



Whakatāne Airport Annual Report

Rīpoata - ā - Tau

*For the Period 1 July 2016
to 30 June 2017*

 **WHAKATĀNE**
District Council
Kia Whakatāne au i ahau

whakatane.govt.nz





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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 Commercial Advisory Board provides advice to the Council, which managed the day-to-day operation and maintenance of the airport in 2016/17. As of 1 July 2017, operation and maintenance will be managed through a contract for service with JNP Aviation.

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 larger DC3 aircraft. That development was followed by the construction of the iconic Whakatāne Airport building. The building was designed by architect Roger Walker and completed in 1974, and has since received an Enduring Architecture award from the New Zealand Institute of Architects.

Today, the Whakatāne Airport caters for both commercial and recreational flight activities, including daily scheduled passenger services to and from Auckland.





Foreword

Ko te Rīpoata-ā-tau tēnei o te Taunga Waka Rererangi o Whakatāne mō te tau pūtea o 2016/17. He rīpoata tēnei mō te wā 1 Hōngongoi 2016 ki te 30 Pipiri 2017, e whakarite ana i te mahi o te Taunga Waka Rererangi i te Tuhiinga Whāinga o 2016/2017.

Welcome to the Whakatāne Airport Annual Report for the 2016/17 financial year. This report details the actual performance of the Whakatāne Airport for the period 1 July 2016 - 30 June 2017, compared to what was planned through the Whakatāne Airport Statement of Intent for 2016/17. The Statement of Intent can be found on the Whakatāne District Council website (www.whakatane.govt.nz).

The Whakatāne Airport is a Council-Controlled Organisation (CCO), as defined by 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 Whakatāne Airport is its efficient operation under sound business principles, for the benefit of both commercial and non-commercial aviation users. The Whakatāne 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 partner and stakeholders, and their contributions to the Whakatāne Airport during the year. In particular, this includes the Ministry of Transport, the Commercial Advisory Board and the Whakatāne Airport User Group.

A Year in Review

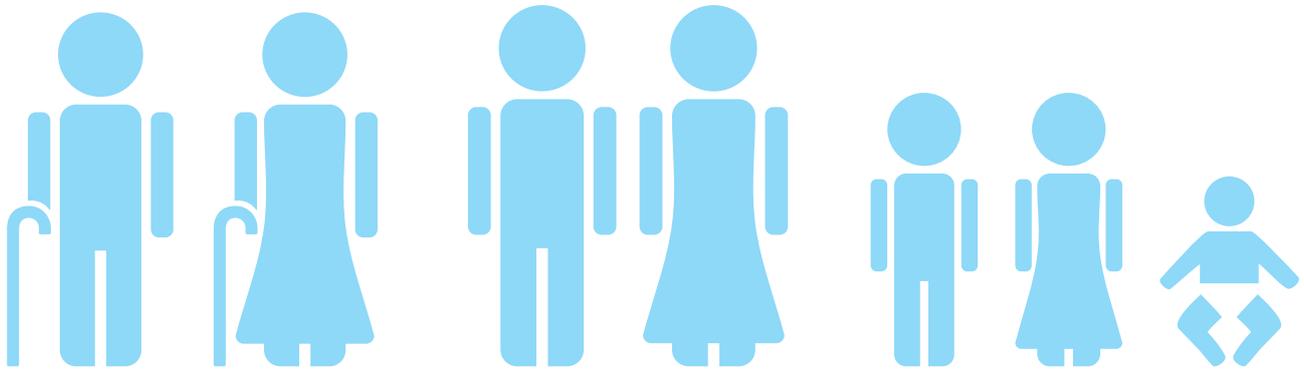
June 30, 2017 marked the end of the second full financial year of Air Chathams providing air services to the Whakatāne District. Over the year, Air Chathams carried a total of 23,280 passengers, an increase of 17.5% on the 2015/16 financial year.

As well as providing regular scheduled flights between Auckland and Whakatāne by metroliner, in 2016/17 Air Chathams continued to offer customers the chance to fly in their lovingly restored DC-3. The aircraft, now 72 years old, remains in commercial service and is a very important part of Kiwi history. It is the last flying piston engine example of the Royal New Zealand Air Force (RNZAF) C-47 fleet, the last flying example of the New Zealand National Airways Corporation DC-3 fleet, the last flying example of the Fieldair fleet, and the only surviving RNZAF World War II veteran aircraft still in front-line service.

The Council appreciates its positive working relationship with Air Chathams. In addition to providing air services, Air Chathams continues to support the wider community by sponsoring many local events. The Council looks forward to building this relationship in the future.

Duane Emeny – Airline & Charter General Manager for Air Chathams says: “Air Chathams is very pleased with the growth in the Whakatāne-to-Auckland air service over the past 12 months. We are building a regular passenger base that have discovered the convenience and affordability of using the direct service, rather than commuting to Tauranga or Rotorua.

“The Airport terminal has gone through a transformation, thanks to good support from the Whakatāne District Council, which all adds to the positive customer experience. The airline is keen to explore future opportunities with the larger Saab 340 aircraft into the Eastern Bay market, pending changes in regulation which will allow that aircraft type to operate at Whakatāne Airport.”



23,280

PASSENGERS

departed from or arrived into Whakatāne Airport in 2016/17

Ten Year Business Plan

In March 2013, the Whakatāne Airport Board adopted a Ten Year Business Plan for Whakatāne Airport. The Plan provides a strategic framework for the airport, identifies opportunities for growth and development, and outlines a set of actions to support the airport's 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;
4. Maintain and enhance relationships with businesses and individuals with interests in the Airport to improve confidence in its operations and management.

Over the 2016/17 year, the airport has completed several actions in line with the Ten Year Plan.

Maximising commercial opportunities

An expanded airport operations contract was negotiated in 2016/17. As of July 2017, JNP Aviation will provide an airport operations office from 8:00 am to 5:00 pm on weekdays, and a greater range of services to the Council.

Maintaining and improving assets

The eastern 150 metres of the sealed runway and northern portion of the terminal apron were resealed in February 2017, in accordance with the 10-year forward works programme. The resealing has addressed age and condition-related chip shedding issues on the apron, as well as bitumen 'volcano' problems initially experienced at the eastern end of the runway during the final period of Eagle Airways' scheduled flight services from Whakatāne.

Damage was experienced to operational area signage during ex-tropical cyclones Debbie and Cook in April 2017, and this was repaired after the events. The airport's emergency back-up systems operated as designed during the emergencies, ensuring minimum disruption to scheduled flights. The airport was available as a resource for emergency and recovery agencies in the immediate aftermath of the storms.

The airport's Civil Aviation Rule Part 139 certification was renewed after a successful audit by the Civil Aviation Authority (CAA) in May 2017.

The Airport Authority has engaged positively with the CAA, Air Chathams and the New Zealand Airports Association to understand and address the implications of a Court of Appeal decision relating to the required length of Runway End Safety Areas (RESA) in February 2017. This has encouraged the New Zealand Airports Association to join a Supreme Court appeal of the decision representing the Whakatāne Airport's interests, along with other affected airports.

Airways Corporation has been engaged to undertake the replacement of runway edge lights, windsocks, and associated supporting network infrastructure. The physical works are expected to commence in November 2017.

Maintaining and enhancing business relationships

A programme of minor improvements to the terminal building has continued in 2016/17, to deliver an improved customer experience for Air Chathams passengers. These improvements included installing new café-style furniture in the terminal lounge, installation of new signage, door frosting and poster frames, and establishing waste recycling facilities.

Discussion and planning has been undertaken with rental car providers to enhance their presence in the terminal and enable the planned creation of a display space in the central column alcove area.



WELCOME TO WHAKATĀNE
Gateway to White Island / Whakaari



Financial Statements

Statement of Financial Performance

For the Year Ended 30 June 2017

		ACTUAL	
		2017	2016
		\$	
REVENUE			
Operating Revenue	Note 2	178,551	323,547
Finance Revenue		4,149	4,346
Total Revenue		182,700	327,893
EXPENSE			
Operating Expenses	Note 3	322,604	317,791
Depreciation and Amortisation	Note 7	52,046	30,324
Audit Fees		9,410	9,382
Gains/(Loss) on Property, Plant and Equipment disposal		-	7,597
Total Expense		384,060	365,094
Surplus/(Deficit) before Tax		(201,360)	(37,201)
Income Tax Expense	Note 4	-	-
Surplus/(Deficit) After Tax		(201,360)	(37,201)
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		(201,360)	(37,201)

The Notes and the Statement of Accounting Policies on pages 13 to 25 form part of the Financial Statements.

Statement of Financial Position

As at 30 June 2017

		ACTUAL	
		2017	2016
		\$	
ASSETS			
Current Assets			
Receivables	Note 5	582,334	339,317
Non-Current Assets			
Property, Plant and Equipment	Note 7	1,723,995	1,501,296
Total Assets		2,306,329	1,840,613
LESS LIABILITIES			
Current Liabilities			
Whakatāne District Council		898,570	703,496
Trade and Other Payables	Note 6	53,906	51,771
Total Liabilities		952,476	755,267
Assets Less Liabilities		1,353,853	1,085,346
ACCUMULATED FUNDS			
Capital		1,810,602	1,535,853
Reserve Funds		100,823	92,675
Partners Current Accounts		(557,570)	(543,184)
Total Accumulated Funds	Note 8	1,353,853	1,085,346

The Notes and the Statement of Accounting Policies on pages 13 to 25 form part of the Financial Statements.



Tony Bonne
MAYOR
30 September 2017



Marty Grenfell
CHIEF EXECUTIVE
30 September 2017

Statement of Cashflows

For the Year Ended 30 June 2017

	ACTUAL 2017	BUDGET 2017	ACTUAL 2016
	\$		
CASH FLOWS FROM OPERATING ACTIVITIES			
Contribution (Rates Revenue)	-	-	151,466
Subsidies and Grants Received (funding from MOT and Council Share)	-	-	232,276
Fees and Charges and Other Revenue received	78,557	227,985	291,330
Interest Received	4,149	-	4,346
Payments to Suppliers & Employees	(335,527)	(348,766)	(321,805)
Net Cash Flow from Operating Activities	(252,821)	(120,781)	357,613
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	(274,749)	(532,726)	(232,276)
Net Cash Flows from Investing Activities	(274,749)	(532,726)	(232,276)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution (Rates Revenue)	195,122	195,042	-
Contribution - WDC for Capital Works	137,375	-	-
Net Cash Flow from Financing Activities	332,497	195,042	-
Net Increase (Decrease) in Cash, Cash Equivalents and Bank Overdrafts	(195,074)	(458,465)	125,337
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the year	703,496	703,496	828,833
Cash, Cash Equivalents and Bank Overdrafts at the End of the Year	898,570	245,031	703,496
Represented by:			
Cash at Bank - WDC account	898,570	-	703,496



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 2017.

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 SFR-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.

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.

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	2-10	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	
	2017	2016
	\$	
Airport Dues	56,535	59,486
Lease of Buildings	11,221	10,053
Commercial Leases	30,145	29,507
Grazing Leases	68,747	60,819
Sundry Income	11,904	12,214
Rates - (General & District Funds)*	-	151,466
	178,551	323,547

*treated as contribution to equity in 2017

Note 3- Operating Expenses

	ACTUAL	
	2017	2016
	\$	
Consultants	8,913	29,989
Contracts	109,515	99,963
Direct Cost Reallocated	49,379	36,894
Equipment & Materials	6,145	6,605
Electricity	13,807	16,137
Extraordinary expenses	-	11,580
Fire Security	450	360
General Expenses	674	5,969
Insurances	4,366	4,284
Legal Costs	1,080	5,079
Maintenance and Repairs	21,500	18,211
Rates Paid	5,203	8,739
Refunds	-	219
Security	651	125
Training & Professional Development	1,941	4,334
Subscriptions	1,800	8,762
Taxation Advice	5,150	2,950
Telephones and Tolls	-	224
Travel & Accommodation	1,239	1,085
Vehicle Costs:	200	100
Water Purchases	823	183
Overheads	89,768	56,001
Total Other Expenses	322,604	317,791

(Excludes Depreciation, Personnel Costs and Audit Fees)

Note 4- Taxation

	ACTUAL	
	2017	2016
	\$	
Income Tax Expense		
Net Surplus before tax	(201,360)	(37,201)
Tax calculated at applicable tax rate 28% (2016:28%)	(56,381)	(10,416)
Prior year adjustment	-	-
Depreciation Adjustments	3,075	4,408
Tax loss not recognised	53,306	6,008
Tax expense/(benefit)	-	-
Current tax expense	-	-
Prior year adjustments to current tax	-	-
Tax Expense	-	-

Tax losses of \$1,911,927 (2016: \$1,721,548) 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	
	2017	2016
	\$	
Air Chathams Ltd Landing Fees	5,220	5,232
Other Receivables	33,981	2,920
Ministry of Transport*	543,133	331,165
Total Receivables	582,334	339,317

* Increase in Ministry of Transport receivable in 2017 due to accumulated deficits and completed capital works not yet invoiced.

Note 6- Payables and Deferred Revenue

	ACTUAL	
	2017	2016
	\$	
Audit Fees	9,410	9,382
Trade Payables	12,948	16,489
Income Received in Advance - Rentals & Leases	31,547	25,899
Total Payables and Deferred Revenue	53,906	51,771

Note 7- Plant, Property & Equipment- 2017

2017	COST/ REVALUATION 30 JUNE 2016	ACCUMULATED DEPRECIATION AND IMPAIRMENT 30 JUNE 2016	NET BOOK VALUE 30 JUNE 2016	ADDITIONS CURRENT YEAR	DISPOSALS CURRENT YEAR	IMPAIRMENT CURRENT YEAR	DEPRECIATION CURRENT YEAR	COST/ REVALUATION 30 JUNE 2017	ACCUMULATED DEPRECIATION AND IMPAIRMENT 30 JUNE 2017	NET BOOK VALUE 30 JUNE 2017
LAND										
Land	12,246	-	12,246	-	-	-	-	12,246	-	12,246
AIRPORT										
Runways & Taxiways	1,310,630	275,832	1,034,798	242,562	-	-	27,425	1,553,192	303,263	1,249,930
Fencing	69,608	31,561	38,047	-	-	-	2,739	69,608	34,301	35,308
Water Supply	112,107	14,790	97,317	-	-	-	1,121	112,107	15,911	96,196
Aprons	24,195	18,309	5,886	-	-	-	484	24,195	18,793	5,402
Water Supply Improvement	7,592	799	6,793	-	-	-	76	7,592	875	6,717
Radio Transmitter	941	941	-	-	-	-	-	941	941	-
Airport Signage	17,781	7,055	10,726	-	-	-	3,556	17,781	10,612	7,169
Grassing	30,133	-	30,133	-	-	-	-	30,133	-	30,133
Roading	15,568	-	15,568	-	-	-	-	15,568	-	15,568
Security	25,620	12,479	13,141	-	-	-	1,643	25,620	14,122	11,498
	1,614,175	361,767	1,252,408	242,562	-	-	37,044	1,856,737	398,817	1,457,921
TERMINAL										
Paths & Parking Area	12,206	4,634	7,572	-	-	-	366	12,206	5,000	7,206
Building	297,891	147,149	150,742	-	-	-	5,958	297,891	153,107	144,784
Floodlighting	10,874	8,572	2,302	-	-	-	230	10,874	8,802	2,072
Terminal Site Development	75,221	10,750	64,471	-	-	-	1,075	75,221	11,825	63,396
Automatic Sliding Doors	14,689	9,608	5,081	-	-	-	508	14,689	10,116	4,573
LED Lighting upgrade	-	-	-	28,416	-	-	5,683	28,416	5,683	22,733
	410,881	180,713	230,168	28,416	-	-	13,820	439,297	194,533	244,763
WORK SERVICES										
Plant & Equipment	7,103	5,338	1,766	-	-	-	177	7,103	5,514	1,589
Furniture & Fittings	26,398	21,690	4,708	3,771	-	-	1,005	30,169	22,695	7,475
	33,502	27,028	6,474	3,771	-	-	1,181	37,273	28,209	9,064
	2,070,804	569,508	1,501,296	274,749	-	-	52,046	2,345,553	621,559	1,723,995

Lease rentals amounting to \$122,017 (2016: \$112,594) relating to the lease of building space and grazing leases are included in the statement of financial position (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- 2016

2016	COST/ REVALUATION 30 JUNE 2015	ACCUMULATED DEPRECIATION AND IMPAIRMENT 30 JUNE 2015	NET BOOK VALUE 30 JUNE 2015	ADDITIONS CURRENT YEAR	DISPOSALS CURRENT YEAR	IMPAIRMENT CURRENT YEAR	DEPRECIATION CURRENT YEAR	COST/ REVALUATION 30 JUNE 2016	ACCUMULATED DEPRECIATION AND IMPAIRMENT 30 JUNE 2016	NET BOOK VALUE 30 JUNE 2016
LAND										
Land	12,246	-	12,246	-	-	-	-	12,246	-	12,246
AIRPORT										
Runways & Taxiways	1,083,062	259,358	823,704	227,568	-	-	16,474	1,310,630	275,832	1,034,798
Fencing	69,608	28,609	40,999	-	-	-	2,952	69,608	31,561	38,047
Water Supply	112,107	13,807	98,300	-	-	-	983	112,107	14,790	97,317
Aprons	24,195	18,189	6,006	-	-	-	120	24,195	18,309	5,886
Water Supply Improvement	7,592	730	6,862	-	-	-	69	7,592	799	6,793
Radio Transmitter	941	941	-	-	-	-	-	941	941	-
Airport Signage	17,781	4,374	13,407	-	-	-	2,681	17,781	7,055	10,726
Grassing	30,133	-	30,133	-	-	-	-	30,133	-	30,133
Roading	15,568	-	15,568	-	-	-	-	15,568	-	15,568
Security	25,620	10,602	15,018	-	-	-	1,877	25,620	12,479	13,141
Certification Costs										
	1,386,607	336,611	1,049,997	227,568	-	-	25,156	1,614,175	361,767	1,252,408
TERMINAL										
Paths & Parking Area	12,206	4,634	7,572	-	-	-	-	12,206	4,634	7,572
Building	297,891	144,073	153,818	-	-	-	3,076	297,891	147,149	150,742
Floodlighting	10,874	8,317	2,557	-	-	-	256	10,874	8,572	2,302
Terminal Site Development	75,221	9,675	65,546	-	-	-	1,075	75,221	10,750	64,471
Automatic Sliding Doors	14,689	9,043	5,646	-	-	-	565	14,689	9,608	5,081
	410,881	175,741	235,140	-	-	-	4,972	410,881	180,713	230,168
WORK SERVICES										
Plant & Equipment	14,700	5,141	9,559	-	(7,597)	-	196	7,103	5,338	1,766
Furniture & Fittings	21,690	21,690	-	4,708	-	-	-	26,398	21,690	4,708
	36,390	26,831	9,559	4,708	(7,597)	-	196	33,502	27,028	6,474
	1,846,124	539,183	1,306,941	232,276	(7,597)	-	30,324	2,070,804	569,508	1,501,296

Lease rentals amounting to \$112,594 (2015: \$114,776) relating to the lease of building space and grazing leases are included in the statement of financial performance (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	
	2017	2016
	\$	
EQUITY		
Capital	1,810,602	1,535,853
Reserve Funds	100,823	92,675
Partners Current Accounts	(557,570)	(543,184)
Total Closing Public Equity	1,353,857	1,085,346
REPRESENTED BY:		
CAPITAL		
Whakatāne District Council		
Opening Balance	726,858	610,720
Capital Contribution	137,375	116,138
Closing Balance	864,233	726,858
Crown		
Opening Balance	808,995	692,857
Capital Contribution	137,375	116,138
Closing Balance	946,370	808,995
Total Capital	1,810,602	1,535,853
RESERVE FUNDS		
Runway Sealing Fund		
Opening Balance	29,605	26,252
Interest	1,325	1,353
Contribution	2,000	2,000
Closing Balance	32,931	29,605
Terminal Depreciation Fund		
Opening Balance	63,069	58,076
Interest	2,823	2,993
Contribution	2,000	2,000
Closing Balance	67,892	63,069
Total Reserve Funds	100,823	92,675
PARTNERS CURRENT ACCOUNTS		
Whakatāne District Council		
Opening Balance	(517,123)	(246,421)
Movement for the period*	(102,680)	(22,774)
Contribution	195,122	-
MOT Repayment of Operating Losses	-	(247,929)
Closing Balance	(424,681)	(517,123)
Crown		
Opening Balance	(26,060)	(251,216)
Movement for the period*	(106,829)	(22,774)
MOT Repayment of Operating Losses	-	247,929
Closing Balance	(132,889)	(26,060)
Total Partners Current Accounts	(557,570)	(543,184)
*Movement in Partners Current Accounts for the Period		
Net Surplus/(Deficit) after Tax	(201,360)	(37,201)
Less Reserve Interest	-	(4,346)
Runway reserve	(2,000)	(2,000)
Terminal Depreciation Reserve	(2,000)	(2,000)
Total Movement	(205,360)	(45,547)
Reserve interest	(4,149)	-
WDC Share	(102,680)	(22,774)
MOT Share (Less Reserve Interest)	(106,829)	-

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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	
	2017	2016
	\$	
Whakatāne District Council		
Administrative Services	85,518	56,001
Direct Costs Reallocated - OBU Parks Maintenance	15,497	12,323
Direct Costs Reallocated - Community Property Administration	18,668	19,388
Direct Costs Reallocated - Roads & Footpaths PSBU	6,712	5,182
Direct Costs Reallocated - Mowing	8,501	-
Rates Paid - Water and General	5,203	8,739
Total	140,099	101,633

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.

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 2017 is \$898,570 deficit (2016: \$703,496 deficit).

Note 10- Capital Commitments

Whakatāne Airport has capital commitments as at 30 June 2017, with works contracted for \$400,000 in relation to one capital project. This is for Lighting and Navigational Upgrade works. Work on this project was due to commence in the April-June quarter 2017, however this was delayed in part due to the April weather events and subsequent reduced contractor availability, and has been rescheduled for 2018 (2016: nil).

Note 11- Contingencies

Whakatāne Airport has no contingent assets or liabilities as at 30 June 2017 (2016: 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 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- Cost Performance

Function performance

MEASURE/TARGET	2016/17 RESULT	2015/16 RESULT
No non-compliance reports are received.	ACHIEVED No non-compliance reports were received	ACHIEVED
Spot inspection of runway and components are conducted monthly and results actioned.	ACHIEVED Inspections have been conducted monthly and required actions undertaken.	ACHIEVED
Less than five environmentally related complaints are received in a year.	ACHIEVED One complaint received in January 2017.	ACHIEVED
The Airport is maintained as a CAR Part 139 Certificated aerodrome in accordance with CAA aerodrome design for all aircraft undertaking Air Transport Operations and aircraft above 5,700 kg Maximum Combined Take-Off Weight (MCTOW).	ACHIEVED The Airport was maintained as a CAR Part 139 certificated aerodrome.	ACHIEVED

Cost performance - operating 2016/17

MEASURE	TARGETS	STATEMENT OF INTENT 2016/17	ACTUAL 2016/17	RESULT 2016/17
Operate and maintain the Airport within an operational expenditure budget (excluding corporate overheads and depreciation)	Income (excluding interest and general rates)	227,985	178,551	Revenue was \$49,434 unfavourable owing to lower than budgeted passenger numbers and changes to landing fees.
	Expenditure (excluding corporate overheads and depreciation)	270,765	242,246	Expenses were \$28,519 favourable with a number of direct costs variances. Figure used in the 2016/17 SOI was a draft figure, which was then revised down to \$222,185.
	Surplus (Deficit)	(42,780)	(63,695)	The financial result (excluding corporate overheads & depreciation) was a deficit of \$63,695. This is \$20,915 unfavourable to the SOI, and is due to the reasons stated above.

Cost performance - operating 2015/16

MEASURE	TARGETS	STATEMENT OF INTENT 2015/16	ACTUAL 2015/16	RESULT 2015/16
Operate and maintain the Airport within an operational expenditure budget (excluding corporate overheads and depreciation)	Income (excluding interest and general rates)	208,708	172,081	Revenue was \$36,627 unfavourable owing to reduced numbers of passengers offset by favourable sundry income.
	Expenditure (excluding corporate overheads and depreciation)	253,802	271,172	Expenses were \$17,370 unfavourable with a number of direct costs variances, but predominantly owing to demolition costs for an airport hangar which were reclassified as an operating expense but budgeted as capital expenditure.
	Surplus (Deficit)	(45,094)	(99,091)	The financial result (excluding corporate overheads and depreciation) was a deficit of \$99,091. This was \$53,997 unfavourable to the Statement of Intent, and was due to the reasons stated above.

Cost performance - capital 2016/17

MEASURE	TARGETS	STATEMENT OF INTENT 2016/17	ACTUAL 2016/17	RESULT 2016/17
Deliver capital projects within capital expenditure budgets	Airport Runway Lighting and Navigational Aids Renewal	8,000	1,194	NOT ACHIEVED This project has been delayed and is now programmed in tandem with runway lighting and navigational aids upgrade works. These are expected to be completed in 2018.
	Electronic Security Access System	12,000	15,005	NOT ACHIEVED The purchase of a new security swipe system for the Whakatāne Airport and associated works are expected to be completed in the first quarter of the 2017/18 financial year.
	Reseal Carpark - West	7,290	-	NOT ACHIEVED This project has been deferred to cover an overspend on the runway reseal project.
	Whakatāne Airport Terminal Renewal	2,500	3,771	COMPLETED This project was completed but was over budget due to the purchase of furniture for the terminal building
	Total	29,790	19,970	

Cost performance - capital 2015/16

MEASURE	TARGETS	STATEMENT OF INTENT 2015/16	REVISED BUDGET & CARRY FORWARDS	ACTUAL 2015/16	RESULT 2015/16
Deliver capital projects within capital expenditure budgets	Runway Lighting and Navigational Aids	8,000	45,482	125,090	NOT ACHIEVED - This work was completed with costs \$117,090 over the Statement of Intent. This was due to delays causing the rescheduling of a calibration flight, changes in scope partially due to the condition of electrical infrastructure and information obtained by Airways Corporation of New Zealand Ltd, and tenders exceeding budget. The total cost of this project was \$227,568.
	Airport carparks & Apron lighting	25,000	-	28,416	NOT ACHIEVED - The 2016 portion of a LED lighting upgrade was partially completed and was marginally over budget. Some of the upgrade work was rescheduled for 2017 due to budget constraints.
	Removal of Hangar Building	10,000	-	11,580	NOT ACHIEVED - This project was completed, with the hangar building demolished and disposed of. This project was funded by the operational budget and was treated as an Extraordinary Expense.
	Whakatāne Airport Terminal Renewal	2,500	-	4,708	NOT ACHIEVED - The replacement of radiant heaters with two new heat pumps was over budget.
	Capital Expenditure	45,500	45,482		

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Note 16 - Operating Funding

The Whakatāne District Council Long Term Plan 2015-25 incorporates on-going support 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 2017 fairly reflects the financial position and operations.



Tony Bonne
MAYOR
30 September 2017



Marty Grenfell
CHIEF EXECUTIVE
30 September 2017



Audit Report

Independent Auditor's Report

To the readers of Whakatane Airport's financial statements and performance information for the year ended 30 June 2017

The Auditor-General is the auditor of Whakatane Airport (the Airport). The Auditor-General has appointed me, B H Halford, 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 his behalf.

Opinion

We have audited:

- the financial statements of the Airport on pages 10 to 23 and page 25, that comprise the statement of financial position as at 30 June 2017, the statement of financial performance, and statement of cash flows 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 25.

In our opinion:

- the financial statements of the Airport on pages 10 to 23 and page 25:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2017; and
 - its financial performance and cash flows for the year then ended;
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector).
- the performance information of the Airport presents fairly, in all material respects, the Airport's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Airport's objectives, for the year ended 30 June 2017.

Our audit was completed on 30 September 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Whakatane District Council (the Council) and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Whakatane District Council for the financial statements and the performance information

The Council is responsible on behalf of the Airport for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

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

In preparing the financial statements and performance information, the Council is responsible on behalf of the Airport for assessing the Airport's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Airport or to cease operations, or there is no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually, or in the aggregate, they could reasonably be expected to influence the decision of readers taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Airport's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Airport's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Airport to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information. The other information comprises the information included on pages 4 to 7, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Airport in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of the Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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



B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

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