

**WESTPORT AIRPORT
AUTHORITY**

**Statement of Intent
For the year ended
30 June 2021**

**WESTPORT AIRPORT AUTHORITY
STATEMENT OF INTENT
FOR THE YEAR ENDING 30 JUNE 2021**

Introduction

The Westport Airport Authority is a joint venture operation between the Buller District Council and the Ministry of Transport (on behalf of the Crown). Management and control of the Airport is vested in the Buller District Council.

This Statement of Intent sets out the intention and the objectives for the joint venture for the period 1 July 2020 to 30 June 2021 and the following financial year.

Objectives

The principal objective is to operate a safe and efficient airport facility and assist in the provision of air services for visitors and stakeholders alike.

To operate as close as possible to a commercial business offering cost effective value for the ratepayer investment.

To maintain the Airport's assets and infrastructure at a level compliant with our CAA Part 139 certification status.

To pursue any commercial undertakings at the Airport that will complement the Airport operation and increase the level of economic activity

Nature and Scope of the Activities to be Undertaken

The nature of the activities of the Airport is to operate Airport facilities at Westport that support scheduled flights and other general aviation activity including air ambulance, charter and leisure.

The Airports scope envelops the provision, maintenance, upgrading and enhancement of services and facilities to accommodate the safe movement of aircraft and the efficient facilitation of passengers and cargo through the Airport.

In addition to the airside operations the airport authority also derives income from providing ground handling services to the scheduled operator, managing property leases and car parking.

Accounting Policies

The accounting policies used by the Westport Airport Authority are consistent with generally accepted accounting principles, legal requirements and the Joint Venture Agreement. Major accounting policies are as follows;

Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition and construction of the asset.

Depreciation

Depreciation of fixed assets, other than land, is provided on a straight line basis at rates calculated to allocate the cost of the assets over their estimated useful lives.

Goods and Services Tax

The financial statements are prepared exclusive of Goods and Services Tax except for accounts payable and receivable which are stated inclusive of GST. The WAA is not registered for GST on their own account, GST is accounted for as a division of Buller District Council.

Income Tax

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

Cash and Bank Accounts

Cash and bank accounts include cash on hand and deposits held at call with banks.

Trade and Other Receivables

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

Buller District Council Current Account

Buller District Council advances funds to the Airport Authority on a current account basis to enable the Authority's creditor obligations to be met as they fall due. This current account advance is recognised as either a current asset or a current liability. The account is measured at amortised cost using the effective interest rate method.

Creditors and Other Payables

Creditors and other payables are measured at the amount owed.

Revenue and Expenditure

Landing fees and Grazing income are billed by the Authority and are recognised when receivable. Expenses are recognised when they are incurred. Leases are recognised on a straight line basis over the lease term.

WESTPORT AIRPORT

	AP Budget 2020/2021	Forecast 2021/2022	Forecast 2022/2023
INCOME			
Airport Dues/Landing Charges	48,000	49,000	50,000
Farmland Lease	42,000	42,000	42,000
Terminal and Sundry Income	15,000	15,934	16,284
Service Charge	105,000	106,000	107,000
Electricity Recovery	1,700	1,593	1,628
Total Income	211,700	214,527	216,912
EXPENDITURE			
Employment Costs	153,000	159,000	161,000
Power	9,000	9,200	9,250
Audit Fees	10,000	10,000	10,000
Shop Supplies	300	320	330
Depreciation	64,992	66,400	65,750
Consultants	3,000	1,062	1,086
Bank/ Eftpos Fees	400	411	415
Cleaning	1,500	1,550	1,610
General Expenses	15,000	14,000	14,500
Insurance	7,500	7,160	7,200
WestReef Outwork	1,000	1,050	1,060
Publications/Subscriptions	1,000	1,062	1,086
Rates	1,500	1,510	1,520
Rents and Leases	3,000	3,000	3,000
Rep/Mtce and other Outwork	78,000	60,000	61,000
Training	10,000	5,311	5,428
Telephone	2,200	2,224	2,271
Share of Overheads	44,732	45,200	46,102
Total Expenditure	406,124	388,460	392,608
Profit/(Loss)	(194,424)	(173,933)	(175,696)
Capital Expenditure			
Other Assets	22,000	82,855	0

Performance Targets

The Joint Venture performance will be judged against the following measures:

	AP Budget 2020/2021	Forecast 2021/2022	Forecast 2022/2023
Operating Revenue	211,700	214,527	216,912
Operating Expenditure	406,124	388,460	392,608
Net Profit (Loss)	(197,424)	(173,933)	(175,696)
Capital Expenditure	22,000	82,855	0

Ratio of Shareholder Funds to Total Assets

The forecast ratio of shareholder funds to total assets for the next 3 years is:

2020/21	2021/22	2022/23
99%	99%	99%

Shareholder Funds is represented by Total Equity. Total Assets is Total Current and Non Current Assets not including any liabilities.

Profit or Loss Ownership

Profits or losses will be shared equally between the Joint Venture partners on a 50/50 basis from annual surpluses/deficits after tax, made after the deduction of appropriations to reserves amounting to a maximum total of the depreciation charged in that year.

Information to be Provided to Partners

The Annual Report is to be provided to shareholders within three months of the end of each financial year.

The report will include:

- A Statement of Financial Performance and Statement of Financial Position including comparison with the previous financial period.
- Any other statements as may be required by generally accepted accounting principles and legislation.

The report will also include a report from the appointed auditors.

Acquisition Policy

The Westport Airport Authority does not anticipate that it will acquire any new equity investments other than the purchase of operational assets approved as part of the yearly budgeting process. Any major acquisitions will only be entered into with the prior approval of the joint venture partners; Buller District Council and The Ministry of Transport.

Distribution Policy

The Westport Airport Authority has the ability should there be surplus funds available to distribute funds to each of the joint venture partners. This is unlikely due to the current level of accumulated profits (Accumulated Losses are \$1,932,627 as at 30 June 2019)

Other Matters Agreed by Partners

The Westport Airport Authority being owned by the Buller District Council and the Ministry of Transport (on behalf of the Crown) has commitments to the public.

- A commitment to the environment.
To comply with the Resource Management Act and undertake its activities in an environmentally sound manner having regard to the interest of the community.
- A commitment to service.
To systematically improve the quality and cost effectiveness of services provided to customers.
- A commitment to the community.
To operate the Airport with due regard to sound, cultural and environment issues arising from the community in which they are located.