

# Hawke's Bay Airport

Annual Report

Te Pūrongo Ā-Tau

2024

Growing  
through  
collaboration



# Titiro whakamuri, kōkiri whakamua

Look back and reflect so you  
can move forward



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Te whanake mā  
te mahi tahi

## Growing through collaboration

Hawke's Bay Airport has grown from humble beginnings into a vital regional air transport hub, serving as a gateway to opportunities and connections. This growth has only been possible through the many hands, hearts and minds that have contributed through the years. Collaboration is the foundation of our shared success and as we celebrate 60 years of Hawke's Bay's airport, we are poised to meet the demands and opportunities of the future while honouring the legacy of our past.

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"Collaboration is the  
foundation of our  
shared success."

Mokotahi Hill, Mahia

# Te Pūrongo a te Toihau

## Chair's report

Following the celebration of Hawke's Bay Airport's 60th anniversary in February I would sum up the past year as one of progress. While our aviation history stretches back to the early 1930s, Hawke's Bay Airport was officially opened with much pomp and ceremony on 15 February, 1964. Sixty years on, I'm pleased to say that our business has grown through regional collaboration and a commitment to operating an exceptional gateway befitting our region.

We owe much to the aviation pioneers of Hawke's Bay, in particular the Napier Aero Club, which was the force behind establishing an airfield for Napier in 1931. The Aero Club and the General Aviation community paved the way for commercial flight connections, and while the community has changed over the years, general aviation, maintenance facilities, flight training, and jet services remain an integral part of Hawke's Bay Airport.

Today, Hawke's Bay Airport is the third busiest in the North Island. We envision a future for the airport that includes enhanced regional connectivity, thriving aeronautical and non-aeronautical communities, and a business that is sustainable and resilient.

Achieving our vision requires a financially sustainable business, and I'm pleased to report a continued growth in financial performance. Revenue, at \$13.03M is up 3% on last year, driven by total passenger numbers of 654,831 exceeding our budget by 4.4%. Earnings before interest, tax, depreciation, and amortisation (EBITDA) were \$7.3 million and are in line with our Statement of Intent (SOI) lodged with our Shareholders.

While there is much to be proud of in our financial performance, there has been a notable shift in consumer confidence driven by economic uncertainty. This resulted in a decrease in both capacity and demand for travel in the last quarter of FY24. This softening in demand was felt across the country, but we remain confident in the economic resilience of Hawke's Bay and our ongoing engagement with our largest customer, Air New Zealand.

As I write this report, we are still in the process of appointing a new Chief Executive. This has not diminished the performance and contribution of the airport team, who have stepped up and shown exceptional commitment. Our board members, too, have taken on additional responsibilities during this time. The strength of the team is highlighted by the improved delivery of projects, focus on core business and wider engagement across our community.

Providing a safe environment for our team, tenants, travellers, and visitors to the airport remains a top priority. A significant milestone was the recertification of our Civil Aviation Authority Part 139 certificate, which is our license to operate. At the same time, we took the opportunity to prioritise our health and safety framework and management programme to ensure strong foundations for our team, customers and tenants.

Another milestone in our 60th year is the 5th anniversary of the Airport Ambassador Programme. This wonderful group of volunteers have been the welcoming face of the airport since 2019 and add so much to the journey of travellers to and from Hawke's Bay.

As the gateway to Hawke's Bay, we play a critical role in the development of air services to and from the region. To that end, we work very closely with Air New Zealand and, more recently, with regional carrier Sunair to make sure the people of Hawke's Bay have the frequency and network of air services they deserve. Working with Sunair, we have established new connections to Wairoa, Gisborne, Hamilton, and Tauranga over the past two years, providing new point-to-point options in the upper North Island.

In June, we hosted the Australasian Airports Roundtable, marking the first time this influential industry event has been held in New Zealand. The roundtable provided great insights into the future of aviation and ways of working with airlines to encourage new air services in the future.

We were again recognised at the 2023 New Zealand Airports Association awards, winning two awards for our sustainability and community engagement work and we were named Medium Airport of the Year award for the second year running.

Collaboration with others is essential for airport operations, both now and in the future. We want to be recognised as trusted, credible, sustainable, and a regional enabler. To help us understand how we can do this better, we conducted our first-ever

reputation survey. It showed that while we are doing well in some areas, there are improvements we can make to build mutual understanding and collaborate and partner for shared outcomes and growth opportunities and we are making sure this happens.

Important collaborations include our membership of Hawke's Bay Regional Transport Committee, and our position on the technical advisory group for the Ahuriri Regional Park with Napier City Council and Hawke's Bay Regional Council. We continue to enjoy a relationship with Mana Ahuriri.

We continue to support the Great Wine Capitals initiative with Hawke's Bay Tourism and play an ongoing role in key events such as the Art Deco Festival and Hawke's Bay Marathon which are so important in attracting visitors to our region.

Project work across the airport site has hit its strides this year. We were very pleased to complete the apron overlay project in December. The apron is critical airport infrastructure that must be maintained for safe aircraft movements. Additionally, we started the extension of the valet wash parking area for our rental car tenants, to support the future growth of their businesses.

"Collaboration with others is essential for airport operations, both now and in the future. We want to be recognised as trusted, credible, sustainable, and a regional enabler."



Wendie Harvey, Chair

In the year since Cyclone Gabrielle, we've made significant advances in deepening our understanding of the airport site so that we can strengthen its resilience in a future shaped by climate change. Our stormwater management work with the Hawke's Bay Regional Council, along with pump station upgrades and groundwater monitoring, are key building blocks in our long-term strategy to ensure the airport continues to provide lifeline air access to our region.

The past 12 months have been full of achievements that saw the airport enhance our services to our community and to passengers who pass through our terminal, progressing air service development, playing a role in regional plans and strategies, and delivering a strong commercial result. Along with the rest of the board, I couldn't be prouder of the entire airport team, including our hardworking ambassadors.

As to the year ahead - we will continue to focus on the core business of the airport, delivering excellent airport operations, maintaining and building resilience into our infrastructure, growing the experience we deliver for customers and generating returns for our shareholders. I am very proud of the airport's place in Hawke's Bay as we celebrate 60 years, and of our very good people – airport team and directors - who do their very best to ensure the airport's continued success.

Ngā mihi nui

**Wendie Harvey**  
Chair

# The year ahead



## our vision

Navigating Success;  
the Airport that  
could...and did

## our mission

We provide a safe, secure  
and intuitive transport  
hub for everyone with  
sustainability and  
resilience at the heart  
of everything we do

## our purpose

We connect people,  
business and the region  
in meaningful ways

## our strategic pou

### our operations

we strive for  
excellence

### our partnerships

we reflect  
our region

### our people

a great place  
to work

### our place

we care for our  
environment

### prosperity

a profitable,  
sustainable  
business

# Te arotake i te tau me ōna painga

## A year in review

### 60th Anniversary

- 60th Anniversary Day celebration
- Public photo competition
- Napier Aero Club Fly-in

### Our Operations

- Civil Aviation Authority (CAA) Part 139 recertification
- Official designation as Place of First Arrival
- Active offender exercise
- Approval to progress new fire station

### Our People

- 5 years of airport ambassador programme
- NZ Airports awards
- Increased Airport Fire Service roster

### Our Partnerships

- Reputation survey
- Great Wine Capitals 1st Anniversary
- The return of the Art Deco Festival Napier

### Our Place

- Apron overlay project
- Retaining ACA Level 4+ transition sustainability rating
- Smart technology and data adoption
- Historical timeline and map of Te Whanganui A Orotu

### Prosperity

- Australasian Airports Roundtable
- Sunair services to Hamilton
- Valet wash bay extension project commences





Art Deco flyover



Active offender exercise



Fire station lunch

## Metrics

Passengers

**654,831**

↑ Up 2.4% YoY

Revenue

**\$13.03M**

↑ Up 3% on FY23

EBITDA

**\$7.3M**

| In line with FY23

Revenue Split

Aeronautical

**72.6%**

Non-aeronautical

**27.4%**

Aircraft Movements

Regular Passenger Transport:

**12,135**

↑ Up 4% on FY23

General Aviation:

**9,974**

↓ Down 3% on FY23

# Te whakanui i te 60 tau

## Celebrating 60 years

In February 1964, Hawke's Bay Airport was officially opened. In 2024 we celebrated not only 60 years but looked back even further at the rich history of the airport which dates to 1931. Our 60th anniversary year has given us the chance to recognise and thank those who have made significant contributions to our airport's development, learn more about our collective past and of course, celebrate with our community.



### A night to remember

In March, our Board and team hosted an anniversary event at the airport terminal, acknowledging the milestone with people and organisations who have been involved in the airport's evolution since 1964. Our shareholders, regional stakeholders, iwi partner, airport tenants and team celebrated and acknowledged the history of the land, and the collaborative efforts of many that have shaped the story of Hawke's Bay Airport.



### Anniversary day

On 15 February, we marked the official anniversary day with a special celebration in the terminal. Board members, shareholders, key partners and stakeholders joined us to commemorate the milestone with a cake-cutting and morning tea.

### Fly-in BBQ

On a bright morning in late March, we hosted a BBQ fly-in at the Aero Club. The Napier Aero Club, located at the Southern end of the airport, is steeped in history, being the original aviators in the area. Offering complimentary landing, a sausage sizzle and slice of celebration cake, the fly-in invitation was sent out to aero clubs around the North Island to come and enjoy the Hawke's Bay Airport environment.

1931

Napier Aero Club established

1931

Hawke's Bay Earthquake

1934

Embankment aerodrome opens

1935

East Coast Airways Gisborne to Napier service

1945

First airport terminal built

1963

Runway sealed

## New exhibits celebrate our history

Two new permanent exhibits were unveiled in the terminal to celebrate our history, and connection to our whenua. The first is a historical and pictorial timeline on the mezzanine floor, created with the help of local historian Michael Fowler and Napier Aero Club. It tells our story beyond just a record of events. It highlights our modest beginnings as an aerodrome in 1931, the impact of the Napier Earthquake, our first terminal (a tramcar), Jean Batten's legendary visit, early flights connecting Hawke's Bay to Gisborne, runway drag races, and terminal transformations. It's a fitting tribute to our resilience, innovation and the spirit of our community.

The second is a special map, created in collaboration with Mana Ahuriri and local Māori artist Jacob Scott. The map depicts Te Whanganui a Orotu, which was the vast lagoon that existed prior to the 1931 Napier Earthquake, where the airport is now situated. Te Whanganui a Orotu was considered a taonga to the hapū of Ahuriri thanks to its fertile lands and abundance of kaimoana. The map now holds pride of place in the middle of the terminal inviting airport visitors to connect with the shared heritage and the transformation of the whenua we now call home.



## It's vintage darling...

Thanks to Air New Zealand, we had the opportunity to display vintage flight attendant uniforms in the terminal to help celebrate our 60th Anniversary. This exhibit traced fashion trends from the post-World War II era to the late eighties, capturing the essence of air travel glamour. One of our airport ambassadors, Iris, wore the gold uniform during her days as an air hostess for NAC (which later became Air New Zealand).



## Snap & celebrate: Our 60th anniversary competition

Celebrating our 60th year in the terminal and engaging with airport visitors and travellers was an important part of the celebrations. A 'Big 60' was installed at the entrance to the terminal with a striking floral display representing our local environment including the sea, wetlands, and hills. A photo competition on social media invited airport visitors to upload a selfie in front of the Big 60 for the chance to win fabulous prizes donated by businesses around Hawke's Bay.

1964

Hawke's Bay Airport officially opens

1974

Major runway reseal

2019

Airport ambassador programme launched

2021

New terminal opens

60  
YEARS

HAWKE'S BAY  
AIRPORT  
1964-2024



Hawke's Bay Airport, Napier

## Ā mātau mahi Our operations

This year our focus has been on strengthening the foundation of our airport operations, with an emphasis on health and safety, compliance and emergency preparedness. We have worked diligently to enhance our practices in these areas, ensuring that our operations not only meet regulatory standards but also exceed them where possible, and adopting the lessons and insights from our response during Cyclone Gabrielle. Through these efforts, we continue to uphold the highest standards of airport operations, ensuring that our airport remains a trusted and reliable gateway for air travellers and visitors.

## Health and safety first

Our commitment to health and safety extends beyond compliance; we are enhancing our systems to ensure a safe, healthy environment for everyone at the airport – staff, ambassadors, contractors, tenants, and of course passengers and visitors.

Notably, there have been significant enhancements to our action plans and risk registers involving our whole team. The journey of continuous improvement ensures that our health, safety and security culture is embedded across the airport, with everyone understanding the relevance and importance of their role to ensuring the safety of everyone, every day, is our number one priority.



Active offender exercise

## Ensuring compliance: Part 139 certificate renewal

Maintaining an Aerodrome Operation Certification is critical for airport operations. Without it, aircraft can't fly to and from a destination. Requiring renewal every five years, in 2023 we started the process of recertification and took the opportunity to undertake a comprehensive rewrite of our operational manuals. The aerodrome emergency plan was revised in consultation with key emergency services and aviation tenants. The recertification process was completed in September 2023, and following an inspection by the Civil Aviation Authority (CAA) a new five-year certificate was issued.

## Official designation as Place of First Arrival

In January 2024, Hawke's Bay Airport was officially designated a Customs Airport. The designation permits international non-scheduled passenger flights with a maximum of 14 passengers and crew to land directly into Hawke's Bay via our two fixed wing operators: Air Napier and Skyline Aviation. A gazette notice for approval of Hawke's Bay Airport as a Place of First Arrival was also issued by MPI reinstating our full operational capabilities. Both designations make Hawke's Bay an attractive destination for high-value international visitors and tours arriving directly from off-shore into Hawke's Bay.

## Testing our readiness for real life emergencies

Being able to effectively respond to an emergency incident is best mastered through realistic simulation exercises. In September, more than 200 people gathered after-hours at the airport terminal to simulate a real-world incident and provide frontline Police, the Armed Offenders Squad, St John's, and our own team a chance to test plans and respond to an incident in a controlled environment. This was the largest multi-agency exercise ever to be held in Hawke's Bay's history and was hailed a great success.

## Operating sustainably

Having a sustainable operation, is essential to defending our site now and in the future. Climate change and sea level rise are no longer emerging issues which means ensuring the airport's resilience is integral to our strategic planning. We are investing in stormwater management and upgrading pump stations for stormwater discharge, so that our runway, apron, and taxiways continue to support airfield operations. We are also giving priority to making sure we are part of strategy and planning for Hawke's Bay's emergency preparedness and response

## Data stories

A major focus this year has been the development of data strategies that provide insights into every aspect of our business. Over time, this allows us to improve services and our reporting.

A large part of this work is to understand our customers better so we can enhance their experience of the airport.

In March, we launched a new customer insights tool that captures key data from arriving and departing customers. The easy-to-use, voluntary survey asks questions to understand traveller demographics, and their experience of the airport environment and services. The results are already providing greater insight and directing future improvements in seating areas, children's facilities, workstations and enhanced connectivity and charging options.

## Some of the key insights are:

### Survey reponses

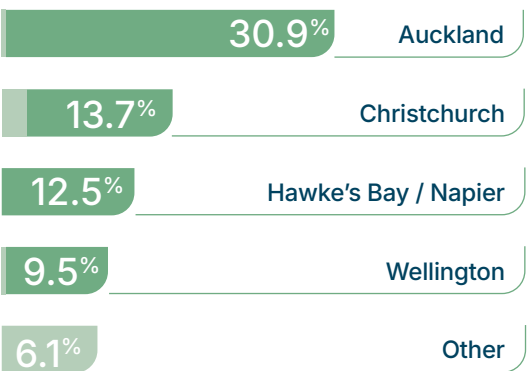
From March to June 2024

2677



### Where are customers travelling?

Based on customers completing the survey



### Direct

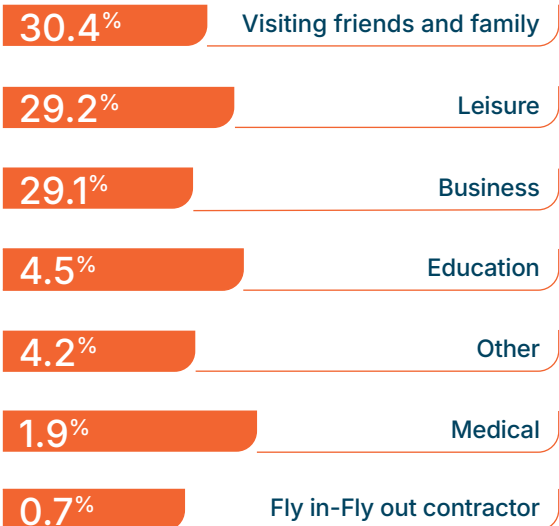
66.6%

### Indirect

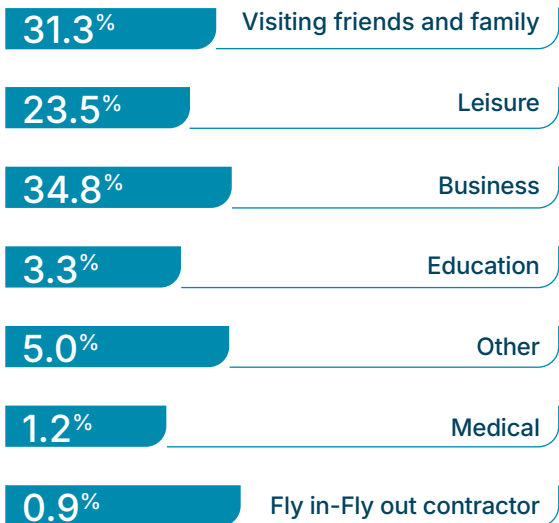
33.4%

### Reason for travel

#### Locals



#### Visitors





Te hāpori taunga  
rererangi

## Our airport community

### Aviation businesses

As we celebrate our 60 years,  
we shine the spotlight on the  
hard-working people who add  
so much to our community.





Mahia Peninsula

## Ō Mātau Tāngata Our people

Our people are at the heart of our airport's smooth and safe operation, every day. From our airport team behind the scenes to our ambassadors greeting passengers, each plays a crucial role in delivering a smooth experience for our customers, our shareholders and the wider airport community. Maintaining the highest standards of safety and security are fundamental, as is our commitment to creating a welcoming environment for everyone who visits, passes through and works at our airport.



## Five years strong: Our Ambassador programme

Launched in February 2019, our ambassador programme is a fundamental component of the customer experience at Hawke's Bay Airport. Our dedicated volunteers support customer journeys with their friendly smiles, making each traveller's experience smoother and more enjoyable. In 2019 the response to our call for ambassadors who could guide visitors and travellers through their airport experience was overwhelming, drawing people from all walks of life eager to be the friendly face of Hawke's Bay's gateway. It's heartwarming that five years on, 28 of our original Ambassadors continue to give a very warm welcome to visitors and travellers alike.

## Sharing our experience and expertise

Sharing knowledge and expertise with others is part and parcel of working for a regionally significant business such as Hawke's Bay Airport. The team are encouraged to share their knowledge and the airport's view with a wide range of stakeholders and collaborators.

Deb Suisted, Operations Manager has spoken at several forums about the airport's response to Cyclone Gabrielle including at the 2024 Airports Forum.

At the 2023 New Zealand Airports Hui, Judi Godbold, Business Development Manager, teamed up with Meg Crawford from Dunedin Airport to share their air service development campaign to an audience of more than 200. And, Damian Corbett, our Airside Safety & Security Manager, exemplified his commitment to community service as a civil defence volunteer in Wairoa following floods in June this year.

These examples and many others shine a light on the importance of the airport's position in the community.



## A sustainable team

We're committed to fostering a positive culture where every team member feels valued and supported. By continually refining our HR strategies and processes, we aim to attract, develop, and retain the talent that will drive our success. The ongoing commitment to our people ensures that we are not just meeting today's challenges, but also laying the foundation for a resilient team that will lead us confidently into the future.



## Team highlights

Our team's performance shone through at the 2023 New Zealand Airports Awards. We were named 'Medium Airport of the Year' for the second consecutive year, underscoring our vital regional role. Our commitment to sustainability and ongoing efforts to maintain our Level 4+ Transition status earned us the 'Sustainability Initiative of the Year' award for the second year in a row, and our response to Cyclone Gabrielle was acknowledged with the 'Community Engagement Initiative of the Year' award, demonstrating our unwavering commitment to supporting our community during challenging times.

Building our internal capabilities saw the arrival of new team members. We welcomed a new Project Manager to support a multitude of projects across the airport and saw two airport fire crew promoted to station officers, paving the way for new fire service members. These small but important changes have had a positive impact to operations and delivery.



## Flight Care

Since 1985



Te hapori taunga  
rererangi  
Our airport  
community

## Primary Avionics

Since 2015



Aircraft maintenance

## Red Airworx

Since 2015





Westshore, Napier

## Tō mātau wāhi Our place

Situated in a unique location, our airport recognises the importance of balancing environmental care with asset management. In our 60th anniversary year, we're taking time to reflect on our history and how our current decisions about land and environment will shape our legacy in the future. Our commitment to preserving both our built and natural environments is deeply ingrained and we believe that finding the right balance is more crucial now than ever before.

### Fun in the terminal

We enjoyed some memorable moments in the terminal over the past year. From an All Blacks and Black Ferns Air New Zealand campaign video shoot, to seeing the Football Ferns transform the terminal into an impromptu training pitch prior to the FIFA Womens' World Cup. We weren't sheltered from 'Robbie Williams fever' in November either. The airport was bustling with activity over the 'Robbie' weekend when more than 14,000 passengers flowed through the terminal and into the region.

Alongside these special visits, we've curated specific engagement and activations. From the Great Wine Capitals of the World first anniversary to the Art Deco Festival installations, Christmas festivities, and 60th anniversary celebrations, it's been an action packed year!

## Sustainability and smart technology integration

We have continued to collect data and build our knowledge and understanding of the hazards and climate-related risks and opportunities that might impact our airport. In collaboration with Napier City Council, we installed a network of six piezometers that monitor groundwater levels at 15-minute intervals and completed stage one analysis in partnership with experts in this field - mapping out risk areas. Looking ahead, we plan to develop models that incorporate climate change predictions, such as sea level rise, to better anticipate and mitigate potential impacts.

Our efforts now include regular data collection, development of climate change models, and working to implement a site-specific resilience software tool. This tool enhances our capability with intuitive geospatial mapping, visualisation of asset and network data, and interactive simulations of hazard events. It offers comprehensive risk assessments grounded in world-leading research, enabling us to better understand and manage the risks of coastal inundation, tsunamis, flooding, and their impact on our assets.



Apron overlay project

### Apron overlay

The resurfacing of the airport apron, an area vital for aircraft operations, was carefully planned and executed this year. To avoid any interruption, work was scheduled overnight to ensure that each section was ready for use by 6:00 am. Our collaborative efforts with the contractor and tenants allowed us to complete this essential maintenance over just five nights, improving the apron without affecting aircraft movements or airport operations. This project is a testament to our team's commitment to maintaining a high-functioning airport with minimal disruption.



#CrazyAboutRugby  
Air New Zealand film shoot

### Sustainability of our place

We are committed to integrating sustainability principles across our airport environment and assets to ensure responsible growth and operations. The design of our new fire station which will begin construction next year exemplifies our commitment to our decarbonisation plan. Following green design principles the fire station will feature storm water capture and reuse, timber structure instead of steel, low carbon concrete, efficient heating and cooling, and orientation optimised for solar energy production.

## Reducing our emissions and waste

This year, we proudly maintained our ACA Level 4+ Transition carbon accreditation status, underscoring our continuing commitment to sustainability. We've enhanced our operational efficiency by installing a network of smart sensors throughout the terminal to monitor real-time data on energy and water usage, as well as indoor environment variables such as temperature, humidity, noise, and light levels. We use this data to optimise efficiency and performance of the building's heating and cooling systems. This technology not only improves our facility management but also aligns with our digital transformation strategy.

Additionally, we introduced weigh scale technology to our terminal waste bins. The platform features smart sensors that sit under our bins, providing detailed waste management data in real time such as measures of landfill, recycling, organics and peak times of the day and week. The data enhances our ability to fine-tune waste management schedules, assess consumable usage, and establish baseline metrics for ongoing performance comparison.

## Our carbon footprint FY2024

Carbon Emissions – in total our greenhouse gas emissions in FY24 are:

	FY24 Tonnes CO <sub>2</sub> e	FY23 Tonnes CO <sub>2</sub> e	Comment
Scope 1	47	67	
Scope 2 (Market EF)	0	0	
Scope 2 (Location EF)	73	64	Increase due to new café Bellatino's and operational changes to HVAC System
Total Scope 1 & 2	120	131	
Scope 3	22,094	21,126	* provisional as some tenant data still to be confirmed
TOTAL	22,214	21,258	
Offsets	60	143	To offset S1+2+Business Travel as per ACA L4+ requirements



Avis  
Since 1998



EziCar  
Since 2021

Te hapori taunga  
rererangi  
Our airport  
community

Rental cars



Hertz  
Since 1995



RaD  
Since 2016



Hawke's Bay Marathon circuit. Napier foreshore

Ngā rangapū  
mahitahi

## Our partnerships

The partnerships we've nurtured over the years have helped transform our small aerodrome into a regional hub. These relationships extend beyond the airport, and include regional and business leaders, industry organisations, shareholders, stakeholders, operators of other regional assets, and of course the community at large. This collaborative approach highlights the importance of valuing and strengthening our existing connections while cultivating new ones, to ensure continued growth for our region, and our respective operations.



Big Brothers Big Sisters Hawke's Bay, airport tour

## Engaging with our community: Sponsorships and support

Giving back to our community through sponsorship and charitable causes is fundamental to building community trust and partnerships. Two of our key sponsorship partners are the Art Deco Festival Napier and the Hawke's Bay Marathon, both of which bring visitors to the region. This year, after three years of forced cancellations, we were thrilled to see the Art Deco Festival Napier return and it did not disappoint, bringing the vibrancy and excitement of art deco back to the streets of Hawke's Bay.

The Hawke's Bay Marathon took place twice this financial year due to last year's cyclone postponement. As the official volunteer partner of the event, we take immense pride in supporting the people on the ground that make the event possible.

Our partnership with Biodiversity Hawke's Bay reflects our commitment to biodiversity. Their work not only supports the regeneration of Te Taha, which forms part of our cross runway, they provide support to groups within the region whose mission it is to protect and restore biodiversity to Hawke's Bay.

We delight in supporting other causes too such as the Export NZ ASB Hawke's Bay Export Awards, Big Brothers Big Sisters Hawke's Bay, of which we are a match partner, and the Yarny Army, who are a group of knitters providing warmth to newborns in need across the region.

## Te Whanganui a Orotu

In collaboration with Mana Ahuriri, we have enhanced our terminal with a permanent installation that celebrates the whenua and its deep significance to local Māori.

The land the airport inhabits was once part of an expansive tidal lagoon known as Te Whanganui a Orotu. Teeming with aquatic life surrounded by pa sites and abundant areas to grow kai, Te Whanganui a Orotu was taonga for local Iwi. The exceptional power of the 1931 Napier Earthquake uplifted the seabed by 1.8m, thus destroying the lagoon.

While Te Whanganui a Orotu is forever changed the memories and history remain. Working closely with Mana Ahuriri, a map was created to illustrate the area before the earthquake highlighting important areas and sites of significance. This map, a first of its kind, is proudly displayed in our terminal, inviting the community to connect with the heritage of the area. Many thanks to the efforts and collective knowledge of Mana Ahuriri in creating this very special piece.



Great Wine Capitals 1st Anniversary



Airport tour

## Community engagement: Terminal visits

We've continued to warmly welcome a wide range of community visitors including schools, retirement villages, and various local organisations to the terminal for tours. Groups get a vibrant snapshot of our daily airport operations and discover what makes our place tick. A highlight for many is the chance to interact with the Airport Fire Service, who are always happy to showcase their essential role at the airport. Some of the groups through this year include kindergartens, primary and high schools, Rotary Club Ahuriri, the local Air Cadets, the Graeme Dingle Foundation, and Big Brothers Big Sisters Hawke's Bay.

## A great partnership

Our relationship with Hawke's Bay Tourism has been long-standing and mutually supportive. We regularly collaborate on tourism promotions and are an active partner in the Great Wine Capitals initiative. The continued growth of Hawke's Bay's visitor economy has benefits across the region, and we look forward to continuing our partnership long into the future.

## Sustainable partnerships

We carried out our first independent reputation survey to better identify our key stakeholders and gather their perspectives on the Airport. We want to be known for being trusted, credible, sustainable, and a regional enabler. The survey revealed valuable insights into what we are doing well, and areas for improvement, which is crucial for forging sustainable partnerships. The feedback will enable continuous improvement in our engagement activity.

ABB  
Since 2012



Te hapori taunga  
rererangi  
Our airport  
community

Bay Espresso  
Since 2021



Commercial & retail

Bellatino's  
Since 2021





Te Mata Peak, Hastings District

## Te houkutatanga Prosperity

Our prosperity is reflected not just by financial metrics, but by the growth, and opportunities we create for our community and business partners. We foster strong relationships with customers and tenants through our commercial initiatives - expanding air services, providing room for mutual growth, enhancing retail offerings, delivering exceptional advertising opportunities, and developing airport land for new businesses. These efforts ensure our airport thrives as a vital economic engine for Hawke's Bay.

## Bringing the best to the Bay

In June Hawke's Bay hosted the annual Australasian Airports Roundtable, bringing together representatives from over a dozen trans-Tasman airports, international and domestic airlines, Oceania tourism bodies, and key industry stakeholders and partners.

For the first time this event was held outside of Australia, and Hawke's Bay Airport was instrumental in securing the event to be held here in the Bay, with support from Hastings District Council, Napier City Council, and Hawke's Bay Tourism.

The conference was centred on air service development, exploring how airports can collaborate with airlines and destinations to attract new services, routes, and carriers to their regions. Over the course of the three-day event, delegates and speakers were immersed in the very best of the Bay. For Hawke's Bay Airport, the event gave us the opportunity to highlight the importance of aviation growth for a region and reaffirm our commitment to air service development initiatives.



Australasian Airports Roundtable



## Building on growth

Commercially, FY24 can be viewed as a building block year. While we are fortunate not to have been affected by international crises or weather events, the aviation industry across the country has felt the impact of economic and socio-economic challenges.

The outlook for Hawke's Bay, however, is positive. Working with our aviation partners, terminal tenants and regional stakeholders, we will continue to grow our core business while perusing secondary revenue streams to ensure our revenue resilience.

## Supporting rental car growth

In 2020, Covid-19 put a hold on an extension to the rental car valet area. Now, four years later, we're pleased to have the project back on track, with a much larger area designed to meet the future needs of our rental car partners. Once completed, all on-airport rental companies will be accommodated, with room to grow and freeing up otherwise occupied areas for us to incorporate into future developments.



First Sunair passenger from Hamilton to Napier

## Partnering for domestic route expansion

In 2024, we continued our successful collaborations with other airports and tourism partners to boost inter-regional travel. Teaming up with Dunedin Airport, Southern Way, and Hawke's Bay Tourism, we launched a campaign with Air New Zealand to promote travel between Hawke's Bay and Otago. Titled "A Different World, But Not a World Away," the campaign highlighted the unique experiences each region offers, while highlighting the ease of travel with our national carrier. Results of the campaign combined with flight sales, grew the demand between our two destinations and proved the value of inter-regional travel promotions.

Within 12 months of the launch of their Wairoa, Gisborne and Tauranga services, Sunair added a hop to Hamilton into their schedule, which was great news for business travellers looking to connect between Hawke's Bay and the upper-central North Island. Our collaboration with Sunair Aviation and Hamilton Airport provides a valuable and time saving alternative to road travel and boosts the network we connect to and from. In support of the new service to Hamilton, we worked on an awareness campaign with Sunair targeting the business traveller, promoting the ease of flying in the 'fast lane' with Sunair.



## Sustainable prosperity

Being commercially sustainable is fundamental to the operation of our airport. Maintaining existing assets and developing new ones requires careful planning. Our vision for the airport's future supports the growth of the region. By building strong relationship with our shareholders, regional partners and playing an active part in regional strategies we can make wise decisions and investments.

# Te poari me ngā whakahaere o te taunga rererangi

## Airport board and management

### Board of Directors



Wendie Harvey  
Chair



Jon Nichols  
Director



Craig Barrett  
Director



Darin Cusack  
Director

### Senior Management



Rochelle Ham  
Chief Financial  
Officer



Deb Suisted  
Operations Manager



Gavin Carey-Smith  
Senior Asset &  
Infrastructure  
Manager



Judi Godbold  
Business  
Development  
Manager

As at 30 June 2024, the Chief Executive position was vacant



## Pūrongo Pūtea

# Financial statements

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# Corporate report

For the year ended 30 June 2024

Hawke's Bay Airport Limited (the Company) is a company incorporated in New Zealand under the Companies Act 1993 and is owned by the Crown: 50%; Napier City Council: 26%, Hastings District Council: 24%.

The Company is domiciled in New Zealand and its principal place of business is 111 Main North Road, Westshore, Napier.

Hawke's Bay Airport Limited is defined as a Council-Controlled Trading Organisation (CCTO) pursuant to Part 5 of the Local Government Act 2002.

Hawke's Bay Airport provides airport facilities, infrastructure and supporting aeronautical services. The Company earns revenue from aeronautical activities, retail and rental leases, car parking facilities, transport operators, advertising, conference revenue and tenants occupying sites within its business park.

## Directors

### Board appointments and retirements

Jon Nichols was reappointed as a Director by the joint councils for a three year term, commencing 1 September 2023.

### Directors remuneration

The amount of \$142,247 per annum was paid to Directors holding office in the 12 months to 30 June 2024.

		<b>\$ Directors Fees</b>
<b>W N Harvey</b>	Chairperson	\$53,000
<b>J E Nichols</b>	Chairperson - Audit, Finance & Risk Committee (from 1 Jan 2023)	\$33,247
<b>C M Barrett</b>	Director	\$28,000
<b>D R Cusack</b>	Director	\$28,000
		<b>\$142,247</b>

Additionally, Darin Cusack has been paid \$32,250 for providing consulting services to the company, of which \$5,250 was outstanding at year end.

No other remuneration or benefits other than normal reimbursement of expenses has been paid or given to Directors.

## Board committees

As at 30 June 2024 the Company had an **Audit, Finance and Risk Committee**, comprised of two Directors, being Jon Nichols (Chair), and Darin Cusack. The committee is responsible for overseeing:

- the quality and integrity of our financial statements, reporting, budgets and material investment proposals;
- current risk exposures and the future risk strategy of Hawke's Bay Airport Limited (HBAL), including strategy for capital and liquidity;
- the selection and performance of our external auditors; and
- accounting policies, the effectiveness of internal controls, the financial risk management system and related matters.

At 30 June 2024 the Company also had a **People & Capability Committee**, which was established by the Board on 28 September 2021. This is comprised of two Directors, being Craig Barrett (Chair) and Wendie Harvey. The key responsibility of this committee is to oversee people, capability, remuneration and wellbeing practices for the CEO, key management and directors.

A **Recovery & Support Board Sub Committee** was established by the Board on 1 May 2023. This committee comprised two Directors, being Darin Cusack (Chair) and Wendie Harvey and was established following Cyclone Gabrielle to ensure the Airport's readiness and resilience to abnormal events. This Committee was disestablished on 26 January 2024 with activities from this committee now being captured via strategic workstreams.

## Directors' interests

As at 30 June 2024, the Directors have declared general disclosure of interest in the following entities:

### W N Harvey

---

Aurora Energy Limited	Director
Eastland Generation Limited	Director - Resigned - 30 April 2024
Eastland Group Limited	Director - Resigned 30 June 2024
Eastland Port Limited	Director
Excellence in Business Solutions Limited	Director/Shareholder
Hawke's Bay Airport Construction Limited	Director - Amalgamated into Hawke's Bay Airport Limited - 20 June 2024
Hawke's Bay Regional Recovery Agency	Board Member
Gisborne Airport Limited	Director
Port Taranaki Limited	Director
TAB NZ Limited	Director

### J E Nichols

---

Eastland Generation Limited	Director
Eastland Group Limited	Director - Chair of Audit & Risk Committee - Resigned 30 June 2024
Eastland Port Limited	Director - Resigned 30 June 2024
Gisborne Airport Limited	Director - Resigned 30 June 2024
Hastings District Council	Independent Chair of Risk & Assurance Committee
Hawke's Bay Airport Construction Limited	Director - Amalgamated into Hawke's Bay Airport Limited - 20 June 2024
Maungaharuru-Tangitū Charitable Trust	Independent Chair of Audit and Risk Komiti
Ngawha Generation Limited	Director
Nichols Consulting Limited	Director/Shareholder
Top Energy Limited	Director
Tregaskis Brown Limited	Independent Director - Resigned 8 March 2024

## C M Barrett

Ag Drive Limited	Director - Resigned 11 November 2023
Ahuahu Group Limited (formerly Te Kupenga o Maniapoto)	Director
Baker Tilly Waikato Limited	Director
Hautupua GP Limited (Miro Berries)	Director - Resigned 20 September 2023
Hawke's Bay Airport Construction Limited	Director - Amalgamated into Hawke's Bay Airport Limited - 20 June 2024
Hineuru Cherri (5H) Extension Limited	Director
Hineuru Holdings Limited	Director
Hineuru Orchard (Waverley) GP Limited	Director
K3 (GP) Limited	Director
Kahikatea No. 6 Limited	Director
Kahutia General Partner Limited	Director
Miro Trading GP Limited (Miro Berries)	Director - Resigned 20 September 2023
Obsidian Capital Management Limited	Director/Shareholder
Tainui Group Holdings Limited	Director - Appointed 22 February 2024
Waikato Regional Economic Development Limited (Te Waka)	Director
Waikato-Tainui Fisheries Limited	Director - Appointed 22 February 2024

## D R Cusack

DC & Co Ltd (formerly Absolute Solutions Group Limited)	Director/Shareholder
Airways Corporation of New Zealand Limited	Deputy Chair
Airways International Limited	Director
Ashburton Contracting Limited	Director
Auckland One Rail Limited	Acting Chair
Auckland Transport	Chair - Independent Project Control Group
Canterbury Cricket Association	Director
CSC Group Limited	Director/Shareholder
Hawke's Bay Airport Construction Limited	Director - Amalgamated into Hawke's Bay Airport Limited - 20 June 2024
Te Whatu Ora HSC Implementation Steering Committee	Chair - Independent
Youth Hostel Association New Zealand	Director - Independent

## R Stratford CEO - Resigned 31 January 2024

Kubis Aviation Pty Ltd	Director
Kubis Karratha Pty Ltd	Director
Kubis Fremantle Pty Ltd	Director
Wilh. Wilhelmsen Investments Pty Ltd	Director

Details of any related party transactions made during the year are shown in Note 19 of the Notes to the Consolidated Financial Statements.

## Board attendance

Director	Position	Tenure	Meetings Attended	Of a Possible
<b>W N Harvey</b>	Chair	Full Year	10	10
<b>J E Nichols</b>	Director/AFRC Chair	Full Year	10	10
<b>C M Barrett</b>	Director	Full Year	9	10
<b>D R Cusack</b>	Director	Full Year	10	10

## Employee remuneration

The number of employees or former employees who received remuneration and other benefits of \$100,000 or more for the year ended 30 June 2024 and prior was as follows:

Remuneration	Number of employees	
	2024	2023
\$100,001 - \$110,000	1	2
\$110,001 - \$120,000	-	1
\$120,001 - \$130,000	1	-
\$150,001 - \$160,000	1	1
\$180,001 - \$190,000	-	1
\$190,001 - \$200,000	3	-
\$250,001 - \$260,000	-	1
\$370,001 - \$380,000	1	-

## Chief Executive Officer Remuneration

In the financial year ended 30 June 2024, the role of Chief Executive was paid total remuneration of \$374,520, which consists of base salary, a performance based component, and contractual entitlements on resignation. Actual salary paid includes holiday pay paid as per legislation.

This includes base remuneration of \$287,750, an at risk component assessed against key performance indicators directly aligned with the Company's strategy of \$29,700, and monies paid out arising upon resignation as a result of contractual entitlements. (2023 Remuneration: \$255,000).

## Auditors

The Office of the Auditor General is appointed as auditor under Section 15 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002. Pam Thompson of Deloitte Limited was re-appointed to provide these services.

## Dividends

As agreed with shareholders, no dividend will be paid for the financial year ended 30 June 2024 (2023: Nil).

## Directors responsibility statement

The Directors are responsible for ensuring that the financial statements and the Statement of Service Performance present fairly the financial position of the Company as at 30 June 2024 and its financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Company have been prepared using appropriate accounting policies consistently applied, and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

# Statement of service performance










For the year ended 30 June 2024

## Strategic pou (pillar)

### Our operations

We ensure a safe, secure and intuitive customer journey for all.

*We strive for excellence.*

Objectives	Key performance measure (KPM)	Target / date	Commentary	Status
Maintain legislative and regulatory compliance.	Aerodrome Operating Certificate is renewed 30 September 2023 for a further five years.	30-Sep-23	Certificate has been renewed until September 2028.	
	No significant audit findings by our aeronautical regulatory bodies (CAA, MPI).	Recurring	No significant findings by aeronautical regulatory bodies.	
Continue to develop a "whole of airport" safety and security culture.	Refresh the company's H&S Management framework in line with best practice to comply with our legislated PCBU requirements. This is supported by:			
	Implementation of a digital H&S management platform (e.g. Safe 365).	Jan-24	OneReg selected and contract signed October 2023 and implemented in January 2024.	
	Upgrading our Contractor Management System.	Mar-24	OneReg Contractor Management modules trained and live on 31 March 2024.	
	Developing and implementing a critical risk management framework.	Sep-23	Critical risk framework completed - approval given at December 2023 Audit, Finance and Risk Committee meeting, prior to roll out to team during December 2023.	
	Implementing a quarterly Health and Safety forum for tenants allowing us to work constructively with other PCBUs on our site.	Dec 23	Health & Safety forums commenced in Quarter 2 FY24. These are held every two months to ensure full coverage of tenants.	
Ensure our key infrastructure is fit for purpose and resilient.	Update asset management plan and register by Jan 2024.	Jan-24	Asset Management Plan was completed in April and approved by Board May 2024.	
	New Fire Station concept design submitted to the Board for approval.	Jan-24	The New Fire Station Business Case was presented and approved at the March Board Meeting.	
Create an airport digital transformation strategy.	Work with an external party to propose digital transformation strategy and goals (understanding what data we have, and what data we need to capture) to improve operations, customer experience and sustainability.	Jun-24	Data strategy completed in partnership with Lime Intel and a suite of dashboards showing daily/monthly performance in key areas were delivered to the team. Digital platforms for waste and dwell time delivered.	



Completed / Achieved



In Progress






Not Started/On Hold

## Strategic pou (pillar)

### Our people

We treat our people with respect, empower them with knowledge and allow them to flourish.

*A great place to work.*

Objectives	Key performance measure (KPM)	Target / date	Commentary	Status
Ensure our people are supported, encouraged to learn, and resilient.  Continue to be a great place to work.	Cultural awareness and Te Ao Maori training for all staff.	Dec-23	Provider proposals obtained pre December 2023 however not actioned and training not delivered during FY24. To be considered following HR process implementation early FY25 based on individual professional development plan needs.	
	Personal development and professional training plans are in place for all the Hawke's Bay Airport team, including a training plan for HBAL Ambassadors.	Jun-24	HR gap analysis undertaken February 2024 to identify what we have versus what is required. Framework developed during June 2024 with rollout planned for July 2024.	
	Implement a human resources strategy that incorporates good succession, robust policies and wellness initiatives.	Jun-24	HR Strategy completed June 2024, with supporting calendar, remuneration strategy and role clarity work underway. Rollout during July 2024.	



Completed / Achieved



In Progress









Not Started/On Hold

## Strategic pou (pillar)

## Our place

We safeguard the Airport environment by making wise and sustainable, decisions for the future.

*We are guardians of the land.*

Objectives	Key performance measure (KPM)	Target / date	Commentary	Status
Reduce HBAL's greenhouse gas emissions and support the decarbonisation of aviation in NZ.	Retain Airport Carbon Accreditation Level 4+.	Jun-24	Certification valid until February 2026.	
	Demonstrate leadership in regional and industry Sustainability forums.	Jun-24	Attendance at HB Climate Action network in August 2023. Award entry successful at NZ Airports Association for Sustainability Initiative. Invited to EECA Regional Energy Transition Accelerator January 24 meeting. Invited to HBRC's Kotahi Plan Technical Advisory Group - February 2024 meeting attended. The Kotahi Plan is the Hawke's Bay Regional Council's plan to protect and enhance the environment.	
	Partner with aviation industry to identify and plan for enabling infrastructure for supporting zero emission flights.	Jun-24	Despite unsuccessful next-gen submission, continue to engage with Air NZ to understand future aspirations and develop a readiness plan. Air NZ's Jacob Snelgrove, Manager Sustainability Next Gen Aircraft, presented to airports at the Australasian Airports Roundtable hosted by Hawke's Bay Airport. This engagement continues as Air NZ works through the pilot project.	
	Achieve single-use plastic-free within the terminal within 12 months.	Mar-24	Audit of general waste to landfill completed by Waste Management. Coffee cup recycling trial with Simply Cups completed. Contract signed with Method for Insight platform to add to bin stations. Engagement with tenants and identification of plastic free alternatives to replace plastic water bottles however not fully implemented due to inability to get a reliable supply chain. Progressing procurement of Trashbot AI recycling robot, technical support partner and collaboration with Council's waste minimisation teams.	
Adapt to the effects of climate change.	Gather site specific data on shallow groundwater levels.	Dec-23	Six piezometers installed, three x quarterly data download completed (August and December and March). 12 months data recovered from solar farm site. Contract with Urban Intelligence on site specific climate resilience model for HBAL signed April 2024 and development underway. Aqualinc modelling of shallow groundwater levels completed June 2024.	
	Voluntarily report XRB's (NZ External Reporting Board) climate-related financial disclosures.	Jun-24	Project outline with key stages, deliverables and timelines completed. Physical risk register completed, with risk ratings, likelihood and occurrence documented. Reviewed latest coastal inundation modelling from Tonkin+Taylor / NCC / HBRC. Final report in progress as still missing data sources to allow full compliance. To be reviewed in FY2025.	



Completed / Achieved



In Progress





Not Started/On Hold

## Strategic pou (pillar)

### Our partnerships

We foster significant relationships with our customers, partners, and community.

*We reflect our region.*

Objectives	Key performance measure (KPM)	Target / date	Commentary	Status
Continue to strengthen our relationships through our stakeholder engagement strategy, regional partnerships, and community outreach.	Increase HBAL presence and contribution to local government planning and economic development forums.	Ongoing	Quarterly meetings being held with local agencies - REDA, Regional Recovery, NCC, HDC and the Port.	
	Establish a Community Engagement plan.	June-24	Stakeholder Engagement Survey completed and feedback has formed the basis for the ongoing engagement plan. HBAL has contributed to and submitted against the following regional strategies: <ul style="list-style-type: none"> <li>- Hawke's Bay Regional Freight Distribution Study</li> <li>- Regional Land Transport Plan</li> <li>- Hawke's Bay Regional Council's Long Term Plan</li> <li>- Napier City Council district plan review</li> <li>- Hastings and Napier Future Development Strategy</li> </ul>	
Enduring partnerships.	Establish an Engagement Plan with iwi and hapu.	Sept-23	Close engagement with Mana Ahuriri created the map of Te Whanganui a Orotu for the terminal which was unveiled at 60th anniversary event by Mana Ahuriri. The same map was produced for Mana Ahuriri by the Airport for their office.	
	Continue to support community initiatives each year through sponsorship and grants.	Ongoing	Community initiatives supported in FY24 including: <ul style="list-style-type: none"> <li>- Biodiversity Week at the airport</li> <li>- Great Wine Capitals of the World</li> <li>- Hawke's Bay Marathon: Volunteer Sponsorship</li> <li>- Graham Dingle Foundation terminal tours and career introduction to aviation.</li> </ul>	



Completed / Achieved



In Progress









Not Started/On Hold

## Strategic pou (pillar)

## Prosperity

We maximise commercial returns, to provide value for our stakeholders and our region.

*A profitable, sustainable business.*

Objectives	Key performance measure (KPM)	Target / date	Commentary	Status
Advance aeronautical growth opportunities (passengers and freight) with airline partners, airports, regions, our shareholders, and regulators.	Commence at least two new point-to-point domestic services.	Dec-23	Work continues with Air New Zealand to progress the Napier/Dunedin connection which will include Nelson. Sunair Hamilton-Tauranga service commenced late April 2024. Metric completed by year end.	
	Submit a high level business report to Waka Kotahi for the development of additional roading and access points to the Airport site for a proposed northern roundabout.	Jun-24	HBAL has worked with Architects to develop a high-level masterplan report showing how a second access point might work for the airport. HBAL met with NCC and Waka Kotahi to show them the proposed masterplan. Waka Kotahi reviewed the second access proposal and recommended submitting it in the RLTP (Regional Land Transport Plan). HBAL has sent the proposal to HBRC with the intention this be entered in as a 'Projects on the Horizon' within the RLTP. A second access point has been included in the draft RLTP - Appendix 8: 'Projects on the Horizon.' HBAL has made further submissions on the Draft Regional Land Transport Plan to fine tune some comments.	
	Submit a business case on freight proposal to Japan.	Feb-24	Work has stopped on the freight proposal due to analysis showing this will be commercially difficult to make a sustainable initiative.	
Double non-aeronautical revenue each year from 2025 until it represents 50% of the Airport's total revenue.	Secure two anchor tenants for Ahuriri Aeropark.	Jun-24	Several live prospective tenants in discussions to build on the business park. Property development proposal completed by Yule Alexander and presented to the Board in June 2024 to continue development.	
	Invest in the infrastructure planning required to facilitate new non-aeronautical projects.	Jun-24	The HBAL site masterplan has been completed which details layout plans of non-aeronautical infrastructure. Stormwater, waste water and potable water analysis for future business park areas of the airport is complete. Wetlands have been identified on the business park site however the site is unlikely to be significantly affected as evidenced by the Valet Car Park Extension project. Inundation reports received from NCC show that areas in the business park are likely to require additional design parameters.	
Progress Solar Farm project	Resource consent achieved in 2024.	Jun-24	Manawa Energy have lodged consent application under fast track 2B application process. Proposal sees construction of a 40 - 45 Megawatt site on HBAL land however no consent lodged and no formal agreement in place with Manawa Energy.	

# Consolidated statement of comprehensive income

For the year ended 30 June 2024

	Notes	2024 \$	2023 \$
Aeronautical		9,454,994	9,027,449
Ground Transport		2,918,429	2,760,887
Business Park		391,649	436,138
Other Revenue		266,152	443,092
<b>Total Revenue</b>	4	<b>13,031,224</b>	<b>12,667,566</b>
Less Operating Expenses	5	(5,763,113)	(5,168,784)
<b>Operating Profit after Operating Expenses</b>		<b>7,268,111</b>	<b>7,498,782</b>
Depreciation	10	(3,029,272)	(3,092,920)
Fair value gain on Investment Property	11	223,294	631,535
Gain on Disposal of Assets		-	-
Finance Income	6	322,412	153,201
Finance Expense	6	(1,689,608)	(1,445,966)
<b>Net Profit before income tax</b>		<b>3,094,937</b>	<b>3,744,632</b>
Income Tax Expense*	7	(3,949,990)	(961,986)
<b>Net (Loss)/Profit after income tax</b>		<b>(855,053)</b>	<b>2,782,646</b>
<i>Items that will not be reclassified into profit or loss:</i>			
Revaluation of Property, Plant & Equipment, net of deferred tax		1,310,972	468,207
Change in fair value of derivatives, net of deferred tax	9	(168,911)	168,396
<b>Total Comprehensive Income</b>		<b>287,008</b>	<b>3,419,249</b>

\* Income Tax consists of income tax payable on normal business operations \$888,471 and the write back of building depreciation claimed in prior years that is no longer deductible \$3,061,519.

# Consolidated statement of changes in equity

For the year ended 30 June 2024

	Issued Capital \$	Retained Earnings \$	Revaluation Reserve \$	Cash Flow Hedge Reserve \$	Total Equity \$
<b>Balance at 1 July 2023</b>	<b>13,789,155</b>	<b>21,946,649</b>	<b>15,962,666</b>	<b>507,202</b>	<b>52,205,672</b>
Net Profit for the period	-	(855,053)	-	-	(855,053)
Cash Flow Hedge Reserve - Interest Rate Swaps (net of tax)	-	-	-	(168,911)	(168,911)
Revaluation of PPE (net of Deferred Tax)	-	-	1,310,972	-	1,310,972
Reclassification of depreciation on revalued assets (net of tax)	-	489,942	(489,942)	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>(365,111)</b>	<b>821,030</b>	<b>(168,911)</b>	<b>287,008</b>
Distributions to shareholders	-	-	-	-	-
Movement in equity for the period	-	(365,111)	821,030	(168,911)	287,008
<b>Balance at 30 June 2024</b>	<b>13,789,155</b>	<b>21,581,538</b>	<b>16,783,696</b>	<b>338,291</b>	<b>52,492,680</b>

	Issued Capital \$	Retained Earnings \$	Revaluation Reserve \$	Cash Flow Hedge Reserve \$	Total Equity \$
<b>Balance at 1 July 2022</b>	<b>13,789,155</b>	<b>18,674,061</b>	<b>15,984,401</b>	<b>338,806</b>	<b>48,786,423</b>
Net Profit for the period	-	2,782,646	-	-	2,782,646
Revaluation of Property, Plant & Equipment (net of tax)	-	-	468,207	-	468,207
Cash Flow Hedge Reserve - Interest Rate Swaps (net of tax)	-	-	-	168,396	168,396
Reclassification of depreciation on revalued assets (net of tax)	-	489,942	(489,942)	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>3,272,588</b>	<b>(21,735)</b>	<b>168,396</b>	<b>3,419,249</b>
Distributions to shareholders	-	-	-	-	-
Movement in equity for the period	-	3,272,588	(21,735)	168,396	3,419,249
<b>Balance at 30 June 2023</b>	<b>13,789,155</b>	<b>21,946,649</b>	<b>15,962,666</b>	<b>507,202</b>	<b>52,205,672</b>

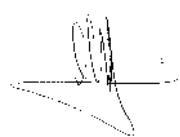
# Statement of financial position

As at 30 June 2024

	Notes	2024 Company \$	2023 Group \$
<b>Assets</b>			
Trade and other receivables	8	3,163,512	1,834,419
Cash and cash equivalents		617,478	730,559
Derivatives	9	262,741	319,399
<b>Total current assets</b>		<b>4,043,731</b>	<b>2,884,377</b>
Property plant and equipment	10	68,738,994	65,512,979
Investment property	11	16,405,793	16,188,999
Derivatives	9	207,108	385,049
<b>Total non-current assets</b>		<b>85,351,895</b>	<b>82,087,027</b>
<b>Total Assets</b>		<b>89,395,626</b>	<b>84,971,404</b>
<b>Equity</b>			
Issued capital	15	13,789,155	13,789,155
Retained earnings		21,581,538	21,946,649
Reserves	16	17,121,987	16,469,868
<b>Total equity</b>		<b>52,492,680</b>	<b>52,205,672</b>
<b>Liabilities</b>			
Trade and other payables	12	2,441,407	1,547,415
Employee benefits		167,889	149,822
Provision for retentions payable	13	22,415	22,415
Provision for tax		702,349	1,052,073
<b>Total current liabilities</b>		<b>3,334,060</b>	<b>2,771,725</b>
Deferred tax liability	7	10,043,068	6,391,407
Rentals in advance	12	525,818	602,600
Borrowings	14	23,000,000	23,000,000
<b>Total non-current liabilities</b>		<b>33,568,886</b>	<b>29,994,007</b>
<b>Total liabilities</b>		<b>36,902,946</b>	<b>32,765,732</b>
<b>Total equity and liabilities</b>		<b>89,395,626</b>	<b>84,971,404</b>

These financial statements were authorised for issue by the Board on 19 September 2024.

On behalf of Hawke's Bay Airport Limited



**W N Harvey**

Chair



**J E Nichols**

Director & Audit, Finance & Risk Committee Chair

The above Statement of Financial Position should be read in conjunction with the accompanying notes. Refer to Note 1 for further details.

# Consolidated statement of cash flows

For the year ended 30 June 2024

	2024 \$	2023 \$
<b>Cash flows from operating activities</b>		
<i>Cash was provided from:</i>		
Revenues	12,956,158	12,155,500
Interest received	322,412	153,201
	<b>13,278,570</b>	<b>12,308,701</b>
<i>Cash was disbursed to:</i>		
Suppliers and employees	(6,027,153)	(5,137,685)
Goods & Services Tax (Net)	(132,252)	21,282
Interest paid	(1,689,608)	(1,450,498)
Income tax (Net)	(1,105,582)	22,990
	<b>(8,954,595)</b>	<b>(6,543,911)</b>
<b>Net Cash Flows from operating activities</b>	<b>4,323,975</b>	<b>5,764,790</b>
<b>Cash flows to investing activities</b>		
<i>Cash was provided from:</i>		
Sale of fixed assets	-	-
<i>Cash was disbursed to:</i>		
Capital works	(4,437,056)	(2,722,112)
<b>Net Cash Flows to Investing Activities</b>	<b>(4,437,056)</b>	<b>(2,722,112)</b>
<b>Cash flows to financing activities</b>		
<i>Cash was provided from:</i>		
Borrowings received	5,000,000	-
<i>Cash was disbursed to:</i>		
Lease - principal payments	-	(153,538)
Borrowings repaid	(5,000,000)	(2,800,000)
<b>Net Cash Flows from finance activities</b>	<b>-</b>	<b>(2,953,538)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(113,081)</b>	<b>89,139</b>
Add opening cash and cash equivalents	730,559	641,420
<b>Closing cash and cash equivalents at end of year</b>	<b>617,478</b>	<b>730,559</b>
<i>Represented by:</i>		
Cash at bank	606,864	728,725
Cash in hand	10,614	1,834
	<b>617,478</b>	<b>730,559</b>

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*The following definitions have been used for the preparation of the Statement of Cash Flows:*

**Cash and Cash equivalents:** Cash and cash equivalents are cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Operating activities:** Transactions and other events that are not investing or financing activities.

**Investing activities:** Activities relating to the acquisition, holding and disposal of non-current assets and of investments, such as securities, not falling within the definition of cash.

**Financing activities:** Activities which result in changes in the size and composition of the capital structure of the Group, both equity and debt not falling within the definition of cash.

# Notes to the consolidated financial statements

For the year ended 30 June 2024

## 1 Summary of material accounting policy information

These consolidated financial statements comprise the financial statements of Hawke's Bay Airport Limited (the Company) and its wholly owned subsidiary, Hawke's Bay Airport Construction Limited (together, the Group).

On 20 June 2024, Hawke's Bay Airport Construction Limited was amalgamated into the Company and was removed from the New Zealand Companies Office Register. As such, the balances in the statement of financial position as at 30 June 2024 represent solely those of the Company. The financial results of Hawke's Bay Airport Construction Limited were consolidated in the statement of comprehensive income up until 20 June 2024.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### a) Basis of Preparation

Hawke's Bay Airport Limited is a company registered under the New Zealand Companies Act 1993. The consolidated financial statements have been prepared in accordance with the Financial Reporting Act 2013 and the Companies Act 1993.

#### i) Compliance with IFRS

The consolidated financial statements of the Group have been prepared as required by the Local Government Act 2002 and in accordance with Generally Accepted Accounting Practice in New Zealand (GAAP).

The Group is a for-profit entity for the purpose of complying with GAAP. The consolidated financial statements comply with New Zealand equivalents to IFRS Accounting Standards and authoritative notices that are applicable to entities that apply NZ IFRS RDR.

The Group is eligible and has elected to report in accordance with Tier 2 For-Profit Accounting Requirements (NZ IFRS RDR) on the basis that the Group has no public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR, the Group has applied a number of disclosure concessions.

These Financial Statements are presented in New Zealand dollars (\$), which is the functional and presentation currency of the Group, rounded to the nearest dollar.

#### ii) Historical Cost Convention

The consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

#### iii) New and Amended Standards

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 July 2023:

- Disclosure of Accounting Policies - Amendments to NZ IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates - Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transactions - Amendment to NZ IAS 12

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

## **b) Principles of Consolidation**

### **i) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### **c) Cash & Cash Equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **2 Critical accounting estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **a) Fair Value of Investment Property**

The fair value of investment property is determined by real estate valuation experts using recognised valuation techniques and the principles of NZ IFRS 13 Fair Value Measurement.

Changes to market conditions or to assumptions made in the estimation of fair value may result in changes to the fair value of investment property. The carrying value of investment property and the valuation methodology are disclosed in note 11.

### **b) Fair Value of Property, Plant & Equipment**

Critical estimates are included in the fair value of property, plant and equipment. The carrying value of property, plant and equipment and the valuation methodology are disclosed in note 10. Management has exercised its judgement on the selection of depreciation rates, and the classification of financial assets, and the classification of assets between property, plant and equipment, and investment property.

### 3 Financial risk management

#### Fair Value of Financial Instruments

All financial assets and financial liabilities carrying amounts are a reasonable approximation of fair value. The fair value estimates were determined by the following methodologies and assumptions.

Cash & Cash Equivalents	The reported amounts approximate fair value.
Trade Receivables	The reported amounts approximate fair value because they are assessed for impairment and all amounts are receivable within three months of balance date.
Derivatives	The reported amounts approximate fair value based on the present value of the estimated future cash flows based on observable yield curves.
Trade Payables	The reported amounts approximate fair value because they are payable in the short term.
Borrowings	The reported amounts approximate fair value because they are at market interest rates.

#### Fair Value Estimation

Assets and liabilities are recorded at fair value and are valued according to the fair value hierarchy as follows:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Inputs rather than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices).
Level 3:	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

#### Financial Assets

The Group classifies its financial assets in the following categories: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortised cost. The classification depends on the Company's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. At balance date, the Group had financial assets classified as amortised cost. Derivatives are measured at fair value and classified as FVTPL if not designated in a hedge accounting relationship. Refer to note 9 for Derivatives designated in a hedging relationship.

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The Group is party to financial instruments as part of its normal day to day operations.

***The main financial instruments are:***

- Cash and cash equivalents
- Accounts Receivable
- Derivatives
- Trade Payables
- Borrowings

The group has no off balance sheet financial instruments.

## Amortised Cost

Financial assets at amortised cost have contractual terms that give rise to cash flow on specified dates that are solely principal and interest and are held within a business model whose objective is to hold assets in order to collect those contractual cash flows.

Purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed.

After initial recognition, amortised cost financial assets are carried at amortised cost using the effective interest method, less impairment.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

## Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation. Trade payables and borrowings are classified as financial liabilities.

### *The group holds the following financial instruments:*

	Company 2024	Group 2023
<b>Financial assets</b>	<b>\$</b>	<b>\$</b>
<i>Measured at amortised cost</i>		
Cash and cash equivalents	617,478	730,559
Trade and other receivables	905,027	912,763
<i>Measured at fair value</i>		
Derivative Financial Information	469,849	704,448
	<b>1,992,354</b>	<b>2,347,770</b>

Prepayments and GST receivables do not meet the definition of a financial asset and have been excluded from the above table.

	Company 2024	Group 2023
<b>Financial Liabilities</b>	<b>\$</b>	<b>\$</b>
<i>Measured at amortised cost</i>		
Trade and other payables	2,364,625	1,462,542
Borrowings	23,000,000	23,000,000
	<b>25,364,625</b>	<b>24,462,542</b>

Rentals in advance do not meet the definition of a financial liability and have been excluded from the above table.

## 4 Revenues

Aeronautical income includes all revenue from landing charges, aircraft parking, concessions, airfield and terminal rentals.

Ground Transport revenue includes all income from the car parks and associated transport operators.

Business park revenue includes all rental income from tenants occupying sites on the business park investment property.

Other revenue includes advertising, use of the conference facilities, subsidies and adjustments using a Discounted Cashflow approach to rents received in advance.

All revenue is net of discounts and rebates.

	2024 \$	2023 \$
Aeronautical	9,454,994	9,027,449
Ground Transport	2,918,429	2,760,887
Business Park	391,649	436,138
Other Revenue	266,152	443,092
	<b>13,031,224</b>	<b>12,667,566</b>

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Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of Goods and Services Tax (if applicable), returns, rebates and discounts. Aeronautical income derived from services performed are recognised at a point in time, this consists mainly of landing charges and leased land rentals. Terminal and concessions are recognised over time. Parking fees are recognised in accordance with the hourly, daily or weekly parking charges over time as the service being provided for the period when the vehicles use the carparks. Lease income is recognised on a straight-line basis over the term of the lease. Rental income is recognised in accordance with NZ IFRS 16 on a straight line basis.

## 5 Expenses

	2024 \$	2023 \$
Audit Fees - audit of financial statements	103,725	141,834
Directors Fees	142,247	129,596
Employee Benefits	2,332,278	1,723,975
Consultancy Fees	572,431	603,229
Insurance	611,953	508,135
Computer/IT Costs	87,576	139,507
Other Operating Expenses	1,912,903	1,922,509
	<b>5,763,113</b>	<b>5,168,784</b>

## 6 Finance costs

	2024 \$	2023 \$
Interest Expense	1,662,747	1,420,332
Interest Paid on Leases	-	4,532
Insurance Financing	26,861	21,102
	<b>1,689,608</b>	<b>1,445,966</b>

### Finance income

Interest Received - Interest Rate Swaps	(322,412)	(153,201)
	<b>(322,412)</b>	<b>(153,201)</b>
<b>Finance Costs - Net</b>	<b>1,367,196</b>	<b>1,292,765</b>

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Borrowing costs are expensed when incurred and are recognised using the effective interest rate. Borrowing costs identified as directly attributable to the construction of the terminal have been capitalised in accordance with NZ IAS 23 where applicable. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is reflective of the weighted average interest rate applicable to the entity's borrowings during the year 7.03% p.a (2023: 5.80% p.a).

## 7 Taxation

### A. Income Tax Expense

	2024 \$	2023 \$
Current Tax	742,446	1,057,019
Deferred Tax	3,207,544	(95,033)
	<b>3,949,990</b>	<b>961,986</b>

### Reconciled as:

Profit before Income Tax Expense	3,094,937	3,744,632
Taxation @ 28%	866,582	1,048,497

### Adjusted for the tax effect of:

Revaluation of investment property (land)	-	(100,602)
Non deductible expenses	13,105	8,627
Impact of the removal of tax depreciation on buildings	3,061,519	-
Prior Years (over)/under provision	8,784	5,464
Income Tax Expense	<b>3,949,990</b>	<b>961,986</b>

### B. Deferred Tax Reconciliation

Opening balance	6,391,408	6,420,960
Charged/(Credited) to Profit & Loss	3,207,524	(95,033)
Charged to Other Comprehensive Income	444,137	65,480
<b>Closing balance</b>	<b>10,043,068</b>	<b>6,391,407</b>

The balance comprises temporary differences attributable to:

Holiday Pay	(30,110)	(26,561)
Employee entitlements	-	(9,076)
Intangibles	(47)	(47)
Income in Advance	(194,761)	(192,236)
Runway Refurbishment	557,804	207,737
Capitalised interest	43,968	60,006
Depreciation and revaluation of Property, Plant & Equipment	4,374,935	3,865,111
Asset Base and Depreciation Differences	4,237,696	1,388,666
Other Accruals	(41,059)	-
Interest Rate Swaps	131,559	197,246
Revaluation of Investment Property	<b>963,083</b>	<b>900,561</b>
	<b>10,043,068</b>	<b>6,391,407</b>

### Income tax expense

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, respectively.

### Current tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 8 Trade and other receivables

	2024 \$	2023 \$
<b>Trade Receivables</b>	904,127	913,936
Prepayments	2,128,306	921,656
<b>Other Receivables</b>		
GST Receivable/(Payable)	130,179	(2,073)
Other Receivables	900	900
	<b>3,163,512</b>	<b>1,834,419</b>

Trade and other receivables are stated at net realisable value after expected credit losses. During the year ended 30 June 2024, the expected credit loss is \$34,960 (2023: \$Nil)

Expected credit losses associated with financial assets are carried at amortised cost. At each reporting date, the credit risk on a financial asset is assessed to determine whether there has been a significant increase in the credit risk by considering both forward looking information and the financial history of counterparties to assess the probability of default or likelihood that full settlement is not received. A loss allowance is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the Trade Receivable) that the Group will not be able to collect all of the amounts due under the original terms of the invoice.

## 9 Derivative financial instruments

Derivatives are used to hedge adverse movements in floating interest rates on Group borrowings.

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

*The Group's hedging reserves relate to the following hedging instruments:*

	2024 \$	2023 \$
<b>Cash Flow Hedge Reserve</b>		
Opening Balance	507,202	338,806
Add: Change in Fair value of Hedging Instrument	(234,598)	233,876
Less amount reclassified to Profit / Loss	-	-
	272,604	572,682
Less Deferred Tax	65,687	(65,480)
Closing Balance	338,291	507,202
<b>Derivative Financial Asset</b>		
Current	262,741	319,399
Non - current	207,108	385,049
	469,849	704,448

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship.

**Hedge ineffectiveness may occur due to:**

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

Hedge ineffectiveness in relation to the interest rate swaps was negligible for 2024 and 2023.

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk.

The Group Policy is to observe minimum and maximum bands of fixed interest rate cover as set out below and apply when core gross external debt exceeds \$10 million.

Period	Minimum hedging	Maximum hedging
0-2 years	40%	90%
2-4 years	20%	70%
4-7 years	0%	50%

The group enters into long-term borrowings at floating rates and swaps them into fixed rates.

The Group's borrowings are carried at amortised cost. The borrowings are periodically contractually repriced (see below) and to that extent are also exposed to the risk of the future changes in market interest rates. See note 14.

The exposure of the group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

<b>Variable rate borrowings</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
ASB - Sustainability Linked Loan	18,000,000	23,000,000
ASB - Revolving Credit Facility	5,000,000	-
	<b>23,000,000</b>	<b>23,000,000</b>

#### ***Instruments used by the group:***

Interest Rate Swaps with a total notional value of \$12,000,000 are currently in place, representing 66.67% (2023 : 52.2%) of the Sustainability Linked Loan principal outstanding at 30 June 2024. The fixed interest rates of the swaps range between 2.83% and 3.02% (2023 - 2.83% - 3.02%) and the variable rates of the loans are between 5.61% and 5.70% (30 day BKBM) (2023: 2.38% and 5.70% (30 day BKBM)).

The swap contracts require settlement of net interest receivable or payable every 30 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

## **Cash flow and fair value interest rate risk**

<b>Interest rate swaps</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Carrying amount (current and non-current asset)	469,849	704,448
Notional amount	12,000,000	12,000,000
Hedge ratio	66.7%	52.2%
Change in fair value of outstanding hedging instruments since 1 July	(234,600)	233,876
Change in value of hedged item used to determine hedge effectiveness	251,586	190,037
Weighted average hedged rate for the year	2.94%	2.95%

## **Sensitivity**

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates and unhedged portion of borrowings. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings.

<b>Impact on post-tax profit</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Interest rates – increase by 100 basis points	60,000	110,000
Interest rates – decrease by 100 basis points	(60,000)	(110,000)

### Derivatives and hedging activities

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The reported amounts approximate fair value based on the present value of the estimated future cash flows based on observable yield curves.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group uses Interest Rate Swaps designating them as Hedges of the risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

#### Cash flow hedges that qualify for hedge accounting:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses) as part of Total Comprehensive Income.

#### Amounts accumulated in equity are to be reclassified in the periods when the hedged item affects profit or loss, as follows:

The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

## 10 Property, plant and equipment

	Land & Land Improvements	Airport Infrastructure & Buildings	Other assets	Capital Work in Progress	Total
	\$	\$	\$	\$	\$
<b>At 30 June 2023</b>					
Fair Value	8,152,771	60,612,335	3,888,320	1,795,707	74,449,132
Accumulated Depreciation	(22,469)	(6,966,790)	(1,946,894)	-	(8,936,153)
<b>Closing net book value</b>	<b>8,130,302</b>	<b>53,645,545</b>	<b>1,941,426</b>	<b>1,795,707</b>	<b>65,512,979</b>
<b>Year ended 30 June 2024</b>					
Opening net book value	8,130,302	53,645,545	1,941,426	1,795,707	65,512,979
Additions	-	-	-	4,437,056	4,437,056
Disposals	-	-	-	-	-
Revaluation	(35,000)	1,855,795	-	-	1,820,795
Depreciation	(966)	(2,765,134)	(263,172)	-	(3,029,272)
Transfers	-	1,821,556	457,113	(2,281,234)	(2,565)
<b>Closing net book value</b>	<b>8,094,336</b>	<b>54,557,762</b>	<b>2,135,367</b>	<b>3,951,529</b>	<b>68,738,994</b>
<b>At 30 June 2024</b>					
Fair Value	8,117,771	64,289,686	4,345,433	3,951,529	80,704,419
Accumulated Depreciation	(23,435)	(9,731,924)	(2,210,066)	-	(11,965,425)
<b>Closing net book value</b>	<b>8,094,336</b>	<b>54,557,762</b>	<b>2,135,367</b>	<b>3,951,529</b>	<b>68,738,994</b>

## Property, Plant and Equipment (PPE) Valuation Approach

The valuation of the Group's PPE is completed in accordance with recognised financial reporting and valuation standards and the Group's accounting policies. At the end of each reporting period, the Group makes an assessment of whether the carrying amounts differ materially from fair value and whether a revaluation is required. In order to make this assessment, the Group seeks independent advice from registered independent valuers with specialist expertise in the relevant asset classification.

Management review and discuss the key inputs into the valuation with the valuers. Discussion about the valuation process, methodology, key inputs and results are held between Management and the Board.

Additions subsequent to any revaluation are carried at cost.

## Land and Land Improvements

Land and Land Improvements are valued at Fair Value as defined by NZ IAS 16. Fair Value is determined using Market Value - Highest and Best Alternative Use methodology. Recent market based sales evidence is considered in the assessment. The Land valuation uses Level 3 inputs for the rural land and car park, as per categorisation in the Fair Value Hierarchy.

Land was valued by CBRE as at 30 June 2024 (2023: Telfer Young). The results of this valuation conclude that there has been a slight decrease in fair value of land assets relative to the previous year's valuations. The valuation increments have been debited to the Statement of Comprehensive Income.

## Airport Infrastructure, Buildings & Other Assets

Airport Infrastructure and Buildings are valued at Fair Value as defined by NZ IAS 16. They include the terminal building, sealed surfaces (runways, apron, taxiways), car park, fencing, utilities, motor vehicles and roading assets.

These assets were valued by Peter Seed Ltd as at 30 June 2024, using an income based approach to calculating Fair Value in accordance with NZ IFRS 13 - Fair Value Measurement. The valuation methodology calculated Enterprise Values for aeronautical assets (assets used for passenger transport including terminal) and non-aeronautical assets (retail and commercial lease assets, carparking) from discounted cash flows derived from forecast passenger numbers, revenues, expenditures and capital expenditure. This is level 3 in the Fair Value Hierarchy. Other Assets including vehicles, furnishings and office equipment are held at cost less depreciation.

The results of this review conclude that there has been an increase in the fair value of Airport Infrastructure and Buildings assets relative to the carrying value and this has been adjusted to PPE and reserves.

## Sensitivity Analysis

Due to the recovery of the aviation sector following the Covid-19 pandemic, the sensitivity of the discounted cashflow valuation to the key variables of passenger numbers and WACC is calculated.

With all other variables held constant, the impact of these changes to the central enterprise value in Peter Seed Ltd's valuation report is:

	Range	Impact on Value
Passenger Volume	mid +5% to high +11%	+\$3.7M to +\$8.0M
WACC	-0.5% to +0.5%	-\$0.3M to +\$0.4M

Management and the Board adopted the low passenger forecast with a central WACC to determine the Enterprise Valuation reported above. The sensitivity reports the impact on the adopted Enterprise Value where the mid or high range in terms of passenger forecast were taken.

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs. Subsequent to initial recognition, land and land improvements and airport infrastructure and buildings are carried at fair value less accumulated depreciation and accumulated impairment losses. Capital work in progress is carried at cost and transferred to another category as assets are completed. Other assets are recorded at cost less accumulated depreciation and accumulated impairment losses.

Any revaluation increment is credited to the revaluation reserve and included in other comprehensive income, except to the extent that it reversed a previous decrease of the same asset previously recognised within net profit in the Statement of Comprehensive Income, in which case the increase is recognised within net profit in the Statement of Comprehensive Income.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and the depreciation based on the original cost, is transferred from the revaluation reserve to retained earnings.

Property, plant and equipment comprises airfield and other infrastructure, car parks, buildings, vehicles and equipment.

Land and Land Improvements are valued at Fair Value as defined by NZ IAS 16. Fair Value is determined using Market Value - Highest and Best Alternative Use methodology. Recent Market based sales evidence is considered in the assessment. The Land valuation uses Level 3 inputs for the rural land and carpark, as per categorisation in the Fair Value hierarchy.

#### *Leasehold land*

Leasehold land is utilised in accordance with the terms of the various lease agreements including any restrictions. Revaluations are performed annually at year end.

#### *Disposal of property, plant and equipment*

When an item of plant, property and equipment is disposed of any gain or loss is recognised in the profit or loss, calculated at the difference between the sale price and the carrying value of the asset.

#### *Cyclical maintenance upgrades*

Significant expenditure involving renewal of runway surface components is capitalised and subject to depreciation at the appropriate rates.

#### *Depreciation*

Depreciation is charged on a straight-line basis to write off the cost or value of property, plant and equipment and investment property over their expected economic lives.

Useful lives are reassessed annually.

*The principal depreciation rates, which are consistent with prior year, are as follows:*

#### *Airfield Infrastructure*

Base	0.71% to 5.56%
Surface	6.67% to 10.00%

<b>Buildings</b>	2.50% to 10.00%
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<b>Plant &amp; Equipment</b>	2.90% to 40.00%
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<b>Car Park &amp; Roading</b>	1.67% to 5.00%
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<b>Fencing</b>	5.00% to 15.00%
----------------	-----------------

<b>Lighting</b>	4.00% to 10.00%
-----------------	-----------------

<b>Furniture &amp; Fittings</b>	10.00%
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<b>Motor Vehicles</b>	12.50%
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<b>Office Equipment</b>	30.00%
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## 11 Investment property

	Land & Land Improvements	Business Park Infrastructure & Buildings	Investment Property under development	Total
	\$	\$	\$	\$
<b>At 1 July 2022</b>	7,557,932	7,760,690	182,203	15,500,825
Additions	-	-	56,639	56,639
Transfers	-	232,341	(232,341)	-
Net gain from fair value adjustment on Investment Properties	359,293	272,242	-	631,535
<b>Fair value as at 30 June 2023</b>	<b>7,917,225</b>	<b>8,265,273</b>	<b>6,501</b>	<b>16,188,999</b>
Additions	-	-	-	-
Transfers	-	-	(6,501)	(6,501)
Net gain from fair value adjustment on Investment Properties	-	223,294	-	223,294
<b>Fair value as at 30 June 2024</b>	<b>7,917,225</b>	<b>8,488,568</b>	<b>-</b>	<b>16,405,793</b>

Investment Property includes the development of a business park under the brand name "Ahuriri Aero Park" along with surplus land earmarked for future development. The Land is demarcated according to the 2040 Airport Master Plan. All Investment Property Land and Land Improvements are valued by an independent valuer, CBRE (Susie Penrose - Director, Registered Valuer - BBS (VPM) SPINZ ANZIV) in accordance with International Valuation Standards (IVS) 2013. Land and Land Improvements and Business Park Infrastructure & Buildings are originally recorded at cost and assessed annually by an independent Quantity Surveyor, MILLARD Construction Cost Consultants Limited (Andrew Millard - Director AAIQS, ANZIQS - Registered Quantity Surveyor) using the depreciated replacement cost method.

It is Management that determines the Group's valuation policies and procedures for property valuations. Following the audit committee's approval, an external valuer is selected who is responsible for the external valuations of the Group's property for the annual financial statements. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated approximately every five years.

The Group's investment properties were valued at each of the reporting dates presented, and change in the accounting policy by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

Investment Property comprises of Land, Land Improvements, and Business Park infrastructure and buildings, property under development that is held, or to be held, to earn rentals or for capital appreciation or both.

Investment Property is measured initially at cost, including transaction costs. Subsequent to initial recognition, the Group recognises Investment Property at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Investment Property under development is not revalued annually and is measured initially at cost, including transaction costs.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property and the fair value is reassessed.

It is the intention that Investment properties are derecognised when they have been disposed of. There have been no disposals in the year ended 30 June 2024. Due to the leasehold nature of the land there are restrictions on the ability to dispose of the land.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price and the adjustment is recorded in the income statement within net gains from fair value adjustment on investment property.

The valuation of all of the investment property and investment property under development uses Level 3 inputs, as per categorisation in the Fair Value Hierarchy.

There were no transfers between Levels 1, 2 or 3 during 2024.

The Group in developing a business park on surplus airfield land has an initial tenant who has prepaid its rentals for the 21 year term of the lease where the lease is being recognised over the term of the lease. The valuation of land and infrastructure is supported by the following valuation techniques:

- Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
- Estimated vacancy rates based on current and expected future market conditions after expiry of any current lease;
- Maintenance costs including necessary investments to maintain functionality of the property for its expected useful life;
- Capitalisation rates based on actual location, size and quality of the properties and taking into account market data at the valuation date; and
- Terminal value taking into account assumptions regarding maintenance costs, vacancy rates and market rents

Investment Property is leased by the Group to tenants under operating leases with rent payable monthly. Rental income from investment properties is recognised on a straight-line basis over the lease term. Where a lease provides for rental increases over the term of the lease, they are recognised on a straight-line basis over the period of the lease to which they relate.

## 12 Trade and other payables

	2024 \$	2023 \$
<b>Current</b>		
Trade Payables	1,989,173	1,070,863
Accrued Expenses	375,452	391,679
Rentals in Advance	76,782	84,874
	<b>2,441,407</b>	<b>1,547,416</b>
<b>Non Current</b>		
Rentals in Advance	525,818	602,600
	<b>2,967,225</b>	<b>2,150,016</b>

### AP

Trade Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised net cost using the effective interest method.

## 13 Provision for retentions payable

*Movements in the provision for retentions payable during the year are set out below:*

	2024 \$	2023 \$
Opening Balance	22,415	273,249
Increase during the year	-	33,744
Used during the year	-	(284,578)
	<b>22,415</b>	<b>22,415</b>

Various subcontractors engaged on the Terminal Expansion Project are subject to retention clauses within their construction contracts.

Retentions are held in trust by the Company until such time as it is appropriate to release them ie either upon practical completion of the works or at the end of the defects liability period.

### AP

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## 14 Borrowings

The Group's borrowing facilities with ASB Bank have been amended during the financial year as of 30 June 2024, with a repayment of \$5,000,000 made to the Sustainability Linked Loan and a drawdown of \$5,000,000 against the revolving credit facility. It has a Sustainability Linked Loan facility of up to \$18m, a Revolving Credit facility of up to \$10m and Overdraft Facility of up to \$500,000 available. All facilities extended are secured by a General Security Agreement.

The Sustainability Linked Loan facility has maturity date of 22 October 2025 coupled with an evergreen clause of renewal included in the facility agreement. The Company intends to request and assumes that the loan facility will be extended past its maturity date.

The Sustainability Linked Loan dovetails into the NZ Government's Funding for Lending Programme which has the objective of supporting regional growth and helping lendee's transitioning into a low carbon productive economy.

It is part of the Company's overall Sustainability Strategy which allows for incremental decreases in the cost of funding for achieving agreed sustainability performance targets linked to the International Airport Carbon Accreditation Scheme.

The average interest rate on the Sustainability Linked Loan facility for the year ended 30 June 2024 was 7.15% p.a (2023: 5.97% p.a).

The Revolving Credit Facility has a two year term with a right of renewal. The average interest rate on funds drawn during the year was 6.90% (2023: 5.63%)

Summary of Borrowings:				2024 \$	2023 \$
Facility	Commencement Date	Expiry Date	Facility Limit	Amount Drawn 30/06/24	Amount Drawn 30/06/23
ASB Bank - Sustainability Linked Loan	Oct' 21	Oct'25	18,000,000	18,000,000	23,000,000
Revolving Credit Facility	Jun' 21	Oct'26	10,000,000	5,000,000	-
Overdraft Facility	Oct' 20	On Demand	500,000	-	-
<b>Total</b>				<b>23,000,000</b>	<b>23,000,000</b>
Current				-	-
Non Current				23,000,000	23,000,000
				23,000,000	23,000,000

AP

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The Company's borrowings are carried at amortised cost. Interest rates on borrowings are variable.

## 15 Contributed Equity

	Shares on issue	2024 \$	2023 \$
Ordinary shares	1004	13,789,155	13,789,155

All shares have equal voting rights and share equally in dividends and surpluses on winding up.

All shares are fully paid and have no par value.

No dividend was declared or paid during the 2024 financial year (2023: \$Nil).

AP

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in the equity attributable to the Company's equity holders.

## 16 Reserves

	2024 \$	2023 \$
Cash flow hedge reserve	338,291	507,202
Revaluation reserve	16,783,696	15,962,666
<b>Total reserves</b>	<b>17,121,987</b>	<b>16,469,868</b>

The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges.

The revaluation reserve arises on the revaluation of property, plant and equipment. When revalued property, plant and equipment is sold, the portion of the revaluation reserve that relates to that asset is transferred directly to retained earnings.

## 17 Commitments

As at 30 June 2024 the Group is contractually committed to capital expenditure totalling \$2,161,639 in relation to fire fighting equipment, airfield power and lighting, and valet carpark extension projects (2023: \$1,283,677 in relation to fire fighting equipment).

## 18 Contingencies

As at 30 June 2024, the Company has no contingent liabilities or assets (2023: \$Nil).

## 19 Transactions with related parties

### Parent Entities

Hawke's Bay Airport Ltd is owned by Napier City Council, Hastings District Council and the Crown. The Group enters into numerous transactions with government departments, Crown entities, State-owned enterprises and other entities controlled by the Crown and pays rates to the Napier City Council.

Key Management Personnel Compensation	2024	2023
	\$	\$
Compensation paid to key management personnel during the financial year	744,162	706,656

The key management personnel are the directors, Chief Executive and Chief Financial Officer who have the greatest authority for the strategic direction and management of the company. The compensation for the year ended 30 June 2024 includes a contractual payment paid on resignation of the Chief Executive Officer.

The remuneration of directors is agreed annually, after consultation with the shareholders and approved at the Company's annual general 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 and recommended to the Board having regard to the performance of individuals and market comparisons.

## 20 Investment in subsidiaries

*The company had the following subsidiaries:*

			Shares Held by the Company	
			2024	2023
	Country	Nature of Business	%	%
Hawke's Bay Airport Construction Limited	NZ	Construction Management	-	100

On 20 June 2024, Hawke's Bay Airport Construction Limited was amalgamated into the Company and removed from the New Zealand Companies Office Register.

## 21 Events subsequent to balance date

There were no events identified subsequent to balance date which require adjustment to or disclosure in the financial statements.

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF HAWKE'S BAY AIRPORT LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

The Auditor-General is the auditor of Hawke's Bay Airport Limited (the 'Company') and its subsidiary (the 'Group'). The Auditor-General has appointed me, Pam Thompson, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the Group and the performance information of the Company on his behalf.

#### Opinion

We have audited:

- the financial statements on pages 42 to 64, that comprise the statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information.
- the performance information of the Company on pages 37 to 41.

In our opinion:

- the financial statements on pages 42 to 64:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; and
    - its consolidated 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 IFRS Accounting Standards Reduced Disclosure Regime ('NZ IFRS RDR').
- the performance information of the Company on pages 37 to 41 presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which the performance was judged in relation to the Company's objectives, for the year ended 30 June 2024.

Our audit was completed on 19 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

#### Basis for our opinion

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

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

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

## **Responsibilities of the Board of Directors for the financial statements and the performance information**

The Board of Directors is responsible on behalf of the Group for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, 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 there is an intention to liquidate or to cease operations, or there is 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 performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 it 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 decision of readers taken on the basis of these financial statements and the performance information.

For the performance information, our procedures were limited to checking that the information agreed to the Company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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 performance information, 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 the 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 Group'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 performance information within the company's framework for reporting 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 performance information 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 performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and the performance of the group audit. We remain solely responsible for our audit opinion.

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 in 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 on pages 2 to 36 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information 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 performance information, 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 performance information 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 Group 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.

Partners and employees of our firm are considered customers to the Group as we fly into airport. These services with the Group are at arms-length and on normal terms within the ordinary course of trading activities. Other than the audit and the services above, we have no relationship with, or interests in the Group.



Pam Thompson  
Deloitte Limited  
On behalf of the Auditor-General  
Wellington, New Zealand

# Directory

## Hawke's Bay Airport Limited

### Registered office

Terminal Building  
111 Main North Road  
Napier 4110  
Hawke's Bay, New Zealand

### Postal Address

PO Box 721, Napier 4140  
Hawke's Bay, New Zealand

[admin@hbairport.co.nz](mailto:admin@hbairport.co.nz)

[www.hawkesbay-airport.co.nz](http://www.hawkesbay-airport.co.nz)

### Bankers

ASB Bank Limited

### Solicitors

Dentons

### Auditors

Deloitte Limited  
On behalf of the Auditor-General  
Wellington, New Zealand



