



Whakatāne Airport Annual Report

Rīpoata -ā- Tau

*For the Period 1 July 2015
to 30 June 2016*



whakatane.govt.nz



Air Chathams
www.airchathams.co.nz



4418



Contents Page

FOREWORD	05
A YEAR IN REVIEW	06
FINANCIAL STATEMENTS	09
Statement of Financial Performance	10
Statement of Financial Position	11
Statement of Cashflows	12
NOTES TO THE FINANCIAL STATEMENTS	13
Note 1 - Statement of Accounting Policies	14
Note 2 - Operating Revenue	17
Note 3 - Operating Expenses	17
Note 4 - Taxation	18
Note 5 - Sundry Receivables	18
Note 6 - Payables and Deferred Revenue	18
Note 7 - Plant, Property & Equipment - 2014	19
Note 7 - Plant, Property & Equipment - 2015	20
Note 8 - Equity	21
Note 9 - Related Party Transactions	22
Note 10 - Capital Commitments	22
Note 11 - Contingencies	22
Note 12 - Events After Balance Sheet Date	22
Note 13 - Financial Instruments	22
Note 14 - Statement of Intent	23
Note 15 - Performance	23
Note 16 - Operating Funding	25
Statement of Compliance & Responsibility	25
AUDIT REPORT	26

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, who provide the day-to-day operation and maintenance of the Airport

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, 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 2015/16 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 2015/16. The Statement of Intent can be found via the Whakatāne District Council Website at www.whakatane.govt.nz.

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).

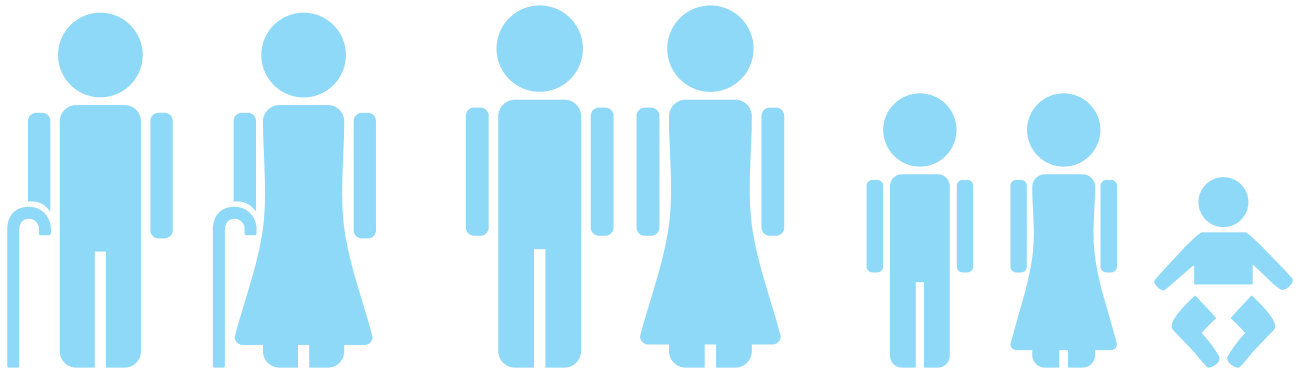
This Annual Report provides an opportune moment for the Council to acknowledge its partners and their contributions to the Whakatāne Airport during the year. In particular this includes the Ministry of Transport, the Grow Whakatāne Advisory Board and the Whakatāne Airport User Group.

A Year in Review

Air Chathams completes first financial year

June 30, 2016 marked the end of the first full financial year of Air Chathams providing air services to the Whakatāne District. Over the year, Air Chathams carried a total of 19,810 passengers. In December 2015, the Air Chathams metroliner was branded with Whakatāne District Council's 'Everything under the sun' District brand campaign, becoming a 'flying billboard' of what the District has to offer. As well as providing regular flights between Auckland and Whakatāne on the metroliner, in 2015/16 Air Chathams began offering customers the chance to enjoy the first scheduled DC-3 passenger flights in New Zealand since 1974.

The Council appreciates its positive working relationship with Air Chathams. Over the last year, in addition to providing air services, Air Chathams has become part of the wider community by supporting and sponsoring several local events and responding positively to community feedback around flight scheduling. Since arriving in Whakatāne Air Chathams has purchased two additional metroliners, resulting in increased reliability and a capacity for the future growth of air services in the area. The Council looks forward to building this relationship in the future.



19,810

Passengers

Departures & Arrivals from Whakatāne Airport



Ten year business plan

During the 2012/13 year, 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 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**
- 4. Maintain and enhance relationships with businesses and individuals with interests in the Airport to improve confidence in its operations and management.**

Over the 2015/16 year, the airport has completed several actions in line with these strategies.

Maintaining and enhancing business relationships

This year the airport has worked with White Island Flights to relocate their check-in office to a more visible location, and has also worked with leaseholders to enable the redevelopment of hangar space. The airport terminal check-in area has been re-branded, and heat pumps have been installed in the waiting lounge to assist Air Chathams in the provision of good customer facing facilities. Booking facilities have been implemented for Air Chathams at the Whakatāne I-Site. SunAir continues to operate flights in and out of Whakatāne.

Encouraging diverse income streams and commercial opportunities

An advertising initiative was developed this year and includes the provision of new billboard advertising spaces, flat screen displays promoting local business, and the sale of advertising packages. Negotiation of the lease of a former grazing block has resulted in the future development of the land into a mānuka plantation. A review of general aviation landing fees resulted in the Whakatāne District Council adopting a new fees model in June 2016. The model is intended to boost general aviation traffic and lower administration costs.

Maintaining and improving assets

Major works were undertaken this year to maintain and improve the facilities of the Whakatāne Airport. In October 2015, the approach lights were replaced with a new 'Abbreviated Precision Approach Path Indicator' (APAPI) system. The age of the previous system meant it had become problematic to maintain. The new APAPI system meets the requirements of the Civil Aviation Authority, but it can also be easily upgraded in the future, as user needs change. Also this year, the terminal apron lights were upgraded with LED lighting, and the eastern turning bay was resealed to eliminate pavement problems that were impacting scheduled flights during the summer months and causing issues with surface water. Minor renewals were also undertaken to maintain the ageing runway edge lights. An old hangar containing asbestos and being used by birds to roost was removed, which provided space for future development.





Financial Statements

Statement of Financial Performance

For the Year Ended 30 June 2016

		ACTUAL	
		2016	2015
		\$	
REVENUE			
Operating Revenue	Note 2	323,547	189,641
Finance Revenue		4,346	4,373
Total Revenue		327,893	194,014
EXPENSE			
Operating Expense	Note 3	317,791	384,681
Personnel Costs		-	1,738
Depreciation and Amortisation	Note 7	30,324	30,591
Audit Fees		9,382	9,190
Gains/(Loss) on Property, Plant and Equipment disposal		7,597	-
Total Expense		365,094	426,200
Surplus/(Deficit) before Tax		(37,201)	(232,186)
Income Tax Expense	Note 4	-	-
Surplus/(Deficit) After Tax		(37,201)	(232,186)
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		(37,201)	(232,186)

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 2016

		ACTUAL	
		2016	2015
		\$	
ASSETS			
Current Assets			
Receivables	Note 5	339,317	461,211
Non-Current Assets			
Property, Plant and Equipment	Note 7	1,501,296	1,306,941
Total Assets		1,840,613	1,768,152
LESS LIABILITIES			
Current Liabilities			
Whakatāne District Council		703,496	828,833
Trade and Other Payables	Note 6	51,771	49,048
Total Liabilities		755,267	877,881
Assets Less Liabilities		1,085,346	890,270
ACCUMULATED FUNDS			
Capital		1,535,853	1,303,577
Reserve Funds		92,675	84,329
Partners Current Accounts		(543,184)	(497,636)
Total Accumulated Funds	Note 8	1,085,346	890,270

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



Tony Bonne
MAYOR
15 September 2016



Marty Grenfell
CHIEF EXECUTIVE
15 September 2016

Statement of Cashflows

For the Year Ended 30 June 2016

	ACTUAL 2016	BUDGET 2016	ACTUAL 2015
	\$		
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Rates Revenue	151,466	150,388	-
Subsidies and Grants Received (funding from MOT and Council Share)	232,276	-	118,756
Fees and Charges and Other Revenue received	291,330	208,708	-255,656
Interest Received	4,346	-	4,373
Payments to Suppliers & Employees	(321,805)	(331,009)	(381,955)
Net Cash Flow from Operating Activities	357,613	28,087	(514,482)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	(232,276)	(140,986)	(20,431)
Net Cash Flows from Investing Activities	(232,276)	(140,986)	(20,431)
Net Increase (Decrease) in Cash, Cash Equivalents and Bank Overdrafts	125,337	(112,899)	(534,913)
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the year	828,833	828,833	293,920
Cash, Cash Equivalents and Bank Overdrafts at the End of the Year	703,496	715,934	828,833
Represented by:			
Cash at Bank - WDC account	703,496	-	828,833



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.

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	2-5	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	
	2016	2015
	\$	
Airport Dues	59,486	74,866
Lease of Buildings	10,053	10,650
Commercial Leases	29,507	31,103
Grazing Leases	60,819	64,104
Sundry Income	12,214	8,918
Rates - (General & District Funds)	151,466*	-
	323,547	189,641

* The Whakatāne District Council Long Term Plan 2015-25 incorporates on-going support for the Airport.

Provision of General Rate income to the Airport commenced in 2015-16, and has been budgeted for the duration of the LTP

Note 3- Operating Expenses

	ACTUAL	
	2016	2015
	\$	
Consultants	29,989	67,950
Contracts	99,963	134,237
Direct Cost Reallocated	36,894	29,080
Equipment & Materials	6,605	11,122
Electricity	16,137	13,837
Extraordinary Expenses (Cost of asset disposal)	11,580	-
Fire Security	360	360
General Expenses	5,969	327
Insurances	4,284	3,300
Legal Costs	5,079	2,853
Maintenance and Repairs	18,211	16,741
Materials and Services	-	18,068
Rates Paid	8,739	6,001
Refunds	219	-
Security	125	2,281
Training & Professional Development	4,334	2,625
Subscriptions	8,762	5,525
Taxation Advice	2,950	4,365
Telephones and Tolls	224	82
Travel & Accommodation	1,085	907
Valuation Expenses	-	424
Vehicle Costs:	100	-
Waste Disposal - Dump Fees	-	13
Water Purchases	183	162
Overheads	56,001	64,420
Total Other Expenses	317,791	384,681

(Excludes Depreciation, Personnel Costs and Audit Fees)

Note 4 - Taxation

	ACTUAL	
	2016	2015
	\$	
Income Tax Expense		
Net Surplus (deficit) before tax	(37,201)	(232,186)
Tax calculated at applicable tax rate 28% (2015:28%)	(10,416)	(65,012)
Prior year adjustment	-	
Depreciation Adjustments	4,408	(695)
Tax loss not recognised	6,008	65,707
Tax Expense/(Benefit)	-	-
Current tax expense	-	-
Prior year adjustments to current tax	-	-
	-	-
Tax Expense	-	-

Tax losses of **\$1,721,548** (2015: \$1,700,089) 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	
	2016	2015
	\$	
Air Chatham's Ltd Landing Fees	5,232	3,879
Other Receivables	2,920	-
Ministry of Transport	331,165	457,332
Total Receivables	339,317	461,211

Note 6- Payables and Deferred Revenue

	ACTUAL	
	2016	2015
	\$	
Audit Fees	9,382	9,190
Trade Payables	16,489	11,314
Income Received in Advance - Rentals & Leases	25,899	28,544
Total Payables and Deferred Revenue	51,771	49,048

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	7,104	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 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- 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 8- Equity

	ACTUAL	
	2016	2015
	\$	
EQUITY		
Capital	1,535,853	1,303,577
Reserve Funds	92,675	84,329
Partners Current Accounts	(543,184)	(497,636)
Total Closing Public Equity	1,085,346	890,270
REPRESENTED BY:		
CAPITAL		
Whakatāne District Council		
Opening Balance	610,720	600,505
Capital Contribution	116,138	10,216
Closing Balance	726,858	610,720
Crown		
Opening Balance	692,857	584,317
Capital Contribution	116,138	108,541
Closing Balance	808,995	692,857
Total Capital	1,535,853	1,303,577
RESERVE FUNDS		
Runway Sealing Fund		
Opening Balance	26,252	22,932
Interest	1,353	1,320
Contribution	2,000	2,000
Closing Balance	29,605	26,252
Terminal Depreciation Fund		
Opening Balance	58,076	53,024
Interest	2,993	3,052
Contribution	2,000	2,000
Closing Balance	63,069	58,076
Total Reserve Funds	92,675	84,329
PARTNERS CURRENT ACCOUNTS		
Whakatāne District Council		
Opening Balance	(246,421)	(126,141)
Movement for the period*	(22,774)	(120,279)
MOT Repayment of Operating Losses	(247,929)	-
Closing Balance	(517,124)	(246,421)
Crown		
Opening Balance	(251,216)	(130,936)
Movement for the period*	(22,774)	(120,279)
MOT Repayment of Operating Losses	247,929	-
Closing Balance	(26,060)	(251,216)
Total Partners Current Accounts	(543,184)	(497,636)
*Movement in Partners Current Accounts for the Period		
Net Surplus/(Deficit) after Tax	(37,201)	(232,186)
Less Reserve Interest	(4,346)	(4,373)
Runway reserve	(2,000)	(2,000)
Terminal Depreciation Reserve	(2,000)	(2,000)
Total Movement	(45,548)	(240,559)
Partner 50% Share	(22,774)	(120,279)

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	
	2016	2015
	\$	
Whakatāne District Council		
Administrative Services	56,001	64,420
Direct Costs Reallocated - Recreation & Community Facilities Admin.	-	958
Direct Costs Reallocated - OBU Parks Maintenance	12,323	8,477
Direct Costs Reallocated - Community Property Admin.	19,388	14,569
Direct Costs Reallocated - Roads & Footpaths PSBU	5,182	-
Rates Paid - Water and General	8,739	-
Total	101,633	88,424

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 16 is \$703,496 deficit (2015: \$828,833 deficit)

Note 10- Capital Commitments

Whakatāne Airport has capital commitments as at 30 June 2016 of \$nil for capital projects (2015: \$nil)

Note 11- Contingencies

Whakatāne Airport has no contingent assets or liabilities as at 30 June 2016 (2015 : 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	2015/16 RESULT	2014/15 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 No environmentally related complaints were received relating to the operation of the airport.	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 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 number 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 Airport Hangar which were reclassified as an operating expense, but were budgeted as capital expenditure.
	Surplus (Deficit)	(45,094)	(99,091)	The financial result (excluding corporate overheads & depreciation) was a deficit of \$99,091. This is \$53,997 unfavourable to the SOI, and is due to the reasons stated above.

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 - 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 over SOI \$117,090. This was due to delays, causing the rescheduling of calibration flight, changes in scope partially due to the condition of electrical infrastructure and information obtained by airways corporation, and tenders exceeding budget. Total cost of this project was \$227,568.
	Airport carparks & Apron lighting	25,000	-	28,416	NOT ACHIEVED - 2016 portion of LED Lighting upgrade has been 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 has been completed with the Hangar building having been demolished and disposed. This project was funded by operational Budget. This was treated as an Extraordinary Expense.
	Whakatāne Airport Terminal Renewal	2,500	-	4,708	NOT ACHIEVED - Replacement of Radiant Heaters with two new heat pumps was over budget.
	Capital Expenditure	45,500	45,482		

Cost performance - capital 2014/15

MEASURE	TARGETS	STATEMENT OF INTENT 2014/15	REVISED BUDGET & CARRY FORWARDS	ACTUAL 2014/15	RESULT 2014/15
Deliver capital projects within capital expenditure budgets	Pavement Resurfacing	-	50,000	-	BEHIND SCHEDULE - This project has been carried forward and works to be undertaken in 2015/16 year.
	Runway Lighting and Navigational Aids Renewal	8,000	144,000	98,500	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	-	-	8,000	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	13,100	COMPLETE - Numerous minor renewals projects undertaken, including weather tightness works and upgrading the sewage system.

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 2016 fairly reflects the financial position and operations.



Tony Bonne
MAYOR
30 September 2016



Marty Grenfell
CHIEF EXECUTIVE
30 September 2016



Audit Report

Independent Auditor's Report

To the readers of Whakatāne Airport Authority's financial statements and performance information for the year ended 30 June 2016

The Auditor-General is the auditor of Whakatāne Airport Authority (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 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 23 and page 25, that comprise the statement of financial position as at 30 June 2016, 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:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year then ended; and
 - 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 2016.

Our audit was completed on 15 September 2016. 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;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the appropriateness of the reported performance information within the Airport's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the 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.

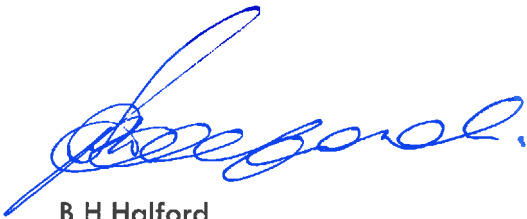
Responsibilities of the Auditor

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 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.



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

WHAKATĀNE DISTRICT COUNCIL

Civic Centre, Commerce Street, Whakatāne
Private Bag 1002, Whakatāne 3158

Email: information@whakatane.govt.nz

Phone: 07 306 0500

Fax: 07 307 0718

Website: www.whakatane.govt.nz

SERVICE CENTRE MURUPARA

Pine Drive, Murupara

Phone: 07 366 5896

Fax: 07 366 5897

