



# **STATEMENT OF INTENT**

**FOR THE YEAR ENDING 30 JUNE 2022**

**27 MAY 2021**

# INTRODUCTION

This Statement of Intent is presented by the Directors of Palmerston North Airport Limited (“PNAL”) in accordance with section 64 of the Local Government Act 2002.

PNAL falls within the definitions of both a Council-Controlled Organisation and a Council-Controlled Trading Organisation pursuant to section 6 of the Local Government Act 2002 as a consequence of the Palmerston North City Council’s (PNCC) shareholding.

The purpose of the Statement of Intent is to publicly declare the activities and intentions of PNAL, and provide an opportunity for shareholders to influence its direction.

It also provides a basis for accountability of Directors of PNAL to the Shareholder for performance. It is intended to comply with Schedule 8 of the Local Government Act, and be consistent with PNAL’s Constitution.

This Statement of Intent has been informed by PNCC’s Statement of Expectation dated 22 December 2020.

The Statement of Intent has been prepared under the Public Benefit Entity (PBE) Standards based on International Public Sector Accounting (IPSAS) Standards.

Directors and team members of PNAL continue to acknowledge local iwi Rangitāne and their customary relationship to this region. PNAL appreciates their manaakitanga shown towards the airport and all airport users. PNAL looks forward to further enriching its partnership with Rangitāne, mana whenua and other local iwi over the coming years.

## CONTACT DETAILS

Contact details for both the Chair and the Chief Executive are:

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# NATURE AND SCOPE OF ACTIVITIES

Palmerston North Airport Limited (PNAL) owns and operates Palmerston North Airport, having purchased the airport business on 30 January 1990.

Palmerston North Airport is an asset of regional and national importance managed by PNAL. The airport services a regional catchment which includes Ruapehu District in the north, Whanganui, Rangitikei, Manawatu, and Horowhenua in the south, and across to Wairarapa, Tararua and Southern Hawkes Bay. A population base of close to one million live within two hours' drive of the airport.

With the impact of COVID-19 on the airport diminishing faster than anticipated and in the absence of any further material resurgence of the virus across New Zealand, the regional economy is set to benefit from a multi-billion dollar investment in infrastructure.

The relocation of the KiwiRail hub to an area adjacent to the airport, growth within the North Eastern Industrial Zone and Te Ahu a Turanga (Manawatu: Tararua Highway) are just three projects predicted to stimulate further demand for both passengers and airfreight.

As such, after a period of rapid contraction in passenger volumes, the company remains cautiously optimistic about growth prospects over the three-year SOI period. Relatively strong growth is predicted with recovery to 560,000 passenger movements by 2023/24. Passenger growth is triggered primarily by Air New Zealand responding to the anticipated demand on both the Auckland and Christchurch routes, and modest growth on regional routes.

PNAL's ability to continue to play an enabling role within our regional economy is contingent upon the company keeping pace with growing passenger and airfreight demands, remaining competitive, maintaining regulatory compliance, and as highlighted by the Covid-19 pandemic, weathering the storm of further cyclical downturns in the aviation industry. Underpinning these challenges PNAL will remain focussed on health & safety of our entire airport community and the ongoing evolution of our CAA certified Safety Management System (SMS).

The Board and Management have recognised these challenges and are focussed on three key capital-intensive areas;

1. The rejuvenation of airside infrastructure including runway and apron areas is PNAL's highest priority during the SOI period and is our focus for ongoing investment;
2. A continuous improvement in customer experience with car park improvements and the re-commencement of the Terminal Development Plan; and
3. Investments in Ruapehu Business Park are also areas of priority.

In addition, we remain aware of our role within the community in terms of driving the sustainability message, supporting our community where possible and underpinning this with a focus on the wellbeing of our small and highly skilled team at PNAL.

Within the SOI period, PNAL will continue on its sustainability journey, guided by achievement of Level 2 of the Airport Carbon Accreditation programme, and including waste management and water consumption initiatives.

We will grow our focus in our community with increased levels of engagement by connecting from a grass roots level to increase and grow brand awareness, strengthen our sponsorship partnerships, and allow us to connect with our customers and better understand how we can improve their airport experience.

Implementation of PNAL's One Team wellness programme has gathered pace with the recruitment of an HR Advisor in February 2021.

The following graphs illustrate that PNAL is predicting income to reach pre-COVID-19 levels during the first year of the SOI (\$10.1 million) with modest growth predicted in years 2 & 3 of the SOI period. The recovery is largely the result of aeronautical revenue increases associated with uplifts in pricing and passenger volumes.

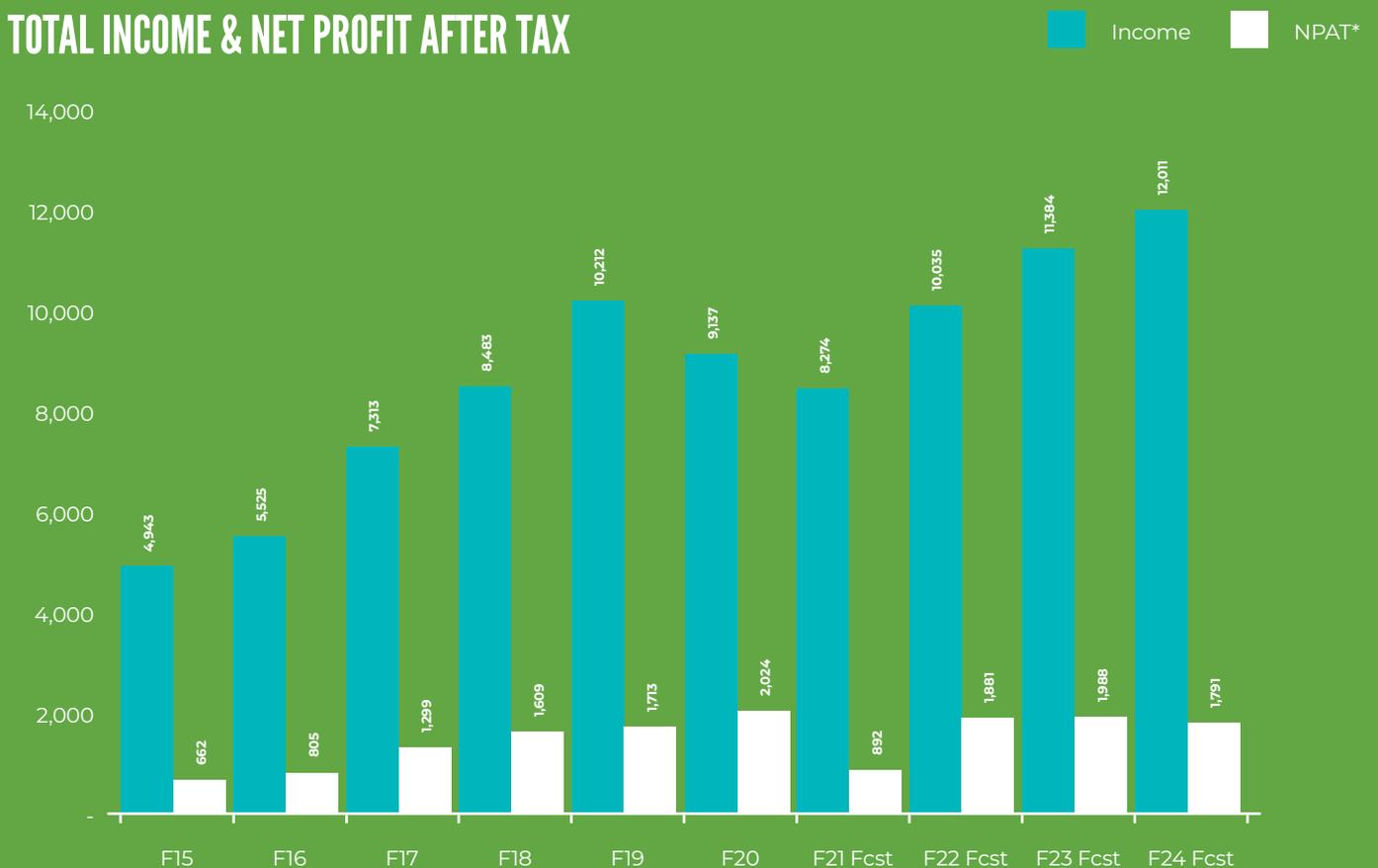
Net profit after tax recovery occurs by Year 2 of the SOI due to ongoing revenue growth and cost containment.

# HISTORICAL VS FORECAST

## PASSENGER MOVEMENTS



## TOTAL INCOME & NET PROFIT AFTER TAX



\* Revaluation gains / losses removed for comparative purposes

# STRATEGIC FRAMEWORK

The aspirational vision of being “New Zealand’s leading regional airport” emphasises our airport’s leadership amongst regional peers in terms of many aspects of our airport business. These include asset management, our focus on safety, iwi engagement, environmental sustainability, customer experience, community engagement, freight & logistics, aviation tertiary training, property development and the wellbeing of our team.

In addition, our purpose statement “*Launching our communities into a promising future*” reflects our true reason for being and references our role as facilitating regional growth in social, economic, and environmental terms. It also reflects our service to a number of diverse communities whether defined by geographical location, ethnicity or socially and also includes mana whenua, Rangitāne and other local iwi.

## OUR VISION

New Zealand’s leading regional airport.

## OUR PURPOSE

Launching our communities into a promising future.

## COMMERCIAL

We are a financially sustainable business enabling long-term success.

- We maintain and develop core infrastructure that is business critical.
- We diversify and grow revenue streams through a focus on both aeronautical and non-aeronautical income activities.
- We operate a successful enterprise that enables us to provide a return to our shareholder when we have surplus to our on-going investment and operating requirements.
- We facilitate regional economic development by growing passenger and airfreight volumes.

## COMMUNITY

We contribute to regional prosperity.

- We are kaitiaki for the environment by operating in a sustainable manner in all of our business activities.
- We recognise our community is multi-cultural and will engage with mana whenua and all ethnic groups.

## CUSTOMER

We continue to improve the customer experience for all airport users.

- Our customers include all airport users; contractors, tenants, staff, passengers, meeters and greeters, and other airport visitors.
- We lead the way in terms of delivering a high quality and efficient regional airport experience.
- We promote Palmerston North Airport as the gateway and lower North Island commercial hub to our 90-minute drive market.

## COMPLIANCE

We maintain a safe and secure operation.

- The safety and security of all airport users is our critical concern. We have a Zero Harm approach to those who visit and work within our airport community.
- We will continue to meet our regulatory and statutory obligations including Civil Aviation Rule Part 139, Resource Management Act, Palmerston North and Manawatu District Plans.

## CULTURE

We empower our team members and work as one-team.

- Our People are the key to our success. We will care for each other’s well-being, and develop skills, commitment, engagement and resourcefulness across our team recognising achievement.
- Our one-team ethos is supported by the five pillars of Leadership, Trust & Respect, Communication, Empowerment and Celebrating Success.



# OUR VISION

New Zealand's leading regional airport

# OUR PURPOSE

Launching our communities into a promising future

## STRATEGIC OBJECTIVES

### CULTURE

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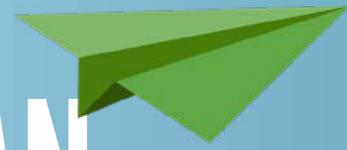
### COMMERCIAL

We are a financially sustainable business enabling long-term success.



**PALMERSTON NORTH  
AIRPORT LIMITED**

# TERMINAL DEVELOPMENT PLAN



The programme of continuous improvement in customer experience within the airport terminal building and landside commenced in 2017 with the opening of the expanded arrivals hall (previously the international arrivals and border agencies area), and the construction of the enclosed arrivals and departures lobby. This included the adoption of the Legend of Haunui-a-Nanaia to symbolise the airport's sense of place within the wider region.



*Exterior of passenger wind lobbies*



*Wind lobby arrivals entrance*

Planning for a major redevelopment of the terminal building commenced in 2018 to accommodate growth in passenger numbers, future-proofing the terminal for passenger and hold baggage screening if mandated by central government and enabling the reintroduction of jet services by Air NZ on the Auckland route. Whilst COVID-19 impacts on PNAL's financial performance resulted in the project being suspended, the project is now being progressed with the plans to ensure that the building proudly represents the air gateway to our region for visitors and residents alike.

Recent consultation with community and business groups has resulted in valuable feedback regarding the terminal forecourt area and car parking. Plans for improvements in this area are already being advanced, thus further improving the customer experience at the airport.

Estimated costs of \$18.3m for the building, include a refresh of the terminal exterior, a 1550m<sup>2</sup> extension to accommodate baggage make-up and security screening, additional office accommodation for airlines and Aviation Security, and a refreshed terminal forecourt. The project also provides for an enlarged retail area, relocation of the escalator, new and extended passenger departure lounge, and a dedicated cargo acceptance area outside of the passenger terminal. To complement the current arrivals hall theming, it is intended to weave the legend of Haunui theming throughout the development including the terminal forecourt area.

Capital expenditure for this project is provided for over the three-year period of the 2021 Statement of Intent, with a project timeline of 36 months anticipated.

# RUAPEHU BUSINESS PARK

# INCOME DIVERSIFICATION STRATEGY



PALMERSTON NORTH AIRPORT  
**RUAPEHU**  
BUSINESS PARK

The cyclical nature of aviation has been highlighted in the past few years. During this period PNAL experienced record growth in passenger volumes, with close to 700,000 passenger movements achieved in 2018/19, followed by the withdrawal of Jetstar and the impact of COVID-19 which has seen forecast passenger numbers drop to just under 400,000 passengers in the 2020/21 year.

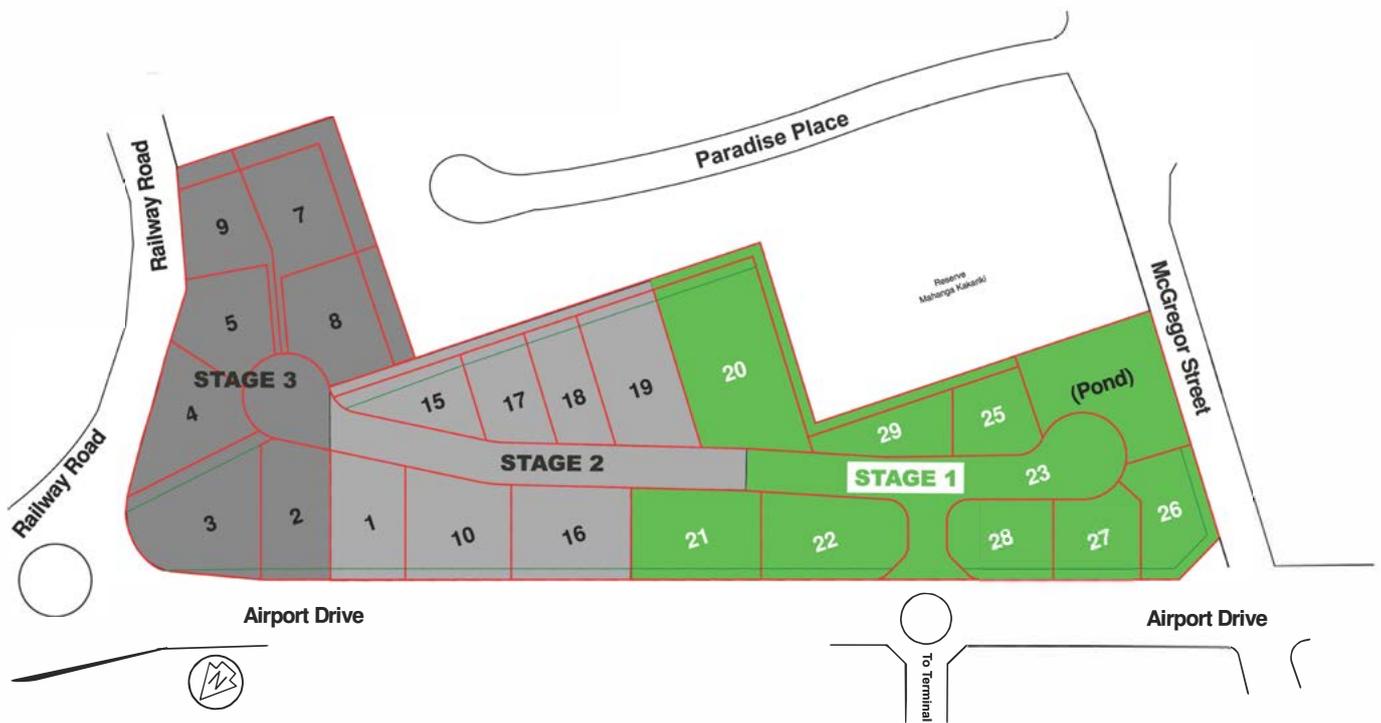
The reality of aviation cycles is well understood by modern airports with many embarking on projects to diversify income away from reliance on aeronautical revenue sources such as passenger volumes. This reality was a major driver of PNAL's decision to invest in the \$5.5 million Massey School of Aviation facility, an investment which provided a vital source of income during the COVID-19 lockdown period in 2020. The ongoing growth of airfreight operations has also assisted to provide a degree of income diversification.

In addition to the School of Aviation investment, in 2017 PNAL completed a property masterplan which provided for the staged commercialisation of airport landholdings adjacent to Airport Drive. The precinct was named Ruapehu Business Park.

The concept of creating a business park on PNAL's land was developed with the types of business activities for each area of the park identified. This has provided PNAL with the opportunity to develop over the medium / long-term an asset with the potential to generate cashflow and value accretion and which can assist in achieving the income diversification sought.

PNAL is now adhering to a phased approach to the development of Ruapehu Business Park. This approach involves the identification of strategic alliance partners to accelerate development plans.

Stage 1 of the development is an industrial subdivision of 8 lots on Wairaka Place, opposite the entrance to the airport. Lots range from 1300m<sup>2</sup> to 4,000m<sup>2</sup>, being sizes that are in increasing demand in Palmerston North City. The high profile sites are being released to the market under a PNAL funded custom design-build program with facilities then available for lease.



Scheme Plan of Wairaka Place Subdivision. Lot areas subject to final survey

The three-year 2021 Statement of Intent provides for capital expenditure of \$3.2m for further stages of the development of Wairaka Place as shown shaded in the above plan.

In total a further 16 lots will be released to the market over the three-year SOI period.

With PNAL focussed on offering customers design-build and lease back options, PNAL is budgeting to spend approximately \$7.4 million on purpose built commercial facilities during the three-year SOI period.

## VESTING OF AIRPORT ASSETS TO PALMERSTON NORTH CITY COUNCIL

As part of the Ruapehu Business Park development outlined above, PNAL is required to upgrade and vest a section of Airport Drive and the subdivision road with associated infrastructure to Palmerston North City Council.

\$1 million has been spent in 2020/21 and a further \$2 million is provided in 2023/24 pending agreement with Council on any further upgrade requirements.

Vesting will have accounting and tax implications for both PNAL and Palmerston North City Council. The full impact of vesting and associated upgrade requirements on the affordability of our development programme is presently being reviewed.

The accounting impact of vesting these assets is not reflected in this Statement of Intent, pending the receipt of formal accounting and tax advice on how to account for the vesting. When actual costs and treatments are known/incurred, these will be reflected appropriately in PNAL's financial statements in line with accounting standards.



# OUR SUSTAINABILITY JOURNEY



PNAL recognises that all areas of its operations consume energy and the Airport is committed to doing all it can to minimise its impact on the environment by reducing its carbon emissions and energy consumption. This can only be achieved through long term planning, with a focus on continual improvement to achieve these aims, and by following a structured program.

In this regard PNAL embarked on its sustainability journey back in 2017/2018, with the first stage of our core work involving the benchmarking and the establishment of energy, water and waste reduction targets. Our priorities for this work are now based on the Airport Council International (ACI) Airport Carbon Accreditation (ACA) programme which we joined in 2019.

ACI is the only institutionally-endorsed, global carbon management certification programme for airports. It independently assesses and recognises the efforts of airports to manage and reduce their carbon emissions through 6 levels of certification: 'Mapping', 'Reduction', 'Optimisation', 'Neutrality', 'Transformation' and 'Transition'.

Currently, PNAL is working towards the achievement of Level 2 Reduction. In order to achieve this, we must fulfil all the requirements of 'Mapping', provide evidence of effective carbon management procedures including target setting, and show that a reduction in the carbon footprint has occurred by comparing its latest carbon footprint to the emissions of the previous years.

PNAL has also undertaken a range of measures to reduce its waste and water consumption as well to reduce its carbon footprint by modernising the terminal HVAC system, implementing a Building Management System and LED lighting throughout the Terminal and apron areas.

Community engagement on our sustainability journey has commenced with the objective being to play our role in raising awareness amongst our community of the role we all must play in caring for our environment.

# One Team



Palmerston North Airport Limited's Wellness Program (OneTeam) refers to initiatives that PNAL will implement to support and encourage the overall wellbeing of our people.

Initiatives will include a wide range of activities designed to support the health and wellbeing of team members. Activities could take an individual, team, or organisational approach and may be focussed on physical and mental health, the workplace environment, health & safety, and team or individual engagement. These will include initiatives to educate and support team members to take a proactive approach to wellness and awareness that small steps can make a big difference.

OneTeam is a direct outcome of the creation of the Fifth Strategic Objective – "Culture", and will support the objective of achieving the one-team ethos across the PNAL business. It is further informed by PNAL's Safety and Wellness Policy Statement.

OneTeam will improve the ability of PNAL to support team and individual wellbeing and keep this at the forefront of all activities, ultimately increasing personal health levels, teamwork, engagement and productivity. These benefits are expected to have the flow on effect of improved attraction and retention of our people.

# KEY OBJECTIVES

	<b>Strategic Project</b>	<b>Measure</b>	<b>Completion</b>
<b>COMPLIANCE</b>	Capital Expenditure Airside Infrastructure	<ul style="list-style-type: none"> <li>Complete runway 25 &amp; 07 end overlay</li> <li>Complete runway rejuvenation program</li> <li>Complete Taxiway upgrades</li> </ul>	Ongoing
	CAA Part 139 Compliance	Maintained	Ongoing
	RFS Insourcing	<ul style="list-style-type: none"> <li>Fire appliances onsite and commissioned</li> <li>RFS team commence employment with PNAL</li> </ul>	October 2021
	Ongoing SMS development	Operating & effective status achieved	June 2022
	Terminal Seismic Upgrade (Eastern/Central)	Completed	June 2023
	Statutory and Regulatory compliance	Maintained	Ongoing
	Noise Management (Air and ground) compliance	Maintained	Ongoing
	Asset Management Plan	Landside infrastructure completed	June 2022
	IT Systems upgrade	IT System upgrades identified and implemented	March 2022
Aerodrome Master Plan	Completed	August 2021	
<b>CUSTOMER</b>	Terminal Development Plan	<ul style="list-style-type: none"> <li>Terminal Development completed</li> </ul>	June 2025
	Car park upgrade product & systems	<ul style="list-style-type: none"> <li>Airport Pick Up &amp; Drop Off forecourt completed</li> <li>Covered walkways completed</li> </ul>	December 2021
	Terminal Air Conditioning Upgrade	Completed	August 2021
	Customer loyalty	Achieve a Net Promoter Score of 30 or above*	Ongoing
	Customer experience review and roadmap	Completed	May 2021
	Website redesigned and upgraded	Completed	May 2021
	Customer engagement plan with airport tenants and users	Completed	May 2021
<b>COMMUNITY</b>	Achievement of ACA Level 2 and other sustainability initiatives	<ul style="list-style-type: none"> <li>ACA Level 2 achieved</li> <li>Waste &amp; water targets achieved</li> </ul>	December 2021
	Sustainability Plan completion	Completed	June 2021
	Historical PFAS contamination Management	Monitoring regime implemented	Ongoing
	Implement Community Engagement Plan	Annual completion of objectives	June 2021

<b>CULTURE</b>	Continual improvement of safety culture	Zero lost time injuries	Ongoing
	Wellness Plan rollout	<ul style="list-style-type: none"> <li>Completed and rolled out</li> <li>Initial engagement survey completed and team feedback received</li> <li>Improved team engagement scores</li> </ul>	Ongoing
	Strategic Plan completed and communicated to team members	Completed	May 2021
<b>COMMERCIAL</b>	Construction of Wairaka Place	<ul style="list-style-type: none"> <li>Stage 1 completed</li> <li>Stage 2 completed</li> <li>Stage 3 completed</li> </ul>	September 2021 June 2022 June 2024
	Commercial Partnership strategies	Opportunities identified & implementation	Ongoing
	Air Service Development	<ul style="list-style-type: none"> <li>480,000 pax</li> <li>540,000 pax</li> <li>560,000 pax</li> </ul>	June 2022 June 2023 June 2024
	Airport Drive upgrade (McGregor to Airport Roundabout)	Completed	June 2021
	Preliminary freight precinct evaluation	Completed	June 2021

\* An audit of Net Promoter Score data undertaken in mid 2020 highlighted a material level of invalid survey submissions e.g. children repeatedly entering submissions. A subsequent program of cleansing data prior to reporting has been developed. In addition lower passenger volumes have impacted on the number of monthly submissions, with increased variability in scores now occurring.

An audit of historical data was then undertaken and revealed that in general scores were found to be overinflated due to invalid entries. A new benchmark has been established based on cleansed data and benchmarks for the aviation and tourism industries.

# PERFORMANCE METRIC TARGETS

For the 12 Months to 30 June

Performance Metric	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast
I A ratio of surplus before interest/ tax/depreciation to total assets	4%	4%	5%	5%
II A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve	1%	3%	3%	2%
III To maintain a ratio of consolidated shareholders funds to total assets of at least 40%	76%	72%	67%	60%
IV To maintain an interest coverage ratio of EBITDA to interest of at least 2.5 as per BNZ Loan Covenants	7.4	6.5	6.2	4.7
V To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$50 million	\$70 m	\$71.3 m	\$73.3 m	\$75.1 m

# GOVERNANCE

## GOVERNANCE OBJECTIVES

The Board's approach to governance of PNAL is to preserve and enhance shareholder value. The Board is committed to ensuring a high level of governance of company processes and policies, including health and safety and encouraging ethical and responsible decision making to ensure Management effectively achieve the Company's goals.

Due to the everchanging commercial environment of the aviation and airport industry, the Board is committed to ensuring regular reviews of all aspects of the business and the implementation of best practice.

## REGULATORY FRAMEWORK AND STATEMENT OF EXPECTATIONS

The Board is responsible for the proper direction and control of PNAL's activities and is accountable to the shareholder within the strategic framework set out in this Statement of Intent, PNAL's Constitution, and the provisions of the Local Government Act 2002 (LGA), and the Companies Act 1993.

## SHAREHOLDER STATEMENT OF EXPECTATION

The Board is also responsible for ensuring it meets the requirements of the shareholder's Statement of Expectations dated 22 December 2020 for the three-year period of the Statement of Intent, with particular reference to Schedule 8, Part 2 LGA, Section 64B (1) and 64B (2). Importantly the Board will ensure alignment of the Company's objectives with the Shareholder's vision, goals and key strategies and the District Plan.

## BOARD COMPOSITION AND FEES

The Board comprises five Directors appointed by the Shareholder in accordance with PNAL's Constitution. Director appointments are for a period of three years with retiring directors able to be reappointed by the Shareholder.

The Board normally meets eleven times per year with intervening meetings in person or by other means as required. To enhance efficiency, the Board may formally document and delegate some of its powers and authorities to the Chief Executive or other senior executives.

At the request of the Shareholder, the Board will engage a director intern in 2021 as part of the Shareholder's Governance Internship Programme.

PNAL has an Audit & Risk Committee comprised of three directors of the PNAL Board. The Committee has a board-approved Charter, outlining its membership, authority, primary and secondary roles and reporting procedures.

The Committee meets a minimum of four times each year and is responsible for overseeing the financial accounting, financial statements and audit activities of PNAL. This includes the adequacy and effectiveness of internal controls, external auditor performance, insurances, risk management and financial and accounting policies.

Fees for the Board are reviewed annually. The Board recommends fee levels to the Shareholder for approval based on commercial or near-commercial rates.

## SHAREHOLDERS EQUITY IN PNAL

PNAL's land, building, and infrastructure assets were revalued as at 30 June 2020, following a Board request due to COVID-19. Shareholder equity as shown in the Statement of Financial Position as at 30 June 2020 is \$67.1 million.

The ratio of consolidated shareholder's equity to total assets will be maintained at no less than 40%. For the purposes of this ratio, 'consolidated shareholder's equity' is total shareholder funds inclusive of retained earnings and revaluation surplus, and 'total assets' are current assets plus net book value of fixed assets plus future tax benefit (if any).

## INFORMATION TO BE PROVIDED TO THE SHAREHOLDER

The Shareholder will receive:

- An Annual Report including audited financial statements within 3 months of balance date.
- A summary of PNAL's achievements of the Key Objectives and its performance against the metric targets as outlined in this SOI.
- An Interim Report including non-audited financial statements within 2 months of the end of the first half of the financial year.
- A Statement of Intent submitted for shareholder consideration in accordance with the Local Government Act 2002.
- Other interim reports as agreed with the Shareholder.

Timeframes for the Interim and Annual Reports are legislative maxima. However, PNAL will meet the reporting and governance requirements of the Shareholder.

## ACCOUNTING POLICIES

The accounting policies adopted by PNAL are consistent with New Zealand's Financial Reporting Standards, with PNAL designated as a Public Benefit Entity (PBE) for financial reporting purposes.

The policies are included in PNAL's Annual Report which is available on PNAL's website: [www.pnairport.co.nz/corporate/corporate-profile](http://www.pnairport.co.nz/corporate/corporate-profile).

## FORECAST FINANCIAL STATEMENTS

The financial information contained in the SOI is a forecast for the purposes of the PBE financial reporting standard (FRS) 42. This information may not be appropriate for purposes other than those described. It has been prepared on the basis of assumptions as to future events that PNAL reasonably expects to occur, associated with the actions it reasonably expects to take, as at the date the forecast was prepared. The actual results are likely to vary from the information presented and may vary materially depending on the circumstances that arise during the period.

## COMPENSATION SOUGHT FROM THE SHAREHOLDER

PNAL acknowledges that the Palmerston North City Council holds shares in PNAL for strategic reasons and that PNAL needs to facilitate the development and promotion of both aeronautical and complimentary non-aeronautical business activities. As well as direct benefit to PNAL this impacts through to the economic development of the city and the wider region.

At the request of the shareholder, PNAL may undertake activities that are not consistent with normal commercial objectives subject to the Shareholder providing a specific subsidy to meet the full commercial cost for providing such activities.

PNAL anticipates significant future capital investment within this SOI period. PNAL will be seeking additional bank lending and may seek Shareholder support for this.

## DIVIDEND POLICY

Investment by PNAL in major capital projects for the long-term benefit of the airport and region is critical over the next three years. This includes airside infrastructure, terminal and car park redevelopment and progression with the development and commercialisation of Ruapehu Business Park. While it remains PNAL's long-term intention to pay 40% of NPAT as a dividend, due to the recent disruption caused by COVID-19 and the level of upcoming capital expenditure projects, PNAL will therefore suspend payment of dividends over the three years until 2024/25 and utilise equivalent funds for these major projects.



# STATEMENT OF FINANCIAL PERFORMANCE

For the 12 Months to 30 June

	2020/21 Budget	2020/21 Forecast	2021/22 SOI	2022/23 SOI	2023/24 SOI
<b>Revenue</b>	<b>6,253,088</b>	<b>8,273,726</b>	<b>10,035,463</b>	<b>11,384,307</b>	<b>12,011,296</b>
Less					
Operating Expenditure	2,480,544	2,346,315	3,386,509	2,837,806	2,930,072
Administration and Employment Costs	2,142,250	2,378,235	2,679,497	2,766,443	2,857,484
<b>Total Operating Expenditure</b>	<b>4,622,794</b>	<b>4,724,550</b>	<b>6,066,006</b>	<b>5,604,249</b>	<b>5,787,556</b>
Extraordinary Items (PFAS Related)*	50,000	0	20,000	10,000	10,000
<b>Surplus Before Int, Depn &amp; Tax</b>	<b>1,580,294</b>	<b>3,549,176</b>	<b>3,949,457</b>	<b>5,770,058</b>	<b>6,213,739</b>
Less					
Depreciation	2,075,421	1,826,501	1,789,607	2,071,781	2,397,391
Finance Costs	309,235	482,330	610,895	936,825	1,328,744
Loss/(Gain) on Sale of Asset	-	1,393	(1,064,435)	-	-
	2,384,656	2,310,224	1,336,067	3,008,606	3,726,135
<b>Surplus Before Taxation</b>	<b>(804,361)</b>	<b>1,238,952</b>	<b>2,613,390</b>	<b>2,761,452</b>	<b>2,487,605</b>
Income Tax	-	346,984	732,029	773,487	696,809
<b>Net Operating Surplus</b>	<b>(804,361)</b>	<b>891,968</b>	<b>1,881,361</b>	<b>1,987,965</b>	<b>1,790,795</b>

\* The Extraordinary Items are soil, sediment, surface and ground water sampling for PFAS at Palmerston North Airport and adjacent sites including the Mangaone Stream.

The impact of vesting any Airport Drive or Zone B assets has not been included in the Statement of Financial Performance

# STATEMENT OF FINANCIAL POSITION

For the 12 Months to 30 June

	2020/21 Budget	2020/21 Forecast	2021/22 SOI	2022/23 SOI	2023/24 SOI
<b>Current Assets</b>					
Bank & Short Term Deposits	50,000	48,766	50,000	50,000	50,000
Trade Debtors	512,487	748,798	875,109	1,005,048	1,013,173
Doubtful Debt Provision	(5,125)	(7,488)	(8,751)	(10,050)	(10,132)
Accrued Income	1,173	1,159	1,373	1,727	1,891
Prepaid Expenditure	-	-	-	-	-
Assets Held For Sale	-	-	-	-	-
<b>Total Current Assets</b>	<b>558,536</b>	<b>791,235</b>	<b>917,730</b>	<b>1,046,724</b>	<b>1,054,931</b>
<b>Current Liabilities</b>					
Trade Creditors	418,335	1,136,603	894,217	1,106,878	1,328,258
Income Received In Advance	85,414	124,800	145,851	167,508	168,862
Accrued Expenditure	89,980	118,297	106,975	112,690	116,342
Taxation	(541,654)	65,584	93,879	229,619	213,211
Other Provisions	325,000	325,000	325,000	325,000	325,000
Short Term Loan	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>377,076</b>	<b>1,770,283</b>	<b>1,565,921</b>	<b>1,941,696</b>	<b>2,151,672</b>
<b>Working Capital</b>	<b>181,460</b>	<b>(979,049)</b>	<b>(648,191)</b>	<b>(894,972)</b>	<b>(1,096,741)</b>
<b>Non Current Assets</b>					
Land	32,004,350	32,004,350	31,470,289	31,470,289	31,470,289
Buildings	13,589,760	13,577,614	17,504,621	27,594,111	37,819,831
Infrastructural - Land	7,728,290	10,452,271	12,421,500	12,297,996	16,234,028
Infrastructural - Air	27,774,541	25,296,249	27,014,073	27,774,776	28,558,302
Plant & Equipment	1,590,105	1,517,700	1,908,056	1,922,917	2,172,288
Furniture & Fittings	102,845	111,395	122,304	132,392	141,719
Computers	59,237	38,729	56,358	66,758	75,640
Fire Appliances	725,805	944,143	958,148	866,605	783,808
Investment Property	6,813,354	6,813,357	6,813,357	6,813,357	6,813,357
Intangible Assets	4,673	26,986	23,843	21,066	18,613
<b>Total Non Current Assets</b>	<b>90,392,962</b>	<b>90,782,793</b>	<b>98,292,547</b>	<b>108,960,266</b>	<b>124,087,875</b>
<b>Non Current Liabilities</b>					
Term Loan	14,851,329	13,266,445	19,759,756	28,192,729	41,327,773
Deferred Tax	8,056,032	6,542,668	6,542,668	6,542,668	6,542,668
<b>Total Non Current Liabilities</b>	<b>22,907,361</b>	<b>19,809,113</b>	<b>26,302,424</b>	<b>34,735,397</b>	<b>47,870,441</b>
<b>Net Assets</b>	<b>67,667,060</b>	<b>69,994,632</b>	<b>71,341,932</b>	<b>73,329,897</b>	<b>75,120,693</b>
<b>Shareholders' Funds</b>					
Paid Up Share Capital	9,380,400	9,380,400	9,380,400	9,380,400	9,380,400
Asset Revaluation Reserve	36,590,833	36,590,833	36,056,772	36,056,772	36,056,772
Retained Earnings	22,500,188	23,131,431	24,023,399	25,904,760	27,892,726
Shareholders Dividend	-	-	-	-	-
Current Year Surplus	(804,361)	891,968	1,881,361	1,987,965	1,790,795
<b>Total Shareholders' Funds</b>	<b>67,667,060</b>	<b>69,994,632</b>	<b>71,341,932</b>	<b>73,329,897</b>	<b>75,120,693</b>

The impact of vesting any Airport Drive or Zone B assets has not been included in the Statement of Financial Position

# STATEMENT OF CHANGES IN EQUITY

For the 12 Months to 30 June

	<i>2020/21 Budget</i>	<i>2020/21 Forecast</i>	<i>2021/22 SOI</i>	<i>2022/23 SOI</i>	<i>2023/24 SOI</i>
<b>Equity at the Beginning of the Year</b>	<b>68,471,421</b>	<b>67,119,563</b>	<b>69,994,632</b>	<b>71,341,932</b>	<b>73,329,897</b>
Asset Revaluation Reserve Movement	-	1,302,475	-	-	-
Total Comprehensive (loss) Income	(804,361)	891,968	1,881,361	1,987,965	1,790,795
Dividends Paid	-	-	-	-	-
<b>Equity at the End of the Year</b>	<b>67,667,060</b>	<b>69,994,632</b>	<b>71,341,932</b>	<b>73,329,897</b>	<b>75,120,693</b>

# STATEMENT OF CASHFLOWS

For the 12 Months to 30 June

	2020/21 Budget	2020/21 Forecast	2021/22 SOI	2022/23 SOI	2023/24 SOI
<b>Cash Flow From Operating Activities</b>					
<b>Cash Was Provided From</b>					
Receipts From Customers	6,182,794	8,152,588	9,910,277	11,255,314	12,003,089
Tax Refund	-	9	-	-	-
Interest Received	-	-	-	-	-
<b>Cash Was Disbursed To</b>					
Payment to Suppliers	4,461,420	4,129,725	6,920,598	5,381,738	5,817,194
Payment of Tax	346,424	246,293	457,695	630,223	467,195
Interest Payments	309,235	482,330	610,895	936,825	1,328,744
<b>Net Cash Flow From Operating Activities</b>	<b>1,065,716</b>	<b>3,294,249</b>	<b>1,921,089</b>	<b>4,306,528</b>	<b>4,389,956</b>
<b>Cash Flow From Investing Activities</b>					
<b>Cash Was Provided From</b>					
Sale of Fixed Assets	-	(1,393)	2,123,834	-	-
<b>Cash Was Applied To</b>					
Land and Developments	-	-	-	-	-
Buildings	545,000	362,191	4,305,000	10,665,000	11,065,000
Infrastructure - Land	620,000	3,153,608	2,905,000	125,000	4,215,000
Infrastructure - Air	2,285,000	1,036	2,625,000	1,725,000	1,775,000
Plant and Equipment	455,000	199,756	545,000	184,500	430,000
Investment Property	-	1,335	-	-	-
Furniture and Fittings	20,000	20,000	20,000	20,000	20,000
Computers	15,000	4,248	25,000	20,000	20,000
Fire Appliances	775,000	954,200	112,000	-	-
Intangible Assets	-	21,502	-	-	-
PNCC Contribution	-	-	-	-	-
<b>Net Cash Flow From Investing Activities</b>	<b>(4,715,000)</b>	<b>(4,719,269)</b>	<b>(8,413,166)</b>	<b>(12,739,500)</b>	<b>(17,525,000)</b>
<b>Cash Flow From Financing Activities</b>					
<b>Cash was Provided From</b>					
Term Loan Draw Downs	3,659,584	2,560,050	8,661,796	8,463,813	13,136,063
<b>Cash was Applied To</b>					
Term Loan Repayments And Dividend Payment	10,299	1,351,627	2,168,484	30,840	1,018
<b>Net Cash Flow From Financing Activities</b>	<b>3,649,285</b>	<b>1,208,424</b>	<b>6,493,311</b>	<b>8,432,973</b>	<b>13,135,044</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>1</b>	<b>(216,596)</b>	<b>1,234</b>	<b>-</b>	<b>-</b>
Opening Cash Balance	49,999	262,850	46,253	47,487	47,488
<b>Closing Cash Balance</b>	<b>50,000</b>	<b>46,253</b>	<b>47,487</b>	<b>47,488</b>	<b>47,487</b>

# CAPITAL EXPENDITURE PROGRAMME

For the 12 Months to 30 June

	2020/21 Budget	2020/21 Forecast	2021/22 SOI	2022/23 SOI	2023/24 SOI
<b>Capital Expenditure Programme</b>					
Land	-	-	-	-	-
Buildings	545,000	195,000	395,000	345,000	45,000
Terminal Development	-	250,000	680,000	7,704,500	9,920,000
Infrastructure - Landside	620,000	200,740	1,315,000	125,000	2,625,000
Infrastructure - Airside	2,285,000	1,035	2,625,000	1,725,000	1,775,000
Plant and Equipment	455,000	238,231	545,000	100,000	100,000
Furniture and Fittings	20,000	20,000	20,000	20,000	20,000
Computers	15,000	4,250	25,000	20,000	20,000
Rescue Fire	775,000	950,000	112,000	-	-
Ruapehu Business Park And Airport Dr Development	-	3,242,368	4,820,000	2,700,000	3,020,000
Intangible Assets	-	21,500	-	-	-
	<b>4,715,000</b>	<b>5,123,124</b>	<b>10,537,000</b>	<b>12,739,500</b>	<b>17,525,000</b>
<b>Capital Sales Programme</b>					
Total Sales Proceeds of Zone A, B & C land	-	-	<b>2,154,760</b>	-	-



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