

WHAKATĀNE AIRPORT JOINT VENTURE

Annual Report

2012/13







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Message from the Chair

On behalf of the Whakatāne Airport Board, I am pleased to present the Whakatāne Airport Annual Report for the 2012/13 financial year. This report sets out what we have done during the last year, how we have performed and what we have delivered compared to what we had planned.

This has been an exciting and busy year for the Whakatāne Airport and for the Airport Board, with some very positive outcomes. To define our strategic direction, we adopted our Ten Year Business Plan. This provides a framework for future development and the improved financial sustainability of the Airport.

The Council's new Economic Development Team has provided an increased focus on the Airport and related activities. The new team has implemented actions from the Business Plan, leading to some significant developments. Work to help secure the future growth opportunities for the Airport has progressed, with provisions included in the Council's Proposed District Plan and the development of an Airport Layout Plan. The Council has also been pursuing growth opportunities for the airport, including investigating options for a flight training school based out of the Whakatāne Airport. This work had included entering into a Heads of Agreement with CTC Flight Training School, however unfortunately CTC has decided not to proceed with the development at this stage.

The Whakatāne Airport is an important asset for our community and as a Board, we are working to ensure we maximise the benefits that it can produce. While the airport is not currently in a position where it can operate profitably, it does

make an important contribution to the District as a transportation link and provider of tourism and recreation opportunities. We see it as a driver and prerequisite for growth and are working to maximise this potential.

Our goal is for the Airport to be self-sustaining financially, with limited contributions from rates. That said, over the past year we have recorded a larger than expected financial deficit of \$154,877. This was due to the higher capital expenditure and higher maintenance and repair costs that were incurred to ensure that the airport remained compliant with regulatory requirements. That deficit is of concern for the Board and our long-term vision is for a more economically viable airport providing a wider range of services.

In terms of operations for the year, the Airport continued to provide both recreational and commercial services. Scheduled passenger flights to and from Auckland have continued to show good passenger loadings and we experienced good private and commercial flight activity throughout the year.

The Whakatāne Airport Board would like to take this opportunity to thank the Whakatāne District Council, the community and our major partner the Ministry of Transport for their on-going contributions and support.

We look forward to the challenges ahead, and to progressing and developing new opportunities for the growth of the Airport.

Tony De Farias, CHAIR,
Whakatāne Airport Board

About the Whakatāne Airport

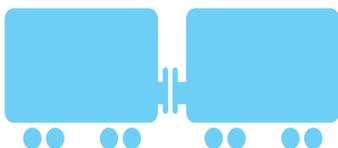
Whakatāne Airport is a Council-Controlled Organisation (CCO) under the Local Government Act 2002. As a critical part of regional infrastructure, it contributes to residents' quality of life and is crucial to the economic well-being of the District.

The 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 Whakatāne Airport Board (the Board) provides governance oversight of the Airport CCO. The Board provides advice to the Council, which is ultimately 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.

The primary focus of the Whakatāne Airport Board is the efficient operation of the airport 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).

In order for the Airport to operate efficiently, objectives have been set which define the strategic direction for the Airport and how it is to be managed. The objectives currently in place for the Whakatāne Airport are:

- To ensure that the airport is administered efficiently and effectively to the benefit of scheduled flight operations.
- To ensure the facility is maintained at its present level and increased wherever practicable and economic.
- To promote a safe, accessible, affordable and reliable air transport system for the benefit of the economic and social development of the Eastern Bay of Plenty Region.



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, daily services are provided to and from Auckland.

A Year in Review

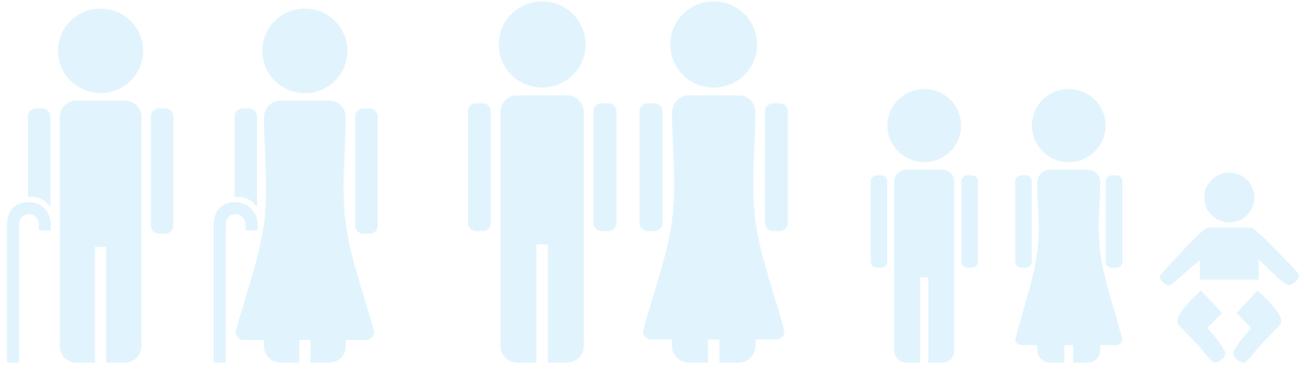
AIRPORT MAINTENANCE

Over the course of the 2012/13 financial year, the Whakatāne Airport continued to be maintained as a non-certified aerodrome in accordance with the CAA aerodrome design for aircraft at or below 5,700kg Maximum Combined Take Off Weight (MCTOW). As a non-certified aerodrome, the Whakatāne Airport is limited to a maximum airplane seating capacity of 30 passengers for any regular flight services.

Major maintenance projects undertaken during 2012/13 included runway pavement resurfacing, repair of gates to operational areas and a full roof replacement for the terminal building. These projects were completed on schedule and with little disruption to services.

WORKING WITH THE MINISTRY OF TRANSPORT

The Airport is a joint-venture operation between the New Zealand Government (Ministry of Transport) and the Whakatāne District Council, with each party owning a 50 percent share. As the Crown is a major stakeholder and funding partner, we consult on all major decisions and proposals concerning the Airport. Over the past year, we have consulted with the Crown on the proposed capital works programme for the next ten years.



33,433

passengers

Departures & Arrivals from Whakatāne Airport

SCHEDULED PASSENGER SERVICES

During the past year, a total of 33,433 passengers passed through the Airport, compared to 37,083 in the previous year. Good passenger loadings have been reported for this service, with a slight decrease in number from the previous year. A small portion of last year's passenger loadings were passengers flying directly to Wellington before the Whakatāne-to-Wellington service was discontinued in February 2012. The table opposite shows the number of Scheduled flights and passengers arriving and departing from the Whakatāne Airport.

	DEPARTURES	ARRIVALS
Scheduled Flights	1,367	1,368
Cancelled flights	57	59
Passenger Count	16,563	16,870

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 protecting and 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.

FLIGHT TRAINING SCHOOL

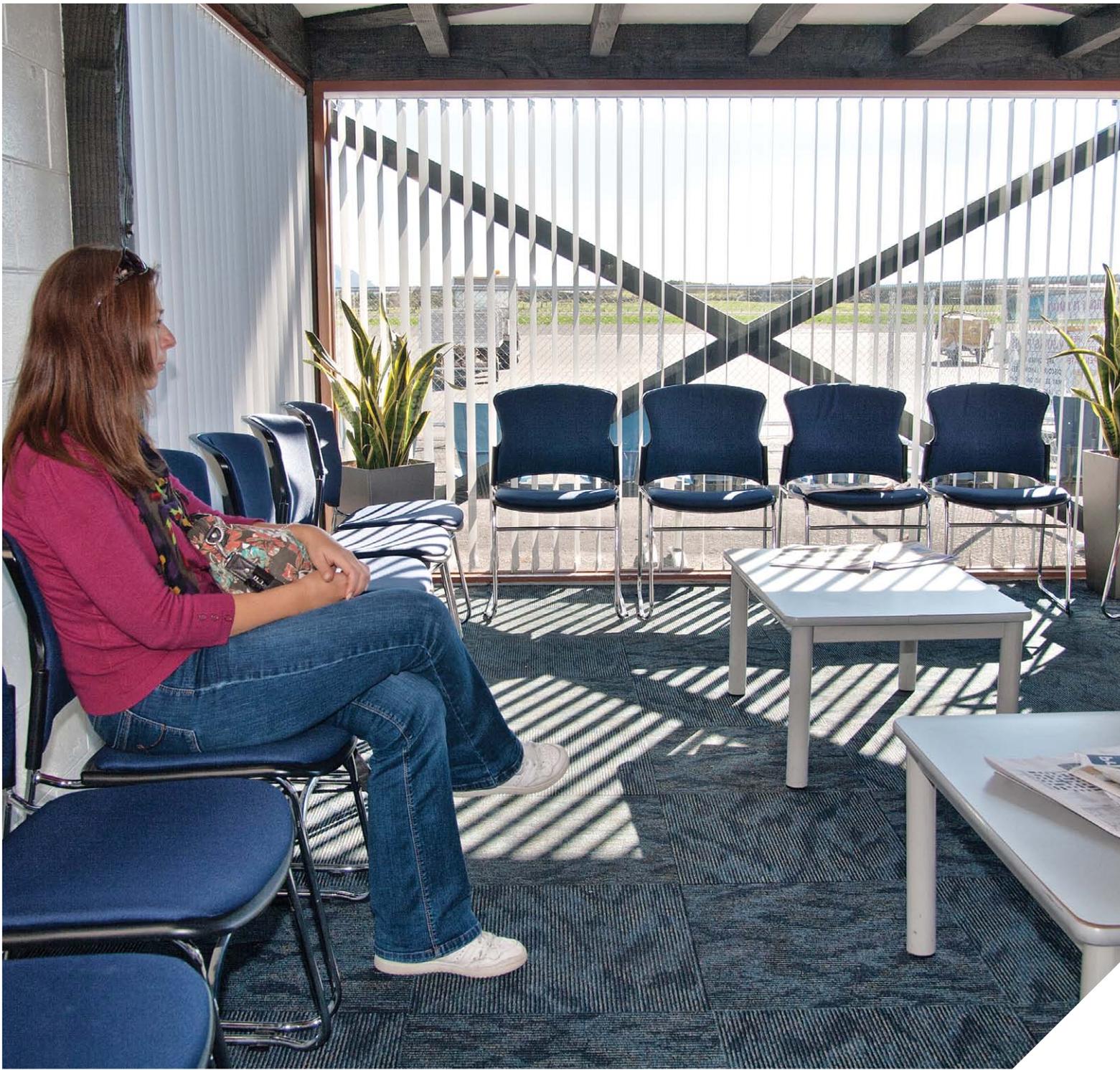
Over the past year, the Airport Board and the Whakatāne District Council alongside CTC flight training school have conducted extensive investigations into the feasibility of operating a flight training school at Whakatāne Airport. While the outcomes of that process were largely positive, CTC has decided not to proceed with the development at this stage. A flight training school could add significantly to the Airport being financially self-sustaining and we will continue to investigate opportunities in this area.



PROGRESS AGAINST THE PLAN

Now that we have adopted a Ten Year Business Plan, we have a clear direction to pursue development for the airport. Through the year we have been able to make some progress against some of the actions defined in the Plan.

TIMING	ACTION	RESULTS OBTAINED DURING 2012/13
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.	Major steps were conducted in this regard through 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 District Plan.
	Develop an airport layout plan that supports aviation-related activities and allows competing uses to be effectively managed.	Layout plan developed in March 2013.
	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.	Regular communication was conducted with airport tenants and stakeholders throughout the year.
	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 is being 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 2013

		ACTUAL	
		2013	2012
		\$	
INCOME			
Operating Revenue	Note 2	213,485	207,520
Finance Income		3,524	3,126
Total Income		217,009	210,646
EXPENDITURE			
Operating Expenses	Note 3	321,323	308,489
Personnel Costs		180	1,183
Depreciation and Amortisation	Note 7	38,506	35,017
Audit Fees		11,877	10,882
Total Operating Expenditure		371,886	355,571
Surplus/(Deficit) before Tax		(154,877)	(144,926)
Income Tax Expense	Note 4	-	-
Surplus/(Deficit) After Tax		(154,877)	(144,926)
OTHER COMPREHENSIVE INCOME			
Total Comprehensive Income for the Year		(154,877)	(144,926)

The Notes and the Statement of Accounting Policies on pages 17 to 27 form part of the Financial Statements.

Statement of Changes in Equity

For the Year Ended 30 June 2013

	ACTUAL	
	2013	2012
	\$	
Balance at 1 July	1,072,950	998,389
Net Surplus (Deficit)	(154,877)	(144,926)
Total Recognised Income (Expenditure)	(154,877)	(144,926)
Capital Contributions - MOT and WDC	86,490	219,487
Balance at the End of the Period	1,004,563	1,072,950

Note 8

The Notes and the Statement of Accounting Policies on pages 17 to 27 form part of the Financial Statements.

Statement of Financial Position

As at 30 June 2013

		ACTUAL	
		2013	2012
		\$	
EQUITY			
Capital		1,125,346	1,038,856
Reserve Funds		68,082	60,559
Partners Current Accounts		(188,867)	(26,466)
TOTAL EQUITY	Note 8	1,004,563	1,072,950
ASSETS			
Current Assets			
Sundry Receivables	Note 5	51,963	115,519
Total Current Assets		51,963	115,519
Non-Current Assets			
Property, Plant and Equipment	Note 7	1,287,676	1,239,692
Total Non-Current Assets		1,287,676	1,239,692
Total Assets		1,339,638	1,355,210
LIABILITIES			
Current Liabilities			
Whakatāne District Council		284,787	235,661
Trade and Other Payables	Note 6	50,289	46,600
Total Current Liabilities		335,076	282,261
Total Liabilities		335,076	282,261
Net Assets		1,004,563	1,072,950

The Notes and the Statement of Accounting Policies on pages 17 to 27 form part of the Financial Statements.



Tony Bonne
MAYOR
18 September 2012



Marty Grenfell
CHIEF EXECUTIVE
18 September 2012



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 2013.

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	50	Straight Line
Water Supply	100	Straight Line
Plant & Equipment	10	Diminishing Value
Furniture & Fittings	5	Diminishing Value
Fence	5-10	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	
	2013	2012
	\$	
Airport Dues	91,398	91,561
Lease of Buildings	12,548	12,487
Commercial Leases	23,955	24,878
Grazing Leases	75,912	77,805
Sundry Income	9,673	790
	213,485	207,520

Note 3- Operating Expenses

	ACTUAL	
	2013	2012
	\$	
Consultants	38,057	10,516
Airport Designations	-	77,203
Contracts*	112,071	66,578
Direct Cost Reallocated**	15,279	3,862
Directors Fees	13,000	17,333
Equipment & Materials	-	1,737
Electricity	24,343	21,866
Fire Security	490	270
General Expenses	9,820	16,754
Insurances	6,109	4,721
Legal Costs	5,049	-
Maintenance and Repairs*	11,816	2,989
Materials and Services*	-	6,742
Rates Paid	5,382	4,170
Resource Consent	233	-
Security	5,475	5,475
Training & Professional Development	1,175	1,105
Subscriptions	1,963	3,396
Taxation Advice	4,415	5,047
Telephones and Tolls	556	508
Travel & Accommodation	911	2,782
Valuation Expenses	4,225	-
Vehicle Costs	-	1,564
Waste Disposal	97	96
Water Purchases	370	5,545
Overheads**	60,486	48,230
Total Other Expenses	321,323	308,489

(Excludes Depreciation, Personnel Costs and Audit Fees)

* Bird control and collection of landing fees of \$14,198 is included under Contracts for the 2012/13 financial year. In the 2011/12 financial year \$12,710 was included under General expenses.

* Services of \$7,705 is included under Contracts or Maintenance in the 2012/13 financial year. In the 2011/12 financial year \$10,390 was included under Materials and Services and General expenses.

** The increase in Overheads and Direct Costs reallocated is owing to a change in methodology of allocating Council Overheads as part of the Long Term Planning Process; 2012/13: \$75,765 (2011/12: \$52,092).

Note 4- Taxation

	ACTUAL	
	2013	2012
	\$	
Income Tax Expense		
Net Surplus (deficit) before tax	(154,877)	(144,926)
Tax calculated at applicable tax rate 28% (2012:28%)	(43,366)	(40,579)
Prior year adjustment	-	-
Depreciation Adjustments	2,696	(45,996)
Tax loss not recognised	40,669	86,575
Tax expense/(benefit)	-	-
Current tax expense	-	-
Prior year adjustments to current tax	-	-
	-	-
Tax expense	-	-

Tax losses of \$1,402,463 (2012: \$1,257,216) 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	
	2013	2012
	\$	
Eagle Airways - landing fees and electricity recoverable	10,870	5,776
Ministry of Transport	41,093	109,743
	51,963	115,519

Note 6- Trade & Other Payables

	ACTUAL	
	2013	2012
	\$	
Audit Fees	6,877	10,882
Trade Payables	8,212	-
Income Received in Advance - Rentals & Leases	35,200	35,718
	50,289	46,600

Note 7 - Plant, Property & Equipment - 2012

	COST/ REVALUATION 30 JUNE 2011	ACCUMULATED DEPRECIATION & IMPAIRMENT 30 JUNE 2011	NET BOOK VALUE 30 JUNE 2011	ADDITIONS CURRENT YEAR	DISPOSALS CURRENT YEAR	IMPAIRMENT CURRENT YEAR	DEPRECIATION CURRENT YEAR	COST/ REVALUATION 30 JUNE 2012	ACCUMULATED DEPRECIATION & IMPAIRMENT 30 JUNE 2012	NET BOOK VALUE 30 JUNE 2012
LAND										
Land	12,246	-	12,246	-	-	-	-	12,246	-	12,246
AIRPORT										
Runways & Taxiways	899,982	185,894	714,088	179,120	-	-	18,000	1,079,102	203,893	875,209
Fencing	24,937	15,193	9,744	40,366	-	-	1,795	65,303	16,989	48,314
Water Supply	59,612	10,520	49,092	-	-	-	596	59,612	11,116	48,496
Aprons	24,195	16,974	7,221	-	-	-	484	24,195	17,458	6,737
Water Supply Improvement	7,592	439	7,153	-	-	-	76	7,592	515	7,077
Radio Transmitter	941	722	219	-	-	-	188	941	910	31
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	-	25,620	-	-	-	3,203	25,620	3,203	22,418
	1,091,620	232,782	858,838	219,486	-	-	24,342	1,311,106	257,124	1,053,983
TERMINAL										
Paths & Parking Area	12,206	4,634	7,572	-	-	-	-	12,206	4,634	7,572
Building	231,696	128,395	103,301	-	-	-	4,634	231,696	133,029	98,667
Floodlighting	10,874	6,278	4,596	-	-	-	1,087	10,874	7,366	3,508
Terminal Site Development	65,595	5,375	60,220	-	-	-	1,075	65,595	6,450	59,145
Automatic Sliding Doors	11,515	5,793	5,723	-	-	-	1,152	11,515	6,944	4,571
	331,886	150,475	181,411	-	-	-	7,948	331,886	158,423	173,463
WORK SERVICES										
Plant & Equipment	2,800	2,727	73	-	-	-	73	2,800	2,800	-
Furniture & Fittings	21,690	19,036	2,654	-	-	-	2,654	21,690	21,690	-
	24,490	21,763	2,727	-	-	-	2,727	24,490	24,490	-
	1,460,242	405,020	1,055,222	219,486	-	-	35,017	1,679,728	440,036	1,239,692

Lease rentals amounting to \$115,170.18 (2011: \$101,421) 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- 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	41475	-	-	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	-	11900	-	-	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 8- Equity

	ACTUAL	
	2013	2012
	\$	
EQUITY		
Capital	1,125,346	1,038,856
Reserve Funds	68,081	60,558
Partners Current Accounts	(188,867)	(26,466)
Total Closing Public Equity	1,004,560	1,072,949
REPRESENTED BY:		
CAPITAL		
Whakatāne District Council		
Opening Balance	518,007	408,264
Capital Contribution	43,245	109,743
Closing Balance	561,252	518,007
Crown		
Opening Balance	520,849	411,106
Capital Contribution	43,245	109,743
Closing Balance	564,094	520,849
Total Capital	1,125,346	1,038,856
RESERVE FUNDS		
Runway Sealing Fund		
Opening Balance	16,826	14,007
Interest	979	819
Contribution	2,000	2,000
Closing Balance	19,805	16,826
Terminal Depreciation Fund		
Opening Balance	43,732	39,426
Interest	2,545	2,306
Contribution	2,000	2,000
Closing Balance	48,277	43,732
Total Reserve Funds	68,081	60,558
PARTNERS CURRENT ACCOUNTS		
Whakatāne District Council		
Opening Balance	(10,835)	65,190
Movement for the Period*	(81,201)	(76,026)
Closing Balance	(92,036)	(10,835)
Crown		
Opening Balance	(15,630)	60,395
Movement for the Period	(81,201)	(76,026)
Closing Balance	(96,831)	(15,630)
Total Partners Current Accounts	(188,867)	(26,466)
*Movement in Partners Current Accounts for the Period		
Net Surplus/(Deficit) after Tax	(154,877)	(144,926)
Less Reserve Interest	(3,524)	(3,126)
Runway reserve	(2,000)	(2,000)
Terminal Depreciation Reserve	(2,000)	(2,000)
Total Movement	(162,401)	(152,051)
Partner 50% Share	(81,201)	(76,026)

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	
	2013	2012
	\$	
Whakatāne District Council		
Administrative Services	60,486	48,230
Direct Costs Reallocated - Recreation & Community Facilities Admin.	913	-
Direct Costs Reallocated - OBU Parks Maintenance	7,543	3,862
Direct Costs Reallocated - Community Property Admin.	6,823	-
Resource Consents	233	-
Rates - Water & General	5,752	9,715
Rates - Water Refund	(1,944)	-
Total	79,806	61,807

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 of Air New Zealand for the year ended 30 June 2013 totalled \$60,702 (2012: \$68,000)

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 \$284,787 deficit (2012: \$235,661 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.

In 2013 the Chairperson of the Whakatāne Airport, Tony De Farias, received compensation of \$10,000 and Board Member Graham Bell, received compensation of \$3,000.

Note 10- Capital Commitments

Whakatāne Airport has capital commitments as at 30 June 2013 of \$26,740 for capital projects (2012: nil).

Note 11- Contingencies

Whakatāne Airport has no contingent assets or liabilities as at 30 June 2013 (2012: 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 2013, 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

MEASURE	TARGETS	ACHIEVEMENTS
Number of non-compliance notices received	0	1
Number of Council non-compliances identified from inspections	0	N/A
Airport is maintained as a non-certified aerodrome in accordance with Civil Aviation Authority aerodrome design for aircraft at of below 5700kg MCTOW	100%	100%
Manage and operate the airport amenities and equipment with a minimum number of environmentally related complaints	<5	0
Spot inspections of runway components completed	Monthly	12
Emergency works identified and actioned	Within 24 Hours	None undertaken
Health and Safety works actioned	Within 24 Hours	None undertaken
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).	Airport maintained to CAA requirements to or non-certificated aerodromes.	Achieved

MEASURE	TARGETS	LONG TERM PLAN 2012/13	ACHIEVEMENTS
	Whakatāne total budget surplus / (deficit)	(38,240)	Airport operational activities were completed throughout the year in a timely manner. 2013 Operating deficit (\$59,409), variance of (\$21,169) to budget. Direct Costs were \$272,894, over budget \$30,654. Revenue of (\$213,485) exceeded projections (\$9,485).
Operate and maintain the airport's assets within an operational expenditure budget (excluding corporate overheads and depreciation).	Airport Terminal	\$42,750	Airport Terminal renewals cost \$54,275, 50% funded by the Crown, with a net cost to Council of \$27,137.
	Airport Security - Fence	\$4,305	Balance carried forward from 2011/12 upgrade - total cost of \$45,202, compared to budget \$61,000.
	Airport Runway	\$10,000	Purchase of runway sweeper \$11,900, 50% funded by the Crown, net cost to council \$5,950.
	Airport Security	\$5,000	Security with a review underway, resulting in a carry forward to 2013/14.
	Airport Lighting and Navigation	\$8,000	Lighting Condition report completed, resulting in a carry forward to 2013/14 towards implementation.
	Fire Fighting Water Supply	\$35,000	Addition of water tanks being 40% complete at year end. Carry forward of \$18,990 to 2013/14 to complete the work. Estimated total cost \$42,750.

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 2013 fairly reflects the financial position and operations.



Tony Bonne
MAYOR
18 September 2012



Marty Grenfell
CHIEF EXECUTIVE
18 September 2012



Audit Report

Independent Auditor's Report

To the readers of Whakatane Airport Joint Venture's financial statements and performance information for the year ended 30 June 2013

The Auditor-General is the auditor of Whakatane 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 13 to 26, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity 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 26 to 27.

Opinion on the financial statements and performance information

In our opinion:

- the financial statements of the Airport on pages 13 to 26:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Airport's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date;
- the performance information of the Airport on pages 26 to 27:
 - 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 2013.

Our audit was completed on 18 September 2013. 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 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). 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 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 those 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 Council;
- 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 Council

The Council 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, financial performance and cash flows; and

- fairly reflect its service performance achievements.

The Council is also 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 performance information, whether in printed or electronic form.

The Council'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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