

# STATEMENT OF INTENT

for the year ending 30 June 2026

Moeraki Boulders | 🚗 1 hr 25 min

**dunedin**  
AIRPORT

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## INTRODUCTION

This Statement of Intent (SOI) is prepared by the board of directors of Dunedin International Airport Limited (DIAL) in accordance with Section 64(1) of the Local Government Act 2002.

DIAL is a council-controlled trading organisation (CCTO) as defined in the Local Government Act 2002 (LGA).

This SOI sets out the objectives, nature and scope of activities to be undertaken by DIAL and the performance targets and other measures by which the performance of the company may be judged in relation to its objectives.

DIAL's performance against these objectives will be reported against in the Statement of Service Performance (SSP) which forms part of its Annual Report.

The SOI is a public and legally required document, being created annually by its shareholders, and covers a three-year period. This SOI covers the period from 01 July 2025 to 30 June 2028.

The planned activities and performance measures take consideration of expectations outlined to DIAL by its shareholders.



## OWNERSHIP & GOVERNANCE

DIAL is owned by two shareholders, made up of:

- Dunedin City Holdings (DCHL)            -        50%
- The Crown                                        -        50%

DIAL is governed by a board of 4 independent directors, with each shareholder entitled to appoint two directors.

As per Section 58 of the LGA, the role of a director of a CCTO is to assist the organisation to meet its objectives and any other requirements in its SOI. This does not limit or affect the other duties that a director of a CCTO has.

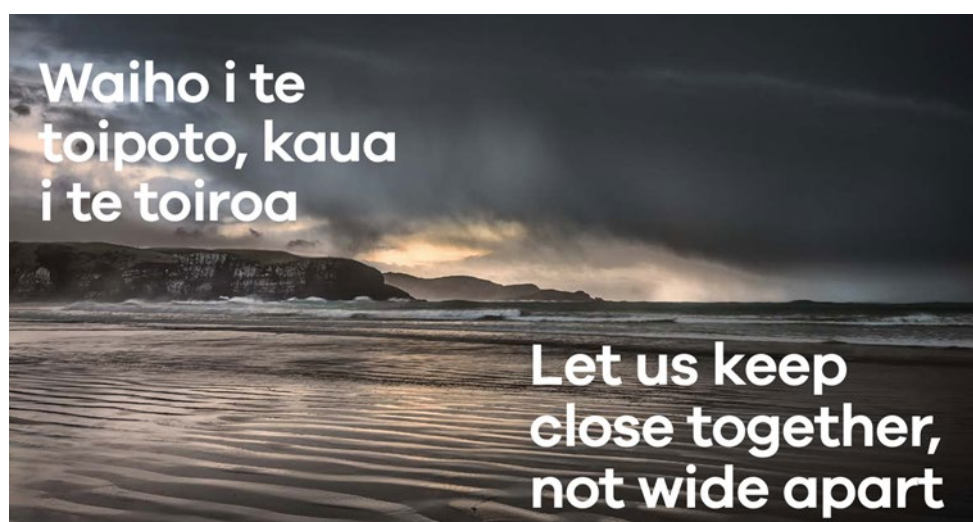
Additional to this, the directors are subject to the requirements of the Companies Act 1993 and govern the company in accordance with best practice.

The board is responsible for the preparation of the SOI. Under the LGA, shareholders of a CCTO may, by resolution, require the board to modify the SOI in accordance with the LGA.

As a company partly owned by Dunedin City Council (DCC), DIAL is mindful of DCC's strategic framework and city objectives. Further to this, DIAL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with DCC's ethical positions.

The board accepts that it is responsible for the overall control system operating within the company but recognises that no cost-effective internal control system will permanently preclude all errors or irregularities. The control systems reflect the specific risks associated with the business of the company.

Quarterly, six-monthly, and annual reports of financial and operational performance are provided to the shareholders.



## REGULATORY CONTEXT

DIAL operates within a regulatory framework defined within legislation. In addition to the obligations of the Local Government Act 2002 and Companies Act 1993, DIAL is:

- An 'aerodrome operator' under Civil Aviation Rule Part 139 and the Civil Aviation Act 2023;
- A 'lifeline utility' under the Civil Defence Emergency Management Act 2002;
- A 'network utility operator' and 'requiring authority' under the Resource Management Act 1991.

As an airport with more than \$10 million in annual revenue, DIAL is considered a specified airport company for the purposes of the Airport Authorities Act 1966. As such, DIAL complies with the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999.

As an 'airport operator' under the Civil Aviation Act 2023, Dunedin Airport operates as a commercial undertaking.



## NATURE AND SCOPE OF ACTIVITIES

Dunedin Airport was established under the Airport Authorities Act 1966 and incorporated on 30 September 1988. DIAL's primary activity is the safe and efficient operation of Dunedin Airport, for the purposes of creating long term shareholder value and enabling air connectivity to the communities of Dunedin and the lower South Island.

Dunedin Airport is located approximately 30 minutes from the Dunedin CBD, serving the wider Otago Region made up of the Dunedin City, Waitaki, Central Otago and Clutha districts.



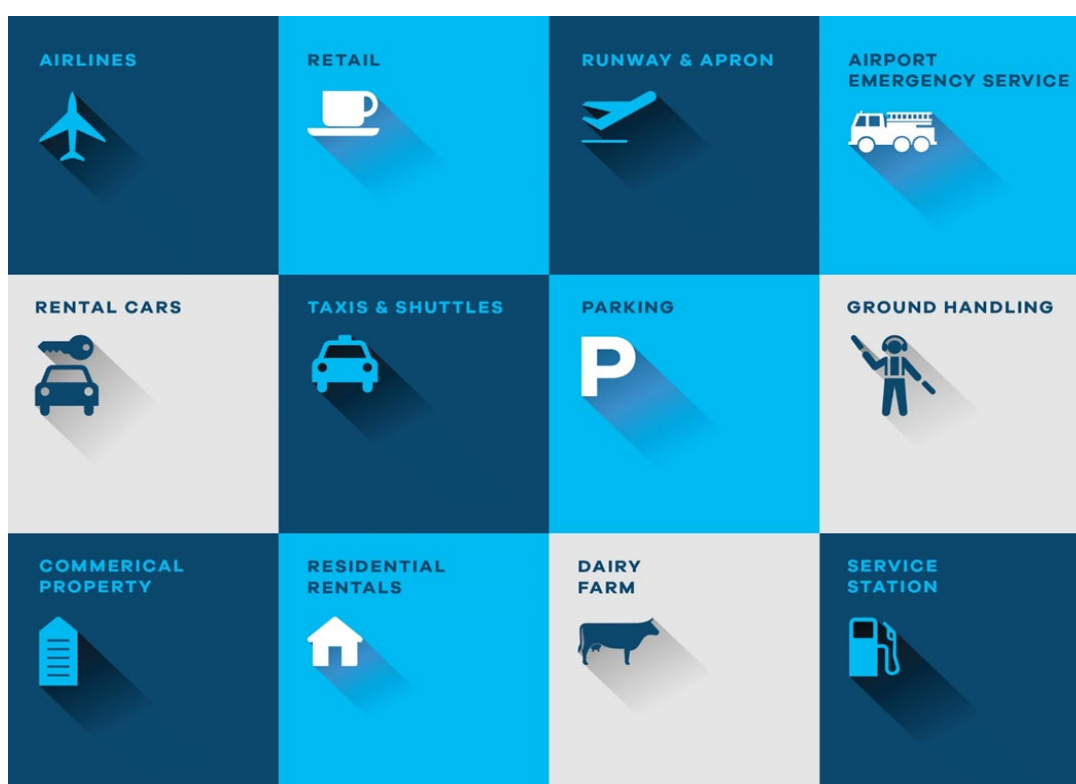
Dunedin Airport is a key player within a much larger aviation ecosystem. We do not operate in isolation; our success is deeply connected to the overall health and prosperity of the global aviation network. For this ecosystem to thrive, a strong and resilient industry is essential.

Collaboration, strategic partnerships, and mutual support across this broader system are vital to ensuring we continue to fulfil our long-term aspirations and foster sustained regional growth.

## Operations

The operation of the airport includes the provision of “landside” and “airside” infrastructure and associated facilities across the airport campus:

- Landside functions include the provision of terminal facilities, carparking, and passenger transportation. This includes working with commercial tenants, business partners and government agencies.
- Airside functions include the provision of safe and secure aircraft and passenger facilities. DIAL is responsible for the provision of aeronautical infrastructure which includes runways, taxiways, aprons and associated facilities for the operation of the airport.



As a lifeline utility, DIAL ensures the operational resilience of Dunedin Airport, allowing the airport to function as efficiently as possible during, and after an emergency.

We are committed to transforming airport accessibility to to make travel easier and more enjoyable for people with disabilities. By prioritising accessibility, communication, and tailored support, we aim to create truly inclusive travel experiences.

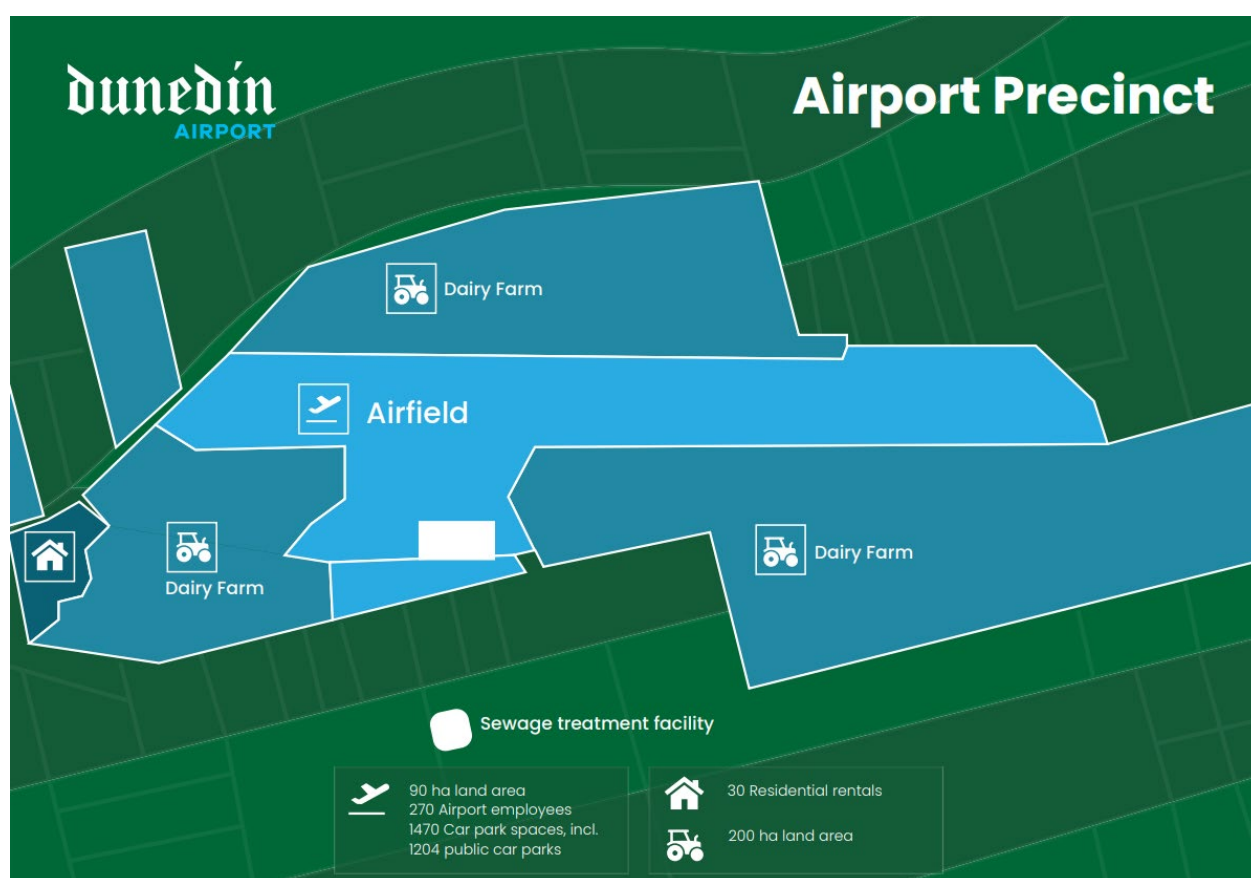
The company is also responsible for managing assets not currently used for airport activities, but which may be used in the future. For example, land held for airport expansion, environmental control purposes, or commercial operations inside the airport zone. This includes the operation of a dairy farm, a service station, and a residential property portfolio.

## Commercial Value

The commercial value of the Shareholder's investment in the company is considered by the board to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

As disclosed in the Company's 2024 Annual Report, as at 30 June 2024 the value of Shareholder's funds in the Statement of Financial Position is \$88,645,000.

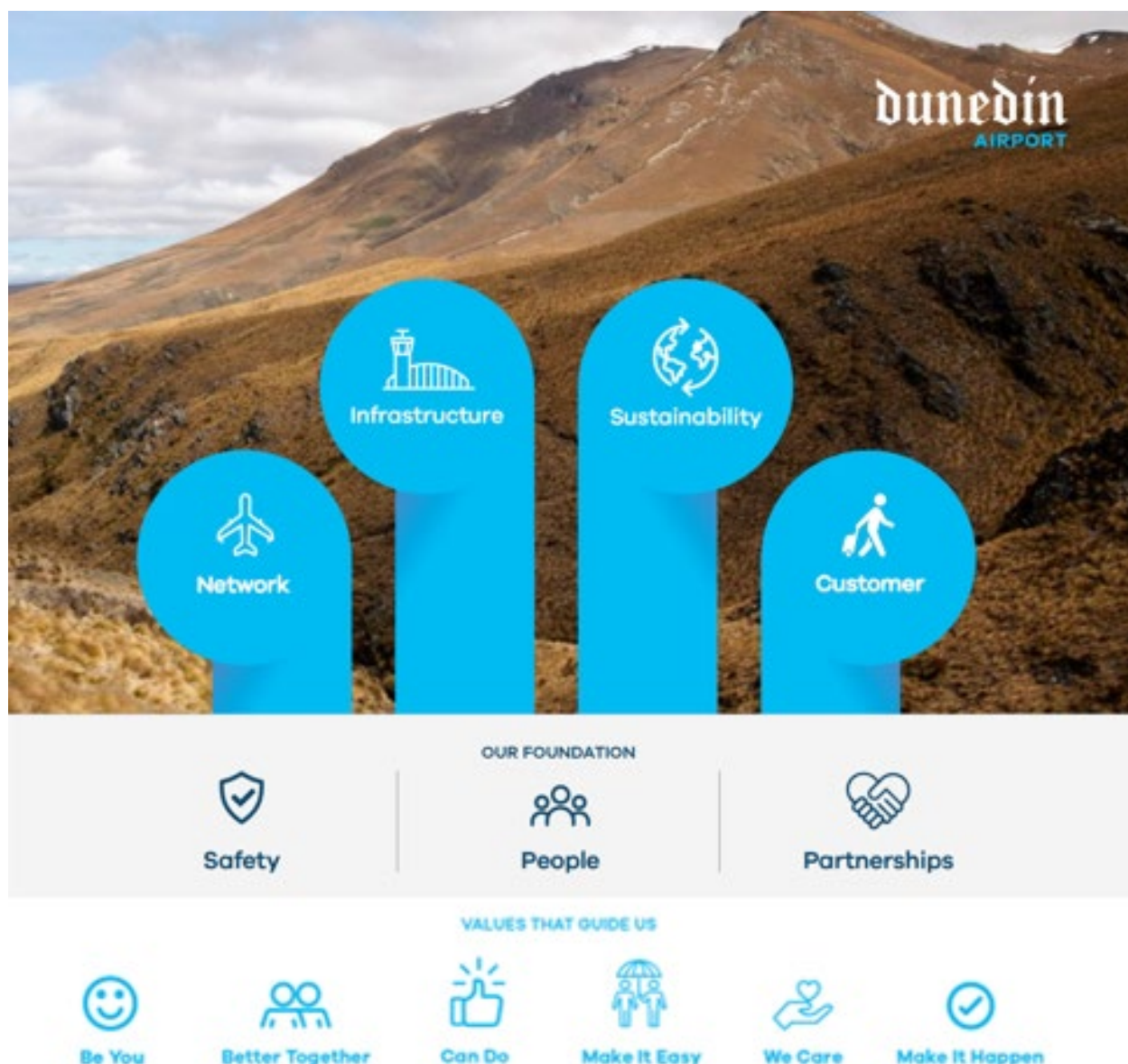
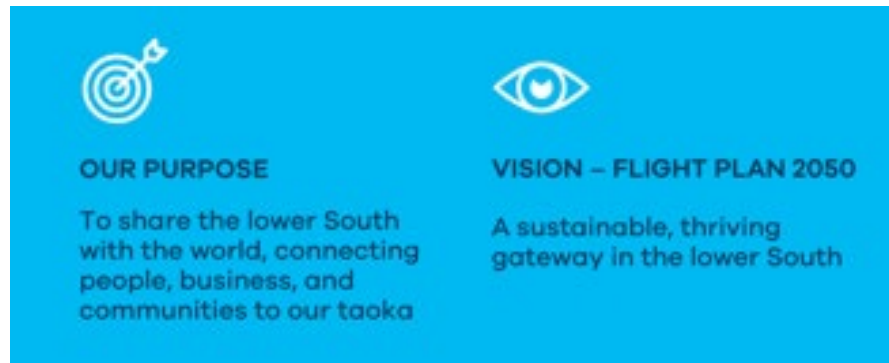
The commercial value will be considered annually when the Statement of Intent is completed.



We cannot lose sight of the role we play as kaitiaki of a long run generational asset, which enables over \$140m in Gross Domestic Product and supports direct employment of over 350 people on the airport campus and another 1,200 jobs in the Dunedin economy.

## OUR PURPOSE, VISION & STRATEGY

In 2023 and 2024 we reviewed and refreshed our strategy, culminating in the unveiling of Flight Plan 2050.



Dunedin Airport is proud to serve as the gateway connecting Dunedin and the lower South of New Zealand to the world.

Driven by a clear purpose—to share the unique taoka of the lower South with Aotearoa and the world. This is underpinned by a unified vision that guides everything we do. This singular focus provides a North Star for our team, empowering us to deliver connectivity that benefits people, businesses, and communities alike.

More than just an airport, Dunedin Airport plays a pivotal role as a catalyst for regional growth and economic development. As a vital link for both passengers and freight, we enable local businesses to access global markets and new opportunities. In turn, this drives job creation, attracts investment, and strengthens the local economy by helping businesses expand their reach.

We understand that our airport is far more than an infrastructure asset. It's a critical enabler of economic prosperity, human connection, and sustainable development for the entire lower South. Through strong partnerships with businesses and communities, we are well-positioned to contribute to the region's growth and future connectivity. As a lifeline utility, Dunedin Airport plays a critical role in regional resilience, particularly in the event of a civil emergency.

Dunedin Airport is situated within Ōtākou's takiwā. Our relationship with Te Rūnaka o Ōtākou is a cornerstone of our commitment to ensuring that our operations respect and reflect the cultural and environmental significance of the land.

Our strategic focus ensures that Dunedin Airport will continue to be a cornerstone of regional success, unlocking new opportunities for people, business, and our community. Together, we are shaping a brighter future—one that benefits the lower South.

As we move into the 2026 financial year, while some supply-side issues persist such as shortages of aircraft engineers and engine reliability issues, we are now experiencing a shift towards a demand-side shock. This is driven by the high inflationary environment, increasing cost burden on the aviation system, and a softening of corporate and government travel demand. Dunedin Airport is not immune to these pressures.

The pressing challenge ahead is how we navigate these complexities to ensure the long-term economic viability of air services. At the same time, we are committed to delivering a safe, sustainable, and future-ready airport that provides a world-class customer experience.

Notwithstanding the macroeconomic context and geopolitical issues, the company is well financed, with a stable workforce, strong balance sheet, and diverse revenue streams. With a significant capital programme in excess of \$50m planned over the next five years, leveraging these assets is imperative to drive both cost and process efficiencies.

The 2026 financial year will see the reinstatement of international services following the announcement of Jetstar services to the Gold Coast - a massive achievement after a five-year hiatus and a testament to our engagement and partnership with airlines.

## OBJECTIVES & PERFORMANCE MEASURES

Feeding into DIAL's business planning process, letters of expectations from shareholders have been considered in the development of the company's specific focus areas for 2025/2026.

This includes:

- Prioritising the development of an airport Strategic Development Framework and implementation of our capital programme.
- Continued focus on financial performance as the airport business makes progress on its Flight Plan 2050 strategy.
- Implementing carbon and waste reduction plans and setting, measuring and publicly reporting on progress towards waste minimisation goals and carbon emissions reduction strategies.
- Providing regular shareholder updates, including appropriate metrics, on the performance of the Jetstar Gold Coast service.
- Continue to work with DCC/DCHL to identify and scope further opportunities to contribute to Dunedin's citywide goal to be net zero carbon by 2030.
- Assessing and managing cyber-security risks in a manner appropriate to the aviation and infrastructure sector(s).

It is in this context that the revised SOI and associated Objectives & Performance Measures have been prepared by DIAL's board of directors and executive management team.



## Key Objectives

SAFETY	
Operate a secure and safe airport	
Objectives	Key Performance Measures
Transform our approach to safety and security risk management	Nil Serious harm (as defined in the WorkSafe Accident and Accident Notification Definitions) to our staff, airports users or contactors
	Nil Runway Incursions
Promote and steward airport security	Achieve zero avoidable security incidents
Enhance wildlife hazard management	Strike rate <5 strikes per 10,000 on 12-month moving average

PEOPLE	
Our people are our most important asset	
Objectives	Key Performance Measures
Be a great place to work with a high performing team that understands our goals and the role they play	Conduct comprehensive staff engagement surveys annually, with the target of achieving an engagement score of over 85%
	Maintain a rate of unplanned employee absenteeism of 3% or less
Build our employment brand	Reduce the time it takes to fill employment vacancies to less than 30 days

PARTNERSHIPS	
Develop and strengthen our partnerships	
Objectives	Key Performance Measures
Continually develop the strength and transparency of our relationships	Achieve an overall engagement score of over 90% in our annual stakeholder engagement surveys
	Invest up to a total of \$40,000 in the 2026 financial year in sponsorship and donations

	Work with DCHL on aligning our sponsorship policy with the DCC's strategic framework
Drive meaningful engagement with mana whenua	Develop a cultural narrative

## NETWORK

### Nurture, expand, and grow the network

Objectives	Key Performance Measures
Work to ensure Dunedin remains a well-connected gateway, benefiting both the community and the broader regional economy	Year on year improvement in passenger volumes
	New regional connections

## INFRASTRUCTURE

### A world class small airport, for a world class small city

Objectives	Key Performance Measures
Maintain our assets to ensure no delays caused by DIAL to scheduled passenger operations	Zero on time performance delays to regular passenger transport operations due to airport owned infrastructure
With shareholder endorsement, develop a visionary airport master plan that incorporates aviation flight forecasting, climate change resilience and adaptation considerations, and critical planning for the airport campus utilities.	Completion of Strategic Airport Development Framework

## SUSTAINABILITY

### To be considered one of New Zealand's most sustainable airports

Objectives	Key Performance Measures
Increase waste diversion from landfill	Increase year on year waste diversion rate
Provide transparent and authentic sustainability disclosures	Prepare and disclose our Greenhouse Gas Emissions Inventory in an Annual Sustainability Report

	Obtain Level 4 Airport Carbon Accreditation from Airport Council International
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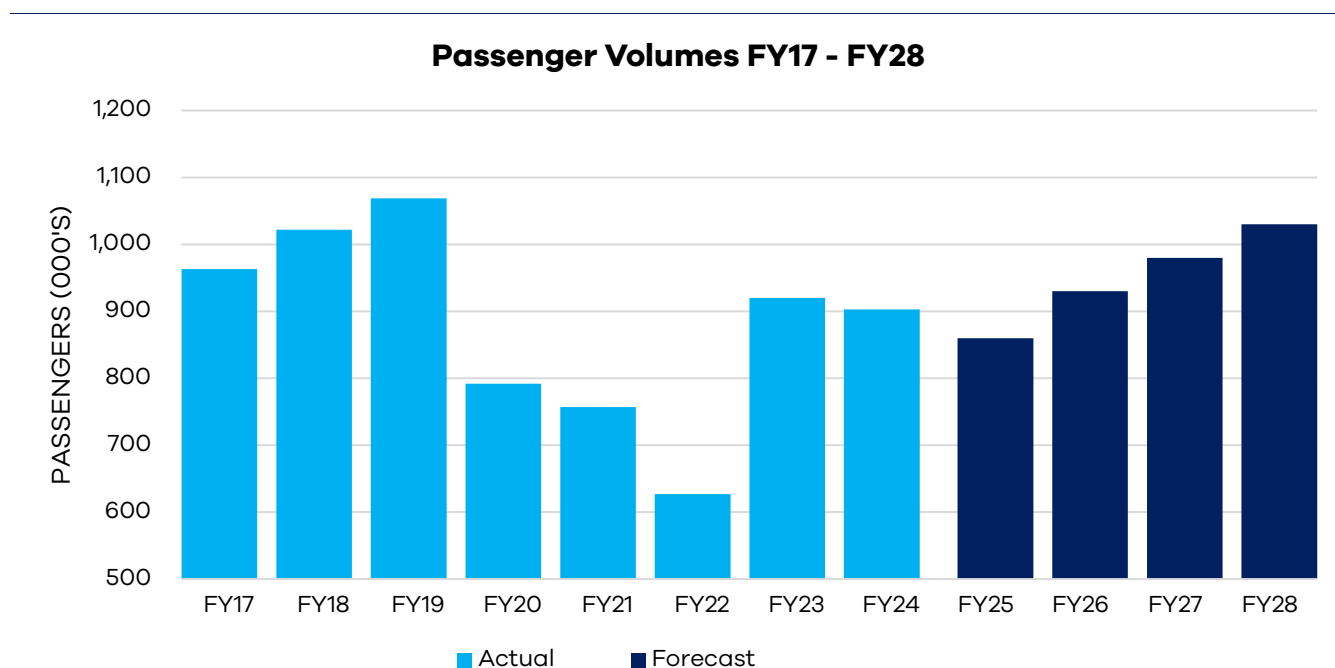
CUSTOMER	
Deliver world class customer experience	
Objectives	Key Performance Measures
Enhance commercial performance	Year on year increase in net Passenger Spend Rate
	Year on year increase in net Income per Passenger
	Exceed budget in Earnings Before Interest, Tax, Depreciation, Amortisation, Fair Value Movements (EBITDAF) per passenger
Improve customer experience for all airport users	Undertake a critical review of the entire airport to ensure we provide a welcoming, dignified and inclusive airport experience for people of all abilities
	Measure customer satisfaction through survey tools and feedback mechanisms

Our performance against these key objectives will be reported annually in the Statement of Service Performance which forms part of the company's annual report.

## FINANCIAL PERFORMANCE & FORECASTS

The tables below summarise key financial performance indicators information relating to financial metrics and passenger volumes. The tables provide actual as well as budget data for the period to 2027/28.

### Aircraft and Passenger Movements



PASSENGERS (000'S)	FY23/24 ACTUAL	FY24/25 FORECAST	FY25/26	FY26/27 BUDGET	FY27/28
Domestic	903	860	883	932	980
International	-	-	47	48	50
<b>Total Passengers</b>	<b>903</b>	<b>860</b>	<b>930</b>	<b>980</b>	<b>1,030</b>
Percentage Change from Prior Year	-1.9%	-4.8%	8.1%	5.4%	5.1%

## Financial Performance

Airport revenue and operating cashflows correlate closely with passenger numbers, both directly from Airport Charges but also indirectly from carparking, terminal concession sales, and Momona petrol station sales.

Accordingly, the impacts of the reduced passenger numbers shown above significantly influence financial performance.

	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28
(\$'000'S)	ACTUAL	FORECAST		BUDGET	
Revenue (incl. sundry income)	21,217	24,277	25,904	33,010	34,614
EBITDA	10,359	11,269	10,804	18,297	19,620
Net Profit after Taxation (NPAT)	(424)	4,643	1,918	4,985	5,647
Shareholders' Funds (average)	87,058	88,439	88,576	89,956	92,083
Cash Flow from Operations	7,136	5,874	8,724	11,824	12,521
Capital Expenditure	3,920	20,907	36,502	14,818	6,494
Term Borrowings	9,000	20,800	49,600	56,700	53,950
Dividend Paid	2,500	5,136	1,151	2,991	3,388

	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28
MEASURE	ACTUAL	FORECAST		BUDGET	
Profitability/Efficiency					
Return on Assets	(0.4%)	3.5%	1.2%	2.9%	3.4%
Return on Capital Employed	66.8%	73.3%	57.0%	118.7%	131.2%
Operating Margin	48.8%	46.4%	41.7%	55.4%	56.7%
Leverage/Solvency					
Equity Ratio	77.6%	67.4%	55.1%	53.7%	55.5%
Earnings Ratio (Interest Cover X)	14.9	11.4	4.7	4.7	4.8
Gearing Ratio (net %)	9.21	19.08	35.80	38.40	36.66
Shareholders Return					
Dividend Pay-out ratio	0.94	4.88	0.39	0.75	0.76
Return on equity	(0.5%)	5.2%	2.2%	5.5%	6.1%
Return on equity adjusted for IFRS fair value movements and asset revelations	(1.2%)	13.9%	5.7%	14.3%	15.3%

## Notes

1. *Return on assets = (Net profit after tax / Total Assets)*
2. *Return on Capital Employed = (EBIT adjusted for IFRS fair value movements / Share capital)*
3. *Operating Margin = (EBITDA / Revenue)*
4. *Equity Ratio = (Total shareholders' funds / Total assets)*  
*Shareholders Funds = share capital, plus retained earnings, plus hedge and property plant and equipment revaluation reserves.*  
*Total Assets = the aggregate of the carrying value all current and non-current assets.*
5. *Earnings Ratio (interest cover) = (EBITDA (less dividends) / Interest paid)*
6. *Gearing ratio = (net debt / net debt plus equity)*
7. *Dividend Pay-out = (Dividends paid / Net cash flow from operating activities less depreciation expense)*
8. *Return on equity = (Net profit after tax / Average equity)*
9. *Return on equity (adjusted) = Net profit after tax adjusted for IFRS fair value movements (net of tax) / Average of share capital plus retained earnings.*

## Forecast Assumptions

The following are assumptions made throughout the forecast:

- The budget assumes 2025-26 passengers of 930,000.
- Airfield and terminal landing charges are based on the charges outlined to Airlines in our 1 July 2025 Pricing Proposal.
- Passenger forecasts have been developed by DKMA, a firm specialising in airport forecasting. Notable increases occur in FY26 and FY27 due to the introduction of international services, and easing of Air New Zealand capacity issues respectively
- Runway, apron and taxiway OPEX and CAPEX forecasts are based on a defined maintenance program. As a result of inspection, our maintenance plan may be subject to change.
- Wages and Salaries have been budgeted based on current rates plus an 3% average yearly increase across all staff.
- An interest rate of 6.3% (including Westpac's 1.3% margin) has been applied to budgeted debt. Interest rate swaps derivatives are included based on the age profile of swaps in place at time of forecast.
- No fair value movement has been budgeted for interest rate hedge instruments, nor the airport's investments.
- No infrastructural asset revaluations have been budgeted.
- Inflation allowance for 2025/26 to 2026/27 and 2026/27 to 2027/28 is 3% for each year for both non-aeronautical income and expenditure items apart from landing charges, carpark and garage revenue which grows in line with the percentage change in forecast passenger numbers.

This excludes apron, runway, and taxiway operational expenditure which is based on defined maintenance plans.

- The cash flow statement assumes a 1-month lag between recognition of a capital addition, and payment. As such, additions per the cashflow may not equal additions per fixed assets.

# ACCOUNTING POLICIES

## General Accounting Policies

The accounting policies recognised by the External Reporting Board ('XRB') for the measurement and reporting of financial performance, and financial position, will be adopted by Dunedin International Airport Limited.

## Accounting Policies

The accounting policies which materially affect the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

The accounting policies are listed in full in the annual report of the company and on the company website; [www.dunedinairport.co.nz](http://www.dunedinairport.co.nz).

# DIVIDEND POLICY

The company's dividend policy is to pay between 50% to 70% of the forecast operating surplus after tax, adjusting for fair value movements in any investments in equity securities. The actual level of dividend will be determined by the directors each year in light of the circumstances that then exist.

In arriving at a dividend recommendation, directors will take into account:

- The company's financial performance and, in particular, the cash flows generated by the company from operations.
- The ratio of the company's Shareholders funds to the assets.
- The company's investment proposals and profitability thereof.
- The company's ability to raise loans and the terms thereof.
- The company's capital expenditure programme.
- The current cost of borrowings to the company.
- The risks associated with the uncertainty of airline schedules in the short and medium term.
- The Debt/Equity ratio.
- Any views held by shareholders in respect of dividend payments.

Any final dividend will be paid no later than 30 November.

## REPORTING TO SHAREHOLDERS

Annually – January, a draft Statement of Intent.

Annually – 30 June, a finalised Statement of Intent agreed by the shareholders.

The Directors will deliver to the shareholders an annual report and audited financial statements, which will consist of no less than:

- A Director's Report including -
  - a review of operations,
  - a comparison of actual performance with targeted performance recommendation in respect of dividend (if any).
- Greenhouse Gas (GHG) Emissions Disclosures;
- Statement of Financial Position;
- Statement of Comprehensive Income & Statement of Movements in Equity;
- Statement of Cash flows;
- Notes to the financial statements;
- Auditor's Report.

All reporting requirements noted above will be delivered within legislative timeframe deadlines.

### Quarterly Reporting

Within 30 days of the end of each quarter, including Half Yearly, the directors will deliver to the shareholders a report consisting of:

- Financial review detailing actual performance against budget for revenue, expenditure, and taxation. This will include a Statement of Comprehensive Income, a Statement of Financial Position, and a Statement of Cash Flows.
- Aircraft and passenger activity.
- Commentary on any matters relating to the performance of the company.

### Working with the Shareholders

The Company will undertake to keep the shareholders informed of all substantive matters, as set out in the performance targets above. The Company will work to build a culture of accountability and constructive working practices between the shareholder and/or its subsidiaries, and the Company. It is expected that any conflicts that may arise between the shareholder and/or its subsidiaries, and the Company will be resolved directly between the shareholder the Company, in accordance with appropriate governance practices.

## ACQUISITION OF SHARES IN ANY COMPANY OR ORGANISATION

The Company will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to the Company. In order to maximise benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that the Company:

- carry on any business other than the management and operation of DIAL;
- form any subsidiary company; or
- acquire more than 20% of the shares in any other company,

the Company will obtain prior approval of the Shareholder through special resolution, or the transaction must be contingent on a special resolution of Shareholders.

## TRANSACTIONS WITH RELATED PARTIES

The shareholders of Dunedin International Airport Limited are Dunedin City Holdings Limited and the Crown - each holding 50%.

### DUNEDIN CITY COUNCIL

The Dunedin City Council is the sole shareholder in Dunedin City Holdings Limited. Transactions between related parties will be on a wholly commercial basis. Charges from Dunedin City Council and its other companies and charges to Dunedin City Council and its other companies will be made for services provided as part of the normal trading activities of Dunedin International Airport Limited.

A summary of related parties, and transaction type are noted in the table below:

Related Party	Transaction Type
Dunedin City Council	Rates and Licences
Delta Limited	Maintenance Contracts
Dunedin Venues Management Limited	Corporate Membership
Dunedin City Treasury Limited	Specific Treasury Services