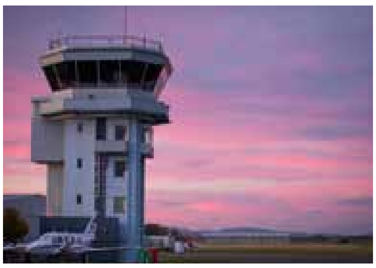
Hawke's Bay Airport Ltd Annual Report

For the year ended 30 June 2015



HAWKE'S BAY AIRPORT

Hawke's Bay Airport Ltd Annual Report

For the year ended 30 June 2015

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Hawke's Bay Airport Ltd Directory

Directors

Tony Porter (Chairman)
Jim Scotland (Deputy Chairman)
Stuart Webster (Resigned 31/03/15)
Sarah Park (Chair of the Audit Committee)
Taine Randell (Appointed 01/04/15)

Chief Executive

Nick Story

Aeronautical & Infrastructure Manager

Olivia Pierre

Accountant

Vanessa East

Registered Office

Terminal Building
Hawke's Bay Airport
111 Main North Road
PO Box 721
NAPIER 4140

Bankers

ANZ Bank New Zealand Ltd

Solicitors

Willis Toomey Robinson Scannell Hardy

Auditors

Staples Rodway Hawkes Bay Partnership on behalf of the Auditor General

From left: Taine Randell, Sarah Park, Tony Porter, Jim Scotland

Nick Story - Chief Executive

Olivia Pierre - Aeronautical & Infrastructure Manager

HAWKE'S BAY AIRPORT LTD
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Chairman's Report

Tony Porter
Chairman

I am pleased to report on the performance of Hawke's Bay Airport Ltd for the financial year ended 30 June 2015, the sixth year of trading for the Airport Company.

Highlights

Operational

Air New Zealand has steadily increased the number of ATR flights over the year. These larger aircraft have increased the number of seats available to passengers by 4.4% and is scheduled to increase further this year as they upgrade their fleet.

Planning for an upgraded terminal has been advanced to the point where sketch plans and the business case have been developed and we are about to seek shareholder approval to proceed.

Discussions have been held with other airlines who are very interested in commencing scheduled flights to the Hawke's Bay, and subsequent to balance date, Jetstar have announced they will commence scheduled passenger services on 1 December 2015.

Financial Performance

The Airport Company achieved total revenue of $4,376,725 for FY 14-15 which is an increase of 9.1 % on the previous year ($4,010,477). The increased revenue, together with a focus on containing our operating costs, resulted in a net profit after tax (NPAT) for the year of $1,318,428. This was 20.9% above the previous year's equivalent figure of $1,090,431 (before impairment).

Our airport assets were revalued during the year and increased in value to $33.8m ($11.7m above the previous figure of $22.1m).

Bank debt decreased by $611,160 during the year, due to a partial repayment of our borrowings.

Dividend to Shareholders

The Company paid a fully imputed dividend of $360,000 to Shareholders in December 2014.

People

The year included changes in the director's team and the management team.

Due to his relocation to the United States of America, Stuart Webster resigned his directorship with effect from 31 March 2015.

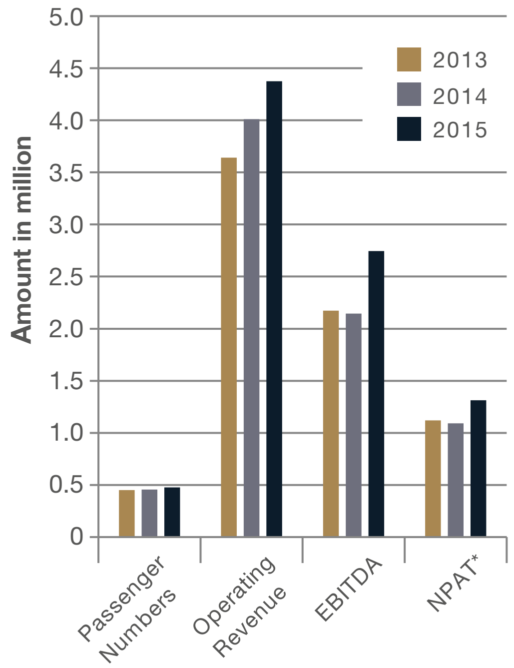
Stuart was appointed to the Board on 1 July 2009 following corporatisation of the Airport Company from the former Airport Authority. I wish to acknowledge Stuart's skills, expertise and enthusiasm and thank him for his strong contribution to the Company over almost 6 years. Taine Randall was appointed a director of the Company to succeed Stuart and joined the Board on 1 April 2015.

Following Wayne Wooton's resignation, our management structure was reviewed. This resulted in Olivia Pierre being appointed to the position of Aeronautical and Infrastructure Manager in March 2015.

Passenger Numbers

Passenger numbers continued to increase at a rate above the long term average of 3% and, at 476,489 for the year, surpassed the previous year's record by 4.3%. The continued growth in passenger numbers and other visitors to the Airport is places significant pressure on the existing infrastructure and the terminal is unable to accommodate the projected growth over our next planning period. The car park is also coming under pressure.

Hawke's Bay Airport Ltd 2013 to 2015 Comparison



Summary of Financial Results	2015	2014	2013
Passenger numbers	476489	456672	451128
Operating revenue	$4,376,725	$4,010,477	$3,641,126
EBITDA	$2,739,618	$2,144,439	$2,172,534
NPAT*	$1,318,428	$1,090,431	$1,118,950

**NPAT does not include Impairment Charges (2014: $696,400)*

Operating Expenses

Operating Expenses of $1,637,107 were 12.3% below the previous year reflecting reduced maintenance, salaries and allowances, and consultancy fees.

Maintenance expenditure on buildings including the terminal, rescue fire station and the car parking areas was deferred due to the imminent developments proposed for these assets. Reduced salary expenses resulted from personnel changes during the year, with consultancy costs also below budget due to the Company's reduced requirements for specialist advice. The fees for consultants engaged for the terminal development project have been capitalised as part of the project cost.

Management continued to review the key input costs during the year including electricity and cleaning services and as a result of retendering processes, have captured ongoing savings.

Valuation for Financial Reporting Purposes

The Airport Company has previously held its Property, Plant and Equipment at amortised cost.

In the current year the Company changed its accounting policy so that its land, airport infrastructure and building assets are now held at fair value. The change in accounting policy was adopted so that the net book value fairly reflects the underlying value of the Company's assets. An independent revaluation of the infrastructure fixed assets was untaken. This reflected an increase of $11.9m from the previous book value. This improvement in value has resulted in the creation of a revaluation reserve net of the deferred tax impact of $9.5m.

Statement of Service Performance

The Airport Company's performance against the Statement of Service Performance objectives, listed in the Company's Statement of Corporate Intent for the year ending 30 June 2015, has been assessed and is included on page 8 of the Annual Report.

Statement of Intent

The Statement of Intent for the Year Ended June 2016, along with the two following years, was approved by the Company's Shareholders. This document includes an overview of the Company's strategy, key objectives, financial performance targets and capital expenditure plan

Infrastructure

Terminal Development

As signalled in our Statement of Intent, we are planning a major redevelopment of the terminal building. Because the increasing number of passengers is placing pressure on the terminal, service levels are projected to fall below acceptable levels in the next year or two and more space is required. Impact Project Management was selected to work with the Airport Company to provide specialist project management services for the project. Sketch plans have been produced and we are currently seeking tender submissions from design consultants. Subject to shareholder approval of the project, it is hoped that construction will be completed by February 2017.

As the rescue fire station does not meet seismic requirements for an Importance Level 4 structure, the opportunity will be taken to construct a compliant rescue fire station as part of the terminal development project. It is proposed the new station will adjoin an expanded terminal building at the southern end.

Architectural sketch plans and a business case to support the project will be presented to shareholders in September 2015.

Rental Car Valet Facility

Planning for the new rental car wash and valet facility, which includes a new vehicle storage area, progressed during the year. The new facility will occupy one of three former hangar buildings that were surplus to the Airport Company's requirements, and it is being altered to provide a purpose-built car wash and valet operation. The Airport Company awarded the construction contract to Alexander Construction Ltd. The completion date and handover is scheduled for November 2015.

Business Development

Promotion of Airport Business Park

Colliers Commercial were engaged on an exclusive agency basis with the Airport Company to enable a more focused and pro-active approach to the promotion of the Business Park. The Colliers approach will include increased business park marketing and promotional activity to attract new tenants.

Acknowledgements

On behalf of the Board, I would like to thank our customers, suppliers, shareholders and other stakeholders for their ongoing support for the Airport Company throughout the year. I would like to thank Air New Zealand in particular, for their input and collaboration with the terminal project. I also thank my fellow directors for their support and personal contributions to the governance of the Company and our Management team for their dedication and achievements throughout the year.

We have capable, experienced and dedicated Governance and Management teams in place. Such teams will ensure the continued growth of our business and the achievement of our objectives, for the benefit of our Shareholders, Stakeholders and wider Hawke's Bay community.

Tony Porter
Chairman
Hawke's Bay Airport Limited

Directors Report

For the year ended 30 June 2015

Directors

Directors Remuneration

The amount of $70,000 per annum was paid to members of the board for the twelve months to 30 June 2015.

T M Porter	28,000
J A Scotland	14,000
S N Park	14,000
S J Webster - until 31/03/2015	10,500
T C Randell - from 01/04/2015	3,500
	70,000

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

Board Committees

As at 30 June 2015 the Company had established the following committee:
Audit Committee: Members are Sarah Park (Chair) and Jim Scotland.

Entries in the interests register

As at 30 June 2015, the Directors have declared general disclosure of interest in the following entities:

T M Porter	
Opus International Consultants	Shareholder

J A Scotland	
Port of Napier Ltd - retired December 2014	Chairman
Scotland Services Ltd	Director/Shareholder
Ahuriri Properties Ltd	Director
Landmac Holdings Ltd	Director
The Crown Hotel (2006) Ltd	Director (Retired 1/09/15)
3R Group Ltd	Director
Hawke's Bay Regional Investment Company Ltd	Director
Longburn Intermodal Freight Hub Ltd	Director

S N Park	
Scotch & Sparkles Ltd	Director/Shareholder
Focus Genetics Management Ltd	Director
Focus Genetics Partnership Limited	Director

T C Randell	
Fiordland Lobster Company Ltd	Director
Australian Lobster Company (GP) Ltd	Director
Salco GP Ltd	Director
FLC Trustee Ltd	Director
Deltop Holdings Ltd	Director
ZSB Holdings Ltd	Director/Shareholder
Kahungunu Asset Holding Company Ltd	Director
Kaitiaki Land Services Ltd	Director
KAHC Investments Ltd	Director
Te Aranga Ltd	Director
Te Wairoa Ltd	Director
Kiwigarden Ltd	Director

Employee Remuneration

Employee Remuneration and other benefits exceeding $100,000

	2015	2014
$100,000 - $110,000	-	2
$110,001 - $120,000	-	-
$120,001 - $130,000	-	1
$130,001 - $140,000	-	-
$140,001 - $150,000	-	-
$150,001 - $160,000	1	-

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. Stuart Signal of Staples Rodway Hawkes Bay Partnership has been appointed to provide these services.

Directors Responsibility Statement

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company as at 30 June 2015 and its financial performance and cashflows 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 (with the exception of revaluation of property, plant & equipment as described in note 8), 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 2015

The following is a Statement of Service Performance relating to the Key Objectives listed in the Company's Statement of Corporate Intent for the year ending 30 June 2015.

Activity	Measure	Status*
CAA recertification	Renewal of Aerodrome Operating Certificate	●
Operate a Successful Business	Achieve Performance Targets:	
	• Revenue	●
	• EBITDA	●
	• NPAT	●
	• ROI	●
	• Gearing	●
	• Dividend	●
Appropriate Infrastructure	Progress planning for:	
	• Terminal redevelopment	●
	• New rescue fire station	●
	• Carparking layout	●
Health & Safety Focus	Zero harm & zero L.T.Is	●
Customer Focus	Regular engagement with customers	●
Stakeholder Engagement	4 Meetings per annum with Shareholders	●

KEY
● *Fully meets* ● *Meets* ● *Needs improvement*

CAA Certification

Following a recertification process that included a site visit and audit of aerodrome operating procedures in July, CAA confirmed Hawke's Bay Airport Limited's recertification and issued a Part 139 Aerodrome Operators Certificate for a further 5 year period until 31 July 2019.

Operating a Successful Business

Total Revenue for the year of $4,376,725 was 1.5% below budget (4,427,851), however was increased 9.1% (4,010,477) on the previous year. Operating Expenses of $1,637,107 were 18.1% below budget (2,000,371) and 12.3% below the previous year (1,867,895). Operating Profit before Financing Costs and Depreciation was $2,739,618 which was 12.8% above budget (2,427,480) and 89.4% above the previous year. Net Profit after Tax for the year was $1,318,428 which was 44.6% above budget (911,763).

Return on Equity was 6.03% versus budget of 4.9% (Income/Ave Equity incl. revaluation) and the Net Gearing Ratio was 2.71% versus a budget of 21.9%.

A dividend of $360,000 was declared and paid to Shareholders in December 2014, aligning with the budgeted dividend of $364,705.

Appropriate Infrastructure

Architectural concept plans have been prepared for the terminal and rescue fire station developments and construction is underway on the new Rental Car Valet facility.

Risk, Health & Safety Focus

Key risks within the business, including risks to health and safety, have been identified and are reviewed on a regular basis. HBAL's Safety and Security Requirements booklet, specifically targeting airside users, was updated and distributed to airside users. A new swipe card access system, designed to significantly enhance the Airport Company's control of vehicle access to the Aerodrome Operational Area was implemented, to manage the identified risks to health and safety and met CAA requirements.

Customer Focus

The Board and Management team enjoyed regular discussion and consultation with key customer Air New Zealand throughout the year, including in support of the terminal development project which enabled agreement to be reached on a terminal concept plan which met Air NZ's operational requirements.

Enhancing the Company's relationships with airside customers was a key objective during the year, with a highlight outcome being the agreement of new Ground Lease Terms with airside customers.

Stakeholder Engagement

The Company engaged with its shareholders and other stakeholders on a regular basis throughout the year.

The Chairman and Chief Executive presented Interim and Full Year Results and also the Draft Statement of Intent to local Shareholders in addition to a number of other informal meetings with shareholder representatives. Crown Shareholding Minister Hon. Bill English, visited the Airport Company in July and met with members of the Board and Management team.

In August, Company personnel met with local residents to share the Airport Company's vision and Master Plan to 2030 and provide an overview of the current and proposed District Plan provisions relating to the Airport Noise Boundaries.

A Wildlife Management Working Group was formed during the year to develop strategies to minimise bird strike hazard. The group included stakeholders from Air NZ and Skyline Aviation, Napier City Council, DOC, Landcorp Farming, in addition to Company Management and contractors.

Management continued to meet with NZTA to discuss proposed improvements to the State Highway/Watchman Road/Hawke's Bay Airport intersections.

A number of presentations and Airport visits were shared with community groups and schools throughout the year.

Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015	2014
		$	$
Revenue	1	**4,376,725**	**4,010,477**
Less Operating Expenses	2	**(1,637,107)**	**(1,867,895)**
Less Provision for Impairment	9	-	(696,400)
Operating Profit Before Financing Costs and Depreciation		**2,739,618**	**1,446,182**
Depreciation		(814,729)	(784,307)
Finance Income		4,328	3,931
Finance Expense		(99,488)	(111,596)
Net Profit before income tax		**1,829,729**	**554,210**
Income Tax Expense	3	(511,301)	(160,179)
Net Profit after income tax		**1,318,428**	**394,031**
Other Comprehensive Income			
Revaluation of Property, Plant & Equipment net of deferred tax	3, 8	9,467,492	-
Total Comprehensive Income		**10,785,920**	**394,031**

Statement of Changes in Equity

For the year ended 30 June 2015

	Issued Capital	Revaluation Reserve	Retained Earnings	Total Equity
Balance at 1 July 2014	**13,789,155**		**2,850,367**	**16,639,522**
Total comprehensive income		9,467,492	1,318,428	10,785,920
Distributions to shareholders			(360,000)	(360,000)
Movement in equity for the period		9,467,492	958,428	10,425,920
Balance at 30 June 2015	**13,789,155**	**9,467,492**	**3,808,795**	**27,065,442**
Balance at 1 July 2013	**13,789,155**	**-**	**2,903,916**	**16,693,071**
Total comprehensive income		-	394,031	394,031
Distributions to shareholders		-	**(447,580)**	**(447,580)**
Movement in equity for the period		-	(53,549)	(53,549)
Balance at 30 June 2014	**13,789,155**	**0**	**2,850,367**	**16,639,522**

Statement of Financial Position

As at 30 June 2015

	Note	2015	2014
Assets		$	$
Property plant and equipment	8	29,742,437	18,100,086
Investment property	9	4,007,149	3,966,134
Intangibles		11,142	6,403
Total non-current assets		**33,760,728**	**22,072,623**
Trade and other receivables	4	427,716	432,870
Cash and cash equivalents		644,879	149,475
Total current assets		**1,072,595**	**582,345**
Total Assets		**34,833,323**	**22,654,968**
Equity			
Issued capital	5	13,789,155	13,789,155
Revaluation Reserve		9,467,492	
Retained earnings		3,808,795	2,850,367
Total equity		**27,065,442**	**16,639,522**
Liabilities			
Deferred tax liability	3	4,166,134	1,788,281
Rentals in advance	7	1,434,012	1,517,413
Borrowings	6	1,400,000	2,000,000
Total non-current liabilities		**7,000,146**	**5,305,694**
Borrowings	6	-	11,160
Trade and other payables	7	751,978	686,146
Employee benefits		15,757	12,446
Total current liabilities		**767,735**	**709,752**
Total liabilities		**7,767,881**	**6,015,446**
Total equity and liabilities		**34,833,323**	**22,654,968**

These financial statements were authorised for issue by the board on 22 September 2015 on Behalf of Hawke's Bay Airport Limited.

Tony Porter
Chairman

Sarah Park
Director

Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015	2014
Cash flows from operating activities		$	$
Cash was provided from:			
Revenues		4,256,049	3,861,626
Interest Received		4,328	3,931
Goods & Services Tax (Net)		38,229	(23,932)
		4,298,606	3,841,625
Cash was disbursed to:			
Suppliers and Employees		(1,621,114)	(1,842,597)
Interest Paid		(99,488)	(111,596)
Income Tax Paid		(373,243)	(27,253)
		(2,093,845)	(1,981,446)
Net Cash Flows from Operating Activities	10	2,204,761	1,860,179
Cashflows from investing activities			
Cash was disbursed to:			
Capital Works		(738,197)	(758,166)
Net Cash Flows from Investing Activities		(738,197)	(758,166)
Cashflows from financing activities			
Cash was provided from:			
Borrowings		-	7,405
Cash was disbursed to:			
Dividends Paid		(360,000)	(447,580)
Debt Repayment		(611,160)	(1,000,000)
Net Cash Flows from Finance Activities		(971,160)	(1,440,175)
Net increase/(decrease) in cash and cash equivalents		495,404	(338,162)
Add Opening Cash and Cash equivalents		149,475	487,637
Closing Cash and Cash equivalents at end of year		**644,879**	**149,475**
Represented by:			
Bank deposit		197,932	742
Cash at Bank		439,816	141,103
Cash in hand		7,131	7,631
		644,879	**149,475**

Notes to the Accounts

For the year ended 30 June 2015

Significant accounting policies

Reporting Entity

Hawke's Bay Airport Limited 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. The company operates the Hawke's Bay Airport.

Hawke's Bay Airport Limited is defined as a Council-controlled organisation pursuant to Part 5 of the Local Government Act 2002.

The financial statements have been prepared as required by the Local Government Act 2002 and in accordance with all applicable financial reporting standards and other generally accepted accounting practices in New Zealand. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate to profit oriented entities. They also comply with International Financial Reporting Standards.

Measurement Base

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

Presentation Currency

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

Critical Accounting Estimates, Assumptions And Judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of 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.

Management has exercised its judgement on the impairment assessment of Investment Property, and in the revaluation of Property, Plant and Equipment.

Notes to the Accounts

For the year ended 30 June 2015

Particular accounting policies

1 Revenues

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of Goods and Services Tax (if applicable), returns, rebates and discounts. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and when specific criteria have been met for each of the company's activities. Revenues consist mainly of landing charges, car parking fees, terminal and leased land rentals and concessions. Lease income is recognised on a straight line basis over the term of the lease.

2 Trade and Other Receivables

Trade and other receivables are stated at net realisable value after provision for doubtful debts.

3 Other Investments

Consist of Bank term deposits having an original maturity date exceeding three months and are recorded at amortised cost.

4 Taxation

Income tax expense
Income tax on profits for the period comprises current tax, deferred tax and any adjustment for tax payable in previous periods. Income tax is recognised in profit or loss as tax expense except when it relates to items credited directly to equity, in which case it is recorded in other comprehensive income.

Current tax
Current tax is the expected tax payable on the income for the period based on tax rates and tax laws which are enacted or substantively enacted by the reporting date.

Deferred tax
Deferred tax arises by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the equivalent amounts used for tax purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the assets or liabilities giving rise to them are realised or settled.

Deferred tax assets, including those related to the tax effect of income tax losses available to be carried forward are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be realised. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

5 Cash Flow Statement

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 Company, both equity and debt not falling within the definition of cash.

6 Valuation Of Property, Plant And Equipment

Property, Plant and Equipment
In the current year Property plant and equipment have been revalued from their original cost when the assets were acquired from the Hawke's Bay Airport Authority on 1 July 2009.

The change in accounting policy was adopted so that the net book value of the assets at 30 June 2015 fairly reflects the underlying value of the Company's assets.

The revaluations have been completed by independent valuers and who have assessed the fair value of the assets. Any revaluation increment is credited to the revaluation reserve and included in other comprehensive income, except to the extent that it reverses 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.

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

Assets under construction
The cost of assets under construction is recorded at incurred cost as at balance date.

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.

7 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, including transaction costs. Costs include all expenditure relating to infrastructure development and construction. Investment property is depreciated using the cost model allowed under NZ IAS 40. Investment properties include all aspects of the business park development adjacent to the airport.

8 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.

The principal depreciation rates are as follows:

Airfield Infrastructure: Base	0.71% to 5.56%
Surface	6.67% to 10.00%
Business Park Infrastructure	0.00% to 10.00%
Buildings	2.50% to 10.00%
Plant & Equipment	2.90% to 40.00%
Car Park & Roading	1.67% to 5.00%
Fencing	5.00% to 15.00%
Lighting	4.00% to 10.00%
Furniture & Fittings	10.00%
Office Equipment	30.00%

9 Intangibles

Intangibles comprise computer software that is not an integral part of the related hardware. This software has either been purchased or developed internally and is initially recorded at cost. Subsequent costs are included in the software's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The costs of maintaining the software are charged to profit or loss. Software is amortised over three years using the straight line method.

10 Financial Instruments Recognition and Measurement

Financial instruments are initially measured at fair value plus transactions costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Notes to the Accounts

For the year ended 30 June 2015

Financial assets at fair value through profit or loss

A financial asset is classified in this category only when the Company becomes a party to the contractual provisions of the financial asset. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in profit or loss in the period in which they arise. The Company has no financial assets at fair value through profit or loss in the reported periods.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are stated at amortised cost using the effective interest rate method less accumulated impairment losses. Trade and other receivables and cash and cash equivalents listed in the Company's statement of financial position are classified as loans and receivables.

Held-to-maturity investments

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Any held-to-maturity investments held by the Company are stated at amortised cost using the effective interest rate method less accumulated impairment losses. The company has no held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken to comprehensive income. The company has no available-for-sale financial assets.

Financial liabilities

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

11 Impairment Testing Of Assets

At each reporting date, the Company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

12 GST

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

13 Changes In Accounting Policies

Other than as described above in respect of the revaluation of property, plant and equipment, there have been no changes in accounting policies in the reported periods.

14 NZ IFRS Issued But Not Yet Effective

The following new standards, amendments to standards and interpretations have been issued, but are not yet effective and have not been adopted early:

- NZ IFRS 9 Financial instruments is effective for annual periods beginning on or after 1 January 2018. NZ IFRS 9 is part of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard introduces amended requirements for classifying and measuring financial assets and liabilities. The Company has not yet considered the impact of the new standard.
- NZ IFRS 15 Revenue addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in IAS 18 Revenue and IAS 11 Construction contracts and is applicable to all entities with revenue. It sets out a five step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company has yet to assess IFRS 15's full impact. The Company will adopt this standard for the year ended 30 June 2018.

	2015	2014
1. Operating Revenues	$	$
Aviation	2,908,362	2,644,165
Carparking	1,203,517	1,115,408
Business park	127,986	129,203
Other Revenue	136,860	121,701
	4,376,725	4,010,477

2. Operating Expenses

	2015	2014
Amortisation	-	1,857
Audit Fees - audit of financial statements	20,132	17,995
- human resources assistance	-	4,294
- emergency accounting services*	-	51,098
Directors Fees	70,000	67,500
(Gain)/Loss on Sale of Assets	(13,992)	8,000
Lease of Land	33,000	33,000
Employee benefits	257,281	347,304
Other Operating Expenses	1,270,686	1,336,847
	1,637,107	1,867,895

**Staples Rodway were engaged to provide emergency accounting support following the resignation of the General Manager in September 2013. This was undertaken by staff not engaged in the audit process.*

3. Taxation

	2015	2014
A. Current Year Reconciliation		
Profit Before Taxation	1,829,729	554,210
Prima Facie Taxation @ 28%	512,324	155,179
Adjusted for the effect of:		
Non-Deductible Expenses	-	5,000
Prior Years (over)/under provision	(1,023)	-
Income Tax Expense	511,301	160,179
Comprising		
Current Tax	550,482	57,712
Deferred Tax	(39,181)	102,437
	511,301	160,149

Notes to the Accounts

For the year ended 30 June 2015

	2015	2014
B. Taxation Payable/(Receiveable)	**$**	**$**
Balance @ 1 July	24,663	(5,977)
Prior Year (over)/under provision	-	-
Terminal Tax (paid)/refunded	(24,663)	5,977
Current Tax Payable	550,482	57,712
Provisional Tax paid	(347,564)	(32,000)
RWT paid on Interest	(1,013)	(1,049)
Balance at 30 June	201,905	24,663

C. Imputation Credit Account		
Imputation Credits carried forward	673,572	4,277,589
IRD Adjustment to Opening Balance	-	(3,457,030)
Decrease arising from tax refunded during the year	-	(5,977)
Increase arising from tax paid during the year	373,242	33,049
Applied to Dividends paid	(140,000)	(174,059)
Balance at 30 June	906,814	673,572

D. Deferred Tax Reconcilaition		
Opening balance	1,788,281	1,685,814
Deferred tax expense	2,377,853	102,467
Closing balance	4,166,134	1,788,281
Reconciliation of Deferred Tax Expense		
Charged to tax expense	(39,181)	102,467
Charged to other comprehensive income	2,417,034	-
	2,377,853	102,467

E. Deferred Tax Analysis		
Holiday Pay	(3,911)	(3,485)
Impairment Provision	194,992	194,992
Intangibles	(47)	(47)
Income in Advance	(427,209)	(450,809)
Runway Refurbishment	684,557	744,161
Revaluation of PPE	2,417,034	-
Asset Base and Depreciation Differences	1,300,718	1,303,469
	4,166,134	1,788,281

	2015	2014
4. Trade and other receivables	**$**	**$**
Accounts Receivable	297,695	319,918
Prepayments	130,021	112,952
	427,716	432,870

The aging of accounts receivable balance based on contractual terms (greater than 30 days) is shown below:

Current	247,445	217,776
Past due but not impaired	50,250	102,142
Total	297,695	319,918

5. Issued capital	**Shares on issue**		
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.

6. Borrowings

The company has a flexible cost of funds facility (up to $1m) and a short term advance facility (up to $4m) available from the ANZ Bank. At balance date the short term advance was drawn down to the extent of $1,400,000 (2014; $2,000,000) and the Flexible Facility $0 (2014; $11,160). The short term advance facility expires on 31 October 2017.

The interest rate is currently 5.2% p.a. (2014; 5.02% p.a.).

The facilities are secured by a General Security Agreement.

7. Trade and other payables		
General - Trade	298,041	231,953
- Capital Expenditure	43,987	269,109
Rentals in Advance	112,748	134,100
GST Payable	95,297	26,321
Income Tax Payable	201,905	24,663
	751,978	686,146

Rentals in advance due beyond twelve months totals $1,434,012, (2014: $1,517,413).

Notes to the Accounts

For the year ended 30 June 2015

8. Property, Plant and Equipment

	Balance 1/07/14	Additions	Depreciation	Disposals	Historical cost	Revaluation	Balance 30/6/15
Cost or Valuation	$	$	$	$	$	$	$
Land and Land Improvements	2,283,362	61,153		-	2,344,515	3,222,847	5,567,362
Airport Infrastructure & Buildings	16,903,571	89,006		-	16,992,577	6,377,774	23,370,351
Other	1,097,358	15,408	-	-	1,112,766	-	1,112,766
Capital Work in Progress	-	280,648	-	-	280,648	-	280,648
	20,284,291	446,215	-	-	20,730,506	9,600,621	30,331,127
Accumulated Depreciation	$	$	$	$	$	$	$
Land and Land Improvements	27,390		2,023		29,413	(29,413)	-
Airport Infrastructure & Buildings	1,688,904		565,589		2,254,493	(2,254,493)	-
Other	467,951		120,739		588,690	-	588,690
Capital Work in Progress	-		-		-	-	-
	2,184,245	-	688,351	-	2,872,596	(2,283,906)	588,690
Net Book Value	$	$	$	$	$	$	
Land and Land Improvements	2,255,972	61,153	(2,023)	-	2,315,102	3,252,260	5,567,362
Airport Infrastructure & Buildings	15,214,667	89,006	(565,589)	-	14,738,084	8,632,267	23,370,351
Other	629,407	15,408	(120,739)	-	524,076	-	524,076
Capital Work in Progress	-	280,648	-	-	280,648	-	280,648
	18,100,046	446,215	(688,351)	-	17,857,910	11,884,527	29,742,437

As at 30 June 2015 the Land was valued by an independent valuer - Logan Stone Limited. The Airport Infrastructure & Buildings were valued by an independent valuer - PwC.

The valuations are on the basis of current fair value. Logan Stone Limited determined the fair value by direct reference to recent market transactions on arms length terms for properties comparable in size and location, taking into account the highest and best use for the land, in particular the proximity of the car park land to the airport terminal. This is level 2 on the fair value hierarchy - see note 14.

PwC used a discounted cashflow model as there was an absence of sale of similar properties and this is industry practice.
This discounted casflow is based on future forecast income and expenditure for each asset. This is level 3 on the fair value hierarchy - see note 14.

The key assumptions adopted in the discounted cashflow model are as follows:

- Cashflows have been CPI adjusted and discounted at a rate of 7.6% post tax.
- The terminal value for the carpark assets have been calculated using a terminal growth rate of 2%.
- The terminal value for the aeronautical assets is calculated based on the fixed asset value for those assets at the end of the discrete project period.

9. Investment Property

	Balance 1/07/14	Additions	Revaluation	Depreciation	Disposals	Balance 30/6/15
Cost	$	$	$	$	$	$
Land and land improvements	2,977,203	-	-	-	-	2,977,203
Business Park Infrastructure and Buildings	1,875,718	2,885	-	-	-	1,878,603
Capital Work in Progress	-	161,997	-	-	-	161,997
	4,852,921	164,882	-	-	-	5,017,803
Accumulated Depreciation	$	$	$	$	$	$
Land and land improvements	107,929	-	-	53,758	-	161,687
Business Park Infrastructure and Buildings	82,459	-	-	70,108	-	152,567
Capital Work in Progress	-	-	-	-	-	-
	190,388	-	-	123,866	-	314,254
Net Book Value	$	$	$	$	$	$
Land and land improvements	2,869,274	-	-	(53,758)	-	2,815,516
Business Park Infrastructure and Buildings	1,793,259	2,885	-	(70,108)	-	1,726,036
Capital Work in Progress	-	161,997	-	-	-	161,997
	4,662,533	164,882	-	(123,866)	-	4,703,549
Less Provision for Impairment	(696,400)	-	-	-	-	(696,400)
	3,966,133	164,882	-	(123,866)	-	4,007,149

The direct operating expenses (rates and electricity), other than depreciation shown above, in respect of the business park were $37,423 for the year (2014: $37,588).

Notes to the Accounts

For the year ended 30 June 2015

9. Investment Property (continued)

The company is developing a business park complex on the surplus airfield land. Stage 1 of the development was completed during the 2013 financial year.

The initial tenant of the business park has prepaid its rentals for the 21 year term of the lease. This income is being recognised over the term of the lease.

In the prior year the Company assessed the investment properties for impairment based on the recoverable value of the investment property compared to its carrying value. The recoverable value is based on the asset's value in use derived from the present value of the future cashflows expected to be generated by the business park. In 2014 the value in use was less than the current carrying value, the Directors determined the need for an impairment charge of $696,400.

The key assumptions adopted are as follows:

- Site leasing will be progressive over the next 15 years
- Cashflows have been CPI adjusted by 2% and discounted at 8.5% post tax.

As at 30 June 2015 the company has considered whether any new indicators of impairment exist. The assumptions used at 30 June 2014 are considered to remain valid and therefore no further impairments have been recognised.

The Company will continue to monitor the ongoing financial performance of the business park at each reporting date to confirm whether previous impairments have reversed or further impairments should be recognised.

10. Reconciliation of net profit after income tax to net cashflows from operating activities

	2015 $	2014 $
Operating Profit/(Loss) After Taxation	1,318,428	394,031
Add/(Less):		
Non Cash Items - Depreciation	814,729	784,307
- Amortisation	-	1,857
- Deferred Tax	(39,182)	102,467
- Provision for Impairment	-	696,400
- (Profit)/Loss on Disposal on/of Assets	(13,992)	8,000
Changes in Trade & Other Receivables	5,154	(70,813)
Changes in Payables & Income in Advance	119,624	(56,070)
Net Cash flows from Operating Activities	2,204,761	1,860,179

11. Commitments

Operating commitments:

As at 30 June 2015 the company had 1.5 years remaining of five year contract with a provider of rescue fire, grounds maintenance and security services at $364,704 per annum. 'This contract runs until 31 December 2016.

As at 30 June 2015 the company had two years remaining of a three year contract with Hawke's Bay Tourism to contribute $20,000 per annum.

The company has entered into a lease agreement to lease land as part of the runway extension for a term of 35 years expiring on 30 April 2045 with a perpetual right of renewal.

No longer than 1 year	33,000	33,000
1 -5 years	132,000	132,000
Longer than 5 years	820,208	852,500
	985,208	1,017,500

Capital commitments:

The Company is in the process of bulding a new car valet and at balance date had committed $683,290 of capital expenditure to this project that is expected to be spend in the year to 30 June 2016. (2014: nil)

12. Contingencies

There are no known contingent liabilities. (2014: Nil)

Notes to the Accounts

For the year ended 30 June 2015

13. Transactions with related parties

Hawke's Bay Airport Ltd is owned by Napier City Council, Hastings District Council and the Crown. The company 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.

These transactions are not separately disclosed where they:

- Are conducted on an arm's length basis;
- Result from the normal dealings of the parties: and
- Meet the definition of related party transactions only because of the relationship between the parties being subject to common control or significant influence by the Crown.

The Company has engaged Opus International Consultants Ltd to provide engineering and other consulting services. Mr Tony Porter, the Chairman of the Company, has a minor shareholding in Opus. The Company paid consultancy fees of $24,040 to Opus on normal commercial terms during the financial year (2014: consulting fees $43,074).

Amounts paid to key management personnel (Chief Executive and the Directors) during the year were $224,375 (2014: $241,558).

14. Financial instruments

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

The main financial instruments are:

- Cash and cash equivalents
- Trade and other receivables
- Trade and other payables
- Borrowings

The Company has no off balance sheet financial instruments.

Risk Management Policies

The Company's investment policy objective is to maximise investment income with a prudent level of investment risk. Any financial investments, representing cash for working capital purposes, must be invested for no longer than 180 days to ensure funds remain available to meet future cashflow requirements. Investments must only be placed with a New Zealand registered bank with a minimum Standard & Poors Credit Rating of AA-.

Credit Risk Exposure

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the company incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the entity.

Maximum exposure to credit risk (accounts receivable, cash and cash equivalents and other investments) is disclosed in the body of the financial statements. These amounts are recorded net of any provision for possible losses.

The Company is not exposed to any significant concentrations of credit risk.

Liquidity Risk

Liquidity risk is the risk that the company may encounter difficulties raising funds to meet commitments associated with financial instruments. Liquidity risk arises on trade and other payables and employee benefits.

The company manages liquidity risk by monitoring forecast cash flows and maintaining adequate cash reserves and borrowing limits.

Capital risk management

The company manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders. The capital structure consists of issued capital, reserves and retained earnings.

Fair Value of Financial Instruments

For loans and receivables, held to maturity investments, available for sale 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 and cash equivalents: The reported amounts approximate fair value.

Trade and other receivables: The reported amount approximates fair value because they are assessed for impairment and all amounts are receivable within three months of balance date.

Trade and other payables: The reported amount approximates fair value because they are payable in the short term

Borrowings: The reported amounts approximate fair value because they are at market interest rates.

Interest Rate Risk

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company is sensitive to interest rates in relation to its borrowings, cash and cash equivalents. If interest rates were to increase/(decrease) by 1% the profit and equity of the company would increase/(decrease) by $17,055 (2014: $18,618).

In doing the calculation the assumption is that the rate change would be as at the beginning of the period and no other rate changes would be effective during the period.

There has been no change to the company's exposure to interest rate risk or the way it manages and measures interest rate risk in the reporting period.

Fair value estimation

Assets and liabilities are recorded at fair value 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, as prices) or indirectly (that is, dervived from prices.)

Level 3
Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

15. Events subsequent to balance date

Subsequent to balance date, Jetstar have announced that they will commence scheduled passenger services on 1 December 2015 (2014: nil).

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 2015

The Auditor-General is the auditor of Hawke's Bay Airport Limited (the company). The Auditor-General has appointed me, Stuart Signal, using the staff and resources of Staples Rodway Hawke's Bay, to carry out the audit of the financial statements and performance information of the company on her behalf.

We have audited:

- the financial statements of the company on pages 11 to 27, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on page 8.

Opinion

Financial statements and performance information

In our opinion:

- the financial statements of the company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2015 and
    - its financial performance and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards'.
- the performance information of the company presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the year ended on 30 June 2015.

Our audit was completed on 22 September 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the company.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and the performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

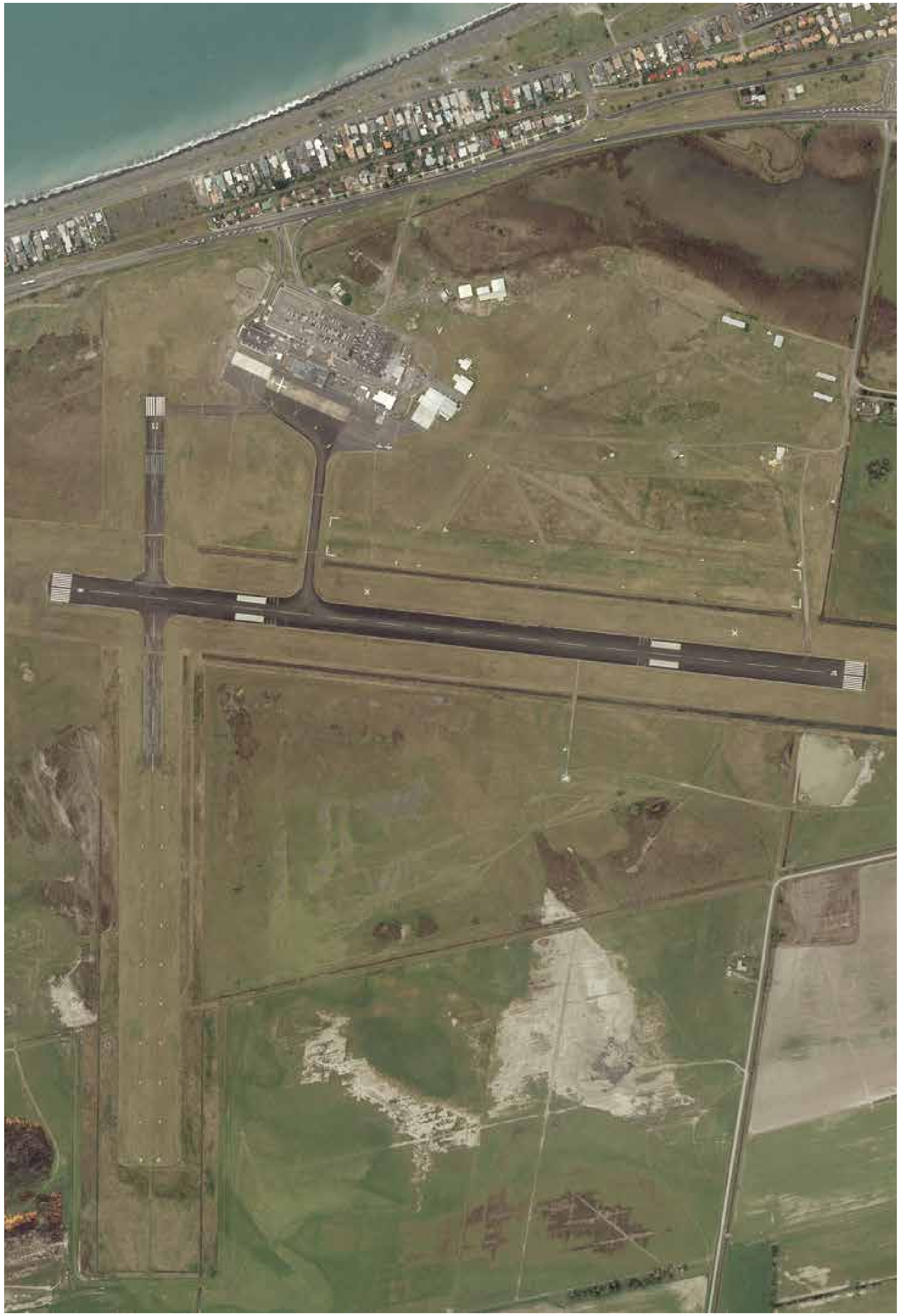
We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

During the year, in addition to the audit, we have provided HR assistance for the company. This assignment was managed to ensure those independence requirements were met. Other than the audit and this assignment, we have no relationship with or interests in the company.

S G Signal
Staples Rodway Hawkes Bay Partnership
On behalf of the Auditor-General
Hastings, New Zealand



Mana Ahuriri's request for Airport Name Change to Ahuriri Airport Hawke's Bay Limited

Background to the Name Change Request – Te Whanga and the Airport

Received from Piri Prentice, Deputy Chairman, Mana Ahuriri Incorporated

As the representatives of mana whenua, Mana Ahuriri Incorporated have requested a change in the name of Hawke's Bay Airport to Ahuriri Airport Hawke's Bay. The request was made via presentations to meetings of the Airport Company's Board of Directors and local Shareholders Napier City Council and Hastings District Council in October 2014. Mana Ahuriri's desire for the name change is based upon the history of the area where the airport is located and its historical connection with the Ahuriri hapu.

"Te Whanganui a Orotu is a place of great significance to the Hapu of Ahuriri and is central to our existence and identity. Archaelogical surveys /samples from islands on the inner harbour confirm the settlement of our people dated as far back as the 12th Century. It is fringed with numerous archaeological sites and place names which are tangible proof of the rich history of settlement and lengthy connection with the area related in stories and waiata. Te Whanganui a Orotu is named after our Ancestor Te Orotu who was a descendant of the great explorer ancestor Mahu Tapoanui who was the very beginning of our people. Seven sub tribes of our people are still resident in Ahuriri.

Te Whanganui a Orotu contained islands where our people lived, and /or camped while on fishing expeditions, as well as wahi tapu and urupa. The island of Tapu Te Ranga was the recognised place of baptism. Two islands of spiritual significance to us namely Tuteranuku and Matawhero were vested in six Maori Trustees in June 1936. Using the Public Works Act the Napier Harbour Board assumed titles to the islands in October 1939 and the islands were used for Airport filling.

Te Whanganui a Orotu was an important mahinga kai for our people and in the early beginnings of Te Whanga the pepeha of Tamatea Pokai Whenua refers to the range and abundance of food he enjoyed during his stay on Tapu Te Ranga. The Ngati Mahu ancestress Te Whatu in her oriori composed by her for her grandson Te Iho o Te Rangi and her son Raukawa finishes with: "Te Whanga is the storehouse that never closes providing a meal in the morning, in the afternoon and in the evening."

The Hawke's Bay Airport was constructed on part of Te Whanganui a Orotu reclaimed after the 1931 Earthquake, included in the 467 acre 07189 hectare (at 1965) area were the islands of Tuteranuku, Tirowhangahe, Awa o Waka and Matawhero, compulsorily acquired by the Crown in 1939 without the payment of compensation."

Mana Ahuriri's preference is to change the legal name of our company from Hawke's Bay Airport Limited to Ahuriri Airport Hawke's Bay Limited.

As far as IATA (International Air Transport Association) and ICAO (International Civil Aviation Organisation) Airport identification codes are concerned, the respective codes of NPE (IATA) and NZNR (ICAO) will be retained and will not be affected by the name change.

The Airport Company's Directors have confirmed their support for the proposed name change following extended consultation and support from Stakeholders. They consider it would be appropriate for the name change implementation to align with the proposed terminal development project which would enable the company to minimise the costs and maximise the benefits associated with the name change. Having regard to the costs associated with the name change, the Company believes that these will be minimal and will mainly involve changes to office stationery, signage and legal expenses – costs that could all be comfortably absorbed within its normal operating budgets.

Back cover image, credit: Peter Scott, www.abovehawkesbay.co.nz

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