

WHAKATĀNE AIRPORT JOINT VENTURE

Annual Report

2013/14





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How the Airport is managed

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

A brief history

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





Foreword

Welcome to the Whakatāne Airport Annual Report for the 2013/14 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 2013/14.

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 our 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.



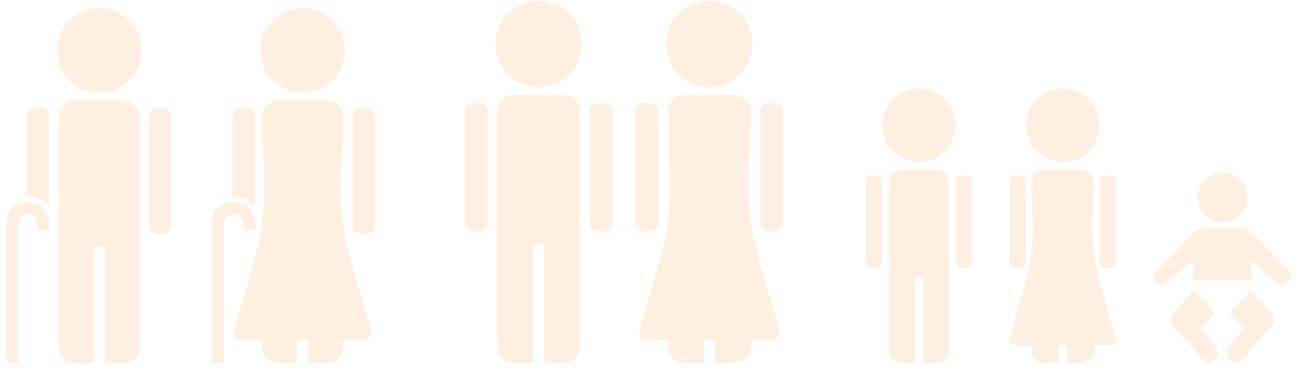
A Year in Review

Governance structure changes

Following the local body elections in October 2013, new committee structures and delegations were established by the Whakatāne District Council, replacing those of the previous triennium. As part of this process the Whakatāne Airport Board was disestablished. The Grow Whakatāne Advisory Board, as part of a wider portfolio, is now responsible for providing advice (about the Airport) to the Whakatāne District Council. An Airport User Group has also been established and is proving to be a useful sounding board for projects and decisions in relation to the Airport.

Air NZ to retire Beech 1900 aircraft

Air New Zealand has begun to consult with the aviation sector about the retirement of the Beech 1900 Aircraft. The Beech 1900 currently provides passenger services between Whakatāne and Auckland and has in the past also provided a direct link between Whakatāne and Wellington. The retirement of this aircraft would require the Whakatāne Airport to consider the viability of scheduled services for larger passenger aircraft and the investment needed to accommodate this. Discussion with Air New Zealand will continue in the 2014/15 year.



34,214

passengers

Departures & Arrivals from Whakatāne Airport

Development activity continues

Over recent years, there has been continued demand for additional hangar space from various Airport users. To progress these requests, an Airport Layout Plan was completed early in the financial year to analyse the optimal land use and configuration. In keeping with the Airport Layout Plan, the simultaneous arrival of Air Fuels Limited and the relocation of 'Super Air Limited' has freed up space for further hangar development. Plans and consent applications are progressing to build a new hangar on the former site of the refuelling facilities, and it is expected that construction will be completed during the 2014/15 year.

New Landing Fee collection system implemented

From April 2014, a new system has been operating for the collection of landing fees at the Whakatāne Airport. The 'Automated Intelligent Movement Management' system (Aimm) tracks aircraft movements and produces the reports needed to record and manage landing fees. The system is an improvement from the previous manual process and makes the collection of landing fees more efficient.

10 PLANNING FOR THE FUTURE

TEN YEAR BUSINESS PLAN

During the 2012/13 year, the Whakatāne Airport Board adopted a Ten Year Business Plan for Whakatāne Airport. This plan provides a strategic framework for the Airport, identifies opportunities for growth and development and outlines a set of actions to support its future capacity. One action from the Ten Year Business Plan was the preparation of an Airport Layout Plan, with the primary purpose of planning for future growth opportunities at the Airport.

Both the Business Plan and Layout Plan have four inherent strategies, which are:

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



PROGRESS AGAINST THE PLAN

Through the year we have been able to make progress against some of the actions defined in the Plan. The following table summarises this progress:

TIMING	ACTION	PROGRESS
Short Term 1-2 years	Review the overall management of the Airport to provide a strategic and focused management structure that improves the overall operational performance of the business and reduces long-term overhead costs.	Significant advances made in the expansion of internal capacity, which will provide a greater focus and oversight of Airport management and related activities.
	Evaluate the management of contracts with a view to improving management practices and reducing costs.	Increased internal management capacity has improved the level of oversight of Airport activities.
	Protect aviation activities and Airport business through District Plan objectives, policies and rules.	Aviation activities and Airport business have been protected through provisions in the proposed District Plan.
	Develop an Airport layout plan that supports aviation-related activities and allows competing uses to be effectively managed.	Layout plan completed and hangar development progressing according to plan.
	Comply with regulatory requirements to maintain Part 139 CAA certification.	Achieved through day-to-day management and operations.
	Communicate regularly with all Airport tenants and stakeholders.	An Airport user group was established during the year and regular communication conducted through this forum.
	Build and maintain relationships with the surrounding residential community and consult with them in a timely manner about Airport-related issues and plans for growth.	The surrounding community was consulted on Airport-related activity and growth projects. In addition a communication plan was developed to maintain a high level of engagement with surrounding residents and local iwi.
Medium Term 3-5 years	Build and maintain relationships with iwi and consult with them fully, openly and in a timely manner about Airport-related issues and plans for growth.	As above.
	Review the management of other Airport rentals and leases with a view to improving management practices and reducing costs.	A consultant's report received in April 2013 has set benchmarks which are being used to review Airport rentals.
	Establish and maintain relationships with the wider community in relation to regional transport opportunities.	A relationship has been established with Tourism Bay of Plenty, Ōpōtiki District Council, Taupō Airport, Tauranga Airport and Rotorua Airport, with the aim of developing a joint approach to strategy.



Financial Statements

Statement of Comprehensive Income

For the Year Ended 30 June 2014

		ACTUAL	
		2014	2013
		\$	
INCOME			
Operating Revenue	Note 2	203,785	213,485
Finance Income		3,874	3,524
Total Income		207,659	217,009
EXPENDITURE			
Operating Expenses	Note 3	228,642	321,323
Personnel Costs		210	180
Depreciation and Amortisation	Note 7	30,050	38,506
Finance Costs		-	-
Audit Fees		9,094	11,877
Total Operating Expenditure		267,996	371,886
Surplus/(Deficit) before Tax		(60,337)	(154,877)
Income Tax Expense	Note 4	-	-
Surplus/(Deficit) After Tax		(60,337)	(154,877)
OTHER COMPREHENSIVE INCOME			
Total Comprehensive Income for the Year		(60,337)	(154,877)

The Notes and the Statement of Accounting Policies on pages 14 to 25 form part of the Financial Statements.

Foreword

A Year in Review

Financial Statements

Notes to the Financial Statements

Audit Report

Statement of Changes in Equity

For the Year Ended 30 June 2014

	ACTUAL	
	2014	2013
	\$	
Balance at 1 July	1,004,563	1,072,950
Net Surplus (Deficit)	(60,337)	(154,877)
Total Recognised Income (Expenditure)	(60,337)	(154,877)
Capital Contributions - MOT and WDC	59,475	86,490
Balance at the End of the Period	1,003,700	1,004,563

Note 8

The Notes and the Statement of Accounting Policies on pages 14 to 25 form part of the Financial Statements.

Statement of Financial Position

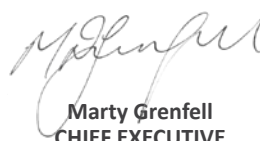
As at 30 June 2014

		ACTUAL	
		2014	2013
		\$	
EQUITY			
Capital		1,184,821	1,125,346
Reserve Funds		75,956	68,082
Partners Current Accounts		(257,078)	(188,867)
TOTAL EQUITY	Note 8	1,003,700	1,004,563
ASSETS			
Current Assets			
Sundry Receivables	Note 5	27,565	51,963
Total Current Assets		27,565	51,963
Non-Current Assets			
Property, Plant and Equipment	Note 7	1,317,101	1,287,676
Total Non-Current Assets		1,317,101	1,287,676
Total Assets		1,344,665	1,339,638
LIABILITIES			
Current Liabilities			
Whakatāne District Council		293,920	284,787
Trade and Other Payables	Note 6	47,044	50,289
Total Current Liabilities		340,964	335,076
Total Liabilities		340,964	335,076
Net Assets		1,003,700	1,004,563

The Notes and the Statement of Accounting Policies on pages 14 to 25 form part of the Financial Statements.



Tony Bonne
MAYOR
25 September 2014



Marty Grenfell
CHIEF EXECUTIVE
25 September 2014



Notes to the Financial Statements

Note 1- Statement of Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report consists of the financial statements of Whakatāne Airport, which is a 50:50 joint equity venture between the Council and the Crown.

ENTITIES REPORTING

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

The primary objective of Whakatāne Airport is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Whakatāne Airport has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of Whakatāne Airport are for the year ended 30th June 2014.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Whakatāne Airport has taken advantage of certain exemptions available under NZ IFRS.

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 Finance Statements due to the use of decimal places in the underlying financial data. The functional currency of Whakatāne Airport is New Zealand dollars.

STATUTORY BASE

Whakatāne Airport is a Council Controlled Organisation (CCO) registered under the Local Government Act 2002. This Act requires compliance with New Zealand Generally Accepted Accounting Practice (GAAP). The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002.

DIFFERENTIAL REPORTING

The Whakatāne Airport is a qualifying entity within the Framework of Differential Reporting. The Airport is able to apply differential reporting exemptions as it meets the criteria of a differential entity because:

- a) the Airport is not publicly accountable;
- b) the Airport is not large.

All differential reporting exemptions have been taken advantage of.

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 NZ IFRS 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.

INTEREST INCOME

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.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST. Commitments and contingencies are disclosed exclusive of GST.

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, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. 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.

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 Comprehensive Income.

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, of major classes of fixed assets areas 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 Comprehensive Income.

INTANGIBLE ASSETS

Acquired computer software and software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 10 years.

TRADE AND OTHER PAYABLES

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	
	2014	2013
	\$	
Airport Dues	86,822	91,398
Lease of Buildings	13,103	12,548
Commercial Leases	28,636	23,955
Grazing Leases	74,875	75,912
Sundry Income	350	9,673
	203,786	213,485

Note 3- Operating Expenses

	ACTUAL	
	2014	2013
	\$	
Consultants	7,910	38,057
Contracts	58,227	112,071
Direct Cost Reallocated	27,911	15,279
Directors Fees	3,914	13,000
Electricity	22,779	24,343
Fire Security	360	490
General Expenses	2,865	9,820
Insurances	4,725	6,109
Legal Costs	3,304	5,049
Maintenance and Repairs	12,131	11,816
Materials and Services	575	-
Rates Paid	5,748	5,382
Resource Consent	-	233
Security	5,475	5,475
Training & Professional Development	1,784	1,175
Subscriptions	2,036	1,963
Taxation Advice	4,509	4,415
Telephones and Tolls	335	556
Travel & Accomodation	-	911
Valuation Expenses	722	4,225
Waste Disposal - Dump Fees	80	97
Water Purchases	4,697	370
Overheads	58,555	60,486
Total Other Expenses	228,642	321,323

(Excludes Depreciation, Personnel Costs and Audit Fees)

Note 4- Taxation

	ACTUAL	
	2014	2013
	\$	
Income Tax Expense		
Net Surplus (deficit) before tax	(60,337)	(154,877)
Tax calculated at applicable tax rate 28% (2013:28%)	(16,894)	(43,366)
Prior year adjustment	-	-
Depreciation Adjustments	(519)	2,696
Tax loss not recognised	17,413	40,669
Tax expense/(benefit)	-	-
Current tax expense	-	-
Prior year adjustments to current tax	-	-
	-	-
Tax expense	-	-

Tax losses of \$1,464,852 (2013: \$1,402,463) are available to carry forward to offset any future taxable profit. No imputation credits are available to attach to distribution to owners.

Note 5- Sundry Receivables

	ACTUAL	
	2014	2013
	\$	
Eagle Airways - landing fees	7,342	10,870
Ministry of Transport	20,223	41,093
	27,565	51,963

Note 6- Trade & Other Payables

	ACTUAL	
	2014	2013
	\$	
Audit Fees	3,217	6,877
Trade Payables	2,674	8,212
Income Received in Advance - Rentals & Leases	40,195	35,200
GST Payable	958	-
	47,044	50,289

Foreword

A Year in Review

Financial Statements

Notes to the Financial Statements

Audit Report

Note 7 - Plant, Property & Equipment - 2013

	COST/ REVALUATION 30 JUNE 2012	ACCUMULATED DEPRECIATION & IMPAIRMENT 30 JUNE 2012	NET BOOK VALUE 30 JUNE 2012	ADDITIONS CURRENT YEAR	DISPOSALS CURRENT YEAR	IMPAIRMENT CURRENT YEAR	DEPRECIATION CURRENT YEAR	COST/ REVALUATION 30 JUNE 2013	ACCUMULATED DEPRECIATION & IMPAIRMENT 30 JUNE 2013	NET BOOK VALUE 30 JUNE 2013
LAND										
Land	12,246	-	12,246	-	-	-	-	12,246	-	12,246
AIRPORT										
Runways & Taxiways	1,079,102	203,893	875,209	-	-	-	21,582	1,079,102	225,475	853,627
Fencing	65,303	16,989	48,314	4,305	-	-	5,012	69,608	22,000	47,608
Water Supply	59,612	11,116	48,496	16,010	-	-	756	75,622	11,873	63,749
Aprons	24,195	17,458	6,737	-	-	-	484	24,195	17,942	6,253
Water Supply Improvement	7,592	515	7,077	-	-	-	76	7,592	591	7,001
Radio Transmitter	941	910	31	-	-	-	31	941	941	-
Airport Signage	3,040	3,040	-	-	-	-	-	3,040	3,040	-
Grassing	30,133	-	30,133	-	-	-	-	30,133	-	30,133
Roading	15,568	-	15,568	-	-	-	-	15,568	-	15,568
Security	25,620	3,203	22,418	-	-	-	2,802	25,620	6,005	19,615
	1,311,106	257,124	1,053,983	20,315	-	-	30,743	1,331,421	287,867	1,043,555
TERMINAL										
Paths & Parking Area	12,206	4,634	7,572	-	-	-	-	12,206	4,634	7,572
Building	231,696	133,029	98,667	41,475	-	-	5,463	273,171	138,493	134,678
Floodlighting	10,874	7,366	3,508	-	-	-	351	10,874	7,717	3,157
Terminal Site Development	65,595	6,450	59,145	9,626	-	-	1,075	75,221	7,525	67,696
Automatic Sliding Doors	11,515	6,944	4,571	3174	-	-	775	14,689	7,719	6,971
	331,886	158,423	173,463	54,275	-	-	7,664	386,161	166,086	220,075
WORK SERVICES										
Plant & Equipment	2,800	2,800	-	11,900	-	-	99	14,700	2,899	11,801
Furniture & Fittings	21,690	21,690	-	-	-	-	-	21,690	21,690	-
	24,490	24,490	-	11,900	-	-	99	36,390	24,589	11,801
	1,679,728	440,036	1,239,692	86,490	-	-	38,506	1,766,218	478,542	1,287,676

Lease rentals amounting to \$112,415.18 (2012: \$115,169) relating to the lease of building space and grazing leases are included in the income statement (Note 2). The Airport Land is vested in Council under the Reserves Act 1977 for use as an Airport. The Airport holds the land "in substance" and is shown at the value at the date of vesting. No assets are pledged as security.

Note 7- Plant, Property & Equipment- 2014

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

Lease rentals amounting to \$116,614 (2012: \$112,415) relating to the lease of building space and grazing leases are included in the income statement (Note 2). The Airport Land is vested in Council under the Reserves Act 1977 for use as an Airport. The Airport holds the land "in substance" and is shown at the value at the date of vesting. No assets are pledged as security

Note 8- Equity

	ACTUAL	
	2014	2013
	\$	
EQUITY		
Capital	1,184,821	1,125,346
Reserve Funds	75,956	68,081
Partners Current Accounts	(257,078)	(188,867)
Total Closing Public Equity	1,003,700	1,004,560
REPRESENTED BY:		
CAPITAL		
Whakatāne District Council		
Opening Balance	561,252	518,007
Capital Contribution	39,253	43,245
Closing Balance	600,505	561,252
Crown		
Opening Balance	564,094	520,849
Capital Contribution	20,223	43,245
Closing Balance	584,317	564,094
Total Capital	1,184,821	1,125,346
RESERVE FUNDS		
Runway Sealing Fund		
Opening Balance	19,805	16,826
Interest	1,127	979
Contribution	2,000	2,000
Closing Balance	22,932	19,805
Terminal Depreciation Fund		
Opening Balance	48,277	43,732
Interest	2,747	2,545
Contribution	2,000	2,000
Closing Balance	53,024	48,277
Total Reserve Funds	75,956	68,081
PARTNERS CURRENT ACCOUNTS		
Whakatāne District Council		
Opening Balance	(92,036)	(10,835)
Movement for the Period*	(34,105)	(81,201)
Closing Balance	(126,141)	(92,036)
Crown		
Opening Balance	(96,831)	(15,630)
Movement for the Period	(34,105)	(81,201)
Closing Balance	(130,936)	(96,831)
Total Partners Current Accounts	(257,078)	(188,867)
*Movement in Partners Current Accounts for the Period		
Net Surplus/(Deficit) after Tax	(60,337)	(154,877)
Less Reserve Interest	(3,874)	(3,524)
Runway reserve	(2,000)	(2,000)
Terminal Depreciation Reserve	(2,000)	(2,000)
Total Movement	(68,211)	(162,401)
Partner 50% Share	(34,105)	(81,201)

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	
	2014	2013
	\$	
Whakatāne District Council		
Administrative Services	53,583	60,486
Direct Costs Reallocated - Recreation & Community Facilities Admin.	993	913
Direct Costs Reallocated - OBU Parks Maintenance	7,786	7,543
Direct Costs Reallocated - Community Property Admin.	19,132	6,823
Resource Consents	-	233
Rates - Water & General	10,444	5,752
Rates - Water Refund	-	(1,944)
Total	91,938	79,806

Related Parties disclosure

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

The Airport also provides a service to Air New Zealand which is controlled by the Crown. Revenue from Air New Zealand for the year ended 30 June 2014 totalled \$64,098 (2013: \$60,702).

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 is a \$293,920 deficit (2013: \$284,787 deficit).

Key Management Personnel

An administration Fee is charged by Whakatāne District Council for day to day management.

The Airport has key management personnel in the form of the Directors who were appointed to oversee the Board in 2011/12. The board was formally disestablished in Nov 2013.

In 2013 the Chairperson of the Whakatāne Airport, Tony De Farias, received compensation of \$3,000 and Board Member Graham Bell, received compensation of \$912.

Note 10- Capital Commitments

Whakatāne Airport has capital commitments as at 30 June 2014 of \$0 for capital projects (2013: \$26,740).

Note 11- Contingencies

Whakatāne Airport has no contingent assets or liabilities as at 30 June 2014 (2013: nil)

Note 12- Events After Balance Sheet Date

Discussions have taken place between the Joint Venture Partners over the future of the Whakatāne Airport. As at 30 June 2014, no formal agreement in regard to ownership status has been reached.

Note 13- Financial Instruments

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

Price Risk

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

Currency Risk

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

Interest Rate Risk

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

Credit Risk

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

Fair Values

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

Note 14- Statement of Intent

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

Note 15- Performance

Function performance

MEASURE/TARGET	RESULT
The Airport is maintained as a non-certificated aerodrome in accordance with Civil Aviation Authority aerodrome design for aircraft at or below 5,700 kg Maximum Combined Take-Off Weight (MC TOW).	Achieved
Delivery of a business development plan and subsequent achievement of the individual targets outlined within that plan.	Refer to pages 8-9 for progress update against the Whakatane Airport Ten Year Business Plan

Cost performance- operating

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

Cost performance- capital

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

Foreword

A Year in Review

Financial Statements

Notes to the Financial Statements

Audit Report

Note 16- Operating Funding

The Whakatane District Council Long Term Plan 2012-22 incorporates on-going support for the Airport. This year the Whakatane 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 2014 fairly reflects the financial position and operations.



Tony Bonne
MAYOR
25 September 2014



Marty Grenfell
CHIEF EXECUTIVE
25 September 2014



Audit Report

Independent Auditor's Report

To the readers of Whakatāne Airport Joint Venture's financial statements and performance information for the year ended 30 June 2014

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

We have audited:

- the financial statements of the Airport on pages 11 to 24, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income and statement of changes in equity 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 24 to 25.

Opinion on the financial statements and performance information

In our opinion:

- the financial statements of the Airport on pages 11 to 24:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Airport's:
 - financial position as at 30 June 2014; and
 - financial performance for the year ended on that date;
- the performance information of the Airport on pages 24 to 25:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the achievements measured against the performance targets adopted for the year ended on 30 June 2014.

Our audit was completed on 25 September 2014. 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 committee and our responsibilities, and we 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). These 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 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 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 performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and performance information, whether due to fraud or error. In making these risk assessments, we consider internal control relevant to the preparation of the Airport's financial statements and performance information that fairly reflect the matters to which they relate. We consider internal control 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 committee;
- the adequacy of all disclosures in the financial statements and performance information; and
- the overall presentation of the financial statements and performance information.

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

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the committee

The committee is responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Airport's financial position and financial performance; and

- fairly reflect its service performance achievements.

The committee 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 committee is also responsible for the publication of the financial statements and performance information, whether in printed or electronic form.

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

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

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



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

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