



Whangārei District Airport Statement of Intent

For the year 1 July 2023 to 30 June 2024

Table of Contents

1	Introduction	3
2	Purpose of the Statement of Intent	3
3	Purpose of the Organisation	3
4	Nature and Scope of Activities	3
5	Approach to Governance	4
6	Objectives	4
7	Performance Targets and Measures	5
8	Information to be Provided Throughout the Financial Year	6
9	Distribution of Accumulated Profits and Capital Reserves	7
10	Estimate of Commercial Value of the Shareholders' Investment	7
11	Compensation Sought or Obtained	7
12	Notes to Accompany Financial Statements in Appendix 2	7
	Appendix 1: Accounting Policies	9
	Appendix 2: Forecast Financial Information	10
	Appendix 3: Capital Investment Plan	13

1 Introduction

During the 2022-2023 financial year, Whangārei District Airport (WDA) has made a return to pre COVID-19 passenger levels, largely on the back of increased demand from local and domestic travellers. Until international travellers return in number, the emphasis on domestic travel continues to be paramount for the District and the relationship with our national service provider.

During the 2022-2023 year, a Landing Fee Review was concluded with Air New Zealand with increased landing fee revenues with a stepped increase over the coming three years covered by this Draft Statement of Intent. An Airport Rescue Fire Service (RFS) was established during the 2021-2022 year, as required under the CAA Rule 139.111. Funding in Budget 2022 from the Ministry of Transport enables construction of an Operational Hangar and Base to house the RFS. Work on the Base should start July/August 2023 with completion and handover early 2024. A Better Off Funding Grant will enable the construction of an annex to the RFS Base for Land Search and Rescue (LandSar) operations. A shift in Civil Aviation Authority (CAA) rule interpretation during the Airport Re-certification in March 2023 has raised the requirement for a second RFS truck as redundancy cover for the main appliance. Funding for the back-up truck will be covered entirely by the Ministry of Transport.

The focus over the next three years is to continue to meet required legislative compliance while maintaining a sustainable operation on existing revenues and cash reserves. With cash reserves expected to be depleted in year one, Joint Venture partners will need to consider the allocation of additional funds.

Key areas of focus include:

- Continued Civil Aviation Authority (CAA) Certification
- Completion of Airport Rescue Fire Fighting Service (RFS) Operational Building
- Purchase of a second RFS appliance
- Apron extension to increase capacity at Terminal and support regional transport resilience
- Maintain effective Safety Management System and continued development and compliance
- Programmed maintenance of Airside Infrastructure – Runway, Taxiways and Lighting
- Explore additional revenue streams, further expand carparking facilities and revenues
- Explore social and environmental responsibility issues
- Co-ordinated approach to support domestic tourism and District Development

2 Purpose of the Statement of Intent

This statement of intent is prepared in accordance with section 64 of the Local Government Act 2002. It outlines the activities and intentions of the Whangārei District Airport (WDA) for the next three financial years, and the objectives to which those activities will contribute. It provides a basis for accountability to Council and the public for the performance of the organisation.

3 Purpose of the Organisation

The overarching purpose of the Airport is to operate a fully serviceable Domestic Airport for the use of residents and visitors to the area. The Airport is situated at Onerahi in Whangārei. The day-to-day operational activities of the Airport are managed under the aegis of Whangārei District Council (Council) by way of a management contract with a contractor (currently Northland Aviation Limited).

4 Nature and Scope of Activities

4.1 Activities Provided

The nature of the activities that the Airport provides includes the following:

- To provide Airport services to and from the Whangārei area
- To operate the Airport in a cost effective and efficient manner

- To seek opportunities to widen the Airport's revenue base
- To adhere to the terms of the Aerodrome Operating Certificate issued by the CAA
- To meet CAA certification requirements
- To achieve the objectives outlined in this statement of intent

4.2 Whangārei District Council Vision

The Airport will operate in support of Council's vision and community outcomes. Council's vision is to be an 'inclusive, resilient and sustainable District'. This is achieved through the following community outcomes.

- Efficient and resilient core services
- Positive about the future
- Caring for the environment
- Proud to be local

The Airport supports these outcomes by providing an Airport facility that acts as a gateway to the Whangārei District and to Northland.

4.3 Additional Legislation

The Airport has obligations under the Civil Aviation Act 2023 and will ensure that it complies with all requirements under this Act when operating and maintaining the Airport.

5 Approach to Governance

5.1 Joint Venture Agreement

The Airport is owned and operated under a joint venture partnership between Council and the Crown (represented by the Ministry of Transport). The land that the Airport is situated on is 100% owned by the Crown, runways, plant and equity are 50% owned by the Crown and 50% owned by Council.

5.2 Airport Authority

Council operates the Airport as the Airport Authority under the Whangārei Airport Establishment Order 1963 pursuant to the Airport Authorities Act 1966. Council, as the Airport Authority, provides the role of the board of directors under the Local Government Act 2002. The Airport Authority meets on an as needed basis. Council contracts the day-to-day management of the Airport to Northland Aviation Limited under a management contract.

6 Objectives

- 1. To achieve the objectives of Whangārei District Council and the Ministry of Transport.**
This includes achieving both the commercial and non-commercial objectives that are outlined in this statement of intent.
- 2. To operate a fully serviceable District Airport.**
The Airport will operate as a fully serviceable District Airport for the use of visitors, residents and ratepayers.
- 3. To provide a good work environment.**
The Airport will be fair to its contractors and users and maintain a good working environment.
- 4. To exhibit a sense of social and environmental responsibility.**
The Airport operates with regard to appropriate environmental practices, legislation, and in recognition of the designation requirements of the District Plan.
- 5. Airport operation will meet the needs of aviation operators and their customers.**
The short and long-term objectives of Airport operation will meet the needs of scheduled and non-scheduled aviation operators and their customers.

6. Health and safety standards are promoted and maintained.

This includes recognising the New Zealand Civil Aviation Authority health safety requirements and other requirements.

7 Performance Targets and Measures

Objective	Performance Measure		
	2023/24	2024/25	2025/26
1. To achieve the objectives of WDC and the MoT.	To operate within agreed financial budgets. Actual spend ≤ budget.	Actual spend ≤ budget.	Actual spend ≤ budget.
2. To operate a fully serviceable District Airport.	To encourage new business development and existing business expansion by engaging alternative aviation and airport service providers and enabling business to grow through lease management and land use consent process.	Enable business to grow through lease management and land use consent process.	Enable business to grow through lease management and land use consent process.
3. To provide a good working environment.	Maintain user satisfaction through achieving satisfactory and very satisfactory ratings on the annual user survey. >75%	>75%	>75%
4. To exhibit a sense of social and environmental responsibility	Maintain best Practise noise management process Explore sustainability opportunities.	Record all noise complaints, comply with required noise contours.	Record all noise complaints, comply with required noise contours.
5. Airport operation will meet the needs of aviation operators and their customers.	Maintain Airport Certification by continuing to meet certification standards required by the Civil Aviation Authority Meet required legislative timeframes under the LGA and CAA.	Fulfil expectations of the CAA as determined by annual audit.	Fulfil expectations of the CAA as determined by annual audit.
6. Health and safety standards are promoted and maintained.	Maintain an effective Safety Management System. • Annual management review • Annual training schedule is up to date • Airport Safety meetings quarterly (3 monthly) • Three operator meetings per year.	Maintain an effective Safety Management System.	Maintain an effective Safety Management System.

7.1 Further Explanation

Any abbreviations and technical terms used in the table are defined below:

- CAA refers to the Civil Aviation Act 1990
- LGA refers to the Local Government Act 2002

- MoT refers to the Ministry of Transport
- SMS refers to the Airport's Safety Management System
- RFS refers to the Airport's Rescue Fire Fighting Service
- WDC refers to Whangārei District Council

8 Information to be Provided Throughout the Financial Year

8.1 Half-yearly Report

The Airport will provide Council and the Ministry of Transport with a half-yearly report on its operations. The half-yearly report will be provided within 2 months of the first half of the financial year ending (28 February 2024). The report will include:

- Commentary on operations for the relevant six-month period, including commentary on both the financial and non-financial results.
- A comparison of performance against the objectives and performance targets set out in the statement of intent.
- Un-audited financial statements including a statement of financial performance, statement of financial position, cashflow statement, and notes to the financial statements.
- Financial forecast for the balance of the year.

The format of the half-yearly report will be similar to this statement of intent.

8.2 Annual Report

The Airport will provide Council and the Ministry of Transport with an annual report on that Airport's operations for that year. The annual report will be provided within 3 months of the financial year ending (by 30 September 2024). The annual report will include all the information necessary to enable an informed assessment of operations, including:

- A comparison of the performance targets and measures outlined in this statement of intent, and the actual performance of the Airport for the financial year.
- Any material variances from the expected performance of the Airport, and explanations for those variances.
- The amount of any compensation sought or obtained from Council or the Ministry of Transport.
- Audited financial statements for the financial year including a statement of balance sheet, statement of income, statement of movements in equity, statement of cash flows, and notes on the financial statements to be presented in a standard format.
- An independent auditor's report on the financial statements and the performance targets and other measures by which the Airport's performance against its objectives may be judged.

The format of the annual report will be similar to this statement of intent.

8.3 No Surprises Approach

To ensure there is timely notification of any major issues, the Airport commits to a no surprises approach beyond the formal reporting requirements.

This means that Airport Management (Northland Aviation Limited) will proactively inform Council and the Ministry of Transport, when the Airport's operations could; create a major issue for the Airport or Council, trigger public interest, have political implications, or gain significant media attention. Management will report to Council staff via email.

Management will seek Council and the Ministry of Transport approval prior to any extraordinary expenditure.

9 Distribution of Accumulated Profits and Capital Reserves

There is no distribution of accumulated profits or capital reserves to the joint venture partners during the year.

10 Estimate of Commercial Value of the Shareholders' Investment

The commercial value of the partners' investment is set out in the statement of accounting policies included in this statement. It is noted that the land is a restricted asset and revaluation on a commercial basis would be misleading. The audited financial statements for the year ended 30 June 2022 record the total equity in the partnership of \$5,118,398 (2021: \$4,406,880).

11 Compensation Sought or Obtained

The Airport is not seeking any compensation from Council or the Ministry of Transport.

The budget indicates a contribution of \$1.2M (\$600k per JV partner) in year one and zero in year two. This is under the \$637,337 the 2021-2031 Long Term Plan provides for as contribution from WDC in 2023-2025.

Council has a provision in its capital estimates for the expenditure of funds on non-aviation related items as a community contribution to amenities at the Airport, and occasional capital sum investment in the assets owned by Council at the Airport.

12 Notes to Accompany Budgeted Financial Information in Appendix 2

Income from Landing Fees:

Landing fee revenues are based on passenger numbers continuing to grow in line with the post COVID-19 levels we have returned to. Approximately 5% of Airport landing fee revenue is derived from recreational and commercial operators other than Air New Zealand.

Income from Operational Recoveries:

Operational Recoveries are mostly comprised of RFS Operational Costs recovered from Air New Zealand. RFS Recovery is calculated on a per passenger basis with provision for adjustment in the event the cost of providing RFS services is not fully covered by the per passenger fee. Agreement is in place to review RFS Recovery Rates if necessitated by increased operational cost for the second RFS truck.

Capital Contributions:

In the Prospective Statements of Movements in Equity table, the Capital Contribution – MoT figure of \$2,067,000 in the 30 June 2024 year includes \$1,840,000 carried forward from the 2023 year – the \$1.84M funding already allocated by MoT for the RFS Operational Hangar and Base.

The Capital Expenditure Programme for the year to June 2024 comprises the bulk of capital works planned for the next three years. Four of the nine items relate to RFS and are fully funded by MoT.

The Taxiway C and Hangar 10 re-seal is work carried forward from the 2022-23 year that couldn't be completed due to weather, plus smaller works previously planned for the 2024-25 year. Original capital provision was \$150,000 (2022-23) plus \$80,000 (2024-25). WDA staff have found a solution to re-seal both at the same time with chipseal in place of asphalt for \$65,000.

The Apron Extension is a key part of growing capacity at the Airport and developing regional transport resilience. Council staff are working with the Commercial Team at MoT to explore alternative transport resilience funding options outside of Joint Venture Partner capital contributions.

WDA staff are negotiating to purchase a second RFS truck from another regional airport in order to meet CAA requirements for a back-up appliance. Capital cost of the truck and ancillary equipment is to be met by MoT.

The complete runway re-seal previously provided for in the Draft Statement of Intent has been removed from the Capital Expenditure Programme. Technical consultants have confirmed that the

main runway reseal can be deferred to the 2027/28 year or beyond, with the application of an Enviroshield Emulsion Coating in the 2023/24 summer months or sooner if suitable weather windows allow. Provision for this work has been included in the budget for the year to June 2024.

Appendix 1: Accounting Policies

1.1 Reporting entity

The Whangarei District Airport is a Council controlled organisation as defined under section 6 of the Local Government Act 2002. The Airport is administered by the Whangarei District Council in a joint venture operation with the Ministry of Transport and is domiciled in New Zealand.

2 Significant accounting policies

2.1 Basis of preparation

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Airport will continue to operate in the foreseeable future.

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting Accrual (Public Sector) on the basis that the Airport does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

Goods and services tax

The Airport is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar (\$) . The functional currency of the Entity is New Zealand dollars.

The financial statements are presented in New Zealand dollars.

2.2 Revenue and expenses

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

(i) Grants

Council, government, and non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

(ii) Interest income

Interest revenue is recorded as it is earned during the year.

(iii) Sale of services

Revenue from the sale of services is recognised when the services are provided to the customer.

(iv) Administration, overheads and other costs.

These are expensed when the related service has been received.

2.3 Income tax

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

2.4 Bank accounts and cash

Bank accounts and cash include 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.

Bank overdrafts are shown as current liabilities in the statement of financial position.

2.5 Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Appendix 2: Budgeted Financial Information

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

	Budget 30 June 2024	Budget 30 June 2025	Budget 30 June 2026
Income			
Landing Fees	860,696	1,021,128	1,021,128
Sundry Income Advertising	14,000	14,000	14,000
Operational Recoveries	541,908	553,733	553,733
Rent Received	220,000	231,000	242,550
Interest Received	1,000	1,000	1,000
Carpark Income	180,000	189,000	198,450
Total Income	1,817,604	2,009,861	2,030,861
Less Expenses			
Airfield Expenses			
Drainage	30,000	31,500	33,075
Fencing	5,250	5,513	5,788
Grounds R&M	20,000	21,000	22,050
Runway R&M	50,000	52,500	55,125
Lighting R&M	28,414	29,835	31,326
Other R&M	31,500	33,075	34,729
	165,164	173,422	182,093
Terminal Expenses			
Insurance	49,100	54,010	59,411
Cleaning	31,500	33,075	34,729
Advertising	6,825	7,166	7,525
Rates	27,038	28,390	29,384
Electricity	33,075	34,729	36,465
Weather Station	5,250	5,513	5,788
Security	8,000	8,400	8,820
Water	1,995	2,095	2,199
R&M	30,000	31,500	33,075
Other Expenses - Terminal	2,500	2,625	2,756
	195,284	207,503	220,153
Rescue Fire Services			
Certification - RFS	25,000	26,250	27,563
Insurance - RFS	18,000	19,800	21,780
Maintenance - RFS	25,500	29,275	30,714
Management Fee - RFS	352,560	370,188	388,697
Security - RFS	8,000	8,400	8,820
Other Expenses - RFS	61,114	66,755	70,043
	490,174	520,668	547,616

Administration Expenses

Management Fee	527,320	553,686	581,370
Telephone	909	955	1,003
Audit Fees	30,000	31,500	33,075
Accounting Fees	10,000	10,000	10,000
Legal Fees	2,100	2,205	2,315
Bank Fees	8,269	8,682	9,116
Certification	3,000	3,150	3,308
Conferences	20,000	21,000	22,050
Other Expenses	22,793	23,932	25,129
Other Professional Fees	51,700	30,185	31,694
	676,091	685,295	719,060

Total Expenses Before Depreciation	1,526,713	1,586,888	1,668,922
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Net Surplus (Loss) before depreciation	290,891	422,973	361,939
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Depreciation	550,787	624,516	685,016
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Net Surplus (Loss) before tax	(259,895)	(201,543)	(323,077)
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Tax Expense	-	-	-
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Net Surplus / (Deficit)	(259,895)	(201,543)	(323,077)
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	BUDGET	BUDGET	BUDGET
	30 June 2024	30 June 2025	30 June 2026
Capital Expenditure			
Re-seal taxiway C & Hangar 10	65,000		
RFS Operational Hangar & Base	1,840,000		
Carpark extension	450,000		
Upgrade of navigation lighting	80,000		
Apron Extension	1,200,000		
Container to conduct RFS training	15,000		
RFS breathing equipment and radios	12,000		
RFS Second Truck (used vehicle)	200,000		
Apply emulsion coat on runway	100,000		
Power & Capacity upgrade		50,000	
Reform and re-seal hangar access road		120,000	
Runway edge lights			1,000,000
Standby Generator for all of airport (Installed)			40,000
Total Capital Expenditure	3,962,000	170,000	1,040,000

*carried forward
from 2022/23
carried forward
from 2022/23*

PROSPECTIVE STATEMENT OF MOVEMENTS IN EQUITY

	30 June 2024	30 June 2025	30 June 2026
Opening Equity as at 1 July	5,142,204	8,149,309	7,947,766
Capital Contribution - JV Partners	1,200,000	-	400,000
Capital Contribution - MOT	2,067,000	-	-
Plus Profit (Loss) for the Year	(259,895)	(201,543)	(323,077)
Total increase/(decrease) in equity	3,007,105	(201,543)	76,923
Closing Equity as at 30 June	8,149,309	7,947,766	8,024,689

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

	30 June 2024	30 June 2025	30 June 2026
Equity	8,149,309	7,947,766	8,024,689
Total Equity	8,149,309	7,947,766	8,024,689
Current Assets			
Cash and Cash Equivalents	56,265	309,238	31,177
Trade and Other Receivables	105,007	105,007	105,007
	161,272	414,245	136,184
Current Liabilities			
Trade and Other Payables and Accruals	105,000	105,000	105,000
Working Capital	56,272	309,245	31,184
Non Current Assets			
Property Plant and Equipment	8,093,036	7,638,520	7,993,504
Total Net Assets	8,149,309	7,947,766	8,024,689

Appendix 3: Capital Investment Plan

Whangārei District Airport: Capital Investment Plan 23/24

Schedule	Task	Comments	Cost Est	Priority
2023/24				
RFS Operational Hangar & Base	RFS Operations	Project funding carried forward from 2022/23 year. 100% MoT Capex	1,840,000	HP
Reseal Taxiway C and Hangar 10 Taxi lane	Airport Commercial Ops	Services Aero Club and General Aviation Users	65,000	MP
Carpark extension	Development - manage increased parking requirements	25% more passenger capacity will translate to increased carpark revenue	450,000	HP
Upgrade navigation lighting	Programmed Preventative Maintenance	Harbour approach lighting – new sealed and integrated units	80,000	HP
Apron Extension	Increased airport operations	To provide much needed improvement to infrastructure around terminal. More aircraft parking is needed, to increase AirNZ and corporate aircraft capacity	1,200,000	HP
RFS Training Facility	RFS Crew Training	Onsite – dummy airframe to enable hot fire and rescue training onsite, will save on training and travel costs. 100% MoT Capex	15,000	HP
Additional RFS Breathing Apparatus and Aviation Radios	RFS Crew Equipment	Two additional RFS crew. 100% MoT Capex	12,000	HP
RFS Second Truck	RFS Operations	Used truck to meet CAA requirement for back-up appliance 100% MoT Capex	200,000	HP
Emulsion Coat Main Runway	Preventative Maintenance	Enables deferment of complete reseal for minimum further 5 years	100,000	HP
		TOTAL 2023/24	\$3,962,000	
2024/25				
Power & Capacity Upgrade	Required for any further development	Increased electrical capacity required for new building developments	50,000	HP
Reform and Re-seal Hangar Access Road	Airport Commercial Ops	Well overdue for re-seal, surface causing issues for airport users	120,000	HP
		TOTAL 2023/24	\$170,000	
2025/26				
Runway Edge Lights	Programmed Preventative Maintenance	Replace entire system with modern low maintenance units, with constant current cabling. Existing system approaching end of life	1,000,000	HP
Standby Generator	Backup Power Reduce vulnerability	Current backup generator powers nav lights only. Airways NZ asset, nearing end of life.	40,000	HP
		TOTAL 2024/25	\$1,040,000	

**HP - High priority MP - Medium priority
LP - Low priority Dev - Development Opportunity**