

2023

# ANNUAL REPORT



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# COMPANY PARTICULARS

## Directors

- Chris Hopkins - Chair
- Shane Ellison - Deputy Chair
- Tim Hunter
- Catherine Taylor

## Chief Executive

Daniel De Bono

## General Manager Commercial

Chris Cope

## General Manager Operations & Infrastructure

Nicholas Rodger

## General Manager Business Development

Megan Crawford

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Solicitors  
Gallaway Cook Allan  
123 Vogel Street  
DUNEDIN

## Auditor

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

# GATEWAY TO THE SOUTH

**Waiho i te toipoto, kaua i te toiroa.  
Let us keep close together, not wide apart.**

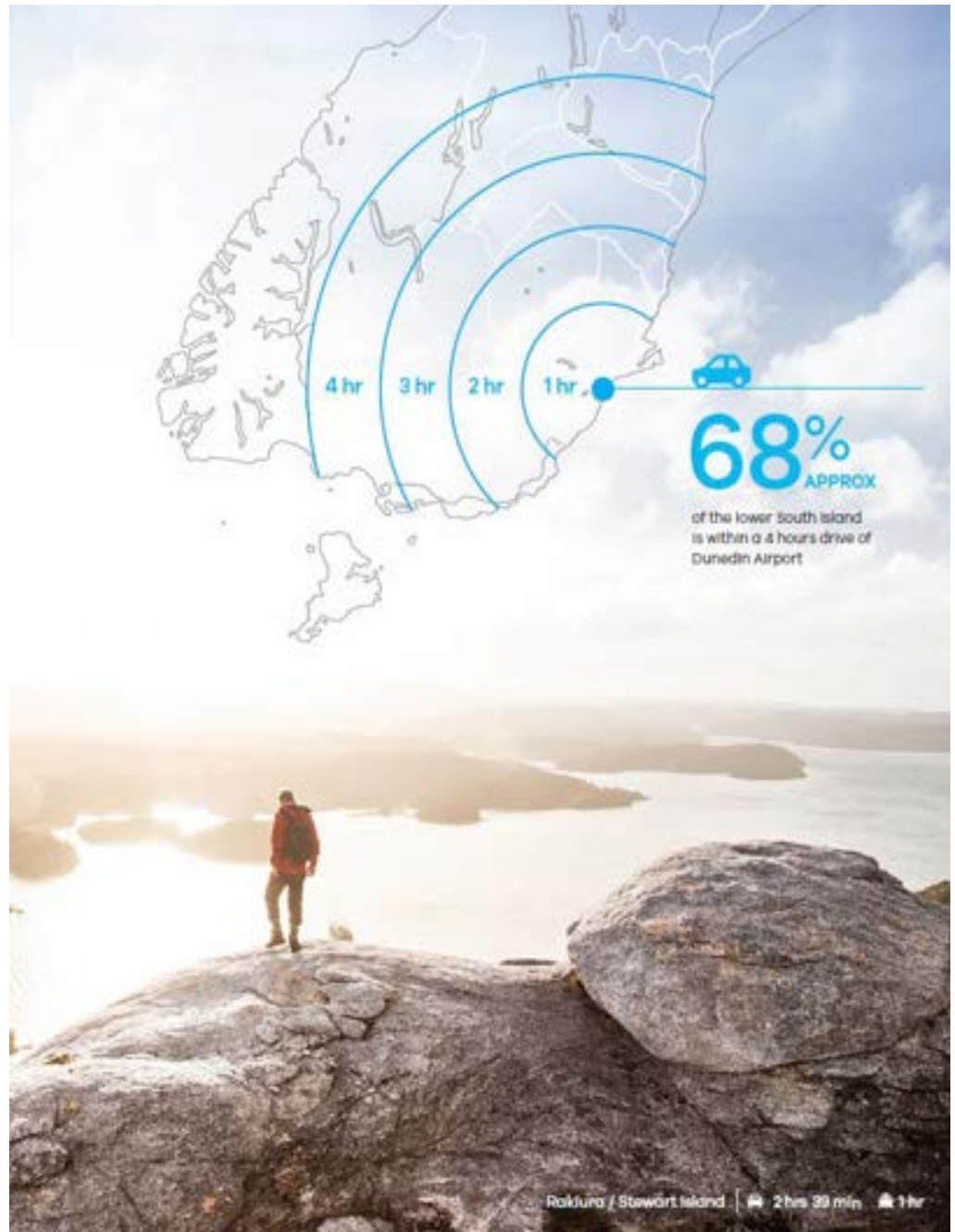
*We're setting our sights lower.*

*As a gateway not just to Dunedin, but the entire Lower South.*

*From Waitaki to Southland, into Central Otago, down to Fiordland, and across to Stewart Island.*

*Forget traditional boundaries, Dunedin is the perfect spot to fly in and/or out of, to explore this incredible, diverse, and sometimes under-celebrated region.*

*We're going to encourage more travellers to discover this special corner of the world, by offering more services in and out, and supporting promotion of the area. And we're going to do it sustainably.*



# CEO AND CHAIRMANS REPORT

We are delighted to present Dunedin International Airport Limited's (DIAL) annual report for the 12 months to 30 June 2023.

This year has been a defining one, for the airport. Marked by impressive achievements, growth, and resilience, too. Despite the challenges posed by the global pandemic and a recovering aviation system, we've emerged in a reasonably strong position.

The impact of the COVID-19 pandemic on the aviation industry was unprecedented. However, we are delighted to report that Dunedin Airport has experienced a strong recovery, with over 920,000 passengers welcomed throughout the year, which was 86% of our pre-COVID peak.

This recovery has had a positive impact on our financial performance. On the back of the 49.6% increase in passengers, our operating revenue has increased by 52.6% to \$20.4m. While we have also seen an increase in our operational expenditure due to infrastructure project investigation and research costs, and depreciation and staff cost increases, these increases are not of the scale of our revenue improvement. As a result, we've exceeded our budget expectations, producing a pre-tax surplus of \$5.9 million, which is \$4 million ahead of our projected year-end position.

Our balance sheet remains strong with Shareholders Funds of \$85.4m, underpinned by total assets of \$114.5m. Following the completion of our \$14.2m Terminal Expansion Project in 2020, strong operating cashflows have facilitated the repayment of almost \$7.0m of debt over the last two financial years.

This financial success has provided us with a solid foundation to invest in further growth and development.

Towards the end of the financial year, there has been some softening in domestic travel demand. While this presents us with new challenges, it also provides an exciting opportunity to adapt. We are shifting focus away from being a Dunedin-centric airport, to one that connects people to the lower south of New Zealand.



We are grateful for the support of our airline partners, who have been instrumental in this recovery journey. Airlines continue to face challenges in managing crew and aircraft capacity issues due to the impacts of the global pandemic. We value our strong partnerships with them, in the pursuit of expanded connectivity and a world class customer experience.

DIAL is committed to building strong partnerships. One exciting collaboration is with the Southern Way initiative. It's enabled us to unite with eight regional tourism organisations in the lower south of New Zealand. Together, the aim is to break down district boundaries and offer a stronger, unified proposition to visitors, promoting this incredible corner of Aotearoa.

Safety remains at the very core of our business. It will always be our number one priority, and we will never compromise, always striving to exceed expectations. We have also developed and strengthened our proactive safety culture, identifying areas for improvement, including the development of a Critical Risk Programme. This forward-thinking approach ensures our people, visitors and users of Dunedin Airport are provided with a safe and secure environment.

The Board composition has changed following resignations and retirements, and we have benefited from the addition of two highly experienced directors, Tim Hunter and Catherine Taylor. Their diverse and valuable insights contribute to the effective governance of the business.

Following the resignation of DIAL's long serving CEO, Daniel De Bono was promoted to the role. Dan has had an illustrious career in and around airports and will lead the team well. The executive team has been strengthened by a new GM Operations & Infrastructure, Nick Rodger, who is experienced in managing

infrastructure assets. His skills will be crucial as the airport has a significant capital expenditure programme over the next 5 years to replace ageing infrastructure.

We understand the significance of safeguarding our operations and data. To that end, we have made significant investments and put a focused effort into



cybersecurity to protect our airport from potential threats.

Another area of growth is in how we look after our people. As well as giving everyone the opportunity to advance their career, we've also launched a comprehensive Staff Wellbeing Programme. We believe that a happy and healthy team is fundamental, when it comes to delivering a world-class customer experience. Our dedication to strong engagement with our airline partners has yielded positive results. We are committed to furthering our airport's connections to the world, offering convenient and seamless travel experiences for all. Re-establishment of international services to Dunedin Airport has been, and will remain, a key focus for us.

It was a heartfelt tribute to name the first of our two new Rosenbauer Airport Firefighting vehicles after the late Gordon McDonald, paying respect to his much-loved contribution and service to our airport community for over 14 years. It seemed fitting for Gordon's legacy to live on in the place where he will be sorely missed.

As we look ahead, our outlook remains positive. However, we understand the importance of monitoring the wider economic, and geopolitical issues, around the world that may impact on the markets we serve. Our proven adaptability and resilience will enable us to navigate any challenges that may arise.

In conclusion, we extend our most sincere thanks to our people, directors, airline partners, business partners, and shareholders. Your continued trust and support is invaluable as we embark on this new chapter for Dunedin Airport.

Nga mihi



**Daniel De Bono**  
**Chief Executive**



**Chris Hopkins**  
**Chair**

# YEAR AT A GLANCE

## 2022 – 2023

### Domestic Capacity

Up  
**17.6%**

2022 - Total seats 900,599



2023 - Total seats 1,061,553



International Capacity - Nil

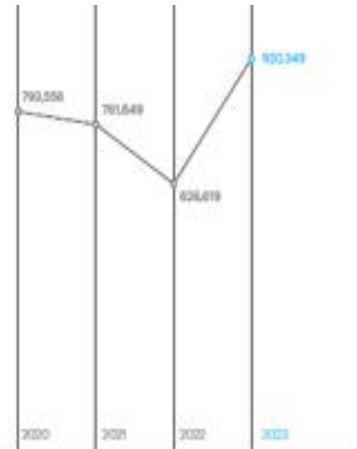
### Total Passengers

On regular scheduled services

920,349



Up  
**46.9%**



Operating Revenue  
\$20.4M

Up  
**52.6%**



Non Aero Revenue  
\$9.9M



Up  
**47.7%**

Shareholder Funds  
\$85.3M

**5%**

Total Dividend Paid



**\$1.023M**

Operating Surplus  
\$4.2M

Up  
**810.8%**



Aero Revenue  
\$10.5M

Up  
**51.1%**



### Busiest Month of the Year

JULY 2023

85,487



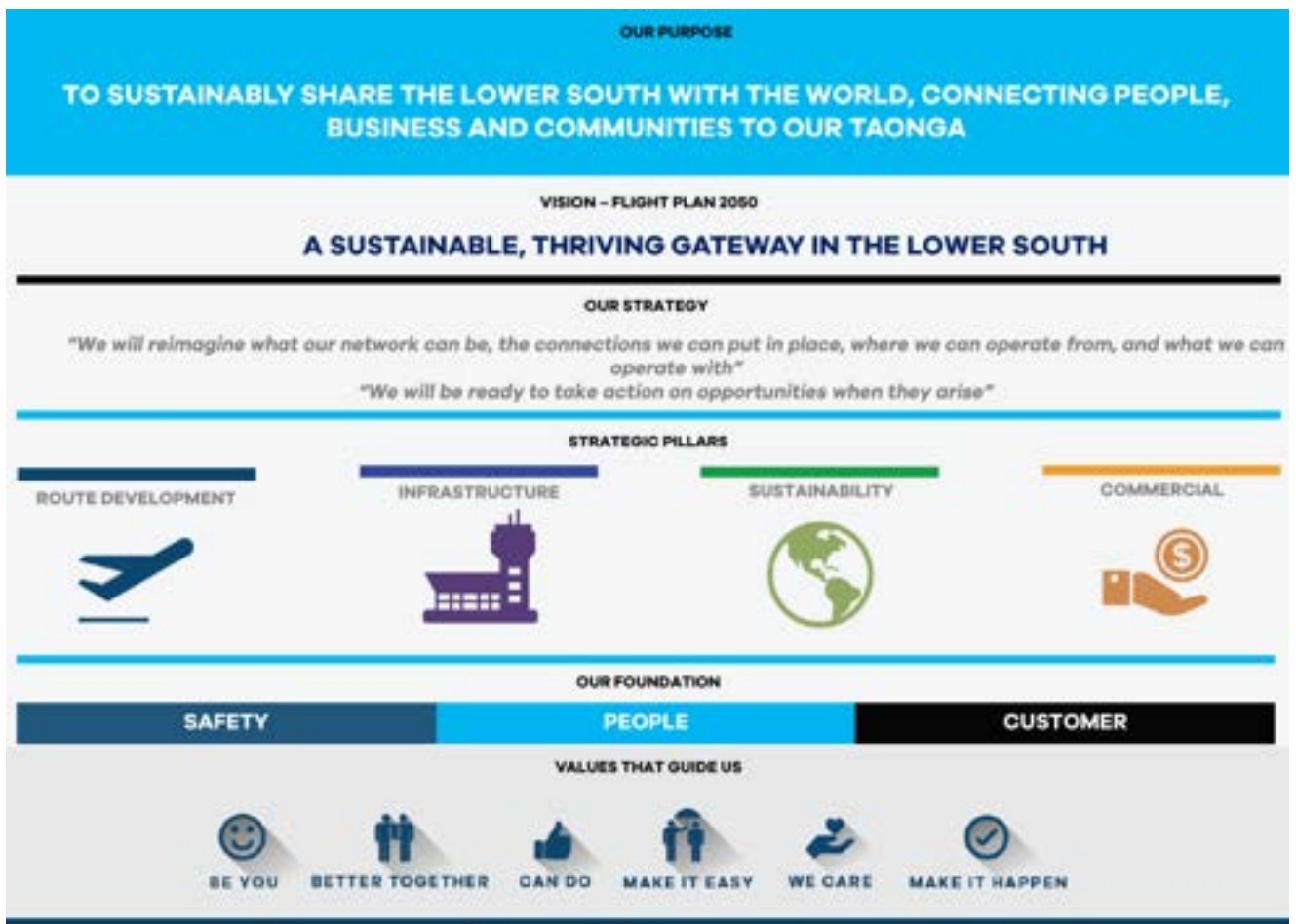


# OUR AIRPORT

## STRATEGY

Following changes to the Board and within the executive leadership team, the time was right to review and refresh our strategy, culminating in the unveiling of Flight Plan 2050.

This roadmap lays out our purpose: to sustainably share the lower south with the world, connecting people, businesses, and communities to our cherished taonga.



Supporting our Strategic Pillars or Pou are our Foundation and the Values that guide us. These provide the strong base necessary to implement strategy and deliver on our vision.

## **TIMES OF CHANGE**

There have certainly been exciting changes to the team, in the last year.

Our new CEO, with a wealth of aviation experience, is obviously the headline. But we also have a new GM Infrastructure & Operations, with a strong background in project management, engineering and construction.

In a first for the airport, we've employed a dedicated People and Culture resource, supporting the business by supporting the team.

Change has also been afoot in the Customer Experience team, with the introduction of a Team Leader, and recruitment of three new team members, working both within the terminal and landside.

## **THE RIGHT CULTURE**

Performance and wellbeing go hand in hand.

We're working towards a high-performance culture, with a focus on giving the best possible customer experience.

But this isn't possible without the wellbeing of our team — both mental and physical. That's why we're creating an ongoing programme, with a variety of initiatives.

We're constantly reviewing our structure to ensure continual improvement. Giving everyone the opportunity to utilise their skills, while gaining more experience. It's all about developing an environment where everyone has the best opportunity to flourish.

Communication is key. We need to ensure expectations are clear, while encouraging ownership and accountability for every aspect of what we do.

But we also need to give the support required to achieve these goals by using internal, and external resources to enhance the everyday employee experience, and designing and implementing systems that work for everyone.

And in creating this culture, it's crucial that we continue to bring in the right talent, hiring people with a good fit for the vision and values of the organisation.

## SUSTAINABILITY

For us, sustainability isn't just a policy, it's about real action.

In saying that, you'll find our Sustainability Policy on our website — [dunedinairport.co.nz/sustainability/](https://dunedinairport.co.nz/sustainability/)

Dunedin Airport collaborated with our customers, stakeholders, staff and community to understand where we can have the most impact. We have identified 4 priorities to deliver on:

**Our Environment** - We consistently reduce our carbon emissions and waste as well as, reducing waste and playing our part in improving water quality and biodiversity.

**Our Region** - We are connecting our place to more people in the best way every day and we are an enabler of the regional economy and distinct local culture.

**Our Team** - We nurture a culture of trust, diversity and dignity which supports all those working at the airport to thrive.

**Our Airport Community** - We maintain safe operations and work closely with our partners at the airport and within the travel ecosystem.

### HERE'S WHAT WE'VE ACHIEVED

- 1) **GHG Emissions:** We are proud to share our continued commitment to measuring and reducing greenhouse gas (GHG) emissions for the fourth consecutive year.

Overall, GHG emissions increased by 244 tCO<sub>2</sub>-e (10.0%) from the 2022 financial year to the 2023 financial year. This was mostly driven by an increase in the dairy cattle herd and the inclusion of additional Scope 3 emissions such as tenant electricity consumption and employee commuting and working from home.

Dunedin Airport is currently targeting emissions reductions for Scope 1 and 2 emissions on a 2019 financial year base year.

These emissions reduced by 92 tCO<sub>2</sub>-e (30%) from the 2019 financial year to the 2023 financial year. This was driven by a reduction in electricity emissions and stationary fuel use.

This achievement reflects our dedication to sustainability and our efforts to minimize our carbon footprint.

- 2) **Waste Reduction:** As part of our ongoing efforts to reduce waste and promote responsible waste management, we have introduced curb-side waste separation bins outside the terminal.

This initiative aims to streamline waste separation processes and encourage passengers and staff to participate in our waste reduction activities, contributing to a cleaner and greener environment.

- 3) **Energy Efficient Lighting:** During the fourth quarter of the fiscal year, we embarked on a strategic project to transition all terminal lighting to energy-efficient LED technology. This project, spanning the entirety of the fiscal year, demonstrates our commitment to sustainability and modernization.

By adopting energy-efficient lighting solutions, we are not only reducing our energy consumption but also enhancing the overall lighting quality within the terminal.

- 4) **Energy Audit:** In line with our commitment to optimizing energy consumption, we are pleased to report the successful completion of all recommendations from our 2022 Energy Audit. This includes measures such as increasing the temperature of our server room to improve energy efficiency. These steps underscore our proactive approach to identifying and implementing energy-saving strategies.

- 5) **On the Go: Electrification and Sustainability Planning:** Our commitment to sustainability extends beyond our existing operations. We have initiated an Electrification Master Plan, aimed at transitioning our operational vehicles and equipment to electric alternatives, reducing emissions associated with our day-to-day activities.

Additionally, our Farm Sustainability Plan has been set in motion, focusing on sustainable agricultural practices for land owned by the airport.

- 6) **Sustainable Infrastructure:** Planning for our new AVSEC (Aviation Security) Building is making substantial progress. Our goal is to achieve a Green Star rating for this new facility, demonstrating our dedication to sustainable construction and operational practices.

As we move forward, these initiatives will play a crucial role in shaping our environmental impact and contributing to a more sustainable future for the aviation industry and the community we serve.

For more details and a comprehensive overview of our sustainability efforts, please refer to the [Carbon Emissions Report in Section Two](#).



## AROUND THE AIRPORT

### Cybersecurity

Ensuring the integrity of our digital networks and systems is of paramount importance. We are pleased to report that all our personnel have successfully undergone comprehensive training in effectively handling potential cyber threats and attacks.

### Maintenance

In the latter part of February, our annual pavement maintenance works were completed. Collaborating with Fulton Hogan, we undertook 987m<sup>2</sup> of Mill & Fill works on both the runway and apron pavements.

### Airport Emergency Services

The airport's emergency services department has experienced significant advancements over the past year.

The acquisition of two state-of-the-art Rosenbauer 6x6s Panther fire appliances marked a substantial enhancement of our firefighting capabilities. This upgrade necessitated the expansion of the Airport Fire Station to accommodate the new assets.



The redevelopment process commenced in October 2022 with the demolition of the previous appliance bay. A contemporary facility is currently under construction, seamlessly integrated with the existing station's office and service section. This comprehensive project is on track to conclude by August 2023, ushering in a new era of improved emergency response services at Dunedin International Airport.

## BETTER TOGETHER

### Partnerships

Connecting the world to the lower south, means finding the right partners.

We've proactively approached airlines to reinstate an Australian route in and out of Dunedin, and we continue to look for opportunities to increase domestic connections, too.

Collaboration was also at the heart of a campaign to drive demand between Hawkes Bay and Dunedin. We worked with Hawkes Bay Airport, Hawkes Bay Tourism, Enterprise Dunedin and Southern Way, with support from NZME.

### Sponsorships

Events in the community that bring people to the area always have our full support. This year we sponsored OUSA Beer and Food Festival and iD Fashion Week.

We also donated to the Hawkes Bay Relief Fund, Momona Playcentre, and the Sky Challenge events that a number of our AES team participated in, to raise funds for Leukaemia & Blood Cancer New Zealand.

### Experiences

We're always looking for opportunities to make the customer experience within the terminal even better.

Part of this has been to showcase creativity from around the region, with our Artist in the Terminal gallery.

The iD Fashion mini exhibition gave passengers a sneak peek into different designers' shows, around the time of the event.

Another highlight was *Where High Country Meets High Fashion*. Naseby farmer Eden Hore's extraordinary collection of 1970s avant garde garments, shot by famous fashion photographer Derek Henderson.

We even got the party started early, in the lead up to the OUSA Beer and Food Festival, with a band playing in the terminal.

## HEALTH & SAFETY

Health and safety is much more than a set of requirements. It's a culture that runs through every department and is at the heart of everything we do.

This has been reflected in a higher level of engagement in the Airport Safety Meetings, and increased cooperation on projects within these groups.

Over the past year, some key improvements have been made. A Critical Risk Framework has been developed for the airport, which is an important part of our Dunedin Airport Safety Management System. It identifies, assesses, controls and monitors the most serious risks of injury.

The biennial live emergency exercise was also a success. This involved the greater Dunedin emergency response team, as well as Airport Emergency Services.

We've also improved and updated contractor safety management, with the Airport Permit to Work system. At the same time, we've implemented a contractor prequalification system that can be done online. So, even short-term members of the team are part of our health and safety culture.

# **DUNEDIN INTERNATIONAL AIRPORT LIMITED**

## **SECTION TWO CARBON EMISSIONS REPORT**





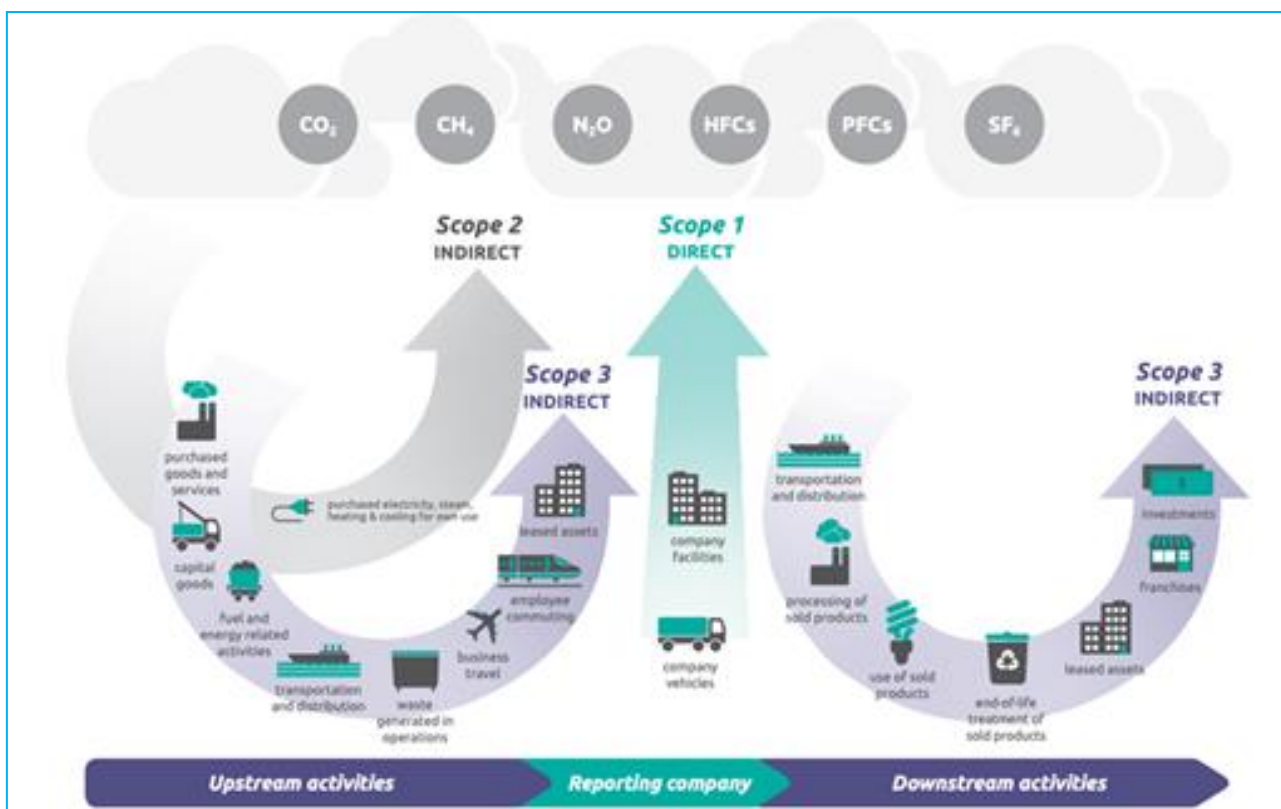
# GREENHOUSE GAS EMISSIONS SUMMARY

For the fourth year running, we have assessed and measured our Greenhouse Gas (GHG) emissions. We have collected the data over a twelve-month period with input from external advisors. Ongoing monitoring of emissions will continue to be reported annually including comparison to the base year. Due to the disruption COVID-19 has on our typical operations, the emissions inventory for the 2018-19 financial year was selected as our base year to measure our future emissions against.

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*.

The inventory is a quantification of the amount of GHG emissions that can be attributed to our operations within the declared boundary and scope for the 2022-23 financial year reporting period. This includes the dairy farms, the Momona residential housing estate and our wastewater treatment plant. The emissions associated with aircraft activity (i.e. fuel usage) are not within scope of Dunedin Airport for financial year 2023, however we will be reporting aircraft emissions from financial year 2024.

**Figure 1 Source: GHG Protocol**



**Direct GHG emissions (Scope 1)** emissions from sources that are owned or controlled by the company:

- Mobile consumption emissions related to vehicles owned or operated by the Airport.
- Stationary combustion emissions related to ground handling operations.
- Wastewater treatment plant emissions used for the airport facilities as well as the Momona village.

**Indirect GHG emissions (Scope 2)** emissions from the generation of purchased electricity consumed by the company.

- 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, and reported by us as a Scope 3 emission.

**Indirect GHG emissions (Scope 3)** emissions that occur because of our activities but from sources not owned or controlled by DIAL. These emissions are sometimes referred to as value chain emissions. To provide alignment across the Dunedin City Holdings Limited (DCHL) group of companies a consistent set of Scope 3 emission categories have been accounted for. They include:

- Business travel (primarily flights and accommodation).
- Employee commuting & working from home.
- Dairy Farm emissions
- Commercial Tenant Electricity Consumption
- Waste generated from our operations. We have included the waste generated by our commercial tenants.
- Electricity transmission & distribution losses.
- Freight of goods purchased by the Airport.

New Scope 3 inclusions for this report were airport tenant's electricity consumption and employee commuting and working from home.

At this stage we have not captured emissions relating to suppliers and contractors undertaking work at our sites. The emissions factors for air travel include radiative forcing, as per the precautionary principle.

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.

Emissions factors used were sourced from NZ Ministry for the Environment (MfE), with the most up to date figures available at the time (June 2023). Our inventory provides an account of Scope 1 and 2 GHG emission sources and available Scope 3 emission sources for the reporting period.

Quantities of each greenhouse gas are converted to tonnes CO<sub>2</sub>e using the global warming potential from the Intergovernmental Panel on Climate Change (IPCC) Fifth

Assessment Report (AR5). The time horizon is 100 years. All data reported is expressed in tonnes of carbon dioxide equivalent.

Emissions are reported as tonnes (t) of Carbon Dioxide (CO<sub>2</sub>) equivalent (e); or tCO<sub>2</sub>-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.

## Results

Overall, GHG emissions increased by 244 tCO<sub>2</sub>-e (10.0%) from the 2022 financial year to the 2023 financial year.

This was mostly driven by a slight increase in the dairy cattle herd and the inclusion of additional Scope 3 emissions such as tenant electricity consumption and employee commuting and working from home.

DIAL is currently targeting emissions reductions for Scope 1 & 2 on a 2019 financial year base year.

**These emissions reduced by 92 tCO<sub>2</sub>-e (30%) from the 2019 financial year to the 2023 financial year.** This was driven by a reduction in electricity emissions and stationary fuel use. A comparison between the 2019 base year and 2023 financial year is shown below:

**Figure 2 – GHG Emissions against base year by activity (tCO<sub>2</sub>-e) – Total for DIAL (including the Dairy Farm)**

Emission source	FY19 emissions (tCO <sub>2</sub> -e)	FY23 emissions (tCO <sub>2</sub> -e)	Change
<b>Scope 1</b>			
Stationary fuels	47	18	-63%
Transport fuels	47	48	3%
WWTP	14	14	-2%
<b>Scope 2</b>			
Electricity consumption	202	138	-32%
<b>Scope 3</b>			
Taxi	0.02	0.3	1995%
Flights (Domestic)	7	34	391%
Flights (International)	-	13	
Accommodation	0.3	2	746%
Employee Commuting	-	104	
Working from home	-	0.1	
Transmission & Distribution Losses (Consumption)	22	16	-27%
Waste	27	19	-28%
Downstream leased assets - Dairy Farm	2,010	2,173	8%
Downstream leased assets - Tenant electricity	-	54	
<b>Total emissions (tCO<sub>2</sub>-e)</b>			
Scope 1 total	108	80	-26%
Scope 2 total	202	138	-32%
Scope 3 total	2,056	2,417	17%
Total Emissions Scope 1-3	2,376	2,635	11%
<b>Scope 1 &amp; 2</b>	<b>310</b>	<b>218</b>	<b>-30%</b>

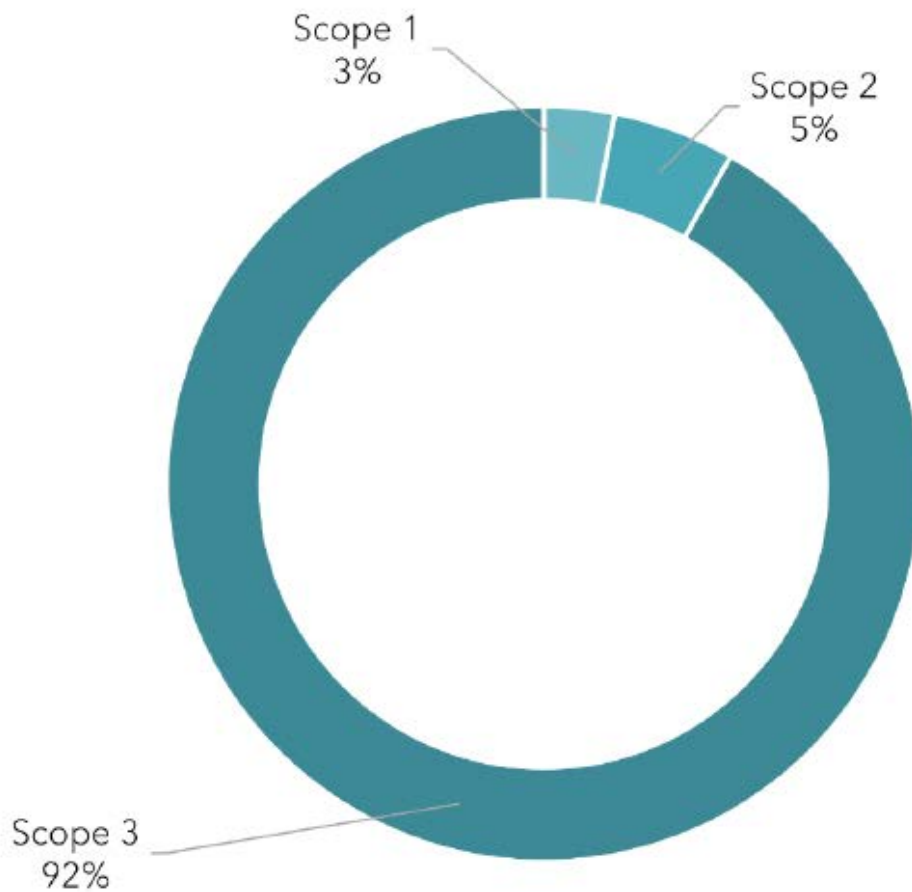
### Emissions by Scope – DIAL

Our measured GHG emissions for the year end 30 June 2023 are 2,636 tCO<sub>2</sub>-e (2022: 2,391 tCO<sub>2</sub>-e). Total emissions are largely driven by the high emissions intensity of dairy farm operations and the addition of emissions from Tenant electricity consumption and employee commuting being added to our Scope 3 GHG inventory.

**Table 1 Emissions by Scope – Total for DIAL (including the Dairy Farm)**

Scope	tCO <sub>2</sub> -e	% of Total
Scope 1	80	3%
Scope 2	137	5%
Scope 3	2,418	92%
Total	2,636	100%

**Figure 3 - Emissions by Scope – Total for DIAL (including the Dairy Farm)**





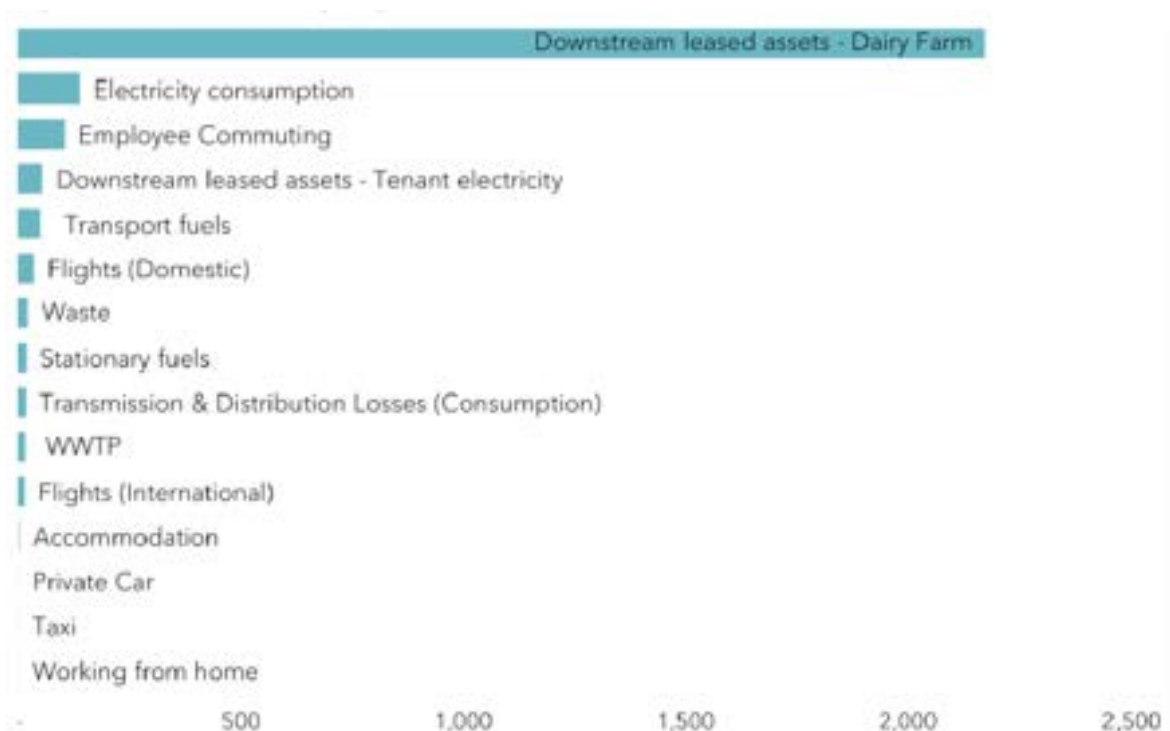
Our emissions sources are summarised below.

**Table 2 - Emissions by Activity – Total for DIAL (including the Dairy Farm)**

<b>Emissions Source</b>	<b>t CO<sub>2</sub>-e</b>
Animals and Livestock**	1,833
Fertilizer**	340
Electricity Consumption	138
Employee Commuting	104
Tenant Electricity**	54
Transport Fuels	48
Flights (Domestic)	34
Waste	19
Stationary Fuels	18
Transmission and Distribution Losses (Consumption)	16
Wastewater Treatment	14
Flights (International)	13
Accommodation	2
Private Car	1
Taxi	0.3
Working from Home	0.1

\*\* - Downstream leased assets

**Figure 4 - Emissions by activity – Total for DIAL (including the Dairy Farm)**



### **Emissions by Scope – DIAL (excluding the Dairy Farm)**

The Airport measured GHG emissions, excluding the farm, for the year end June 2023 are 408 tCO<sub>2</sub>-e. This accounts for 15% of DIAL's total GHG inventory.

**Table 3 Emissions by Scope – Total for DIAL (excluding the Dairy Farm)**

Scope	tCO <sub>2</sub> -e	% of Total
Scope 1	80	20%
Scope 2	138	34%
Scope 3	190	46%
Total	408	100%

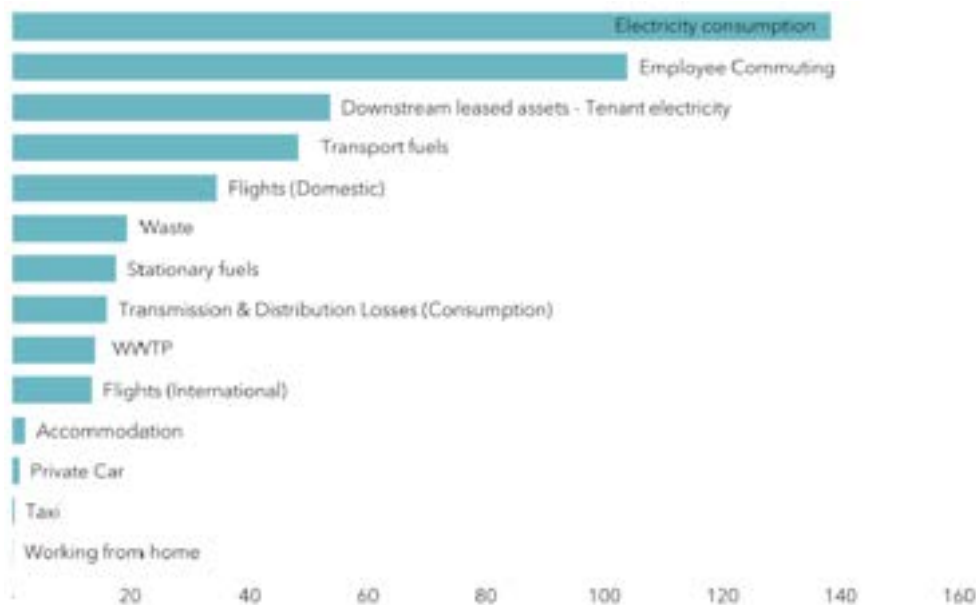
**Table 4 - Emissions by Activity – Total for DIAL (excluding the Dairy Farm)**

Our emissions sources are summarised below.

Emissions Source	t CO <sub>2</sub> -e
Electricity Consumption	138
Employee Commuting	104
Tenant Electricity**	54
Transport Fuels	48
Flights (Domestic)	34
Waste	19
Stationary Fuels	18
Transmission and Distribution Losses (Consumption)	16
Wastewater Treatment	14
Flights (International)	13
Accommodation	2
Private Car	1
Taxi	0.3
Working from Home	0.1

\*\* - Downstream leased assets

**Figure 5 - Emissions by Activity – Total for DIAL (excluding the Dairy Farm)**



## Next Steps

Now that we have completed the fourth GHG inventory, our next steps are to:

- Continue to expand reporting to include a wider set of Scope 3 emissions, and
- Implement GHG emissions reduction initiatives as identified in DIAL's emissions reduction strategy.

Other emissions sources that are expected to be material will be included in future reporting. We have already developed a plan to capture key contractor emissions and are working in plans to better understand embodied carbon in materials.

New Scope 3 inclusions for this report were airport tenant's electricity consumption and employee commuting and working from home.

Other emissions sources such as fugitive emissions from refrigerant use in HVAC and fuel consumption from farm operations will be included in 2024 financial year emissions reporting.

We are committed to playing our part in reduction global emissions by reducing the GHG emissions we are responsible for emitting. This means we will:

- Reduce our Scope 1 and 2 emissions by **46.2%** by 2030 from our 2019 base year;
- Be Net Zero for our airport operations Scope 1 and Scope 2 emissions by 2030;
- Reduce our airport operations Scope 3 emissions that occur from our suppliers, waste, waste-water, infrastructure builds and employee commuting. We commit to setting a reduction target for each of these Scope 3 emission categories by 2025.

Our emissions reduction target for the airport's scope 1 & 2 emissions has been set using the Science-Based Targets methodology, which aligns to the goals of the Paris Agreement to limit global warming to no more than 1.5° C.

For our dairy farm, we commit to set an emissions reduction target which is aligned to the NZ Government agricultural emissions reduction target. Concurrently, we will undertake a strategic review of our Farming operation to determine if the Dairy farming modality remains appropriate compared to prospective land uses which may be compatible with the airport context.

We will continue to refine, adjust and optimise our Emissions reduction plan year on year.

# **DUNEDIN INTERNATIONAL AIRPORT LIMITED**

## **SECTION THREE ANNUAL FINANCIAL STATEMENTS**



# **Annual Financial Statements for the Year ended 30 June 2023**

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The Company sets various performance goals in its 2023 Statement of Intent. These are reported as:

## GOALS

**SAFETY & SECURITY IS OUR NUMBER ONE PRIORITY**

**TO BE SUSTAINABLE**

**TO PROVIDE KAITIAKITANGA AND TO MAKE THE BEST USE OF THE  
ASSETS AVAILABLE TO US.**

**TO GROW OUR AERO AND NON-AERO BUSINESSES**

**DEVELOPING AND STRENGTHENING OUR CUSTOMER, PARTNER &  
STAKEHOLDER RELATIONSHIPS**

**TO BE A GREAT PLACE TO WORK**

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.



OUR SAFETY, SECURITY & ENVIRONMENT			
Strategic Goals	Actions	Performance Measures	
<b>SAFETY &amp; SECURITY IS OUR NUMBER ONE PRIORITY.</b>	To work with our staff and stakeholders to maximise safety on site for all staff, passengers, and visitors.	<ul style="list-style-type: none"> <li>No Serious Harm incidents at Dunedin Airport for any passenger or airport user.</li> <li>No major airside security breach.</li> <li>Review the Health and Safety Plan and objectives with the Health and Safety Committee each year.</li> <li>Strike rate of &lt;5 strikes per 10,000 aircraft movements on a 12-month moving average.</li> <li>Lost Time Injury Frequency Rate (LTIFR) to remain below WorkSafe benchmark level of 4.66.</li> </ul>	<ul style="list-style-type: none"> <li><b>There have been no Serious Harm incidents for any passenger or airport user.</b></li> <li><b>There have been no major airside security breach events.</b></li> <li><b>The Health and Safety Committee reviewed the Health and Safety Plan and objectives in April 2023.</b></li> <li><b>The 12-month rolling average strike rate as at 30 June 2023 is 6.0 strikes per 10,000 aircraft movements.</b></li> <li><b>As of 30 June 2023, our LTIFR is nil.</b></li> </ul>
<b>TO BE SUSTAINABLE.</b>	Act as a socially and environmentally responsible corporate citizen that contributes economically to Dunedin and the Lower South.	<ul style="list-style-type: none"> <li>Implement DIAL's carbon emissions strategy developed in the 2022 financial year and achieve our FY2023 targets.</li> <li>Implement DIAL's waste reduction strategy developed in the 2022 financial year and achieve our FY2023 targets.</li> <li>Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.</li> <li>Implement our sustainability strategy developed in 2021/22.</li> </ul>	<ul style="list-style-type: none"> <li><b>The Carbon Emission Strategy was implemented in the 2023 financial year however no specific emissions reduction targets were set for the 30 June 2023 financial year.</b></li> <li><b>The Waste Reduction Strategy was implemented in the 2023 financial year however no specific diversion from landfill targets were set for the 2023 financial year.</b></li> <li><b>Our GHG inventory was measured in the 2023 financial year and has been publicly reported in the 2023 Financial Year Annual Report.</b></li> <li><b>In the 2023 financial year significant progress was made implementing the airport Sustainability Strategy, however no specific targets were set in this strategy for 2023. In the 2024 financial year we will be consolidating this strategy with the Emissions and Waste Reduction Strategy.</b></li> </ul>

		<ul style="list-style-type: none"> <li>○ DIAL has adopted a target to be net zero carbon by 2030. Over the 2023 financial year we will be building on our existing work to develop a roadmap to 2030. We will engage with our shareholders The Crown, DCHL, and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions.</li> <li>○ Develop an Electrification Master Plan to understand future infrastructure needs to support electricity demand for electric vehicles (EVs) and electric aircraft.</li> <li>○ Undertake a study of our economic contribution to the region.</li> </ul>	<ul style="list-style-type: none"> <li>○ <b>A pathway to net zero carbon is to be developed. ACA (Airport Carbon Accreditation) Level 3 certification process underway.</b></li> <li>○ <b>The Electrification Master Plan project commenced in the 2022 financial year, and procurement is underway for charging infrastructure to support the rental car fleet.</b></li> <li>○ <b>A study of our economic contribution to the region was completed.</b></li> </ul>
	Maintain high quality dairy farming practices.	<ul style="list-style-type: none"> <li>○ Remain compliant with Fonterra dairy farm inspections.</li> <li>○ Implement recommendations from the Fonterra Sustainable Farm Environment Plan and any specific initiatives for the dairy farm from our Sustainability Strategy.</li> </ul>	<ul style="list-style-type: none"> <li>○ <b>Farms remain compliant following Fonterra inspections.</b></li> <li>○ <b>Sharemilker and our Farm Consultant continue working through Fonterra recommendations. As at 30 June 2023, actions have been undertaken to achieve 21 of 23 the GFPs (Good Farming Practices). One of the GFPs has target date 1 Jun 25 (Olsen P levels), and the other relates to stock holding areas. This action is being worked through as part of the development of a Farm Strategy.</b></li> </ul>

COMMERCIAL			
Strategic Goals	Actions	Performance Measures	
<b>TO PROVIDE KAITIAKITANGA AND TO MAKE THE BEST USE OF THE ASSETS AVAILABLE TO US.</b>	Comply with financial covenants, policy and ongoing risk monitoring.	<ul style="list-style-type: none"> <li>○ Fulfil lender borrowing facility financial covenant:               <ul style="list-style-type: none"> <li>○ Earnings Ratio (EBITDA less distributions / interest expense) &gt; 1.75</li> <li>○ Equity Ratio (total shareholders' funds / total assets) &gt; 40%</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>○ <b>As of 30 June 2023:</b> <ul style="list-style-type: none"> <li>○ <b>the Earnings Ratio is 17.0.</b></li> <li>○ <b>the Equity Ratio is 74.6%.</b></li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>○ Comply with the company's Dividend Policy.</li> <li>○ Comply with the company's Treasury Policy.</li> <li>○ Six monthly risk analysis undertaken and reported to the Board.</li> <li>○ Audit, Risk and Strategic Opportunities Committee to meet three times during the year.</li> </ul>	<ul style="list-style-type: none"> <li>○ <b>The Dividend relating to the 2022 financial year and distributed during the 2023 financial year was calculated in accordance with Policy.</b></li> <li>○ <b>In compliance with Treasury Policy as at 30 June 2023. No noted breaches during the 2023 financial year.</b></li> <li>○ <b>Six months ended 31 December 2022 presented in February 2023 Board Meeting. Six months ended 30 June 2023 presented in July 2023 Board Meeting.</b></li> <li>○ <b>Three committee meetings were held during the 2023 financial year.</b></li> </ul>
	Generate commercial returns across our asset base.	<ul style="list-style-type: none"> <li>○ Generate a 3.4% Return on Shareholders' Funds adjusted for IFRS fair value movements and asset revaluations.</li> <li>○ Generate a 13.0% Return on Shareholders' Capital invested.</li> </ul>	<p><b>As a result of higher than budgeted passenger numbers, and the associated impact on airport revenue, and ultimately Net Profit After Tax:</b></p> <ul style="list-style-type: none"> <li>○ <b>as at 30 June 2023 the Return on Shareholders' Funds is 11.9%.</b></li> <li>○ <b>As at 30 June 2023 the Return on Shareholders' Capital is 49.0%.</b></li> </ul>
	Ensure the future of the airport is protected.	<ul style="list-style-type: none"> <li>○ Implement a comprehensive Asset Management Plan.</li> <li>○ Undertake a comprehensive review our Airport Campus Master Plan.</li> <li>○ Ensure any new development is considered in conjunction with the District Plan and Airport Master Plan.</li> <li>○ Remain involved in protecting the airport from any adverse effects of any future external factors.</li> </ul>	<ul style="list-style-type: none"> <li>○ <b>As at 30 June 2023 the implementation of an Asset Management Plan remains outstanding.</b></li> <li>○ <b>A third-party consultant has been engaged to scope and assist with Airport Campus Master Plan procurement. Requests for Proposals will go to market in August 2023.</b></li> <li>○ <b>All current year developments were considered in conjunction with District Plan and Airport Master Plan.</b></li> <li>○ <b>Dunedin Airport worked proactively with the DCC regarding the Smooth Hill landfill proposal. No other external factors noted.</b></li> </ul>

BUSINESS DEVELOPMENT			
Strategic Goals	Actions	Performance Measures	
<b>TO GROW OUR AERO AND NON AERO BUSINESSES</b>	Partner with our airline, airport, region, and tourism industry.	<ul style="list-style-type: none"> <li>International Regular Scheduled Services reinstated to the airport.</li> <li>Achieve 810,700 passengers on Regular Scheduled Services for the 2022-2023 financial year.</li> </ul>	<ul style="list-style-type: none"> <li><b>International Regular Scheduled Services were not reinstated to the airport during the 2023 financial year.</b></li> <li><b>As a result of a faster than anticipated recovery from the COVID-19 pandemic, the airport achieved 920,349 domestic passengers on Regular Scheduled Services during the 2023 financial year.</b></li> </ul>
	Achieve increased non-aeronautical revenues from activities compared to the previous year.	<ul style="list-style-type: none"> <li>Generate an operating surplus from the Momona Garage profit centre.</li> <li>Increase the year-to-date operating surplus from the Residential Housing profit centre against the prior year.</li> <li>Maintain total milk solids production in line with previous year.</li> <li>Increase total Passenger Spend Rate (PSR) of our individual retail partners against the prior year's total PSR.</li> <li>Commence development of a Cargo Strategy and Farm Strategy.</li> </ul>	<ul style="list-style-type: none"> <li><b>The Momona Garage generated operating surplus for the 30 June 2023 financial year.</b></li> <li><b>Due to a significant increase in carrying value of our residential property portfolio following the 30 June 2022 infrastructure asset valuation, and the associated impact on depreciation, coupled with increased investment in the quality of the housing, the operating surplus is below the prior year for the 2023 financial year.</b></li> <li><b>Milk production is 2.6% ahead of the prior year for the 30 June 2023 financial year.</b></li> <li><b>Total passenger spend rate (PSR) for our retain partners was up against the prior years.</b></li> <li><b>The airport completed the development of a Cargo Strategy. The development of Farm/Land Use Strategy has commenced.</b></li> </ul>

## OUR CUSTOMERS, SHAREHOLDERS & COMMUNITY

Strategic Goals	Actions	Performance Measures	
<b>DEVELOPING AND STRENGTHENING OUR CUSTOMER, PARTNER &amp; STAKEHOLDER RELATIONSHIPS</b>	Provide a high standard of service to our customers.	<ul style="list-style-type: none"> <li>Conduct a minimum of one customer insight survey.</li> <li>Achieve a majority of "very good" or better across all surveyed areas of customer service.</li> </ul>	<ul style="list-style-type: none"> <li><b>Four customer insight surveys were completed this financial year.</b></li> <li><b>A majority of "very good" or better was achieved across all four surveys.</b></li> </ul>
	Ensure all airside infrastructure maintenance causes no delays to airline operations.	<ul style="list-style-type: none"> <li>No delays to regular scheduled passenger operations are incurred as a result of airside infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li><b>No delays were incurred as a result of airside infrastructure.</b></li> </ul>
	Implement initiatives to improve the performance of our relationships.	<ul style="list-style-type: none"> <li>Conduct stakeholder engagement surveys once a year with our strategic partners to review the strength of the relationships.</li> </ul>	<ul style="list-style-type: none"> <li><b>A stakeholder engagement survey was completed with 26 respondents.</b></li> </ul>
	Provide sponsorship to community events and organisations.	<ul style="list-style-type: none"> <li>Invest 0.25% of prior year operating revenue to sponsorship in line with our sponsorship application criteria.</li> <li>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.</li> <li>Implement community initiatives identified in our Sustainability Strategy.</li> </ul>	<ul style="list-style-type: none"> <li><b>Achieved - \$34,900 (inclusive of GST) of sponsorship funds were given to events and organisations in the region during the 2023 financial year.</b></li> <li><b>No sponsorship was allocated to entities involved in activities deemed to be inconsistent with Dunedin City Council's and Dunedin Airport's ethical positions.</b></li> <li><b>The airport continues to engage with tenants, stakeholders and our community regarding sustainability initiatives. Investigatory considerations concerning progressing electric vehicle charging, and partnership with the Sinclair Wetlands have commenced.</b></li> </ul>
	Engage with our community and share information.	<ul style="list-style-type: none"> <li>Engage with our wider community to share information about our airport and sustainability initiatives.</li> </ul>	<ul style="list-style-type: none"> <li><b>Monthly meetings with the airport community are diarised and facilitated by Airport team.</b></li> </ul>

		<ul style="list-style-type: none"> <li>○ Arrange for Dunedin Airport staff to work within the community each year.</li> </ul>	<p><b>Further, the airport has commenced stakeholder engagement with our airport tenants and suppliers to collaborate on emissions and waste reduction initiatives.</b></p> <ul style="list-style-type: none"> <li>○ <b>A Christmas event was organised for Momona Playcentre children and caregivers at the airport. Additionally, Dunedin Airport staff volunteered at the Waitangi Day Celebrations at Otakou Marae.</b></li> </ul>
	Operate on a “no surprises” basis with shareholders.	<ul style="list-style-type: none"> <li>○ Report to shareholders within 24 hours substantive matters which have the potential to significantly impact negatively on shareholders and the company with a particular focus on matters of interest to the media.</li> <li>○ Consult with shareholders on matters where the company’s and shareholders requirements are in conflict.</li> </ul>	<ul style="list-style-type: none"> <li>○ <b>No substantive matters were noted in the 2023 financial year.</b></li> <li>○ <b>No such conflicts were noted in the 2023 financial year.</b></li> </ul>

OUR PEOPLE			
Goals	Objectives	Performance Measures	
<b>TO BE A GREAT PLACE TO WORK</b>	To recognise and review Staff and Board performance and development.	<ul style="list-style-type: none"> <li>○ Each staff member to have a formal Annual Performance Review.</li> <li>○ Each member of the Senior Leadership Team has a Personal Development Plan completed.</li> <li>○ Executive Team undertake a 360 review.</li> <li>○ People and Remuneration Committee to meet at least three times annually.</li> </ul>	<ul style="list-style-type: none"> <li>○ <b>Each staff member had a formal Annual Performance Review</b></li> <li>○ <b>Senior Leadership Team Personal Development plans developed as part of annual performance review process.</b></li> <li>○ <b>A 360-peer review was completed for all members of the Executive Team.</b></li> <li>○ <b>Three committee meetings were held during the 2023 financial year.</b></li> </ul>



	<p>Ensure that our staff are engaged with the company's Vision, Purpose and Values.</p>	<ul style="list-style-type: none"> <li>○ Continuously improve our annual staff engagement survey score. Act on any matters that require attention as appropriate.</li> <li>○ Continuously improve and maintain the Staff Wellbeing Programme.</li> </ul>	<ul style="list-style-type: none"> <li>○ <b>Detailed face to face survey undertaken in November 2022 with matters acted on as recommended.</b></li> <li>○ <b>An airport Staff Wellbeing Programme has been developed and implemented, comprising multiple wellbeing initiatives. The programme is subject to continual review.</b></li> </ul>
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trend statement  
For the year-ended 30 June

	2023	2022	2021	2020	2019
Revenue	\$000	\$000	\$000	\$000	\$000
Operating Revenue:					
Aeronautical (excluding departure fees)	10,547	5,630	6,359	5,987	7,498
Percentage of Total Revenue	51.1%	42.6%	43.5%	39.8%	43.6%
Non-aeronautical	9,858	7,739	8,216	9,164	10,073
Percentage of Total Revenue	47.7%	58.5%	56.3%	61.0%	58.6%
Interest income	99	12	1	7	13
Dividend income	57	47	25	1	3
(Loss)/Gain on sale of assets	(1)	(5)	-	(97)	(31)
Gain/(Loss) on investments	88	(201)	3	(31)	(366)
<b>Total revenue</b>	<b>20,648</b>	<b>13,222</b>	<b>14,603</b>	<b>15,031</b>	17,190
Percentage Increase	56.2%	(9.5%)	(2.8%)	(12.6%)	4.0%
<b>Surplus before tax</b>	<b>5,927</b>	<b>748</b>	<b>2,988</b>	<b>2,341</b>	5,183
Percentage increase	692.4%	(75.0%)	27.6%	(54.8%)	8.9%
<b>Net tax paid surplus</b>	<b>4,316</b>	<b>464</b>	<b>2,083</b>	<b>3,636</b>	3,587
Percentage increase	830.2%	(77.7%)	(42.7%)	1.4%	9.5%
<b>Shareholders' equity</b>					
Shareholders' equity	<b>85,431</b>	<b>82,097</b>	<b>71,457</b>	<b>69,193</b>	<b>63,728</b>
<b>Return on shareholders' equity</b>	<b>5.1%</b>	<b>0.6%</b>	<b>2.9%</b>	<b>5.3%</b>	5.6%
Dividends paid	1,023	624	-	2,372	1,408
<b>Dividend rate cents per share</b>	<b>11.63</b>	<b>7.1</b>	<b>-</b>	<b>27.0</b>	16.0
Capital expenditure	4,660	893	918	7,569	9,112
Net operating cashflow	9,263	3,827	5,810	3,563	6,618
<b>Net asset backing per share</b>	<b>\$9.70</b>	<b>\$9.33</b>	<b>\$8.12</b>	<b>\$7.86</b>	\$7.24
<b>Equity ratio</b>	<b>74.6%</b>	<b>72.0%</b>	<b>69.6%</b>	<b>66.1%</b>	67.3%

statement of comprehensive income  
For the year-ended 30 June

	Notes	2023	2022
		\$000	\$000
Operating revenue	4	20,405	13,369
Interest received		99	12
Dividend received		57	47
Gain/loss on investment		88	(201)
(Loss)/gain on sale of property, plant & equipment		(1)	(5)
<b>Total revenue</b>		<b>20,648</b>	<b>13,222</b>
Directors fees		117	117
Finance costs – interest expense		570	482
Depreciation	3	4,214	3,891
Wages and salaries		3,273	2,814
Other operating expenses		6,547	5,170
<b>Total expenses</b>		<b>14,721</b>	<b>12,474</b>
<b>Operating surplus/(deficit) before income tax</b>		<b>5,927</b>	<b>748</b>
Income tax expense/(credit)	5	1,611	284
<b>Operating surplus/(deficit) after income tax</b>		<b>4,316</b>	<b>464</b>
<b>Other comprehensive income</b>			
<u>Items that may be subsequently reclassified to profit and loss:</u>			
Cash flow hedges gain/(loss) taken to hedge reserve		57	426
Income tax on these items including prior period adjustments		(16)	(119)
<u>Items that will not be subsequently reclassified to profit and loss:</u>			
Gain on revaluation of property, plant and equipment		-	14,382
Income tax on these items including prior period adjustments		-	(3,889)
<b>Total comprehensive income/(deficit)</b>		<b>4,357</b>	<b>11,264</b>

statement of changes in equity  
For the year-ended 30 June

<b>Equity at the beginning of the year</b>	<b>82,097</b>	<b>71,457</b>
Comprehensive income/(deficit) for the year	4,357	11,263
Transactions with owners		
- Dividend paid	(1,023)	(624)
<b>Closing equity</b>	<b>85,431</b>	<b>82,097</b>

balance sheet  
As at 30 June

	Notes	2023 \$000	2022 \$000
<b>Shareholders' equity</b>			
Share capital	6	8,800	8,800
Hedge reserve	7a	203	162
Revaluation reserve	7b	48,812	48,812
Retained earnings	8	27,616	24,323
		85,431	82,097
<b>Current liabilities</b>			
Trade & other payables	9	2,044	1,338
Other liabilities		40	39
Tax payable	5a	1,712	355
Employee Entitlements		353	371
		4,149	2,103
<b>Non-current liabilities</b>			
Term loans	11	9,000	13,250
Deferred taxation	5b	15,889	16,603
		24,889	29,853
<b>Total equity &amp; liabilities</b>		<b>114,469</b>	<b>114,053</b>
Represented by:			
<b>Current assets</b>			
Trade & other receivables	12	1,498	1,299
Prepayments	13	72	205
Cash & cash equivalents	10	1,723	1,685
Stock on hand	14	42	72
Hedge derivatives	15a	111	18
		3,446	3,279
<b>Non-current assets</b>			
Property, plant & equipment	3	109,900	109,691
Investments	16	800	712
Deferred taxation	5b	151	163
Hedge derivatives	15a	172	208
		111,023	110,774
<b>Total assets</b>		<b>114,469</b>	<b>114,053</b>

Authorised for and on behalf of the directors.



C Hopkins  
Chairperson  
28 September 2023



C Taylor  
Director  
28 September 2023

statement of cashflows  
For the year-ended 30 June

	Notes	2023 \$000	2022 \$000
<b>Cash flow from operating activities</b>			
Cash was provided from:			
Receipts from customers		20,339	13,413
Interest received		99	12
Dividend received		57	47
Cash was applied to:			
Payments to suppliers		6,341	5,269
Payments to employees		3,348	2,854
Interest paid		570	482
Taxation paid		973	1,040
<b>Net cash flows from operating activities</b>		<b>9,263</b>	<b>3,827</b>
<b>Cash flows from investing activities</b>			
Cash was provided from:			
Sale of property, plant and equipment		-	1
Cash was applied to:			
Purchase of property, plant and equipment		3,952	800
<b>Net cash flows from investing activities</b>		<b>(3,952)</b>	<b>(799)</b>
<b>Cash flows from financing activities</b>			
Cash was applied to:			
Loan repayment		4,250	2,500
Dividends paid		1,023	624
<b>Net cash flows from financing activities</b>		<b>(5,273)</b>	<b>(3,124)</b>
Net increase/(decrease) in cash held		38	(96)
<b>Plus opening cash brought forward</b>		<b>1,685</b>	<b>1,781</b>
<b>Cash &amp; cash equivalents held 30 June</b>	10	<b>1,723</b>	<b>1,685</b>

This statement is to be read in conjunction with the notes on pages 15 to 26

## 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).

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

## 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.

### New Standards, Interpretations and Amendments Adopted by the Company

No new or revised standards and interpretations that have been approved but are not yet effective have been adopted by the Company for the year ended 30 June 2023.

## 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, and taxiways 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, office equipment and motor vehicles 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. 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% - 13.9%	DV & SL
Buildings	1% - 40%	DV & SL
Plant & Equipment	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.

#### (a) 2023

##### Cost or Valuation

	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
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at beginning of period	19,192	878	26,025	43,021	14,981	7,256	700	419	633	951	114,056
Purchases	-	-	27	16	-	114	-	23	1	4,479	4,660
Transfers	-	-	-	309	-	105	5	32	1,209	(1,660)	-
Revaluations	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-	-	-
Disposals / Woffs	-	-	-	-	-	(7)	-	(1)	-	(237)	(245)
Balance at end of period	19,192	878	26,052	43,346	14,981	7,468	705	473	1,843	3,533	118,471

##### Accumulated Depreciation

	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
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at beginning of period	8	-	4	71	22	3,545	-	348	367	-	4,365
Depreciation	139	-	1,316	1,434	572	597	63	37	56	-	4,214
Transfers	-	-	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-	-	-
Disposals / Woffs	-	-	-	-	-	(7)	-	(1)	-	-	(8)
Balance at end of period	147	-	1,320	1,505	594	4,135	63	384	423	-	8,571
Balance at end of period	19,045	878	24,732	41,841	14,387	3,333	642	89	1,420	3,533	109,900

#### (b) 2022

##### Cost or Valuation

	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
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at beginning of period	18,578	864	25,389	39,493	14,172	4,529	743	408	640	371	105,187
Purchases	-	-	-	26	-	48	-	16	-	803	893
Transfers	-	-	196	-	-	17	-	-	-	(213)	-
Revaluations	614	14	440	5,527	1,448	7	(43)	-	-	-	8,007
Reclassifications	-	-	-	(2,025)	(639)	2,664	-	-	-	-	-
Disposals / Woffs	-	-	-	-	-	(8)	-	(5)	(7)	(10)	(30)
Balance at end of period	19,192	878	26,025	43,021	14,981	7,257	700	419	633	951	114,057

##### Accumulated Depreciation

	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
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at beginning of period	103	-	1,274	1,617	616	2,561	60	295	338	-	6,864
Depreciation	100	-	1,272	1,454	565	350	57	57	36	-	3,891
Transfers	-	-	-	-	-	-	-	-	-	-	-
Revaluations	(195)	-	(2,542)	(2,503)	(1,002)	(16)	(117)	-	-	-	(6,375)
Reclassifications	-	-	-	(497)	(157)	654	-	-	-	-	-
Disposals / Woffs	-	-	-	-	-	(3)	-	(4)	(7)	-	(14)
Balance at end of period	8	-	4	71	22	3,546	-	348	367	-	4,366
Balance at end of period	19,184	878	26,021	42,950	14,959	3,711	700	71	266	951	109,691

Land, buildings, airside pavements, roading, three-waters infrastructure assets and dairy farm plant and equipment were revalued at 30 June 2022 by independent registered valuers, Telfer Young (Canterbury) Limited and WSP New Zealand Limited.

The total fair value of these assets at 30 June 2022, the effective date of the revaluation, was **\$104,784,000**. 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.

#### 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 owns 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 recognised 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.

	2023 \$000	2022 \$000
<b>Revenue from Contracts with Customers:</b>		
Over Time:		
Landing Charges and Departure Fees	10,547	5,629
Car Park	3,605	2,176
Point in time:		
Fuel and Non-Fuel Sales	1,019	936
Milk Sales	1,147	1,256
<b>Total Revenue from Contracts with Customers</b>	<b>16,318</b>	<b>9,997</b>
Other Income:		
Operating Lease Rental (including overhead recoveries)	3,867	3,235
Other Revenue	213	66
Government Grants	7	71
<b>Total Operating Revenue</b>	<b>20,405</b>	<b>13,369</b>

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.

	2023 \$000	2022 \$000
<b>Income tax</b>		
Operating surplus/(deficit) before income tax	5,927	748
Taxation @ 28%	1,659	209
<i>Plus / (Less) the tax effect of differences</i>		
Expenses not deductible	54	5
Loss/(gain) on investments	(25)	56
Prior period adjustment	(77)	14
<b>Income tax expense/(credit)</b>	<b>1,611</b>	<b>284</b>
Effective tax rate	27.2%	38.1%
Represented by		
Current tax provision	2,330	893
Deferred tax provision	(719)	(609)
<b>Income tax expense/(credit)</b>	<b>1,611</b>	<b>284</b>
<b>(a) Provision for Tax</b>		
Balance at beginning of year	(355)	(504)
Current tax provision	(2,324)	(869)
Terminal tax payment/(refund)	(39)	527
Provisional tax paid	1,012	513
Prior period adjustment	(6)	(22)
<b>Balance at 30 June</b>	<b>(1,712)</b>	<b>(355)</b>

**(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	
	Balance	to Equity	to Income	Equity	Income	Assets	Liabilities	Net
<b>2023 (\$'000)</b>								
Property, plant and equipment	(16,483)	-	613	-	80	-	(15,790)	(15,790)
Employee benefits	101	-	(11)	-	3	93	-	93
Provisions	62	-	(4)	-	-	58	-	58
Revaluations of interest rate swaps	(63)	(16)	-	-	-	-	(79)	(79)
Prepayments	(57)	-	37	-	-	-	(20)	(20)
<b>Balance at 30 June</b>	<b>(16,440)</b>	<b>(16)</b>	<b>635</b>	<b>-</b>	<b>83</b>	<b>151</b>	<b>(15,889)</b>	<b>(15,738)</b>
<b>2022 (\$'000)</b>								
Property, plant and equipment	(13,114)	(3,889)	549	-	(29)	-	(16,483)	(16,483)
Employee benefits	63	-	14	-	24	101	-	101
Provisions	49	-	(2)	-	15	62	-	62
Revaluations of interest rate swaps	56	(119)	-	-	-	-	(63)	(63)
Prepayments	(94)	-	37	-	-	-	(57)	(57)
<b>Balance at 30 June</b>	<b>(13,040)</b>	<b>(4,008)</b>	<b>598</b>	<b>-</b>	<b>10</b>	<b>163</b>	<b>(16,603)</b>	<b>(16,440)</b>

**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 (2022: 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.

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>7. RESERVES</b>		
<b>a) Hedge Reserve</b>		
Balance at beginning of year	162	(145)
Cash flow hedges (loss)/gain	57	426
Net movement in deferred tax arising on hedges	(16)	(119)
<b>Balance at 30 June</b>	<b>203</b>	<b>162</b>

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.

	2023	2022
	\$000	\$000
<b>b) Revaluation Reserve</b>		
Balance at beginning of year	48,812	38,319
Revaluations included in comprehensive income	-	14,382
Net movement in deferred tax arising on revaluations	-	(3,889)
Balance at 30 June	<b>48,812</b>	<b>48,812</b>

The revaluation reserve arises on the revaluation of land, buildings, airside pavements and certain plant and equipment. 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

Balance at beginning of year	24,323	24,483
Operating surplus/(deficit) after income tax	4,316	464
Dividends paid	(1,023)	(624)
Balance at 30 June	<b>27,616</b>	<b>24,323</b>

## 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	1,563	808
Accruals	330	316
GST Payable	151	214
Balance at 30 June	<b>2,044</b>	<b>1,338</b>

## 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	1,717	1,679
Balance at 30 June	<b>1,723</b>	<b>1,685</b>

The carrying amount of cash assets approximates their fair value.

## 11. TERM LOANS

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.

	2023 \$000	2022 \$000
Multi option credit facility	9,000	13,250
Short term advance facility	-	-
Balance at 30 June	<b>9,000</b>	<b>13,250</b>
Classified as:		
Current liability	-	-
Non-current liability	9,000	13,250
Balance at 30 June	<b>9,000</b>	<b>13,250</b>

- (a) Westpac has provided a multi option credit line (MOCL) facility of \$22,500,000 with a maturity date of 30 November 2024. Subsequent to year end, the maturity date was extended to 30 November 2025.

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).

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:

Earnings (net profit before funding costs, income tax, depreciation, extraordinary for the relevant financial year but after any payments and other benefits to directors and Shareholders) are not less than 1.75 times funding costs.

#### Reconciliation to Cashflows from Financing Activities

Opening Balance	13,250	15,750
Net loans (repayment)/drawdown	(4,250)	(2,500)
Movement in fair value	-	-
Closing Balance	<b>9,000</b>	<b>13,250</b>

## 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.

	2023	2022
	\$000	\$000
Trade Receivables	1,749	1,550
Provision for Expected Credit Losses	(251)	(251)
Balance at 30 June	<b>1,498</b>	<b>1,299</b>

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 assessment, the Company made no change to the provision for expected credit losses of **\$251,000** (2022: **251,000**).

### 13. PREPAYMENTS

Tenant rent relief in advance	72	205
Balance at 30 June	<b>72</b>	<b>205</b>

### 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	72	49
Purchases	903	864
Cost of Sales (Included within Other Operating Expenditure)	(933)	(841)
Closing Balance	<b>42</b>	<b>72</b>

### 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.

	2023 \$000	2022 \$000
Interest rate swaps		
- maturing less than 1 year	111	18
- maturing 1 to 5 years	172	208
Balance at 30 June	<b>283</b>	<b>226</b>

#### b) Categories of Financial Assets and Financial Liabilities

##### Financial Assets at amortised cost:

Trade & other receivables	1,498	1,299
Cash & Cash Equivalents	1,723	1,685

##### Financial Assets at fair value through profit or loss:

Investments	800	712
Derivative Financial Instruments in Hedge Accounting Relationships	283	226

##### Financial Liabilities at fair value through profit or loss:

Derivative Financial Instruments in Hedge Accounting Relationships	-	-
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##### Financial Liabilities at Amortised Cost:

Term Loans	9,000	13,250
Trade & Other payables (excluding GST)	1,893	1,124
Short Term Advance	-	-

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	<b>800</b>	<b>712</b>
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Of this sum **\$762,000** (2022, **\$676,100**) 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 2023 (2022 \$NIL).

## 18. CAPITAL COMMITMENTS

### Fire Appliance Purchase

In July 2021 the company signed purchase agreements for the purchase of two firefighting appliances for \$1,172,245 each.

The first appliance was delivered in November 2022. At that date, a final progress payment of \$117,225 was made.

The second appliance was delivered in August 2023. In July 2022 a deposit of \$234,449 was paid for the second appliance. Further, in May 2023 a second progress payment of \$820,578 was paid on the second appliance. These payments are included in Work in Progress in these financial statements.

As at 30 June 2023, a capital commitment of \$117,218 is outstanding on the second appliance.

As at 30 June 2022, capital commitments of \$2,109,991 were outstanding on the two appliances.

## 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, as applicable, 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 Exclusive)		Payable at 30 June (GST Inclusive)	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Dunedin Venues Management Limited	12	10	-	-
Delta Utilities Limited	40	40	4	4

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

- 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 are as follows:

	Annual Purchases (GST Exclusive)		Payable at 30 June (GST Inclusive)	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Airways Corporation	46	7	1	1

- (c) Businesses in which directors, including directors whose appointment ceased during the financial year, and key management personnel have a substantial interest to which the Company provided services/supplies to during the year were:

- Airways Corporation (D Cusack – director) – rental of leased areas at Dunedin Airport

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 are as follows:

	Annual Rental (GST Exclusive)		Receivable at 30 June (GST Inclusive)	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Airways Corporation	25	22	1	1

- (d) Compensation of key management personnel:

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

	2023	2022
	\$000	\$000
Total	1,023	925

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.

Remuneration includes any termination benefits and ex-gratia payments.

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

	Annual Purchases (GST Exclusive)		Owing at 30 June (GST Inclusive)	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Dunedin City Council rates & services	302	277	-	-

## 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:

	2023	2022
	\$000	\$000
Under 1 year	2,610	2,314
1 to 2 years	2,276	1,406
2 to 3 years	1,715	1,161
3 to 4 years	822	545
4 to 5 years	203	453
Over 5 years	-	186

### 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:

	2023	2022
	\$000	\$000
Under 1 year	1	1
1 to 5 years	3	-

## 22. SUBSEQUENT EVENTS

There were no significant events subsequent to balance sheet date.

## 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 211 of the Companies Act 1993.

#### CHRIS HOPKINS (appointed 1 July 2022)

Blestoe Securities Limited	Director
Chalmers Properties Limited	Director
Company HQ Limited	Director/Shareholder
CompanyHQ NZ Limited	Director
Farra Engineering Limited	Director
Fiordland Pilot Services Limited	Director
G W Batts Trustee Limited	Director
Health Central Limited	Director
inMR Measure Limited	Director/Shareholder
NIMEO Industrial Limited	Director/Shareholder
Oakwood Group Limited	Director
Our Planit Limited	Director/Shareholder
Port Chalmers Container Terminal Limited	Director
Port Otago Limited	Director
Silveracres Trust	Independent Trustee
SouthMed Limited	Director/Shareholder
Spade Word Limited	Director/Shareholder
Te Rapa Gateway Limited	Director
Veritide Limited	Director/Shareholder

#### SHANE ELLISON

Auckland Light Rail Limited	Director
Koau Capital Partners Limited	Director
oOh! Media	Advisor
Queensland Investment Corporation	Director
Tāwhirimātea Advisory Limited	Director/Shareholder

#### TIMOTHY HUNTER (appointed 1 November 2022)

Eglinton Experiences Limited	Director
Kawarau Jet Services Advisory Board	Director
Milford Sound Lodge Advisory Board	Director
Milford Sound Tourism Limited	Director

#### CATHERINE TAYLOR (appointed 5 April 2023)

Diabetes New Zealand	Trustee
Diabetes New Zealand Research Foundation	Trustee
Energy Efficiency Conservation Authority	Director
John Nesfield Trust	Trustee
Nelson Airport Noise Advisory Committee	Independent Chair
Nelson City Council	Independent Chair
New Zealand Law Foundation	Trustee
R & C Taylor Trustee Company Limited	Director
The Cranfylde Charitable Trust	Trustee
The RN & CJ Taylor Family Trust	Trustee
Waka Kotahi - New Zealand Transport Agency	Member

#### JONATHAN CAMERON (resigned 1 July 2022)

Elevate Capital Partners Limited	Director
I.D.A.ShonCo Limited	Director
NZFM (2022) General Partner 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

**DARIN CUSACK (ceased 1 November 2022)**

Absolute Solutions Group Limited	Director
Airways Corporation of New Zealand Limited	Director
Ashburton Contracting Limited	Director
Auckland One Rail Limited	Director
Auckland Transport Group	Independent Chair - Project Control
CSC Group Limited	Director and Partner
DFAT/AIFFP	Aviation Consultant
The Zak & Zed Family Trust	Trustee
Youth Hostel Association of New Zealand	Director

**BARBARA ROBERTSON (resigned 30 September 2022)**

Barr, Burgess & Stewart Limited	Employee and Business Advisor
He Ao Hou i Ōtepoti ki te Raki Charitable Trust	Trustee

**DANIEL DE BONO**

Basecourse Consulting Limited	Director
The Happy Living Project Limited	Director

**MEGAN CRAWFORD**

Theomin Gallery Committee	Committee Member
Tourism Waitaki Limited	Director

**NICK RODGER**

Flirtey Limited	Shareholder
Watercooled Classic Limited	Director

**RICHARD ROBERTS (resigned 30 September 2022)**

Dickr Investments Limited	Director
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**Directors' Interests in Contracts**

Details of contracts involving directors' interests entered into during the year ended 30 June 2023 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 2023 are as follows:

Director	Board Meetings Attended (out of a possible)	Committee	Remuneration (\$000's)
Chris Hopkins – Chairperson (effective 8 November 2022) (Appointed 1 July 2022)	11 of 11	ARC/PRC/SORC	42
Shane Ellison – Deputy Chairperson Chairman (effective 1 July 2022 to 8 November 2022) (SORC Chairperson)	11 of 11	PRC/SORC	38
Timothy Hunter (Appointed 1 November 2022) (SORC Chairperson)	5 of 7	SORC	17
Catherine Taylor (Appointed 5 April 2023) (ARC Chairperson)	3 of 3	ARC/SORC	6
Barbara Robertson – Director (Resigned 30 September 2022)	3 of 3		6
Darin Cusack – Director (Ceased 1 November 2022)	4 of 4		8

ARC – Audit and Risk Committee

SORC – Safety Operations Risk Committee

PRC – People and Remuneration Committee

#### 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), a contribution to home broadband, and any termination benefits received, including ex-gratia payments.

A summary of the Chief Executive Officers salary and benefits are included in the table below:

Employee	2023			2022		
	Salary	Benefits	Total	Salary	Benefits	Total
Richard Roberts	\$140,778	\$132,051	\$272,829	\$279,128	\$14,835	\$293,963
Daniel De Bono	\$136,212	\$6,523	\$142,735	-	-	-

On 30 September 2022 Richard Roberts resigned as Chief Executive. On the same date, Daniel De Bono was appointed as acting Chief Executive.

On 1 January 2023 Daniel De Bono was appointed as Chief Executive.

The salary and benefits noted above for Daniel De Bono include only those received in his role as Chief Executive.



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

<b>Remuneration Range</b>	<b>2023 No. Employees</b>	<b>2022 No. Employees</b>
\$110,000 - \$120,000	-	1
\$140,000 - \$150,000	-	1
\$150,000 - \$160,000	1	-
\$170,000 - \$180,000	-	1
\$180,000 - \$190,000	1	-
\$220,000 - \$230,000	1	-
\$250,000 - \$260,000	1	-
\$290,000 - \$300,000	-	1

The table above excludes any ex-gratia benefits received on termination of employment.

#### **Gender Diversity**

The table below summarises the gender diversity of the Company as at 30 June 2023:

	<b>2023</b>	
<b>Directors</b>		
Male	3	75%
Female	1	25%
	<b>4</b>	
<b>Senior Management</b>		
Male	3	75%
Female	1	25%
	<b>4</b>	
<b>All Staff (including Senior Management)</b>		
Male	30	86%
Female	5	14%
	<b>35</b>	

#### **Subsequent Events**

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 2023 were \$82,500 for the Statutory Audit of the 30 June 2023 Financial Statements, and \$30,000 for the Disclosure Financial Statements.



C Hopkins  
Chairperson  
28 September 2023



C Taylor  
Director  
28 September 2023

## 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 2023

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 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 12 to 26, that comprise the statement of financial position as at 30 June 2023, 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 3 to 10.

In our opinion:

- the financial statements of the company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; 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 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 2023.

Our audit was completed on 29 September 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. 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.

## **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 that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the statement of service performance for the company.

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 the Board of Directors intends to liquidate the company or to cease operations, or has 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.

For the performance targets reported in the statement of service performance, our procedures were limited to checking that the information agreed to the company's statement of intent.

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 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 its 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 during 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 15, section 2 on pages 1 to 8 and section 3 on pages 1 to 2, 11, and 27 to 30 but does not include the financial statements and the 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 (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit, we have carried out an assurance engagement pursuant to the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 which is compatible with those independence requirements.

Other than the audit and the assurance engagement, we have no relationship with, or interests in, the company.

A handwritten signature in dark ink, appearing to read 'Rudie Tomlinson', with a circular stamp or mark to the left.

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