

Airport Authority

Annual report

For the year ended 30 June 2023

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Directors' declaration

In the opinion of the Directors of Airport Authority ('the Authority') the financial statements and notes, on pages 10 to 26:

- comply with New Zealand generally accepted accounting practice, specifically Tier 1 PBE Accounting Standards (PBE IPSAS) and give a true and fair view of the financial position of the Authority as at 30 June 2023 and the results of operations for the year ended on that date;
- have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors consider that they have taken adequate steps to safeguard the assets of the Authority, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the annual report including the financial statements of Airport Authority for the year ended 30 June 2023.



George Taoro Brown
Director

Date: 15/12/23



Nancy Miriam Matapuku
Director

Date: 15/12/23

Directory

Nature of business	Operate the airports of Rarotonga and Aitutaki
Registered Office	Nikao, Rarotonga
Directors	George Taoro Brown (Chairperson) Nancy Miriam Matapuku (Deputy Chairperson) Edward Terei Herman Shona Victoria Mary Lynch Ngapare Tatira
Shareholder	Cook Islands Investment Corporation
Auditor	KPMG

Independent Auditor's Report

To the shareholder of Airport Authority

Report on the audit of the financial report

Opinion

In our opinion, the financial statements of Airport Authority (the 'Authority') on pages 7 to 26 presents fairly, in all material respects:

- i. the Authority's financial position as at 30 June 2023 and its financial performance and cash flows for the year ended on that date; and
- ii. the service performance for the year ended 30 June 2023 in accordance with the Authority's service performance criteria;

in accordance with Public Benefit Entity Standards (Public Sector) issued by the New Zealand Accounting Standards Board.

We have audited the accompanying financial statements which comprises:

- the statement of financial position as at 30 June 2023;
- the statements of comprehensive revenue and expenses, changes in equity and cash flows for the year then ended;
- notes, including a summary of significant accounting policies; and
- the statement of service performance for the year ended 30 June 2023.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'), and the audit of the statement of service performance, in accordance with the New Zealand Auditing Standard 1 *The Audit of Service Performance Information* ('NZ AS 1'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Authority in accordance with 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 and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) and NZ AS 1 are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

Our firm has also provided other services to the Authority in relation to taxation services. Subject to certain restrictions, partners and employees of our firm may also deal with the Authority on normal terms within the ordinary course of trading activities of the business of the Authority. These matters have not impaired our independence as auditor of the Authority. The firm has no other relationship with, or interest in, the Authority.

Other information

The Directors, on behalf of the Authority, are responsible for the other information included in the entity's Annual Report. Our opinion on the financial report does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, 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.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholder as a body. Our audit work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholder as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the Directors for the financial report

The Directors, on behalf of the Authority, are responsible for:

- the preparation and fair presentation of the financial report in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards (Public Sector)) issued by the New Zealand Accounting Standards Board;
- implementing necessary internal control to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error;
- service performance criteria that are suitable in order to prepare service performance information in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards (Public Sector)); and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole and the statement of service performance is free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ and NZ AS 1 will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate and collectively, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with ISAs (NZ) and NZ AS 1, the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the financial statements and the service performance information, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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 internal control.
- Obtains 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 entity's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Obtains an understanding of the process applied by the entity to select what and how to report its service performance.
- Evaluates whether the service performance criteria are suitable so as to result in service performance information that is in accordance with the applicable financial reporting framework.
- Concludes on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the financial statements and service performance information, including the disclosures, and whether the financial statements and service performance information represent the underlying transactions and events in a manner that achieves fair presentation.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

This description forms part of our independent auditor's report.

KPMG

Rarotonga

15 December 2023

Statement of Service Performance

For the year ended 30 June 2023

The Authority's Purpose

The Airport Authority Cook Islands ("the Authority") is a body corporate mandated under the Airport Authority Act 1985. The principal activity of the Authority is to establish, improve, maintain, operate and manage airport services and facilities in accordance with its purpose to provide the safe and efficient movement of aircraft and people through our airports. This purpose is established under with Part II (10) and (11) of the Airport Authority Act.

To carry out its purpose, the Authority therefore focuses on attaining the highest standards in three key areas namely:

- Safety;
- Security; and
- Efficiency

for aircraft and passenger movement through the Authority's two airports in Rarotonga and Aitutaki.

The Authority's Performance

The Authority has established the following performance measures to report it's effectiveness in carrying out its purpose.

Safety

Safety				
Activity	Measure	2023	2022	Ref
Civil Aviation compliance	Civil Aviation Part 139, 140, 171 and 172	Part 139, Part 171 & Part 172 all remains certified; Part 140 - Not performed due to USAP & TSA assessment performed instead (no significant safety concerns)	Part 139, Part 140, Part 171, Part 172 all remains certified	(1)
Runway incidents	Number of take-off/landing incidents	High: 0 Low: 24	High: 0 Low: 14	(2)
Aitutaki Runway Strip land reclaim	First Phase	57% completed	Not yet commenced	(3)
Runway Slab replacement (Safety of the Runway)	Number of Slabs replaced	0 out of 45 identified	22 out of 56 identified	(4)
Runway End Safety Area (RESA)	Update Concept Design	In progress	Not yet commenced	(5)

(1) The Airport Authority's certification audit under Civil Aviation Rules Part 139 Aerodrome Certificate, Part 140 Aviation Security Service, Part 171 Operations Certificate and Part 172 Air Traffic Services Certificate is carried out on an annual basis. In 2023 Part 130, 171 and 172 were carried out and all remain certified. Part 140 certification was not performed, as the Authority used the International Civil Aviation Organization's (ICAO) Universal Security Audit Program (USAP) and Transport Security Administration (TSA) audit instead as permitted by the Ministry of Transport. Overall, there have been no significant findings nor significant security concerns from these reports.

(2) A runway incident is an event or breach that has the potential to impact aircraft take offs or landings. Judgement is used in determining whether Runway Incidents are rated as high or low in their risk nature. The Authority has established high risk criteria based on whether such incidents cause the suspension of aircraft landing or take off. In 2023 though the number of incidents (which include wildlife and foreign objects) have increased from the previous year, these runway events are categorized as low as these incidents did not cause the aircraft to suspend landing or take-off.

(3) The Aitutaki Runway strip land reclaim has commenced with phase one of this project involving the dredged material being carted from the Aitutaki Ports Authority to the Aitutaki Airport. The budget and required contribution for this phase one was \$300,000 NZD which has been paid.



As it stands the stockpile material has exceeded 57 percent of the required volume of 30,000 m³. The remaining amount is still being completed by contractors. Phase two which is yet to commence, includes the construction of the seawall to avoid further erosion.

(4) The project to replace cracked runway slabs was put on hold in 2023 resulting in no replacements compared with 22 in 2022. The unreplaced slabs did not generate any safety concerns for taking off and landing.

(5) During 2023 the Authority has invested in the design of Runway End Safety Area (RESA) capital project to support Airport safety. This project is to ensure compliance with Civil Aviation regulations (at present this has not prevented current certification). The updated concept design process began in 2023 but was yet to be completed at year end.

Security

Security				
Activity	Measure	2023	2022	Ref
Security incidents	Number of security incidents related to passenger, premises and aircraft security	High: 0 Low: 9	High: 0 Low: 5	(6)
Fire safety incidents	Number of fire incidents at the airport	1	0	(7)
Security personnel	Number of Airport security staff	24 full-time and 3 part-time	23 full-time	
Security training	Number of hours for security training completed	229	207	

(6) A security incident relates to an event that threatens the security of passengers, airport premises, and aircraft. Judgement is used in determining whether security incidents are rated as high or low in their risk nature. The Authority has established high risk criteria based on whether such incidents caused damage or harm to aircraft or passengers. In 2023 there has been a slight increase of number of security incidents however these events are all are considered low, as none of these events resulted in damage to aircraft or harm to people.

(7) There was one fire safety incident in 2023 where a fire broke out in the terminal building. This was contained promptly and did not cause harm to any passenger or prevent the take off or landing of any aircraft.

Efficiency

Efficiency				
Activity	Measure	2023	2022	Ref
Landing of flights	Number of flights unable to land due to congestion	None	None	(8)
Terminal Expansion	Terminal Expansion - Preliminary design	Completed	Commenced	(9)
Apron Expansion	Apron Expansion - Detailed Design	Completed	Commenced	(10)

(8) For the period July 2022 to June 2023, there were no flights that were unable to take-off or land due to any deficiency in Airport Authority's operations (i.e. not including natural disasters or weather events). There were 2,032 (2022: 658) international flights (scheduled and non-scheduled flights) resulting in 276,417 (2022: 105,935) passengers transitioning through the airport.

(9) To improve passenger movement and efficiency the Rarotonga Terminal expansion preliminary design was also completed in the 2023 Financial year. The terminal expansion design also includes the plan to increase the future number of parking available as well as the increase in retail shops and/or commercial tenants. This is part of the Authority's long-term infrastructure enhancement objective to alleviate congestion to meet increased demand. At present the timeline for commencement of this project is not yet confirmed.

(10) To improve aircraft movement and reduce aircraft congestion on the apron, the 2023 financial year 2023 reported the completion of the detailed design of the Apron expansion which is funded by the Cook Islands Government.



The Authority's disclosure of Judgement

The Authority has used judgement in identifying indicators that have the most significant effect on the selection, measurement, and presentation of the service performance information. This includes measures under the three key service areas of safety, security, and efficiency. The Authority's decision to determine key service performance information provided by these measures aligns to the Authority's purpose. Included in the service criteria reported, is judgement in determining whether Runway incidents and Security incidents are rated as high or low in their risk nature. Overall the service performance indicators and measures selected and presented focus on the Authority's performance against its purpose that is to facilitate a safe and efficient movement of aircraft and people through the Authority's airports.

Statement of Financial Position As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	10(a)	886,196	783,605
Term deposits	10(b)	2,725,633	1,924,928
Trade receivables	7	1,097,775	1,058,035
Investments	16	364	364
Prepayments		194,529	41,071
Future Income Tax benefit	6	247,945	518,406
Inventories	9	401,417	350,719
Total current assets		5,553,859	4,677,128
Non current assets			
Property, plant and equipment	11	64,356,483	65,501,791
Investment properties	12	3,795,937	3,798,827
Intangible assets	13	2,067	4,709
Deferred taxation	6	86,736	58,335
Total non-current assets		68,241,223	69,363,662
Total assets		73,795,082	74,040,790
Liabilities			
Current liabilities			
Payables	14	974,667	455,882
Project Funding Liability	15	-	-
Borrowings	17	134,624	309,312
Employee entitlements	4	160,211	167,650
Total current liabilities		1,269,502	932,844
Non current liabilities			
Borrowings	17	-	5,434
Deferred taxation	6	-	-
Total non current liabilities		-	5,434
Total liabilities		1,269,502	938,278
Net Assets		72,525,580	73,102,511
Equity			
Contributed capital	18	6,497,219	6,497,219
Accumulated comprehensive revenue and expenses		66,028,361	66,605,292
Total equity		72,525,580	73,102,511

The accompanying notes form part of these financial statements.



Statement of Comprehensive Revenue and Expenses

For the year ended 30 June 2023

Revenue	Note	2023	2022
		\$	\$
Crown Funding	2	2,791,653	3,117,967
Interest revenue		39,645	37,684
Trading revenue	2	7,613,963	4,536,363
Other revenue	2	330,938	152,015
Total revenue		10,776,199	7,844,029
Expenditure			
Depreciation	11,12,13	2,998,256	2,916,495
Finance costs	5	9,617	19,825
Personnel costs	4	4,288,000	3,481,903
Other expenses	3	3,815,197	3,359,696
Total expenditure		11,111,070	9,777,920
Profit before income tax		(334,871)	(1,933,891)
Income tax expense	6	242,060	(246,031)
Profit/(Loss) for the year		(576,931)	(1,687,860)
Other comprehensive revenue and expenses for the year, net of income tax			
		-	-
Total comprehensive revenue and expenses for the year		(576,931)	(1,687,860)

The accompanying notes form part of these financial statements.



Statement of Changes in Equity For the year ended 30 June 2023

	Note	Accumulated comprehensive revenue and expenses	Contributed capital	Total
		\$	\$	\$
Balance at 1 July 2021		68,293,152	3,603,401	71,896,553
Total comprehensive revenue and expenses for the year		(1,687,860)	-	(1,687,860)
Capital Injections	18	-	2,893,818	2,893,818
Balance at 30 June 2022		66,605,292	6,497,219	73,102,511
Total comprehensive revenue and expenses for the year		(576,931)	-	(576,931)
Capital Injections	18	-	-	-
Balance at 30 June 2023		66,028,361	6,497,219	72,525,580

The accompanying notes form part of these financial statements.

Statement of Cashflows

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from the Crown Appropriation		2,047,994	2,047,992
Receipts from Crown CAPEX Funding		-	3,119,216
Interest received		39,645	37,684
Receipts from other revenue		7,897,413	4,044,929
Payments to suppliers		(2,667,949)	(2,687,139)
Payments to employees		(4,372,941)	(3,536,096)
Taxes refunds/ (payments)		-	-
Interest paid		(9,617)	(19,826)
Net cash from operating activities	19	2,934,545	3,006,760
Cash flows from investing activities			
Net (increase)/decrease in term deposits		(800,705)	374,336
Purchase of property, plant and equipment, and intangible assets		(1,851,128)	(3,688,829)
Acquisition / (disposal) of investments		-	-
Net cash from investing activities		(2,651,833)	(3,314,493)
Cash flows from financing activities			
Capital contributions		-	-
Drawdown / (repayment) of loans		180,121	297,066
Net cash from financing activities		180,121	297,066
Net (decrease)/increase in cash and cash equivalents		102,591	(10,667)
Cash and cash equivalents at the beginning of the year		783,605	794,272
Cash and cash equivalents at the end of the year	10 (a)	886,196	783,605
Made up of:			
Bank balances and on-call deposits		886,196	783,605
Total cash and cash equivalents		886,196	783,605

The accompanying notes form part of these financial statements.



Notes to the financial statements

1 Statement of Accounting policies

REPORTING ENTITY

Airport Authority ("the Authority") is a body corporate incorporated under the Airport Authority Act 1985 (the "Act").

The Authority's primary objective is to operate the airports on Rarotonga and Aitutaki in accordance with this Act along side the Cook Islands Civil Aviation Act 2002, the Aviation Security Act 2008 and other relevant legislation.

The authority has designated itself a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the Authority are for the year ended 30 June 2023 and were approved by the Directors on the date specified on page 2.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

The Director's have performed an assessment of the Authority's ability to continue as a going concern covering twelve months from the date of this declaration. The Director's consider that based on committed Government support through the approved Ministerial Budget 2022/2023 and Letter of Support from the Cook Islands Government (ultimate parent) confirming that it will provide financial assistance to the Authority where necessary to continue its operations as a going concern and will continue to do so for at least 12 months from the date of issuance for these financial statements, the Authority is a going concern basis.

Statement of compliance

The financial statements of Airport Authority have been prepared in accordance with the requirements of the Airport Authority Act 1985 and comply with generally accepted accounting practice in New Zealand (NZ GAAP) in accordance with Public Benefit Entity Standards (public sector). This year introduced the first time requirement by NZ PBE FRS48 for a Statement of Service Performance (SSP).

Presentation currency and rounding

The financial statements are presented in New Zealand Dollars and all values are rounded to the nearest dollar.

Recovery from COVID-19 Pandemic

The situation around COVID-19 evolved and the efficacy of the counter measures undertaken by counterpart countries were successful, the Cook Islands Government were able to lift the border restrictions. The opening of the borders resulted in a significant increase in International Flights from January 2022, and subsequently resulted in a significant increase in the Authority's revenues. We note since the reopening of the borders Covid has stabilised and saw flights increase to its usual norm of 17 flights a week with the three Airliners of Air New Zealand, Jetstar and Hawaiian Air operating by the end of the financial year.

Coincidentally in the last week of June 2023, Air Tahiti has reinstated its weekly international flights to French Polynesia through to December 2023. In addition, the Authority forecasts an increase in flights to an average of 2 - 3 flights per day through to December 2023 where a slight decline due to off peak until April 2024. These forecasts are based on the information available to the Authority at the time of preparing these financial statements and are based on reference to various data sources including airlines, and travel and tourism bodies.

With regards to these financial statements, the Authority has considered the likely impact of COVID-19 in areas such as our provisioning for doubtful debts, considering any impairment triggers relevant to PP&E and intangible assets and going concern. To date the impact on these areas has been limited.

Further disclosure of the material impacts of COVID-19 are included in the relevant notes in these financial statements.

Notes to the financial statements (continued)

2 Revenue		
<u>Crown Funding</u>	2023	2022
Crown Appropriation	\$	\$
CAPEX Income-Hangar Refurbishments	2,047,994	2,047,992
CAPEX Income-Runway Slab Replacement project	-	-
CAPEX Income-Rarotonga Airport Upgrade Design	69,487	710,461
	<u>674,173</u>	<u>359,514</u>
	2,791,653	3,117,967
 <u>Trading revenue</u>		
International Terminal Charges	1,962,321	900,583
Landing fees- Rarotonga	3,356,460	2,445,462
Landing fees- Aitutaki	257,205	173,844
Alternate Aerodome Charges	1,800	1,500
Rental revenue and concessions	<u>2,036,177</u>	<u>1,014,974</u>
	7,613,963	4,536,363
 <u>Other Revenue</u>		
Gain on sale of assets	217	2,174
Donated assets	-	17,705
Sundry income	<u>330,720</u>	<u>132,136</u>
	330,938	152,015

Revenue

The specific accounting policies for significant revenue items are explained below:

Revenue is measured at fair value of consideration received or receivable for the sale of goods or services provided in the ordinary course of business. Revenue is stated exclusive of Value added tax and is recognised when a product is sold or service is provided.

Crown Appropriation

Airport Authority receive funding from the Crown. There are no conditions attached to the funding and it is recognised at the point of entitlement. The fair value of revenue from the Crown has been determined to be the equivalent to the amounts due in the funding arrangements.

CAPEX Income

Airport Authority receive funding from the Crown for specific capital projects. When related costs are expense in nature, the associated funding is recognised as CAPEX Income in the Statement of Comprehensive Revenue and Expenses. When related costs are capital in nature (i.e. resulting in Property, Plant and Equipment additions), these are recognised as Capital Injections in the Statement of Changes in Equity. Refer to Note 18 for details. CAPEX funding from Crown can include amounts donated by various overseas donors. During the year, the Authority received CAPEX Income for the Rarotonga Airport Refurbishment project (Runway Slab Project) and the Rarotonga Airport Upgrade Designs Project 2020-2022 (Master Plan Project). The fair value of revenue from the Crown has been determined to be the equivalent to the amounts due in the funding arrangements.

Donated assets

Where a physical asset is gifted to or acquired by the Authority for nil consideration or at a subsidised cost, the asset is recognised at fair value and the difference between the consideration provided and fair value of the asset is recognised as revenue. The fair value of donated assets is determined as follows:

- For new assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received.
- For used assets, fair value is usually determined by reference to market inflation for assets of a similar type, condition and age.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

Rental revenue

Lease receipts in an operating sublease are recognised as revenue on a straight line basis over the lease term.

Concession revenue

Concession revenue is recognised for the sale of diesel to different customer categories. The selling price is determined in reference to the cost of the diesel price adjusted concession determined by the management. The price variance is charged to the profit or loss account for the same accounting period.

Notes to the financial statements (continued)

3 Operating expenses	2023	2022
<u>Other Expenses</u>	<u>\$</u>	<u>\$</u>
Bad and doubtful debts	7,747	(799)
CAPEX Expenses - Hangar Refurbishments	-	-
CAPEX Expenses - Runway Slab Replacement Project	69,487	710,461
CAPEX Expenses - Rarotonga Airport Upgrade Design	674,173	359,514
Communication	60,486	67,596
Consultancy legal and professional fees	189,378	80,415
Courses and conferences	233,555	53,069
Directors fees and expenses	77,502	76,218
Electricity	490,562	356,732
Fees paid to auditor - audit services	43,500	36,680
Fees paid to auditor - non audit services	5,280	4,800
Hire of equipment	226,839	191,603
Insurance	347,244	345,734
Motor vehicle expenses	188,157	95,896
Rental and operating lease costs	79,230	72,553
Repairs & maintenance	832,097	429,658
Write off and disposal of assets	3,712	154,950
Other Runway Slab Replacement Costs	-	21,844
Other operating expenses	286,250	302,772
Total Other expenses	3,815,197	3,359,696

Non-audit services relate to tax compliance services.

4 Personnel Costs	2023	2022
	\$	\$
Salaries & wages	3,941,733	3,308,226
Defined contribution plan employer contributions	189,836	152,102
Retirement/Longservice & Service Award Payments	156,431	21,575
Total personnel costs	4,288,000	3,481,903
Employee entitlements	\$	\$
Accrued salaries and wages	101,658	72,136
Annual leave	58,553	95,514
Other allowances	-	-
Total employee entitlements	160,211	167,650

Accounting policy:

Short term benefits :

Short-term employee benefit that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date.

On resignation, employees are entitled to a pro-rata apportionment of annual leave and as such an accrual is recognised in line with the period of service. A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Superannuation Schemes

The Authority contributes to the Cook Islands National Superannuation Fund. This fund is a State defined contribution fund. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are accounted for as defined contribution superannuation schemes and are recognised as an expense as incurred.



Notes to the financial statements (continued)

Airport Authority
Annual report for the year ended 30 June 2023

	2023	2022
	\$	\$
5 Finance costs		
Interest on secured loans		
Total finance costs	9,617	19,826
	9,617	19,826

Accounting Policy:

Finance costs comprise interest expense on borrowings and are recognised as an expense in the financial year in which they are incurred, using the effective interest method.

6 Income tax expense

	2023	2022
	\$	\$
Tax recognised in profit or loss		
Current tax expense		
Current period		
Total current tax expense	270,461	(137,835)
	270,461	(137,835)
Deferred tax expense		
Origination and reversal of temporary differences		
Total deferred tax expense	(28,401)	(108,196)
	(28,401)	(108,196)
Total income tax (expense)/credit	242,060	(246,031)
Reconciliation of effective tax rate		
Profit/(Loss) before tax	(334,871)	(1,933,891)
Income tax using the Authority's domestic tax rate of 20%	(66,974)	(386,778)
Tax effect of temporary differences	269,125	185,271
Tax effect of non-taxable income	68,311	63,672
	270,461	(137,835)
Future income tax benefit		
Opening balance	518,406	380,571
Losses utilised in the current year	-	-
Current year tax benefits	(270,461)	137,835
	247,945	518,406
Recognised deferred tax assets / (liabilities)		
The Authority has deferred tax assets attributable to the following		
Opening Deferred Tax (Asset) / Liability		
- Provision for doubtful debts	58,335	(49,861)
- Property, plant and equipment	2,939	2,054
Total deferred tax	25,462	106,143
	86,736	58,335

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax benefits arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A future income tax benefit is recognised for unused tax losses to the extent that it is profitable that future taxable profits will be available against which they can be utilised. Future income tax benefits are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Judgements

In determining the amount of current and deferred tax the Authority takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Authority believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Authority to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.



Notes to the financial statements (continued)

7 Trade receivables

	2023	2022
	\$	\$
Trade receivables	1,158,555	1,104,120
Less: Provision for impairment	(60,780)	(46,085)
Total	1,097,775	1,058,035

The aging profile of receivables at year end is detailed below:

	2023	2022
	\$	\$
Not past due	879,571	1,029,640
Past due 1-30 days	103,247	31,754
Past due 31-60 days	143,179	16,956
Past due 61+ days	32,558	25,770
Total	1,158,555	1,104,120

All receivables greater than 30 days in age are considered to be past due
All receivables are from exchange transactions.

Accounting Policy:

Receivables

Short term receivables are recorded at their face value, less any provisions for impairment.
A receivable is considered impaired when there is evidence that the Authority will not be able to collect the amount due.
The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.
Impairment assessment is performed on an individual basis based on the expected future cashflows given repayment history and specific circumstances.

8 Financial Instruments

(i) Financial assets

Financial assets comprise Cash and cash equivalents, term deposits, trade and other receivables. These are all classified as amortised costs as they are:

- held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (if applicable).

These assets are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

(ii) Financial liabilities

Financial liabilities comprises trade and other payables. These are measured at amortised cost.
The Authority derecognises a financial liability when its contractual obligation are discharged, cancelled or expire.

Impairment

The Authority considers impairment using the expected credit loss (ECL) model for the following financial assets that are not measured at FVTPL:

- Cash and Cash equivalents
- Term Deposits
- Trade and other receivables



Notes to the financial statements (continued)

8 Financial Instruments (continued)

Measurement of Expected Credit Loss

Expected Credit Loss (ECL) is calculated based on a function of the probability of default, loss given default exposure at default.

The Authority applies ECL model separately for each financial asset category measured at amortised cost. ECL is calculated based on the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Authority expects to receive). ECL for Cash and cash equivalents and Term deposits is calculated based on industry standard Probability of default and loss given default based on the credit rating each financial institution where funds are held.

As trade and other receivables are normally paid within 30 days and do not have significant financing component the Authority has applied the simplified approach in PBE IPSAS 41 and therefore only recognising lifetime ECL. The Authority has developed a provision matrix to determine ECL.

As the Authority operates in only one geographic segment the matrix is based on customer type (Airline and Non Airline customers) and debt age (no. days) taking into account historical loss experience for each segment adjusted for forward looking estimates.

Due to the impacts of COVID-19 on the Authority and its customers, an assessment was undertaken on trade debtors to assess individual customers' ability to meet repayments including high-level assessment on the ability to trade in the future. As a result of this, the Authority has updated its provision for doubtful debts and written off unrecoverable balances.

	2023	2022
	\$	\$
Significant concentrations of credit risk		
ANZ Banking Group, Cook Islands	AA-	1,449,688
Bank of South Pacific, Cook Islands	B-	548,612
Bank of the Cook Islands	Non rated	231,278
Trade receivables	N/A	161,974
	1,928,288	1,995,686
	1,158,555	1,104,120
	4,767,809	3,810,392

9 Inventories

Inventories held for the use in the provision of goods and services

	2023	2022
	\$	\$
Spare parts		
Runway Epoxy stock	33,711	22,567
Croda Foam	244,891	244,891
Fuel	31,952	33,161
Stationery	51,593	3,173
ID Cards	2,128	2,037
Carpark tickets	2,825	3,432
Airport Café Stock	27,180	39,491
Total Inventories	7,138	1,967
	401,417	350,719

Accounting Policy:

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined on a weighted average basis, which is determined using the first-in first-out principle. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

The carrying amounts of the Authority's inventories are reviewed at each balance date to determine whether the cost of the inventories are recoverable.

An impairment loss is recognised whenever the carrying amount of inventories exceeds its net realisable value. Impairment losses directly reduce the carrying amount of inventories and are recognised in profit or loss.

10 (a) Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank		
Cash on hand	883,621	781,345
Total cash and cash equivalents	2,575	2,260
	886,196	783,605

Accounting Policy:

Cash and cash equivalents includes cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less.

The carrying amounts of short term deposits approximate their fair value.

(b) Term Deposits

	2023	2022
	\$	\$
Term Deposits		
Total term deposits	2,725,633	1,924,928
	2,725,633	1,924,928

Accounting Policy:

Term Deposits are initially measured at the amount invested. After initial recognition, the term deposits are measured at amortised cost using the effective interest method.

Notes to the financial statements (continued)

11 Property, plant and equipment

	Furniture & Fittings	Land	Buildings	Plant & Equipment	Runway	Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance at 1 Jul 2021	407,873	10,985,024	9,630,693	11,650,435	54,321,191	6,339,781	93,334,997
Additions	2,738	-	431,520	462,107	2,432,949	131,691	3,461,005
Disposals	-	-	-	(206,947)	(196,982)	(77,098)	(481,027)
Transfer from WIP	-	-	-	44,940	597,907	-	642,847
Balance at 30 June 2022	410,611	10,985,024	10,062,213	11,950,535	57,155,065	6,394,374	96,957,822
Balance at 1 July 2022	410,611	10,985,024	10,062,213	11,950,535	57,155,065	6,394,374	96,957,822
Additions	4,016	-	19,326	363,730	39,620	96,949	523,641
Disposals	-	-	-	(22,186)	-	(33,426)	(55,612)
Transfer from WIP	-	-	26,513	173,863	-	-	200,376
Balance at 30 June 2023	414,627	10,985,024	10,108,052	12,465,942	57,194,685	6,457,897	97,626,227
Accumulated Depreciation and impairment losses							
Balance at 1 July 2021	379,349	-	2,760,516	6,804,207	14,870,587	4,646,873	29,461,532
Depreciation for the year	7,275	-	305,962	836,698	1,332,140	297,552	2,779,627
Elimination of Disposals/Transfers	-	-	-	(206,248)	(62,494)	(57,824)	(326,566)
Transfer	-	-	-	-	-	-	-
Balance at 30 June 2022	386,624	-	3,066,478	7,434,657	16,140,233	4,886,601	31,914,593
Balance at 1 July 2022	386,624	-	3,066,478	7,434,657	16,140,233	4,886,601	31,914,593
Depreciation for the year	6,870	-	283,002	884,101	1,412,631	280,352	2,866,956
Elimination of Disposals/Transfer	-	-	-	(51,413)	-	-	(51,413)
Balance at 30 June 2023	393,494	-	3,349,480	8,267,345	17,552,864	5,166,953	34,730,136
Carrying amount							
At 1 July 2021	28,524	10,985,024	6,870,177	4,846,228	39,450,604	1,692,908	63,873,465
At 30 June and 1 Jul 2022	23,987	10,985,024	6,995,735	4,515,878	41,014,832	1,507,773	65,043,229
Work in Progress	-	-	744,792	191,130	524,471	-	1,460,393
At 30 June 2023	21,133	10,985,024	7,503,364	4,389,727	40,166,292	1,290,944	64,356,483



Notes to the financial statements (continued)

11 Property, plant and equipment (continued)

Accounting Policy:

(i) **Recognition and measurement**

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and includes the following:

- the cost of materials and direct labour;
 - any other costs directly attributable to bringing the assets to a working condition for their intended use;
- Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) **Subsequent costs**

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Authority. Ongoing repairs and maintenance is expensed as incurred.

(iii) **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in the Statement of Comprehensive Revenue and Expense on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Authority will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are

Runways- Rarotonga	5-99 years	Equipment	5-10 years
Runways- Aitutaki	5-31 years	Furniture & fittings	4-5 years
Buildings- Rarotonga	5-49 years	Motor vehicles	4-5 years
Buildings- Aitutaki	5-34 years	Rescue fire vehicles	3-20 years

When calculating recoverable value, the fair value of buildings, plant, equipment, fixtures and fittings is based on the cost approach using the depreciated replacement cost approach. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

The carrying amounts of the Authority's property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

12 Investment properties

	2023	2022
	\$	\$
Balance at 1 July		
Additions	3,798,827	3,926,175
Transfer	125,768	-
Depreciation	-	-
Balance at 30 June	<u>(128,658)</u>	<u>(127,348)</u>
	3,795,937	3,798,827

Accounting Policy:

Investment property is measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised on a straight line basis over the period of the lease.

Notes to the financial statements (continued)

13 Intangible assets

	\$
Cost	
Balance at 1 Jul 2021	67,255
Additions	-
Disposals	-
Transfer	-
Balance at 30 June 2022	<u>67,255</u>
Balance at 1 July 2022	67,255
Additions	-
Transfer	-
Balance at 30 June 2023	<u>67,255</u>

Accumulated Depreciation and impairment losses

	\$
Balance at 1 Jul 2021	52,482
Depreciation for the year	10,064
Elimination of Disposals	-
Transfer	-
Balance at 30 June 2022	<u>62,546</u>
Balance at 1 July 2022	62,546
Depreciation for the year	2,642
Elimination of Disposals	-
Balance at 30 June 2023	<u>65,188</u>

Carrying amount

At 1 Jul 2021	<u>4,709</u>
Work in Progress	-
At 30 June and 1 Jul 2022	<u>4,709</u>
Work in Progress	-
At 30 June 2023	<u>2,067</u>

Accounting Policy:

Intangible assets are made up of software and navigation intellectual property. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

14 Trade and other payables

	2023	2022
	\$	\$
Payables under exchange contracts		
Trade payables		
Accrued expenses - Other Payables	896,836	275,082
Income received in advance	48,540	79,624
Other	(512)	698
Total payables under exchange transactions	<u>953,197</u>	<u>355,405</u>
Payables under non exchange contracts		
Value added tax payable	21,470	100,477
Total payables under non exchange transactions	<u>21,470</u>	<u>100,477</u>
Total trade and other payables	<u>974,667</u>	<u>455,882</u>

Accounting Policy:

Trade and other payables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These are short-term liabilities and therefore the carrying amounts materially equate to fair value.

Notes to the financial statements (continued)

15 Project Funding Liability

	Note	Total	Runway Slab Replacement Project	Rarotonga Airport Upgrade Design
Opening balance as at 1 July 2022		-	-	-
Plus: Total funding received during the year		743,660	69,487	674,173
Less expensed costs		(743,660)	(69,487)	(674,173)
Less capitalised stock		-	-	-
Less capitalised runway slabs		-	-	-
Less capitalised runway project related costs		-	-	-
Total Project Funding Liability		-	-	-

Project Funding liability relates to CAPEX funding received but unspent at year end. Refer to Note 2 for details of CAPEX funding. There was no opening liability where all funding were fully spent at year end 30 June 2023. In the current year, there was related expenses for staff training for phase 2 of the Runway Slab project.

The Authority directly received \$69,487 during the year from the Government to initiate phase 2 for the Rarotonga Airport Refurbishment project (Runway Slab Replacement Project). Of this funding, the Authority recognised full sum as project related expenses.

As the funds were received through the Cook Islands Government, the related costs for the current year have been recognised as runway slab appropriation (Capex Income) in the Statement of Comprehensive Revenue and Expenses. Refer Note 2.

The Authority also received funding of \$674,173 for the Rarotonga Airport Upgrade Designs Project 2022-2023 (Masterplan Project). All funds were expended during the year.

16 Investments	2023	2022
Shares in Hawaiian Airlines	\$ 364	\$ 364
Total Investments	364	364

Investments are measured at fair value with fair value determined by reference to published bid price quotations in an active market.

17 Borrowings	2023	2022
Current Portion	\$	\$
Secured loans	134,624	309,312
Total current portion	134,624	309,312
Non Current portion		
Secured loans	-	5,434
Total non current portion	-	5,434
Total borrowings	134,624	314,746

Secured loans

Secured loans are issued at floating rates of interest and as such the carrying amount approximates the fair value. The loan was effective on 22 January 2018 with interest rate of 5.25%. (2022:5.25%)

Security

The loan is secured by a first charge current account debenture over all assets and undertakings of the Authority.

Notes to the financial statements (continued)

Airport Authority
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18 Contributed Capital

	2023	2022
	\$	\$
Balance at 1 July		
Capital injections	6,497,219	3,603,401
Balance at 30 June	<u>-</u>	<u>2,893,818</u>
	<u>6,497,219</u>	<u>6,497,219</u>

At 1 July 2020, capital injections comprised the original capital contribution by the Government of the Cook Islands (made up of net assets taken over by the Airport Authority) and capital contributions from prior years to fund capital projects.

During the 30 June 23 financial year, the Airport Authority received no CAPEX funding for the runway replacement project. Costs that are capital in nature (i.e. resulting in Property, Plant and Equipment additions), are recognised as Capital injections and related expenses are Runway adhoc a direct offset to the Runway Slab Appropriation.

	2023	2022
	\$	\$
19 Reconciliation of net surplus/(deficit) to net cash flow from operating activities		
Net Surplus/ (deficit)		
Add/(less) non cash items	(576,931)	(1,687,860)
Bad and doubtful debts		
Donated Assets	7,747	(799)
Reclassified assets	-	(18,257)
Depreciation expense	-	166,125
Total non-cash items	<u>2,998,256</u>	<u>2,916,495</u>
	<u>3,006,003</u>	<u>3,063,564</u>
Add/(less) items classified as investing or financing activities		
Capital Injections		
(Gains)/losses on disposal of property, plant and equipment	-	2,893,818
Total items classified as investing or financing activities	<u>(4,037)</u>	<u>154,950</u>
	<u>(4,037)</u>	<u>3,048,768</u>
Add/(less) movements in statement of financial position items		
(Increase)/ Decrease in receivables	(39,740)	(602,667)
(Increase)/ Decrease in tax receivables	-	-
Decrease/(Increase) in future income tax benefits	270,461	(137,835)
(Increase)/ Decrease in prepayments	(153,458)	32,976
(Increase)/ Decrease in inventories	(50,698)	(252,248)
Increase/ (Decrease) in payables	518,785	73,289
Increase/ (Decrease) in aid payables	-	(445,056)
(Decrease)/ Increase in deferred tax	(28,401)	(108,196)
(Decrease)/ Increase in employee entitlements	(7,439)	22,025
Net movement in working capital items	<u>509,510</u>	<u>(1,417,712)</u>
Net cash flow from operating activities	<u>2,934,545</u>	<u>3,006,760</u>

Notes to the financial statements (continued)

20 Capital commitments and operating leases

At balance date, the Authority had commitments related to the following projects;

Significant Work in Progress Projects

	2023	2022
	\$	\$
Runway Slab Replacement project funded by MFEM	69,487	-
Multipurpose Buildings 1 & 2 - Total Contract \$2.4m@Land Holdings Ltd	623,348	-
Aitutaki Ruway Rejuvenate Project \$1.5m@Total Pavement Maintenance Systems-l	524,471	-
	1,217,306	-

Operating leases as lessee

The future aggregate minimum payments to be paid under non-cancellable operating leases are as follows:

	2023	2022
	\$	\$
Not later than one year	70,724	70,724
Later than one year and not later than five years	282,895	282,895
Later than five years	320,420	495,254
Total non cancellable operating leases	674,039	848,873

Accounting Policy:

The Authority leases land that is utilised for Airport operations including accommodating office premises and rental properties.

The HBS Xray machine for package screening (contract Mer17, commissioned Sept17), has a lease term of 60 months with a rental of \$3,323 per month. Deferred payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

21 Contingencies

There are no contingent liabilities at balance date (2022: nil).



Notes to the financial statements (continued)

22 Related parties

The Authority is a wholly owned entity of the Government of the Cook Islands. Under the Cook Islands Investment Corporation Act 1998, the Authority is controlled and managed by the Corporation and is considered to be a subsidiary of Cook Islands Investment Corporation (CIIC).

Related parties include Government ministries, agencies, and state owned enterprises by way of common owner.

Included in expenses are amounts paid to Te Aponga Uira, Vodafone and Bank of Cook Islands. These transactions were conducted at market rates.

These are fellow subsidiaries of CIIC.

(i) Related Party Balances

	2023	2022
	\$	\$
Borrowings with Bank of Cook Islands	134,624	314,746
Te Aponga - Electricity payable	40,250	39,465
Vodafone - Telephone payable	6,009	13,267
	180,883	367,478

(ii) Electricity expense paid to Te Aponga	490,562	356,732
Project cost paid to CIIC	300,000	-
Communication expense paid to Vodafone	60,486	67,596
Interest paid to Bank of Cook Islands	9,617	19,826
	860,665	444,154

23 Key management personnel compensation

	2023	2022
	\$	\$
Board members remuneration	77,502	73,218
Number of directors	5	5
Senior management remuneration	474,871	431,228
Full time equivalent members	4	4
Runway Slab Replacement Project	-	66,640
Number of Board of Directors	-	1

24 Impairment

The Authority performed an assessment to determine if the current market conditions indicates that impairment exists in accordance with PBE IPSAS 21. Impairment of Non-Cash Generating Assets, which would warrant a valuation to support carrying value of the Authority's Plant, Property and Equipment, and Investment Property. This assessment included judgement over whether the level of assets held is in excess of what is required, and whether the useful life of the assets have reduced as a result of market conditions.

Given the re-opening of the borders this year, the assets held by the Authority are being utilised with no changes to the useful life of the assets, and the requirement and necessity for the assets has not changed. Being the sole gateway into the Cook Islands, the Airport is considered essential requirement for the country. It is considered the level of assets held by the Authority to provide aviation services are necessary in order to meet the minimum aviation safety requirements. The Authority have considered there is no excess capacity or over design in the level of assets held to meet its minimum operating requirements and therefore consider no indication of impairment exists due to current market conditions.

The Authority has projects in progress as listed in Note 20.

Subsequent to year end, there is an ongoing review with experts and legal representatives for the defects identified within phase-1 of the Runway Slab project.

Report indicates three to nine defective slabs have been identified as requiring replacement. These slabs continue to be used to-date as part of the Authority's normal operations and safety is not compromised. Estimated costs to replace impaired runway slabs is \$180,000. These are expected to be maintained and where confirmed to be replaced by designated experts. The cost of replacement will be recognised when works are completed. The impairment at year end is considered immaterial to these financial statements.

25 Events after balance date

Other than the above, there has not arisen in the interval between the end of financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Authority, to affect significantly the operations of the Authority, the results of those operations, or the state of affairs of the Authority, in future financial years.