

ANNUAL REPORT

2021



dunedin
AIRPORT



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OUR
**COMPANY
PARTICULARS**

DIRECTORS

Jonathan Cameron
(Appointed Interim Chairman
1 February 2021)

Tony Allison
(Resigned Chairman
30 January 2021)

Darin Cusack
(Appointed 1 November 2019)

CHIEF EXECUTIVE

Richard Roberts

**GENERAL MANAGER
COMMERCIAL**

Chris Cope

**GENERAL MANAGER
INFRASTRUCTURE &
SERVICE DELIVERY**

Glen Pleasants

**GENERAL MANAGER
BUSINESS DEVELOPMENT**

Megan Crawford

REGISTERED OFFICE

Terminal Building
Dunedin International Airport
Private Bag 1922
DUNEDIN

Phone 03 486 2879
E-mail admin@dnairport.co.nz
Website www.dunedinairport.co.nz

BANKER

Westpac
101 George Street
DUNEDIN

SOLICITORS

Galloway Cook Allan
123 Vogel Street
DUNEDIN

AUDITOR

Rudie Tomlinson of Audit NZ
On behalf of the Auditor-General



AIRLINE

AIRCRAFT TYPE

DOMESTIC

| | |
|--------------------|---------------------------------|
| Air New Zealand | Airbus 320CEO, A320NEO, A321NEO |
| Mount Cook Airline | ATR 72 |
| Air Nelson | Dash 8-300 |
| Jetstar | Airbus 320-200 |

CHARTER, FLIGHT TRAINING AND COMMUTERS

| | |
|-----------------------|--------------------------|
| Mainland Air Services | Cessna 152 |
| | Piper PA31-350 Chieftain |
| | Piper PA34-200 Seneca |
| | Socata TB10 Tobago |

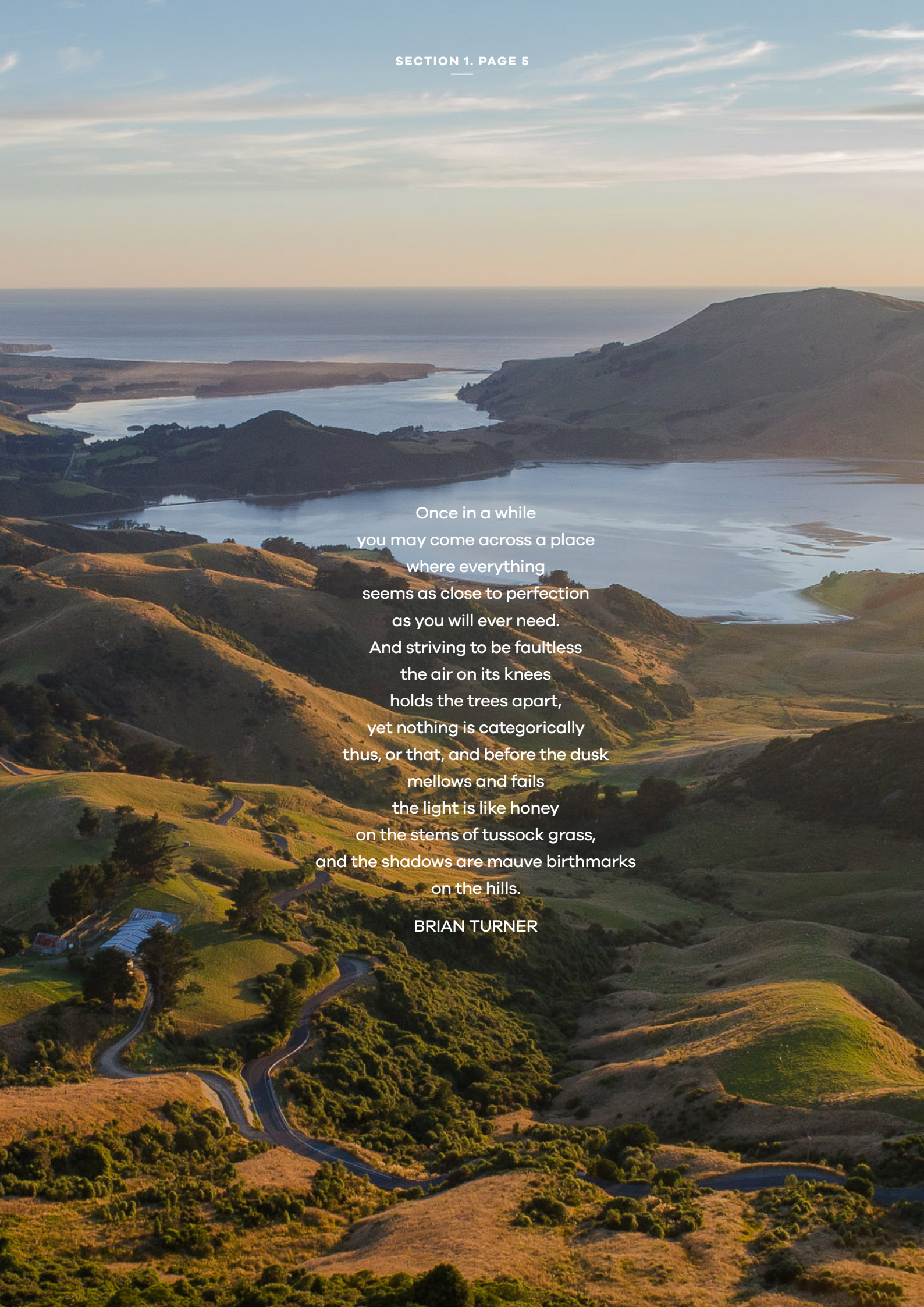


OUR PLACE

DUNEDIN, NEW ZEALAND

It's hard to imagine that one destination can have some of the best and most unique wildlife viewing in the world, an impressive array of heritage architecture, and be home to world class fashion designers. But there is such a destination, Dunedin.

Dunedin, New Zealand's first city, is set amidst a magical landscape edged by the sea. Here the streets hum vibrantly with colour and culture, and the beauty of nature can still be found everywhere. It is a thriving city of rare charm.

A wide-angle landscape photograph capturing a serene scene at sunset. In the foreground, rolling hills are covered in golden-brown tussock grass, with a dark, winding road snaking through them. A small cluster of buildings with blue roofs is visible on the left. The middle ground features a large, calm bay or inlet, its surface reflecting the warm, orange and yellow light of the setting sun. The background shows more distant hills and the ocean under a sky filled with soft, wispy clouds. The overall mood is peaceful and contemplative.

Once in a while
you may come across a place
where everything
seems as close to perfection
as you will ever need.
And striving to be faultless
the air on its knees
holds the trees apart,
yet nothing is categorically
thus, or that, and before the dusk
mellows and fails
the light is like honey
on the stems of tussock grass,
and the shadows are mauve birthmarks
on the hills.

BRIAN TURNER



Moeraki Boulders

NORTH OTAGO



1.5 hours by car

Elephant Rock

WAITAKI



2.5 hours by car

OUR BOARD

Place BY BRIAN TURNER

Once in a while
you may come across a place
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and the shadows are mauve b
on the hills.



Darin Cusack

Tony Allison

Jonathon Cameron

Christine McNamara

OUR
**EXECUTIVE
LEADERSHIP TEAM**



Blue Lake,
St Bathans
CENTRAL OTAGO

2 hours by car.

**GENERAL MANAGER
COMMERCIAL**

Chris Cope

**GENERAL MANAGER
INFRASTRUCTURE &
OPERATIONS**

Glen Pleasants

**GENERAL MANAGER
BUSINESS
DEVELOPMENT**

Megan Crawford

CHIEF EXECUTIVE

Richard Roberts

THE YEAR AT A GLANCE

TOTAL PASSENGERS



761,649

DOWN
4.0%

INTERNATIONAL



NIL

DOWN
100%

DOMESTIC



761,649

DOWN
4.0%

INTERNATIONAL CAPACITY



DOWN
100%

DOMESTIC CAPACITY



DOWN
0.4%

BUSIEST MONTH

JULY 2019

99,457



FINANCIAL SUMMARY

This summary should be read in conjunction with the full financial statements in section 2 or online at www.dunedinairport.co.nz

OPERATING REVENUE

\$14.6M

DOWN
2.8%

OPERATING SURPLUS AFTER TAX



2.1M

DOWN
42.7%

AERO REVENUE



\$6.4M

UP
6.2%

TOTAL DECLARED DIVIDEND FOR THE YEAR



\$NIL

SHAREHOLDERS FUNDS



\$71.5M

UP
3.3%

NON AERO REVENUE



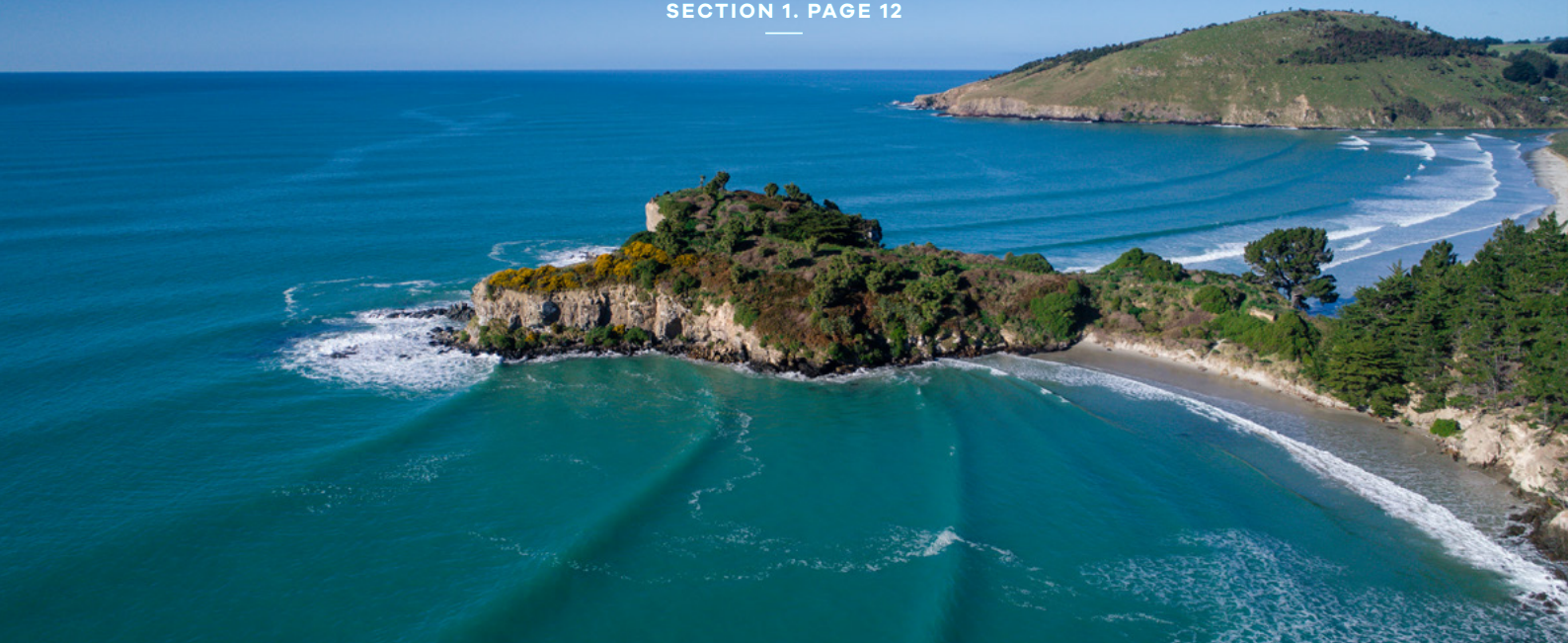
\$8.2M

+Others

DOWN
10.3%

CHAIRMAN AND CEO'S REPORT



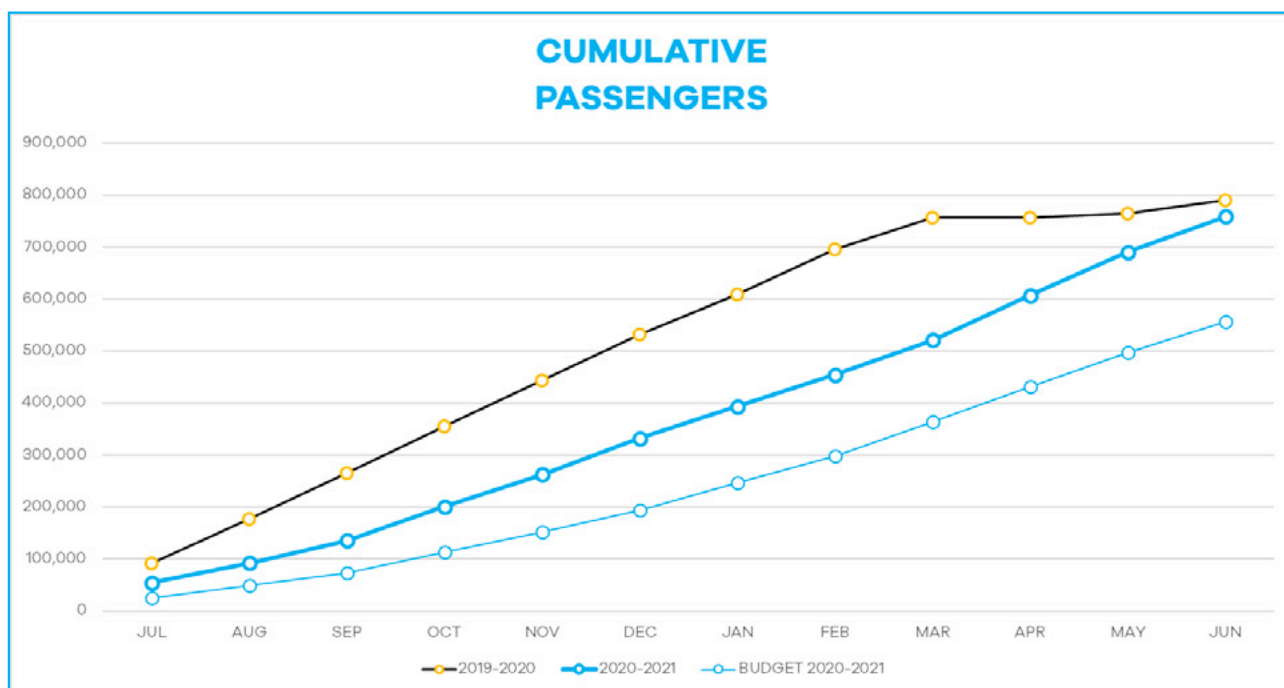


The Directors and Management are pleased to present this year's Annual Report.

Dunedin Airport has ended on a positive note after beginning the year in an environment of uncertainty, operating with the trials and tribulations of COVID, and re-focussing and promoting Dunedin and the Lower South to a largely domestic audience as New Zealanders began to travel and "see something new New Zealand".

This compares to the beginning of the financial year where we were slow to see progress as we climbed out of the hole left by the virus following the 8th June 2020 Ministry of Health announcement that there were no more active cases of COVID-19 in New Zealand

and the country would move to Alert Level 1. This Level change saw us return to some sense of 'normal operations' with our airline partners matching their schedules to meet forecast demand projections as New Zealanders began to travel about New Zealand. In July 2020, we welcomed 54,355 passengers at the airport, a stark contrast to three months earlier during the depths of COVID, when in April 2020 we saw only 804 passengers and also our pre COVID monthly average which would normally see us welcoming around 90,000 passengers and peaking at nearly 100,000 in our busiest month.





The year looked something like this, with our budget of around 500,000 passengers by year end being exceeded by over 50%, as we saw 761,649 passengers pass through.

AIR NEW ZEALAND



JETSTAR



VIRGIN AUSTRALIA



As domestic travel set itself up for a boom as we came out of lockdown and kiwis could not travel outside of the country, numbers began to increase steadily as we chose to “see something new, New Zealand”.

Prior to the trans-Tasman bubble being opened it was evident to all, that Virgin Australia had troubles of its own and advised us that it wouldn't be reinstating its trans-Tasman services. We have been working hard to have services reinstated on our very popular Dunedin – Brisbane route and look to open others in the future, but the volatile state of the trans-Tasman bubble during the year, just hasn't given anyone any confidence that any trans-Tasman routes between the two countries, are economically viable at this time.



Our Terminal Expansion Project was due to be officially opened on the 19th March 2020. Yes, you guessed it, this was delayed due to COVID. As the alert levels reduced, we were able to pull together an official opening without much fanfare or expense on the 5th November 2020, where we had the much loved, Lyn Joseph, open the new facility.

This year, along with the DCHL group of companies, we measured the Greenhouse Gas (GHG) emissions of our airport operations. The GHG Emissions Report is included in Section Two to this report. We have, at this stage, focused on measuring our Scope 1 and 2 emissions and an agreed selection of Scope 3 (indirect, or value chain) emissions. A total of 2,305 tonnes of Carbon Dioxide Equivalent (tCO₂-e) was measured for all operations including our two dairy farms. The dairy farms accounted for over 80% of emissions. From here, we will be working with the DCHL group on setting an emissions reduction strategy and targets and incorporating these findings into our Sustainability Strategy that we are currently working on.



POST COVID

As the country recovered from COVID and passenger numbers and schedules continued to improve, we began to grow staff numbers within front line teams in line with this growth, adding back some of the 25% reduction in staff that we had to make, based on what we knew at the time and the landscape in front of us in March 2020. We are now looking forward with optimism and opportunity to where we want to be, and we need to get the team back to full strength as soon as we can. One thing the lock down did affirm to us, was that we are a high fixed cost operation. The diversity of what we do and the things we do, regarding airport operations, that are not necessarily provided in direct proportion to our passenger numbers. Our airside infrastructure still requires regular inspection, and maintenance to remain compliant. We process all sewage generated at the airport and from the residential housing we own and operate in Mōmōna. We store and distribute all our own potable water; we have two dairy farms and a petrol station. All require resource and attention to be compliant and open for business. Our infrastructure is beginning to age, and we have a programme of replacement in place over the coming 5 years or so.

"2020 has tested all of us. 2021 will be equally uncertain, 2022 will be unpredictable, we will need grit to get through this."

GREG FORAN

Air New Zealand
CEO

This new environment will also present opportunities in the tourism space. We've seen how kiwis have travelled more around New Zealand and once we do have a clear and uninterrupted way forward to travel outside our borders, we will most certainly see the long-awaited pent-up demand we spoke often of in the first opening of the bubble.

We need to be ready, and we will be!



COMMERCIAL

OPERATIONS

CUSTOMER

CONNECTING OUR PLACE, TO MORE PEOPLE, IN THE BEST WAY EVERYDAY

OUR BRAND VALUES OF



BE YOU



BETTER TOGETHER



CAN DO



MAKE IT EASY



WE CARE



MAKE IT HAPPEN

OUR STRATEGIC GOALS

TO MAKE SAFETY &
SECURITY OUR FIRST
PRIORITY

TO BE
ENVIRONMENTALLY
RESPONSIBLE

TO OPTIMISE THE
COMMERCIAL
RETURN TO OUR
SHAREHOLDERS

INCREASE PASSENGER
NUMBERS

TO DEVELOP &
STRENGTHEN OUR
PARTNERSHIPS

PROVIDE THE
BEST CUSTOMER
EXPERIENCE

TO BE A GREAT PLACE
TO WORK

TO CONNECT &
ENGAGE WITH
OUR PLACE



Not surprisingly, the COVID-19 pandemic materially influenced the 2021-year passenger numbers, and as a consequence, our financial performance. While comparison against the prior year does indicate increased passenger numbers, the 2020 financial year was also significantly disrupted. As such, while we note improvements against our comparative period, our passenger numbers remain approximately 25% below pre COVID-19 years where Dunedin Airport were experiencing in excess of 1 million passengers per year.

Compared to the prior year, domestic capacity (excluding charter and flight training flights) increased 0.4% to 946,876 seats with a corresponding increase in passengers of 0.3% to 759,117.

Following Virgin Australia being placed into administration in April 2020, International capacity fell by 100% with nil international passengers arriving and departing from the Airport. This compares to 34,232 international passengers during the prior financial year.

Dunedin Airport's total revenue, including interest income, dividends, and gains/losses on investments and on sale of property, plant and equipment, decreased by 2.8% to \$14,603,000.

Aeronautical revenue (excluding departure fees) of \$6,358,000, which constituted 43.5% of total revenue (39.8% in the prior year), was 6.2% ahead the previous year.

This is caused by the increase in total passenger numbers and compounded by the introduction of an Airport Development Asset Landing Charge following the completion of the Terminal Expansion Project (TXP) late in the 2020 financial year. The remaining movement in aeronautical revenue is caused by a change in aircraft mix.

Non-aeronautical income (excluding interest income, dividends received, gain on the sale of property, plant and equipment, and fair value movements of investments) decreased \$948,000 (10.6%) below last year to \$8,216,000. This revenue stream is derived from passenger activities, retail, property, car parking and the airport's dairy farming operations and constitutes 56.3% of our total revenue; a decrease from 61.0% in the prior year.

This decrease has been driven by the decrease in passenger movements through the airport, and the associated impact this has on other, non-aeronautical revenue streams. For example, carpark barrier arm revenue is \$148,000 (5.6%) down against the prior year. The Airport owned service station revenue is \$400,000 (28.3%) down on the prior year. This is a combination of a decrease in fuel volume sold, coupled with decreasing fuel prices per litre, and the closure of the service station shop resulting in no non-fuel sales revenue in the current year.

These decreases are further compounded by a decrease in rental revenue. In the previous years we have transitioned to a lease structure based on a 'percentage of tenant revenue' rental with our rental car and terminal partners, rather than their previous fixed rental approach. This structure was subject to Minimum Annual Guarantee (MAG) clauses which protected the Airports rental revenue from a dramatic decrease in tenant revenue. However, it became very clear during the COVID-19 lockdown period that charging the MAG during a period of limited trading revenue for our tenants was not in the best interests of Dunedin Airport or our valued airport partners. Accordingly, we removed the requirement for tenants to pay MAG's, and provided substantial discounts to other rental streams.

Despite the financial implications to the Airport of these rental concessions, we remain focused on ensuring that the Airport and our trading partners can provide the best customer service to our passengers both now and into the future.

Offsetting these decreases in revenue is the receipt of the Governments COVID-19 wage subsidies.

Following the COVID-19 outbreak, and associated implications for our business operations, we looked to reduce our cost structure by eliminating all discretionary expenditure and undertaking



an organisational restructure to right size the business based on our operational outlook. Despite a relatively fixed cost base, we incurred operating expenditure for the 30 June 2021 financial year of \$11,615,000, an 8.5% (\$1,075,000) decrease over the prior year. This decrease was primarily caused by a decrease in salaries and wages as a result of our reduced headcount over the prior year, a decrease in pavement maintenance in line with our runway, taxiway, and apron maintenance program, and reduced marketing and advertising campaign spend, primarily in the trans-Tasman market. Further, decreased sales volume and falling fuel prices resulted in savings in fuel purchase expenditure against the prior year.

These decreases were offset by an increase in depreciation expense as a result of the capitalisation of the Terminal Expansion Project (TXP) late in the 2020 financial year, and revised useful life estimates of key infrastructure noted as part of the June 2020 valuation process.

The culmination of the revenue and expenditure movements outlined above is an operating surplus before taxation of \$2,988,000, which is \$647,000 (27.6%) ahead of the prior year and a return on Shareholders Equity of 2.9%.

Following the Governments COVID-19 taxation initiatives, the reinstatement of tax depreciation on buildings in the 2020 financial year resulted in a \$2,024,000 credit to the prior year income tax expense and a reduction in our deferred tax liability.

Accordingly, the increase in the operating surplus before taxation noted above does not correlate to the post taxation surplus. The operating surplus after taxation of \$2,083,000 represents a \$1,553,000 (42.7%) decrease against the prior year due to the significant tax credit adjustment in the 2020 financial year.

Following the impeded financial performance in the 2020 financial year, uncertain Covid outlook, and with a view to consolidating our financial position, it was resolved not to distribute a dividend at the 2020 Annual General Meeting.

Dunedin Airport shareholders' funds increased by \$2,264,000, or 3.3%, to \$71,457,000. This increase was primarily the result of a (post tax) \$181,000 gain on cashflow hedges and the current year net profit after taxation.

The 2019-2020 year saw significant investment in airport infrastructure with capital expenditure reaching \$7,569,000. Of this, \$6,853,000 was incurred on the Terminal Expansion Project (TXP), \$162,600 replacing the level one terminal flooring, and a further \$131,000 on server and other IT hardware updates. Following the commissioning of the TXP in March 2020, coupled with the deferral of growth-related development expenditure, capital expenditure decreased for the 2020-2021 financial year to \$918,000. Of this, approximately \$428,000 related to residual completion costs associated with the TXP, and \$190,000 on asphalt replacement at Gate One.

Our operating surplus coupled with reduced current year provisional taxation payments have resulted in a rise in operating cash flow, which increased by \$2,247,000 against the prior year to \$5,810,000. Further the decrease in the current year capital expenditure program against the prior year has enabled the repayment of \$3,500,000 from our credit facility as we managed our cash balances throughout the year. Consequently, the year-end debt position is \$15,750,000, down from \$19,250,000 as at June 2020.

In March 2020 we commenced consultation with our airline customers on airport charges for regular passenger transport (RPT) operators at Dunedin Airport. It is a legislative requirement under The Airport Authorities Act 1966 that all airport companies consult over charges with all substantial customers, before any new or altered charges are implemented. The previous airport charges consultation occurred in 2017. When the COVID pandemic hit, it made little sense to continue with the consultation as a result of the extensive uncertainty surrounding passenger numbers. Accordingly, after discussion with our airline partners the process was paused and recommenced in early 2021 once we saw some certainty in forecast passenger numbers. The process was concluded in April 2020 and revised airport charges agreed, to be effective 1 July 2021.




CONNECTING MORE PEOPLE

Following the suspension of our Tasman service during lockdown last year, our strategy became heavily focused on reinstatement of a direct service to Australia. The COVID outbreak has had a dramatic effect on New Zealand's tourism industry. We know our borders will remain closed to the rest of the world until we have an acceptable vaccination rate within the country. We, along with many whanau, friends, and tourism operators, had hoped the New Zealand - Australia "bubble" would open and stay open to enable safe travel between the two countries. The "bubble" was initially focused on the Visiting Friends and Family (VFR) market and then moving to a visitor market, both in and outbound.

In June 2020, we began work to develop a business case to take to our airline partners for a trans-Tasman service. This piece of work continued over the year as the business case was finalised. However, what materialised at the time was a robust demand profile from potential Australian visitors, but very soft demand from New Zealand based passengers as COVID cases continued to flare

up in Australia which impacted the immediate viability of re-launching a route. At this point in time, New Zealand has ceased all flying to Australia as areas such as NSW and Victoria are trying to contain the COVID outbreak in their communities.

There is a lot of speculation as to when flying will resume between Australia and New Zealand but as we know this will depend on vaccination rates. At such time we have an indication of services recommencing we will reignite our work on the Tasman.

The Lower South strategy played an important role in the Tasman business case. We continue to engage with the eight Regional Tourism Organisations (RTOs) - Central Otago Tourism, Tourism Waitaki, Great South, Queenstown NZ, Lake Wanaka Tourism and Enterprise Dunedin, that we brought together at the start of 2019 and make up "Lower South NZ". A database of approximately 16,000 Queenslanders interested in visiting the lower south is sitting ready to be communicated to when the time is right. We have updated the Lower South NZ website and while the "bubble" was open between New Zealand and Australia, we started engaging with the Queensland market again.

We presented to the RTOs this year, to update them on the work we were doing on Tasman services.

Our strategy for growth continues to be focused on our domestic services and the market that supports them. Following the countries lockdown in 2020, kiwis were quick to start visiting their own backyard and "do something new New Zealand" - the Tourism New Zealand domestic campaign. Dunedin Airport saw an increase in domestic traffic from June 2020, and it continued!

We started work with Air NZ prior to lockdown on their new travel tool, Trip Starter, and in November 2020 it went live. Dunedin was the first City that Air NZ profiled on the tool! Trip Starter allows users to develop itineraries for their trips at the destination. Enterprise Dunedin and Dunedin Airport provided content under the headings Food and Wine, Heritage and Culture, Outdoors and Wildlife, Adventure and Sports, Pools, Spas and Wellness and Shopping.

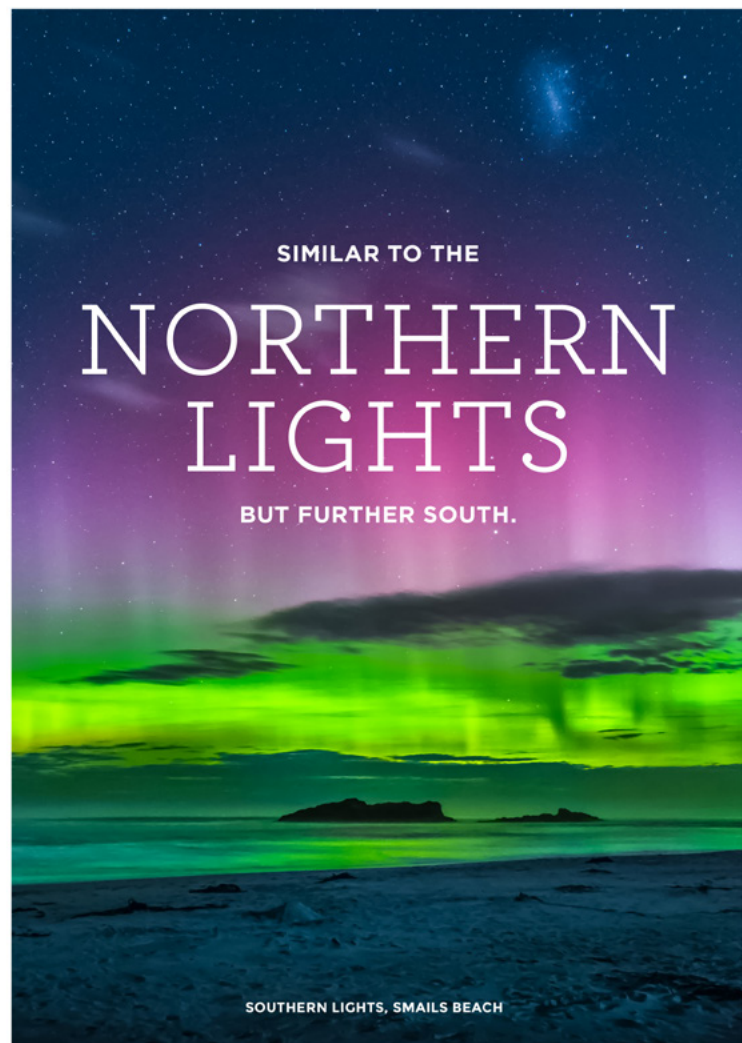
In November 2020, Dunedin Airport were excited to be involved in a brilliant collaboration between Universal Music, Air NZ and one of Dunedin's homegrown best, Six60. Air NZ sold tickets on an Auckland to Dunedin flight, which was the "World Premier in the Air". Members of the Six60 band accompanied their fans on the flight where they watched the first screening of the Six60 movie "Till the Lights Go Out". As part of the promotion, Air NZ promoted Dunedin as a destination via their database and social media channels.



The Air NZ Board visited Dunedin in April 2021, holding their monthly Board meeting here. Dunedin Airport along with Otago Chamber of Commerce, organised a business breakfast that was held at Forsyth Barr Stadium. The Air NZ Board Chairperson, Dame Therese Walsh, spoke at the event.

We worked with Air NZ Grabaseat to offer a special flight promotion for the University tertiary open day that was held on the 24th May. Enterprise Dunedin had a stand at the Open Day to promote all things Dunedin to potential students and their whanau, along with a 20% off offer for flights to Dunedin. 42 people used the voucher, which resulted in approximately 92 passengers.

We continue to support Enterprise Dunedin with their Dunedin domestic campaign – “A Pretty Good PLAN D”. The thinking behind the campaign is to encourage domestic travel to Dunedin, recognising that New Zealanders may have been booked to travel overseas but are now unable to.



dunedin **A PRETTY GOOD PLAN D**



BETTER TOGETHER

2020/2021 was a difficult year for the City with regards to events and will continue to be so for 2022. Dunedin Airport has continued to support events and organisations within the City and region.

PULL THE PLANE

Following the 2020 lockdown, it was apparent that we needed something a little bit special to put some positivity back into the City. In collaboration with Mediaworks and Air New Zealand, a unique event was held at Dunedin Airport called "Pull the Plane". This involved a number of leaders in Dunedin and the region arriving at the airport to "pull" an Air NZ ATR plane - demonstrating everyone working together for growth. We had several of the Air NZ team involved in the day, and an Air NZ video was made of the event.



Dunedin Airport continues to sponsor one of our City's beloved and treasured birds, the Yellow-Eyed Penguin. This iconic yet endangered bird needs all the help it can get, and we are very proud to be involved with the Trust. Further, in the upcoming year our team will be assisting the Trust with the important work they do in the field. Another great example of our commitment to our partnerships.



For the fifth year running we were a sponsor of the OUSA Beer and Food Festival held in October 2020 at the Forsyth Barr Stadium. We were honoured to have members of the Air New Zealand Executive, again, attend the event as our guests. This event has continued to go from strength to strength and is quickly becoming recognised as New Zealand's best craft beer festival. 2022 will be the events tenth year, so we will be in discussions with OUSA as to how we can celebrate this milestone with them.



ousa

dunedin HOST

AUCKLAND CRAFT BEER AND FOOD FESTIVAL

OUSA took the successful Dunedin event to Auckland in March this year. Dunedin Airport and Enterprise Dunedin co-invested in a site at the event to promote Dunedin. Grabaseat provided us with 25% off flights AKL-DUD vouchers, plus four flights that we used for a giveaway for people that signed up to the Dunedin database.

As we know, tourism has suffered dramatically over the past 18 months and many operators will continue to struggle while our borders are closed. To support our local tourism operators, Dunedin Airport donated funds to Dunedin Host, the local tourism industry body group, to assist them in membership fees and other activities.

Through our relationships with airlines and other stakeholders we will continue to look for opportunities to advertise events in the City and invest in campaigns using events as a reason to travel to Dunedin. We have continued to focus on strengthening relationships with our community and identifying opportunities to share information about the airport and how we work with our partners. We initiated the fourth year of a stakeholder relationship survey which we sent to 40 of our partners. The results were positive and indicated the trust and strength of our stakeholder relationships.

Our CEO, Richard Roberts, has continued the Airports engagement with the City and region, by presenting information on different aspects of the airport to community groups and organisations. These opportunities allow us to inform people in a very personal and authentic way of both the day-to-day operations, and the strategies of our airport. They have been very well received by the community.



OUR AIRPORT

With the immediate impact of the COVID-19 pandemic behind us, we had full confidence that we could recover from the effects and set the team heading in the right direction to achieve our annual goals.

However, with key positions within the team becoming vacant, there was increased pressure on the team to meet some of our annual goals. In particular, the departure of our Safety and Compliance Manager, created increased workload on the team. However, we were fortunate to find an outstanding replacement for this position and the last quarter of the year saw us gaining ground again and making great progress.

Our Airport Emergency Services team (AES) continued to bear the brunt of the COVID-19 impacts through until February when we were finally able to return them to their normal shift structures and back to 100% working hours. Even through these testing times, we continued to provide the necessary compliance standards and rank advancement training. In addition, we inducted and trained two new firefighters. Throughout this period of uncertainty, the AES team continued to deliver the necessary level of service to meet the CAA regulatory requirements.

With our AES fire appliance fleet nearing the end of their useful lives, we embarked on a project to identify suitable replacement vehicles. With Queenstown, Invercargill, Nelson airports, and ourselves requiring replacement vehicles, we formed a South Island

Airport Group (SIAG) to collectively identify a replacement appliance supplier, while seeking price benefits by buying a larger number of vehicles.

Under the Guidance of Transport Specifications LTD, the SIAG released an RFP to the global market and carried out a Tender Evaluation on the three responses. The outcome of this evaluation was the SIAG agreeing to enter contract negotiations with Rosenbauer, Austria, for the supply of four to eight Panther 6x6 appliances. This is now the most common airport firefighting appliance in New Zealand. The outcome of the contract negotiations, resulted in us signing a contract for two appliances in July and August 2021, with the first to be delivered mid-2022 and the second mid-2023. This purchase will provide vehicles to meet the airport needs for the next 25-30 years.

As a result of the PFOS testing conducted on the current fire appliance fleet in 2019, our fleet of fire appliances were required to undergo an intensive cleaning programme to ensure any traces of PFOS were removed before new fluorine free foam was introduced to the fleet. Due to the flow on from COVID-19 delays, the cleaning and replenishment of the fleet was



delayed until February 2021. The cleaning was completed, and the fleet declared PFOS free by GHD and the Environmental Protection Agency. All stocks of foam, and the water used to clean the appliances was exported to France for destruction. There are no PFOS containing firefighting products on airport. This work was completed under budget.

In line with our runway maintenance plan, we continue to monitor and maintain our most important asset, our runway. There were no failures of the pavement this year and we continued our focussed annual maintenance to ensure the runway remains in good condition to ensure the expected useful life can be achieved. The areas of repair last year have continued to perform to the expected standard.

This year we started to focus on sustainability initiatives to ensure we are doing all we can to improve our environmental footprint. One key area we targeted was our diversion of waste to landfill rates. In previous years, our diversion rates were based on industry best practice algorithms, which did not provide an accurate picture. This year we changed our waste provider and with a collaborative approach with our cleaning provider, OCS, we embarked on a new programme

which now accurately measures true weights of waste, with accurate rates of diversion to landfill. Although this year's rate is lower than the previous year, we have confidence now that all future figures will be actual and accurate.

In addition to our new waste provider, we were to implement a public recycling initiative. Due to a reduction in staff resourcing, this was not completed before the year end. However, everything is now in place to implement this program in September 2021. OCS estimate that the public recycling initiative will increase our diversion rates by a further 12 to 15%. Diversion rates will continue to be reported each month.

The year has again presented many challenges, but again it was pleasing that through all of these, both dairy farms continued to operate without issue and meet the expected milk production outputs and quality.

Dunedin Airport, our sharemilker and farm consultant have remained active in our management of the Mycoplasma Bovis disease within the herds. Our dairy herds continue to be Mycoplasma Bovis free, which has been confirmed through the continued testing of the milk products by Fonterra.

We will continue to monitor the Mycoplasma Bovis disease, the progress of the eradication programme and assist MPI and our sharemilkers on this issue.

After undertaking significant work to improve our cyber security in the previous financial year, it was crucial that we ensured we maintained the highest levels of cyber security we could. FOCUS, our IT partner, continued to provide excellent monitoring, upgrading and improving our IT system. Although our IT system receives continuous phishing, malware and other cyber threats, the system has not been compromised.

Due to the cessation of support for our ISDN phone system, we introduced a new digital phone system to ensure we have a modern and reliable communication system. The new phone system provides us with increased options to manage our incoming and outgoing communications.



WE CARE

The past 12 months have seen significant milestones, improvements, and certification achievements. These include, but are not limited to;

- **CAA – Part 139 Annual Safety and Security Audits.**

No safety audits were conducted this year as the airport continues to be a low-risk operation as determined by CAA based on previous audits.

A security audit was conducted. There were four minor findings identified 2 are rectified and 2 more are under action and to be completed early in the last quarter of 2021.

- **CAA CAR PT 100 and 139 Internal Audit.**

We conducted an internal audit this year using an external contractor, QAOSH. This identified the areas of our compliance that we can focus on to ensure we continually improve.

- **MPI- Successful Point of First Arrival (POFA) and Transitional Facility Audit.**

MPI conducted audits of our international processing facilities without any major findings.

- **Fonterra annual Farm Audit**

Both farms that we operate were independently audited by Fonterra. Otokia Road had two minor findings that were resolved.

- **Communicable Diseases Preparation and Alert Level Compliance.**

We continued to develop our response to the COVID-19 pandemic. A key to this is the development of a Pandemic Response plan which is now complete.

- **TXP without Incident**

The Terminal Expansion Project (TXP) was completed, and it is pleasing to report there were no lost time injuries.

This is a common theme of the past year, working together safely to meet our regulatory needs and to make the airport community slightly better, every day.



MAKE IT HAPPEN

One of our greatest challenges is ensuring that any addition to our airport team continually aligns with our simple, yet strong company values. This is crucially important to our business in order that we maintain our high levels of authentic engagement and service delivery to all our partners and customers.

As a team, an airport and a community, we are better together. We care, and we value our relationships. We are proactive with a can-do attitude. We are ourselves – proud, southern people.





DUNEDIN INTERNATIONAL AIRPORT LIMITED

CARBON EMISSIONS REPORT





EMISSIONS

GREENHOUSE GAS EMISSIONS SUMMARY

During the year we have, for the first time, assessed and measured our Greenhouse Gas (GHG) emissions.

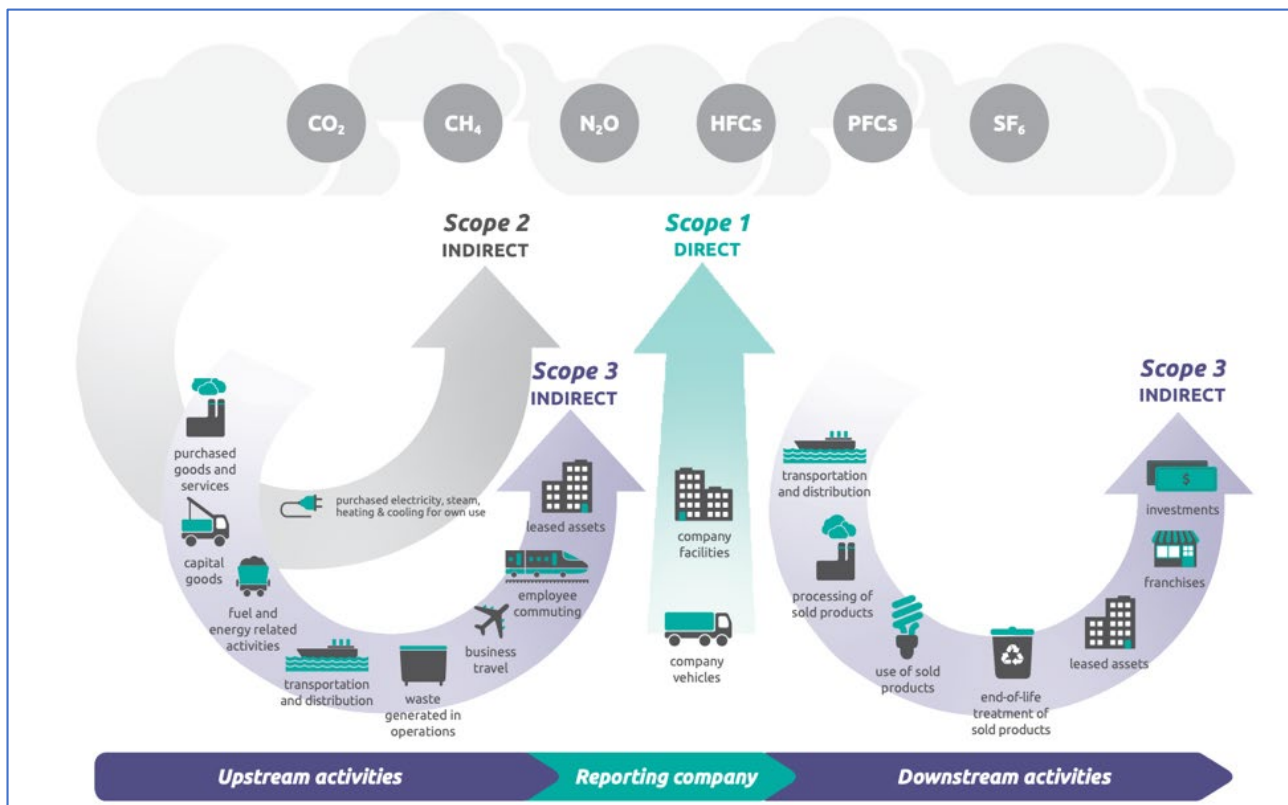
We completed this process with the assistance of external advisors and in accordance with the requirements of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2006 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals.

In accordance with these standards, we have included in our scope of reporting the operations and facilities for which we have either financial or operational control. This

includes the dairy farm (farmed in partnership with a sharemilker), the Momona residential housing estate and our wastewater treatment plant. The emissions associated with aircraft flights (i.e. fuel usage) is not within scope of Dunedin Airport as that activity is owned and undertaken by the airline operators (and reported in their emissions report).

We have at this stage focused on measuring our Scope 1 and 2 emissions and an agreed selection of Scope 3 (indirect, or value chain) emissions.

Figure 1 Source: GHG Protocol - Figure 1.1 of Scope 3 Standard



SCOPE ONE

Scope 1 emissions are direct emissions that are operationally controlled by the Airport, including:

- Mobile consumption emissions related to vehicles owned or operated by the Airport.
- Stationary combustion emissions related to ground handling operations.
- Farm emissions related to dairy cattle, fertiliser, and farm vehicle fuel consumption.
- Wastewater treatment plant emissions used for the airport facilities as well as the Momona village.

SCOPE TWO

Scope 2 emissions are indirect GHG emissions from imported energy, including:

- Purchased electricity that is consumed at sites we operate from. This excludes the electricity used by our tenants as that is counted as their own direct emissions.

SCOPE THREE

Scope 3 emissions: to provide alignment across the Dunedin City Holdings Limited (DCHL) group of companies a consistent set of Scope 3 emission categories have been applied, which are waste, travel and freight.

Our Scope 3 emissions include the following:

- Business travel (primarily flights and accommodation).
- Waste generated from our operations. We have included the waste generated by our tenants.
- Electricity transmission & distribution losses.
- Freight of goods purchased by the Airport.

At this stage we have not captured emissions relating to suppliers and contractors undertaking work at our sites.

We will review which Scope 3 emissions are relevant and appropriate on an ongoing basis, as we continue to measure and report our carbon footprint.

RESULTS

Including the dairy farm.

We have measured and reported the emissions for DIAL both including and excluding the farm operations.

Emissions are reported as tonnes (t) of Carbon Dioxide (CO2) equivalent (e); or tCO2-e. "Carbon dioxide equivalent" is a standard unit for counting greenhouse gas emissions regardless of whether they are from carbon dioxide or another greenhouse gas.

TABLE 1: EMISSIONS BY SCOPE – TOTAL FOR DIAL INCLUDING THE DAIRY FARM

| Scope | tCO2-e | % of Total |
|---------|--------|------------|
| Scope 1 | 2,088 | 90% |
| Scope 2 | 173 | 8% |
| Scope 3 | 44 | 2% |
| Total | 2,305 | 100% |

FIGURE 1: EMISSIONS BY SCOPE – TOTAL FOR DIAL INCLUDING THE DAIRY FARM

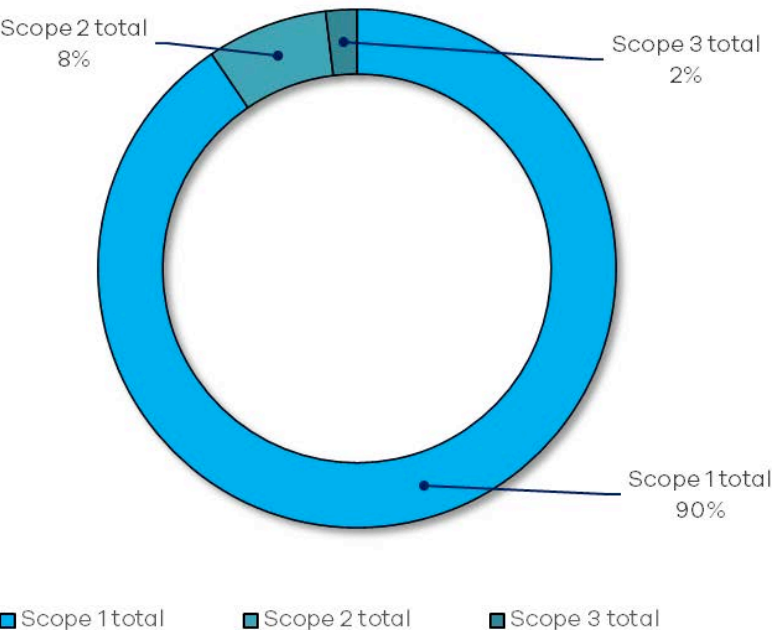
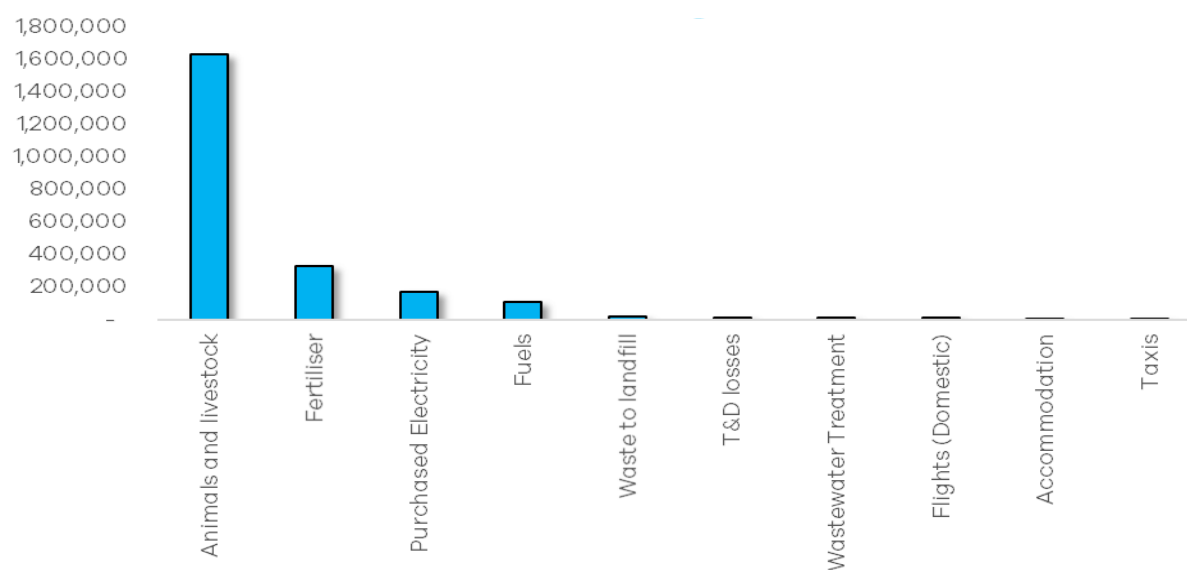


TABLE 2 EMISSIONS BY ACTIVITY – TOTAL FOR DIAL INCLUDING THE DAIRY FARM

Our top emissions sources are summarised below.

| Emissions Source | t CO2-e |
|-------------------------|----------------|
| Animals and livestock | 1,634 |
| Fertiliser | 328 |
| Purchased Electricity | 173 |
| Fuels | 112 |
| Waste to landfill | 19 |
| T&D losses | 15 |
| Wastewater Treatment | 13 |
| Flights (Domestic) | 10 |
| Accommodation | 0.7 |
| Taxis | 0.1 |

FIGURE 2 EMISSIONS BY ACTIVITY – TOTAL FOR DIAL INCLUDING THE DAIRY FARM (kg CO2-e)

RESULTS

Excluding the dairy farm.

The Airport measured GHG emissions, excluding the farm, for the year end June 2021 are 290 tCO₂-e.

TABLE 1 EMISSIONS BY SCOPE – TOTAL FOR DIAL EXCLUDING THE DAIRY FARM

| Scope | tCO ₂ -e | % of Total |
|---------|---------------------|------------|
| Scope 1 | 86 | 30% |
| Scope 2 | 161 | 55% |
| Scope 3 | 44 | 15% |
| Total | 290 | 100% |

FIGURE 1 EMISSIONS BY SCOPE – TOTAL FOR DIAL EXCLUDING THE DAIRY FARM

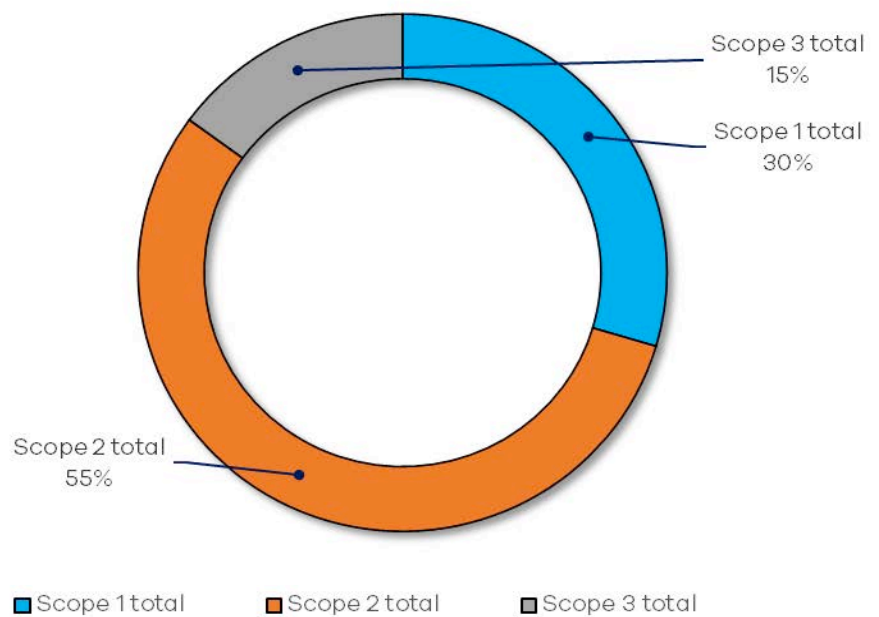
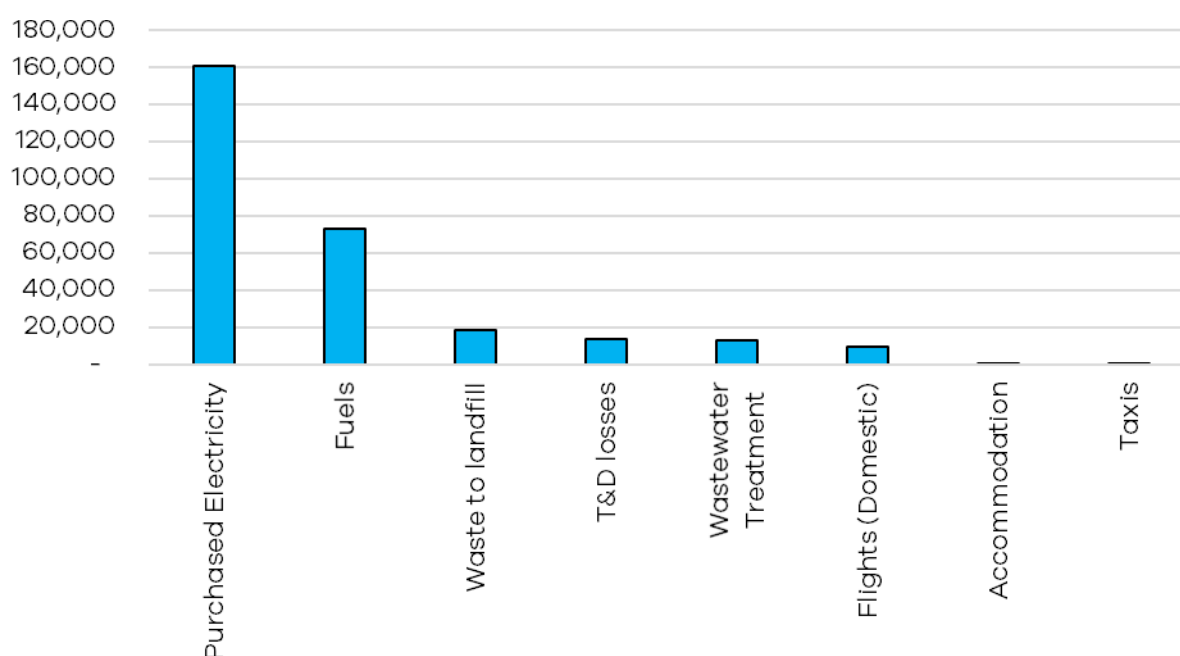


TABLE 2 EMISSIONS BY ACTIVITY – TOTAL FOR DIAL EXCLUDING THE DAIRY FARM

Our top emissions sources are summarised below.

| Category emission source | t CO2-e |
|--------------------------|---------|
| Purchased Electricity | 161 |
| Fuels | 73 |
| Waste to landfill | 19 |
| T&D losses | 14 |
| Wastewater Treatment | 13 |
| Flights (Domestic) | 10 |
| Accommodation | 0.7 |
| Taxis | 0.1 |

FIGURE 2 EMISSIONS BY ACTIVITY – TOTAL FOR DIAL EXCLUDING THE DAIRY FARM (kg CO2-e)

NEXT STEPS

As this is our first footprint, a number of assumptions and estimates have been made when calculating our emissions. It is our intention to measure and manage our footprint on an ongoing basis and to report on this annually. As noted in our 2021-2022 Statement of Intent, next steps include developing emissions and waste reduction strategies and associated targets.

We will also focus on improving the accuracy of our calculations, giving consideration to the most relevant Scope 3 emissions that we track, and implementing measures to reduce our emissions.



DUNEDIN INTERNATIONAL AIRPORT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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STATEMENT OF SERVICE PERFORMANCE

The Company sets various performance goals in its annual Statement of Intent. These are reported as:

GOALS

**TO MAKE SAFETY & SECURITY
OUR FIRST PRIORITY**

**INCREASE PASSENGER
NUMBERS**

**TO BE A GREAT PLACE
TO WORK**

**TO BE ENVIRONMENTALLY
RESPONSIBLE**

**TO DEVELOP & STRENGTHEN
OUR PARTNERSHIPS**

**TO CONNECT & ENGAGE
WITH OUR PLACE**

**TO OPTIMISE THE
COMMERCIAL RETURN TO
OUR SHAREHOLDERS**

**PROVIDE THE BEST
CUSTOMER EXPERIENCE**

It is Dunedin Airport's objective to be a successful business. This success is measured by setting a number of Goals and Objectives, identified at the start of each year. These objectives will be measurable and our performance against these objectives will be reported annually.

SAFETY & OUR ENVIRONMENT

Due to the resignation of our Safety & Compliance Manager during the COVID outbreak and a downsizing of the airport team by 24%, a number of initiatives in this area were delayed. The search for a replacement manager took longer than expected in a very tight labour market. We filled this permanent position in July 2021.

| GOALS | OBJECTIVES | RESULT | |
|---|--|---|--------------|
| TO MAKE SAFETY & SECURITY OUR FIRST PRIORITY | To work with our staff and stakeholders to maximise safety on site for all staff, passengers and visitors. | | |
| | Review the Health and Safety Plan and objectives with the Health and Safety Committee each year. | A full review of the Health and Safety plan, and associated objectives was undertaken in March 2021. This included the CEO, GM Infrastructure and the new Safety and Compliance manager. The draft was presented to the H&S Committee and has since been approved | ACHIEVED |
| | Implement annual Health & Safety refresher training for all Dunedin Airport staff. | This was not achieved. This remains under action and will be available through our on-line learning platform in FY21/22. | NOT ACHIEVED |
| | Promote staff engagement by implementing a reward-based system to celebrate safety and wellbeing success. | Not achieved. No formal process was put in place. A Reward based system will be considered with the development and implementation of our Wellbeing Program in FY 21/22. | |
| | Hold a minimum of three Board Safety Committee meetings and two Board site audits each year. | Board Safety Committee meetings were held in JULY, DECEMBER and APRIL. A fourth that was to be held in June was delayed until July in order to include two new Directors who started in July. Two site audits were carried out this year in December 2020 and April 2021. These were carried out at: <ul style="list-style-type: none"> • Water Treatment Plant • Otokia Road dairy farm | ACHIEVED |
| | Report on Health & Safety management and provide statistical data to the company's monthly board meetings and quarterly Board Safety Committee meetings. | This data was provided in all Board Reports. Our new Safety and Compliance Manager reviewed and changed the format of the H&S Dashboard to ensure the data was relevant and in line with industry best practice. | |

SAFETY & OUR ENVIRONMENT

| GOALS | OBJECTIVES | RESULT | |
|--|--|--|--------------|
| TO MAKE SAFETY & SECURITY OUR FIRST PRIORITY | To work with our staff and stakeholders to maximise safety on site for all staff, passengers and visitors. | | |
| | Attend our stakeholder's Health & Safety meetings each year. | We attended 11 stakeholders Health and Safety Meetings this year. The meetings attended were across Air New Zealand, AVSEC and Jetstar. | ACHIEVED |
| | Ensure recurrent safety training for all members of the Health & Safety Committee is provided. | This was not achieved. All members of the Health and Safety Committee were booked to attend training in the year, but this was delayed and was completed in July 2021. | NOT ACHIEVED |
| | Implement a staff wellbeing programme. | This was not achieved. This is planned to be completed in FY 21/22 in collaboration with some of the DCHL organisations. | NOT ACHIEVED |
| | No Serious Harm incidents at Dunedin Airport for any passenger or airport user. | There were no Serious Harm Incidents reported this year to any passenger or airport user (including employees). | ACHIEVED |
| | Maintain our CAA Part 139 operating certificate. | | |
| | Successfully achieve compliance in all CAA safety and security audits with no major findings | No CAA Safety audits were scheduled or conducted. A CAA Security Audit Completed in June 2021. Four minor findings were issued. | ACHIEVED |
| | Proactively manage Wildlife Hazards | | |
| | Strike rate of <5 strikes per 10,000 aircraft movements on a 12-month moving average. | Strike rate per 10,000 aircraft movements to the end of June 2021 was 4.7. This meets the <5 target strikes per 10,000 aircraft movements. Dunedin Airport's overall risk rating is low with a downward trend in strike rates. | ACHIEVED |

SAFETY & OUR ENVIRONMENT

| GOALS | OBJECTIVES | RESULT | |
|-----------------------------------|---|---|--------------|
| TO BE ENVIRONMENTALLY RESPONSIBLE | Act as a socially and environmentally responsible corporate citizen. | | |
| | Implement public recycling and increase the diversion rate of waste from landfill. | <p>Tenant Recycling sitting at an average of 22% diversion per month for the airport and 52% for Momona Village.</p> <p>The overall % has decreased from the previous year due to the change in our waste provider. The previous waste provider used an industry defined estimate on tonnage. The new provider uses actual weight to determine the diversion rate.</p> <p>The implementation of public recycling implementation did not occur. The system was trialled in certain areas of the terminal and the new system will be in place by September 2021</p> | NOT ACHIEVED |
| | Develop and implement a sustainability strategy appropriate for our organisation. | We are working with PROXIMA in the development of a Sustainability Strategy for the airport | |
| | Measure our Carbon Footprint by end of 2020-2021 financial year. | This was achieved and a CARBON REPORT is included in this year's Annual Report | ACHIEVED |
| | In a cost-effective manner, establish systems to measure and publicly report our environmental footprint from our WASTE, ENERGY, FUEL, WATER, and NOISE by the end of 2021-2022 financial year. | <p>Our CARBON REPORT encompasses all our activity from Waste, Energy and fuel consumption.</p> <p>We have now put in place a detailed water consumption dashboard for the whole airport and residential housing at Momona.</p> <p>We did not measure Noise. This was an error in the drafting of our Performance Measure. That is, we never intended to measure Noise.</p> | NOT ACHIEVED |
| | Be Carbon Neutral by the end of 2030. | Emissions have been measured for the first time this year, refer to the Greenhouse Gas Emissions Summary in Section 2 of the Annual Report. | IN PROGRESS |

SAFETY & OUR ENVIRONMENT

| GOALS | OBJECTIVES | RESULT | |
|-----------------------------------|---|--|--------------|
| TO BE ENVIRONMENTALLY RESPONSIBLE | Maintain our obligations on any current resource consents in place. | | |
| | Report as required to the Otago Regional Council each year on bore water consent RM 11.369.01. | Bore Report covering the period 1 July 2019 to 30 June 2020 completed and sent to the ORC in July 2020. Bore Report covering the period 1 July 2020 to 30 June 2021 completed and sent to the ORC in July 2021. | ACHIEVED |
| | Report as required to the Otago Regional Council on sewage discharge consent 2004.309. | Completed and sent to the ORC in April 2021. | |
| | Maintain voluntary annual reporting to the Otago Regional Council on de-icing fluid usage at the airport. | Completed and sent to the ORC in January 2021. | |
| | Maintain high quality dairy farming practices. | | |
| | No 'Critical' findings raised by any Fonterra dairy farm inspections. | Fonterra inspections completed on Otokia Rd farm in February 2021. No critical findings. Fonterra inspection completed on Centre Rd farm in March 2021. No critical findings. | ACHIEVED |
| | Develop a strategic plan targeted toward a sustainable farm environment. | Fonterra Sustainable Farm Audit DRAFT report received. Fonterra are required to amend the report as some data is incorrect. The plan will be finalised with the release of the final Fonterra report. | NOT ACHIEVED |

FINANCIAL

| GOALS | OBJECTIVES | RESULT |
|---|---|---|
| TO OPTIMISE COMMERCIAL RETURN TO OUR SHAREHOLDERS | Achieve increased non-aeronautical revenues from activities compared to the previous year. | |
| | Maintain carpark revenue in line with the percentage movement in total passenger numbers on Regular Scheduled Services. | Carpark barrier arm revenue is 36.9% up against budget for the year. This is in the context of an 36.5% increase in passenger numbers against budget. |
| | Maintain the total volume of fuel sold (in litres) at the Momona Garage in line with the percentage movement in total passenger numbers on Regular Scheduled Services. | Fuel sales volume is 42.1% up against budget for the year. This is in the context of an 36.5% increase in passenger numbers against budget. |
| | Increase total Kilograms of Milk Solids (kgMS) produced by our airport owned dairy farms by 5% against the prior year. | The dairy farms produced 272,652 kgMS in the 2021 milking season. This compares to 233,367 kgMS during the 2020 season, an increase of 16.8% |
| | Develop and implement six-monthly marketing plans for: <ul style="list-style-type: none"> • The meeting room facilities, and • Our retail partners. | Six-monthly marketing plans for meeting rooms and our retail partners have been developed and implementation commenced. |

ACHIEVED

FINANCIAL

| GOALS | OBJECTIVES | RESULT | |
|---|---|--|--------------|
| TO OPTIMISE COMMERCIAL RETURN TO OUR SHAREHOLDERS | Comply with financial covenants and policy. | | |
| | Fulfil lender borrowing facility financial covenants: | As at 30 June 2021 the airports Equity Ratio is 69.6%. | ACHIEVED |
| | <ul style="list-style-type: none"> Equity Ratio (total shareholders' funds / total assets) > 40% Earnings Ratio (EBITDA / interest expense) > 1.1 | As at 30 June 2021 the airports Earnings Ratio is 14.9. | |
| | Comply with the company's Dividend Policy. | The airports dividend policy is to distribute 60% of the operating surplus after income taxation (adjusted for fair value movements in equity investments) to shareholders as a dividend. The Board declared a 2019-20 financial year dividend, which would have been distributed during the 2020-21 financial year, but the shareholders waived their right to receive. | NOT ACHIEVED |
| | Comply with the company's Treasury Policy | During certain months of the year the airport operated outside the parameters outlined in the Treasury Policy with regard to the percentage of Monthly Forecast Net Debt together with associated derivatives (e.g. interest rate swaps) that had fixed interest rates. This decision was made in order to decrease interest costs associated with fixed rate interest rate swaps. | |
| | Generate a positive Return on Shareholders' Funds adjusted for IFRS fair value movements and asset revaluations. | The Return on Shareholders' Funds (excluding the Hedge and Revaluation Reserves) for the year ended 30 June 2021 is 6.3%. | ACHIEVED |
| | Generate a positive Return on Shareholders' Capital invested. | The Return on Shareholders' Capital for the year ended 30 June 2020 is 23.7%. | |

FINANCIAL

| GOALS | OBJECTIVES | RESULT | |
|---|--|--|--------------|
| TO OPTIMISE COMMERCIAL RETURN TO OUR SHAREHOLDERS | On-going monitoring and refinement of the company's strategic business plan and business risks | | |
| | Annual update to strategic Business Plan. | The 2020-2021 Business plan was finalised in August 2020. Progress with key strategies therein are reported to the Board as part of monthly board reporting. | ACHIEVED |
| | | Drafting the 2021-2022 iteration commenced in December 2020. With shareholder agreement, the process was paused as our strategy review was halted following Board member movements. | NOT ACHIEVED |
| | Six monthly risk analysis undertaken and reported to the Board. | The Risk Analysis Report for the six months ended June 2020 is yet to be completed. December 2020 iteration deferred pending the recruitment of a Safety & Compliance Manager. We filled this permanent position in July 2021. | NOT ACHIEVED |
| | Risk, Audit and Opportunities Committee to meet three times during the year. | Meetings held in August 2020, November 2020, March 2021 and May 2021 | ACHIEVED |

BUSINESS DEVELOPMENT

| GOALS | OBJECTIVES | RESULT | |
|--|---|--|----------|
| INCREASE PASSENGER NUMBERS ON REGULAR SCHEDULED SERVICES | Partner with our airline, airport, region and tourism industry. | | |
| | Continue to develop and implement Lower South Destination strategy with Dunedin Airport as one of the gateways. | The Lower South proposition was a large component of the Dunedin-Brisbane business case with Air New Zealand. We have continued to engage with the Lower South RTOs during the year. We met with the Lower South RTO group in April to talk to them about the proposed Tasman service. | ACHIEVED |

BUSINESS DEVELOPMENT

| GOALS | OBJECTIVES | RESULT | |
|--|---|--|--------------|
| INCREASE PASSENGER NUMBERS ON REGULAR SCHEDULED SERVICES | Partner with our airline, airport, region and tourism industry. | | |
| | Continue to develop and implement Lower South Destination strategy with Dunedin Airport as one of the gateways. | The Lower South proposition was a large component of the Dunedin-Brisbane business case with Air New Zealand. We have continued to engage with the Lower South RTOs during the year. We met with the Lower South RTO group in April to talk to them about the proposed Tasman service. | ACHIEVED |
| | Invest in a minimum of four domestic promotional campaigns a year jointly with airlines and / or our industry partners. | <ul style="list-style-type: none"> A minimum of four domestic promotional campaigns were invested in this year. 1. The Air NZ Travel tool has been updated and is an integral part of Air NZ promotion of Dunedin. 2. Air NZ Grabaseat offered 20% off flights to DUD for the tertiary open day on the 26th of May. 3. Air NZ Grabaseat offered 20% off flights to DUD as part of the Auckland Beer and Food Festival that Dunedin NZ and Dunedin Airport supported. 4. Campaign with ED, Air NZ and Universal Music on the launch of new SIX60 film was completed in November. | |
| | International Regular Scheduled Services reinstated to the airport. | <p>Nil international passengers YTD.</p> <p>Due to the situation in Australia, currently there is no "bubble" between Australia and New Zealand. We continue discussions with our airline partners on Tasman services.</p> | NOT ACHIEVED |
| | Achieve 500,000 passengers on Regular Scheduled Services (RSS) for the 2020-2021 financial year. | 759,174 domestic passengers travelled on Regular Scheduled Services in the 30 June 2021 financial year. This represents a 4.0% decrease on the prior year. | ACHIEVED |

BUSINESS DEVELOPMENT

| GOALS | OBJECTIVES | RESULT |
|--|---|---|
| TO DEVELOP & STRENGTHEN OUR PARTNERSHIPS | Implement initiatives to improve the performance of our relationships. | |
| | Conduct stakeholder engagement surveys once a year with our strategic partners to review the strength of the relationships. | Stakeholder Engagement survey was completed with 28 responses. The results showed a high level of engagement. |
| | Collate and analyse data from each retail partner and meet monthly to discuss results. | Retail data dashboard is produced every month and shared internally and with our retail partners. |
| | Hold one airport community function each year. | Run the Runway was held at the Airport on the 14th of February. |

ACHIEVED

OUR CUSTOMERS

| GOALS | OBJECTIVES | RESULT | |
|---|---|--|--------------|
| TO PROVIDE THE BEST CUSTOMER SERVICE EXPERIENCE | Provide a high standard of service to our customers. | | |
| | Conduct a minimum of two customer insight surveys to better understand our customer. | Only one Customer insight survey was completed which incorporated questions to gain information on passengers, meeters and greeters, carpark and product offerings. | NOT ACHIEVED |
| | Produce quarterly reports from our continuous customer satisfaction surveys. | Four customer satisfaction surveys were completed. | ACHIEVED |
| | Achieve a majority of "good" or better across all surveyed areas of customer service. | All four surveys achieved "good" or better. | |
| | Ensure all airside infrastructure maintenance causes no delays to airline operations. | | |
| | No delays to regular scheduled passenger operations are incurred as a result of airside infrastructure. | There were no delays due to our infrastructure this year. Pavement work on Gate 3 caused a 24-hour closure of the gate; however, no delays were caused by this closure. One technical fault with our new Gate 3 airbridge caused a revised method of disembarking/embarking passengers | ACHIEVED |
| | Ensure the future of the airport is protected. | | |
| | Ensure any new development is considered in conjunction with the District Plan and Airport Master Plan. | Development projects this year have taken the District Plan and Airport Master Plan into consideration. | ACHIEVED |

OUR PEOPLE

| GOALS | OBJECTIVES | RESULT | |
|-----------------------------|---|---|--------------|
| TO BE A GREAT PLACE TO WORK | To recognise and review staff performance. | | |
| | Each staff member to have a formal Annual Performance Review and Personal Development Plan. | Annual Performance Reviews, including personal development plans relating to June 2020 year were completed. Planning has commenced for June 2021 year. | ACHIEVED |
| | Ensure that our staff are engaged with the company's Vision, Purpose and Values. | | |
| | Conduct an annual staff engagement survey, acting on any matters that require attention as appropriate. | On advice from our consultant, we undertook COVID Conversations this year. This was to gauge the effect on our teams as we came out of COVID. We will conduct an Engagement Survey in the 2021-2022 year. | NOT ACHIEVED |
| | All staff are offered an exit interview on leaving the company. | All staff who have left the company have been offered Exit Surveys. Completed surveys have been submitted to the Board. | ACHIEVED |

OUR COMMUNITY

| GOALS | OBJECTIVES | RESULT |
|--|---|---|
| TO CONNECT & ENGAGE WITH OUR PLACE | Provide sponsorship to community events and organisations. | |
| | Invest \$20,000 on sponsorship in line with our sponsorship policy. | <p>Total sponsorship for the year totalled \$20,500</p> <ul style="list-style-type: none"> • A donation was made to the Momona Play Centre in December - \$500 • A donation was made to the Blood and Leukemia Trust as part of the Sky City Tower challenge that three of our AES team are participating in - \$500. • We have committed to OUSA and ED on joint sponsorship of OUSA Auckland Beer and Food Festival - \$5,000 • We are an official Partner Programme Member of the A20 - \$500. • We have donated money to the YEP Trust - \$5,000. • We have donated money to Dunedin Host - \$5,000. • We have donated money to the University of Otago Putea Tautoko Student Hardship Fund - \$4,000. |
| | Not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's and Dunedin Airport's ethical positions, i.e., tobacco, armaments, fossil fuel extraction, gambling and pornography. | Achieved |

ACHIEVED

OUR COMMUNITY

| GOALS | OBJECTIVES | RESULT |
|------------------------------------|---|---|
| TO CONNECT & ENGAGE WITH OUR PLACE | Engage with our community and share information. | |
| | Arrange for Dunedin Airport staff to work within the community each year. | The Airport team spent a day with the Yellow Eyed Penguin team planting grasses at the Okia Reserve on the Otago Peninsula on the 26th May. |
| | Engage with local iwi to incorporate cultural diversity. | CEO and GMBD have started the He Papa Tikanga - Certificate in Tikanga Māori Level 3 course through Te Wananga o Aotearoa. |
| | Initiate opportunities to speak to the community, stakeholders and organisations. | 13 presentations by CEO. 2 presentations by GMBD. |
| | Utilise airport communication channels to share information with our community, as appropriate. | Regular information continues to be sent out to Airport community via email and newsletters. Monthly meetings are held by the Airport with representatives of the Airport Community. These are called F2G (Fly Together) meetings. |

ACHIEVED

SHAREHOLDERS

| GOALS | OBJECTIVES | RESULT | |
|------------------------------------|---|---|----------|
| TO CONNECT & ENGAGE WITH OUR PLACE | Consult with shareholders on matters to be included in the company's Statement of Intent. | | |
| | Prepare annually the company's Statement of Intent having given consideration to shareholders expectations. | The 2021 – 2022 Statement of intent has been finalised and submitted to shareholders. | ACHIEVED |
| | Consult with shareholders at the earliest possible time on matters where conflict may or could result. | | |
| | Report to and consult with shareholders on matters where the company's and shareholders requirements are in conflict. | No such matters in the current year. | ACHIEVED |
| | On a "no surprises" basis advise shareholders promptly of any substantive matter that has the potential to impact negatively on shareholders and the company with a particular focus on matters of interest to the media. | | |
| | Report to shareholders within 24 hours substantive matters which have the potential to impact negatively on shareholders and the company with a particular focus on matters of interest to the media. | No such matters in the current year. | ACHIEVED |

trend statement

| For the year-ended 30 June | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------|---------------|--------|--------|--------|
| Revenue | \$000 | \$000 | \$000 | \$000 | \$000 |
| Operating Revenue: | | | | | |
| Aeronautical (excluding departure fees) | 6,359 | 5,987 | 7,498 | 7,287 | 5,208 |
| Percentage | 43.5% | 39.8% | 43.6% | 44.1% | 36.9% |
| Non-aeronautical | 8,216 | 9,164 | 10,073 | 9,273 | 8,718 |
| Percentage | 56.3% | 61.0% | 58.6% | 56.1% | 61.7% |
| Interest income | 1 | 7 | 13 | 20 | 17 |
| Dividend income | 25 | 1 | 3 | 72 | 69 |
| Gain/(Loss) on sale of assets | - | (97) | (31) | - | 11 |
| (Loss)/Gain on investments | 3 | (31) | (366) | (130) | 107 |
| Total revenue | 14,603 | 15,031 | 17,190 | 16,522 | 14,130 |
| Percentage Increase | (2.8%) | (12.6%) | 4.0% | 16.9% | 7.4% |
| Surplus before tax | 2,988 | 2,341 | 5,183 | 4,761 | 3,161 |
| Percentage increase | 27.6% | (54.8%) | 8.9% | 50.6% | 17.9% |
| Net tax paid surplus | 2,083 | 3,636 | 3,587 | 3,275 | 2,321 |
| Percentage increase | (42.7%) | 1.4% | 9.5% | 41.1% | 18.6% |
| Shareholders' equity | | | | | |
| Shareholders' equity | 71,457 | 69,193 | 63,728 | 61,781 | 59,559 |
| Return on shareholders' equity | 2.9% | 5.3% | 5.6% | 5.3% | 3.9% |
| Dividends paid | - | 2,372 | 1,408 | 1,408 | 1,408 |
| Dividend rate cents per share | - | 27.0 | 16.0 | 16.0 | 16.0 |
| Capital expenditure | 918 | 7,569 | 9,112 | 3,468 | 3,252 |
| Net operating cashflow | 5,810 | 3,563 | 6,618 | 5,778 | 4,825 |
| Net asset backing per share | \$8.12 | \$7.86 | \$7.24 | \$7.02 | \$6.87 |
| Equity ratio | 69.6% | 66.1% | 67.3% | 69.7% | 67.9% |

statement of comprehensive income

| For the year-ended 30 June | Notes | 2021 | 2020 |
|---|-------|---------------|---------------|
| | | \$000 | \$000 |
| Operating revenue | 4 | 14,574 | 15,151 |
| Interest received | | 1 | 7 |
| Dividend received | | 25 | 1 |
| (Loss)/gain on investment | | 3 | (31) |
| (Loss)/gain on sale of property, plant & equipment | | - | (97) |
| Total revenue | | 14,603 | 15,031 |
| Directors fees | | 90 | 95 |
| Finance costs – interest expense | | 497 | 541 |
| Depreciation | 3 | 3,908 | 3,251 |
| Wages and salaries | | 2,660 | 3,033 |
| Other operating expenses | | 4,460 | 5,770 |
| Total expenses | | 11,615 | 12,690 |
| Operating surplus/(deficit) before income tax | | 2,988 | 2,341 |
| Income tax expense/(credit) | 5 | 905 | (1,295) |
| Operating surplus/(deficit) after income tax | | 2,083 | 3,636 |
| Other comprehensive income | | | |
| <u>Items that may be subsequently reclassified to profit and loss:</u> | | | |
| Cash flow hedges gain/(loss) taken to hedge reserve | | 251 | (62) |
| Income tax on these items including prior period adjustments | | (70) | 17 |
| <u>Items that will not be subsequently reclassified to profit and loss:</u> | | | |
| Gain on revaluation of property, plant and equipment | | - | 5,985 |
| Income tax on these items including prior period adjustments | | - | (1,739) |
| Total comprehensive income/(deficit) | | 2,264 | 7,837 |

statement of changes in equity

| | | |
|---|---------------|---------------|
| Equity at the beginning of the year | 69,193 | 63,728 |
| Comprehensive income/(deficit) for the year | 2,264 | 7,837 |
| Transactions with owners | | |
| - Dividend paid | - | (2,372) |
| Closing equity | 71,457 | 69,193 |

balance sheet

| As at 30 June | Notes | 2021 \$000 | 2020 \$000 |
|---------------------------------------|-------|----------------|----------------|
| Shareholders' equity | | | |
| Share capital | 6 | 8,800 | 8,800 |
| Hedge reserve | 7a | (145) | (326) |
| Revaluation reserve | 7b | 38,319 | 38,319 |
| Retained earnings | 8 | 24,483 | 22,400 |
| | | 71,457 | 69,193 |
| Current liabilities | | | |
| Trade & other payables | 9 | 1,001 | 1,752 |
| Other liabilities | | 42 | 107 |
| Tax payable | 5a | 504 | (107) |
| Employee Entitlements | | 454 | 402 |
| Hedge derivatives | 15a | 48 | 22 |
| Short-term advance | 11 | 1,000 | 4,500 |
| | | 3,049 | 6,676 |
| Non-current liabilities | | | |
| Term loans | 11 | 14,750 | 14,750 |
| Deferred taxation | 5b | 13,208 | 13,701 |
| Hedge derivatives | 15a | 152 | 429 |
| | | 28,110 | 28,880 |
| Total equity & liabilities | | 102,616 | 104,749 |
| Represented by: | | | |
| Current assets | | | |
| Trade & other receivables | 12 | 1,047 | 849 |
| Prepayments | 13 | 336 | 303 |
| Cash & cash equivalents | 10 | 1,781 | 975 |
| Stock on hand | 14 | 49 | 23 |
| | | 3,213 | 2,150 |
| Non-current assets | | | |
| Property, plant & equipment | 3 | 98,323 | 101,419 |
| Investments | 16 | 912 | 910 |
| Deferred taxation | 5b | 168 | 270 |
| | | 99,403 | 102,599 |
| Total assets | | 102,616 | 104,749 |

Authorised for and on behalf of the directors.



J Cameron
Chairman
27 October 2021



D Cusack
Director

statement of cash flows

| For the year-ended 30 June | Notes | 2021 \$000 | 2020 \$000 |
|---|-------|----------------|----------------|
| Cash flow from operating activities | | | |
| Cash was provided from: | | | |
| Receipts from customers | | 14,362 | 15,531 |
| Interest received | | 1 | 7 |
| Dividend received | | 25 | 1 |
| Cash was applied to: | | | |
| Payments to suppliers | | 4,828 | 6,023 |
| Payments to employees | | 2,596 | 2,986 |
| Interest paid | | 497 | 541 |
| Taxation paid | | 657 | 2,426 |
| Net cash flows from operating activities | | 5,810 | 3,563 |
| Cash flows from investing activities | | | |
| Cash was provided from: | | | |
| Sale of property, plant and equipment | | - | 17 |
| Cash was applied to: | | | |
| Purchase of shares | | - | - |
| Purchase of property, plant and equipment | | 1,504 | 9,708 |
| Net cash flows from investing activities | | (1,504) | (9,691) |
| Cash flows from financing activities | | | |
| Cash was provided from: | | | |
| Loan drawdown | | - | 9,000 |
| Cash was applied to: | | | |
| Loan repayment | | 3,500 | - |
| Dividends paid | | - | 2,372 |
| Net cash flows from financing activities | | (3,500) | 6,628 |
| Net increase/(decrease) in cash held | | 806 | 500 |
| Plus opening cash brought forward | | 975 | 475 |
| Cash & cash equivalents held 30 June | 10 | 1,781 | 975 |

This statement is to be read in conjunction with the notes on pages 21 to 32

notes to financial statements

For the year-ended 30 June 2021

1. REPORTING ENTITY

The financial statements presented here are for the reporting entity Dunedin International Airport Limited (the Company).

The Company was established under the Airport Authorities Act 1966 and incorporated in New Zealand under the Companies Act 1993. The Company is a Council Controlled Trading Organisation as defined in the Local Government Act 2002.

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002.

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Company operates. The financial statements are rounded to the nearest thousand (\$'000).

2. SIGNIFICANT ACCOUNTING POLICIES**Basis of Accounting**

Under the Accounting Standards Framework, the Company is eligible to apply Tier 2 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime ('NZ IFRS RDR')) on the basis that it does not have public accountability and is not a large for-profit public sector entity. Therefore, these financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and comply with NZ IFRS RDR.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and certain items of property, plant and equipment.

The accounting policies are set out in the individual notes below and have been applied consistently to all periods in these financial statements.

COVID-19 Pandemic

On 11 March 2020 the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19. Following this the New Zealand government imposed significant restrictions around travel including quarantining of international travellers arriving in New Zealand.

COVID-19 has had a significant impact on the aviation industry and on the Company's business. While, to 30 June 2021, New Zealand has returned to unrestricted domestic travel, there were, certainly in the first quarter of the 2021 financial year, significantly reduced volumes of domestic flights and passenger numbers. Furthermore, international travel to / from Dunedin remains restricted.

The Company's estimates of passengers, recovery and growth rates remain uncertain and dependent on a number of factors with respect to COVID-19 including any remaining restrictions on domestic travel, border controls for international travel, public demand and behaviour with respect to travel and airline scheduling.

Material changes in any of these factors might have a material impact on the Company's estimates of income and cashflows used to support the valuations, fair value assessments and impairment considerations at 30 June 2021.

With regards to these financial statements, COVID-19 has impacted certain areas of the financial statements. The directors have carefully considered the carrying value of assets, accounting estimates and other areas of judgement. Where applicable, specific disclosure has been made for account balances affected by COVID-19.

New Standards, Interpretations and Amendments Adopted by the Company

Dunedin International Airport Limited has applied the following standards and amendments for the first time in the financial statements for the period commencing 1 July 2020:

- Amendments to FRS-44 Going Concern Disclosures
- Amendments to NZ IFRS 3 Definition of a Business
- Amendments to NZ IAS 1 and NZ IAS 8 Definition of Material
- Amendments to NZ IFRS 9 and NZ IFRS 7 Interest Rate Benchmark Reform
- 2019 Omnibus Amendments to NZ IFRS
- Amendment to NZ IFRS 16 Covid-19 Related Rent Concessions

The amendments above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3. PROPERTY, PLANT & EQUIPMENT

Property, Plant and Equipment are those assets held by the Company for the purpose of carrying on its business activities on an ongoing basis.

Land, buildings, runway, apron, taxiways, and dairy farm plant and equipment are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the balance sheet date.

Any revaluation increase is recognised in other comprehensive income and accumulated in the Revaluation Reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Plant and Equipment are stated at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

Self-constructed assets include the direct cost of construction including borrowing costs to the extent that they relate to bringing the Property, Plant and Equipment to the location and condition for their intended service.

Depreciation is charged so as to write off the cost of assets, other than land and capital work in progress, on the straight-line basis. Rates used have been calculated to allocate the asset's cost less estimated residual value over their estimated remaining useful lives. Depreciation of capital work in progress commences when the assets are ready for their intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation rates and methods used are as follows:

| | Rate | Method |
|---|------------|---------|
| Land and land improvements | 0% - 12.5% | DV & SL |
| Runway, apron and taxiway | 0% - 11.4% | DV & SL |
| Buildings | 1% - 40% | DV & SL |
| Machinery & plant | 2% - 67% | DV & SL |
| Motor Vehicles | 7% - 25% | DV & SL |
| Fixtures, fittings, office and computer equipment | 7.5% - 40% | DV & SL |

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognised.

| | Land and Land Improvements | Land and Improvements Subject to Lease | Runway, Apron, Taxiway | Buildings | Buildings Subject to Lease | Plant & Equipment | Dairy Farm Plant and Equipment | Office Equipment | Motor Vehicles | WIP | Total |
|---------------------------------|----------------------------|--|------------------------|---------------|----------------------------|-------------------|--------------------------------|------------------|----------------|------------|----------------|
| (a) 2021 | | | | | | | | | | | |
| Cost or Valuation | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Balance at beginning of period | 18,609 | 864 | 25,379 | 38,931 | 14,171 | 4,487 | 686 | 327 | 642 | 273 | 104,370 |
| Purchases | - | - | 9 | 32 | - | 30 | 57 | 13 | - | 777 | 918 |
| Transfers | (31) | 0 | 1 | 530 | 1 | 12 | (0) | 71 | (2) | (574) | 7 |
| Revaluations | - | 0 | - | - | - | - | - | - | - | - | - |
| Disposals / Woffs | - | - | - | - | - | - | - | (3) | - | (105) | (108) |
| Balance at end of period | 18,578 | 864 | 25,389 | 39,493 | 14,172 | 4,529 | 743 | 408 | 640 | 371 | 105,187 |
| Accumulated Depreciation | | | | | | | | | | | |
| Balance at beginning of period | 32 | - | 5 | 100 | 12 | 2,238 | - | 261 | 303 | - | 2,951 |
| Depreciation | 101 | - | 1,272 | 1,461 | 567 | 369 | 60 | 41 | 37 | - | 3,908 |
| Transfers | (30) | - | (3) | 56 | 37 | (46) | - | (4) | (2) | - | 8 |
| Revaluations | - | - | - | - | - | - | - | - | - | - | - |
| Disposals / Woffs | - | - | - | - | - | - | - | (3) | - | - | (3) |
| Balance at end of period | 103 | - | 1,274 | 1,617 | 616 | 2,561 | 60 | 295 | 338 | - | 6,864 |
| Balance at end of period | 18,475 | 864 | 24,115 | 37,876 | 13,556 | 1,968 | 683 | 113 | 302 | 371 | 98,323 |
| (b) 2020 | | | | | | | | | | | |
| Cost or Valuation | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Balance at beginning of period | 18,614 | 798 | 25,433 | 28,709 | 10,907 | 4,504 | 612 | 293 | 590 | 8,610 | 99,070 |
| Purchases | - | - | - | 266 | 77 | (367) | 127 | 11 | 60 | 7,396 | 7,570 |
| Transfers | 96 | - | 1,047 | 10,630 | 3,314 | 593 | - | 38 | - | (15,718) | - |
| Revaluations | (101) | 66 | (1,101) | (673) | (67) | - | (49) | - | - | - | (1,925) |
| Disposals / Woffs | - | - | - | (46) | (14) | (247) | - | (15) | (8) | (15) | (345) |
| Balance at end of period | 18,609 | 864 | 25,379 | 38,887 | 14,216 | 4,483 | 690 | 327 | 642 | 273 | 104,370 |
| Accumulated Depreciation | | | | | | | | | | | |
| Balance at beginning of period | 175 | - | 2,144 | 1,724 | 1,141 | 2,038 | 95 | 234 | 275 | - | 7,826 |
| Depreciation | 101 | - | 1,094 | 1,122 | 424 | 386 | 46 | 42 | 36 | - | 3,251 |
| Transfers | - | - | - | 299 | (299) | - | - | - | - | - | - |
| Revaluations | (244) | - | (3,233) | (3,045) | (1,246) | - | (141) | - | - | - | (7,909) |
| Disposals / Woffs | - | - | - | (6) | (2) | (186) | - | (15) | (8) | - | (217) |
| Balance at end of period | 32 | - | 5 | 94 | 18 | 2,238 | - | 261 | 303 | - | 2,951 |
| Balance at end of period | 18,577 | 864 | 25,374 | 38,792 | 14,198 | 2,245 | 690 | 66 | 339 | 273 | 101,419 |

(a) Land, buildings and airside pavements were revalued at 30 June 2020 by independent registered valuers, Telfer Young (Canterbury) Limited and WSP New Zealand Limited. These assets were last valued at 30 June 2017. The total fair value of these assets at 30 June 2020, the effective date of the revaluation, was **\$84,706,800**. Land was valued by reference to market sales, market comparison and investment valuation. Buildings were valued by using the Optimised Depreciated Replacement Cost (O.D.R.C.) methodology. The specialised assets being runway, taxiways, aprons and infrastructure assets were valued using the Optimised Depreciated Replacement Cost (O.D.R.C.) methodology.

As at 30 June 2021, an impairment assessment was carried out to determine the appropriateness of the carrying values of the company's aeronautical assets.

Due to COVID-19, there is uncertainty around forecast domestic and international air travel and consequently on the Company's cash flows. The Company's estimates of passengers, recovery and growth rates remain uncertain and dependent on a number of factors with respect to COVID-19 including any remaining restrictions on domestic travel, border controls for international travel, public demand and behaviour with respect to travel and airline scheduling.

Material changes in any of these factors might have a material impact on the Company's estimates of income and cashflows used to support the valuations, fair value assessments and impairment considerations at 30 June 2021.

The assessment, effective 30 June 2021, included the following major assumptions:

- Revenue is largely dependent on passenger numbers. The company has conservatively projected growth in passenger numbers, with a recovery to pre-Covid-19 levels projected only after the 2025 financial year. A growth rate of nil% has been applied to cashflows subsequent to the forecast period.
- Forecast free cashflows reflect agreed pricing with airlines following the company's 2021 Airline Pricing Consultation.
- The discount rate (the Company's pre-taxation Weighted Average Cost of Capital) applied to the company's pre-taxation free cashflows was 5.82%.

4. OPERATING REVENUE

The Company recognises revenue from the following major sources:

- Landing Charges and Departure Fees
- Car Parking
- Fuel and Non-Fuel Sales
- Milk Sales
- Operating Lease Rental Revenue

Landing Charges and Departure Fees:

Landing charges are charged on a per passenger or airplane weight basis for landing and disembarking the airport. Departure fees are charged on a per passenger basis. The charges cover runway costs, airport services and other miscellaneous services that the Company is required to provide while a plane is on the ground under civil aviation rules. Revenue is recognised net of any rebates paid to airlines under incentive agreements. The revenue earned is recognised over-time due to the counterparty simultaneously receiving the benefit as the Company provides the services.

Car Parking:

Revenue from car parking is earned by charging customers a fee for the use of the airport carpark. The fee is based on a tiered system where the charge per day varies depending on the length of stay. The revenue earned meets the criteria to be recognised over-time as the customer simultaneously receives the benefit of using the carpark as the service is provided.

Fuel and Non-Fuel Sales:

Revenue from fuel and non-fuel sales is earned through petrol & other miscellaneous sales (net of any discounts) from the petrol station owned by the Company. Revenue is recognised at the point in time control transfers to the customer, being when the customer pays for the fuel purchased.

Milk Sales:

The Company own two dairy farms which sell milk to Fonterra. Revenue is based on the farm gate milk price at the time of sale applied to the quantity of milk supplied. Revenue is recognised at the point in time in which control of the product passes to Fonterra, being when the milk is loaded into the tanker.

Operating Lease Rental:

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging a lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

| | 2021 | 2020 |
|--|---------------|---------------|
| | \$000 | \$000 |
| Revenue from Contracts with Customers: | | |
| Over Time: | | |
| Landing Charges and Departure Fees | 6,408 | 6,377 |
| Car Park | 2,506 | 2,706 |
| Point in time: | | |
| Fuel and Non-Fuel Sales | 1,012 | 1,409 |
| Milk Sales | 1,026 | 815 |
| Total Revenue from Contracts with Customers | 10,952 | 11,307 |
| Other Income: | | |
| Operating Lease Rental (including overhead recoveries) | 3,360 | 3,458 |
| Other Revenue | 60 | 117 |
| Government Grants | 202 | 269 |
| Total Operating Revenue | 14,574 | 15,151 |

Government Grant revenue relates to the receipt of the Governments COVID-19 subsidies.

5. TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

| | 2021 \$000 | 2020 \$000 |
|--|---------------|----------------|
| Income tax | | |
| Operating surplus/(deficit) before income tax | 2,988 | 2,341 |
| Taxation @ 28% | 837 | 655 |
| <i>Plus / (Less) the tax effect of differences</i> | | |
| Expenses not deductible | 54 | 57 |
| Loss/(gain) on investments | (1) | 9 |
| Reinstatement of Tax Depreciation on Buildings | - | (2,024) |
| Prior period adjustment | 15 | 8 |
| Income tax expense/(credit) | 905 | (1,295) |
| Effective tax rate | 30.3% | (55.4%) |
| Represented by | | |
| Current tax provision | 1,366 | 1,248 |
| Deferred tax provision | (461) | (2,543) |
| Income tax expense/(credit) | 905 | (1,295) |
| (a) Provision for Tax | | |
| Balance at beginning of year | 107 | (1,071) |
| Current tax provision | (1,366) | (1,238) |
| Terminal tax payment (refund) | (110) | - |
| Provisional tax paid | 864 | 2,425 |
| Prior period adjustment | 1 | (10) |
| Balance at 30 June | (504) | 107 |

(b) Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

| | Opening | Charged | Charged | Prior Period Adjustment | | | Closing Balance Sheet | |
|-------------------------------------|-----------------|-------------|------------|-------------------------|-------------|------------|-----------------------|-----------------|
| 2021 (\$'000) | Balance | to Equity | to Income | Equity | Income | Assets | Liabilities | Net |
| Property, plant and equipment | (13,616) | - | 508 | - | (6) | - | (13,114) | (13,114) |
| Employee benefits | 72 | - | 2 | - | (11) | 63 | - | 63 |
| Provisions | 72 | - | (23) | - | - | 49 | - | 49 |
| Revaluations of interest rate swaps | 126 | (70) | - | - | - | 56 | - | 56 |
| Prepayments | (85) | - | (9) | - | - | - | (94) | (94) |
| Balance at 30 June | (13,431) | (70) | 478 | - | (17) | 168 | (13,208) | (13,040) |

| | Opening | Charged | Charged | Prior Period Adjustment | | | Closing Balance Sheet | |
|-------------------------------------|-----------------|----------------|--------------|-------------------------|----------|------------|-----------------------|-----------------|
| 2020 (\$'000) | Balance | to Equity | to Income | Equity | Income | Assets | Liabilities | Net |
| Property, plant and equipment | (14,445) | (1,739) | 2,568 | - | - | - | (13,616) | (13,616) |
| Employee benefits | 68 | - | 4 | - | - | 72 | - | 72 |
| Provisions | 16 | - | 55 | - | 1 | 72 | - | 72 |
| Revaluations of interest rate swaps | 109 | 17 | - | - | - | 126 | - | 126 |
| Prepayments | - | - | (85) | - | - | - | (85) | (85) |
| Balance at 30 June | (14,252) | (1,722) | 2,542 | - | 1 | 270 | (13,701) | (13,431) |

In March 2020, the Government re-introduced depreciation deductions on commercial buildings for tax purposes. This amendment applied from 1 April 2020 and the depreciation rates is 2% diminishing value. The impact of this change in the prior year increased the depreciable tax base for these assets, which resulted in an immediate one-off reduction in the deferred tax liability and a reduction in tax expenses of \$2.024m in the year ended 30 June 2020. While this transaction is non-cash in the year ended 30 June 2020, it represents future tax benefits that will be realised as reduced income tax payments over the remaining lives of the buildings.

6. EQUITY – SHARE CAPITAL

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Issued Capital

8,800,000 (2020: 8,800,000) ordinary authorised and issued shares.

All shares have equal voting rights and share equally in dividends and any surplus on winding up. There are no par values for these shares.

| | 2021 \$'000 | 2020 \$'000 |
|---|----------------|----------------|
| 7. RESERVES | | |
| a) Hedge Reserve | | |
| Balance at beginning of year | (326) | (281) |
| Cash flow hedges (loss)/gain | 251 | (62) |
| Net movement in deferred tax arising on hedges | (70) | 17 |
| Balance at 30 June | (145) | (326) |
| The hedge reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments relating to interest payments that have not yet occurred. | | |
| b) Revaluation Reserve | | |
| Balance at beginning of year | 38,319 | 34,073 |
| Revaluations included in comprehensive income | - | 5,985 |
| Net movement in deferred tax arising on revaluations | - | (1,739) |
| Balance at 30 June | 38,319 | 38,319 |

The revaluation reserve arises on the revaluation of land, buildings and airside pavements. Where revalued assets are sold, the portion of the properties revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained profits.

8. RETAINED EARNINGS

| | 2021 \$000 | 2020 \$000 |
|--|---------------|---------------|
| Balance at beginning of year | 22,400 | 21,136 |
| Operating surplus/(deficit) after income tax | 2,083 | 3,636 |
| Dividends paid | - | (2,372) |
| Balance at 30 June | 24,483 | 22,400 |

9. TRADE & OTHER PAYABLES

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Trade payables are unsecured and are usually paid within 30 days of recognition.

| | | |
|--------------------|--------------|--------------|
| Trade payables | 563 | 1,093 |
| Accruals | 438 | 659 |
| Balance at 30 June | 1,001 | 1,752 |

10. CASH

In the statement of cashflows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

| | | |
|------------------------|--------------|------------|
| Cash floats | 6 | 6 |
| Westpac cheque account | 1,775 | 969 |
| Balance at 30 June | 1,781 | 975 |

The carrying amount of cash assets approximates their fair value.

11. TERM LOANS (Secured)

Term loans are initially recorded at fair value net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

| | | |
|------------------------------|---------------|---------------|
| Multi option credit facility | 14,750 | 14,750 |
| Short term advance facility | 1,000 | 4,500 |
| Balance at 30 June | 15,750 | 19,250 |
| Classified as: | | |
| Current liability | 1,000 | 4,500 |
| Non-current liability | 14,750 | 14,750 |
| Balance at 30 June | 15,750 | 19,250 |

- (a) Westpac has provided a multi option credit line (MOCL) facility of \$22,500,000 with a maturity date of 30 November 2022.

As part of the MOCL facility provided during the 2021 financial year, Westpac provided the option to increase the MOCL to \$25,000,000 at any time with 48 hours' notice, \$26,500,000 before 30 November 2020, and \$28,000,000 before 30 April 2021 if required by the Company. These increases were not requested by the Company.

Interest is payable on the drawn down balance at BKBM plus a 1.30% margin (to the extent the Company does not have an interest rate swap – see Note 15).

As part of the credit line facility, Westpac has provided a short-term advance of \$1,000,000. Interest is payable on the advance at the Westpac short term interest rate which ranged between 1.60% and 1.85% during the 2021 year. The advance is on call.

The Westpac Banking Corporation holds as security for the advances a first mortgage over the property of the Company and a negative pledge over all other assets. The Company uses interest rate swaps to manage its exposure to interest rate movements. These are detailed in Note 15.

- (b) Banking covenants relating to the facility are:

Equity Ratio:

Total shareholders' funds / total assets > 40%

Earnings Ratio:

For the six-month period to 31 December 2020:

- No covenants.

For the six-month period to 30 June 2021:

- Earnings (E.B.I.T.) are not less than 1.1 times funding costs.

For the periods post 30 June 2021:

- Earnings (E.B.I.T.) are not less than 1.75 times funding costs.

Reconciliation to Cashflows from Financing Activities

| | 2021 \$000 | 2020 \$000 |
|--------------------------------|---------------|---------------|
| Opening Balance | 19,250 | 10,250 |
| Net loans (repayment)/drawdown | (3,500) | 9,000 |
| Movement in fair value | - | - |
| Closing Balance | 15,750 | 19,250 |

12. TRADE & OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses. The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance. The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default.

The expected credit losses on trade and other receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Payment terms are typically the 20th day of the month following invoice date.

| | 2021 \$000 | 2020 \$000 |
|------------------------------|---------------|---------------|
| Trade Receivables | 1,466 | 865 |
| Provision for Doubtful Debts | (170) | (196) |
| Other Receivables | (249) | 180 |
| Balance at 30 June | 1,047 | 849 |

Due to the impacts of COVID-19 on the Company and its customers, an assessment was undertaken on trade debtors to assess customers' ability to meet repayments including a high-level assessment on the ability to trade in the future. As a result of this, the Company has updated its provision for doubtful debts for expected credit losses of \$170,000 (2020: 196,000).

13. PREPAYMENTS

| | | |
|-------------------------------|------------|------------|
| Tenant rent relief in advance | 336 | 303 |
| Balance at 30 June | 336 | 303 |

14. STOCK ON HAND

Stock on hand represents petrol and other stock for the Momona Garage are valued at the lower of cost (using the FIFO method) and net realisable value. Any write-down from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

| | | |
|---|-----------|-----------|
| Opening Balance | 23 | 48 |
| Purchases | 941 | 1,253 |
| Cost of Sales (Included within Other Operating Expenditure) | (915) | (1,270) |
| Stock written off | - | (8) |
| Closing Balance | 49 | 23 |

15. FINANCIAL RISK MANAGEMENT

a) Interest Rate Risk

The Company's activities expose it primarily to the financial risks of changes in interest rates resulting in variation of cash flows on floating rate debt. The Company uses interest rate swaps to manage its exposure to interest rate movements on its multi option facility borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. These interest rate swap contracts have been designated as cash flow hedges.

The use of financial derivatives of the Company is governed by the interest rate hedge accounting policy approved by the Board of Directors. The policies provide written principles on the use of financial derivatives.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition derivative financial instruments are remeasured to fair value. Fair value is derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the Income Statement. For a cash flow hedge amounts deferred in equity are recognised in the Income Statement in the same period in which the hedged item affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Income Statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Income Statement for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in profit or loss.

| | 2021 \$000 | 2020 \$000 |
|-----------------------------|---------------|---------------|
| Interest rate swaps | | |
| - maturing less than 1 year | (48) | (22) |
| - maturing 1 to 5 years | (152) | (429) |
| Balance at 30 June | (200) | (451) |

b) Categories of Financial Assets and Financial Liabilities

Financial Assets at amortised cost:

| | | |
|---------------------------|-------|-----|
| Trade & other receivables | 1,047 | 849 |
| Prepayments | 336 | 303 |
| Cash & Cash Equivalents | 1,781 | 975 |

Financial Assets at fair value through profit or loss:

| | | |
|-------------|-----|-----|
| Investments | 912 | 910 |
|-------------|-----|-----|

Financial Liabilities at fair value through profit or loss:

| | | |
|--|-----|-----|
| Derivative Financial Instruments in Hedge Accounting Relationships | 200 | 451 |
|--|-----|-----|

Financial Liabilities at Amortised Cost:

| | | |
|------------------------|--------|--------|
| Term Loans | 14,750 | 14,750 |
| Trade & Other payables | 1,001 | 1,752 |
| Short Term Advance | 1,000 | 4,500 |

Management consider all financial assets and financial liabilities carrying values to closely approximate fair value.

16. INVESTMENTS

Investments in equity securities are recognised as financial assets at fair value through profit or loss. Fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Any resultant gains or losses are recognised in profit or loss.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Non-current investments

| | | |
|---|-----|-----|
| Shares at market value in farmer cooperative Companies involved with dairy farm companies | 912 | 910 |
|---|-----|-----|

Of this sum **\$876,600** (2020, \$871,900) is represented by shares in Fonterra Co-operative Group. These shares are required to be held by the Company based on production and can only be realised when production reduces, or the Company ceases dairying operations.

17. CONTINGENT LIABILITIES

There were no contingent liabilities outstanding at 30 June 2021 (2020 \$NIL).

18. CAPITAL AND OTHER COMMITMENTS

There is no capital and other expenditure not provided for in the accounts at 30 June (2020: \$186,200).

The 2020 commitment related to the completion of the Terminal Expansion Project (TXP).

19. FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new standards and interpretations to existing standards have been published but are not yet effective. Dunedin International Airport Limited expects to adopt these when they become mandatory. None are expected to materially impact the Company's financial statements.

20. RELATED PARTY TRANSACTIONS

The shareholders of the Company are The Crown and Dunedin City Holdings Limited, which is wholly owned by the Dunedin City Council. Each owns 50%.

- (a) The Company undertakes many transactions with State Owned Enterprises, Government Departments and Dunedin City Council Controlled enterprises.

Businesses which have common ownership, and which provided services/supplies to the Company during the year were:

- Dunedin Venues Management Limited (Dunedin City Holdings Limited controlled) – corporate membership
- Delta Utilities Limited (Dunedin City Holdings Limited controlled) – ground maintenance

Transactions with entities with common ownership with details of purchases for the year and balances owing at 30 June being as follows:

| | Annual Purchases (GST Inclusive) | | Owing at 30 June (GST Inclusive) | |
|-----------------------------------|-------------------------------------|-------|-------------------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$000 | \$000 | \$000 | \$000 |
| Dunedin Venues Management Limited | 12 | 12 | - | - |
| Delta Utilities Limited | 60 | 54 | 18 | 4 |

- (b) Businesses in which directors and key management personnel have a substantial interest and which provided services/supplies to the Company during the year were:

- Delta Utilities Limited (T Allison - director) – ground maintenance
- Institute of Directors Otago Southland Branch (T Allison committee member) – membership and training
- Tourism Waitaki (M Crawford - director) – sponsorship
- Airways Corporation (D Cusack – director) – landing data and apron lighting project management

Transactions with entities in which directors and key management personnel have an interest with details of purchases for the year and balances owing at 30 June being as follows:

| | Annual Purchases (GST Inclusive) | | Owing at 30 June (GST Inclusive) | |
|---|-------------------------------------|-------|-------------------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$000 | \$000 | \$000 | \$000 |
| Delta Utilities Limited | 60 | 54 | 18 | 4 |
| Institute of Directors - Otago Southland Branch | 2 | 2 | - | - |
| Tourism Waitaki | 1 | 5 | - | - |
| Airways Corporation | 8 | 55 | 1 | 1 |

(c) Compensation of key management personnel:

The remuneration of directors and other members of key management during the year was:

| | 2021 | 2020 |
|-------|-------|-------|
| | \$000 | \$000 |
| Total | 859 | 860 |

The remuneration of directors is agreed annually, after consultation with the shareholders, and approved at the Company's annual meeting. The remuneration of the Chief Executive is determined by the Board and the remuneration of key management personnel is determined by the Chief Executive having regard to the performance of individuals and market trends.

(d) Transactions with shareholders with details of purchases for the year and balances owing at 30 June being as follows:

| | Annual Purchases | | Owing at 30 June | |
|---------------------------------------|------------------|-------|------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$000 | \$000 | \$000 | \$000 |
| Dunedin City Council rates & services | 293 | 317 | - | - |

21. LEASE COMMITMENTS

The Company enters into lease agreements as a lessor with respect to some of its land and buildings. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

The Company as Lessor

The Company has various operating leases with tenants at the airport. Minimum lease receivables under non-cancellable operating leases are as follows:

| | 2021 | 2020 |
|--------------|-------|-------|
| | \$000 | \$000 |
| Under 1 year | 2,307 | 2,582 |
| 1 to 2 years | 1,797 | 2,237 |
| 2 to 3 years | 985 | 1,595 |
| 3 to 4 years | 788 | 914 |
| 4 to 5 years | 176 | 513 |
| Over 5 years | 88 | 213 |

The Company as Lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

The Company has various operating leases office equipment. Minimum lease commitments under non-cancellable operating leases are as follows:

| | 2021 | 2020 |
|--------------|-------|-------|
| | \$000 | \$000 |
| Under 1 year | 1 | 1 |
| 1 to 5 years | 1 | 3 |

22. SUBSEQUENT EVENTS

COVID-19

On Wednesday 18th August 2021 the Government of New Zealand announced a national lockdown following an outbreak of the delta variant of the COVID-19 pandemic in New Zealand.

As a result, significant restrictions were imposed around domestic air travel in New Zealand. These restrictions were additional to the pre-existing restrictions regarding international travel into and out of New Zealand.

There remains ongoing uncertainty around the forecast levels of domestic and international air travel.

The company have as yet not been able to quantify any impact on income and cashflows used to support valuations, fair value assessments and impairment considerations at 30 June 2021.

Notwithstanding the significant impact of COVID-19 the directors are of the view that the Company's business fundamentals remain strong. During the year under report, the company had previously taken steps to reduce its cost structure, including the reduction of operating expenditure including organisational restructuring.

In addition, the Company has also undertaken a range of measures to enhance its liquidity and overall financial flexibility.

These measures mean the directors are confident the Company is well placed to continue operating as a going concern until more usual levels of trading conditions return.

Subsequent to year end the Company applied for, and received the Governments Resurgence Wage Subsidy associated with the August 2021 outbreak.

Fire Appliance Purchase

Subsequent to year end the company signed purchase agreements for the purchase of two firefighting appliances. The appliances are scheduled for delivery in August 2022 and August 2023 respectively. In July 2021 a deposit of \$234,499 has been paid for the first appliance. Further, a Letter of Credit has been provided for the deposit of the second appliance. Subject to the satisfaction of the terms included in the Letter of Credit, the deposit for the second appliance will become due in August 2022.

shareholder information

INTERESTS REGISTER

The following are particulars of general disclosures of interest given by the Company directors and key management personnel pursuant to section 140(2) of the Companies Act 1993

JONATHAN CAMERON

| | |
|---|--------------|
| Destination Great Lake Taupo | Board Member |
| Elevate Capital Partners Limited | Director |
| I.D.A.ShonCo Limited | Director |
| PMG Holdings Limited (and related entities) | Director |
| Tupu Angitu Limited | Director |
| Tourism Investment Partners Limited | Director |
| Veterinary Enterprises Group Limited | Director |
| Waipa Networks Limited | Director |

TONY ALLISON

| | |
|-------------------------------------|------------------------|
| AA Cleaners (Otago) Limited | Director |
| Night 'n Day Foodstores Limited | Chair – advisory board |
| Delta Utility Services Limited | Director |
| Institute of Directors Otago Branch | Committee Member |
| Otago Polytechnic | Chairman |
| SCG Finance Limited | Director |
| Smiths City (2020) Limited | Director |
| Visionalli Limited | Director |

DARIN CUSACK

| | |
|--|-------------------------------------|
| ADB Aviation | Consultant – Planning Specialist |
| Airways Corporation of New Zealand Limited | Director |
| Absolute Solutions Group Limited | Director |
| Auckland Transport Group | Independent Chair - Project Control |
| CSC Group Limited | Director and Partner |
| The Zak & Zed Family Trust | Trustee |
| Youth Hostel Association of New Zealand | Director |

RICHARD ROBERTS

| | |
|---------------------------|----------|
| Dickr Investments Limited | Director |
|---------------------------|----------|

MEGAN CRAWFORD

| | |
|---------------------------|------------------|
| Theomin Gallery Committee | Committee Member |
| Tourism Waitaki | Director |

Subsequent to year end, on 19 July 2021 Shane Ellison and Barbara Robertson were appointed Directors of Dunedin International Airport Limited. On the same date, Tony Allison resigned as a Director.

Directors' Interests in Contracts

Details of contracts involving directors' interests entered into during the year ended 30 June 2021 are provided in Note 20 to the Financial Statements. All transactions were conducted on an arms' length commercial basis.

Directors' Insurance

In accordance with section 162 of the Companies Act 1993 and the Constitution, Dunedin International Airport Limited has arranged policies of Directors' Liability Insurance which, together with a deed of indemnity, ensure that the directors incur no monetary loss as a result of actions undertaken by them as directors, provided that they operate within the law.

Principal Activities of the Company

The Company's principal activity is the operation of Dunedin International Airport. Areas of land adjacent to the airport held for possible expansion purposes are dairy farmed in partnership with a sharemilker. The Company also owns a small residential housing estate on land adjoining the airfield to the north and Momona Garage.

State of Affairs

The directors note that the financial position of the Company remains sound and the state of the Company's affairs is satisfactory.

Remuneration of the Directors

The directors of Dunedin International Airport Limited and their remuneration for the year ended 30 June 2021 are as follows:

| Director | Remuneration |
|---|--------------|
| Jonathan Cameron Interim Chairperson – (appointed Interim Chairperson 1 February 2021) | 33,214 |
| Tony Allison Director (resigned Chairperson 31 January 2021) | 33,732 |
| Darin Cusack Director | 23,445 |

Directors' Benefits

No director of Dunedin International Airport Limited has, since the end of the previous financial year, received or become entitled to receive a benefit other than a benefit included in the total remuneration received or due and receivable by the directors shown in the financial statements. There were no notices from directors of the Company requesting to use Company information received in their capacity as directors which would not otherwise have been available to them.

Executive Remuneration

Executive remuneration is made up of one component: fixed remuneration. Fixed remuneration consists of base salary and benefits.

There are no defined performance-based components of executive remuneration.

Actual salary paid includes holiday pay paid as per New Zealand legislation.

Benefits include the Company's contribution to KiwiSaver, fuel card and road user charges (as applicable) and a contribution to home broadband.

The number of employees whose remuneration and benefits are within specified bands are as follows:

| Remuneration Range | 2021 No. Employees | 2020 No. Employees |
|-----------------------|-----------------------|-----------------------|
| \$100,000 - \$110,000 | - | - |
| \$110,000 - \$120,000 | - | - |
| \$120,000 - \$130,000 | - | 1 |
| \$130,000 - \$140,000 | 1 | 1 |
| \$140,000 - \$150,000 | 1 | - |
| \$150,000 - \$160,000 | - | - |
| \$160,000 - \$170,000 | 1 | 1 |
| \$270,000 - \$280,000 | - | 1 |
| \$280,000 - \$290,000 | 1 | - |

The directors are not aware of any other matters or circumstances since the end of the financial year not otherwise dealt with in this report or the Company's financial statements that has significantly or may significantly affect the operation of Dunedin International Airport Limited, the results of those operations or the state of affairs of the Company.

Auditors

The auditor of Dunedin International Airport limited is Rudie Tomlinson of Audit New Zealand on behalf of the Auditor-General. Audit fees for the year ended 30 June 2021 were \$44,530 (excluding disbursement) for the Statutory Audit of the 30 June 2021 Financial Statements, and \$18,000 for the Disclosure Financial Statements.



J Cameron
Chairman
27 October 2021



D Cusack
Director

Independent Auditor's Report

To the readers of Dunedin International Airport Limited's financial statements and statement of service performance for the year ended 30 June 2021

The Auditor-General is the auditor of Dunedin International Airport Limited (the Company). The Auditor-General has appointed me, Rudie Tomlinson, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of service performance of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company in section 3 on pages 18 to 33, that comprise the balance sheet as at 30 June 2021, 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 statement of service performance of the Company in section 3 on pages 2 to 16.

In our opinion:

- the financial statements of the Company in section 3 on pages 18 to 33:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the statement of service performance of the Company in section 3 on pages 2 to 16 presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives, for the year ended 30 June 2021.

Our audit was completed on 27 October 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw your attention to the ongoing impact of Covid-19 on the Company. In addition, we outline the responsibilities of the Board of Directors and our

responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the ongoing impact of Covid-19 on the Company as set out section 3 in note 2 on page 21 and note 22 on page 33 to the financial statements. We draw specific attention to the disclosures in note 3 on page 23 that describes the assumptions and uncertainties in relation to the valuation model used to assess whether the Company's property, plant and equipment is impaired. The Company's estimates of passengers, recovery, and growth rates remain uncertain and dependent on a number of factors with respect to Covid-19. Material changes in these factors might have a material impact on the impairment assessment.

Basis for our opinion

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

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

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

Responsibilities of the Board of Directors for the financial statements and the statement of service performance

The Board of Directors is responsible on behalf of the Company for preparing financial statements and statement of service performance that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

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

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

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

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

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

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

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

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

- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in section 1 on pages 1 to 25, section 2 on pages 1 to 7 and section 3 on pages 1, 17 and 34 to 36 but does not include the financial statements and statement of service performance, and our auditor's report thereon.

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

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

Independence

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

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



Rudie Tomlinson
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand



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AIRPORT