enter into foreign currency transactions.

Interest Rate Risk

There is no interest rate risk. The Airport deposits funds directly into Whakatāne District Council bank account.

Credit Risk

Whakatāne Airport is exposed to credit risk in relation to its current account balance with Whakatāne District Council and trade debtors, thus exposure is managed under normal terms of trade.

Fair Values

Financial instruments in the Balance Sheet are shown at carrying amounts which are equivalent to their fair values.

Note 14- Statement of Intent

The Airport is a Council Controlled Organisation. For the current reporting period the Airport complied with Section 64 of the Local Government Act 2002, (the Act) which requires the Airport to prepare a Statement of Intent that complies with Clause 9 of Schedule 8 of the Act.

Note 15- Performance

Function performance

MEASURE/TARGET	2014/15 RESULT	2013/14 RESULT
The Airport is maintained as a non-certificated aerodrome in accordance with Civil Aviation Authority aerodrome design for aircraft at or below 5,700 kg Maximum Combined Take-Off Weight (MC TOW).	ACHIEVED. The Airport was maintained as a non-certificated aerodrome until 28 April 2015, when it became a CAR Part 139 certificated aerodrome in order to be utilised by Air Chathams for flights using a 50 seat Convair C-580.	Achieved
No non-compliance reports are received.	ACHIEVED. No non-compliance reports were received.	New measure
Spot inspections of runway and components are conducted monthly and Progress actioned.	ACHIEVED. Inspections have been conducted monthly and required actions undertaken. Civil Aviation Rule (CAR) Part 139 Certification has resulted in an increased inspection regime, and greater auditing of inspections and the implementation of resulting actions.	New measure
Less than five environmentally related complaints are received in a year.	ACHIEVED. No environmentally related complaints were received relating to the operation of the airport. One complaint was received relating to the operation of Air Chathams' scheduled flights over West End, Ōhope.	New measure

Cost performance- operating 2014/15

MEASURE	TARGETS	STATEMENT OF INTENT 2014/15	RESULT 2014/15
Operate and maintain the Airport within an operational expenditure budget (excluding corporate overheads and depreciation)	Revenue	229,000	Revenue was \$34,986 unfavourable owing to reductions in landing fees and base revenue.
	Expenditure	242,172	Expenses were \$184,028 unfavourable predominately owing to certification costs.
	Surplus (Deficit)	(13,172)	The financial result (excluding corporate overheads & depreciation) was a deficit of \$137,175. This \$124,003 unfavourable due the reasons stated above.

Cost performance- operating 2013/14

MEASURE	TARGETS	STATEMENT OF INTENT 2013/14	RESULT 2013/14
Operate and maintain the Airport within an operational expenditure budget (excluding corporate overheads and depreciation)	Revenue	217,000	Revenue was \$14,000 unfavourable due to reduction in Airport Dues received and Sundry Income
	Expenditure	281,275	Direct Costs were \$113,000 favourable due to reductions in consultants and contract costs
	Surplus (Deficit)	(64,275)	The financial result (excluding corporate overheads and depreciation) was a surplus of \$28,000. This is \$92,000 favourable due to reductions in direct costs in an effort to reduce the ongoing Airport deficit.

Cost performance - capital 2014/15

MEASURE	TARGETS	STATEMENT OF INTENT 2014/15	REVISED BUDGET & CARRY FORWARDS	RESULT 2014/15
Deliver capital projects within capital expenditure budgets	Pavement Resurfacing	-	50,000	Behind Schedule - project has been carried forward and works to be undertaken in 2015/16 year.
	Runway Lighting and Navigational Aids Renewal	8,000	144,000	Behind Schedule - Survey and design work has been undertaken and a preferred supplier identified. Project has been carried forward and works to be undertaken in 2015/16 year.
	Airport Certification Costs	-	-	Complete - \$8,000 capital expenditure related to certification costs required following airline service changes. The majority of this project was funded from operational budgets.
	Whakatāne Airport Terminal	11,137	11,136	Complete - numerous minor renewals projects undertaken, including weather tightness works and upgrading the sewage system.

Cost performance- capital 2013/14

MEASURE	TARGETS	STATEMENT OF INTENT 2013/14	REVISED BUDGET & CARRY FORWARDS	RESULT 2013/14
Deliver capital projects within capital expenditure budgets	Airport Expansion	-	5,000	Airport Expansion budget was reprioritised to Circuit Board Replacement
	Whakatāne Airport Advertising Hoardings	10,000	10,000	Project was \$3330 under budget. Reprioritised to Circuit Board Replacement
	Pavement Resurfacing	100,000	50,000	Behind Schedule - surface investigation underway
	Airport Parking	55,000	55,000	Budget reprioritised
	Landing Fees Collection Software	5,000	1,000	Completed - new system implemented
	Airport Lighting and Navigation	8,000	140,000	Equipment ordered, project to be completed Jul/Aug 2014. Carry forward \$136,040
	Circuit Board Replacement	-	-	Unbudgeted project, cost \$12,360 funded by reprioritising other projects
	Airport Terminal Renewal	4,580	4,580	Completed - numerous minor renewals projects undertaken
Fire Fighting Water Supply	-	-	18,990	Addition of water tanks - project completed. \$17,495 over budget due to increased scope

Note 16- Operating Funding

The Whakatāne District Council Long Term Plan 2015-25 incorporates on-going support for the Airport. This year the Whakatāne District Council has confirmed its continued support by providing a letter of assurance for the Airport.

Statement of Compliance & Responsibility

Compliance

The Council and management of the Whakatāne District Council confirm that all the statutory requirements of section 98 of the Local Government Act 2002 have been complied with.

Responsibility

The Council and management of the Whakatāne District Council accept responsibility for the preparation of the Annual Report and the judgments used in them.

The Council and management of the Whakatāne District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of the Whakatāne District Council, the Annual Report of the Whakatāne Airport Joint Venture for the year ended 30 June 2015 fairly reflects the financial position and operations.



Tony Bonne
MAYOR
30 September 2015



Marty Grenfell
CHIEF EXECUTIVE
30 September 2015



Audit Report

Independent Auditor's Report

To the readers of Whakatāne Airport Joint Venture's financial statements and performance information for the year ended 30 June 2015

The Auditor-General is the auditor of Whakatāne Airport Joint Venture (the Airport). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Airport on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Airport on pages 10 to 25, that comprise the statement of financial position as at 30 June 2015, the statement of performance and the statement of changes in equity and net assets for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Airport on pages 23 to 24.

In our opinion:

- the financial statements of the Airport:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector); and
- the performance information of the Airport presents fairly, in all material respects, the Airport's achievements measured against the performance targets adopted for the year ended on 30 June 2015.

Our audit was completed on 30 September 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Airport's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control.

An audit also involves evaluating the:

- appropriateness of accounting policies used and whether they have been consistently applied;
- reasonableness of the significant accounting estimates and judgements made by the Council;
- adequacy of the disclosures in the financial statements and in the performance information; and
- overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for the preparation and fair presentation of financial statements for the Airport that comply with generally accepted accounting practice in New Zealand. The Council is also responsible for preparation of the performance information for the Airport.

The Council's responsibilities arise from the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication

of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Airport.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

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