Queenstown Airport


# ANNUAL REPORT

YEAR ENDING 30 JUNE 2024

**QAC'S REGISTERED OFFICE**

Queenstown Airport Corporation
Sir Henry Wigley Drive
Frankton, New Zealand
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COVER IMAGE: The Helicopter Line

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# CHAIR AND CEO REPORT

**We are pleased to present Queenstown Airport Corporation's annual report for the 12 months ending 30 June 2024.**

It has been another positive year, with record revenue and passenger numbers, despite the challenging global economic environment.

The Southern Lakes region is a premier destination, with year-round appeal, as the full flights in and out of Queenstown demonstrate. We know those flights also bring many social and economic benefits for the people and businesses of this region.

Furthermore, they enable us to make a meaningful financial contribution to our community. The board of directors is pleased to announce QAC will pay a record total dividend for the year of $19,554,000. Shareholders received an interim dividend of $5,313,000 in February. They will receive a further $14,241,000 this month.

Over the past 12 months, we have made significant progress towards realising our vision to be an innovative airport that people love to travel through, and the community takes pride in.

A Master Plan that will guide considerable investment in infrastructure at Queenstown Airport over the coming decade, while enabling lower-emission aviation, has been completed.

The first major project arising from this was announced recently. The construction of engineered materials arresting system (EMAS) beds at both ends of the main runway is about to begin. We are proud to be the first airport in New Zealand and Australia to install this innovative safety technology, which exceeds compliance with civil aviation regulations and is a tangible demonstration of our determination to surpass expectations.

As we developed our Master Plan, we sought feedback from our community, customers, and other stakeholders, and appreciated the passionate, well-considered responses we received. It is heartening to know how deeply people care about Queenstown Airport and the services we provide. It is also good to see recognition of the airport's contribution to the vitality of Queenstown, Wānaka, Central Otago, and surrounding areas.

We do not underestimate the responsibility we have in managing a critical community asset and are confident our Master Plan strikes the right balance between progress and protecting what makes Queenstown Airport unique.

We are now in the midst of a substantial programme of work to create detailed development plans for the airfield, the terminal, the landside spaces around the terminal, and services and utilities. International consulting firm Aurecon is supporting the delivery of those plans.

The resultant capital works programme will be the largest ever undertaken at Queenstown Airport. It will be challenging to manage the complexities of this while normal operations continue. However, we have our sights fixed firmly on the prize. We will use innovation and carefully considered design to develop an efficient, customer-focused airport that reflects this beautiful region well and meets the needs of its population far into the future.

Meanwhile, we are undertaking smaller projects to make the best use of the existing facilities and to improve the customer experience wherever possible.

We are also putting considerable effort into upgrading existing assets, minimising waste, boosting electrical capacity, supporting biodiversity projects, and other sustainability initiatives.

Throughout the year, we've continued to work closely with the Wānaka Airport community and the Queenstown Lakes District Council on the day-to-day operation of the airport under a Management Services Agreement. A highlight was the successful return of the Warbirds Over Wānaka airshow after a four-year hiatus. Staging this event requires an extraordinary behind-the-scenes effort by many parties.

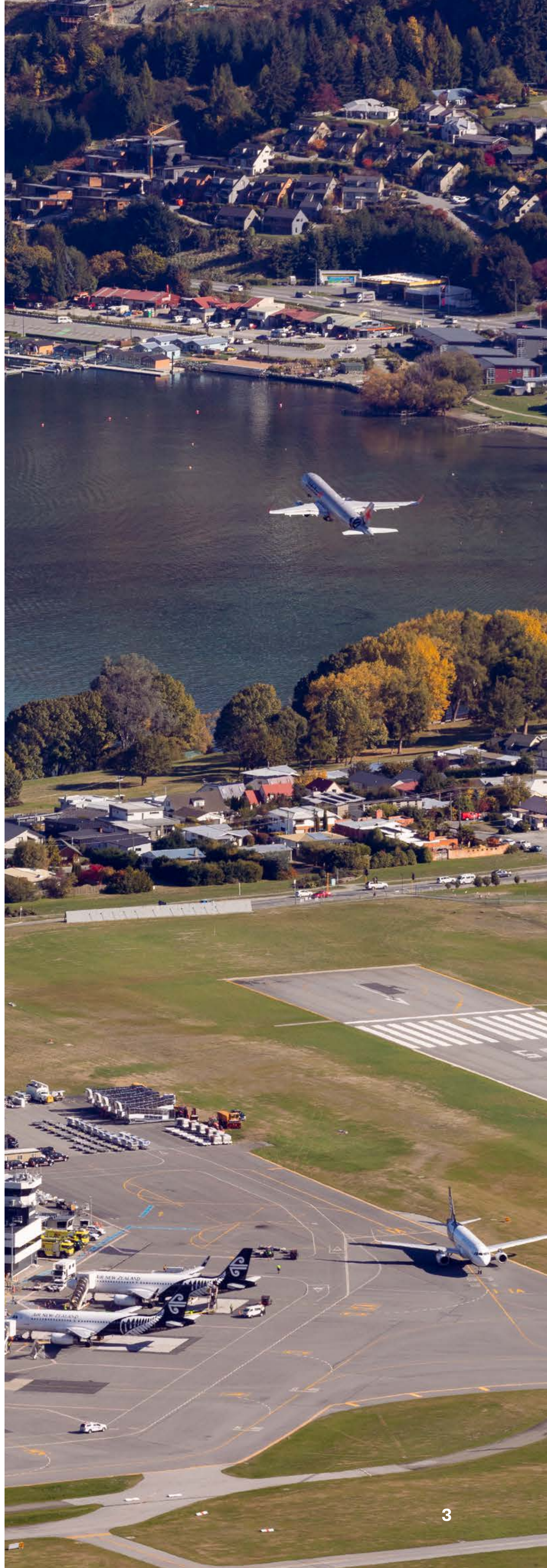
This report details the FY24 financial results and outlines the work completed during the year. We're proud of what has been achieved and thank the staff at both Queenstown and Wānaka airports for their excellent work.

**Adrienne Young-Cooper**
Chair

**Glen Sowry**
CEO

## ANNUAL GENERAL MEETING

The company's annual general meeting will be held in October, when we will present an update to shareholders on the past financial year, as well as providing an outlook for the year ahead. Chair Adrienne Young-Cooper will retire from the Queenstown Airport Corporation's board after the AGM, having served the maximum two terms, and will make some further comments then.



# OUR COMPANY

| MISSION | VISION |
|---|---|
| Why we exist | Where we want to be |
| **PROUDLY CONNECTING OUR HOME WITH NEW ZEALAND AND THE WORLD** | **AN INNOVATIVE AIRPORT THAT PEOPLE LOVE TO TRAVEL THROUGH, AND THE COMMUNITY TAKES PRIDE IN** |

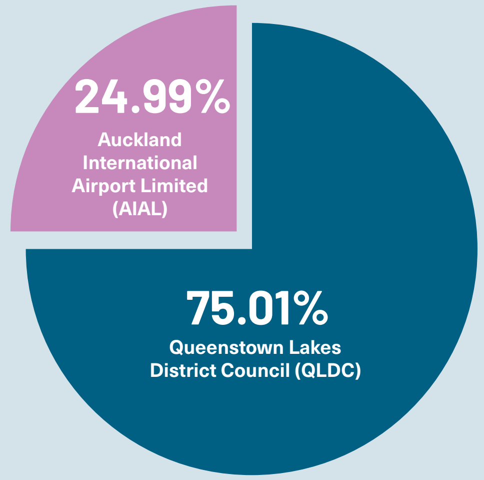
## STRATEGIC PILLARS

**EXPERIENCE**
Exceed expectations at every touch point

**RESILIENCE**
Strong and capable

**COMMUNITY**
Respect for people and place

The Queenstown Airport Corporation (QAC) is a council-controlled trading organisation (CCTO) for the purposes of the Local Government Act 2002. The company is owned by one majority and one minority shareholder.




## NATURE AND SCOPE OF ACTIVITIES

QAC's purpose is to create long-term value and benefits for its shareholders, business partners and the communities of the Queenstown Lakes District, measured against social, environmental, economic and cultural wellbeing.

QAC's primary activity is the safe and efficient operation of Queenstown Airport, facilitating air connectivity through the provision of infrastructure in the region, to meet the needs of our customers, the residents of, and visitors to the lower South Island.

This includes the provision of appropriate and sound aeronautical and associated infrastructure and facilities for the operations at the airport.

QAC also manages Wānaka Airport and the Glenorchy Airfield on behalf of the Queenstown Lakes District Council.

QAC:

- ensures effective stewardship of the airports, including meeting all relevant statutory obligations
- provides airfield, airside, terminal and landside facilities and infrastructure that deliver the required outcomes for all operators and users
- ensures the operational resilience of Queenstown Airport as a lifeline utility, as required under the Civil Defence Emergency Management Act 2002.

## QUEENSTOWN AIRPORT

At Queenstown Airport, we provide for scheduled domestic and international air services, commercial and private general aviation operations and the Lakes District base for the Otago Rescue Helicopter service.

## WĀNAKA AIRPORT

Wānaka Airport is owned by QLDC. QAC manages Wānaka Airport under a Management Services Agreement (MSA) with QLDC. Wānaka Airport facilitates scheduled domestic air services, and both commercial and private general aviation operations.

## GLENORCHY AIRFIELD

Glenorchy Airfield is owned by QLDC. QAC provides grounds maintenance services and airstrip management at Glenorchy under a Management Services Agreement with QLDC.

## REGULATORY OBLIGATIONS

Under the Airport Authorities Act (AAA) and Resource Management Act (RMA), QAC has statutory responsibilities and obligations related to land use and planning and operates in accordance with these obligations. QAC will continue to monitor and maintain regulatory compliance with the obligations set out in the district plan, QAC's designation and resource consents associated with the operation of Queenstown Airport. QAC will continue to monitor regulatory compliance at Wānaka Airport and highlight any issues to QLDC.

# OUR YEAR AT A GLANCE

MASTER PLAN COMPLETED

DEVELOPMENT PLANNING UNDER WAY

RECORD DIVIDEND FOR SHAREHOLDERS

INTERNATIONAL DEPARTURE AREA UPGRADED

EXTRA SELF-SERVICE TECHNOLOGY INSTALLED

ELECTRIC GSE* CHARGERS INSTALLED

COMMUNITY SATISFACTION SCORE IMPROVED

FOOD AND BEVERAGE OFFERING EXPANDED

$150K INVESTED IN COMMUNITY PARTNERSHIPS

INTERNATIONAL GREEN AIRPORTS BIODIVERSITY AWARD

8% INCREASE IN COMMERCIAL REVENUE

SECURITY SCREENING CAPACITY INCREASED

* ground service equipment

# OUR FINANCIAL PERFORMANCE

Our financial performance reflects another year of solid passenger numbers. The resurgence of travel to and from the Southern Lakes region has been sustained, with both scheduled aircraft movements and passenger numbers up about 5% on FY23.

Demand for seats on trans-Tasman flights was particularly strong and drove the growth, while domestic demand remained steady. We are working closely with our airline partners to co-ordinate their schedules using slot allocation.

The general aviation operators based at Queenstown Airport also had another busy year.

Commercial revenue has risen at a greater rate than the increase in passenger numbers, totalling $28.96 million – $2.2 million higher than FY23. Total revenue was $64.74 million.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 5% from $43.9 million to $46.2 million.

Total operating expenditure was $18.6 million – up 18% on the previous year due to a combination of inflation, building our workforce in FY23 and FY24, and our ongoing focus on the customer journey and operational enhancements.

The normalised profit for the reporting period was $23.2 million, up 5% from $22.2 million in FY23.

The Government's removal of tax depreciation on commercial buildings had a one-off impact of $6.7 million, resulting in a reported profit of $16.5 million.

Capital expenditure of $16.6 million reflected ongoing investment in core operating infrastructure, including terminal improvements and investment in carbon reduction. In addition, we fully funded noise mitigation work on 12 properties within Queenstown Airport's noise boundaries as part of our commitment to being a good neighbour.

As at 30 June 2024, term debt was $32.5 million.

## FINANCIAL SNAPSHOT

| | |
|---|---|
| REVENUE | $64.7m ▲ 9% |
| EBITDA | $46.2m ▲ 5% |
| PROFIT FOR THE PERIOD (NORMALISED) | $23.2m ▲ 5% |

## TOTAL AIRCRAFT MOVEMENTS

1 July 2023 to 30 June 2024, compared with the previous year

| | | |
|---|---|---|
| SCHEDULED AIRCRAFT MOVEMENTS | 18,388 | ▲ 5% |
| HELICOPTER MOVEMENTS | 28,047 | ▼ 12% |
| FIXED-WING MOVEMENTS | 13,816 | ▲ 11% |
| PRIVATE JET MOVEMENTS | 475 | ▼ 19% |

## TOTAL PASSENGER MOVEMENTS

1 July 2023 to 30 June 2024, compared with the previous year

| | | |
|---|---|---|
| DOMESTIC MOVEMENTS | 1,630,373 | ▼ 0.2% |
| INTERNATIONAL MOVEMENTS | 857,237 | ▲ 16.3% |
| TOTAL | 2,487,610 | ▲ 4.9% |

### AIRCRAFT AND PASSENGER MOVEMENTS EXPLAINED

Airports report passengers and aircrafts as movements. A plane arriving in Queenstown and then departing counts as two aircraft movements. Similarly, about half of the total passenger movements are arrivals and half are departures.

# OUR CUSTOMERS

Whether a passenger flies in and out of Queenstown every week, or is visiting for the first time, we want them to have a great experience.

Queenstown Airport hosted a record number of travellers during the year and, at peak times, congestion in the terminal sometimes made this challenging. Our Master Plan includes an extension of the terminal. That is definitely needed, and we're working on the details now, but in the meantime, we are tackling smaller projects to make best use of the space we already have and to improve our customer experience.

## CUSTOMER SURVEYS

Last year, we signed up to the Airports Council International's globally recognised Airport Service Quality (ASQ) programme, which includes quarterly surveys that benchmark our services against those of other airports. This valuable information helps us to identify areas requiring our attention and to prioritise improvements. It also shows our intensive focus on customer experience is paying off.

## SIMPLE JOURNEYS

We know our customers value simplicity and efficiency as they move through the airport. An advantage of being relatively small is that ZQN is less complex to navigate than a bigger airport. The self-service technology installed in FY23 was a great success, giving passengers greater autonomy, reducing queues, and speeding up the check-in process. Therefore, we have added more self-service kiosks and automatic bag drops this year. We have also created a fourth passenger screening lane, which has given the Aviation Security agency greater capacity and flexibility in managing passenger flows.




## HOSPITALITY

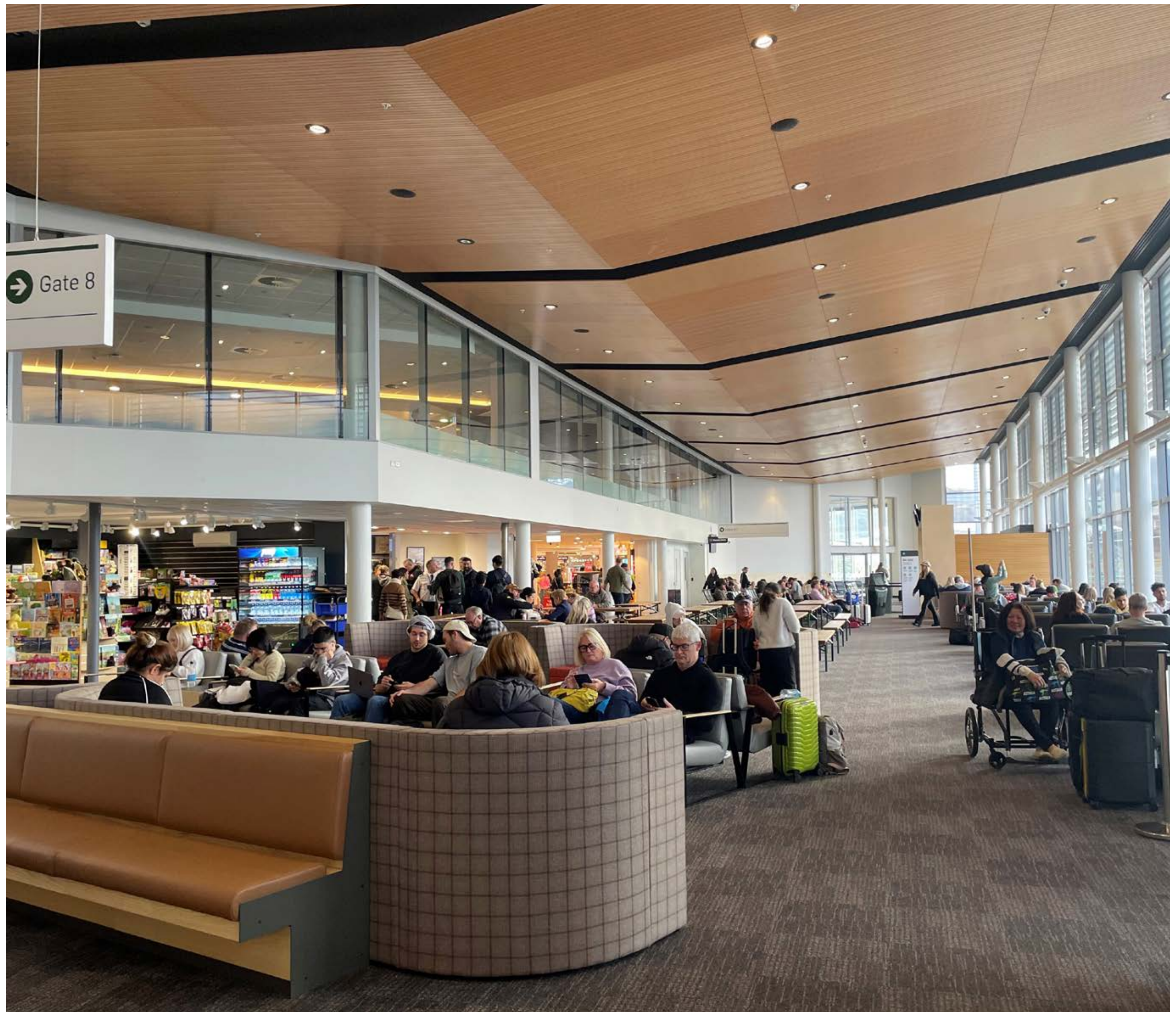
The launch of a full cafe and licensed bar opening directly on to the airport forecourt was a highlight. Provenance boasts an enclosed courtyard, which has excellent infrared heating to keep customers cosy in winter and a retractable canopy roof and sides that can be rolled up in summer, ensuring year-round comfort. It is unusual to have an indoor-outdoor dining space at an airport, but it has been well received by both local residents and travellers. The new cafe goes a long way towards addressing the reduction in landside seating and food and beverage options when the airside domestic departures lounge was expanded to incorporate the Airspresso cafe.

## LOUNGE UPGRADE

New furniture has been installed to make better use of the space available in the international departure lounge, providing seating for an additional 60 people, as well as a variety of spaces to suit everyone from solo travellers to large family groups. Workstations and charging points have been added throughout the airport. Extra seating has also been installed in the main terminal and more picnic tables have been positioned in the forecourt.

## BATHROOM REFURBISHMENT

Airport bathrooms are heavily used. Therefore, a bathroom refurbishment programme is being completed in stages, one set of toilets at a time. Those that are likely to change as part of the proposals outlined in the Master Plan are getting fresh paint and a refresh, while the others are getting a full makeover.



# OUR INFRASTRUCTURE


PHOTO: Joseph Maynard

The work doesn't stop at ZQN just because the last flight of the day has departed. In fact, sometimes that is when the most important work begins.

## RUNWAY MAINTENANCE

A complex programme of repairs and maintenance to the main runway and taxiways was completed between May and November. The contractor, Fulton Hogan, had to carefully time the work in stages through the middle of the night and ensure the runway was functional again by 6am each morning. This required meticulous planning and close collaboration with Queenstown Airport staff, the design engineer, and the Airport Emergency Service, which helped cool newly laid asphalt. The $1.3 million project is an important investment in safety and resilience.

## DRAINAGE

A French drain – a trench filled with permeable materials and a perforated pipe, which collects water and directs it into the stormwater system – has been installed along the northern side of the airfield. This project was also completed at night and will protect the main runway from water damage.

## HEATING AND COOLING

We invested significantly in upgrading our heating, ventilation and air-conditioning (HVAC) system this year. One of the advantages of our inland location is that we have a dry, low-corrosion environment, which meant some of the componentry replaced was 25 years old. This work was necessary to allow us to reduce diesel consumption and make our HVAC system more environmentally efficient.

## WILDLIFE MANAGEMENT

Considerable effort has gone into wildlife management this year. Airport Emergency Service officers are specially trained to monitor the activity of birds and to use a raft of measures to discourage them from settling on the airfield. A pest control specialist was brought in to deal with rabbits on the airfield. Rabbit-proof fencing was also constructed.

## PARKING

An automatic licence plate recognition system has been installed in the terminal car parks to help provide a seamless parking experience. The technology enables customers to tap in with a credit card and tap out for ticketless parking, or to pay at the pay station and the exit barriers automatically open as they leave.

## ELECTRICAL WORK

One of the airport's two electrical transformers was upgraded to increase capacity. This allowed the installation of six common-use charging stations for electrical ground service equipment. These honour one of the commitments we made when we negotiated a sustainability-linked loan structure with our four banks in 2023. They enable us to reduce our carbon footprint and support the airlines that operate here to transition away from diesel equipment.

# OUR COMMUNITY

Queenstown Airport is an important regional asset and we are dedicated to helping our community thrive.

## COMMUNITY PARTNERSHIPS

Over the past year, we have worked hard to engage widely with community organisations, to be transparent about our plans, to support regenerative tourism, and to nurture beneficial partnerships and sponsorships. This year these included:

- Coastguard Queenstown
- Whakatipu Reforestation Trust
- Lake Hayes A&P Show
- LUMAbility
- Wakatipu Community Foundation
- Love Queenstown and Love Wānaka
- 2023 Queenstown Business Awards
- Lakes District Air Rescue Trust
- Warbirds Over Wānaka
- Winter Pride
- Queenstown Marathon Kids' Run
- Wakatipu High School Foundation Āwhina Support Fund.

## FINANCIAL CONTRIBUTION

As a council-controlled trading organisation, Queenstown Airport is majority-owned by the community and when we are successful, all the people of the Queenstown Lakes District benefit. Since rebuilding after the COVID pandemic, we have paid our shareholders more than $35 million in dividends. We also connect Southern Lakes businesses with markets and bring in visitors to support the local economy.

## ELEVATING LEADERSHIP

We are a longstanding supporter of the Queenstown Business Chamber of Commerce and this year collaborated to create the Elevate Series – a programme of events featuring prominent leaders, which is built around the themes of Experience, Resilience and Community. It is no coincidence that these are also Queenstown Airport's strategic pillars.

## WETLAND RESTORATION

In May, we received an international honour for our support of a local biodiversity project. The Green Airports 'Platinum' Recognition was announced at the annual conference of the Airports Council International and acknowledges our collaboration with the Shotover Primary School and the Whakatipu Reforestation Trust to restore the regionally significant Shotover Wetland.

## SUSTAINABILITY

We continue to work hard to reduce our environmental impact, to become more sustainable, and to share knowledge with partner organisations. We are committed to providing annual verified emissions data and are shifting from the Toitū carbon certification programme to Airport Carbon Accreditation, which is a rigorous globally recognised certification programme for airports. We will deliver our second annual Sustainability Report, incorporating climate-related disclosures, later in the year.

**You can read more about our Sustainability Strategy and initiatives at www.queenstownairport.co.nz/sustainability-community**

SUSTAINABLE ZQN

Scan to read more

# OUR PEOPLE


ZQN
Queenstown airport
MONS ROYALE
ZQN
Queenstown airport
MONS ROYALE
ZQN





It takes a concerted effort, day in and day out, to make an airport run smoothly.

The wonderful customer services staff on the frontline, 365 days a year, have to be alert, friendly, quick-thinking, and calm under pressure. They deal with a vast range of tasks and challenges each day.

Behind the scenes, an extraordinary amount of work goes into organising operations, and liaising with airlines, border agencies, tenants, transport operators, and other stakeholders. Others manage our finances, commercial relationships, safety, assets and facilities, sustainability initiatives, and community partnerships.

Then there are those focused on the future. During the past year, additional staff have been employed to work on detailed development planning and the delivery of projects. To accommodate our larger team, a prefabricated building has been moved on site to create additional working space.

## AES NETWORKING DAY

In March, our Airport Emergency Service team hosted members of other AES teams from across New Zealand for a networking day focused on diversity. It was a valuable opportunity to share experiences and gain knowledge.

## HEALTH AND SAFETY

The healthy, safety and security of our staff, airport community, contractors, and customers continues to be our highest priority. We promote a safety-first culture and regularly review our systems to identify and mitigate risks.

## PROFESSIONAL DEVELOPMENT

Learning and development opportunities are available to all staff. Lunch & Learn sessions on topical subjects are held regularly and an engaging programme is developed for Airport Safety & Security Week each year. During the year, about 20 staff members participated in a Remarkable Leaders programme, facilitated by JumpShift. Senior managers also undertook professional development. Some travelled overseas to look at other airports and increase their global knowledge ahead of the infrastructure development planned at Queenstown Airport.

## EMPLOYER OF CHOICE

Queenstown Airport aims to be an employer of choice so that we attract and retain great people. We offer competitive salaries, flexible working practices, and a comprehensive health, wellbeing and recognition programme. This includes free health insurance, flu vaccinations and medical checks, regular social gatherings, paid birthday leave, KiwiSaver contributions up to 4%, an activity subsidy, and paid volunteering opportunities.

# BOARD OF DIRECTORS

**ADRIENNE YOUNG-COOPER**
CHAIR

**SIMON FLOOD**
DEPUTY CHAIR

**MIKE TOD**
DIRECTOR

**MARK THOMSON**
DIRECTOR

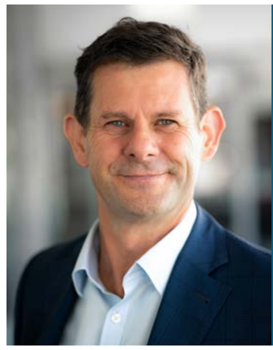
**ANDREW BLAIR**
DIRECTOR

**JACQUELINE CHEYNE**
DIRECTOR

# SENIOR LEADERSHIP TEAM

**GLEN SOWRY**
CHIEF EXECUTIVE OFFICER

**SARA IRVINE**
GM SUSTAINABILITY & CORPORATE AFFAIRS



**ANDREW WILLIAMSON**
CHIEF FINANCIAL OFFICER

**RACHEL TREGIDGA**
GM PROPERTY PLANNING

**TODD GRACE**
CHIEF OPERATING OFFICER

**MELISSA BROOK**
GM STRATEGY

# COMPANY INFORMATION

| | |
|---|---|
| **LOCATION** | Queenstown Airport Corporation<br>Airport Administration, Queenstown Airport<br>Sir Henry Wigley Drive<br>Frankton<br>Queenstown 9300 |
| **MAILING ADDRESS** | Sir Henry Wigley Drive<br>Frankton<br>Queenstown 9300<br>NEW ZEALAND |
| **PHONE** | +64 (0) 3 450 9031 |
| **EMAIL** | admin@queenstownairport.co.nz |
| **WEBSITE** | www.queenstownairport.co.nz |
| **SHAREHOLDERS** | Queenstown Lakes District Council (75.01%)<br>Auckland Airport Holdings (No2) Limited (24.99%) |
| **DIRECTORS** | Adrienne Young-Cooper (Chair)<br>Simon Flood (Deputy Chair)<br>Mark Thomson<br>Mike Tod<br>Andrew Blair<br>Jacqueline Cheyne |
| **AUDITORS** | M Hawken of Deloitte Limited<br>(on behalf of the Auditor General)<br>PO Box 1245<br>Dunedin |
| **BANKERS** | BNZ<br>Queenstown Store<br>36 Grant Road, Frankton<br>Queenstown<br><br>Westpac<br>Terrace Junction<br>1092 Frankton Road<br>Queenstown<br><br>ASB<br>ASB House,<br>Level 2<br>166 Cashel Street<br>Christchurch<br><br>Bank of China<br>Level 17<br>205 Queen Street<br>Auckland |

## SENIOR LEADERSHIP TEAM

| | |
|---|---|
| Chief Executive Officer | Glen Sowry<br>glen.sowry@queenstownairport.co.nz |
| General Manager, Strategy | Melissa Brook<br>melissa.brook@queenstownairport.co.nz |
| Chief Operating Officer | Todd Grace<br>todd.grace@queenstownairport.co.nz |
| General Manager, Sustainability & Corporate Affairs | Sara Irvine<br>sara.irvine@queenstownairport.co.nz |
| General Manager, Property Planning | Rachel Tregidga<br>rachelt@queenstownairport.co.nz |
| Chief Financial Officer | Andrew Williamson<br>andrew.williamson@queenstownairport.co.nz |

## SENIOR PERSONS PER CIVIL AVIATION RULES, PART 139

| | |
|---|---|
| Chief Executive Officer | Glen Sowry |
| Chief Operating Officer | Todd Grace |
| Head of Assets & Airport Emergency Service | Wayne Stiven |
| Senior Manager, Regulatory & Compliance | Daniel Dodd |

# OUR FINANCES

# GOVERNANCE AND STATUTORY DISCLOSURES

QAC is currently governed by a board of six directors. The board is appointed by the shareholders to govern and direct QAC's activities within the parameters of the Statement of Intent. Auckland International Airport Limited (AIAL) is the minority shareholder and appoints one director. Queenstown Lakes District Council is the majority shareholder and appoints all the other directors, including the Chair and Deputy Chair.

The board is the body responsible for all strategic and operational decision-making within the company. It is accountable to its shareholders for the financial and non-financial performance of the company.

The board of directors and management team are proud to be stewards of these important community assets and are committed to effective governance, ensuring the company meets best practice governance principles and maintains the highest ethical standards.

The board has an established Audit and Financial Risk Committee to oversee the company's financial reporting processes, system of internal control, and the external audit process, and its processes for identifying and managing financial risk, and for monitoring compliance with applicable law and its own policies. The board also has a Safety and Operations Risk Committee to oversee the company's performance and reporting related to health, safety & security and operational activities and monitor compliance with applicable law and its own policies.

## COMMITMENT

The board of directors will continue to govern the company on behalf of shareholders as a sustainable business enterprise, operating in a manner that is safe, financially stable, customer-focused, well-planned, and environmentally conscious.

## ROLE OF THE BOARD OF DIRECTORS

The board is responsible for the strategic direction and oversight of QAC's activities. This responsibility includes:

- approving strategic plans, airport master plans, budgets and the Statement of Intent
- approving capital investments and land acquisitions/disposals
- establishing procedures and systems to ensure the occupational health and safety of the company's people and contractors
- corporate policies, including financial and dividend policies, and delegated authorities
- monitoring financial performance and achievement of the strategic initiatives and SOI objectives
- appointment and monitoring of the performance and remuneration of the Chief Executive Officer (CEO)
- ensuring that the company adheres to high ethical and corporate behaviour standards
- integrity of management information systems
- assessment of business opportunities and business risks
- internal control and assurance systems
- compliance with relevant regulations and legislation
- ensuring that QAC has appropriate risk management and regulatory compliance policies in place and the company's adherence to these policies
- actively engaging with shareholders and the community to ensure alignment on objectives.

## BOARD ATTENDANCE

| DIRECTOR | POSITION | MEETINGS ATTENDED | OF A POSSIBLE | COMMITTEE |
|---|---|---|---|---|
| **Adrienne Young-Cooper** | Chair | 8 | 8 | AFRC, SORC |
| **Simon Flood** | Deputy Chair | 8 | 8 | SORC Chair<br>AFRC Chair |
| **Mark Thomson** | Director | 8 | 8 | AFRC, SORC |
| **Andrew Blair** | Director | 7 | 8 | SORC |
| **Mike Tod** | Director | 8 | 8 | |
| **Jacqueline Cheyne*** | Director | 5 | 5 | AFRC, SORC |

* Appointed 7 December 2023

**AFRC –** Audit Financial Risk Committee **SORC –** Safety Operations Risk Committee

## PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activity of the Company during the year was as an airport operator. The Company provides airport facilities and supporting infrastructure in Queenstown, New Zealand, and aeronautical services in Queenstown, Wānaka and Glenorchy, New Zealand. There has been no material change to the business over the reporting period.

## BOARD OF DIRECTORS

The Directors of the Company during the year under review were:

Adrienne F Young-Cooper
Simon R Flood
G Andrew Blair
Jacqueline Cheyne
Mark R Thomson
Michael QM Tod

## DIRECTORS' INTERESTS

There were no director interests that had an impact on the results to declare during the year.

## SHARE DEALINGS

No director acquired or disposed of any interest in shares in the Company during the year.

## DIRECTORS' REMUNERATION

The following are particulars of directors' remuneration authorised and received during the year.

| | Appointment Date | FY24 | FY23 |
|---|---|---|---|
| Adrienne F Young-Cooper | (appointed 27 November 2017) | 92,700 | 63,000 |
| Simon R Flood | (appointed 12 December 2019) | 74,106 | 45,000 |
| Mark R Thomson | (appointed 23 June 2017) | 49,000 | 40,000 |
| G Andrew Blair | (appointed 30 October 2020) | 49,000 | 40,000 |
| Michael Q M Tod | (appointed 30 October 2020) | 49,000 | 40,000 |
| Jacqueline Cheyne | (appointed 7 December 2023) | 26,830 | - |
| Anne J Urlwin | (resigned 28 February 2023) | - | 28,667 |
| | | **340,636** | **256,667** |

## REMUNERATION OF EMPLOYEES

There were 38 employees who received remuneration and other benefits in excess of $100,000 during the reporting period.

| BRACKET | | | FY24 Number of employees | FY23 Number of employees |
|---|---|---|---|---|
| $100,000 | – | $110,000 | 9 | 6 |
| $110,000 | – | $120,000 | 5 | 7 |
| $120,000 | – | $130,000 | 8 | 2 |
| $130,000 | – | $140,000 | 3 | 0 |
| $140,000 | – | $150,000 | 3 | 1 |
| $150,000 | – | $160,000 | 1 | 2 |
| $170,000 | – | $180,000 | - | 1 |
| $180,000 | – | $190,000 | 1 | 1 |
| $190,000 | – | $200,000 | - | 1 |
| $210,000 | – | $220,000 | 1 | 1 |
| $230,000 | – | $240,000 | 2 | 1 |
| $260,000 | – | $270,000 | 2 | 1 |
| $350,000 | – | $360,000 | - | 1 |
| $390,000 | – | $400,000 | - | 1 |
| $410,000 | – | $420,000 | 2 | - |
| $610,000 | – | $620,000 | - | 1 |
| $620,000 | – | $630,000 | 1 | - |
| | | | 38 | 27 |

## DONATIONS

The Company made donations totalling $9,956 during the year (2023: $20,000).

## USE OF COMPANY INFORMATION

During the year the Board received no notices from directors of the Company requesting to use company information received in their capacity as directors that would not otherwise have been available to them.

## AUDITOR

The Auditor General is the statutory auditor of the Company in accordance with the Public Audit Act 2001.
The Auditor General has appointed Mike Hawken of Deloitte Limited to undertake the audit on his behalf.


Photo: Milford Sound Scene Flights

# DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Queenstown Airport Corporation Limited are pleased to present the Annual Report and Financial Statements for Queenstown Airport Corporation Limited for the year ended 30 June 2024.

The directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice which give a true and fair view of the financial position of the Company as at 30 June 2024 and the results of operations and cash flows for the period ended on that date.

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

The directors believe that proper accounting records have been kept which enable with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The directors consider that they have taken adequate steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the Financial Statements.

This Annual Report is dated 15 August 2024 and is signed in accordance with a resolution of the directors.

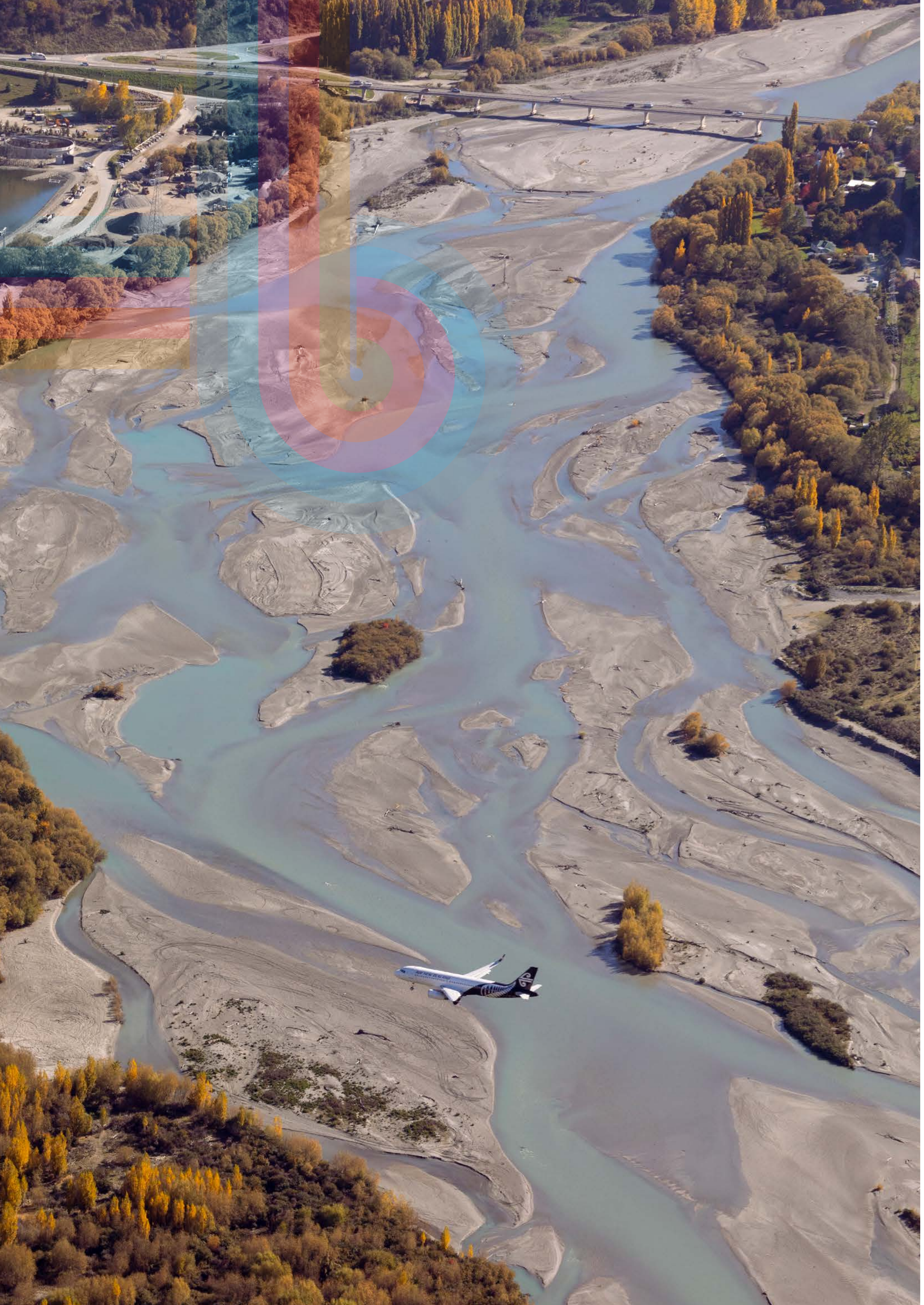
Chair

Deputy Chair

# STATEMENT OF SERVICE PERFORMANCE

| MEASURE | FY24 TARGET | FY24 ACHIEVEMENT | |
|---|---|---|---|
| ACHIEVE AN ABSOLUTE EMISSION REDUCTION, FROM QAC OPERATIONAL ACTIVITIES, OF 60% FROM OUR BASELINE YEAR (2019) BY 2030* | Produce no more than 573 tonnes of $CO_{2e}$ | Achieved | Total operational emissions less than 573 tonnes. This data will be subject to further independent assurance procedures as part of an Airport Carbon Accreditation process, which is expected to be completed in September 2024. |
| | 5% reduction in total terminal waste sent to landfill, compared to previous year (excluding quarantine waste from international arrivals) | Not Achieved | Waste to landfill increased by 9% due to higher passenger numbers, an expanded food and beverage offering, and contamination of materials that could have been recycled. |
| IMPROVE OUR CUSTOMER EXPERIENCE SCORE ANNUALLY | Quarterly customer experience surveys conducted at ZQN<br>Baseline score and FY24 target published on Queenstown Airport website in Q1** | In Progress | Target published online; quarterly surveys completed in terminal. |
| INCREASE OUR COMMUNITY SENTIMENT SCORE | Achieve community satisfaction score of 66%<br>*The FY23 baseline score is 64%* | Not Achieved | Community satisfaction score improved by 1% to 65%. |
| INCREASE THE PERCENTAGE OF PEOPLE TRAVELLING VIA PUBLIC TRANSPORT TO AND FROM THE AIRPORT ANNUALLY | Baseline established in Q1 | Achieved | Baseline established, and data provided by the Otago Regional Council shows an increase in patronage. |
| INCREASE NON-AERONAUTICAL REVENUE TO 25% OF OVERALL REVENUE BY 2032 | 30% increase in revenue from our e-commerce offering on previous year | Not Achieved | Total commercial revenue increased by 8%. E-commerce revenue increased by more than 10%. However, the 30% target was not achieved. |
| | Concept Plan for the Frankton Development Precinct completed | In Progress | Work has commenced, to be completed in FY25. |
| MANAGE AIRCRAFT MOVEMENTS TO REMAIN WITHIN EXISTING NOISE BOUNDARIES | Noise modelling demonstrates compliance with operative noise boundaries | Achieved | Noise modelling demonstrates compliance with operative noise boundaries. |
| MANAGE THE HEALTH, SAFETY AND SECURITY WELLBEING OF EMPLOYEES AND CONTRACTORS | Zero employee or contractor lost time injuries | Not Achieved | No lost time injuries recorded for QAC employees. However, one contractor reported a minor injury. |
| UNDERSTAND OUR CLIMATE CHANGE RISK, INCLUDING FINANCIAL AND LEGAL RISKS | Sustainability results and climate related risk included in annual report for FY23 | Achieved | A Sustainability Report, including climate-related risk reporting, was published in October 2023. |
| FINANCIAL RETURN TO SHAREHOLDERS | Interim and annual dividend paid to shareholders in line with QAC's dividend policy | Achieved | Annual and Interim dividends paid to shareholders. |

* A Sustainability Report including results of the Airport Carbon Accreditation Audit will be published in October.



# FINANCIAL PERFORMANCE MEASURES

## PASSENGER AND AIRCRAFT MOVEMENTS (FY24)

| (000's) | ACTUAL | SOI | VAR. | |
|---|---|---|---|---|
| **Domestic** | 1,631 | 1,635 | (4) | (0%) |
| **International** | 857 | 794 | 63 | 8% |
| **Total Passengers** | **2,488** | **2,429** | **59** | **2%** |
| **Aircraft Movements** | **18.4** | **18.0** | **0** | **2%** |

## INCOME STATEMENT (FY24)

| (000's) | ACTUAL | SOI | VAR. | |
|---|---|---|---|---|
| **Total Revenue** | 64,738 | 60,824 | 3,914 | 6% |
| **EBITDA** | 46,169 | 42,694 | 3,475 | 8% |
| **Profit for the Period (normalised)*** | **23,231** | **20,528** | **2,703** | **13%** |
| **Profit for the Period** | 16,494 | 20,528 | (4,034) | (20%) |
| **EBITDA as % of Revenue** | 71% | 70% | | |
| **Dividends Paid** | 14,875 | 15,025 | (150) | (1%) |
| **Return on Capital Employed (EBIT to Net Operating Assets)** | 7.0% | 6.4% | | |

*Before the impact of the one-off $6,737,000 tax expense to recognise the government's removal of tax depreciation on commercial buildings.

## FUNDING AND FINANCIAL COVENANTS (FY24)

| | ACTUAL | SOI |
|---|---|---|
| **Closing Debt ($000)** | 32,500 | 76,725 |
| **EBITDA > 2 times funding expense** | 16.1 | 11.2 |
| **Shareholders' Funds to Total Tangible Assets > 50%** | 84.7% | 79.7% |

# INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

| | NOTE | 2024 $ 000's | 2023 $ 000's |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from contracts with customers | 3 | 42,701 | 39,554 |
| Rental and other income | 3 | 22,040 | 20,057 |
| Other gains/(losses) | | (4) | 14 |
| **Total income** | | **64,738** | **59,625** |
| **EXPENSES** | | | |
| Operating expenses | 3 | 9,589 | 7,866 |
| Employee renumeration and benefits | 3 | 8,979 | 7,891 |
| **Total expenses** | | **18,569** | **15,756** |
| **EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)** | | **46,169** | **43,869** |
| Depreciation | 8 | 10,272 | 9,068 |
| Amortisation | 9 | 118 | 363 |
| Gain on Disposal of Assets | | (18) | - |
| **Earnings before interest and taxation** | | **35,798** | **34,438** |
| Finance costs | 4 | 2,871 | 3,041 |
| **Profit before tax** | | **32,927** | **31,397** |
| Income tax expense | 5 | 16,433 | 9,192 |
| **Profit for the period** | | **16,494** | **22,204** |

The notes and accounting policies on pages 26 to 40 form part of and are to be read in conjunction with these financial satements.

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

| | NOTE | 2024 $ 000's | 2023 $ 000's |
|---|---|---|---|
| **PROFIT FOR THE PERIOD** | | **16,494** | **22,204** |
| **Other comprehensive income** | | | |
| **Items that may be subsequently reclassified to the income statement** | | | |
| Gain/(loss) on cash flow hedging taken to reserves | 16 | (239) | 73 |
| Income tax relating to gain/(loss) on cash flow hedging | 16 | 87 | (20) |
| **Items that may not be subsequently reclassified to the income statement** | | | |
| Gain/(loss) on revaluation of property, plant and equipment | 8 | - | 51,527 |
| Deferred tax on property plant and equipment | | - | (6,501) |
| **Other comprehensive income for the year, net of tax** | | **(152)** | **45,078** |
| **Total comprehensive income for the year, net of tax** | | **16,342** | **67,283** |

The notes and accounting policies on pages 26 to 40 form part of and are to be read in conjunction with these financial satements.



Deloitte. for Identification

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

| | ORDINARY SHARES | ASSET REVALUATION RESERVE | CASH FLOW HEDGE RESERVE | RETAINED EARNINGS | TOTAL EQUITY |
|---|---|---|---|---|---|
| | $ 000's | $ 000's | $ 000's | $ 000's | $ 000's |
| **At 1 July 2023** | **37,657** | **336,253** | **702** | **70,425** | **445,037** |
| Profit for the period | - | - | - | 16,494 | 16,494 |
| Other comprehensive income | - | - | (152) | - | (152) |
| **Total comprehensive income for the period** | - | - | (152) | 16,494 | 16,342 |
| Dividends paid to shareholders | - | - | - | (14,875) | (14,875) |
| **At 30 June 2024** | **37,657** | **336,253** | **550** | **72,044** | **446,504** |

| | ORDINARY SHARES | ASSET REVALUATION RESERVE | CASH FLOW HEDGE RESERVE | RETAINED EARNINGS | TOTAL EQUITY |
|---|---|---|---|---|---|
| **At 1 July 2022** | **37,657** | **291,227** | **649** | **55,501** | **385,035** |
| Profit for the period | - | - | - | 22,204 | 22,204 |
| Other comprehensive income | - | 45,026 | 53 | - | 45,078 |
| **Total comprehensive income for the period** | - | 45,026 | 53 | 22,204 | 67,283 |
| Dividends paid to shareholders | - | - | - | **(7,281)** | (7,281) |
| **At 30 June 2023** | **37,657** | **336,253** | **702** | **70,425** | **445,037** |

The notes and accounting policies on pages 26 to 40 form part of and are to be read in conjunction with these financial satements.

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

| | NOTE | 2024 $ 000's | 2023 $ 000's |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 6 | 1,711 | 1,215 |
| Trade and other receivables | 7 | 3,842 | 4,545 |
| Prepayments | | 544 | 560 |
| Derivative financial instruments | 12 | 391 | 219 |
| **Total current assets** | | **6,488** | **6,539** |
| **NON-CURRENT ASSETS** | | | |
| Trade and other receivables | 7 | - | 290 |
| Property, plant and equipment | 8 | 516,887 | 513,467 |
| Intangible assets | 9 | 2,751 | 1,821 |
| Derivative financial instruments | 12 | 373 | 985 |
| **Total non-current assets** | | **520,011** | **516,564** |
| **Total assets** | | **526,499** | **523,102** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 10 | 2,971 | 2,393 |
| Employee entitlements | 11 | 1,786 | 1,551 |
| Current tax payable | | 11,572 | 9,313 |
| Derivative financial instruments | 12 | - | 62 |
| Term borrowings (secured) | 14 | - | 26,500 |
| **Total current liabilities** | | **16,329** | **39,819** |
| **NON-CURRENT LIABILITIES** | | | |
| Derivative financial instruments | 12 | - | 168 |
| Deferred tax liability | 5 | 31,166 | 25,077 |
| Term borrowings (secured) | 14 | 32,500 | 13,000 |
| **Total non-current liabilities** | | **63,666** | **38,245** |
| **EQUITY** | | | |
| Share capital | 15 | 37,657 | 37,657 |
| Retained earnings | 16 | 72,044 | 70,425 |
| Asset revaluation reserve | 16 | 336,253 | 336,253 |
| Cash flow hedge reserve | 16 | 550 | 702 |
| **Total equity** | | **446,504** | **445,037** |
| **Total equity and liabilities** | | **526,499** | **523,102** |

The notes and accounting policies on pages 26 to 40 form part of and are to be read in conjunction with these financial satements.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

| | NOTE | 2024 $ 000's | 2023 $ 000's |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash was provided from: | | | |
| Receipts from customers | | 68,655 | 68,419 |
| Interest received | | 117 | 114 |
| Cash was applied to: | | | |
| Payments to suppliers and employees | | (16,918) | (24,429) |
| Interest paid | | (2,878) | (3,067) |
| Income Tax payments | | (9,981) | (1,566) |
| **Net cash flows from operating activities** | 20 | **38,994** | **39,472** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Cash was applied to: | | | |
| Purchases of property, plant and equipment | | (15,575) | (7,216) |
| Purchase of intangible assets | | (1,048) | (61) |
| **Net cash flows from investing activities** | | **(16,623)** | **(7,276)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Cash was applied to: | | | |
| Repayment of bank borrowings | | (7,000) | (25,500) |
| Dividends paid | | (14,875) | (7,281) |
| **Net cash flows from financing activities** | | **(21,875)** | **(32,781)** |
| Net increase/(decrease) in cash and cash equivalents | | 496 | (585) |
| Cash and cash equivalents at the beginning of the period | | 1,215 | 1,800 |
| **Cash and cash equivalents at the end of the period** | 6 | **1,711** | **1,215** |

The notes and accounting policies on pages 26 to 40 form part of and are to be read in conjunction with these financial satements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

## 1. CORPORATE INFORMATION

Queenstown Airport Corporation Limited (the Company or Queenstown Airport) is a company established under the Airport Authorities Act 1966 and registered under the Companies Act 1993. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013.

The Company provides airport facilities and supporting infrastructure in Queenstown, New Zealand, and aeronautical services in Queenstown, Wānaka and Glenorchy, New Zealand. The Company earns revenue from aeronautical activities, retail and rental leases, car parking facilities and other charges and rents associated with operating an airport and also earns revenue from providing management services for the operation of airports.

The registered office of the Company is Level 1, Terminal Building, Queenstown Airport, Sir Henry Wigley Drive, Queenstown 9300, New Zealand.

These financial statements for the Company were authorised for issue in accordance with a resolution of the directors on 15 August 2024.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A) BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Financial Reporting Act 2013, the Companies Act 1993 and the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZIFRS') and other applicable financial reporting standards as appropriate for profit orientated entities.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, foreign currency bank accounts and certain items of property, plant and equipment which is based on the fair values of the consideration given in exchange for goods and services.

The financial statements are presented in New Zealand dollars. New Zealand dollars are the Company's functional currency.

The financial statements are presented rounded to the nearest one thousand dollars. Due to rounding, numbers presented may not add up precisely to totals provided.

The financial statements of the Company are prepared on a going concern basis.

### B) CHANGES IN ACCOUNTING POLICIES AND APPLICATION OF NEW ACCOUNTING POLICIES

The accounting policies set out in these financial statements are consistent for all periods presented.

### C) REVENUE RECOGNITION

**Revenue arising from contracts with customers**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when a customer obtains control of the service. The Company disaggregates revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. When selecting the type of categories to use to disaggregate revenue, the company considers how information about the Company's revenue has been presented for information regularly reviewed by the board and management. The Company provides services relating to the aviation sector. The following categories of revenue have been identified – scheduled airlines and general aviation, parking, recoveries and commercial vehicles access.

**Scheduled Airlines and General Aviation**
Revenue arises at the point in time when the associated aircraft takes off or lands. Payment is due monthly (see Note 7 for the payment terms).

Parking

Car park revenue is recognised in accordance with the hourly, daily or weekly parking charges over the time as the service is being transferred for the period when the vehicles use the car parks. For practical reasons, the revenue is recorded at the time the car leaves the car park. Aircraft parking is recorded in accordance with the daily parking charges at the time the aircraft leaves the airport. The Company does not consider accrued park charges at a period end to be material based on regular assessment and any amounts are not adjusted for. Payment is due on departure from the car park.

Recoveries

Revenue is recognised over the time as the lessees are continuously supplied with common areas services, utilities, and amenities. The contract price is appropriately allocated to performance obligations using the input method – revenue is recognised on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation, that is, resources consumed, relative to the total expected inputs to the satisfaction of that performance obligation. Payment is due monthly (see Note 7 for the payment terms).

Commercial Vehicles Access

Revenue is recognised at the point in time when the vehicles enter the transport area through the barrier. Payment is due upfront.

**Rental Revenue**
Rental revenue is recognised in accordance with NZ IFRS 16, as described below.

The Company enters into lease agreements as a lessor with respect to some of its land and buildings. Leases for which the Company is a lessor are classified as finance or operating leases and licences. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Contingent rents, such as turnover based rents, are recognised as revenue in the period they are earned.

**Interest Income**
Interest income is recognised as interest accrues using the effective interest method.

## D) EMPLOYEE BENEFITS

Employee benefits, including salary and wages, KiwiSaver and leave entitlements, are expensed as the related service is provided. A liability is recognised for benefits accruing to employees for salaries and wages, incentives, annual leave and redundancy as a result of services rendered by employees and contractual obligations up to balance date at current rates of pay.

## E) TAXATION

**Current tax**
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income.

**Deferred tax**
Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Income taxes relating to items recognised in other comprehensive income or directly in equity are recognised in other comprehensive income or directly in equity and not in the income statement. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates that have been enacted or substantively enacted by reporting date.

**Goods and services tax**
Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except for receivables and payables, which are recognised inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense. Commitments and contingencies are disclosed net of the amount of GST.

## F) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recognised at cost. The cost of property, plant and equipment includes all costs directly attributable to bringing the item to working condition for its intended use.

Expenditure on an asset will be recognised as an asset if it is probable that future economic benefits will flow to the entity, and if the cost of the asset can be measured reliably. This principle applies for both initial and subsequent expenditure.

Vehicles, plant and equipment, rescue fire equipment and furniture are carried at cost less accumulated depreciation and impairment losses.

All asset classes, except plant and equipment, are carried at fair value, as determined by an independent registered valuer, less accumulated depreciation and any impairment losses recognised after the date of any revaluation. All asset classes, except plant and equipment, acquired or constructed after the date of the latest revaluation are carried at cost, which approximates fair value. Revaluations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the balance sheet date. Plant and equipment is held at cost less accumulated depreciation.

Vested assets from the majority shareholder are initially measured at fair value at the date on which control is obtained.

**Revaluations**
Revaluation increments are recognised in the asset revaluation reserve, except to the extent that they reverse a revaluation decrease of the same asset previously recognised in the profit for the year, in which case the increase is recognised in profit for the year.

Revaluation decreases are recognised in the profit for the period, except to the extent that they offset a previous revaluation increase for the same asset, in which case the decrease is recognised directly in the asset revaluation reserve via other comprehensive income.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

### Fair Value

Where the fair value of an asset is able to be determined by reference to market based evidence, such as sales of comparable assets or discounted cash flows, the fair value is determined using this information. Where fair value of the asset is not able to be reliably determined using market based evidence, optimised depreciated replacement cost is used to determine fair value. For further discussion on fair values refer to Note 8.

### Depreciation

Depreciation is calculated on either a diminishing value (DV) basis or on a straight-line (SL) basis.Expenditure incurred to maintain these assets at full operating capability is charged to the profit for the year in the year incurred.

The estimated useful lives of the major asset classes have been estimated as follows:

| | Rate % | Method |
|---|---|---|
| Buildings | 1.4% - 50.0% | DV or SL |
| Land Improvements | 1.0% - 10.0% | SL |
| Runways, Taxiways & Aprons | 1.0% - 20.0% | SL or DV |
| Car Parking | 1.0% - 26.4% | DV |
| Plant & Equipment | 1.0% - 67% | DV |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

### Disposal

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

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

### Capitalisation of costs

Labour and funding costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised to the asset as they are incurred. Borrowing costs are capitalised at the weighted average rate of the borrowing costs of the Company during the period the qualifying asset is being brought to intended use. All other labour and funding costs are recognised in the Income Statement in the period in which they are incurred.

Costs associated with the strategic and masterplanning work have been assessed and any costs of a capital nature have been disclosed in the Statement of Financial Position at year end.

## G) INTANGIBLE ASSETS

Intangible assets acquired separately (including noise mitigation on residents' properties) are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is charged on a straight-line basis over the assessed estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for prospectively.

## H) IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use for cash-generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit for the year immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the profit for the year immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

## I) FINANCIAL INSTRUMENTS

The Company's financial assets comprise cash and cash equivalents and trade receivables. The Company's financial liabilities comprise accounts payable and accruals, borrowings, provisions, other liabilities (classified as financial liabilities at amortised cost) and derivatives (designated as a hedge).

#### Financial assets at amortised costs

The Company classifies its financial assets as at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.

i. **Cash** in the statement of financial position and the cash flow statement comprises cash on hand, on-call deposits held with banks and short-term highly liquid investments.

ii. **Trade receivables** are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

#### Financial assets at fair value

Hedging derivatives - The Company uses derivative financial instruments to hedge its risks associated with interest rates and foreign currency. Derivative financial instruments are recognised at fair value. Cash flow hedges are currently applied to future interest cash flows on variable rate loans and on variable foreign exchange rates. The effective portion of the gain or loss on the hedging instruments is recognised directly in other comprehensive income and accumulated as a separate component of equity in the cash flow hedge reserve, while the ineffective portion is recognised in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement.

The Company applied Hypothetical Hedge/Matched Terms method to measure effectiveness of the hedge relationship, by comparison of hedging instrument to hypothetical derivative (in which the fair value is determined by the credit-risk free benchmark rate).

### Financial liabilities at amoritised costs

i. **Trade and other payables** are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature. Trade and other payables are not interest-bearing.

ii. For all **borrowings**, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

### Financial liabilities at fair value

Hedging derivatives - The Company uses derivative financial instruments to hedge its risks associated with interest rates and foreign currency. Derivative financial instruments are recognised at fair value. Cash flow hedges are currently applied to future interest cash flows on variable rate loans and on variable foreign exchange rates. The effective portion of the gain or loss on the hedging instruments is recognised directly in other comprehensive income and accumulated as a separate component of equity in the cash flow hedge reserve, while the ineffective portion is recognised in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement.

The Company applied Hypothetical Hedge/Matched Terms method to measure effectiveness of the hedge relationship, by comparison of hedging instrument to hypothetical derivative (in which the fair value is determined by the credit-risk free benchmark rate).

### Fair value hierarchy

The Company made judgements and estimates in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Fair value levels:

**Level 1** - The fair value of financial instruments traded in active markets (e.g. publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2** - The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3** - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3 (e.g. unlisted equity securities).

Changes in level 2 and 3 fair values are analysed at the end of each reporting period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Company's exposure to various risks associated with the financial instruments is discussed in Note 13. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned in Note 13.

## J) FOREIGN CURRENCIES

The financial statements are presented in New Zealand dollars, being the Company's functional currency. Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised as profit or loss in the period in which they arise, except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer to Note 13).

## K) CHANGES IN ACCOUNTING ESTIMATES, ACCOUNTING POLICIES AND DISCLOSURES

The Company accounts for the changes in accounting estimates prospectively in the financial statements. Therefore, carrying amounts of assets and liabilities and any associated expense and gains are adjusted in the period of change in estimate. There were no changes in the accounting estimates in the current year.

### New and amended standards and interpretations

The Company has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective.

## L) SIGNIFICANT EVENTS

There were no Significant Events during the reporting period.

## 3. SURPLUS FROM OPERATIONS

### (a) Operating Revenue

The Company derives revenue from the transfer of services over time and at a point in time through four major revenue categories.

| REVENUE FROM CONTRACTS WITH CUSTOMERS | TIMING OF RECOGNITION | 2024 $ 000's | 2023 $ 000's |
|---|---|---|---|
| Scheduled airlines and general aviation | At point in time | 34,764 | 32,135 |
| Parking | Over time | 4,462 | 4,236 |
| Recoveries | Over time | 581 | 658 |
| Commercial vehicle access | At point in time | 2,894 | 2,526 |
| **Total revenue from contracts with customers** | | **42,701** | **39,554** |
| | | | |
| Lease rental revenue | | 21,122 | 19,356 |
| Management Fee (Wānaka Airport) | | 365 | 365 |
| Other revenue | | 554 | 336 |
| **Total revenue from rental and other income** | | **22,040** | **20,057** |

| (b) Operating Expenses | 2024 $ 000's | 2023 $ 000's |
|---|---|---|
| Administration and other | 4,697 | 4,096 |
| Professional services | 2,251 | 1,411 |
| Repairs and maintenance | 853 | 728 |
| Utilities | 1,789 | 1,630 |
| **Total operating expenses** | **9,589** | **7,866** |
| | | |
| Audit services include : | | |
| Audit of annual financial statements | 83 | 80 |
| Audit of disclosure financial statements | 36 | 29 |
| **Total audit services** | **119** | **109** |

| (c) Employee renumeration and benefits | 2024 $ 000's | 2023 $ 000's |
|---|---|---|
| Salaries and Wages | 8,638 | 7,632 |
| Directors fees | 341 | 258 |
| **Total employee renumeration and benefits** | **8,979** | **7,891** |

## 4. FINANCE COSTS

| | 2024 $ 000's | 2023 $ 000's |
|---|---|---|
| Interest and finance charges paid for financial liabilities not at fair value through profit or loss | 2,871 | 3,041 |
| **Net finance costs** | **2,871** | **3,041** |

There was no interest capitalised for the year ended 30 June 2024 (2023: $nil). Finance income from financial assets held for cash management purposes was immaterial and it was classified as revenue in the Income Statement.

## 5. TAXATION

| | 2024 $ 000's | 2023 $ 000's |
|---|---|---|
| **(a) Current income tax expense** | | |
| Current income tax | 10,564 | 10,130 |
| Deferred income tax | - | - |
| Prior period adjustment | 4 | 116 |
| Origination and reversal of temporary differences | 5,865 | (1,054) |
| **Total income tax expense** | **16,433** | **9,192** |
| **(b) Numeric reconciliation between income tax expense and profit before tax** | | |
| Surplus before taxation per the Income Statement | 32,927 | 31,397 |
| Prima Facie Taxation @ 28% | 9,220 | 8,791 |
| Adjusted for tax effect of: | | |
| Permanent differences | (12) | 42 |
| Creation/(reversal) of temporary differences | 7,158 | 359 |
| Amortisation of tax component of derivatives | 67 | - |
| **Income tax expense as per the Income Statement** | **16,433** | **9,192** |
| **(c) Net deferred liabilities** | | |
| Balance at beginning of the year | 25,077 | 19,493 |
| Deferred tax benefit/(charge) charged to income | 6,148 | (937) |
| Deferred tax benefit/(charge) charged to comprehensive income | (59) | 6,522 |
| **Balance at end of the year** | **31,166** | **25,077** |
| **The balance of deferred tax liabilities comprises:** | | |
| i Deferred tax liabilities | | |
| Intangible assets | 502 | 498 |
| Property, plant and equipment | 30,647 | 24,227 |
| Derivatives | 214 | 273 |
| Trade and other receivables | - | 273 |
| | **31,363** | **25,272** |
| ii Deferred tax assets | | |
| Trade and other payables | - | 39 |
| Employee benefits | (197) | 156 |
| | **(197)** | **195** |
| **Net deferred tax liability** | **31,166** | **25,077** |

On 28 March 2024, the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Act passed into law. The Act removed depreciation deductions for tax purposes for commercial long-lfe buildings with an estimated useful life of 50 years or more, with effect from the 2024/25 income tax year. Application of the change in tax law was required to be reflected in the Company's FY24 tax balances as the legislation was enacted prior to balance date.

The effect of this change is to recognise additional deferred tax liability of $6.74m with the change impacting tax expense in the 30 June 2024 period.

## 6. CASH AND CASH EQUIVALENTS

| | 2024 $ 000's | 2023 $ 000's |
|---|---|---|
| Cash at bank | 1,707 | 1,209 |
| Cash on hand | 5 | 6 |
| **Cash and cash equivalents** | **1,711** | **1,215** |

## 7. TRADE AND OTHER RECEIVABLES

| | 2024 $ 000's | 2023 $ 000's |
|---|---|---|
| Trade receivables | 3,622 | 3,834 |
| less provision for expected credit losses | (1) | (237) |
| Revenue accruals and other receivables | 221 | 1,238 |
| **Closing balance** | **3,842** | **4,835** |
| **Recognised in the statement of financial position** | | |
| Current assets | 3,842 | 4,545 |
| Non-current assets | - | 290 |
| **Closing balance** | **3,842** | **4,835** |

Trade receivables have general payment terms of the 20th of the month following invoice. Movements in the provision for expected credit losses have been included in impairment and loss on assets in the income statement. No individual amount within the provision for expected credit losses is material.

Revenue accruals and other receivables in 2023 included deferred rental arrangements with tenants in response to COVID-19 of $1.2 million. This was fully amortised in 2024.

## 8. PROPERTY, PLANT AND EQUIPMENT

### (a) Reconciliation of carrying amounts at the beginning and end of the year

| | LAND | BUILDINGS | LAND IMPROVE-MENT | RUNWAYS, TAXIWAYS & APRONS | CAR PARKING | PLANT & EQUIP-MENT | TOTAL |
|---|---|---|---|---|---|---|---|
| | $ 000's | $ 000's | $ 000's | $ 000's | $ 000's | $ 000's | $ 000's |
| At fair value | 325,418 | 96,884 | 15,064 | 40,374 | 19,490 | - | **497,229** |
| At cost | - | - | - | - | - | 29,104 | **29,104** |
| Work in progress at cost | - | 4,773 | 10 | 478 | 778 | 451 | **6,490** |
| Accumulated depreciation | - | - | - | - | - | (19,356) | **(19,356)** |
| **Balance at 30 June 2023** | **325,418** | **101,656** | **15,074** | **40,852** | **20,268** | **10,198** | **513,467** |
| Revaluation | - | - | - | - | - | - | **-** |
| Additions | - | 5,420 | 321 | 1,598 | 1,106 | 5,958 | **14,403** |
| Disposals | - | (10) | - | - | - | (176) | **(186)** |
| Work in progress movement | - | (1,184) | 431 | 715 | (768) | 113 | **(693)** |
| Depreciation | - | (4,741) | (216) | (1,992) | (1,210) | (1,964) | **(10,123)** |
| **Movement to 30 June 2024** | **-** | **(514)** | **536** | **321** | **(872)** | **3,931** | **3,401** |
| At fair value | 325,418 | 97,553 | 15,169 | 39,980 | 19,386 | - | **497,505** |
| At Cost | - | - | - | - | - | 34,886 | **34,886** |
| Work in progress at cost | - | 3,589 | 441 | 1,193 | 10 | 564 | **5,797** |
| Accumulated Depreciation | - | - | - | - | - | (21,320) | **(21,320)** |
| **Balance at 30 June 2024** | **325,418** | **101,142** | **15,610** | **41,173** | **19,396** | **14,130** | **516,887** |

The Company's assets are secured by way of a general security agreement with its bank funders.

| | LAND | BUILDINGS | LAND IMPROVE-MENT | RUNWAYS, TAXIWAYS & APRONS | CAR PARKING | PLANT & EQUIP-MENT | TOTAL |
|---|---|---|---|---|---|---|---|
| | $ 000's | $ 000's | $ 000's | $ 000's | $ 000's | $ 000's | $ 000's |
| At fair value | 297,182 | 88,019 | 11,981 | 37,588 | 18,349 | - | **453,120** |
| At cost | - | - | - | - | - | 25,917 | **25,917** |
| Work in progress at cost | - | 1,620 | - | 541 | - | 1,130 | **3,291** |
| Accumulated depreciation | - | - | - | (1,878) | - | (17,795) | **(19,673)** |
| **Balance at 30 June 2022** | **297,182** | **89,639** | **11,981** | **36,252** | **18,349** | **9,252** | **462,657** |
| Revaluation | 28,235 | 11,582 | 3,148 | 6,410 | 2,150 | - | **51,527** |
| Additions | - | 1,375 | 104 | 166 | 130 | 3,403 | **5,178** |
| Disposals | - | - | - | - | - | (26) | **(26)** |
| Work in progress movement | - | 3,153 | 10 | (63) | 778 | (680) | **3,199** |
| Depreciation | - | (4,093) | (170) | (1,913) | (1,139) | (1,752) | **(9,068)** |
| **Movement to 30 June 2023** | **28,235** | **12,017** | **3,092** | **4,601** | **1,919** | **946** | **50,810** |
| At fair value | 325,418 | 96,884 | 15,064 | 40,374 | 19,490 | - | **497,229** |
| At Cost | - | - | - | - | - | 29,104 | **29,104** |
| Work in progress at cost | - | 4,773 | 10 | 478 | 778 | 451 | **6,490** |
| Accumulated Depreciation | - | - | - | - | - | (19,356) | **(19,356)** |
| **Balance at 30 June 2023** | **325,418** | **101,656** | **15,074** | **40,852** | **20,268** | **10,198** | **513,467** |

### (b) Carrying amounts of land, buildings, runway and aprons are measured at historical cost less accumulated depreciation

| YEAR ENDED 30 JUNE 2024 | LAND $ 000's | BUILDINGS $ 000's | LAND IMPROVE-MENTS $ 000's | RUNWAYS, TAXIWAYS & APRONS $ 000's | CAR PARKING $ 000's | PLANT & EQUIPMENT $ 000's | TOTAL $ 000's |
|---|---|---|---|---|---|---|---|
| At historical cost | 49,970 | 89,876 | 11,760 | 70,867 | 12,931 | 35,294 | **270,699** |
| Work in progress at cost | - | 3,589 | 441 | 1,193 | 10 | 564 | **5,797** |
| Accumulated depreciation | - | (36,749) | (2,169) | (24,858) | (6,415) | (21,695) | **(91,886)** |
| **Net carrying amount** | **49,970** | **56,716** | **10,033** | **47,202** | **6,526** | **14,164** | **184,610** |
| **YEAR ENDED 30 JUNE 2023** | | | | | | | |
| At historical cost | 49,970 | 84,466 | 11,440 | 69,269 | 11,825 | 29,336 | **256,306** |
| Work in progress at cost | - | 4,773 | 10 | 478 | 778 | 451 | **6,490** |
| Accumulated depreciation | - | (32,008) | (1,952) | (22,867) | (5,205) | (19,731) | **(81,764)** |
| **Net carrying amount year** | **49,970** | **57,231** | **9,497** | **46,881** | **7,398** | **10,055** | **181,032** |

### (c) Revaluation of land, buildings, runways, taxiway and aprons and property, plant and equipment

At the end of each reporting period, the Company makes an assessment of whether the carrying amounts differ materially from fair value and whether a revaluation is required.

Valuations are completed in accordance with financial reporting and valuation standards. Management reviews the key inputs, assesses valuation movements and holds discussions with the valuers as part of the process. Discussions about the valuation processes and results are held between the Company's management and the Board.

Land, buildings, roading and car parking were independently valued by JLL, registered valuers, as at 30 June 2023. The runways, taxiways and aprons were independently valued by Beca Valuations Limited (Beca), registered valuers, as at the same date.

Beca and JLL undertook a desktop valuation of the Company's assets as at 30 June 2024. The desktop valuation was undertaken to assess any potential change to the fair value of the assets measured at fair value. The results of the desktop valuation concluded that there was no significant change in the fair value of assets relative to the carrying value at 30 June 2023. Accordingly,the directors have concluded that no adjustment was required for the assets as at 30 June 2024.

A comprehensive valuation of land, buildings, roading and car parking will be undertaken as at 30 June 2025 in accordance with the Company's policy.

#### Fair value measurement at 30 June 2023

The valuation assessments of Aeronautical and Non-Aeronautical assets have been undertaken in accordance with NZ IAS 16. Fair value is 'The amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction where fair value can be determined by reference to the price paid in an active market for the same or similar assets, the value of those assets can generally be determined on the basis of Market Value. Under NZ IAS 16 there is no requirement to assess (and deduct) disposal costs.

The valuation has also been prepared in compliance with NZ IFRS 13 Fair Value Measurement. NZ IFRS 13 Fair Value Measurement applies to reporting standards that require or permit fair value measurements or disclosures and provides a single NZ IFRS framework for measuring fair value and requires disclosures about fair value measurement. The Standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement.

The Company's land, buildings, runways, taxiway and aprons and property, plant and equipment are all categorised as Level 3 in the fair value hierarchy. During the year, there were no transfers between the levels of the fair value hierarchy.

The table below summarises the valuation methodology, key valuation assumptions, fair value hierarchy levels and valuation sensitivity analysis for the significant asset classes.

| ASSET CLASSIFICATION & DESCRIPTION | ASSET CLASS | VALUATION METHODOLOGY | KEY VALUATION ASSUMPTIONS | CLOSING VALUE ($000'S) 30 JUNE 2024 | VALUATION SENSITIVITY |
|---|---|---|---|---|---|
| **Land**<br>**Aeronautical**<br>**Land used for airport-related activities.** | Land | Market Value – based on zonal use. Direct Sales Comparison based on degree of utility within the airport area. | Airport Use zone land compared to commercial and rural values at an average rate of $^2$\$74/m$^2$, while Airport terminal land at an average rate of \$360/m$^2$. | 56,498 | Airport use +/- $4.0 million, Terminal area +/- $1,000,000 (5% change in land value rates) |
| **Commercial**<br>**Commercial land in the south-western area of the airport.** | Land | Market Value on existing airport use. Sales comparisons for land value assessments. | Land areas assessed at \$436/m$^2$. | 117,042 | +/- $1.0 million (5% change in land value rate or discount rate for contestable land) |
| **Industrial**<br>**Vacant land zoned industrial at the northern end of the airport.** | Land | Market Value under a Direct Sales Comparison Approach. | Land values range between \$435 – \$673m$^2$. | 64,381 | +/- $3.0 million (5% change in freehold land rates) |
| **Ground Leases**<br>**Land leased to third parties for aeronautical activities where the Lessee owns the improvements.** | Land | Market Value using a Present Value of future rental annuities plus land value, based upon actual current lease agreements with third parties. | Majority of the ground leased sites assessed at a freehold land value of \$1,300/m$^2$ to \$1,600/m$^2$. | 62,228 | +/- $3.0 million (5% change in land value rate or discount rate for contestable land) |

| ASSET CLASSIFICATION & DESCRIPTION | ASSET CLASS | VALUATION METHODOLOGY | KEY VALUATION ASSUMPTIONS | CLOSING VALUE ($000'S) 30 JUNE 2024 | VALUATION SENSITIVITY |
|---|---|---|---|---|---|
| **Residential**<br>**Various residential sites.** | Land | Market Value under a Direct Sales Comparison Approach. | Adopted land value rate of $1,400/m$^2$. | 12,454 | +/- $600,000 (5% change in land value rate) |
| **Wānaka - Non-Aeronautical**<br>**Windermere Farm and Ferguson land.** | Land | Market Value under Direct Sales Comparison and Hypothetical Subdivision Approaches. | Average adopted land value rate of $8.5/m$^2$. | 3,656 | +/- $1.0 million (5% change in average land rate) |
| **Wānaka - Non-Aeronautical**<br>**Farmland and buildings including a dwelling and sheds.** | Land & Buildings | Fair value under an Optimised Depreciated Replacement Cost (ODRC). | Dwelling rate at $1,200/m2 and sheds at $200/m2. | 9,158 | +/- $20,000 (10% change in ODRC value) |
| **Commercial Queenstown**<br>**Buildings leased to third parties and surrounding improvements.** | Buildings | Contestable buildings have been valued on an investment basis, while the various surrounding improvements have been valued using an ODRC approach. | Yield rates of 4.0% applied to contestable buildings. Land values $1,000/m2 - $1,400/m2. | 6,631 | +/- $1.0 million (5% change in land value rate or discount rate for contestable land) |
| **Buildings**<br>**Aeronautical**<br>**Terminal Building.** | Buildings | Fair Value under an Optimised Depreciated Replacement Cost (ODRC) approach. The cost of constructing an equivalent asset at current market-based input cost rates, adjusted for remaining useful life (depreciation). | Construction cost range $3,000psm to $9,000psm and depreciation rates of circa 2.0% per annum. | 108,821 | +/- $4.00 million (5% change to replacement rate) |
| **Residential**<br>**Residential improvements.** | Buildings | Market Value under a Direct Sales Comparison Approach. | Dwelling values of $100,000 - $400,000 depending upon size and quality of presentation. Kerbside values. | 1,300 | +/- $75,000 (5% change in value) |

| ASSET CLASSIFICATION & DESCRIPTION | ASSET CLASS | VALUATION METHODOLOGY | KEY VALUATION ASSUMPTIONS | CLOSING VALUE ($000'S) 30 JUNE 2024 | VALUATION SENSITIVITY |
|---|---|---|---|---|---|
| **Runway, Taxiway & Aprons**<br>**Aeronautical**<br>**Aeronautical infrastructure and sealed surfaces.** | Runways, Taxiways & Aprons | Fair Value under the Depreciated Replacement Cost (DRC) Approach. It is based upon the principle of substitution, assuming the use of modern materials, techniques and designs. | Reference has been made to inflation indices used and construction rates compiled by Beca's cost estimators and valuations team, who are involved in aviation civil works. | 41,173 | +/- $1.0 million (5% change in DRC value) |
| **Car parking**<br>**Land accommodating transportation uses including public, rental car and staff parking as well as commercial service operators.** | Car parking | Market Value - based on zonal use, land value sales due to uncertain revenue forecasting. | Based on land sales comparison on zonal approach at $884/m$^2$. | 19,396 | +/- $2.5 million (5% change in land value rates) |

| SENSITIVITY OF INPUTS | |
|---|---|
| **Land** | The critical elements in establishing the 'market value existing use' of land is the market rate prevailing for similar land.<br>▪ An increase in demand for land will increase the fair value, vice versa<br>▪ Rezoning, servicing upgrades or reconfiguring land can result in an increase in the fair value, vice versa |
| **Runway, Taxiway & Aprons and Land Improvements** | The critical elements in establishing the fair value of civil assets is the movement in the average cost rates for concrete, asphalt, base course and foundations, as well as the estimated remaining useful life of the assets.<br>▪ An increase to any of the average cost rates listed above will increase the fair value, vice versa<br>▪ A reduction in the estimated remaining useful life of the assets will reduce the fair value, vice versa |
| **Buildings, Plant & Equipment and Car Parking** | ▪ An increase in modern equivalent asset replacement cost will increase the fair value, vice versa<br>▪ A reduction in the estimated remaining useful life of the assets will reduce the fair value, vice versa<br>▪ An increase in the cashflow from an asset will increase the fair value, vice versa |

**(d) Carrying amounts of land and buildings, split between leased and not leased assets**

| | LAND NOT LEASED | LAND LEASED | BUILDINGS NOT LEASED | BUILDINGS LEASED | TOTAL |
|---|---|---|---|---|---|
| | $ 000's | $ 000's | $ 000's | $ 000's | $ 000's |
| At fair value | 164,741 | 160,677 | 52,876 | 44,007 | 422,301 |
| At cost | - | - | - | - | - |
| Work in progress at cost | - | - | 3,544 | 1,229 | 4,773 |
| Accumulated depreciation | - | - | - | - | - |
| **Balance as at 30 June 2023** | **164,741** | **160,677** | **56,419** | **45,236** | **427,073** |
| Revaluation | - | - | - | - | - |
| Additions | - | - | 3,246 | 2,164 | 5,410 |
| Disposals | - | - | - | - | - |
| Work in Progress | - | - | (2,864) | (1,909) | (4,773) |
| Depreciation | - | - | (2,844) | (1,896) | (4,741) |
| **Movement to 30 June 2024** | **-** | **-** | **(2,462)** | **(1,641)** | **(4,103)** |
| At fair value | 195,251 | 130,167 | 53,957 | 43,595 | 422,970 |
| At cost | - | - | - | - | - |
| Work in progress at cost | - | - | 2,153 | 1,436 | 3,589 |
| Accumulated depreciation | - | - | - | - | - |
| **Balance as at 30 June 2024** | **195,251** | **130,167** | **56,111** | **45,030** | **426,559** |

## 9. INTANGIBLE ASSETS

| | 2024 | 2023 |
|---|---|---|
| | $ 000's | $ 000's |
| **Cost** | | |
| Opening balance | 5,167 | 5,106 |
| Impairment of intangible assets | - | - |
| Additions/(disposals) from internal developments | 1,047 | 61 |
| **Total cost closing balance** | **6,214** | **5,167** |
| **Accumulated amortisation** | | |
| Opening balance | 3,345 | 2,982 |
| Amortisation expense | 118 | 363 |
| **Total accumulated amortisation** | **3,463** | **3,345** |
| **Total carrying value of intangible assets** | **2,751** | **1,822** |

The following useful lives are used in the calculation of amortisation:

Pricing Project - 1 to 3 years

Noise Mitigation - 10 years

The Company has not identified any material assets related to contracts with customers.

## 10. TRADE AND OTHER PAYABLES

| | 2024 | 2023 |
|---|---|---|
| | $ 000's | $ 000's |
| Trade payables | 2,537 | 1,117 |
| Other creditors and accruals | 434 | 1,276 |
| **Closing balance** | **2,971** | **2,393** |

The above balances are unsecured.

## 11. EMPLOYEE ENTITLEMENTS

| | 2024 | 2023 |
|---|---|---|
| | $ 000's | $ 000's |
| Accrued salary, wages and incentives | 1,006 | 933 |
| Annual & Alternative Leave | 780 | 618 |
| **Closing balance** | **1,786** | **1,551** |

## 12. DERIVATIVES

| | 2024 | 2023 |
|---|---|---|
| | $ 000's | $ 000's |
| Derivative financial assets (liabilities) | | |
| Interest rate swaps (effective) | 661 | 1,205 |
| Foreign exchange forward contracts (effective) | 103 | (230) |
| **Closing balance** | **764** | **975** |
| **Recognised in the statement of financial position** | | |
| Current Assets | 391 | 219 |
| Non-current Assets | 373 | 985 |
| Current liabilities | - | 62 |
| Non-current liabilities | - | 168 |
| **Total derivatives** | **764** | **975** |

In order to protect against rising interest rates, the Company has entered into interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates.

In order to protect against foreign exchange rate risk, the Company has entered into forward contracts to purchase USD and AUD for Aviramp and EMAS payments.

## 13. FINANCIAL RISK MANAGEMENT

### (a) Foreign exchange risk management

It is the policy of the Company to enter into forward foreign exchange contracts to cover committed foreign currency payments and receipts over $0.5 million by at least 80% of the exposure generated

| | NOTIONAL VALUE (USD) | FAIR VALUE |
|---|---|---|
| **2024** | **$ 000's** | **$ 000's** |
| Less than 1 year | (7,289) | 32 |
| 1 to 2 years | 271 | 44 |
| 3 to 5 years | 187 | 28 |
| | **(6,831)** | **103** |

| | | |
|---|---|---|
| **2023** | **$ 000's** | **$ 000's** |
| Less than 1 year | 329 | (62) |
| 1 to 2 years | 346 | (62) |
| 3 to 5 years | 613 | (106) |
| | **1,288** | **(230)** |

### (b) Interest rate risk management

It is the Company policy that the parameters for the percentage of forecast core debt, including any associated derivatives, that have fixed interest rates in any period shall be within the following profiles:

| | 0-12 Mth | Yrs 2 & 3 | Yrs 4 & 5 | Yrs 6 & 7 |
|---|---|---|---|---|
| Maximum fixed rate debt | 90% | 70% | 50% | 30% |
| Minimum fixed rate debt | 30% | 20% | 0% | 0% |

The maximum term for fixing interest rates is 7 years unless specifically approved by the Board.

The Company has interest rate risk resulting from its floating rate borrowings under its debt facility. In order to protect against this risk, the Company has entered into interest rate swaps agreements, under which it has the obligation to transform a series of future variable interest cash flows, attributable to changes in 3 month NZD-BRR-FRA, back to a known fixed interest cash flow based on the relevant swap rate that existed at the inception of the hedge relationship. The following table details the notional principal amounts and remaining term of interest rate swap contracts outstanding as at reporting date:

| | CONTRACT FIXED INTEREST RATE (WEIGHTED AVERAGE) | NOTIONAL PRINCIPAL AMOUNT | FAIR VALUE |
|---|---|---|---|
| **2024** | **%** | **$ 000's** | **$ 000's** |
| Outstanding floating to fixed contracts | | | |
| Less than 1 year | 1.7% | 10,000 | 360 |
| 1 to 2 years | 3.2% | 10,000 | 302 |
| 3 to 5 years | | - | - |
| | | **20,000** | **662** |
| Cover of principal outstanding (contracts with an effective date before 30 June 2024) | | **62%** | |

| | CONTRACT FIXED INTEREST RATE (WEIGHTED AVERAGE) | NOTIONAL PRINCIPAL AMOUNT | FAIR VALUE |
|---|---|---|---|
| **2023** | **%** | **$ 000's** | **$ 000's** |
| Outstanding floating to fixed contracts | | | |
| Less than 1 year | 2.0% | 8,000 | 219 |
| 1 to 2 years | 3.4% | 10,000 | 718 |
| 3 to 5 years | 1.9% | 5,000 | 267 |
| | | **23,000** | **1,205** |
| Cover of principal outstanding (contracts with an effective date before 30 June 2023) | | **58%** | |

At 30 June 2024, if the interest rates had changed by +/- 1%, with all other variables held constant, the impact on profit before tax would have been $220,833 (2023: $298,000) lower/higher. A sensitivity of 1% has been selected as this is considered reasonable given the current level of interest rates and the trend observed both on a historical basis and market expectations for future moves.

### (c) Capital risk management

When managing capital, management ensures the Company continues as a going concern, the Company has access to sufficient capital to fund investments, capital can be accessed at a competitive cost, and optimal returns are delivered to shareholders.

The Company is not subject to any externally imposed capital requirements, apart from covenants in respect of bank facilities.

### (d) Credit and liquidity risk management

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments, deposits with banks and credit exposures to customers, including outstanding receivables. Credit risk is managed by the senior management and directed by the board. Only independently rated banks with a minimum rating of A (Standard & Poor's) or A1 (Moody's) are accepted. For parties where there is no independent rating, the financial department assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. For some customers the Company may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets is mentioned in the Note 7 Trade & Other Receivables, and Note 6 Cash and Cash Equivalents. There are no significant concentrations of credit risk, through exposure to individual customer due to the specifics of the industry. The Company applies the IFRS 9 simplified approach to measuring credit losses, refer to Note 7 Trade & Other Receivables for further discussion.

Liquidity risk represents the risk that the Company may not have the financial ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an on-going basis and reviews the treasury policy headroom levels on an annual basis. In general, the Company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding in place to cover potential shortfalls.

The table below analyses the company's financial liabilities and derivative financial liabilities that will be settled on a net basis, into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the table are the gross contractual undiscounted cash flows. Balances within 12 months equal their carrying balances.

| | CARRYING AMOUNT $ 000's | TOTAL CASHFLOW $ 000's | ON DEMAND $ 000's | < 1 YEAR $ 000's | 1 - 2 YEARS $ 000's | 3 - 5 YEARS $ 000's |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| **Financial liabilities** | | | | | | |
| Trade and other payables | **2,971** | **2,971** | 2,971 | - | - | - |
| Borrowings | **32,500** | **36,408** | - | 1,954 | 34,454 | - |
| Derivative financial instruments | **-** | **-** | - | - | - | - |
| **Total financial liabilities** | **35,471** | **39,379** | **2,971** | **1,954** | **34,454** | |
| **2023** | | | | | | |
| **Financial liabilities** | | | | | | |
| Trade and other payables | 2,393 | 2,393 | 2,393 | - | - | - |
| Borrowings | 39,500 | 43,834 | - | 29,114 | 860 | 13,860 |
| Derivative financial instruments | 230 | 230 | - | - | - | - |
| **Total financial liabilities** | **42,122** | **46,456** | **2,393** | **29,114** | **860** | **13,860** |

## 14. BORROWINGS

| | EXPIRY DATE | LINE LIMIT $ 000's | 2024 $ 000's | 2023 $ 000's |
|---|---|---|---|---|
| **Bank Facilities** | | | | |
| Bank of China | 30 June 2026 | 20,000 | 11,500 | 13,000 |
| ASB A | 30 June 2026 | 10,000 | - | 7,000 |
| ASB B | 30 June 2026 | 10,000 | 7,500 | - |
| BNZ | 30 June 2026 | 20,000 | 2,500 | 6,500 |
| Westpac C | 30 June 2025 | 20,000 | - | - |
| Westpac D | 30 June 2026 | 20,000 | 11,000 | 13,000 |
| **Total borrowings** | | **100,000** | **32,500** | **39,500** |
| **Recognised in the statement of financial position** | | | | |
| Current liabilities | | | - | 26,500 |
| Non-current liabilities | | | 32,500 | 13,000 |
| **Total borrowings** | | | **32,500** | **39,500** |

The bank facilities are secured by a general security agreement over the Company's assets, undertakings and any uncalled capital. The Company can refinance any current debt within existing facilities.

## 15. SHARE CAPITAL

| | 2024 NO. | 2024 $ 000's | 2023 NO. | 2023 $ 000's |
|---|---|---|---|---|
| **(a) Authorised share capital** | | | | |
| Ordinary shares – fully paid. | 16,060,365 | 37,657 | 16,060,365 | 37,657 |

**(b) Ordinary shares**

All ordinary shares have equal voting rights and equal rights to distributions and any surplus on winding up of the Company.

## 16. RETAINED EARNINGS AND RESERVES

| | 2024<br>$ 000's | 2023<br>$ 000's |
|---|---|---|
| **(a) Retained earnings** | | |
| Movements in Retained Earnings were as follows: | | |
| Balance 1 July | 70,425 | 55,501 |
| Net surplus for the year | 16,494 | 22,204 |
| Dividends paid | (14,875) | (7,281) |
| **Balance at 30 June** | **72,044** | **70,425** |

| | 2024<br>$ 000's | 2023<br>$ 000's |
|---|---|---|
| **(b) Asset revaluation reserve** | | |
| Movements in the asset revaluation reserve were as follows: | | |
| Balance 1 July | 336,253 | 291,227 |
| Increase arising on revaluation of assets | - | 51,527 |
| Deferred tax movement | - | (6,501) |
| **Balance at 30 June** | **336,253** | **336,253** |

| | 2024<br>$ 000's | 2023<br>$ 000's |
|---|---|---|
| **(c) Cash flow hedge reserve** | | |
| Movements in the cash flow hedge reserve were as follows: | | |
| Balance 1 July | 702 | 649 |
| Gain/(loss) recognised on interest rate swaps | (544) | 27 |
| Deferred tax movement arising on interest rate swaps | 152 | (8) |
| Gain recognised on forward exchange contracts | 333 | 46 |
| Deferred tax movement arising on forward exchange contracts | (93) | (13) |
| Realised gain/(loss) transferred to statement of comprehensive income | - | - |
| **Balance at 30 June** | **550** | **702** |

The cash flow hedge reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the Income Statement when the hedge relationship is discontinued.

## 17. DIVIDENDS

On 17 August 2023, a final dividend of 59.54 cents per share (total dividend: $9,561,800) for the year ended 30 June 2023 was paid to holders of fully paid ordinary shares.

On 20 February 2024, an interim dividend of 33.08 cents per share (total dividend of $5,313,000) for the year ended 30 June 2024 was paid to holders of fully paid ordinary shares.

## 18. OPERATING LEASE ARRANGEMENTS

**(a) Company as Lessor: Operating Lease Rental**

Operating leases as at 30 June 2024 relate to the commercial property owned by the Company with lease terms between 1 year to 33 years, the longest of which extends 13 years in the future. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Rental income earned by the Company from its commercial property is set out in Note 3. The Company has contractual rights under leases to the following Minimum Annual Guaranteed rentals and contracted escalations but excludes at risk receipts such as turnover rents and CPI increases:

| | 2024<br>$ 000's | 2023<br>$ 000's |
|---|---|---|
| Less than 12 months | 17,587 | 15,476 |
| 1-2 years | 4,768 | 4,960 |
| 2-3 years | 3,285 | 3,453 |
| 3-4 years | 2,939 | 2,672 |
| 4-5 years | 2,928 | 2,540 |
| 5+ years | 5,090 | 7,142 |
| **Total operating lease rentals receivable** | **36,597** | **36,244** |

## 19. RELATED PARTY TRANSACTIONS

Queenstown Airport is 75.01% owned by the ultimate parent entity, Queenstown Lakes District Council, and 24.99% owned by Auckland Airport Holdings (No 2) Limited.

Related parties of the Company are:

- Queenstown Lakes District Council (QLDC) - shareholder
- Auckland International Airport Limited (AIAL) - shareholder
- Mark R Thomson - Chief Commercial Officer (AIAL) - director of the Company

### (a) Transactions with related parties

The following transactions occurred with related parties:

All transactions were provided on normal commercial terms.

| | 2024 | 2023 |
|---|---|---|
| | **$ 000's** | **$ 000's** |
| **Queenstown Lakes District Council (QLDC)** | | |
| Rates paid | 465 | 347 |
| Rental receipts | (43) | (44) |
| Sundry payments/(receipts) | 5 | 35 |
| Wānaka Airport - management fee | (365) | (365) |
| Wānaka and Glenorchy Airport - Sundry payments | 62 | 181 |
| **Net payment to QLDC** | **125** | **154** |
| **Auckland International Airport Limited (AIAL)** | | |
| Director fees/expenses paid | 49 | 40 |
| Rescue fire training fees paid | 22 | 11 |
| **Net payment to AIAL** | **71** | **51** |

### (b) Balances with related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

| | 2024 | 2023 |
|---|---|---|
| | **$ 000's** | **$ 000's** |
| **Queenstown Lakes District Council (QLDC)** | | |
| Receivables | (69) | (64) |
| Payables | 8 | 7 |
| **Net (receivable) balance (QLDC)** | **(61)** | **(56)** |
| **Auckland International Airport Limited (AIAL)** | | |
| Receivables | - | - |
| Payables | - | - |
| **Net payable balance (AIAL)** | **-** | **-** |

### (c) Key Management Personnel Compensation

Key management personnel compensation for the year's ended 30 June 2024 and 30 June 2023 is set out below. The key management personnel are all the directors of the Company and the executives with the greatest authority for the strategic direction and management of the Company.

| | 2024 | 2023 |
|---|---|---|
| | **$ 000's** | **$ 000's** |
| Short-term benefits paid | 2,406 | 2,288 |
| **Total** | **2,406** | **2,288** |

## 20. RECONCILIATION OF CASH FLOWS

| | 2024 | 2023 |
|---|---|---|
| **(a) Operating Activities** | **$ 000's** | **$ 000's** |
| Net profit after taxation | 16,494 | 22,204 |
| Add/(Deduct) non-cash items: | | |
| Amortisation | 119 | 363 |
| Depreciation | 10,271 | 9,068 |
| Other | 198 | (26) |
| Changes in Assets and Liabilities: | | |
| (Increase)/decrease in trade receivables | 1,595 | 19 |
| (Increase)/decrease in other receivables | 1,212 | - |
| (Increase)/decrease in prepayments | 15 | (120) |
| Increase/(decrease) in current tax payable | 187 | 7,627 |
| Increase/(decrease) in trade and other payables | 2,580 | (71) |
| Increase/(decrease) in employee entitlements | 234 | 427 |
| (Increase)/decrease in deferred tax liability | 6,089 | (19) |
| **Net cash flows from operating activities** | **38,994** | **39,472** |

## 21. CONTINGENT LIABILITIES

**(a) Noise mitigation**

The Company has implemented a programme of works to assist homeowners living in the inner and mid noise boundaries to mitigate the effects of aircraft noise exposure. The Company is obligated, on an annual basis, to offer, 100% funding of noise mitigation works for Critical Listening Environments of buildings that existed on 8 May 2013 containing an Activity Sensitive to Aircraft Noise (as defined in the Queenstown Lakes District Plan) that are within the 65 dB Projected Annual Aircraft Noise Contour. The Company is offering 100% of funding of mechanical ventilation for Critical Listening Environments of buildings that existed on 8 May 2013 containing an Activity Sensitive to Aircraft Noise (as defined in the Queenstown Lakes District Plan) that are within the 60 dB Projected Annual Aircraft Noise Contour.

Offers for noise mitigation have been extended to homeowners in line with the projected annual aircraft noise contours for calendar years 2023 and 2024. Property owners have 12 months from the date of offer to determine if they wish to take the offer made by the Company for mitigation works. It is difficult to estimate the future value of the mitigation works due to the uncertainty of the level of uptake from property owners and the differing construction and acoustic treatment requirements necessary to mitigate each property.

**(b) Lot 6**

During the year ending 30 June 2021, the Company made a compensation payment of $18.34 million for land acquired under the Public Works Act 1981 (PWA) in 2019 and known as 'Lot 6'. In October 2021, the previous owner, Remarkables Park Ltd (RPL), indicated it would seek additional compensation under the PWA. In November 2022, the directors received further independent valuation advice for Lot 6, which indicated that the $18.34 million compensation payment was in the appropriate range. On 7 July 2023, the Company received a claim from RPL for further compensation. QAC filed this matter with the court on 24 November 2023, for referral to the Land Valuation Tribunal (LVT). A hearing is scheduled for early 2025 to determine the compensation payable. An adjudicated outcome could increase the compensation payable by the Company. The financial statements include the original amount paid of $18.34 million in property, plant and equipment, while this matter is considered by the LVT.

**(c) Property Covenant**

In March 2023, High Court proceedings were served on the Company seeking to modify a restrictive covenant registered against land owned by RPL and two other parties, south of the main runway. The covenant restricts the range of activities that land can be used for, for the benefit of the Airport land so long as it is operated as an airport. The Company has filed a defence and the parties are currently undertaking discovery of documents, with a hearing likely to be scheduled in late 2025 or early 2026.

## 22. CAPITAL COMMITMENTS

| | 2024 | 2023 |
|---|---|---|
| | $ 000's | $ 000's |
| Committed for Acquisition of Property, Plant and Equipment | 16,236 | 3,269 |
| | **16,236** | **3,269** |

## 23. SUBSEQUENT EVENTS

On 15 August 2024, the Directors declared a fully imputed dividend of $14,241,000 in respect of the year ended 30 June 2024.

Deloitte.

## INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF QUEENSTOWN AIRPORT CORPORATION LIMITED ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

The Auditor-General is the auditor of Queenstown Airport Corporation Limited (the company). The Auditor-General has appointed me, Mike Hawken, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements and the performance information of the company on his behalf.

**Opinion**

We have audited:

- the financial statements of the company on pages 24 to 40, that comprise the statement of financial position as at 30 June 2024, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement 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 22.

In our opinion:

- the financial statements of the company on pages 24 to 40:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2024; and
        - its financial performance and cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards; and

- the performance information of the company on page 22 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives, for the year ended 30 June 2024.

Our audit was completed on 15 August 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 and the performance information, and we explain our independence.

**Emphasis of matter – inherent uncertainties in the measurement of greenhouse gas emissions**

The company has chosen to include a measure of greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to page 22 of the annual report, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

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**Basis for our opinion**

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

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

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

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

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

The Board of Directors is 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 the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

**Responsibilities of the auditor for the audit of the financial statements and the 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 is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of shareholders taken on the basis of these financial statements and the performance information.

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 company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported 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 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 3 to 21 and 23, but does not include the financial statements and 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.

**Deloitte.**

**Independence**

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit of the financial statements and the disclosure financial statements, we have no relationship with, or interests in, the company.

**Mike Hawken, Partner**
for Deloitte Limited
On behalf of the Auditor-General
Dunedin, New Zealand