ANNUAL REPORT

2022

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OUR

COMPANY PARTICULARS

DIRECTORS

Jonathan Cameron
Chairman
(resigned 1 July 2022)

Darin Cusack
(resigned 1 July 2022)

Shane Ellison
(appointed 19 July 2021).
Chairman (effective 1 July 2022 to 8 November 2022)

Barbara Robertson
(appointed 19 July 2021, resigned 30 September 2022)

Chris Hopkins
(appointed 1 July 2022).
Chairman
(effective 8 November 2022)

Tim Hunter
(appointed 1 November 2022)

Tony Allison
(resigned 19 July 2021)

CHIEF EXECUTIVE

Richard Roberts
(resigned 30 September 2022)

GENERAL MANAGER COMMERCIAL

Chris Cope

GENERAL MANAGER OPERATIONS & INFRASTRUCTURE

Daniel Debono
(acting Chief Executive effective 30 September 2022)

GENERAL MANAGER BUSINESS DEVELOPMENT

Megan Crawford

REGISTERED OFFICE

Terminal Building
Dunedin International Airport
Private Bag 1922
DUNEDIN

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

BANKER

Westpac
101 George Street
DUNEDIN

SOLICITORS

Gallaway Cook Allan
123 Vogel Street
DUNEDIN

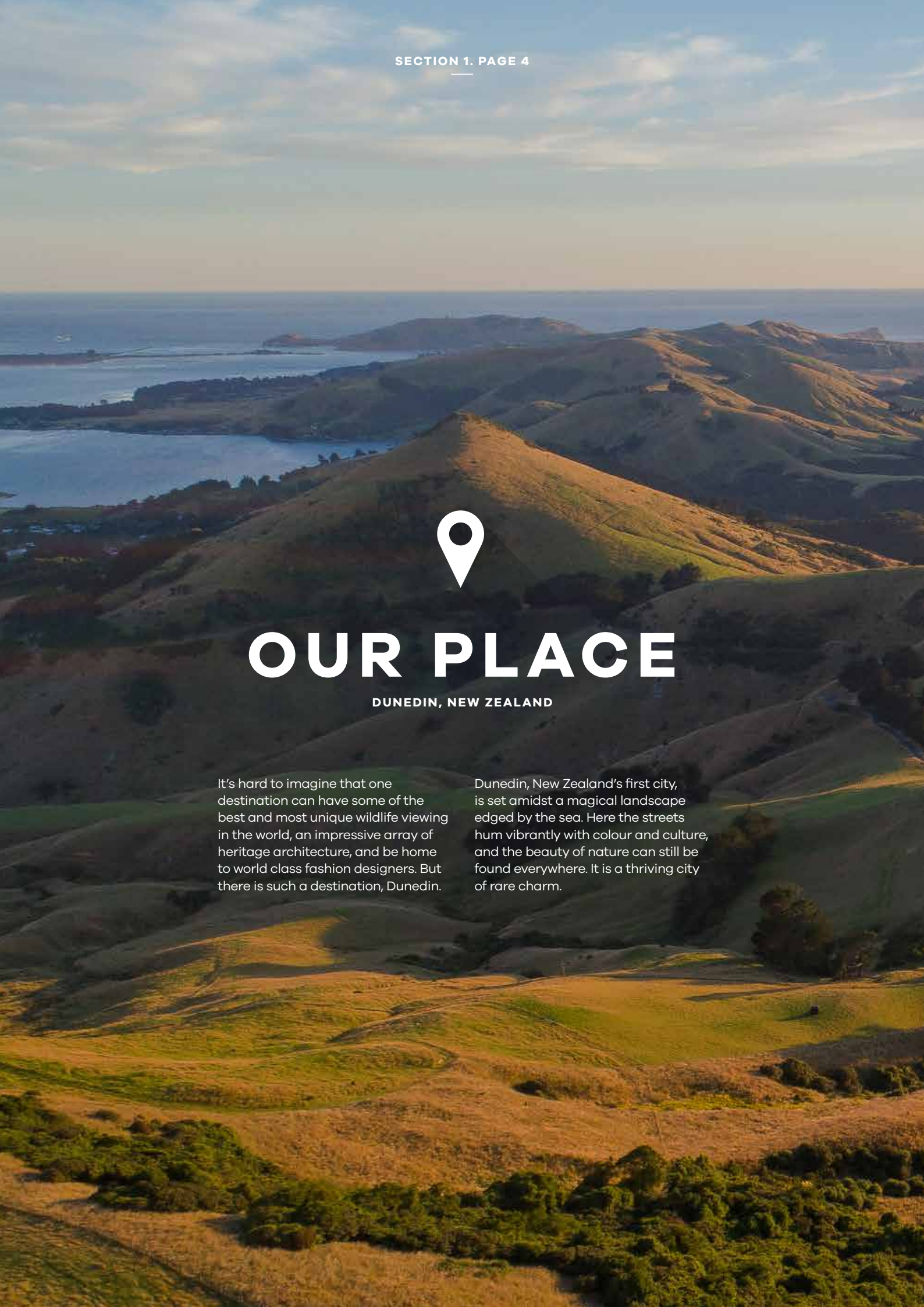
AUDITOR

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

AIRLINES

FOR THE YEAR ENDED 30 JUNE 2022

AIRLINE	AIRCRAFT TYPE
DOMESTIC	
Air New Zealand	Airbus A320CEO, A320NEO, A321NEO, ATR 72-500/600, Dash 8-Q300
Jetstar	
CHARTER, FLIGHT TRAINING AND COMMUTERS	
Mainland Air Services	Cessna 152 Piper PA31-350 Chieftain Piper PA34-200 Seneca Socata TB10 Tobago

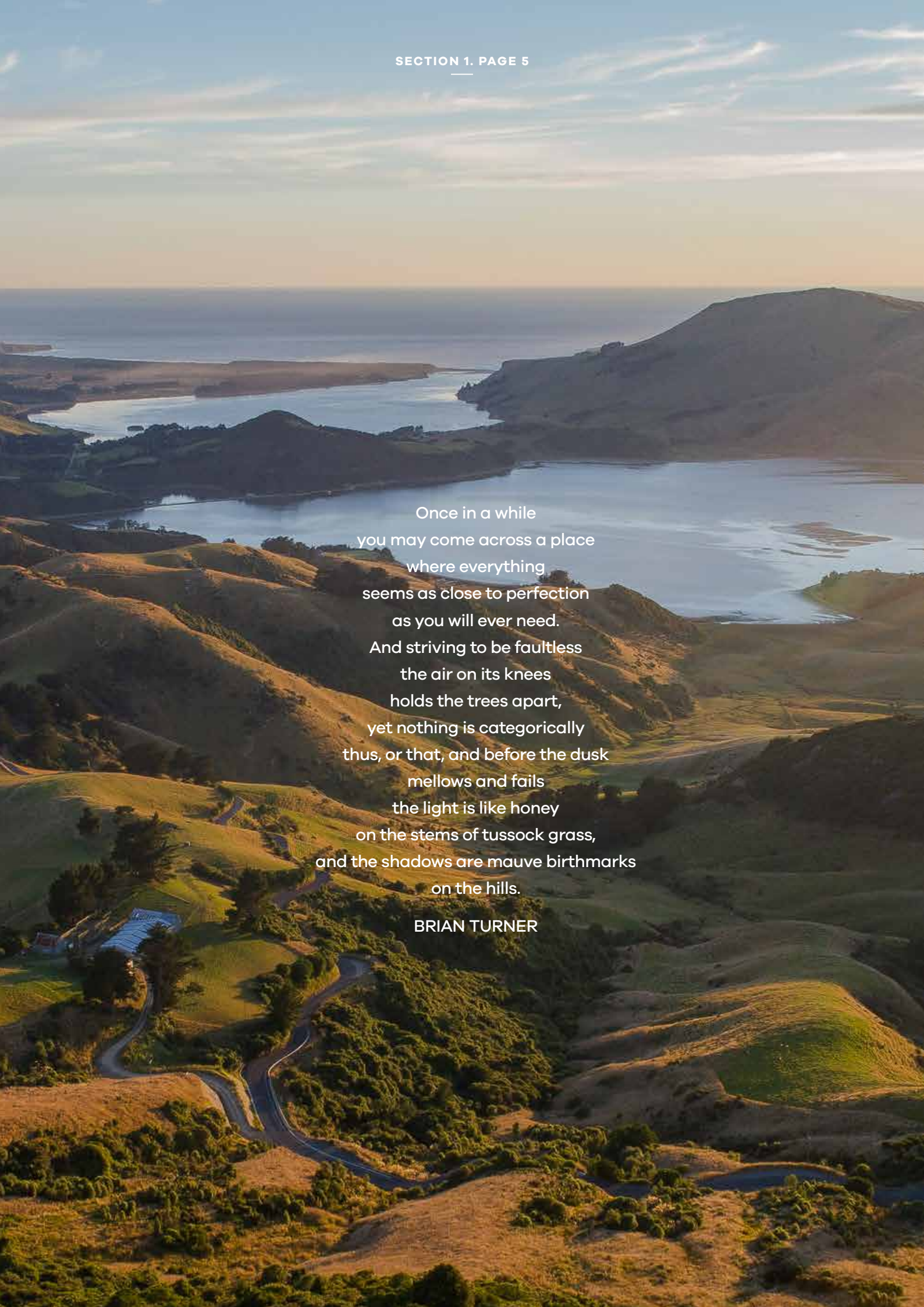


OUR PLACE

DUNEDIN, NEW ZEALAND

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

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



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

BRIAN TURNER

OUR

BOARD

Darinn Cusack

Chris Hopkins

Barbara Robertson

Shane Ellison

Michael Price (DCHL Intern Programmes)

OUR

EXECUTIVE LEADERSHIP TEAM

GENERAL MANAGER BUSINESS DEVELOPMENT

Megan Crawford

GENERAL MANAGER COMMERCIAL

Chris Cope

CHIEF EXECUTIVE

Richard Roberts

GENERAL MANAGER INFRASTRUCTURE & OPERATIONS

Daniel De Bono

THE YEAR AT A GLANCE

TOTAL PASSENGERS
On Regular Scheduled Services

626,619

DOWN 17.5%

INTERNATIONAL

NO CHANGE

NIL

DOMESTIC

DOWN 17.5%

626,619

INTERNATIONAL CAPACITY

DOWN 100%

DOMESTIC CAPACITY

DOWN 0.4%

BUSIEST MONTH

JULY 2021

84,819

FINANCIAL SUMMARY

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

OPERATING REVENUE

$13.4M

DOWN 8.3%

OPERATING SURPLUS AFTER TAX

DOWN 77.7%

0.5M

AERO REVENUE

DOWN 11.5%

$5.6M

TOTAL DECLARED DIVIDEND FOR THE YEAR

$0.624M

SHAREHOLDERS FUNDS

UP 14.9%

$82.1M

NON AERO REVENUE

+Others

$7.7M

DOWN 5.8%

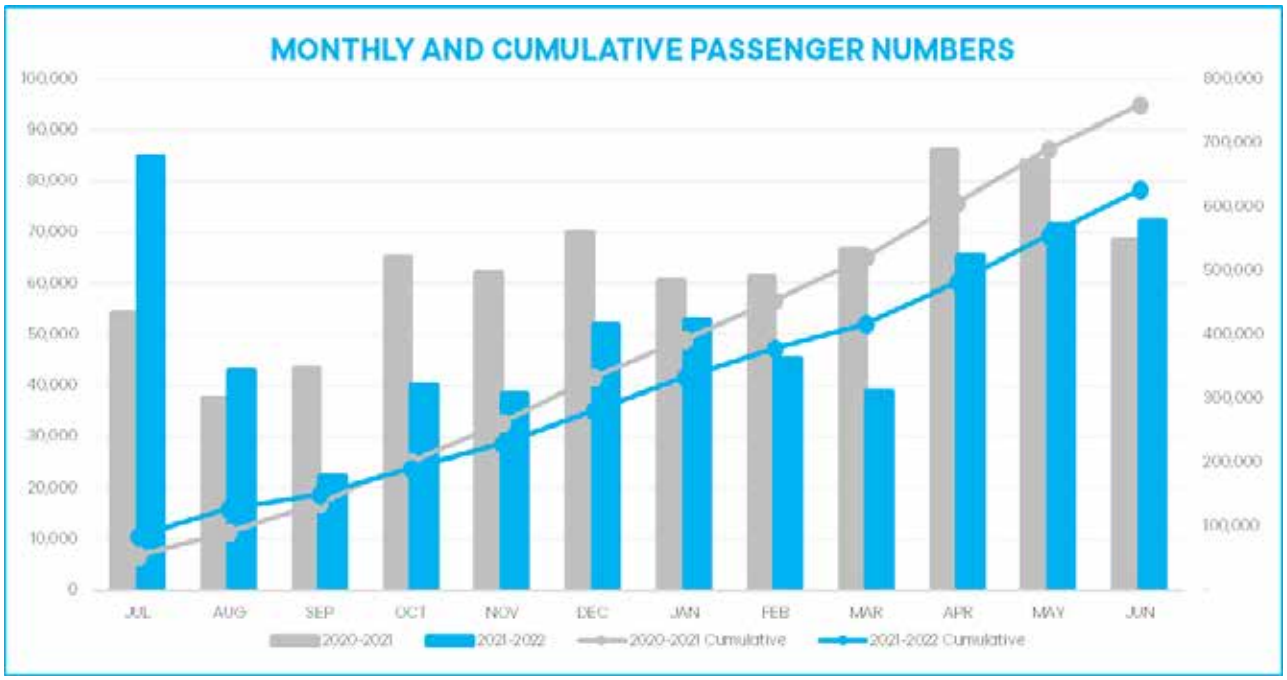
CHAIRMAN AND CEO'S REPORT

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

As we recovered from the initial COVID lockdowns, which started in March 2020, things were progressing well until the 17th August 2021 when, due to the DELTA variant, the whole country went back into Level 4 lockdown. On the 31st August all areas of the country, except Auckland, were given some relief by moving to Level 3 and subsequently to Level 2. Unfortunately, Auckland, the country's biggest travel market, remained in lockdown until the 3rd of December, when New Zealand then transitioned into the new traffic light system enabling kiwis the freedom to travel again.

As we started the year with optimism the Auckland lockdown had significant consequences on New Zealand's economy, and it took until the final month of the year to see us return the passenger levels of the previous year.

With passenger numbers on the increase and the business starting to recover, we looked to grow staff numbers within front line teams in line with this growth, adding back some of the 25% reduction in staff that we had to make in 2020. In the face of significant employment headwinds, we are now close to returning to our pre COVD team numbers.



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We were extremely pleased to welcome back two previous team members who have had short stints away. Both Daniel De Bono and Stu Casey returned to take up GM Operations & Infrastructure and Airfield Operations & Facilities Manager roles respectively.

However, in August 2022 our CEO, Richard Roberts, announced his resignation. Richard had been an integral part of the Dunedin Airport team for 23 years, and was part of our airports bricks and mortar. We would like to acknowledge Richard's contribution, commitment, and leadership to Dunedin Airport, especially during the last three years as he guided the team and company through the difficulties of COVID. We wish Richard all the best in his next adventures and know he will always be one of Otepoti's biggest ambassadors.

COVID has, again this year, affirmed to us that we are a high fixed cost operation. The diversity of what we do regarding airport operations, are not necessarily provided in direct proportion to our passenger numbers. Our airside and landside infrastructure still requires regular inspection, and maintenance to remain compliant. This is extremely varied; from processing all of our own sewage, to the operation of our two dairy farms. Our infrastructure is beginning to age, and our team have worked hard this year on a programme of replacement for some major infrastructure assets in the next 5 years or so.

GOVERNANCE

As governors of Dunedin International Airport Limited the board of directors feels a strong responsibility to act in the best interests of the company. The board sees its role as ensuring there are a framework of systems, processes and relationships in place to ensure good decisions are made for the benefit of the Dunedin Airport shareholders and the customers and communities that Dunedin Airport serves.

The disruptions of COVID-19 have created significant financial and commercial challenges for Dunedin Airport. In spite of this the board has made positive progress on developing a professional working culture in a short time. This emerging board culture has a 'growth mindset' and has therefore prioritised improving existing processes and practices, including setting an enhanced strategic direction for the organisation, sharpening sub-committee functions and improving the strategic/risk information received by the board from management.

Working with management and shareholder representatives at the Treasury and Dunedin City Holdings Limited the board has been able to guide Dunedin Airport through what we know hope is the worst of the Covid-19 pandemic.

The board and the respective sub-committees have been working through a structured workplan to manage risk and continue to focus on performance.

The board has continued to have an eye to the future and are pleased that work has progressed in respect of domestic and international route development, sustainability, the future of our farm operations and the wellbeing of the people who work at Dunedin Airport.

We are also proud of the fact that Dunedin Airport has been able to continue payment of dividends to our shareholders and keep our critical transport link open to connect people and help the local economy through what has been a difficult period.

STRATEGY

This year we reviewed our overall strategic framework; the foundation on which our organisation is based. We believe that our **Vision** and **Values** remain strong and relevant.

We did however streamline our **Strategic Goals.** These form the pillars on which all strategic decisions are made, and ultimately measured. The result of the review was an aggregation of the previous eight strategic goals into the six noted below, all underpinned by implementing an overarching goal "To Optimise our Return to Shareholders".

Our Strategic Framework is summarised on the next page::

STRATEGIC FRAMEWORK

Our strategic framework including our Vision, Values and Key Strategies sets out the key areas of focus and underlying principles upon which our organisation is based.

OUR VISION

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

OUR VALUES

- BE YOU
- BETTER TOGETHER
- CAN DO
- MAKE IT EASY
- WE CARE
- MAKE IT HAPPEN

STRATEGIC GOALS

TO OPTIMISE OUR RETURN TO SHAREHOLDERS

SAFETY
To make safety and security our number one priority

SUSTAINABILITY
To be sustainable

KAITIAKITANGA
To provide kaitiakitanga and make the best use of our assets

GROWTH
To grow our aero and non-aero business

RELATIONSHIPS
To develop and strengthen our customer, partner and stakeholder relations

OUR PLACE
To be a great place to work

FINANCIAL PERFORMANCE

Our financial performance rises and falls with our passenger numbers. So, it is not surprising that, from a financial perspective, the 2022 financial year was materially influenced by the COVID-19 pandemic.

Compared to the prior year, domestic capacity (excluding charter and flight training flights) increased immaterially (by less than 1.0%) to 949,001 seats. Unfortunately passenger numbers did not trend in line with capacity with a corresponding decrease in passengers of 17.5% to 626,619. This is still down on annual passenger numbers in the 2018-19 financial year, which was unaffected by COVID -19, of 1,074,000.

Following Virgin Australia being placed into administration in April 2020, International services were not reinstated at Dunedin Airport during the 2022 financial year.

Accordingly, no international passengers arrived nor departed from the Airport. We have maintained discussions with our airline's partners, investigating opportunities to provide a direct Tasman connection to our region. These discussions will continue this year.

Consequently, Dunedin Airport's total revenue, including interest income, dividends, and gains/losses on investments and on sale of property, plant and equipment, decreased by 9.5% to $13,222,000.

Aeronautical revenue (excluding departure fees) of $5,630,000, which constituted 42.6% of total revenue (43.5% in the prior year), was 11.5% ($728,000) below the previous year. This is caused by the decrease in total passenger numbers and offset by an increase in the Airport Development Asset Landing Charge associated with the Terminal Expansion Project (TXP) which is subject to annual review. The remaining movement in aeronautical revenue is caused by a change in aircraft mix.

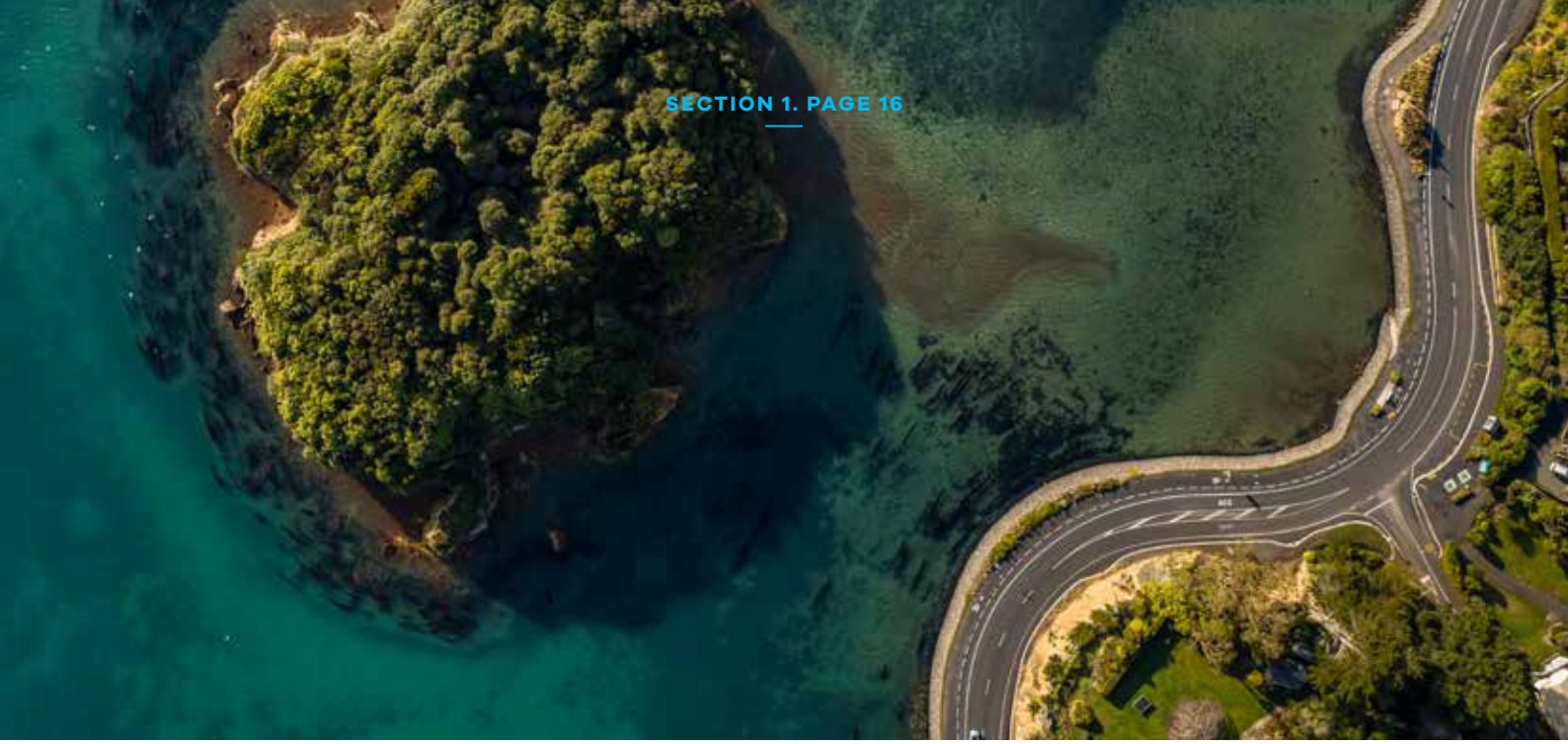
Non-aeronautical income (excluding interest income, dividends received, gain on the sale of property, plant and equipment, and fair value movements of investments) decreased $477,000 (5.8%) below last year to $7,739,000. This revenue stream is derived from passenger activities, retail, property, car parking and the airport's dairy farming operations and constitutes 58.5% of our total revenue; an increase from 56.3% in the prior year.

This decrease has been primarily driven by the decrease in passenger movements through the airport, and the associated impact this has on other, non-aeronautical revenue streams. For example, carpark revenue is $321,000 (13.2%) down against the prior year and the Airport owned service station revenue is $74,000 (7.3%) down on the prior year. This is a function of a decrease in fuel volume sold, offset by increasing fuel prices per litre.

These decreases are further compounded by a $169,000 (5.5%) decrease in rental revenue. In the previous years we have transitioned to a lease structure based on a 'percentage of tenant revenue' rental with our rental car and terminal partners, rather than their previous fixed rental approach. This structure was subject to Minimum Annual Guarantee (MAG) clauses which protected the Airports rental revenue from a dramatic decrease in tenant revenue. However, it became very clear during the COVID-19 impacted periods that charging the MAG during a period of restricted trading revenue for our tenants was not in the best interests of Dunedin Airport or our valued airport partners. Accordingly, we removed the requirement for tenants to pay MAG's, and provided substantial discounts to other rental streams. With MAG's removed, Airport rental revenue trended in line with the revenue of our tenants, which once again is ultimately impacted by the downturn in number of passengers due to COVID-19.

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

Further, administrative revenue dropped against the prior year due to the timing of receipt of the Governments COVID-19 wage subsidies that were available.



Offsetting these decreases was a $230,000 (22.3%) increase in the airport owned dairy farm milk sales revenue following significant increases in the Fonterra farm gate milk price.

Notwithstanding our relatively fixed operational cost base, we incurred operating expenditure for the 30 June 2022 financial year of $12,474,000, an 7.4% ($859,000) increase over the prior year. This increase was primarily caused by a increase in salaries and wages as we look to re-establish our front line and operational teams back to the level required to recover and rebuild as we emerge post COVID-19. Further, we have invested in both sustainability and wellbeing initiatives as we move forward with our place, our environment and staff wellbeing front of mind.

Unfortunately, we have also seen an increase in legislative and compliance costs as we defend our positions in terms of both the proposed Smooth Hill landfill, and the 2GDP.

Finally, airfield maintenance expenses have increased over the prior year in line with our runway, taxiway, and apron maintenance program.

These increases were offset by an decrease in service station cost of goods sold expense due to the decrease in volume of fuel litres purchased, offset by increasing fuel purchase prices.

Following the impaired financial performance in the 2021 financial year, the uncertain Covid outlook, and with a view to consolidating our financial position, at the 2021 Annual General Meeting it was resolved to distribute a dividend relating to the 2021 financial year (paid during the 2022 financial year) at 30% of the 2021 financial years Net Profit after Taxation, notwithstanding a policy to distribute 60%. Shareholders approved this dividend with the view to pay the remaining 30% when specific targets were met and the financial outlook from COVID improves.

Dunedin Airport shareholders' funds increased by $10,640,000, or 14.9%, to $82,097,000. This increase was primarily the result of a (post tax) $10,493,000 valuation increase on land, buildings and airside pavements which were revalued at 30 June 2022 and the current year net profit after taxation, offset by the distributed dividend.

With the deferral of growth-related development expenditure for significant portion of the 2022 financial year, capital expenditure remained consistent with the 2021 financial year at $893,000 compared with $918,000 in 2021. Of this, approximately $253,000 related to the replacement of the trickle filter at the Airports sewage treatment plant, $252,000 for the deposit and other costs on one of two replacement fire appliances, and $149,000 on the development and design of our Airport Emergency Services station.

The decrease in our operating surplus, coupled with increased 2021 terminal and current year provisional taxation payments have resulted in a fall in operating cash flow, which decreased by $1,983,000 against the prior year to $3,827,000. However, the decrease in the timing of cashflows associated with our capital expenditure program against the prior year has enabled the repayment of $2,500,000 from our credit facility as we managed our cash balances throughout the year. Consequently, the year-end debt position is $13,250,000, down from $15,750,000 as at June 2021.

In March 2020 we commenced consultation with our airline customers on airport charges for regular passenger transport (RPT) operators at Dunedin Airport. It is a legislative requirement under The Airport Authorities Act 1966 that all airport companies consult over charges with all substantial customers, before any new or altered charges are implemented. The previous airport charges consultation occurred in 2017. When the COVID pandemic hit, it made little sense to continue with the consultation as a result of the extensive uncertainty surrounding passenger numbers. Accordingly, after discussion with our airline partners the process was paused and recommenced in early 2022 once we saw some certainty in forecast passenger numbers. The process was concluded in April 2022 and revised airport charges agreed, to be effective 1 July 2022.

CONNECTING MORE PEOPLE

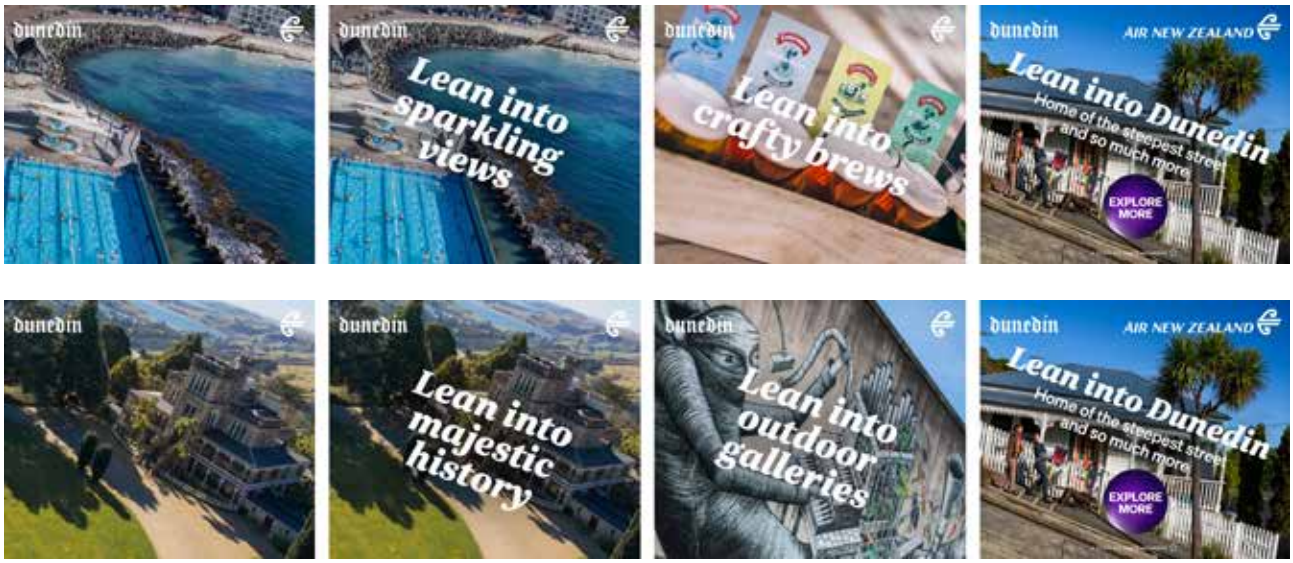
As the year progressed, we saw all travel restrictions dropped domestically in December 2021 and then into Australia, which opened its international borders to all vaccinated tourists on the 21st February 2022, nearly two years after it first imposed its travel restrictions.

New Zealand did not fully open its borders until the 31stJuly 2022.

During the Auckland lockdown Jetstar ceased operations for the months of September to November 2021 and recommenced with very limited services in December of 2021.

Airlines continue to face operational issues, with demand exceeding capacity. Both lack of crew and crew sickness has had an impact on the ability for Airlines to recover as quickly as the demand for travel, particularly on the Tasman routes.

Though our biggest market was in lockdown for several months, we continue to look for ways of ensuring the city was still in market as a destination. In collaboration with both Enterprise Dunedin and Air New Zealand, we worked on a campaign that followed on from a previous promotion pre COVID. Our aim was to strengthen the Dunedin destination message in a what was predicted to be, a busy domestic market.



THE CAMPAIGN WAS TO BE TARGETED TO:

- Primary markets: Auckland & Wellington
- Couples: aged 25+ years with mid to high household income.

The campaign was to be promoted through multiple channels.

Unfortunately, due to COVID, the campaign was pushed back multiple times and at last went live in market in September 2022.

In September 2021 we launched a Lower South campaign in partnership with media company, NZME. The theme of the campaign was "Dreaming of an adventure", the idea being to encourage those that are still in lockdown to start thinking about where they can venture to, once it was safe to do so. This campaign focused on flying into Dunedin, visiting Dunedin, and then taking a trip to Waitaki and/or the start of the Catlin's.

.

THE CAMPAIGN WAS TARGETED TO:

The upper South Island and North Island markets and targeted towards people interested in travel.

The campaign performed very well with 3,550 visits to the Lower South NZ website, and 2,293 readers going to the online article from the New Zealand Herald. Pleasingly Air New Zealand reported a increase in bookings over the two-week period the campaign was in market.

In November 2021, we continued the promotion of the Lower South through a second campaign, keeping this part of New Zealand "front of mind".

This campaign celebrated the Lower South with creative assets from all regions including Queenstown, Wanaka, Central Otago, Waitaki, Dunedin, Clutha and Southland.

THE CAMPAIGN WAS TARGETED TO:

Those living in Hawkes Bay and Nelson. The creative we used spoke to this through messaging such as "Swap your Sav for a Pinot Noir". The results for this campaign were extremely positive.

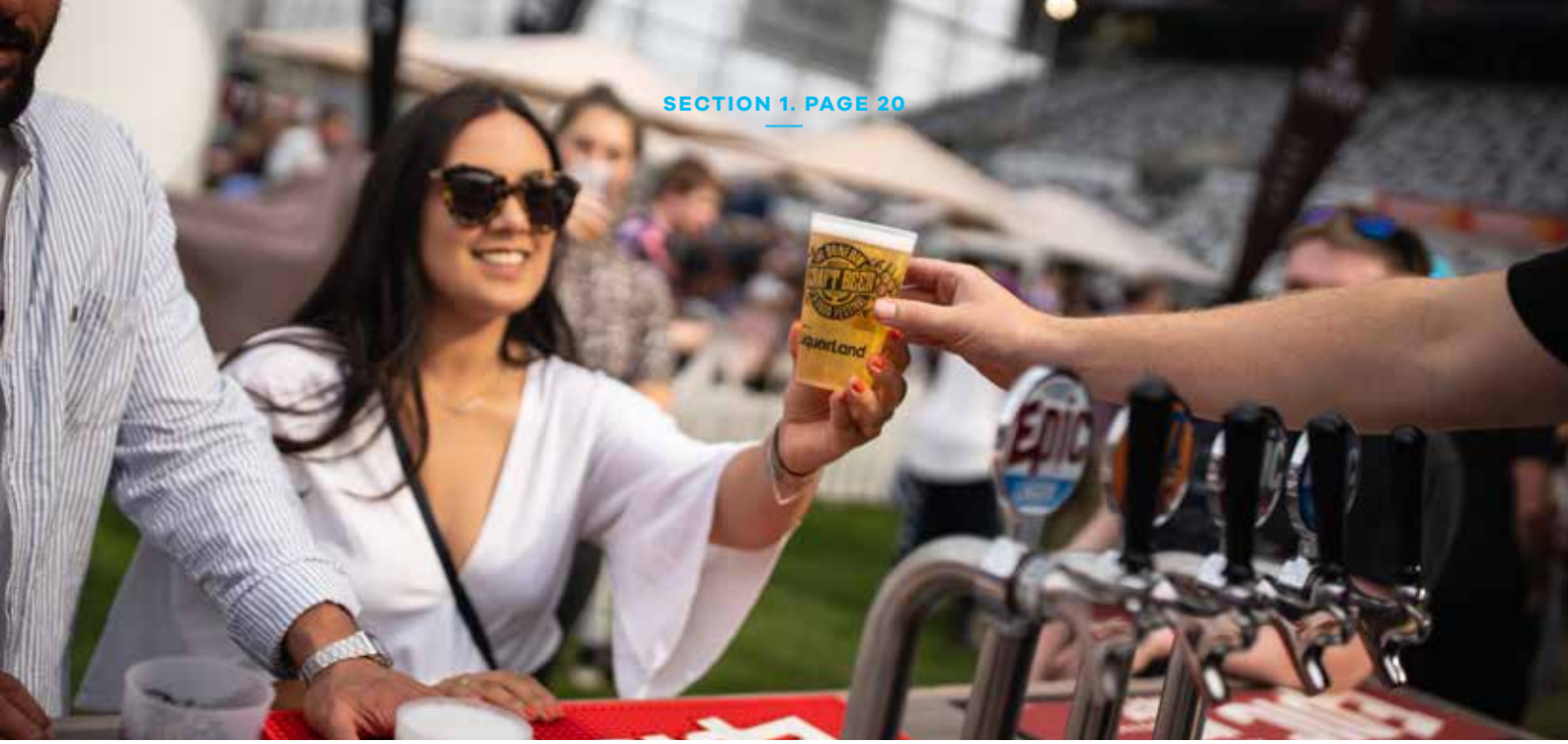
BETTER TOGETHER

MANA WHENUA

This year we have continued to meet regularly with the Manager of Te Rūnanga ō Ōtākou Inc. These meetings have enabled us to gain a greater understanding of how to strengthen our relationship and support each other. We look to the coming year to work closer with our Mana Whenua partners and identify areas of collaboration.

YELLOW-EYED PENGUIN TRUST

Dunedin Airport continues to sponsor one of our City's beloved and treasured birds, the Yellow-Eyed Penguin. This iconic yet endangered bird needs all the help it can get, and we are very proud to be involved with the Trust. On the 10th June the Dunedin Airport team were involved in a YEP Planting day where we planted 261 shrubs! Very special to see the shrubs growing nicely that we planted two years ago.



OUSA BEER AND FOOD FESTIVAL

We were proud to again be a sponsor of the OUSA Beer and Food Festival which was due to be held 2021. Unfortunately, after two attempts to run the event during the year, OUSA made the decision to cancel it. We are a sponsor for the event in 2022 and this will be held on the 28th and 29th October. This event has continued to go from strength to strength and is quickly becoming recognised as New Zealand's best craft beer festival. In 2022 OUSA will host the first Beer and Food Festival in Hawkes Bay.

OTAGO SPORTS AWARDS

Dunedin Airport sponsored the Otago Para Athlete/Team Award at the Otago Sports Awards in June 2022. This was the first time that Dunedin Airport had been involved in this event and we were proud to be sponsoring such a special award.

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

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

OUR AIRPORT

60TH ANNIVERSARY

On the 23rd May this year we celebrated 60 years of Dunedin Airport. This was a wonderful opportunity to acknowledge the airport and all its partners. We signified the event by unveiling a beautiful mural which depicts Kuao Langsbury ONZM and HRH Prince Charles at the Royal Albatross Colony at Pukekura, Otago Peninsula on 6th March 2005. Kuao was Upoko of Te Rūnanga o Ōtākou from 1991 to 2017. This mural is a very special illustration produced by artist, Tyler Stent. We are extremely proud to have this mural dsplayed at Dunedin Airport and the collaboration between the Langsbury whanau, Ōtākou, Tyler and the airport.

OPERATIONS & INFRASTRUCTURE

We continue to rebuild the Airport Emergency Services (AES) team, which had been bearing the brunt of the impacts of COVID-19. Rebuilding the team to a compliment of 18 airport firefighters remained a key focus. Our AES team has been doing a lot of hard mahi to keep the service operational and compliant over this period.

The first of two new AES fire appliances is due to arrive in New Zealand in September 2022. The second vehicle is due to arrive in mid-2023, however disruption to global supply chains remains a risk to the project from a programme perspective.

Coincident to the new vehicles, planning work commenced on a necessary upgrade to the existing airport fire station to accommodate them. The $2.0m building upgrade will ensure the fire station is suitably provisioned to cater for these newer vehicles with the vehicle parking bays lengthened and widened, and a fit for purpose vehicle exhaust extraction system installed.

Ongoing pavement maintenance planning and works remains a priority, with the team working through 780m2 of runway mill & fill repairs over the summer period. There were no pavement failures nor safety issues over the year. Ongoing asset condition assessments will ensure our pavement assets remain in a safe and operational condition as we move closer to the next major pavement overlay project in the 2025-26 financial year.

Work commenced on several strategically important projects over the year, which include those outlined on the following page.

We plan to develop a comprehensive assessment management strategy in the 2022-23 financial year, which will result in an Asset Management Plan (AMP) to help inform our longer-term infrastructure strategy This will also coincide with a review of the Airport Master Plan, which was last updated in 2017.

STRATEGIC PILLAR	PROJECT	DESCRIPTION
TO BE SUSTAINABLE	Electrification Master Plan	In consideration of New Zealand's decarbonization and energy transformation agenda, we have commenced an electrification master plan project. This project seeks to inform the wider airport campus infrastructure strategy with respect to electricity and hydrogen energy infrastructure. Electrification of aircraft, rental car fleets, and commercial and private vehicle fleets will increase the demand and reliance on our electrical infrastructure over time. Work will continue over the coming year on forecasted electrical capacity requirements and a staged infrastructure plan that enables and supports the wider decarbonisation aspirations of our commercial partners and the traveling public.
TO PROVIDE KAITIAKITANGA AND MAKE THE BEST USE OF OUR ASSETS	Water Storage Master Plan	A review of the airport campus water storage and reticulation system is underway in response to airport growth and an identified need to upgrade and replace the existing water storage system that is original to the airport (circa 1962). The master plan and upgraded system will be commensurate with long term supply and demand forecasts, building code 'Importance levels' and long-term storage requirements for airport campus firefighting.
TO PROVIDE KAITIAKITANGA AND MAKE THE BEST USE OF OUR ASSETS	Wastewater Master Plan	In anticipation of the upcoming expiry of the airport sewerage treatment plant (STP) discharge consent in October 2026, we commenced a master plan review of our wastewater management strategy. An options assessment has been completed, and a piped connection to the municipal wastewater network in Allanton (7km from the airport) has been selected as the preferred option. The project has now moved into a detailed feasibility assessment phase.
KAITIAKITANGA & SUSTAINABLE	AVSEC Base Building	We recommenced planning work with the Aviation Security Service on a new fit for purpose base building for their growing Dunedin Airport staff compliment. The proposed building will be our first 5 Greenstar rated building on the airport campus, with an expectation to turn ground on this project in the 2022-23 financial year.
TO PROVIDE KAITIAKITANGA AND MAKE THE BEST USE OF OUR ASSETS	Airways Power & Lighting Exit (APLE)	In anticipation of the upcoming expiry of the airport sewerage treatment plant (STP) discharge consent in October 2026, we commenced a master plan review of our wastewater management strategy. An options assessment has been completed, and a piped connection to the municipal wastewater network in Allanton (7km from the airport) has been selected as the preferred option. The project has now moved into a detailed feasibility assessment phase.
SAFETY & SECURITY IS OUR NUMBER ONE PRIORITY	Smooth Hill Landfill	The Dunedin City Council's consent application for a new municipal landfill 5 kilometres from the airport has been a concern to us with respect bird hazard and the risk this presents to aircraft operations. We will continue to advocate in the interests of Dunedin Airport and the travelling public as the DCC's application and proposal moves through its comprehensive Resource Management Act process. Our non-negotiable position on this proposal is that any proposed landfill does not increase the risk of bird strike to aircraft operating to/from Dunedin Airport.

SECOND GENERATION DISTRICT PLAN (2GP)

We have been working with the Dunedin City Council now for a number of years as they progressed through the review of the District Plan on the Second-Generation District Plan (2GP). Our main submissions on this concerned the ability for us to install advertising within our airport zone but outside of our car park. This restriction was part of the original plan and we sought to have this changed to allow for income generation through advertising. After cooperation and consultation with the 2GP team and ultimately mediation, we came to an agreement which now allows us to install two advertising billboards outside the car park.

WE CARE

As we navigated the ever-changing environment and associated effects of the global COVID-19 pandemic, considerable effort and focus was placed on protecting our people and ensuring we had the right sized processes in place to protect the operation, particularly with respect to our essential front-line staff in the Customer Experience, Landside and Airport Emergency Services team.

The introduction of the New Zealand COVID-19 Protection Framework presented challenges for airports, whilst also providing the platform to keep the national air traffic system moving. Building on the work undertaken in the prior year on our Pandemic response plan, the team moved mountains to deploy a workplace rapid antigen testing process, N95 mask wearing and procedures. Underpinning this was our business continuity plan which provided a framework to allow us to better understand the impact COVID infections & self-isolation and the requirements on the business.

Our focus on Wellbeing strengthened throughout the year, with work commencing on a company wide wellbeing plan. A Kaitiaki group was formed with representative members from across the organisation, with this group providing the guidance and insights into what is important to our people. Our wellbeing plan is expected to be competed by the second quarter of the 2022-23 financial year.

SUSTAINABILITY

We completed the work on our Sustainability Strategy Framework (below) which has now moved to the next phase of creating our Sustainability Plan.

SUSTAINABILITY FRAMEWORK

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 the distinct local culture

OUR TEAM

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

OUR AIRPORT COMMUNITY

We maintain safe operations and engage and work closely with our partners, neighbours, passengers and region

OUR ENVIRONMENT

We embrace innovation and consistently reduce our carbon emissions and waste as well as play our part in improving water quality and biodiversity.

Consistent with our sustainability ambitions, we will develop a Farm Strategy in the 2022-23 financial year which will guide the future of our farming operations. Our Emissions Reduction Strategy has yet to provide any firm reduction targets for the farm, other than our current commitment to align to targets set by the New Zealand Governments Primary Sector Climate Action Partnership group – He Waka Eke Noa.

This year we developed an emissions reduction strategy that provides a credible pathway for a 46.2% reduction in our Scope 1 and 2 emissions (excluding the farm) from our 2018-19 base year. We continue our commitment to be carbon zero by 2030 in line with the target of the Dunedin City Council.

With respect to our waste, pleasingly we achieved improvements in our diversion of waste to landfill over the year, with a 12 and 6 basis points improvement respectively across our airport and Momona village waste streams.

MAKE IT HAPPEN

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

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

DUNEDIN INTERNATIONAL AIRPORT LIMITED

CARBON EMISSIONS REPORT

EMISSIONS

GREENHOUSE GAS EMISSIONS SUMMARY

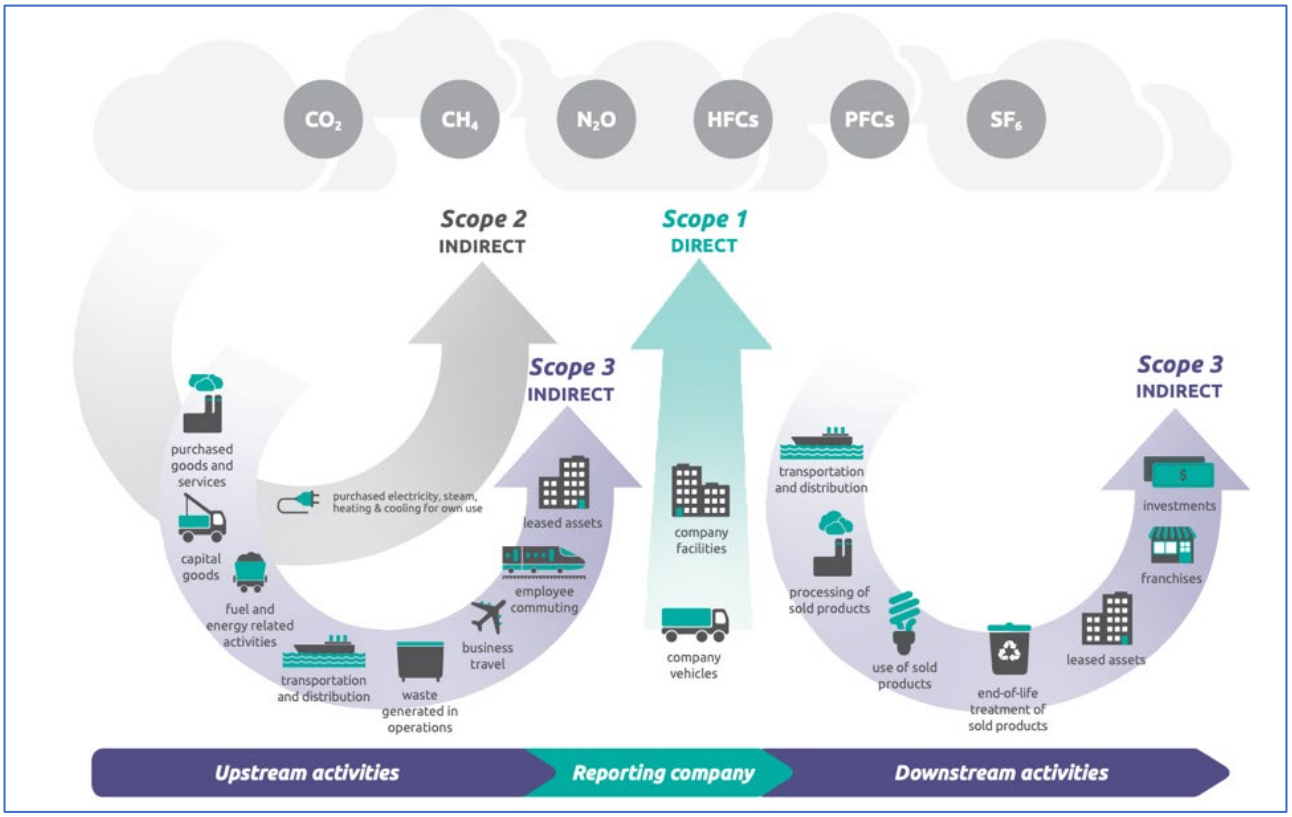
For the second year running, we have assessed and measured our Greenhouse Gas (GHG) emissions.

We have collected the data over a twelve-month period with input from external advisors. Ongoing monitoring of emissions will continue 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 2021-22 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 as that activity is owned and undertaken by the airline operators (and reported in their emissions report).

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



SCOPE ONE

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.
- Farm emissions related to dairy cattle, fertiliser, and farm vehicle fuel consumption.
- Wastewater treatment plant emissions used for the airport facilities as well as the Momona village.

SCOPE TWO

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.

SCOPE THREE

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).
- Waste generated from our operations. We have included the waste generated by our tenants.
- Electricity transmission & distribution losses.
- Freighting of goods purchased by the Airport.

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.

RESULTS

Overall, GHG emissions increased by 43 tCO2-e (3.7%) from the 2021 financial year to the 2022 financial year.

This was mostly driven by an increase in our dairy cattle herd. Other areas such as transport fuels, fertiliser use, electricity consumption and flights (domestic) also contributed to the increase in emissions.

DIAL is currently targeting emissions reductions for Scope 1 & 2 excluding farm operations. These emissions reduced by 40 tCO2-e (2%) from the 2021 financial year to the 2022 financial year. This was mostly driven by a reduction in fuel and wastewater treatment.

Emissions factors used were sourced from NZ Ministry for the Environment (MfE), with the most up to date figures available at the time (August 2022). 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 CO2e 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 (CO2) equivalent (e); or tCO2-e.

"Carbon dioxide equivalent" is a standard unit for counting greenhouse gas emissions regardless of whether they are from carbon dioxide or another greenhouse gas.

EMISSIONS BY SCOPE – DIAL

Our measured GHG emissions for the year end 30 June 2022 are 2,391 tCO2-e. Total emissions are largely driven by the high emissions intensity of dairy farm operations.

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

Scope	tCO2-e	% of Total
Scope 1	2,155	90%
Scope 2	192	8%
Scope 3	44	2%
Total	2,391	100%

FIGURE 2 - EMISSIONS BY SCOPE – TOTAL FOR DIAL (INCLUDING THE DAIRY FARM)

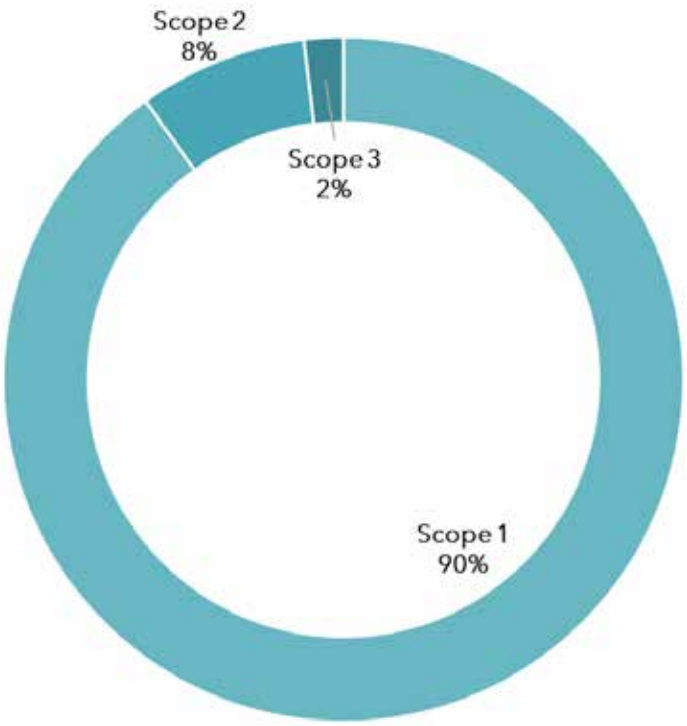
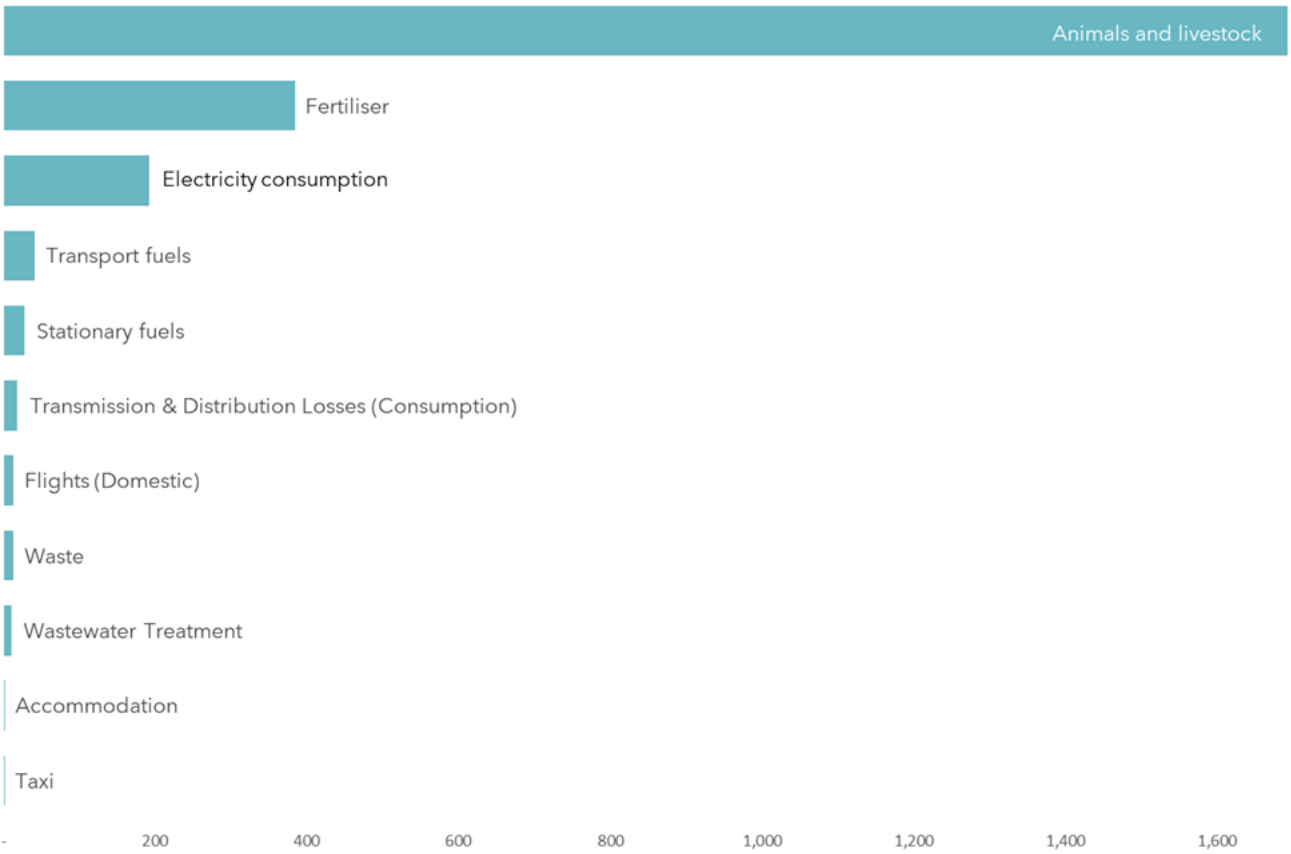


TABLE 2 - EMISSIONS BY ACTIVITY – TOTAL FOR DIAL (INCLUDING THE DAIRY FARM)

Our emissions sources are summarised below.

Emissions Source	t CO2-e
Animals and livestock	1,693
Fertiliser	384
Purchased Electricity	192
Stationary Fuels	28
Transport Fuels	41
Waste to landfill	13
T&D losses	18
Wastewater Treatment	10
Flights (Domestic)	13
Accommodation	1
Taxis	0.1

FIGURE 3 - EMISSIONS BY ACTIVITY – TOTAL FOR DIAL (INCLUDING THE DAIRY FARM) (kg CO2-e)



RESULTS

EMISSIONS BY SCOPE – DIAL (EXCLUDING THE DAIRY FARM)

The Airport measured GHG emissions, excluding the farm, for the year end June 2022 are 316 tCO2-e. This accounts for 13% of DIAL's total GHG inventory.

TABLE 3 EMISSIONS BY SCOPE – TOTAL FOR DIAL (EXCLUDING THE DAIRY FARM)

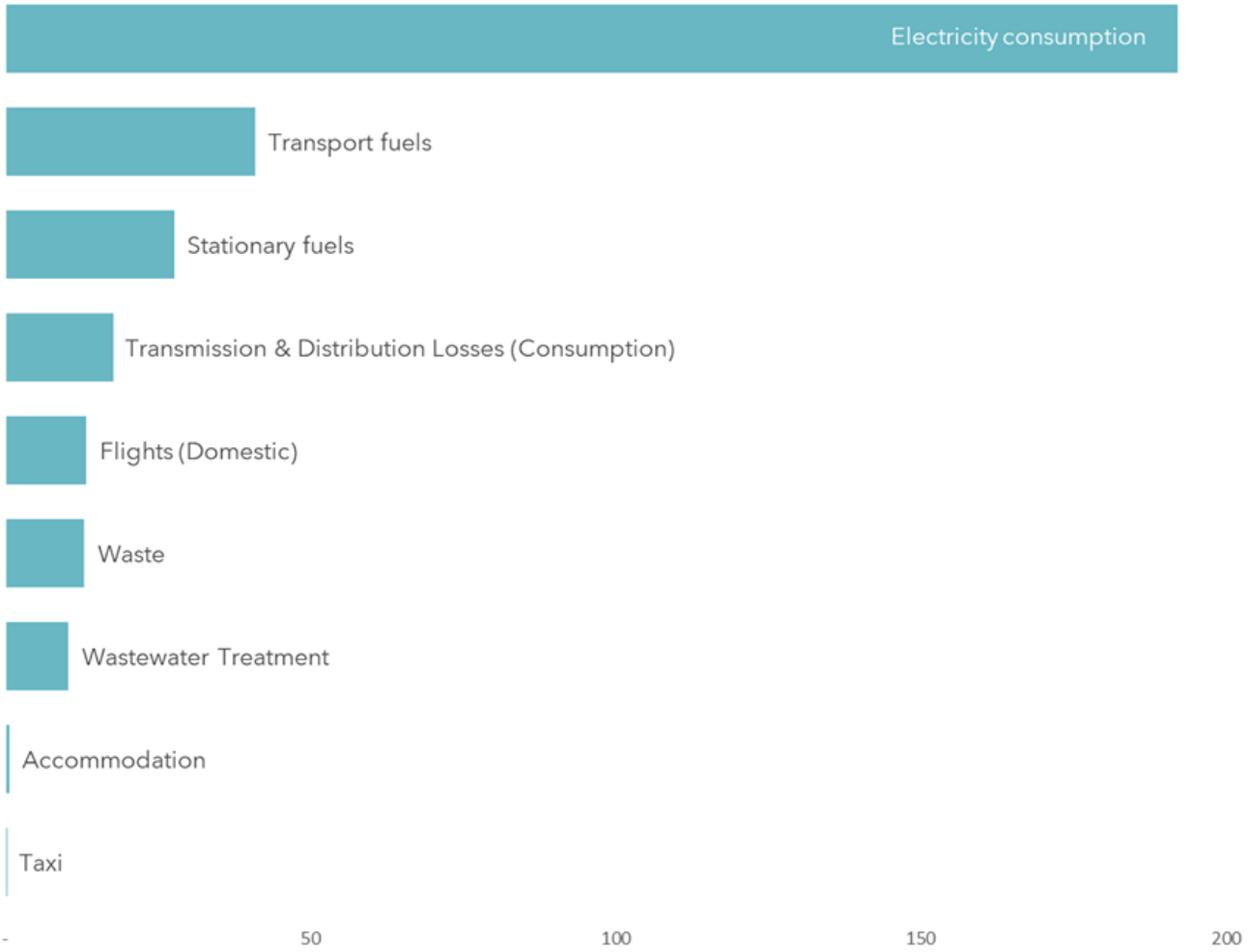
Scope	tCO2-e	% of Total
Scope 1	79	25%
Scope 2	192	61%
Scope 3	45	14%
Total	316	100%

TABLE 4 - EMISSIONS BY ACTIVITY – TOTAL FOR DIAL (EXCLUDING THE DAIRY FARM)

Our top emissions sources are summarised below.

Category emission source	t CO2-e
Purchased Electricity	192
Stationary Fuels	28
Transport Fuels	41
Waste to landfill	13
T&D losses	18
Wastewater Treatment	10
Flights (Domestic)	13
Accommodation	1
Taxis	0.1

FIGURE 4 - EMISSIONS BY ACTIVITY – TOTAL FOR DIAL (EXCLUDING THE DAIRY FARM) (kg CO2-e)



NEXT STEPS

NEXT STEPS

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

- Continue to expand reporting to include a wider set of Scope 3 emissions (contractors, embodied carbon in materials);
- Implement GHG emissions reduction initiatives as identified in our inaugural emissions reduction strategy.

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

Other emissions sources such as airport tenant's electricity consumption, fugitive emissions from refrigerant use in HVAC systems on the airport, fuel consumption from farm operations, and employee commuting and working from home will be included in the FY22/23 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 the 2023-24 financial year.

Our emissions reduction target for the airport operations has been set using the Science-Based Targets methodology, which aligns to the goals of the Paris Agreement to limited 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 other agricultural modalities in the longer term.

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

DUNEDIN INTERNATIONAL AIRPORT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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STATEMENT OF SERVICE PERFORMANCE

The Company sets various performance goals in its 2022 Statement of Intent. These are reported as:

GOALS

TO MAKE SAFETY & SECURITY OUR FIRST PRIORITY

TO BE ENVIRONMENTALLY RESPONSIBLE

TO OPTIMISE THE COMMERCIAL RETURN TO OUR SHAREHOLDERS

INCREASE PASSENGER NUMBERS ON REGULAR SCHEDULED SERVICES

TO DEVELOP & STRENGTHEN OUR PARTNERSHIPS

TO PROVIDE THE BEST CUSTOMER EXPERIENCE

TO BE A GREAT PLACE TO WORK

TO CONNECT & ENGAGE WITH OUR PLACE

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

SAFETY & OUR ENVIRONMENT

STRATEGIC GOALS	ACTIONS	PERFORMANCE MEASURES	UPDATE
TO MAKE SAFETY & SECURITY OUR FIRST PRIORITY	**To work with our staff and stakeholders to maximise safety on site for all staff, passengers, and visitors.**	No Serious Harm incidents at Dunedin Airport for any passenger or airport user.	There have been no Serious Harm Incidents reported this year to any passenger or airport user (including employees).
		Ensure all staff members have access to Personal Protective Equipment (PPE) as appropriate during changes in COVID-19 levels.	All staff have access to Personal Protective Equipment (PPE). Stock takes of PPE is conducted every 2-months, or more frequently dependant on Alert Levels.
		Review the Health and Safety Plan and objectives with the Health and Safety Committee each year.	The Health and Safety Committee reviewed the Health and Safety Plan and objectives in April 2022.
		Implement a staff wellbeing programme.	The development and implementation of a staff wellbeing programme was delayed while the results of our Wellbeing Survey and Staff Engagement Surveys were analysed. A wellbeing Kaitiaki group has been established to review the result of the Wellbeing Survey and provide recommendations regarding a wellbeing programme.
		Strike rate of <5 strikes per 10,000 aircraft movements on a 12-month moving average.	The 30 June 2022 12-month moving average strike rate per 10,000 movements is 5.5.

SAFETY & OUR ENVIRONMENT

STRATEGIC GOALS	ACTIONS	PERFORMANCE MEASURES	UPDATE
TO BE ENVIRONMENTALLY RESPONSIBLE	**Act as a socially and environmentally responsible corporate citizen.**	Measure and increase the diversion rate of waste from landfill.	Diversion of waste from landfill for the airport for the 2022 financial year is 34%. This is an increase of 12 basis points from the prior year. Diversion of waste from landfill for our residential properties for the 2022 financial year is 58%. This is an increase of 6 basis from the prior year.
		Develop a waste measurement and reduction strategy and associated targets for inclusion in the 2022/2023 Statement of Intent.	Emissions & Waste Reduction Strategy was presented to, and approved by the Company Board of Directors in June 2022.
		Develop and implement a sustainability strategy appropriate for our organisation.	The Sustainability Framework has now been completed. We will continue forward with dedicated resource to produce a Sustainability Action Plan.
		With systems for measuring and publicly reporting carbon emissions established, develop an emissions reduction strategy and associated targets for inclusion in its 2022/2023 Statement of Intent.	Emissions & Waste Reduction Strategy was presented to, and approved by the Company Board of Directors in June 2022.
		Be Carbon Neutral by the end of 2030.	We expect to be carbon neutral by 2030.

SAFETY & OUR ENVIRONMENT

STRATEGIC GOALS	ACTIONS	PERFORMANCE MEASURES	UPDATE
TO BE ENVIRONMENTALLY RESPONSIBLE	**Act as a socially and environmentally responsible corporate citizen.**	Maintain our obligations on any current resource consents in place.	We continue to maintain our obligations for resource consents (notwithstanding the Abatement Notice noted below). Reporting for the consents is up to date. We have exceeded PH and Ammoniacal Nitrate levels on the Sewage Treatment Plant test results. An Abatement Notice requires this to be rectified before the end of June 2023. In March 2022 we undertook a trickling filter upgrade which should resolve non-compliances.
	Maintain high quality dairy farming practices.	Remain compliant with Fonterra dairy farm inspections.	Farms are compliant year-to-date. Two farm audits were completed with no findings.
		Implement applicable recommendations from the Fonterra Sustainable Farm Environment Plan.	The Fonterra Farm Environment Plan has been finalised with our farm achieving 11 of the 23 applicable Good Farming Practices (GFPs), however no non-compliances. Our Sharemilker and our Farm Consultant are working through all Fonterra recommendations. As at 30 June 2022, actions have been undertaken to achieve 21 of 23 the GFPs. 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.

FINANCIAL

STRATEGIC GOALS	ACTIONS	PERFORMANCE MEASURES	UPDATE
TO OPTIMISE COMMERCIAL RETURN TO OUR SHAREHOLDERS	**Comply with financial covenants and policy.**	Fulfil lender borrowing facility financial covenant: • Earnings Ratio (EBITDA / interest expense) > 1.75 • Equity Ratio (total shareholders' funds / total assets) > 40%	As of 30 June 2022: The Earnings Ratio is 9.3. The Equity Ratio is 72.0%
		Comply with the company's Dividend Policy.	On the basis of prudent financial management in the face of the Covid related travel restrictions and uncertainty, the Dividend relating to the 2021 financial year (paid during the 2022 financial year) was 30% of the 2021 financial years NPAT. Policy requires 60% however shareholders approved this dividend with the view to pay the remaining 30% when specific targets were met and the financial outlook from COVID improved.
		Comply with the company's Treasury Policy.	In certain months this financial year there has been a breach in the Company's Treasury Policy where, based on forecast debt, the Company had interest rate derivates below the minimum policy band, and timing of facility agreement renewal. However, the Board decided the most economic position at that time was to remain unhedged in a low interest rate environment. The Board has now revised its policy and hedging as interest rates rise. The Company is in compliance with Treasury Policy as at 30 June 2022.

FINANCIAL

STRATEGIC GOALS	ACTIONS	PERFORMANCE MEASURES	UPDATE
TO OPTIMISE COMMERCIAL RETURN TO OUR SHAREHOLDERS	**Comply with financial covenants and policy.**	Generate a 5.5% Return on Shareholders' Funds adjusted for IFRS fair value movements and asset revaluations. **	As at 30 June 2022 the Return on Shareholders' Funds is 1.4% (YTD).
		Generate a 40% Return on Shareholders' Capital invested. **	As at 30 June 2022 the Return on Shareholders' Capital is 5.3% (YTD).
	Achieve increased non-aeronautical revenues from activities compared to the previous year.	Generate operating surpluses from the Momona Garage and Residential Housing profit centres.	For the year ended 30 June 2022 both the Momona Garage and Residential Housing profit centres generated operating surpluses.
		Increase total Kilograms of Milk Solids (kgMs) produced by our airport owned dairy farms to 285,000 kgMs.	272,870 kgMS were produced during the 2022 milking season. This is 12,130 kgMS (4.3%) below our season target of 285,000.
	On-going monitoring and refinement of the company's strategic business plan and business risks.	Annual update to strategic Business Plan incorporating plan for recovery from post COVID-19 environment.	The 2023 Business Plan was developed, approved by the Board, submitted to Shareholders during the 2022 financial year.
		Six monthly risk analysis undertaken and reported to the Board.	No risk analysis was completed for six months ended December 2021 as management undertook a review of the completeness of the identified business risks. A risk review was completed, and presented to the Board for six months ended 30 June 2022.
		Audit, Risk and Strategic Opportunities/Investment Committee to meet three times during the year.	The committee (renamed the Audit, Risk and Strategy Committee during the year) held three committee meetings during the financial year (in October 2021, March 2022 and May 2022).

BUSINESS DEVELOPMENT

STRATEGIC GOALS	ACTIONS	PERFORMANCE MEASURES	UPDATE
INCREASE PASSENGER NUMBERS ON REGULAR SCHEDULED SERVICES	**Partner with our airline, airport, region, and tourism industry.**	International Regular Scheduled Services reinstated to the airport. **	Due to the impacts of Covid-19 on the aviation industry, international Regular Scheduled Services were not reinstated at the airport during the 2022 financial year.
		Achieve 820,000 passengers on Regular Scheduled Services for the 2021-2022 financial year. **	Dunedin Airport achieved 626,619 domestic passengers on Regular Scheduled Services during the 2022 financial year. This was below our target of 820,000 due to prolonged Auckland border closure and the Red Covid setting under Delta/Omicron.
TO DEVELOP & STRENGTHEN OUR PARTNERSHIPS	**Implement initiatives to improve the performance of our relationships.**	Ensure vacant business premises are tenanted.	Ground floor café premises, and ex Air New Zealand flight kitchen premises are not tenanted. Pop-up poster store open in first floor vacant rental premises.
		Conduct stakeholder engagement surveys once a year with our strategic partners to review the strength of the relationships.	Stakeholder Engagement Survey completed in June 2022.

OUR CUSTOMERS

GOALS	OBJECTIVES	PERFORMANCE MEASURES	UPDATE
TO PROVIDE THE BEST CUSTOMER SERVICE EXPERIENCE	**Provide a high standard of service to our customers.**	Conduct a minimum of two customer insight surveys to better understand our customer.	Continuous customer service and insight survey running via the terminal WiFi access login. Tailored customer insight survey also completed in June 2022
		Achieve a majority of "good" or better across all surveyed areas of customer service.	'Good" achieved in all surveyed areas in each quarterly survey.
	Ensure all airside infrastructure maintenance causes no delays to airline operations.	No delays to regular scheduled passenger operations are incurred as a result of airside infrastructure.	A 30-minute delay to scheduled passenger operation occurred on 16 March 2022 due to the failure of the airfield lighting system. The failure occurred due to an electrical fault with Airways New Zealand infrastructure onsite at Dunedin Airport.
	Ensure the future of the airport is protected.	Ensure any new development is considered in conjunction with the District Plan and Airport Master Plan.	No development was undertaken at the airport during the 2022 financial year that did not take District and Airport Master Plans into consideration. Dunedin Airport has lodged an appeal challenging the proposed Smooth Hill landfill consent.

OUR PEOPLE

GOALS	OBJECTIVES	PERFORMANCE MEASURES	UPDATE
TO BE A GREAT PLACE TO WORK	**To recognise and review staff performance.**	Each staff member to have a formal Annual Performance Review and Personal Development Plan.	One staff member had not had their formal Annual Performance Review and Personal Development Plan as at 30 June 2022.
	Ensure that our staff are engaged with the company's Vision, Purpose and Values.	Conduct an annual staff engagement survey, acting on any matters that require attention as appropriate.	The annual staff engagement survey was completed in February 2022. Themes identified from the survey have been considered, in conjunction with our wellbeing survey, and have been implemented as appropriate.

OUR COMMUNITY

GOALS	OBJECTIVES	PERFORMANCE MEASURES	UPDATE
TO CONNECT & ENGAGE WITH OUR PLACE	**Provide sponsorship to community events and organisations.**	Invest 0.25% of prior year operating revenue to sponsorship in line with our sponsorship application criteria.	0.25% of the prior year operating revenue is $36,500 In the 2022 financial year sponsorship was provided to: Glenfalloch Night Garden $500 Cancer Society Otago/Southland $200 Momona Play Centre $500 Women's Refuge $150 Night Shelter $150 Dunedin Marathon $2,500 Yellow Eyed Penguin Trust $5,000 Otago Sports Awards $5,000 TOTAL $14,000 Based on the COVID-19 implications on our financial performance, discretionary expenditure, including sponsorship spend was reduced.
		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.	No Dunedin Airport sponsorship is inconsistent with the Dunedin City Council's or Dunedin Airport's ethical position.

OUR COMMUNITY

GOALS	OBJECTIVES	PERFORMANCE MEASURES	UPDATE
TO CONNECT & ENGAGE WITH OUR PLACE	**Engage with our community and share information.**	Arrange for Dunedin Airport staff to work within the community each year.	Staff from the Dunedin Airport team spent a day with the Yellow Eyed Penguin team planting grasses at the Okia Reserve on the Otago Peninsula on the 10th June.
		Identify opportunities to incorporate cultural diversity within the Airport team and public spaces.	Airport CEO and GM Business Development have completed a He Papa Tikanga course. Members of the airports executive team have had a number of meetings with the Manager of Otakou Marae. A mural has gone up outside the terminal which is a collaboration between Dunedin Airport, Tyler Stent and Te Runanga Otakou.

SHAREHOLDERS

GOALS	OBJECTIVES	PERFORMANCE MEASURES	UPDATE
TO CONNECT & ENGAGE WITH OUR PLACE	**Consult with shareholders on matters to be included in the company's Statement of Intent.**	Prepare annually the company's Statement of Intent having given consideration to shareholders expectations.	Both the 2021 – 2022 and 2022 – 2023 Statements of Intent have been finalised and submitted to shareholders. They have both been adopted by shareholders.
	Consult with shareholders at the earliest possible time on matters where conflict may or could result.	Report to and consult with shareholders on matters where the company's and shareholders requirements are in conflict.	No such matters in the current year.
	On a "no surprises" basis advise shareholders promptly of any substantive matter that has the potential to impact negatively on shareholders and the company with a particular focus on matters of interest to the media.	Report to shareholders within 24 hours substantive matters which have the potential to impact negatively on shareholders and the company with a particular focus on matters of interest to the media.	No such matters in the current year.

Achieving those performance measures marked with '**' are dependent on New Zealand remaining in COVID-19 Alert Level One.

trend statement

For the year-ended 30 June	2022	2021	2020	2019	2018
Revenue	$000	$000	$000	$000	$000
Operating Revenue:					
Aeronautical (excluding departure fees)	5,630	6,359	5,987	7,498	7,287
Percentage of Total Revenue	42.6%	43.5%	39.8%	43.6%	44.1%
Non-aeronautical	7,739	8,216	9,164	10,073	9,273
Percentage of Total Revenue	58.5%	56.3%	61.0%	58.6%	56.1%
Interest income	12	1	7	13	20
Dividend income	47	25	1	3	72
Gain/(Loss) on sale of assets	(5)	-	(97)	(31)	-
(Loss)/Gain on investments	(201)	3	(31)	(366)	(130)
Total revenue	**13,222**	**14,603**	**15,031**	17,190	16,522
Percentage Increase	(9.5%)	(2.8%)	(12.6%)	4.0%	16.9%
Surplus before tax	**748**	**2,988**	**2,341**	5,183	4,761
Percentage increase	(75.0%)	27.6%	(54.8%)	8.9%	50.6%
Net tax paid surplus	**464**	**2,083**	**3,636**	3,587	3,275
Percentage increase	(77.7%)	(42.7%)	1.4%	9.5%	41.1%
Shareholders' equity					
Shareholders' equity	**82,097**	**71,457**	**69,193**	**63,728**	**61,781**
Return on shareholders' equity	**0.6%**	**2.9%**	**5.3%**	5.6%	5.3%
Dividends paid	624	-	2,372	1,408	1,408
Dividend rate cents per share	**7.1**	**-**	**27.0**	16.0	16.0
Capital expenditure	893	918	7,569	9,112	3,468
Net operating cashflow	3,827	5,810	3,563	6,618	5,778
Net asset backing per share	**$9.33**	**$8.12**	**$7.86**	$7.24	$7.02
Equity ratio	**72.0%**	**69.6%**	**66.1%**	67.3%	69.7%

statement of comprehensive income

For the year-ended 30 June	Notes	2022	2021
		$000	$000
Operating revenue	4	13,369	14,574
Interest received		12	1
Dividend received		47	25
(Loss)/gain on investment		(201)	3
(Loss)/gain on sale of property, plant & equipment		(5)	-
Total revenue		**13,222**	**14,603**
Directors fees		117	90
Finance costs – interest expense		482	497
Depreciation	3	3,891	3,908
Wages and salaries		2,814	2,660
Other operating expenses		5,170	4,460
Total expenses		**12,474**	**11,615**
Operating surplus/(deficit) before income tax		**748**	**2,988**
Income tax expense/(credit)	5	284	905
Operating surplus/(deficit) after income tax		**464**	**2,083**
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			
Cash flow hedges gain/(loss) taken to hedge reserve		426	251
Income tax on these items including prior period adjustments		(119)	(70)
Items that will not be subsequently reclassified to profit and loss:			
Gain on revaluation of property, plant and equipment		14,382	-
Income tax on these items including prior period adjustments		(3,889)	-
Total comprehensive income/(deficit)		**11,264**	**2,264**

statement of changes in equity

Equity at the beginning of the year	**71,457**	**69,193**
Comprehensive income/(deficit) for the year	11,263	2,264
Transactions with owners		
- Dividend paid	(624)	-
Closing equity	**82,097**	**71,457**

balance sheet

As at 30 June	Notes	2022	2021
		$000	$000
Shareholders' equity			
Share capital	6	8,800	8,800
Hedge reserve	7a	162	(145)
Revaluation reserve	7b	48,812	38,319
Retained earnings	8	24,323	24,483
		82,097	71,457
Current liabilities			
Trade & other payables	9	1,338	1,250
Other liabilities		39	42
Tax payable	5a	355	504
Employee Entitlements		371	454
Hedge derivatives	15a	-	48
Short-term advance	11	-	1,000
		2,103	3,298
Non-current liabilities			
Term loans	11	13,250	14,750
Deferred taxation	5b	16,603	13,208
Hedge derivatives	15a	-	152
		29,853	28,110
Total equity & liabilities		**114,053**	**102,865**
Represented by:			
Current assets			
Trade & other receivables	12	1,299	1,296
Prepayments	13	205	336
Cash & cash equivalents	10	1,685	1,781
Stock on hand	14	72	49
Hedge derivatives	15a	18	-
		3,279	3,462
Non-current assets			
Property, plant & equipment	3	109,691	98,323
Investments	16	712	912
Deferred taxation	5b	163	168
Hedge derivatives	15a	208	-
		110,774	99,403
Total assets		**114,053**	**102,865**

Authorised for and on behalf of the directors.

C Hopkins
Chairperson
30 November 2022

S Ellison
Director

statement of cashflows

For the year-ended 30 June	Notes	2022	2021
		$000	$000
Cash flow from operating activities			
Cash was provided from:			
Receipts from customers		13,413	14,362
Interest received		12	1
Dividend received		47	25
Cash was applied to:			
Payments to suppliers		5,269	4,828
Payments to employees		2,854	2,596
Interest paid		482	497
Taxation paid		1,040	657
Net cash flows from operating activities		**3,827**	**5,810**
Cash flows from investing activities			
Cash was provided from:			
Sale of property, plant and equipment		1	-
Cash was applied to:			
Purchase of shares		-	-
Purchase of property, plant and equipment		800	1,504
Net cash flows from investing activities		**(799)**	**(1,504)**
Cash flows from financing activities			
Cash was provided from:			
Loan drawdown		-	-
Cash was applied to:			
Loan repayment		2,500	3,500
Dividends paid		624	-
Net cash flows from financing activities		**(3,124)**	**(3,500)**
Net increase/(decrease) in cash held		(96)	806
Plus opening cash brought forward		**1,781**	**975**
Cash & cash equivalents held 30 June	10	1,685	**1,781**

notes to financial statements

For the year-ended 30 June 2022

1. REPORTING ENTITY

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

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

COVID-19 Pandemic

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

COVID-19 has had a significant impact on the aviation industry and on the Company's business. While at 30 June 2022, New Zealand has returned to unrestricted domestic travel, there were significantly reduced volumes of domestic flights and passenger numbers.

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

Material changes in any of these factors might have a material impact on the Company's estimates of income and cashflows used to support the valuations, fair value assessments and impairment considerations at 30 June 2022.

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

New Standards, Interpretations and Amendments Adopted by the Company

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 2022.

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 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% - 11.4%	DV & SL
Buildings	1% - 40%	DV & SL
Machinery & plant	2% - 67%	DV & SL
Motor Vehicles	7% - 25%	DV & SL
Fixtures, fittings, office and computer equipment	7.5% - 40%	DV & SL

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

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

(a) 2022	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
Cost or Valuation	$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	-	0	-	(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											
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)
	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

(b) 2021	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
Cost or Valuation	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance at beginning of period	18,609	864	25,379	38,931	14,171	4,487	686	327	642	273	104,370
Purchases	-	-	9	32	-	30	57	13	-	777	918
Transfers	(31)	-	1	530	1	12	-	71	(2)	(574)	7
Revaluations	-	-	-	-	-	-	-	-	-	-	-
Disposals / Woffs	-	-	-	-	-	-	-	(3)	-	(105)	(108)
Balance at end of period	18,578	864	25,389	39,493	14,172	4,529	743	408	640	371	105,187
Accumulated Depreciation											
Balance at beginning of period	32	-	5	100	12	2,238	-	261	303	-	2,951
Depreciation	101	-	1,272	1,461	567	369	60	41	37	-	3,908
Transfers	(30)	-	(3)	56	37	(46)	-	(4)	(2)	-	8
Revaluations	-	-	-	-	-	-	-	-	-	-	-
Disposals / Woffs	-	-	-	-	-	-	-	(3)	-	-	(3)
	103	-	1,274	1,617	616	2,561	60	295	338	-	6,864
Balance at end of period	18,475	864	24,115	37,876	13,556	1,968	683	113	302	371	98,323

(a) Land, buildings and airside pavements were revalued at 30 June 2022 by independent registered valuers, Telfer Young (Canterbury) Limited and WSP New Zealand Limited. These assets were last valued at 30 June 2020. 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.

(b) If revalued assets were stated on the historical cost basis, the carrying value of these classes would be **$35,630,800**.

As at 30 June 2022, an impairment assessment was carried out to determine the appropriateness of the carrying values of the company's aeronautical assets. The recoverable amounts of the aeronautical assets have been determined from a value in use calculation based on cashflow projections from formally approved budgets covering a five-year period to 30 June 2027.

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

Material changes in any of these factors might have a material impact on the Company's estimates of income and cashflows used to support the valuations, fair value assessments and impairment considerations at 30 June 2022. The assessment, effective 30 June 2022, included the following major assumptions:

- Revenue is largely dependent on passenger numbers. The company has conservatively projected growth in passenger numbers, with a recovery to pre-Covid-19 levels projected only after the 2025 financial year.
- A growth rate of 4.4% has been applied to cashflows subsequent to the forecast period. This is equal to approximately 50% of the average growth rate achieved prior to the Covid pandemic.
- The discount rate (the Company's pre-taxation Weighted Average Cost of Capital) applied to the company's pre-taxation free cashflows was 7.5%.

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

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

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

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

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

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

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

	2022	2021
	$000	$000
Revenue from Contracts with Customers:		
Over Time:		
Landing Charges and Departure Fees	5,629	6,408
Car Park	2,176	2,506
Point in time:		
Fuel and Non-Fuel Sales	936	1,012
Milk Sales	1,256	1,026
Total Revenue from Contracts with Customers	**9,997**	**10,952**
Other Income:		
Operating Lease Rental (including overhead recoveries)	3,235	3,360
Other Revenue	66	60
Government Grants	71	202
Total Operating Revenue	**13,369**	**14,574**

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.

	2022 $000	2021 $000
Income tax		
Operating surplus/(deficit) before income tax	748	2,988
Taxation @ 28%	209	837
Plus / (Less) the tax effect of differences		
Expenses not deductible	5	54
Loss/(gain) on investments	56	(1)
Prior period adjustment	14	15
Income tax expense/(credit)	**284**	**905**
Effective tax rate	38.1%	30.3%
Represented by		
Current tax provision	893	1,366
Deferred tax provision	(609)	(461)
Income tax expense/(credit)	**284**	**905**

(a) Provision for Tax

Balance at beginning of year	(504)	107
Current tax provision	(869)	(1,366)
Terminal tax payment/(refund)	527	(110)
Provisional tax paid	513	864
Prior period adjustment	(22)	1
Balance at 30 June	**(355)**	**(504)**

(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.

2022 ($000)	Opening Balance	Charged to Equity	Charged to Income	Prior Period Adjustment Equity	Income	Assets	Closing Balance Sheet Liabilities	Net
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)
Balance at 30 June	**(13,040)**	**(4,008)**	**598**	**-**	**10**	**163**	**(16,603)**	**(16,440)**

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

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 (2021: 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.

7. RESERVES

	2022 $000	2021 $000
a) Hedge Reserve		
Balance at beginning of year	(145)	(326)
Cash flow hedges (loss)/gain	426	251
Net movement in deferred tax arising on hedges	(119)	(70)
Balance at 30 June	**162**	**(145)**

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments relating to interest payments that have not yet occurred.

b) Revaluation Reserve		
Balance at beginning of year	38,319	38,319
Revaluations included in comprehensive income	14,382	-
Net movement in deferred tax arising on revaluations	(3,889)	-
Balance at 30 June	**48,812**	**38,319**

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

	2022 $000	2021 $000
Balance at beginning of year	24,483	22,400
Operating surplus/(deficit) after income tax	464	2,083
Dividends paid	(624)	-
Balance at 30 June	**24,323**	**24,483**

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	808	563
Accruals	316	438
GST Payable	214	249
Balance at 30 June	**1,338**	**1,250**

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	1,679	1,775
Balance at 30 June	**1,685**	**1,781**

The carrying amount of cash assets approximates their fair value.

11. TERM LOANS (Secured)

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

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

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

Multi option credit facility	13,250	14,750
Short term advance facility	-	1,000
Balance at 30 June	**13,250**	**15,750**
Classified as:		
Current liability	-	1,000
Non-current liability	13,250	14,750
Balance at 30 June	**13,250**	**15,750**

(a) Westpac has provided a multi option credit line (MOCL) facility of $22,500,000 with a maturity date of 30 November 2023. Subsequent to year end, the maturity date was extended to 30 November 2024.

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

As part of the credit line facility, Westpac provided a short-term advance of $1,000,000. Interest was payable on the advance at the Westpac short term interest rate which ranged between 1.85% and 3.10% during the 2022 year. The advance was repaid in full in May 2022.

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, and Extraordinaries 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

	2022 $000	2021 $000
Opening Balance	15,750	19,250
Net loans (repayment)/drawdown	(2,500)	(3,500)
Movement in fair value	-	-
Closing Balance	**13,250**	**15,750**

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.

	2022 $000	2021 $000
Trade Receivables	1,550	1,466
Provision for Expected Credit Losses	(251)	(170)
Balance at 30 June	**1,299**	**1,296**

Due to the impacts of COVID-19 on the Company and its customers, an assessment was undertaken on trade debtors to assess customers' ability to meet repayments including a high-level assessment on the ability to trade in the future. As a result of this, the Company has updated its provision for expected credit losses of **$251,000** (2021: 170,000).

13. PREPAYMENTS

Tenant rent relief in advance	205	336
Balance at 30 June	**205**	**336**

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	49	23
Purchases	864	941
Cost of Sales (Included within Other Operating Expenditure)	(841)	(915)
Stick written off		-
Closing Balance	**72**	**49**

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.

	2022	2021
	$000	$000
Interest rate swaps		
- maturing less than 1 year	18	(48)
- maturing 1 to 5 years	208	(152)
Balance at 30 June	**226**	**(200)**

b) Categories of Financial Assets and Financial Liabilities

Financial Assets at amortised cost:		
Trade & other receivables	1,085	1,047
Prepayments	205	336
Cash & Cash Equivalents	1,685	1,781
Financial Assets at fair value through profit or loss:		
Investments	712	912
Derivative Financial Instruments in Hedge Accounting Relationships	226	-
Financial Liabilities at fair value through profit or loss:		
Derivative Financial Instruments in Hedge Accounting Relationships	-	200
Financial Liabilities at Amortised Cost:		
Term Loans	13,250	14,750
Trade & Other payables	1,124	1,001
Short Term Advance	-	1,000

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	712	912

Of this sum **$676,100** (2021, $876,600) 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 2022 (2021 $NIL).

18. CAPITAL AND OTHER 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 appliances are scheduled for delivery in October 2022 and October 2023 respectively.

In July 2021 a deposit of $234,499 was paid for the first appliance. This payment is included in Work in Progress in these financial statements.

As at 30 June 2022, the capital commitment is $2,109,991.

Subsequent to year end, in July 2022 a deposit of $234,499 was paid for the second appliance. Further a second progress payment of $820,158 was paid for the first appliance.

There were no capital commitments as at 30 June 2021.

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 Inclusive)		Owing at 30 June (GST Inclusive)	
	2022	2021	**2022**	2021
	$000	$000	$000	$000
Dunedin Venues Management Limited	13	12	-	-
Delta Utilities Limited	46	60	4	18

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

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

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

	Annual Purchases (GST Inclusive)		Owing at 30 June (GST Inclusive)	
	2022	2021	**2022**	2021
	$000	$000	$000	$000
Delta Utilities Limited	46	60	4	18
Institute of Directors Otago Southland Branch	-	2	-	-
Tourism Waitaki	-	1	-	-
Airways Corporation	8	8	1	1

(c) Compensation of key management personnel:

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

	2022	2021
	$000	$000
Total	925	859

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

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

	Annual Purchases		Owing at 30 June	
	2022	2021	**2022**	2021
	$000	$000	$000	$000
Dunedin City Council rates & services	319	293	-	-

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:

	2022	2021
	$000	$000
Under 1 year	2,314	2,307
1 to 2 years	1,406	1,797
2 to 3 years	1,161	985
3 to 4 years	545	788
4 to 5 years	453	176
Over 5 years	186	88

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:

	2022 $000	2021 $000
Under 1 year	1	1
1 to 5 years	-	1

22. SUBSEQUENT EVENTS

Subsequent to year end, on 1 July 2022 Jonathan Cameron resigned as the Chairperson and Director.

On the same date, Chris Hopkins was appointed as a Director of Dunedin International Airport Limited, and Shane Ellison was appointed Chairperson. On 8 November 2022, Chris Hopkins was appointed Chairperson, and Shane Ellison was appointed Deputy Chairperson.

On 30 September 2022, Barbara Robertson resigned as a Director.

On 31 October 2022, Darin Cusack ceased as a Director.

On 1 November 2022, Tim Hunter was appointed as a Director.

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

shareholder information

INTERESTS REGISTER

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

TONY ALLISON (Resigned 19 July 2021)

AA Cleaners (Otago) Limited	Director
Delta Utility Services Limited	Director
SCG Finance Limited	Director
Smiths City (2021) Limited	Director
Visionalli Limited	Director
Yabbie Creek Trustees Limited	Director

JONATHAN CAMERON

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

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

SHANE ELLISON

Auckland Transport	Chief Executive Officer

BARBARA ROBERTSON

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

RICHARD ROBERTS

Dickr Investments Limited	Director

MEGAN CRAWFORD

Theomin Gallery Committee	Committee Member
Tourism Waitaki	Director

DANIEL DEBONO

Basecource Consulting Limited	Director
The Happy Living Project Limited	Director

Directors' Interests in Contracts

Details of contracts involving directors' interests entered into during the year ended 30 June 2022 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 2022 are as follows:

Director	Board Meetings Attended	Committee	Remuneration
Jonathan Cameron - Chairperson	11	SORC/ARSC	46,890
Darin Cusack - Director (SORC Chairperson)	11	SORC/PRC	23,445
Shane Ellison - Director (Appointed 19 July 2021) (ARSC Chairperson)	11	SORC/ARSC	22,311
Barbara Robertson - Director (Appointed 19 July 2021) (PRC Chairperson)	11	SORC/PRC	22,311

ARSC – Audit, Risk and Strategy 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) and a contribution to home broadband.

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

	2022			2021		
Employee	**Salary**	**Benefits**	**Total**	**Salary**	**Benefits**	**Total**
Richard Roberts	$279,128	$14,835	$293,963	$270,812	$13,165	$283,967

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

Remuneration Range	2022 No. Employees	2021 No. Employees
$100,000 - $110,000	-	-
$110,000 - $120,000	1	-
$120,000 - $130,000	-	-
$130,000 - $140,000	-	-
$140,000 - $150,000	1	1
$150,000 - $160,000	-	1
$160,000 - $170,000	-	-
$170,000 - $180,000	1	1
$270,000 - $280,000	-	-
$280,000 - $290,000	-	1
$290,000 - $300,000	1	-

Gender Diversity

The table below summarises the gender diversity of the Company as at 30 June 2022:

	2022	
Directors		
Male	3	75%
Female	1	25%
	4	
Senior Management		
Male	3	75%
Female	1	25%
	4	
All Staff (including Senior Management)		
Male	28	85%
Female	5	15%
	33	

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 2022 were $74,059 for the Statutory Audit of the 30 June 2022 Financial Statements, and $22,000 for the Disclosure Financial Statements.

C Hopkins
Chairperson
30 November 2022

S Ellison
Director

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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 2022

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 15 to 30, that comprise the balance sheet as at 30 June 2022, 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 on pages in section 3 on pages 2 to 13.

In our opinion:

- the financial statements of the company in section 3 on pages 15 to 30:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2022; and
        - its financial performance and cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the statement of service performance of the company in section 3 on pages 2 to 13 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 2022.

Our audit was completed on 30 November 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw your attention to the ongoing impact of Covid-19 on the Company. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the ongoing impact of Covid-19 on the company as set out in section 3 in note 2 on page 18 and note 3 on page 20 to the financial statements. We draw specific attention to the disclosures in note 3 on page 20 that describes the assumptions and uncertainties in relation to the valuation model used to assess whether the Company's property, plant and equipment is impaired. The company's estimates of passengers, recovery, and growth rates remain uncertain and dependent on a number of factors with respect to Covid-19. Material changes in these factors might have a material impact on the impairment assessment.

Basis for our opinion

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

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

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

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

The Board of Directors is responsible on behalf of the company for preparing financial statements 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.

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 25, section 2 on pages 1 to 9 and section 3 on pages, 1, 14, 31 to 33 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 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 Discosure) Regulations 1999 which is compatible with those independence requirements.

We have no other relationship with, or interests in, the company.

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

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AIRPORT