ANNUAL REPORT

For the year ended 30 June 2024

This Annual Report covers the performance of Christchurch International Airport Limited (CIAL) from 1 July 2023 to 30 June 2024. This volume contains our audited financial statements, a summary of our performance targets information and other required information. CIAL's Climate Related Disclosures are contained in a separate volume.

CHRISTCHURCH AIRPORT

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Report from the Chair & Chief Executive

Chair & CE Report

Haere mai,

Welcome to the Christchurch International Airport (CIAL) 2024 (FY24) Annual Report. We are now two years into our Horizons 30 strategy and are making meaningful progress towards our goals. We are driven by our clear purpose of championing Otautahi Christchurch and Aotearoa New Zealand for today and tomorrow.

The FY24 reported net surplus after tax result of $22.7m, was impacted as a result of the Government's removal of tax depreciation on commercial buildings. This change in tax treatment has had a one-off impact of $30.1m on Christchurch Airport's reported surplus in FY24 as shown in the statement of financial performance.

However, the underlying operating surplus after tax of $41.8m [1] as reconciled in the table below, demonstrates our continued strong performance. This has resulted in CIAL declaring a higher than forecast total annual dividend of $37.6m for the year to June 2024 - $19m having already been paid to shareholders in April. A final dividend of $18.7m will be paid following the Annual General Meeting in October. This continues our consistent track record of delivering dividends to our shareholders despite the significant challenges across the aviation sector.

Our performance has been underpinned by the diversification of our business (specifically our property portfolio), a focus on growing our core business of planes and passengers and the embedded resilience and execution excellence of our team. As we look to the future, our intergenerational thinking and stakeholder equity philosophy (customers, team, shareholders and planet) means we are clear on our focus areas and are positive about the role we can play in delivering real stakeholder value for Otautahi Christchurch and Te Wai Pounamu South Island.

RECONCILIATION TO UNDERLYING OPERATING PROFIT AFTER TAX

(000s)	30 June 2024	30 June 2023
Net profit after tax	22,731	36,844
(Less): (Gain) on disposal of assets	(18)	(26)
Add/(Less): Fair Value Loss (Gain) on Investment Properties	(12,750)	4,470
(Less): Non-cash lease accounting revenue adjustment	(1,113)	(1,341)
Add/(Less): Deferred tax charged to income	32,970	(9,310)
Underlying operating profit after tax	41,820	30,637

[1] Reconciliation of net profit after tax to underlying operating profit after tax

FY24 Recap

Fuelling Economic Prosperity

FY24 saw the resumption of our international routes and airlines. It was great to welcome back China Southern and Cathay Pacific to our airport, and to see Air New Zealand, Qantas, Singapore Airlines and Fiji Airlines all add more international capacity. Of particular note was the launch of United Airlines' direct service between San Francisco and Christchurch, the first US carrier to service the South Island directly. Growing airline capacity is both the cornerstone of our business and a significant economic contribution to our city, region and country. A daily wide body aircraft brings in around $150m in visitor spend and $500m in freight, helping to fuel the regional economies of the South Island and provide vital freight capacity for our exporters.

Supply side constraints (planes, pilots, and staff) are still impacting the aviation industry, meaning airlines have not been able to deploy all the capacity they have wanted to. This will likely remain as a feature over the coming financial years, albeit lessening with time.

Despite these constraints, strong demand has led to our passenger numbers growing year on year. Full year passenger numbers were up 10% on last year, with domestic up 5% and international up 33%.

A rejuvenated Christchurch city, with new infrastructure and amenities like Te Pae, Riverside, The Terrace and the Lyttleton Cruise berth, along with the upcoming Te Kaha stadium, has become an increasingly attractive destination for both visitors and residents. We believe these developments will allow Christchurch to outpace growth trends in the coming years. Collaborating closely with ChristchurchNZ, Tourism New Zealand, and key airlines and travel partners, we are committed to promoting the city as premier destination for travel trade. This remains one of our biggest opportunities moving forward.

Our campus continues to go from strength to strength and is the largest centre of employment in the South Island, with over 250 businesses calling it home. Developing our property portfolio enables us to continue to diversify and build resilience to counter any shocks in aviation. Our focus has been on partnering with our existing tenants to help grow with them and attracting new quality tenants. An important focus over FY24 has been on freight, and we are well advanced on a project to double the size of our dedicated freight apron. This has allowed us to both attract more dedicated freight aircraft and accommodate freight tenants requiring new or increased warehouse space, such as DHL and Mighty Ape. Our investment property portfolio now totals 21.7 hectares of building area, with lease occupancy sitting at 96%.

Enhancing People's Lives

Ensuring our passengers have a great journey through the airport is a core philosophy at CIAL. Along with the introduction of new furniture, check in technology, next generation screening machines and a new customer wait zone, the focus over FY24 has been on planning for the biggest upgrade to the terminal since it opened in 2013. This will see 12 new food and beverage outlets, an improved layout, seating areas and even a childrens' play area. Included in the new outlets will be a more local flavour delivered by local operators.

We are proud of our community and seek out ways where we can support the many great initiatives and causes that exist. This includes our community fund where we provide over 20 grants a year to community initiatives, lighting up our terminal to support causes such as breast cancer, supporting Ronald McDonald House charities and food recycling initiatives.

Our team is at the heart of everything we do, and we couldn't be more appreciative of their continued resilience, dedication, and contribution over the year.

A significant focus for the year has been on employee wellbeing, leadership and building an inclusive team that embraces and reflects diversity and inclusion in all its forms. A core part of this is building cultural competence to embed Matauranga Maori, Te Ao Maori, Tikanga Maori and Te Reo in ways appropriate for our people, iwi, business and visitors.

Lastly, we take our role of providing shareholder dividends seriously, making an important contribution to our shareholders Christchurch City Holdings (on behalf of the Christchurch ratepayer) and the Crown.

Great Kaitiaki of Our Planet

We have continued to progress our response to the challenges of climate change, despite the disruptions of the past three years. Having reached the highest industry standard of accreditation (ACI Level 5) and by reducing our scope one emissions by over 90%, our focus in FY24 shifted to how we help others to decarbonise and how we ensure we have a resilient and fit for purpose energy supply into the future.

We recognise that aviation has to decarbonise and although we don't yet know what this will ultimately look like in terms of alternative energy sources, what is certain is that it will require a significant amount of renewable energy to enable the transition.

In February 2023, we announced the selection of Contact Energy and Lightsource bp as our preferred development partners for a 230-hectare solar farm development, which is the first phase in our Kowhai Park energy precinct on the west side of the main runway. The solar park, which currently will be the largest in New Zealand, will generate a substantial supply of renewable energy on our doorstep, providing resilience and helping power the future of aviation and other energy intensive opportunities. FY24 has seen us work through the required consent, feasibility and contractual arrangements to enable this development. An investment decision was announced in August 2024 and the park is scheduled to be operational by Q2 2026.

We are an active participant in the decarbonisation of aviation, including being a founding member of the hydrogen consortium and openly sharing our learnings on decarbonisation with other airports and airlines. New Zealand does face additional challenges in decarbonising aviation; however, a joined-up approach is best for moving closer to this goal. At CIAL, we are keen to see policy work commence that will create the right environment to accelerate this shift.

Alongside our focus on decarbonisation, FY24 saw the establishment of our first biodiversity habitat to the north of the airport, housing lizards relocated from the site where the solar farm will be constructed.

While awards are not the reason, we do what we do, it was gratifying to be recognised by Air New Zealand (Supplier of the Year, Environmental Award) and Tourism Industry Aotearoa (Environment Award) for our efforts.

Looking Ahead

Experiences over the last 12 years have provided us with valuable lessons, which continue to sharpen our focus on how we create shareholder value and manage risk. This, coupled with our intergenerational approach, means we are very clear on our opportunities and risks and have a well-defined purpose and mission.

Our Horizons 2030 (H30) strategy outlines how we will continue to make forward-thinking decisions that will create stakeholder value for Otautahi Christchurch and Te Wai Pounamu South Island. Our success is built on over 85 years of decisions that have benefited future generations. The strategy focuses on what is needed to navigate the three big macro shaping forces we believe we face over the next decade: climate change, digital transition, and the future of work.

Our core strategic pillars within H30 provide the clear focus to align our organisation.

Our primary focus is to grow our engine room at Christchurch. This involves supporting and leveraging the opportunity that Christchurch has as a destination that can now capture new visitor market segments. Our property focus is on accelerating our freight offering to capitalise on the rapidly growing e-commerce market, while our passenger opportunity is centred on new retail offerings and digitising the customer journey from park to plane. A key piece of work underway, to be completed in FY25, is updating our airport masterplan. We have brought this forward from the usual 10-year cycle due to a desire to incorporate important emerging issues, including climate resilience, requirements to cater for a renewable energy transition across our campus, land use, and commercial opportunities in the pipeline.

H30 contemplates exploring what further role we could play in aviation in New Zealand. This has included investigating the option of a new sustainable and resilient airport to service the future passenger and freight needs of Central Otago region. In early 2024, we signalled our intention to take further time to understand the impact of a range of factors on this project. In the meantime, the land held remains a strategic asset of CIAL, protecting the long-term value that has been created in CIAL and the Christchurch visitor proposition.

The final cog in our strategy is partnering our strengths. We recognise there are partners with whom we share common interests, and that by working together and combining our strengths, we can achieve better outcomes than working alone. Across our business, we have a number of partnerships in play, from mentoring offshore airports on decarbonisation, investigating joint property development opportunities, driving productivity through AI, to our Kowhai Park solar development. We will continue to seek partners who are aligned with our goals and can help us on our journey.

Board

With Catherine Drayton leaving our board, we were delighted to see Sarah Ottrey step up to the position of board chair and to welcome Ed Sims as a new director.

Sarah has held senior marketing roles in New Zealand and offshore with Unilever and DB Breweries/Heineken. Sarah is a Chartered Fellow of the NZ Institute of Directors, and a committee member of the Otago Southland Institute of Directors. She is currently chair of Whitestone Cheese, and a director of Skyline Enterprises, Mount Cook Alpine Salmon.

Ed brings a wealth of global experience in aviation and tourism to the board. He has previously been CEO of Canada's WestJet Airlines, CEO of Airways New Zealand and held senior executive roles at Air New Zealand, as well as with UK based aviation and travel companies like Thomas Cook and Virgin Travel Group.

The year will also be the last year for our long-standing director Chris Paulsen. Chris has an extensive background in travel and business, being the founder of House of Travel. Chris has played a defining role in our growth and resilience over his 14 years, especially in aviation development. His experience will be greatly missed, and we thank him for his significant contribution and wish him well as he looks forward to spending more time with his family.

Summary

We are proud of our strong performance over FY24, especially given the challenging past three years for aviation. Being an intergenerational organisation has enabled us to focus on both the short and long term, proving the benefit of foresightful decisions on current performance. We are clear on our vision and purpose and have an aligned organisation from the board through to management and our team. With our H30 strategy, we are clear where our opportunities and risks lie and how we continue to deliver multi stakeholder value. Whilst our sector isn't without future challenges, we have deliberately positioned ourselves ahead of shaping trends and are excited about what lies ahead.

Ngai mihi nui

Justin Watson
Chief Executive

Sarah Ottrey
Chair

Directors' Responsibility Statement

The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the company as at 30 June 2024, and the financial performance, cash flows and reporting against the Statement of Intent for the year ended on that date.

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

The directors consider 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 and Financial Markets Conduct Act 2013.

After reviewing the current results and detailed forecasts, taking into account available credit facilities and availability of further funding and making further enquiries as considered appropriate, the Directors are satisfied that the company has adequate resources to enable it to continue in business for the foreseeable future. For this reason, the directors believe it is appropriate to adopt the going concern basis in preparing the financial statements.

The directors consider they have taken adequate steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors have the pleasure in presenting the consolidated financial statements of the group, set out on pages 8-62, and the governance and performance information of the group set out on pages 62 to 85, of Christchurch International Airport Limited for the year ended 30 June 2024.

The Board of Directors of Christchurch International Airport Limited authorise these financial statements for issue on 27th August 2024.

For and on behalf of the Board:

Sarah Ottrey

Chair

Andrew Barlass

Director

Statement of Financial Performance

For the year ended 30 June 2024

	Note	2024	2023
		$000	**$000**
Income			
Operating revenue	4	233,053	203,080
Fair value gain on investment properties	10	12,750	-
Interest income		761	380
Total income		**246,564**	**203,460**
Expenses			
Operating costs	4	95,878	84,615
Financing and interest costs	4	32,873	30,228
Depreciation, amortisation and impairment	4	43,878	43,079
Fair value loss on investment properties	10	-	4,470
Total expenses		**172,629**	**162,392**
Surplus before tax		**73,935**	**41,068**
Tax expense	5b	21,137	4,224
Deferred tax adjustment for buildings	5b	30,067	-
Net surplus after income tax		**22,731**	**36,844**

The accompanying notes and policies form part of these financial statements

Statement of Comprehensive Income

For the year ended 30 June 2024

	Note	2024	2023
		$000	**$000**
Surplus after income tax		**22,731**	**36,844**
Other comprehensive income			
Items that will not be reclassified to the statement of financial performance:			
Fair value gain on revaluation of assets	13 a)	40,450	136,772
Deferred tax on revaluation	6	-	(39,593)
		40,450	**97,179**
Items that may be reclassified subsequently to the statement of financial performance			
Cash flow hedges:			
Fair value gain/(losses) recognised in the cash flow hedge reserve	13 a)	1,556	6,418
Realised (gain)/losses transferred to the statement of financial performance	13 a)	(5,210)	(125)
Deferred tax on revaluation on cash flow hedges	6	1,023	(1,762)
		(2,631)	**4,531**
Other comprehensive income for year, net of tax		**37,819**	**101,710**
Total comprehensive income for year		**60,550**	**138,554**

The income tax relating to each component of other comprehensive income is disclosed in Note 13.

The accompanying notes and policies form part of these financial statements

Statement of Changes in Equity

For the year ended 30 June 2024

	Note	Share Capital	Reserves	Retained Earnings	Total Equity
		$000	**$000**	**$000**	**$000**
Balance at 1 July 2022		57,600	848,027	480,474	**1,386,101**
Transfer of Asset revaluation		-	(461)	461	**-**
Surplus after income tax		-	-	36,844	**36,844**
Other comprehensive income for the year		-	101,710	-	**101,710**
Dividends paid to shareholders	12	-	-	(17,295)	**(17,295)**
Balance at 30 June 2023		**57,600**	**949,276**	**500,484**	**1,507,360**
Dividends paid to shareholders	12	-	-	(32,120)	**(32,120)**
Other comprehensive income for the year		-	37,819	-	**37,819**
Surplus after income tax		-	-	22,731	**22,731**
Balance at 30 June 2024		**57,600**	**987,095**	**491,095**	**1,535,790**

The accompanying notes and policies form part of these financial statements

Statement of Financial Position

As at 30 June 2024

	Note	2024	2023
		$000	**$000**
EQUITY			
Share capital		57,600	57,600
Reserves	13a	987,095	949,276
Retained earnings	13b	491,095	500,484
Total equity		**1,535,790**	**1,507,360**
NON-CURRENT LIABILITIES			
Term borrowings	14	331,614	479,000
Derivative financial instruments	15	742	-
Deferred taxation	6	231,986	200,040
Trade and other payables	16	278	379
Total non-current liabilities		**564,620**	**679,419**
CURRENT LIABILITIES			
Trade and other payables	16	26,436	27,227
Current portion of borrowings	14	225,000	97,381
Taxation payable	5c	13,670	9,982
Derivative financial instruments	15	-	2,923
Total current liabilities		**265,106**	**137,513**
Total liabilities		**829,726**	**816,932**
Total equity and liabilities		**2,365,516**	**2,324,292**
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,529,330	1,517,427
Investment properties	10	785,425	752,873
Intangible assets	9	2,501	3,209
Trade and other receivables	17	4,132	4,249
Derivative financial instruments	15	16,923	20,417
Total non-current assets		**2,338,311**	**2,298,175**
CURRENT ASSETS			
Cash and cash equivalents		4,412	4,370

Trade and other receivables	17	21,395	20,224
Derivative financial instruments	15	1,108	1,196
Inventories		290	327
Total current assets		**27,205**	**26,117**
Total assets		**2,365,516**	**2,324,292**

The accompanying notes and policies form part of these financial statements

Statement of Cash Flow

For the year ended 30 June 2024

	Note	2024	2023
		$000	**$000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		233,288	199,740
Interest received		761	380
Net goods and services tax received		1,279	-
		235,328	**200,120**
Cash was applied to:			
Payments to suppliers and employees*		(96,730)	(81,239)
Financing and interest costs		(32,599)	(29,321)
Net income tax paid		(4,804)	(3,600)
Subvention payments	5c	(9,742)	(804)
Net goods and services tax paid		-	(301)
		(143,875)	**(115,265)**
Net cash flows from operating activities	18	**91,453**	**84,855**
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		28	7
Cash was applied to:			
Purchase of property, plant and equipment		(25,254)	(29,492)
Purchase of investment properties		(12,065)	(41,360)
Purchase of intangible assets		-	(2,734)
		(37,319)	**(73,586)**
Net cash flows for investing activities		**(37,291)**	**(73,579)**
Cash flows from financing activities			
Cash was provided from:			
Borrowings		126,000	75,000
Cash was applied to:			
Dividends paid	12	(32,120)	(17,295)

Borrowings		(148,000)	(69,000)
		(180,120)	**(86,295)**
Net cash flows from financing activities		**(54,120)**	**(11,295)**
Net (decrease) / increase in cash held		42	(19)
Add cash and cash equivalents at beginning of the year		4,370	4,389
Cash and cash equivalents at the end of the year		**4,412**	**4,370**

The accompanying notes and policies form part of these financial statements

Notes and Accounting Policies

1. General Information

Christchurch International Airport Limited (the company) owns and operates Christchurch International Airport. The company is owned 75% by Christchurch City Holdings Limited, a wholly owned subsidiary of Christchurch City Council, and 25% owned by the New Zealand Government.

The company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Level 4 Car Park Building, Christchurch International Airport, Christchurch.

The company operates predominantly in the business of providing airport facilities and services to airline and airport users. All airport operations are currently based at Christchurch International Airport.

These financial statements have been approved for issue by the Board of Directors on 27th August 2024.

The Board of Directors has the power to amend the financial statements after issue.

The principal accounting policies adopted in the preparation of the financial statements are designated by a symbol. These policies have been consistently applied to all periods presented, unless otherwise stated.

2. Summary of significant accounting policies

(a) Basis of Preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), the International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate for for-profit entities.

Entity reporting

The financial statements are for Christchurch International Airport Limited and its wholly owned subsidiaries:

CIAL Holdings Number 1 Limited

CIAL Holdings Number 2 Limited

CIAL Holdings Number 3 Limited

CIAL Holdings Number 4 Limited

CIAL Holdings Number 5 Limited

As the wholly owned subsidiaries were not trading and held no assets and liabilities during and at the end of the period of review, the financial statements for the group are the same as that of the parent.

The company is designated as a for profit entity for financial reporting purposes.

Statutory base

Christchurch International Airport Limited is a company registered under the Companies Act 1993. The company is an FMC reporting entity under part 7 of the Financial Markets Conduct Act 2013 and a climate reporting entity.

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, the Financial Reporting Act 2013, the Companies Act 1993 and the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Listing Rules (24 May 2024).

Functional and presentation currency

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($1,000). The functional currency of the company is New Zealand dollars.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities to fair value as identified in specific accounting policies.

(b) Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions based on known facts at a point in time. It also requires the company to exercise its judgement in the process of applying the accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual outcome. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

i. *Identification of Property, Plant and Equipment to be reclassified to Investment Property*

The company makes a decision on the assets to be included in Investment Properties based on their "interim use" as outlined in the Investment Property policy contained in note 10. A key factor of this classification is that the "interim use" of such property is not for aircraft related activities. The classification of property between categories gives rise to different accounting treatments which can impact the Statement of Financial Performance or Statement of Comprehensive Income.

ii. *Fair Value of Investment Property*

The company uses independent registered valuers to determine the fair value of investment properties. The valuation process requires the use of assumptions and estimates which are based on market conditions at the time. Changes to market conditions or to assumptions made in the estimation of fair value may result in changes to the fair value of investment property recorded within the Statement of Financial Performance. For further information on the estimates and assumptions used in determining fair value of these assets see the Investment Property policy contained in note 10 in the financial statements.

iii. *Carrying Value of Property, Plant and Equipment and Impairment Assessments*

Judgement is required to determine whether the fair value of land, buildings, terminal facilities, sealed surfaces, infrastructure and car parking assets has changed materially from the last revaluation. The determination of fair value at the time of the revaluation requires estimates and assumptions based on market conditions at that time. Changes to estimates, assumptions or market conditions are considered each year in assessing if there is a risk of a material movement, if there is, a formal revaluation is performed and any movement in the carrying value is reflected in the Statement of Comprehensive Income.

The company uses its own judgement, previous experience and advice from independent registered valuers to make the necessary determinations.

For further information on the estimates and assumptions used in determining fair value of these assets see the Property, plant and equipment policy contained in note 8 to the financial statements.

Impairment assessments are completed annually for appropriate cash generating units (CGU) and individual assets. An impairment assessment measures the recoverable amount of an asset based on projections and estimates of future cash flows specifically related to the relevant group of assets. An impairment charge is recognised for any asset with a carrying value in excess of its recoverable amount. Changes to estimates or assumptions within each impairment assessment may result in a different assessment conclusion.

New and amended standards

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

Certain new accounting standards and amendments have been issued that are not mandatory for the 30 June 2024 financial year and have not been early adopted. Those new standards and amendments that are relevant to the company are:

Amendments to NZ IAS 1 – Classification of Liabilities as Current or Non-current

The amendments clarify a criterion in NZ IAS 1 for classifying a liability, such as loans, as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The company will not early adopt these amendments. The company is assessing the effect of these amendments on its loan agreements. Amendments are effective for annual reporting periods beginning on or after 1 January 2024. The company will first apply the amendments to its 30 June 2025 financial statements.

Amendments to FRS-44 Disclosure of Fees for Audit Firms' Services

The amendment addresses concerns about the quality and consistency of disclosure an entity provides about fees paid to its audit or review firm for different services the amendment is effective for reporting periods beginning on or after 1 January 2024. The company will first apply the amendments to 30 June 2025 financial statements.

Other new accounting standards and amendments have been issued that are not mandatory for the 30 June 2024 financial year and have not been early adopted by the company. The company has assessed that these are not likely to have an effect on its financial statements.

3. Segment Information

Reportable segments

The company's reportable operating segments have been based on the monthly internal reporting that is received by the Chief Executive, as the chief operating decision maker. This information is used to assess performance and determine the allocation of resources.

The operating segments are based on the type of services rendered. Discrete financial information is presented to the Chief Executive to a Net Profit Before Tax level, which is used to assess segment performance. An allocation of all corporate revenues and expenses (except tax), is included within each operating segment.

Operating segments – Services provided

Planes

This area of the business offers services that facilitate the movement of aircraft, cargo and passengers on the airfield.

Passengers

The passenger operating segment provides services to the terminal retailers, provides ground transport solutions to staff and the public and includes the terminal facilities portion of the aeronautical charge.

Property

The property operating segment earns revenues from the provision of investment properties to landside airport campus tenants and operating the Novotel Christchurch Airport.

Income reported represents income generated from external customers. There was no inter-segment income in the period (30 June 2023: nil).

Major customers

The company has a number of customers that it provides services to. The most significant customer in the current year accounted for 26% (2023: 30%) of total segmented income. Revenue associated with this customer was included in the Planes, Passenger and Property operating segments.

Geographical spread

All revenue generated by the company is initiated in New Zealand. All company assets are located in New Zealand.

Operating Segments	Planes	Passengers	Property	Total
	$000	**$000**	**$000**	**$000**
As at 30 June 2024				
SEGMENT INCOME				
Revenue from Contracts with Customers				
Landing and terminal charges	35,575	47,790	-	83,365
Ground transport and other trading activities	9	22,750	17,995	40,754
Total revenue from contracts with customers	35,584	70,540	17,995	124,119
Other Income				
Rent and Lease Income	-	37,904	53,631	91,535
Gain on disposal of assets	13	5	3	21
Other revenue	154	2,183	15,041	17,378
Fair value gain on investment properties	-	-	12,750	12,750
Interest	92	469	200	761
Total other income	259	40,561	81,625	122,445
Total segment income	**35,843**	**111,101**	**99,620**	**246,564***
SEGMENT EXPENSES				
Staff	10,225	11,776	5,465	27,466
Asset management, maintenance and airport ops	2,651	11,992	3,786	18,429
Rates and insurance	1,692	5,334	9,518	16,544
Marketing and promotions	109	2,223	1,497	3,829
Professional fees and levies	1,160	2,205	2,368	5,733
Commercial entity running costs	-	-	11,581	11,581
Other	1,465	4,608	6,223	12,296
Financing and interest costs	4,285	14,860	13,728	32,873
Depreciation, amortisation and impairment	10,715	26,120	7,043	43,878
Total segment expenses	**32,302**	**79,118**	**61,209**	**172,629**
Segment net profit before tax	**3,541**	**31,983**	**38,411 ****	**73,935**

* agrees to total income, total expenses and surplus before tax on the Statement of Financial Performance

** included within the balance is $12,750,000 fair value gain on investment properties.

Operating Segments	Planes	Passengers	Property	Total
	$000	**$000**	**$000**	**$000**
As at 30 June 2023				
SEGMENT INCOME				
Revenue from Contracts with Customers				
Landing and terminal charges	33,715	41,359	24	75,098
Ground transport and other trading activities	7	20,395	13,960	34,362
Total revenue from contracts with customers	33,722	61,754	13,984	109,460
Other Income				
Rent and lease income	31	30,645	49,301	79,977
Gain on disposal of assets	6	16	4	26
Other revenue	269	2,308	11,040	13,617
Interest	44	220	116	380
Total other income	350	33,189	60,461	94,000
Total segment income	**34,072**	**94,943**	**74,445**	**203,460***
SEGMENT EXPENSES				
Staff	9,711	10,905	5,094	25,710
Asset management, maintenance and airport ops	2,498	11,717	3,517	17,732
Rates and insurance	1,598	5,323	8,680	15,601
Marketing and promotions	88	1,602	849	2,539
Professional fees and levies	967	2,002	1,933	4,902
Commercial entity running costs	-	-	9,356	9,356
Other	1,427	4,185	3,163	8,775
Financing and interest costs	4,075	13,565	12,588	30,228
Depreciation, amortisation and impairment	10,370	25,657	7,052	43,079
Fair Value loss on investment properties	-	-	4,470	4,470
Total segment expenses	**30,734**	**74,956**	**56,702**	**162,392**
Segment net profit before tax	**3,338**	**19,987**	**17,743****	**41,068**

* agrees to total income, total expenses and surplus before tax on the Statement of Financial Performance

** included within the balance is $4,470,000 fair value loss on investment properties.

4. Operating Revenue and Expenses

	2024 $000	2023 $000
Operating Revenue		
Revenue from Contracts with Customers		
Landing and terminal charges	83,365	75,098
Ground transport and other trading activities	40,754	34,362
	124,119	**109,460**
Other Income		
Rent and lease income*	91,535	79,977
Gain on disposal of assets	18	26
Other revenue	17,381	13,617
Total other income	**108,934**	**93,620**
Total operating revenue	**233,053**	**203,080**

* included within this balance is variable lease payments of FY24 $24,492,000 and FY23 $13,025,000

	2024 $000	2023 $000
Operating Cost		
Staff	27,466	25,710
Asset Management, maintenance and airport ops	18,429	17,732
Rates and insurance	16,544	15,601
Marketing and promotions	3,829	2,539
Professional services and levies	5,733	4,902
Commercial entity running costs	11,581	9,356
Other	12,296	8,775
	95,878	**84,615**
Other includes:		
Expected credit losses - change in provision	(109)	126
Professional services and levies include:		
Audit of financial statements	230	207
Fees paid to the auditor for other assurance services:		
- Audit of disclosure regulations	49	49
- Review of compliance with bond conditions	7	6

	2024 $000	2023 $000
Staff costs comprise:		
Wages and Salaries	24,762	22,900
Payroll related expenses	2,306	2,407
Contributions to defined contribution schemes	19	18
Directors' fees	379	385
Staff costs include:	**27,466**	**25,710**

Key management personnel compensation

The key management personnel include six board members (2023: six) and the CEO with nine direct reports (2023: nine)
The key management compensation is:

	2024 $000	2023 $000
Directors fees	379	385
Salaries and other short term employee benefits	3,851	3,620
Post-employment benefits	133	123
	4,363	**4,128**

	2024 $000	2023 $000
Finance and interest costs		
Interest costs	32,832	30,294
Fair value hedge ineffectiveness	41	(66)
Total finance costs	**32,873**	**30,228**

	2024 $000	2023 $000
Depreciation, amortisation and impairment		
Depreciation (note 8)	43,170	42,239
Amortisation of intangibles (note 9)	708	840
Total depreciation, amortisation and impairment	**43,878**	**43,079**

Revenue recognition - Revenue comprises the fair value of the provision of services, excluding Goods and Services Tax, rebates, incentives and discounts, and is recognised when the associated performance obligations are satisfied.

Revenue captured within the scope of NZ IFRS 15 requires disclosure as revenue from contracts with customers. Revenue streams outside of the scope of NZ IFRS 15 are also contracted under agreements, including rental and lease arrangements.

Revenue is recognised as follows:

I. *Provision of services*

Landing and terminal facilities services are provided to airlines on demand under the published regulatory prices, rather than through fixed quantity individual contracts. Depending on the service being provided, the transaction price is calculated based on a fixed price per landing, per passenger, or by weight and revenue is recognised when the airport facilities are used. Where applicable, separate incentive agreements are signed with individual airlines. These charges are invoiced monthly and in arrears.

Rent and Lease income is recognised on a straight-line basis over the term of the lease where the airport is the lessor. Variable concession income is recognised as revenue on an accrual basis based on the turnover of the concessionaire and rental agreement.

Ground transport income is recognised over time as the car park or transport facilities are used. Billing and payment are completed on exit from the car park or monthly in arrears. The transaction price charged varies depending on the length of services provided and how the services have been booked.

Other revenue includes the recovery of operating costs associated with leases where the airport is the lessor.

II. *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

5. Income tax

	2024 $000	2023 $000
a) Income tax expense		
Operating surplus before income tax	73,935	41,068
Prima facie taxation at 28%	20,702	11,499
Plus/(less) taxation effect of:		
Revenue not assessable for tax purposes	-	(8,005)
Expenses not deductible for tax purposes	577	726
Impact of removal of tax depreciation on buildings	30,067	-
Income tax attributable to operating surplus	**51,346**	**4,220**
Under provision in prior years	(142)	(48)
Deferred tax adjustment from prior periods	-	52
Total taxation expense	**51,204**	**4,224**
b) Components of tax expense		
Current tax expense	18,474	13,582
Adjustments to current tax of prior years	(240)	(48)
Deferred tax expense - current year	32,970	(9,310)
Total tax expense	**51,204**	**4,224**

In FY24, the government enacted a reversal of the depreciation deductions on commercial buildings for tax purposes that was introduced in March 2020. The impact of this change decreases the depreciable tax base for these assets, which results in a one-off increase in deferred tax liability and an increase to deferred tax expenses of $30m. While this transaction is non-cash in the year ended 30 June 2024, it represents future tax liability that will be realised as increased income tax payments over the remaining lives of the buildings.

	2024 $000	2023 $000
c) Taxation payable		
Balance at beginning of the year	9,982	852
Prior year adjustment	(240)	(48)
	9,742	**804**
Current tax expense	18,474	13,582
	28,216	**14,386**
Payments to:		
Inland Revenue Department	(4,804)	(3,600)
Subvention payments to members of the CCC tax group (note 19)	(9,742)	(804)
Taxation payable	**13,670**	**9,982**

Christchurch International Airport Ltd is a member of the Christchurch City Council (CCC) Tax group. The company pays subvention payments to other members of the CCC tax group. Subvention payment of $9,742,000 was made in 2024 (2023: $804,000). These payments are treated as if they were payments of income tax and are reflected as part of the taxation payable amount.

Income tax expense - In relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using the rates that have been enacted or substantively enacted by balance date.

6. Deferred taxation

2024	Opening Balance	Charged to Income	Charged to Equity	Closing Balance
	$000	**$000**	**$000**	**$000**
Property, plant & equipment	157,073	3,492	-	160,565
Intangible assets	125	(41)	-	84
Investment properties	38,128	29,163	-	67,291
Provisions and payments	(955)	355	-	(600)
Derivatives	5,669	-	(1,023)	4,646
Total deferred tax	**200,040**	**32,969**	**(1,023)**	**231,986**

2023	Opening Balance	Charged to Income	Charged to Equity	Closing Balance
	$000	**$000**	**$000**	**$000**
Property, plant & equipment	120,534	(3,054)	39,593	157,073
Intangible assets	259	(134)	-	125
Investment properties	44,429	(6,301)	-	38,128
Provisions and payments	(1,134)	179	-	(955)
Derivatives	3,907	-	1,762	5,669
Total deferred tax	**167,995**	**(9,310)**	**41,355**	**200,040**

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax are charged or credited to the Statement of Financial Performance, except when it relates to items charged or credited directly to other comprehensive income, in which case the tax is dealt with in the Statement of Comprehensive Income.

7. Imputation credit memorandum account

	2024 $000	**2023 $000**
Balance available for use in subsequent reporting periods	-	-

Imputation credits are not earned on subvention payments made to other members of the CCC tax group.
No adjustments have been made for credits/debits associated with tax payable/receivable due to uncertainty regarding the utilisation of group losses.

8. Property, plant and equipment

Revaluation of property, plant and equipment

The methods of valuation applied by independent valuers are as follows:

Land

- Specialised assets: where there is no market-based evidence of the sale of such land the value has been determined taking into account:
  - benchmark selling prices for land in the local commercial, industrial, service, residential and rural markets;
  - its existing zoning;
  - 'chance of change' methodology considering the chance of changing land zoning to an airport zone;
  - adjustments to reflect the unique features of the land which includes its size, location, titles, easements and services;
  - the overall land use plan for the relevant campus site.
- Commercial portfolio: with valuations taking reference to the wider market for sales evidence of land zoned for similar permitted activities, with adjustments made for the size, location and physical characteristics of these assets.

Buildings

At market value based on the estimated amount for which a property would exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgably, prudently, and without compulsion, but with the explicit assumption that the existing use of the asset is ignored.

Where a building is a specialised asset then it will be valued at optimised depreciated replacement cost (ODRC). ODRC measures the minimum cost of replacing or replicating the service potential embodied in the assets with modern equivalent assets in the most efficient way practicable, given the service requirements, the age and condition of the existing assets and replacement in the normal course of business.

Hotel business assets

Hotel business assets (included in the Buildings classification) are valued using a discounted cash flow and income capitalisation rate approach. The discounted cashflow valuation takes into account forecast financial performance, including capital expenditure, using a ten-year investment horizon, to create a terminal value. The income capitalisation approach determines the fair value by capitalising an asset's sustainable net income at an appropriate, market derived capitalisation rate based on an analysis of sales of comparable assets.

Terminal facilities

Terminal facilities are a specialised asset and are valued using ODRC as described in Buildings above.

Car parking assets

Car parking assets are valued using a discounted cash flow valuation approach, using a forecast ten-year discount period and an allowance for an appropriate terminal value reflecting an estimate of their residual estimated life. The valuation adopted a mid-year discount approach within both the forecast cashflows as well as the terminal value assessment. The approach to the allocation of the car park valuation is to assess the ODRC based valuation of the car parking assets and then apportion the additional value over and above this to the underlying land value. The car parking class includes all assets associated with carparking: the building, at grade parks and land.

Sealed surfaces and infrastructure assets

The ODRC approach is utilised to value sealed surfaces and infrastructure assets. The optimisation process minimises the cost of replacing the services offered, given the age and condition of the existing assets and recognising the incremental process (brownfield) associated with airport development.

Costs reflect the replacement of current assets with modern equivalents, an optimised construction sequence and adjustment to allow for the difficulties associated with a "brownfield" environment. Where appropriate, adjustments have been made to eliminate surplus assets, obsolescence and over design. The valuation methodology considers the asset inventory (description and quantity of assets), relevant optimisation, estimation of the current replacement cost and depreciation to reflect remaining life expectancy.

On 30 June 2024 Car Parking and Land were revalued by independent valuer Crighton Anderson Property and Infrastructure Ltd trading as Colliers International Ltd. Commercial Buildings were last valued at 30 June 2022 by independent valuer Crighton Anderson Property and Infrastructure Ltd trading as Colliers International Ltd. The Hotel business assets was last revalued in 2022 by CBRE. A fair value assessment of the Hotel building asset was carried out by CBRE. It was decided that, notwithstanding the movements in discount rates and profitability a revaluation was not required and there was no indication of impairment. Sealed surfaces, terminal facilities and infrastructure assets were valued by independent valuers WSP New Zealand Ltd as at 30 June 2023 primarily through the method of assessing and adjusting the movement in relevant construction indices.

The movements resulting from revaluations at 30 June were:

	2024	**2023**
	$000	**$000**
Land	24,326	(830)
Buildings	-	-
Terminal facilities	-	88,743
Sealed surfaces	-	33,592
Infrastructure	-	19,070
Car parking	16,124	(3,803)
Total movements from revaluations	**40,450**	**136,772**

The valuation methodologies used in the revaluation as at 30 June 2024 were consistent with those used in the last valuation.

Impairment

The company assessed that it has one core cash generating unit which comprises all of its terminal facilities and airfield assets together and three other cash generating units – the hotel, car parking assets and investment property portfolio (noting that the hotel, car park assets and investment property have been revalued using valuation techniques that factor in the future discounted cashflows for those assets).

Terminal facilities & Airfield CGU

The company has also performed an impairment assessment of its core terminal facilities and airfield CGU using its overall enterprise wide commercial valuation as a base. This applied a discounted cashflow approach and included the following inputs:

- the most recent revenue and expenses budgets for the company taken from the FY25 Business Plan.

- a terminal growth rate of 2%, which reflects a prudent estimate of the historical long- term growth rate of CIAL's revenue and operating costs over the last 20 years.
- a discount rate of 8.01% which is based on based on the company's enterprise wide commercial valuation.

The discounted cashflow valuation utilising the above variables highlighted no indication of impairment of this cash generating unit. With no change in any other variables a WACC in excess of 8.26% would result in an impairment being recognised.

Summary of movement in net book value	2024 $000	2023 $000
Opening net book value	1,517,427	1,392,985
Plus Additions	24,585	36,489
Plus Transfers (to)/from investment properties and intangibles	(9,952)	(6,563)
Less Disposals (cost less depreciation)	(10)	(17)
Less this year's depreciation	(43,170)	(42,239)
Plus Revaluation	40,450	136,772
Closing net book value	1,529,330	1,517,427

Property, plant and equipment as at 30 June 2024

Gross carrying amount	1-Jul-23	Current Year Additions	Transfers	Disposals	Revaluation Adjustment	30-Jun-24
	$000	$000	$000	$000	$000	$000
Land	514,345	9,425	(16,613)	-	24,326	531,484
Buildings	117,837	146	-	-	-	117,983
Terminal facilities	346,432	5,211	-	-	-	351,643
Sealed surfaces	236,736	5,051	-	-	-	241,787
Plant & equipment	9,654	544	-	(2)	-	10,196
Office & computers	14,440	1,062	-	-	-	15,502
Infrastructure	137,505	4,127	-	-	-	141,632
Car parking	151,500	773	6,661	-	15,066	174,000
Motor vehicles	6,591	214	-	(112)	-	6,693
Work in progress	12,211	(1,968)	-	-	-	10,242
Total gross carrying amount	1,547,251	24,585	(9,952)	(114)	39,392	1,601,162

* the car parking asset class includes $73,079,000 of land

Accumulated depreciation	1-Jul-23	Current Year Depreciation	Depreciation on Transfers	Depreciation on Disposals	Revaluation Adjustment	30-Jun-24
	$000	$000	$000	$000	$000	$000
Buildings	6,227	5,653	-	-	-	11,880
Terminal facilities	-	21,760	-	-	-	21,760
Sealed surfaces	-	9,783	-	-	-	9,783
Plant & equipment	6,459	454	-	(1)	-	6,912
Office & computers	11,813	752	-	-	-	12,565
Infrastructure	-	3,392	-	-	-	3,392
Car parking	-	1,058	-	-	(1,058)	(0)
Motor vehicles	5,325	318	-	(103)	-	5,540
Total accumulated depreciation	29,824	43,170	-	(104)	(1,058)	71,832

Summary	1-Jul-23	Current year movement	Transfers	Disposals	Revaluation	30-Jun-24
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Cost	1,547,251	24,585	(9,952)	(114)	39,392	1,601,162
Accumulated depreciation	29,824	43,170	-	(104)	(1,058)	71,832
Book value	1,517,427	(18,585)	(9,952)	(10)	40,450	1,529,330

The following categories of property, plant and equipment are subject to operating leases:

- Land associated with aeronautical activities, retail facilities within the terminal facilities and other commercial activities carried at $123,160,000 (2023: $118,355,000);
- Terminal facilities, being 35.7% of total floor area or $117,703,000 (2023: 35.5% of total floor area or $133,897,000);
- Buildings associated with aeronautical activities $19,338,000 (2023: $20,590,000).

Fair value hierarchy

Asset classification and description	Valuation approach	Key valuation assumptions	Fair value hierarchy Level	Valuation sensitivity
Land				
Includes land used for airport activities and specialised aeronautical assets and for non-aeronautical purposes e.g. industrial, service, retail and land associated with the vehicle business (revalued 2024).	Market value highest and best use approach, with an allowance being deducted to allow for services valued as infrastructure assets and for further costs required to achieve the required zoning. Land included in car parking, hotel and investment property categories are not included in this category.	Adopted rate per hectare (average): Landside $469,000 (2022: $919,000)	3	+/-$19 million (of a 5% change in adopted rate).
	MVAU (market value alternative use) for airside e.g. elements of airfield land and valued on MVAU.	Average rated value is $125,000 per hectare (2022 $129,000 per hectare).	3	+/- $7 million (of a 5% change in adopted rate)
Infrastructure and Sealed Surfaces				
Infrastructure and sealed surfaces including site services (revalued 2023).	Optimised depreciated replacement cost – the cost of constructing equivalent asset at current market-based input cost rates, adjusted for the remaining useful life of the assets (depreciation) and the sub optimal usage of the assets in their current application	***Sealed Surfaces*** Unit costs of combined concrete and asphalt pavement construction sqm: Range of $2023: $273 – $396) with weighted average of $350 (2022: $304)	3	+/- $18.7 million (of a 5% change of cost estimate).

	(optimisation). These inputs are deemed unobservable.	***Infrastructure*** Unit costs of road and footpaths construction sqm: Range of $20 – $124 (2022: $20 – $115) with weighted average of $81 (2022: $74) Unit costs of water and drainage construction m: Range of $256 – $1,574 (2021: $229 – $1,410) with weighted average of $612 (2022: $548)		
Buildings				
Buildings for identified airport activities, including offices spaces and storage that exist because of the airport activities (revalued 2022).	Specialised buildings are valued by Optimised depreciated replacement cost derived from modern equivalent asset rate, as described for Infrastructure and Sealed Surfaces above. Buildings that are owned by CIAL that could be leased by a third party are valued on an income valuation approach similar to that used for Investment Properties. (see note 10)	Unit costs of construction sqm: Range of $504 – $4,604 (2021: $504 – $4,604) with weighted average of $1,130 (2021: $1,309)	3	+/- $1.7 million (of a 5% change of cost estimate).
Hotel Business Assets				
Assets associated with the hotel, including land (revalued 2022).	Discounted cash flow and income capitalisation rate approach performed by independent valuers based on forecast trading and capital expenditure estimates, and market evidence.	Discount rate 9.75% (2021: 9.25%) Income Capitalisation rate 7.25% (2021: 7.0%)	3	+/- $3 million for a change in discount rate by an absolute 0.5% +/- $3 million for an absolute change in cap rate of 0.25%
Terminal facilities (revalued 2023).	Optimised depreciated replacement cost derived from modern equivalent asset rate, as described for Infrastructure and Sealed Surfaces above.	Unit costs of construction sqm: Range of $3,308 – $5,726 (2021: $2,675 – $5,051) with weighted average of $4,458 (2021: $3,817)	3	+/- $17.3 million (of a 5% change of cost estimate).

Car parking				
Assets associated with car parking, taxi, shuttle and bus services (Including land) (revalued 2024).	Discounted cash flow valuation performed by independent valuers based on: Internal management information such as forecast future revenues, costs and capital expenditure. – Assumptions such as the discount rate. These are based on management's judgement and arrived at in consultation with external experts. Both the internal management information and the discount rate are deemed to be unobservable inputs.	Revenue Growth per annum 0.5% and 0.5% for the 10-year cashflow period from year 11 (2023: 0.5% and 0.5%). Cost growth per annum 2% for the 10-year cashflow period and 2% from year 11 (2023: 2% and 2%). Discount rate 8.9% post tax, 10-year cash flow period and 8.9% from year 11 (2023: 8.4% and 8.4%).	3	+/- $8.8 million (of a 5% change in discount rate) +/- $0.8 million (of a change in growth rate to either 0% or 1.0% for year 11 onwards).
Plant & equipment, Office & computers, Motor Vehicles and Work in progress				
Plant and equipment, Office & computers, Motor Vehicles and Work in progress are measured at cost and comprises a mixture of specialised and non-specialised assets.	Not applicable – measured at cost less depreciation.			

Level 3 Asset Classification	**Sensitivity of significant unobservable inputs**
Land	The critical elements in establishing the 'highest and best use approach' of land is the market rate prevailing for similar land: - An increase in demand for land will increase the fair value; - A decrease in demand will decrease the fair value.
	Critical elements in the MVAU calculation are: Rate per hectare - An increase to the rate would increase the fair value and decrease to the rate would reduce the fair value.
Infrastructure and Sealed Surfaces	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: – An increase to any of the average cost rates listed above will increase the fair value; - A reduction in the estimated remaining useful life of the assets will reduce the fair value.
Buildings and Terminal facilities	An increase in modern equivalent asset replacement cost will increase the fair value A decrease in modern equivalent asset replacement will decrease the fair value An increase in the cashflow from an asset will increase the fair value A decrease in the cashflow from an asset will decrease the fair value of the asset
Hotel	An increase in the discount rate used would decrease the fair value An increase in the capitalisation rate will decrease the fair value
Car Parking	An increase in the vehicle numbers will increase the fair value A decrease in vehicle numbers will decrease the fair value An increase in the discount rate used would decrease the fair value An increase in costs would decrease the fair value

Property, plant and equipment as at 30 June 2023

Gross carrying amount	1-Jul-22	Current Year Additions	Transfers	Disposals	Revaluation Adjustment	30-Jun-23
	$000	$000	$000	$000	$000	$000
Land	502,151	16,854	(3,830)	-	(830)	514,345
Buildings	117,309	528	-	-	-	117,837
Terminal facilities	298,135	1,845	-	-	46,452	346,432
Sealed surfaces	206,339	6,164	-	-	24,233	236,736
Plant & equipment	9,107	566	-	(19)	-	9,654
Office & computers	13,326	1,114	-	-	-	14,440
Infrastructure	120,796	639	-	-	16,070	137,505
Car parking	156,000	443	-	(9)	(4,934)	151,500
Motor vehicles	6,458	212	-	(79)	-	6,591
Work in progress	6,820	8,126	(2,735)	-	-	12,211
Total gross carrying amount	1,436,441	36,491	(6,565)	(107)	80,991	1,547,251

* the car parking asset class includes $66,771,000 of land

Accumulated depreciation	1-Jul-22	Current Year Depreciation	Depreciation on Transfers	Depreciation on Disposals	Revaluation Adjustment	30-Jun-23
	$000	$000	$000	$000	$000	$000
Buildings	513	5,714	-	-	-	6,227
Terminal facilities	20,927	21,364	-	-	(42,291)	-
Sealed surfaces	-	9,359	-	-	(9,359)	-
Plant & equipment	5,840	630	-	(11)	-	6,459
Office & computers	11,073	740	-	-	-	11,813
Infrastructure	-	3,000	-	-	(3,000)	-
Car parking	-	1,131	-	-	(1,131)	-
Motor vehicles	5,103	301	-	(79)	-	5,325
Total accumulated depreciation	43,456	42,239	-	(90)	(55,781)	29,824

Summary	1-Jul-22	Current year movement	Transfers	Disposals	Revaluation	30-Jun-23
	$000	$000	$000	$000	$000	$000
Cost	1,436,441	36,491	(6,565)	(107)	80,991	1,547,251
Accumulated depreciation	43,456	42,239	-	(90)	(55,781)	29,824
Book value	1,392,985	(5,750)	(6,565)	(17)	136,772	1,517,427

The carrying amount at which each revalued class of property, plant & equipment if measured at historical cost less accumulated depreciation and any accumulated impairment losses is as per the table below:

	2024	2023
	$000	**$000**
Land	191,654	182,229
Buildings	91,260	96,540
Terminal	120,995	126,796
Sealed surfaces	95,182	95,656
Infrastructure	53,955	53,717
Car parking	31,714	32,088
Total carrying value	**584,759**	**587,026**

Property, plant and equipment - Properties held as part of airport operations are classified as property, plant and equipment. Property, plant and equipment are initially recognised at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Motor vehicles, Office & Computer equipment and Plant & Equipment are carried at cost less accumulated depreciation and impairment losses.

The following remaining asset classes 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. Any assets within these classes 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 balance date (at minimum every five years):

- Land
- Buildings
- Terminal facilities
- Airport sealed surfaces
- Infrastructure assets

- Car park.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Costs subsequent to revaluation are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the Statement of Financial Performance during the financial year in which they are incurred.

Increases in the carrying amounts arising on revaluation are credited to reserves in shareholders' equity through the Statement of Comprehensive Income. To the extent that the increase reverses a decrease previously recognised in the Statement of Financial Performance, the increase is first recognised in the Statement of Financial Performance.

Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Statement of Financial Performance.

Depreciation

Land is not depreciated. Depreciation of property, plant and equipment is calculated on a straight-line basis so as to expense the cost of the assets over their estimated useful lives. The useful lives are as follows:

- Terminal facilities 10 to 60 years
- Other buildings 10 to 100 years
- Sealed surfaces 15 to 120 years (some components non-depreciable)
- Plant and equipment 3 to 25 years
- Motor vehicles 5 to 16 years
- Office and computer equipment 3 to 20 years
- Car park assets (excluding land) 7 to 50 years
- Infrastructure 15 to 100 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. These are included in the Statement of Financial Performance. If disposal is made of an asset that has been revalued, any remaining revaluation reserve for that asset included in equity is transferred directly to retained earnings when the asset is derecognised.

Work in progress is measured at cost and reviewed for impairment. No depreciation is charged, or revaluation made, prior to work in progress being capitalised to the appropriate asset category.

Impairment of non-financial assets

Non-financial assets are assessed for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

9. Intangible assets

Intangible assets as at 30 June 2024

Gross carrying amount	1-Jul-23	Current Year Additions	Transfers	Current Year Disposals	30-Jun-24
	$000	$000	$000	$000	$000
Software	13,592	-	-	-	13,592
Other	2,360	-	-	-	2,360
Gross carrying amount	15,952	-	-	-	15,952
Accumulated amortisation	1-Jul-23	Current Year Amortisation	Transfers	Amortisation on Disposal	30-Jun-24
	$000	$000	$000	$000	$000
Software	12,729	472	-	-	13,201
Other	14	236	-	-	250
Total accumulated amortisation	12,743	708	-	-	13,451
Total book value	3,209	(708)	-	-	2,501

Intangible assets as at 30 June 2023

Gross carrying amount	1-Jul-22	Current Year Additions	Transfers	Current Year Disposals	30-Jun-23
	$000	$000	$000	$000	$000
Software	13,217	-	375	-	13,592
Goodwill	-	-	2,360	-	2,360
Gross carrying amount	13,217	-	2,735	-	15,952
Accumulated amortisation	1-Jul-22	Current Year Amortisation	Transfers	Amortisation on Disposal	30-Jun-23
	$000	$000	$000	$000	$000
Software	11,903	826	-	-	12,729
Other	-	14	-	-	14
Total accumulated amortisation	11,903	840	-	-	12,743
Total book value	1,314	(840)	2,735	-	3,209

Finite life intangible assets - Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These have a finite useful life and are amortised on a straight-line basis over the useful economic life of 2 to 6 years. Computer software licences are carried at cost less accumulated amortisation and any accumulated impairment losses. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

10. Investment properties

	2024	2023
At fair value	**$000**	**$000**
Investment properties opening balance	752,873	714,191
Investment properties under construction prior year	(13,253)	(2,803)
Fair value opening balance	739,620	711,388
Transfer from property, plant and equipment	9,952	3,830
Capitalised expenditure of newly constructed assets	15,813	28,872
Fair value gain/(loss) from fair value adjustment	12,750	(4,470)
Fair Value at 30 June	**778,135**	**739,620**
Investment properties under construction	7,290	13,253
Total investment properties	**785,425**	**752,873**

Rental income	55,206	47,551
Direct operating expenses from property that generated rental income	8,981	7,780

The above values include the land associated with these properties.

Valuation of investment property

The valuation as at 30 June 2024 and 30 June 2023 was completed by Crighton Anderson Property and Infrastructure Ltd, trading as Colliers International Ltd, registered valuers and member of the New Zealand Property Institute. The basis of valuation is fair value, being the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The valuation methodologies used were a direct sales comparison or a direct capitalisation of rental income using market comparison of capitalisation rates, supported by a discounted cash flow approach. The valuation methodologies are consistent with the prior year.

Principal assumptions used in establishing the valuations were:

- Average rental yield rate 6.6% (2023: 6.22%). Rental yield rate 0.93%-10.99% (2023: 0.07%-10.48%).
- Average market capitalisation rate range 6.81% (2023: 6.22%). Market capitalisation rate range 4.15%-10.52% (2023: 4.01%-10.05%).
- Weighted average lease term 5.76 years (2023: 6.14 years).

Rental ranges in aggregate across the different investment property asset types were as follows:

Asset Type	2024 Rental Range	2023 Rental Range
Office	$190-$270/sqm	$180-$260/sqm
Warehouse	$100-$165/sqm	$80-$160/sqm

Fair value hierarchy

Asset classification and description	Valuation approach	Key valuation assumptions	Fair value hierarchy Level	Valuation Sensitivity
Investment Properties Investment Properties are land and buildings which are owned to earn rental income, for capital appreciation or both.	The income-based valuation approach is used.	Land is included when infrastructure services are available and future development is expected within the next 3 years	3	+ $32.5 million / - $35.9 million (of a 5% change of capitalisation rate)

Level 3 Asset Classification	Sensitivity of significant unobservable inputs
Investment Properties	An increase in the cashflow from an asset will increase the fair value A decrease in the cashflow from an asset will decrease the fair value of the asset

Investment Property - Land is held by the company for long term and strategic purposes and is not held for resale. Investment properties are land and buildings where the building is built to maximise the return on land and buildings as an "interim use", are held for long term rental yield and are not occupied by the company. Investment property also includes property that is being constructed or developed for future use as investment property.

Properties leased to third parties under operating leases are generally classified as investment property unless:

• The occupants provide services that are integral to the operation of the company's business;

• The property is being held for future delivery of services.

Land where there are infrastructure services in place up to its boundary or there is a firm commitment to provide such infrastructure **and** the further development of that land is signalled within the next 3 years (being the current business planning cycle) is classified as investment property. Buildings that are held for a currently undetermined future use, or that are vacant but held to be leased out under one or more operating leases, are classified as investment properties.

The classification of properties is done at the lowest possible level. Thus, where part of a property is occupied by a party other than the company, consideration is given to whether that portion of the building could be classified as an investment property. Classification as an investment property will be indicated if the section of the building could be separately sold or leased under a finance lease.

If the section of the property occupied by a party other than the company is unable to be sold or leased separately from the rest of the building, the building is assessed as a whole and will usually only be classified as investment property if the company occupies an insignificant portion of the total building.

Investment property is carried at fair value, based on valuation methodologies using direct sales comparison or a direct capitalisation of rental income using market comparison of capitalisation rates, supported by a discounted cashflow approach. These values are determined annually by external valuers. Gains or losses arising from a change in fair value are recorded in the Statement of Financial Performance.

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable.

If it is determined that the fair value of an investment property under construction is not reliably determinable but the company has an expectation that the fair value of the property will be reliably determinable when construction is complete, the investment property under construction will be measured at cost until either its fair value becomes reliably determinable, or construction is completed (whichever is earlier).

Transfers are made to investment property when there is a change in use. This may be evidenced by ending of owner occupation, commencement of an operating lease to another party or commencement of construction or development for future use as investment property.

11. Commitments

	2024	**2023**
Capital expenditure commitments	**$000**	**$000**
Property, plant and equipment	4,260	5,898
Intangibles	277	105
Investment properties	7,955	2,157
Total	**12,492**	**8,160**

12. Dividends

		2024	**2023**
	Note	**$000**	**$000**
2024 Interim dividend paid, $0.33 per share		18,980	-
2023 Final dividend paid, $0.23 per share		13,140	-
2023 Interim dividend paid, $0.25 per share		-	14,457
2022 Final dividend paid, $0.05 per share		-	2,838
	13b	**32,120**	**17,295**

Dividend - Dividend distribution to the company shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are authorised by the directors and notified to the company's shareholders.

13. Reserves and retained earnings

a) Reserves	2024 $000	2023 $000
Cash flow hedges reserve	11,949	14,580
Asset revaluation reserve	975,146	934,696
Balance at end of the year	**987,095**	**949,276**

Cash flow hedges reserve

Movements:		
Balance at the beginning of the year	14,580	10,049
Revaluation to fair value	1,556	6,418
Transfer to statement of financial performance	(5,210)	(125)
Deferred tax on revaluation (note 6)	1,023	(1,762)
Balance at the end of the year	**11,949**	**14,580**

The cash flow hedge reserve is used to record gains and losses on the value of hedging instruments. The fair value is determined by reference to the market value of equivalent instruments at the reporting date and will fluctuate each period as the market variables change and the future cash flows resulting from the instrument reduce. The movement in the fair value from prior year reflects the impact of a change in market interest rates, compared to the underlying fixed hedging instruments currently held by the company. Amounts transferred to the statement of financial performance are included in financing and interest costs.

Asset revaluation reserve	2024 $000	2023 $000
Balance at beginning of the year	934,696	837,978
Revaluation of assets (note 8)	40,450	136,772
Deferred tax on revaluation (note 6)	-	(39,593)
Transfer from retained earnings	-	(461)
Balance at end of the year	**975,146**	**934,696**
Comprising of revaluation on:		
Land	427,450	403,120
Terminal facilities	209,516	209,516
Buildings	15,235	15,236
Sealed surfaces	115,608	115,609
Infrastructure assets	61,794	61,796
Car parking	145,543	129,419
Balance at the end of the year	**975,146**	**934,696**

b) Retained earnings	Note	2024 $000	2023 $000
Balance at the beginning of the year		500,484	480,474
Net surplus after tax for the year		22,731	36,844
Transfer from Asset Revaluation Reserve	13(a)	-	461
Dividends paid	12	(32,120)	(17,295)
Balance at end of the year		**491,095**	**500,484**

Capital Management - The company's capital includes share capital, reserves and retained earnings. The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The company is not subject to any externally imposed capital requirements, other than the covenants required under our borrowing agreements. These covenants cover Guaranteeing Group coverage, Gearing, Interest Cover, Joint Ventures and EBITDA to Senior Debt and are reported to lenders every six months. During the current year, there were no breaches of these covenants.

Share Capital - There have been no material changes to the company's management of capital during the period.

Ordinary shares are fully paid and classified as equity. All 57,600,000 shares have equal voting rights and share equally as to dividends and surplus on winding up.

14. Borrowings

As at 30 June 2024 the company has a committed bank funding facility for an aggregate $375,000,000 (2023: $375,000,000) with six banks (2023: six banks). In addition, the company has an overdraft facility of $1,000,000 (2023: $1,000,000).

Total bond funding is $275,000,000 (2023: $250,000,000). The company issued a $125,000,000 7-year fixed rate bond in April 2024. This bond is held at amortised cost, adjusted by the fair value of the designated hedge risk. The bond proceeds were used in part to repay a maturing $100,000,000 bond in May 2024, as well as providing additional working capital. Additionally, the company also has a $50,000,000 bond, maturing in April 2027 and $100,000,000 bond, maturing in May 2028.

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. The negative pledge deed requires that no security interest is provided over any assets for borrowings, unless an equivalent security interest is created for the borrowing group and bond holders. Interest rates paid during the year, including offsetting interest rate swaps, ranged from 4.82% to 5.31% (2023: -0.9% to 5.9%) The bonds constitute direct, unsecured, unsubordinated obligations and will rank equally with all other unsecured, unsubordinated indebtedness.

During the current and prior years, there were no defaults or breaches on any of the borrowing facilities.

The company was in compliance with all its current financial covenants during the current and prior periods.

The company has several bank facilities maturing over the next 6 months. The Board has an approved refinancing strategy in place, with refinancing through the extension of existing bank facilities and the investigation of debt capital market issuance options both domestically and offshore.

The company remains confident that any further refinancing will be secured given current market appetite for corporate debt, positive market engagement and discussions with existing facility providers.

The carrying value of borrowings is considered to approximate their fair value.

Maturity of debt as at 30 June				
	2024	**2024**	**2023**	**2023**
	$000	**$000**	**$000**	**$000**
Maturing in	**Actual drawn down**	**Facility available**	**Actual drawn down**	**Facility available**
2024			97,381*	100,000
2025	225,000	245,000	244,000	245,000
2026	25,000	25,000	25,000	25,000
2027	62,000	135,000	90,000	135,000
2028	120,000	120,000	120,000	120,000
2031	124,614**	125,000	-	-
	556,614	**650,000**	**576,381**	**625,000**
Current	225,000	245,000	97,381	100,000
Non-current	331,614	405,000	479,000	525,000
Total debt	**556,614**	**650,000**	**576,381**	**625,000**

* This balance includes $100,000,000 of bond funding and is held at amortised cost, adjusted by the fair value of the designated hedge risk. This bond matured in May 2024.

** This balance includes $125,000,000 of bond funding and is held at amortised cost, adjusted by the fair value of the designated hedge risk. This bond matures in April 2031.

Fair value bond

	2024	**2023**
	$000	**$000**
Bond principal	125,000	100,000
Cumulative fair value hedge adjustment	(386)	(2,619)
Bond fair value	**124,614**	**97,381**

Fair value hedge

At 30 June 2024, the company had one interest rate swap agreement in place with a notional amount of $125,000,000 (2023: $100,000,000) whereby the company receives a fixed rate of interest of 5.44% (2023: 4.13%) and pays interest at a variable rate on the notional amount. The swap is being used to hedge the exposure to changes in the fair value of the 5.44% $125,000,000 bond (2023: 4.13% $100,000,000).

The decrease in fair value of the interest rate swaps of $2,192,000 (2023: decrease $537,000) has been recognised in finance costs and offset with an increase of $2,233,000 (2023: increase of $472,000) on the bank borrowings. The ineffectiveness recognised in 2024 was $41,000 (2023: $66,000).

Borrowings - These are recognised initially at fair value, net of directly attributable transaction costs incurred. Borrowings (other than those subject to a fair value hedge relationship) are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs that are directly attributable to the acquisition or construction of an item of property, plant and equipment, investment properties or a qualifying asset (an asset that takes a substantial period of time to get ready for intended sale or use and is of significant cost) have been capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

15. Derivative financial instruments

		Fair Value		Notional Principal	
		2024	**2023**	**2024**	**2023**
		$000	**$000**	**$000**	**$000**
Assets					
Current	Interest rate swaps – cash flow hedges	1,108	1,196	43,000	40,000
Non-Current	Interest rate swaps – cash flow hedges	16,923	20,417	385,000	348,000
		18,031	21,613	428,000	388,000
Liabilities					
Current	Interest rate swaps – fair value hedges	-	2,923	-	100,000
Non-Current	Interest rate swaps – fair value hedges	742	-	125,000	-
		742	2,923	125,000	100,000

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at balance date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The company designates certain derivatives as either:

i. hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

ii. hedges of the cashflow of highly probable forecast transactions (cash flow hedges).

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

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. The company enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The company does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. Hedge ineffectiveness for interest rate swaps may occur due to, the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and differences in critical terms between the interest rate swaps and loans.

iii. Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Financial Performance, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The company only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the Statement of Financial Performance within "Financing and Interest Costs". Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate movements are also recognised in the Statement of Financial Performance within "Financing and Interest Costs".

iv. Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Financial Performance. Amounts accumulated in other comprehensive income are recycled in the Statement of Financial Performance in the periods when the hedged item will affect profit or loss (for instance when the forecast transaction that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, asset purchase) or a non-financial liability, the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the Statement of Financial Performance or is capitalised on the recognition of a non-financial asset. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the Statement of Financial Performance.

v. Derivatives that do not qualify for hedge accounting

Where derivative instruments do not qualify for hedge accounting or for which hedge accounting has not been adopted, changes in the fair value of these derivative instruments will be recognised immediately in the Statement of Financial Performance.

16. Trade and other payables

Trade and other payables less than one year	2024 $000	2023 $000
Trade payables	3,862	4,539
Employee entitlements and provisions	4,316	3,575
Goods and Services Tax	2,517	1,090
Revenue in advance	2,102	1,956
Accrued interest	4,752	4,789
Accrued capital items	2,060	4,815
Accrued expenses	6,827	6,463
Total current	**26,436**	**27,227**
Trade and other payables greater than one year		
Revenue in advance	278	379
Total non-current	**278**	**379**
Total trade and other payables	**26,714**	**27,606**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition

Provisions - The company recognises a provision for future expenditure of an uncertain amount or timing when there is a legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation.

Employee benefits - Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave and other contractual payments are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled

17. Trade and other receivables

	2024 $000	2023 $000
Trade and other receivables less than one year		
Contracted accounts receivable	8,850	8,925
Accounts receivable	3,368	4,300
Other receivables	2,687	1,514
Prepayments	5,496	4,944
Lease inducement and incentives	1,134	981
Less: Expected Credit Losses	(139)	(440)
Trade and other receivables less than one year	**21,395**	**20,224**
Trade and other receivables greater than one year		
Prepayments	46	114
Lease inducement and incentives	4,086	4,135
Trade and other receivables greater than one year	4,132	4,249
Total trade and other receivables	**25,527**	**24,473**
Provision for expected credit losses movement		
Opening provision for expected credit losses 1 July	(440)	(794)
Bad debts written off	192	480
Release or additional expected credit losses provision	109	(126)
Closing provision for expected credit losses	**(139)**	**(440)**

Trade receivables have general payment terms of the 1st or the 20th of the month following invoice. Because of a lack of useful historical data on which to base the receivable impairment analysis, the company has assessed its expected credit losses for each individual debtor applying judgement using management experience, customer knowledge and interactions, and expected economic factors. This has resulted in a decrease in the expected credit loss provision to $139,000 (2023: $440,000). This credit loss provision reflects the uncertainty associated with the collection of certain outstanding debts at year end.

Trade and other receivables – these are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current, with the exception of non-current prepayments and lease inducements and incentives. 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 group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less provision for expected credit losses.

The group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. This method groups those financial assets which have shared credit risk characteristics and the days past due. Debts which are known to be uncollectible are written off.

18. Reconciliation of surplus after income tax with net cash flow from operating activities

	2024 $000	2023 $000
Net operating surplus after tax	22,731	36,844
Non-cash items		
Depreciation, amortisation and impairment	43,878	43,079
Amortisation of lease inducement and incentives	(104)	680
(Gain)/loss on revaluation of investment properties	(12,750)	4,470
Accrued interest within derivatives	26	(1,357)
Fair Value hedge ineffectiveness	41	(66)
Items not classified as operating activities		
Net gain on asset disposals	(18)	10
Capital items included in trade payables and accruals	2,552	(3,928)
Deferred taxation	32,970	(9,310)
Deposit on property, plant and equipment	349	1,391
Movements in working capital		
(Increase) in trade and other receivables	(1,055)	(4,751)
Decrease in inventories	37	233
(Decrease)/increase in trade and other payables	(893)	8,430
Increase in taxation payable	3,689	9,130
Net cash flows from operating activities	**91,453**	**84,855**

Cash and cash equivalents – This include cash on hand, deposits held on call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included as cash and cash equivalents for Statement of Cash Flows purposes, but separately disclosed in the Statement of Financial Position.

19. Related party transactions

Christchurch City Holdings Limited (CCHL), a wholly owned subsidiary of the Christchurch City Council (CCC), owns 75% and the New Zealand Government owns 25% respectively of the issued share capital of the company.

Christchurch International Airport Limited enters into a large number of transactions with government departments, Crown entities, State-owned enterprises and other entities controlled or subject to significant influence by the Crown. All transactions with related entities:

- are conducted on an arm's length basis;
- result from the normal dealings of the parties;

- meet the definition of related party transactions only because of the relationship between the parties being subject to common control or significant influence by the Crown.

The New Zealand Government is the majority owner of Air New Zealand, a major customer of the company from both an aeronautical and rental and lease perspective. Pricing agreements are renegotiated for aeronautical charges with all airline customers, including Air New Zealand, every five years. Air New Zealand also leases several properties within the terminal facilities and the wider airport campus. In the current year Air New Zealand accounted for 26% (2023: 30%) of total income.

Transactions with related entities during the year	2024	2023
Christchurch City Council (CCC)	**$000**	**$000**
Purchases	348	267
Rates paid	7,911	7,712
Subvention payments	9,742	804
Group loss offset	25,050	2,067
Accounts payable	-	1
Other CCC group companies		
Purchases	9,022	8,865
Revenues	551	652
Accounts payable	1,271	1,235
Amounts owing	-	1

Non-shareholder related party transactions

Some directors of the company are, or have been during the year, directors of other companies or organisations with whom Christchurch International Airport Limited may transact. Such transactions are all carried out on an arm's-length basis and are conducted on normal commercial terms.

No amounts were written off or forgiven during the reporting period and outstanding balances were settled under normal trading terms.

Entity	Transaction	2024 $000	2023 $000	Relationship
Orbit Travel & House of Travel Holdings Limited	Travel and accommodation expenditure	551	531	Chris Paulsen, company director is a director of House of Travel at Orbit Limited
EBOS Group Limited	Rental and utilities income	1,372	2,528	Sarah Ottrey, company director is a director of EBOS Group (ceased Oct 23)
Link Engine Management Limited	Rental Income	11	2	Kathryn Mitchell, company director of Link Management Limited

Balance owing from non-shareholder related parties as at 30 June

	2024	2023
	$000	$000
Entity		
EBOS	-	10

There were no other material related party transactions for the year.

20. Lease income

The company has property and technology leases for which it receives rental. These include investment properties, spaces within the terminal facilities and other properties used for aeronautical purposes. The total amount receivable for these operating leases in the future is:

	2024	2023
	$000	$000
Less than 1 year	66,176	60,338
Between 1-2 years	58,446	53,848
Between 2-3 years	41,287	49,868
Between 3-4 years	27,615	35,786
Between 4-5 years	22,832	23,899
Beyond 5 years	142,904	157,860
	359,260	**381,599**

The leases are for terms between 1 month and 30 years, and the majority of the lease agreements are renewable at the end of the lease period at market rates. The lessee does not have an option to purchase the property at the end of the expiry period. The disclosure above includes the expected minimum lease income based on the lease agreements in place at 30 June. This disclosure does not include income received from lease agreements that is determined on a turnover basis.

Although the company is exposed to changes in the unguaranteed residual value at the end of the current leases, this risk is not presently considered significant due to the company typically entering new operating leases prior to the end of the existing leases and therefore will not immediately realise any reduction in residual value. Additionally, the investment properties are located in a location that has had constant increases in value over the last few years, and the company has not identified any indications that this situation will change. Expectations about the future residual values are reflected in the fair value of the properties.

The credit risk exposure associated with operating leases is managed by obtaining bank guarantees for the term of the lease, when considered necessary.

Leases

Company as a lessor

Leases for which the company is a lessor are classified as finance or operating leases. 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.

The company enters into lease agreements as a lessor with respect to investment properties, space within the terminal facilities and other properties used for aeronautical purposes. The majority of leases have rental payable monthly. Lease payments for some contracts include CPI increases and sales-based concession fees. To manage credit risk exposure, where considered necessary, the company may obtain bank guarantees for the term of the lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Variable concession income is recognised as revenue on an accrual basis based on the turnover of the concessionaire and rental agreement. Initial direct costs incurred in negotiation 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.

The company does not currently have lessor finance leases.

Lease inducements and incentives

Lease inducements and incentives are provided for the agreement of a new or renewed operating lease with a lessee. They are recognised as an integral part of the net consideration agreed for the use of the leased asset and are recognised over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

Lease inducements are recognised against lease revenue in the Statement of Financial Performance. The company assesses lease incentive and receivables for impairment at each reporting date as outlined in the Trade and other receivable policy in note 17.

21. Contingent assets and liabilities

As at 30 June 2024 there were no contingent assets (2023: NIL) and there were no contingent liabilities (2023: NIL).

22. Events occurring after balance date

A final dividend of $18,657,900, 32.4 cents per share net of imputation credits has been declared subsequent to balance date. There are no other events occurring after balance date that could significantly affect the financial statements.

23. Financial instruments

The company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company enters into derivative arrangements in the ordinary course of business to manage foreign currency and interest rate risks.

Risk management is the responsibility of the Board. The Risk, Audit and Finance Committee (the Committee) monitors all risk management activities and provides regular reports on such activities to the Board. The company has a treasury policy approved by the Board. The policy provides guidelines for overall risk management, as well as specific guidelines for derivative instrument utilisation including procedures for control, valuation, risk analysis, on-going monitoring and reporting.

Part of the company's risk management strategy is to outsource the back-office processing of the treasury function to a third party.

Market risk

Foreign exchange risk

The company has no material exposure to foreign exchange risk at 30 June 2024 (2023: NIL).

Interest rate risk

The company's main interest rate risk arises from term variable rate borrowings denominated in NZD, such borrowings being determined by the company's long-term development requirements and the structures approved by the Board.

The treasury policy sets parameters for borrowings and the process for monthly reporting to the Board.

Borrowings issued at variable rates expose the company to cash flow interest rate risk. The company manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

Changes in the value of the $125,000,000 (2023: $100,000,000) fixed rate retail bond has been hedged by a fixed to floating interest rate swap with terms that match those of the underlying bond.

At 30 June 2024, if the interest rates had changed by +/- 1%, with all other variables held constant, the impact to equity would have been $654,000 lower/$656,000 higher, the impact on profit would have been $257,000 lower/$257,000 higher. The valuation of interest rate swaps has been included in this calculation.

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.

Interest repricing profile

The following table details the company's exposure to interest rates

		Weighted Average Effective Interest rate	Variable Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total
	Note	%	**$000**	**$000**	**$000**	**$000**
As at 30 June 2024						
FINANCIAL ASSETS						
Cash and cash equivalents			4,412	-	-	4,412
Derivative financial instruments	15	3.9	18,031	-	-	18,031
Trade and other receivables	17		-	-	19,985	19,985
Total financial assets			**22,443**	**-**	**19,985**	**42,428**
FINANCIAL LIABILITIES						
Trade and other payables	16		-	-	17,501	17,501
Derivative financial instruments	15	3.9	742	-	-	742
Borrowings	14	5.8	282,000	274,614	-	556,614
Total financial liabilities			**282,742**	**274,614**	**17,501**	**574,857**

		Weighted Average Effective Interest rate	Variable Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total
	Note	**%**	**$000**	**$000**	**$000**	**$000**
As at 30 June 2023						
FINANCIAL ASSETS						
Cash and cash equivalents			4,370	-	-	4,370
Derivative financial instruments	15	3.6	21,613	-	-	21,613
Trade and other receivables	17		-	-	19,415	19,415
Total financial assets			**25,983**	**-**	**19,415**	**45,398**
FINANCIAL LIABILITIES						
Trade and other payables	16		-	-	20,606	20,606
Derivative financial instruments	15	3.6	2,923	-	-	2,923
Borrowings	14	5.4	329,000	247,381	-	576,381
Total financial liabilities			**331,923**	**247,381**	**20,606**	**599,910**

Credit risk

Credit risk principally arises from cash and short-term investments, trade receivables and interest rate swaps. The company places its cash and short-term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution in accordance with its treasury policy.

The company manages its exposure to credit risk arising from trade receivables by performing credit evaluations on customers requiring credit.

The company also continuously monitors the outstanding credit exposure to individual customers. Credit risk is concentrated on a small number of customers. As at 30 June 2024 80% (2023: 80%) of trade receivables were due from 10 customers.

Management practice is to review debtors on a regular basis and write off any amount that is not deemed to be recoverable as required. For the year ended 30 June 2024 $192,000 (2023: $480,000) was written off.

As at the 30 June 2024 the total balance for expected credit losses is $139,000 (2023: $440,000), decreasing $301,000 from the prior year. Given the limited number of bad debts written off historically, a doubtful debt assessment has been completed by individual debtor. These assessments took into account ownership structure, parent company or shareholder support, industry outlook and payment of agreed balances since rent relief was granted.

The company has a policy that assists to manage exposure to credit risk by way of requiring a bank guarantee for customers whose credit rating or history indicates that this would be prudent.

The status of trade receivables at the reporting date is as follows:

	2024	**2023**
	$000	**$000**
Neither past due nor impaired	8,145	8,127
Past due but not impaired 0 – 30 days	3,169	2,683
Past due but not impaired 31 – 60 days	132	1,080
Past due but not impaired > 60 days	633	896
Impaired assets – written down to recoverable value	-	-
	12,079	**12,786**

There are no restructured assets at 30 June 2024 (2023: NIL). No collateral has been taken as security for trade receivables.

The carrying value is the maximum exposure to credit risk for bank balances, accounts receivable and interest rate swaps.

Liquidity risk

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. 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 contractual undiscounted cash flows. Balances within 12 months equal their carrying balances.

Refer to Note 14 for additional details associated with managing liquidity risk.

30-Jun-24	Carrying Amount	Total Cashflow	On Demand	< 1 year	1-2 year	3>5 years	> 5 years
Trade and other payables	17,501	17,501	17,501	-	-	-	-
Borrowings	556,614	651,237	-	249,219	43,215	213,403	145,400
Derivative financial instruments*	742	19,682	-	5,101	4,052	5,485	5,044
	574,857	688,420	17,501	254,320	47,267	218,888	150,444

30-Jun-23	Carrying Amount	Total Cashflow	On Demand	< 1 year	1-2 year	3>5 years	> 5 years
Trade and other payables	20,606	20,606	20,606	-	-	-	-
Borrowings	576,381	659,178	-	134,783	303,641	220,754	-
Derivative financial instruments*	2,923	21,338	-	4,052	9,442	4,332	3,512
	599,910	701,122	20,606	138,835	313,083	225,086	3,512

* The derivative financial instrument cash flows are paid quarterly

Derivative financial instrument

Interest rate swaps

The company has long term borrowings at a variable rate of interest. To protect against interest rate movements, the company has entered into interest rate swap agreements to fix the interest rate. Under these agreements, the company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. The fair value of interest rate swaps is based on market values of equivalent instruments at the reporting date and are disclosed below.

The following table also details the notional principal amounts and remaining term of interest rate swap contracts outstanding as at reporting date:

	Contract fixed interest rate		Notional principal amount		Fair Value	
	2024	2023	2024	2023	2024	2023
	%	%	$000	$000	$000	$000
Outstanding floating for fixed contracts						
Less than 1 year	4.3	4.7	43,000	40,000	1,108	1,196
1 to 2 years	3.7	4.1	45,000	78,000	1,063	1,898
3 to 5 years	3.1	2.9	185,000	120,000	9,236	7,954
Beyond 5 years	3.5	3.3	155,000	150,000	6,624	10,565
			428,000	388,000	18,031	21,613
Outstanding fixed to floating contracts						
Less than 1 year		4.1	-	100,000	-	(2,923)
1 to 2 years			-	-	-	-
3 to 5 years			-	-	-	-
Beyond 5 years	5.4		125,000	-	(742)	-
			125,000	100,000	(742)	(2,923)

Movement in cash flow hedge reserve – interest rate swaps

	2024	2023
	$000	$000
Movement in fair value of existing contracts	3,654	(6,293)

Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values, except for the $50,000,000 and $100,000,000 fixed rate bonds which have a fair value of $49,995,500 (maturing 2027) and $99,300,000 (maturing 2028) respectively. These bonds are classified as level one in the fair value measurement hierarchy, with the fair value based on the quoted market prices for these instruments at balance date.

Financial instruments that are measured in the balance sheet at fair value use the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the company's financial assets and liabilities that are measured at fair value at 30 June 2024.

	Level 1	Level 2	Level 3	Total balance
Assets 30 June 2024	**$000**	**$000**	**$000**	**$000**
Derivative financial instruments	-	18,031	-	18,031
Total assets	-	18,031	-	18,031
Liabilities 30 June 2024				
Derivative financial instruments	-	742	-	742
Total liabilities	-	742	-	742

	Level 1	Level 2	Level 3	Total balance
Assets 30 June 2023	**$000**	**$000**	**$000**	**$000**
Derivative financial instruments	-	21,613	-	21,613
Total assets	-	21,613	-	21,613
Liabilities 30 June 2023				
Derivative financial instruments	-	2,923	-	2,923
Total liabilities	-	2,923	-	2,923

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observed, the instrument is included in level 2. The company has an outsourced treasury provider that provides the fair value at year end. These valuation techniques are based on observable market data. The interest rate swaps calculation takes into account the present value of the estimated future cash flows.

	Note	Hedge accounted derivatives at Fair value	Other Amortised cost	Total Carrying Amount
		$000	**$000**	**$000**
Classification of financial instruments				
As at 30 June 2024				
CURRENT ASSETS				
Cash and cash equivalents		-	4,412	4,412
Trade and other receivables*	17	-	15,899	15,899
Derivative financial instruments	15	1,108	-	1,108
Total current financial assets		**1,108**	**20,311**	**21,419**
NON-CURRENT ASSETS				
Trade and other receivables*	17	-	4,086	4,086
Derivative financial instruments	15	16,923	-	16,923
Total non-current financial assets		**16,923**	**4,086**	**21,009**
Total financial assets		**18,031**	**24,397**	**42,428**
CURRENT LIABILITIES				
Trade and other payables**	16	-	17,501	17,501
Borrowings	14	-	225,000	225,000
Total current financial liabilities		**-**	**242,501**	**242,501**
NON-CURRENT LIABILITIES				
Borrowings	14	-	331,614	331,614
Derivative financial instruments	15	742	-	742
Total non-current financial liabilities		**742**	**331,614**	**332,356**
Total financial liabilities		**742**	**574,115**	**574,857**

* excludes prepayments when comparing to Note 17.
** excludes revenue in advance, GST payable and employee entitlements when comparing to Note 16

	Note	Hedge accounted derivatives at Fair value	Other Amortised cost	Total Carrying Amount
		$000	$000	$000
Classification of financial instruments				
As at 30 June 2023				
CURRENT ASSETS				
Cash and cash equivalents		-	4,370	4,370
Trade and other receivables*	17	-	15,280	15,280
Derivative financial instruments	15	1,196	-	1,196
Total current financial assets		**1,196**	**19,650**	**20,846**
NON-CURRENT ASSETS				
Trade and other receivables*	17	-	4,135	4,135
Derivative financial instruments		20,417	-	20,417
Total non-current financial assets		**20,417**	**4,135**	**24,552**
Total financial assets		**21,613**	**23,785**	**45,398**
CURRENT LIABILITIES				
Trade and other payables**	16	-	20,606	20,606
Borrowings	14	-	97,381	97,381
Derivative financial instruments	15	2,923	-	2,923
Total current financial liabilities		**2,923**	**117,987**	**120,910**
NON-CURRENT LIABILITIES				
Borrowings	14	-	479,000	479,000
Derivative financial instruments	15	-	-	-
Total non-current financial liabilities		**-**	**479,000**	**479,000**
Total financial liabilities		**2,923**	**596,987**	**599,910**

* excludes prepayments when comparing to Note 17.
** excludes revenue in advance, GST payable and employee entitlements when comparing to Note 16

Changes in liabilities arising from financing activities

	Opening value 1 July 2023	Cash flows	Movement between categories	Fair value changes	Closing value 30 June 2024
	$000	$000	$000	$000	$000
Current Borrowings	97,381	(119,000)	244,000	2,619	225,000
Non-Current Borrowings	479,000	97,000	(244,000)	(386)	331,614
Total liabilities from financing activities	576,381	(22,000)	-	2,233	556,614

	Opening value 1 July 2022	Cash flows	Movement between categories	Fair value changes	Closing value 30 June 2023
	$000	$000	$000	$000	$000
Current Borrowings	124,000	(58,000)	31,918	(537)	97,381
Non-Current Borrowings	446,918	64,000	(31,918)	-	479,000
Total liabilities from financing activities	570,918	6,000	-	(537)	576,381

Financial assets

Financial assets can be classified in the following categories: financial assets at fair value through profit or loss, fair value through other comprehensive income (OCI) and amortised cost. The classification depends on financial assets contractual cashflow characteristics and the company's business model for managing them, namely how the business manages its financial assets in order to generate cash flows. Management determines the classification of its financial assets at initial recognition.

Currently the company's non-derivative financial assets are classified and measured at amortised cost. To qualify for this classification, the asset needs to give rise to cashflows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding and for which the business model is to hold the asset to collect contractual cash flows.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit and loss when the asset is derecognised, modified or impaired.

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

The company's financial assets at amortised cost include trade and other receivables and cash and cash equivalents. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Financial liabilities

Financial liabilities can be classified in the following categories at initial recognition, as financial liabilities at fair value through profit or loss and amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Loans and borrowings financial liabilities is the most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Financial Performance.

Fair value measurement

The company measures financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 23.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as properties and investment properties and significant liabilities. For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

24. Comparison of forecast to actual results

The company prepares an annual Statement of Intent which is approved by shareholders and incorporates financial and performance measures for the ensuing year.

A comparison of the company's actual results for the year ended 30 June 2024 with those targets are as follows:

Targets	**2024 Achievement $000**	**2024 Target $000**
Financial		
Total Revenue*	233,053	219,585
EBITDAF*	137,175	130,765
EBITF***	93,297	86,005
Interest Expense	32,873	31,219
Net Profit After Tax ****	22,731	41,034
EBITDAF as % Revenue	58.9%	59.6%
Return on invested capital (EBIT/(equity+debt)	5.1%	4.3%

* Total revenue excludes unrealised gains on investment property and interest income

** EBITDAF (Earnings before interest, tax, depreciation, amortisation and fair value movements on investment property)
*** EBITF (Earnings before interest, tax and fair value movements on investment property)
**** The budgeted Net Profit After Tax balance excludes investment property revaluation gains/losses, deferred tax adjustments and IFRS 16 lease accounting adjustments.

Passenger numbers		
Domestic	4,848,814	5,031,405
International	1,403,945	1,414,070
Total passengers	**6,252,759**	**6,445,475**

Ratio of shareholders' funds to total assets		
Nominal Debt	557,000	588,000
Equity	1,535,790	1,416,200
Shareholder funds/Total Assets %	64.9%	64.3%
Gearing (debt / (debt + equity)) %	26.6%	29.3%
EBITDAF Interest Cover X	4.2	4.2

Note: All ratios including debt are based on nominal debt of $557m

Corporate Social Responsibility

Performance target	Performance Measures 2024	Progress to 30 June 2024
Health, Safety & Wellbeing		
1. Culture - continue to develop a positive culture that enables the health, safety and wellbeing of our people.	▪ Achieve 75% or more in our annual culture and engagement survey. ▪ Delivery of bespoke safety leadership training to all people leaders. ▪ Embedding safety leadership conversations throughout all areas.	▪ Completed in Mar 24, results for health safety and wellbeing were below target at 69%. Action plans are in development to turn this around. ▪ 50 people leaders took part in a Leading Healthy Work workshop series facilitated by Dr Bennett & Dr Voss of Leading Safety during Feb/Mar 24. Activation projects and post event surveys show an increase in knowledge and confidence in the leaders' role in creating healthy work. ▪ Safety Leadership conversation coverage and quantity slowly improving.
2. Safety Management – continuous improvement in systems to manage safety and wellbeing.	▪ Utilisation of new HSW management software for risk management, auditing and assurance functions. ▪ Delivery of updated induction/refresher SMS training to all staff and relevant stakeholders.	▪ 80% of elements of an effective Health & Safety Management System now managed in Assure. System manuals and documents now being updated to reflect this. ▪ Induction / refresher HSW & SMS training material updated and active for all Airport Identity Card Holders.
3. Wellbeing – refocusing and activating our strategy to support our people to thrive at work.	▪ Creating a shared understanding of Wellbeing at CIAL. ▪ Mental health protection Framework implementation continues.	▪ Wellbeing framework that integrates with the Protection Strategy developed and communicated to wider team. ▪ Activations delivered as planned with focus on leadership and psychosocial risk management.
Sustainability		
Climate 4. Deliver a tangible reduction in the Climate impact of aviation and adapt to our changing climate. *(This measure has been updated to reflect our 2025 SOI measure. The target is unchanged).*	▪ Maintain trend with our milestone emissions reduction goal of 84% reduction in Scope 1 & 2 by 2035 (using FY2015 carbon baseline).	▪ Scope 1 & 2 emissions for FY24 was 92% reduced against our 2015 baseline using the market-based approach. This reduction has primarily been achieved through a combination of reduced diesel consumption, improved energy efficiency (reducing total electricity consumption from 15,221,923 kWh to 14,186,118 kWh of electricity), and the purchase of renewable energy certificates to address all remaining electricity consumption. ▪ If using a location-based approach and not considering renewable energy certificates, total emissions for our electricity consumption have reduced to 1,034tCO2e from the 2015 baseline of 1,811tCO2e.

	▪ Renew ACA Level 4/4+ or above and look for opportunities to demonstrate continued climate leadership. ▪ Demonstrate continued responsibility and leadership in aviation transition. ▪ Actively seek to influence airport Scope 3 emissions reductions. ▪ Develop physical climate risk adaptation plan and timeline for investment. ▪ Continue the project to prepare for public Climate Risk Disclosures in FY24.	▪ The company is developing Kowhai Park that will connect the campus to on-site renewables anticipated from 2026. ▪ See Emissions Disclosure on page 68, which explains the basis of our carbon footprint. ▪ The company achieved ACA Level 5 as at 6 December 2023, amongst the first 10 airports globally. ▪ The company is on national Sustainable Aviation Aotearoa, and global aviation transition working groups. ▪ The company have developed a Stakeholder Partnership Plan to influence our Scope 3 emissions, including our Kowhai Park development and Hydrogen Consortium partnership. ▪ Our climate risk adaptation plan is in progress. ▪ On track for disclosure in FY24
Circularity 5. Waste is a by-product of operating a large and diverse organisation. We aim to minimise waste by redesigning our approach to better support a circular economy.	▪ Continue to implement CIAL waste minimisation strategy. ▪ Create separated waste streams with known waste stream destinations. ▪ Undertake waste minimisation projects to reduce emissions and minimise waste.	▪ In progress ▪ In progress, with the initial focus remaining on diverting organic streams and reusable items (clothes, books etc) from general waste. ▪ The waste sortation facility remains active and continues to positively impact our diversion and emissions reduction goals.
Energy 6. Energy efficiency has multiple benefits for CIAL; we reduce our carbon footprint, reduce our operating costs, and minimise our demand on the national grid. Beyond this, we understand the importance of clean renewable electricity generation and resilience, and the role critical infrastructure assets play in supporting the national energy transition.	▪ Actively pursue energy transition from fossil fuel to clean energy sources. ▪ Expand understanding of the infrastructure requirements to cater for a renewable energy transition within aviation. ▪ Make an impact beyond Christchurch Airport terminal boundaries to create partnerships and demonstrate leadership to encourage faster energy transition uptake. ▪ Continue to seek further energy efficiency projects, including LED lighting upgrades.	▪ In progress and on-going. ▪ Kowhai Park renewable energy precinct has progressed with joint venture partners. Additionally master planning is underway to increase distribution capacity on campus. ▪ The company has on-going involvement in the Hydrogen in Aviation Consortium, Sustainable Aviation Aotearoa, and the International Working Group on Alternative Aviation Fuels. ▪ Our Building Management System continues to find energy efficiency improvements, and LED lighting upgrades are in progress.
Noise 7. Historically, noise has been the environmental issue of greatest focus at airports around the world. Our responsibility and preference are to collaborate with all stakeholders, especially residents and businesses close to Christchurch Airport and its flight paths in relation to noise impacts.	▪ Noise complaints are limited to 10 per 10,000 aircraft movements per annum.	▪ Noise Complaints are 8.19 per 10,000 movements for FY2024. ▪ Management progressing with set up and delivery of real time Noise Monitoring terminals, expect to have this operational by the end of calendar year 2024. It is expected public access to real time noise information will impact the number of noise complaints.

	▪ Actively participate in the public consultation across Canterbury on how the latest noise contours are integrated into the Regional Policy Statement. ▪ Offers of acoustic mitigation to noise impacted properties currently eligible. ▪ Long term and ongoing program to protect CIAL from noise reverse sensitivity affects.	▪ The company is actively engaging with ECan to review the Regional Policy Statement, seeking the company is notated as a key transport, employment, energy node and sufficient airport safeguarding to enable international airport and campus operations. ▪ Additional offers of Acoustic Treatment as per results of the 2023 noise monitoring report (published in March 23). ▪ As per above Regional Policy statement comment.
Biodiversity 8. Our Place is an area of unique natural beauty. We have a responsibility to protect it, to encourage biodiversity, and our native species. We aim to maintain and improve our land and remediate contaminated land. We also have a responsibility to our wider stakeholders to understand climate risks and mitigation, as well as airport hazards such as bird strike.	▪ Understand and enhance our unique dryland habitat. ▪ Undertake Campus landscape planning to celebrate native species and include plant succession planning. ▪ Monitor and understand bird migration patterns to mitigate bird strike risk. ▪ Insert bird strike management areas in the regional and district planning framework.	▪ This work is on-going as we collect the data to inform what our biodiversity footprint baseline looks like. Our baseline will be completed in 2024 Q3. ▪ Landscape planning and emphasis on natives is on-going. ▪ Ongoing, off airport avifauna surveys conducted monthly. ▪ Successfully insertion of bird strike risk management areas and provisions into the updated Selwyn District Plan. ▪ Successful insertion of bird strike risk management procedures within the CCC stormwater management plans.
Community Engagement		
9. To make a positive contribution to the social and community outcomes of our City and the South Island	▪ Demonstrate support for the city, its image and activities. Provide promotional space at the airport to showcase events and activities across the region. ▪ Offer community groups and projects support through the Community Fund. ▪ Senior leaders participate in and address events and functions, sharing expertise and skills across the city, region and country in person, plus wider online. ▪ Support local and national charities by hosting collections within the terminal, and active engagement by staff in charity events.	▪ International airlines returned, with an additional new service non-stop to San Francisco, and received a traditional welcome highlighting Christchurch and a welcome from the mayor. Significant nationwide media coverage resulted, focusing on our city as a popular destination. ▪ Community and charity groups accepted donations from two rounds of our Community Fund and were offered employee expertise to assist community/charity programmes. ▪ Senior leaders addressed and led events, workshops and conferences in Christchurch, New Zealand, overseas and online, plus mentored others and shared expertise in programmes we have experience in. ▪ We lit up our walls in colours which highlight and support charity events, national and international awareness campaigns. Two fundraising collections are hosted each month in the terminal. Airport employees have donated time to support projects across the city, as well as raising funds for such things as Gumboot Friday

	▪ Respectfully engage with local communities, iwi mana whenua and stakeholders in respect of our project to explore the potential for a new airport in Central Otago. ▪ Engagement and communication with stakeholders led by the Chief Executive and GMs initiating and accepting invitations to meetings, speeches, panels, addresses and workshops, both in person and online as required.	and cooked meals for Ronald McDonald House families. ▪ Engagement continued with local communities, including three days of drop-in sessions in Central Otago. ▪ Engagement and communication with a wide variety of groups on many topics. We hosted groups who requested presentations seeking greater understanding of who we are and what we do.
Our People		
Talent 10. Execute the talent Management Strategy - specifically workforce planning under H30, strategic value talent mapping and succession planning. Update Development approach - documented pathways, study assistance, future of work Reward & recognition framework linked to values & purpose.	▪ Identification of CIAL's future H30 talent requirements and pipeline of emerging leaders developed. ▪ Improved retention of critical talent. ▪ Increase of baseline capability with visible links to Talent Strategy. ▪ Succession plans confirmed and pathways actioned.	▪ Second cohort of emerging leaders have completed external development through an external training provider. Next intake is planned for 2025. All graduates have been assigned an internal mentor. ▪ Succession planning completed for all Tier 2 critical roles and in progress for areas which may experience turnover in future due to retirement. ▪ Critical talent has been retained through the year with a focus on providing meaningful work. ▪ A new performance management system has been implemented and will support FY24 appraisals and FY25 goal setting. Individual profiles also enclose individual development agreements. ▪ A review of our reward and recognition programme attached to our values as been completed by our internal Culture and Engagement Working Party and changes implemented to ensure the right behaviours are recognised and rewarded. ▪ Whilst a process has been introduced to improve the coordination of training and development through an online application process and to ensure completed activity is captured in our Learning Management System this is still not fully embedded and more work is required in the new FY. ▪ 360 feedback has been sporadically utilized to inform development. Internal progression, coaching and external development, work programme support and flexibility have been afforded to our critical talent.

Leadership 11. Review tiered leadership development framework aligned to skills and attributes. Development opportunities through H30, Te Whariki, mentoring. Investigate appropriate 180/360 feedback mechanism for leaders.	▪ Improved Leadership measures in engagement survey. ▪ Incremental improvement in leadership performance in personal development and performance reviews.	▪ Leadership development framework refresh is still in progress however in the meantime all leaders have been invited to participate in Diversity, Inclusion and Belonging training, Cultural Competency and Communication skills training. ▪ A Leadership Hui was held in early 2024 which had an equal focus on strategy/performance, education and connection. Another is planned for late 2024 following requests from participants. ▪ Increased focus on Executive Development saw our newly formed group of General Managers under the leadership of a new CE, attend a two-day offsite to refine purpose, goals and standards. Under the guidance of external consultants, a reshaping of meeting cadence, approach to prioritisation, and commitment to ongoing learning. ▪ Leadership Performance in our latest Engagement Survey showed a dip in confidence levels and how well the purpose of the organization motivated team members. Various initiatives have begun which should see this result improve including a revised team briefing agenda that includes updates on quarterly focus areas aligned with our strategy.
Build a workforce of the future 12. Unlock capacity through agility and digital transformation. Build people's resilience capabilities	▪ Future oriented talent planning is embedded into operational and strategic planning. ▪ There is enhanced understanding of the skills we have today and the skills we will need in the future. ▪ We attract, recruit and develop a diverse and highly skilled workforce.	▪ Following a reorganization within our Commercial area of our business, a new digital transformation team has been established that will allow us to integrate digital into our customer facing ways of working and generate extra value. Digitizing manual processes freeing up resources to high value activity will become a focus in the new year with specialist capability introduced into the business. An AI pilot has commenced with business wide representation which will allow us to identify where this technology can be best utilised, and efficiencies gained. Continued upskilling and improving the digital fluency of our people will allow us to support the future needs of our customers define/ develop our future operating model, build resilience and unlock capacity. ▪ We continue to attract high numbers of candidates for vacancies and have been more focused on the non-technical capabilities (competencies) of those shortlisted. Removing any elements of bias in our recruitment process and catering for any individual accommodations ensures we are working towards having a diverse and

		skilled workforce, with a workforce that is more reflective of the community we serve.
13. Establishment of Diversity Framework, policy and measurements Raise the understanding and profile of D&I across the business including training and workshops. Ongoing gender pay reviews and audits to be completed. Cultural Capability program delivered for all employees. Flexible Work practices are well defined and supported throughout CIAL where possible	▪ Diversity metrics and targets to be developed ▪ D&I audit to be completed annually and continued delivery of training and workshops. ▪ Gender Pay Gap is understood, reported and actions to reduce are underway. ▪ Flexible work guidelines embedded, to become a normalized way of working. ▪ Our people will have an understanding of the principles of Te Tiriti and how they can be honoured through CIAL's work.	▪ 78% of our team have completed an externally facilitated Inclusion and Belonging development programme focused on the neuroscience of human behaviour, bias and how to create a more inclusive culture. ▪ D&I audit has been delayed until FY25. ▪ Our second gender pay audit was completed early 2024 and an assigned budget has been made available by our board to address the gap that exists. ▪ Approach to flexible working is more consistent with guidelines now in place. Visually office occupancy indicates that onsite working is preferred by most. Having the option to request flexible working has been met with positive response and will continue to be reviewed on a case-by-case basis. Ensuring our physical workplace caters to individual needs and positive wellbeing outcomes has been a focus with increased provision of standing desks and collaboration spaces with improved technology options. ▪ Two workshops on the principles of Te Tiriti o Waitangi have been held and two visits to Tuahiwi Marae attended by 25% of our team. More opportunities to build cultural competency will be offered in the new financial year.

*** Emission disclosure**

The company is a climate reporting entity, in measuring our carbon footprint we have considered the principles and requirements of ISO 14064-1:2018 (Part 1), the GHG Protocol's Corporate Standard and Corporate Value Chain (Scope 3) Standard, as well as the requirements set out under the Airport Carbon Accreditation for Level 5 accreditation. The measure includes Scope 1 and 2:

- Scope 1: Direct GHG emissions that occur from sources owned and/or controlled by the airport, such as emissions from the combustion of fuels in owned/controlled generators and vehicles.
- Scope 2: Indirect emissions from the generation of purchased electricity consumed by the airport (using a market-based approach).

Market based approach refers to the use of certified renewable energy certificates to address Scope 2 emissions. NZBCI verifies that the issuance and redemption of these certificates have been performed in accordance with the NZECS System Rules and relate specifically to electricity generated at Monowai Hydro Station.

The consolidation approach used is operational control basis. This means that airfield and terminal facilities along with other company assets are included. Investment and hotel properties are excluded from scope 2 (and included in scope 3) when the tenant or operator has control of operating and environmental policies. Excluded from our CSR targets are Scope 3 emissions which includes full flight emissions from aircraft, emissions associated with capital works and purchases of goods and services, and other upstream and downstream (indirect) emissions arising from our activities. The significant emissions in Scopes 1 and 2 are petrol, diesel and electricity purchased.

There is a level of inherent uncertainty in reporting greenhouse gas emissions. This is due to a level of scientific uncertainty as well as estimation uncertainty involved in the measurement processes.

Emissions inventory for petrol, diesel and electricity are captured from purchase information, with estimation required for some supply chain elements. The company generally apply the emissions factors included in the Measuring Emissions: A guide for organisations published by the Ministry for the Environment for the majority of its emissions, but particular factors have been obtained for Fire Training and De-icing, from Airport Council International (ACERT) and ICAO (CORSIA). Emissions factors are periodically revised by the MFE with changes to those factors occasionally being significant.

The airport has not revised its 2015 baseline. If we had revised our baseline for updated emissions factors, this would not alter our decreasing trend in emissions since 2015.

The company is a climate reporting entity for the purposes of the Financial Markets Conduct Act 2013.

Full climate statements will be available when released at https://www.christchurchairport.co.nz/about-us/who-we-are/financial-reports/

Corporate Governance

Christchurch Airport's Board of Directors is responsible for the company's corporate governance. The Board of Directors is appointed by the shareholders to supervise the management of Christchurch Airport and is accountable to shareholders for the performance of the company and success in meeting the overall goal of creating long term sustainable value for shareholders.

The structure of this corporate governance section of the annual report outlines Christchurch International Airport Limited's policies and procedures for governance and has been adopted to maximise the transparency of the company's governance practises for the benefit of shareholders and other stakeholders.

Directors and Management Commitment

The Board and management are committed to undertaking their governance role in accordance with accepted best practice appropriate to the company's business, as well as taking account of the company's listing on the NZX Debt Market. A sound and effective governance framework is essential to meeting the needs of our stakeholders, which includes a set of systems and processes, supported by people with the appropriate competencies and principles.

Changing commercial circumstances require regular review and continually evolving systems that implement newly developed techniques and industry best practice.

Christchurch International Airport Limited (CIAL) aims to make sufficient disclosure so that the reader of the Annual Report will be able to assess the effectiveness of the company's corporate governance framework.

Regulatory Framework

The company operates solely in New Zealand and is governed by a range of New Zealand legislation and regulation including the Civil Aviation Act 1990 and the Airport Authorities Act 1966. The Civil Aviation Act 1990 establishes the framework for civil aviation safety, security and economic regulation in New Zealand and ensures that New Zealand's obligations under international civil aviation agreements are implemented.

CIAL is one of three named airports in New Zealand within the Airport Authorities Act 1966, meaning it is infrastructure of national significance and has economic impacts into regions beyond Christchurch City. The Airport Authorities Act gives a range of functions and powers to airport authorities to establish and operate airports.

On 5 April 2023, the Civil Aviation Bill received Royal assent and became the Civil Aviation Act 2023. The new Act comes into force from 5 April 2025, repealing and replacing the Civil Aviation Act 1990 and the Airport Authorities Act 1966 with a single, new statute covering safety, security and economic regulation of civil aviation into the future.

Since 2011, New Zealand's three largest airports including Christchurch have been subject to Information Disclosure regulation under Part 4 of the Commerce Act 1986, administered by the Commerce Commission. Under this framework, the Commission does not set prices for airport services but instead the focus is on monitoring airport performance, ensuring there is transparency in pricing decisions, as well as the effectiveness of the information disclosure regime.

Board Role

The Board is ultimately responsible for approving CIAL's strategic direction and general affairs, leadership of the management of the company and achievement of its business strategy, aiming to increase long term shareholder value while sustaining and ensuring the obligations of the company are properly met.

The Board's charter recognises the respective roles of the Board and management. In carrying out its principal function, the Board's primary governance roles include:

- Working with executive leadership to ensure that the company's strategic goals are clearly established and communicated, and that strategies are in place to achieve them;
- Holding to account management performance in strategy implementation;
- Appointing the Chief Executive (CE), approving their contracted terms, monitoring their performance and, where necessary, terminating the CE's employment;
- Approving and monitoring the company's financial statements, climate risk disclosures and other reporting, including reporting to shareholders, and ensuring the company's disclosure obligations are met;
- Adopting appropriate procedures to ensure compliance with all laws, governmental regulations, applicable codes and accounting standards;
- Approving key performance criteria for CIAL and monitoring the performance of the CE against these;
- Ensuring that the company adheres to high ethical and corporate behaviour standards, including leveraging our procurement capability and influence to ensure ethical sourcing decision making, alongside influencing positive social impact on our Christchurch campus and across our core long-term projects;
- Establishing procedures and systems to ensure the occupational health, safety and wellbeing of people working at, or visiting the Christchurch Airport precinct;
- Providing resilient infrastructure whilst adopting a sustainable approach to the operation of its own controlled activities;
- Promotion of the long-term sustainable success of the company with regard to Environmental, Social and Governance (ESG) matters by ensuring that the right strategies and action plans are in place to help underpin long-term shareholder and stakeholder value;
- Setting specific limits on management's delegated authority for entry into new expenditure, contracts and acquisition of assets and approve commitments outside those limits;
- Ensuring that CIAL has appropriate risk management and regulatory compliance policies in place and monitoring the appropriateness and implementation of these policies;
- Being a fair employer which provides a workplace that values people, celebrates inclusiveness, supports people leading themselves and developing skills to lead others, and ensures that all are fairly rewarded.

The Board delegates day-to-day operations of the company to management under the control of the CE. Such day-to-day operations are required to be conducted in accordance with strategies set by the Board.

All directors are required to comply with a formal code of conduct, which is based on the New Zealand Institute of Directors Code of Proper Practice for Directors.

Board Structure

The composition of the Board reflects an appropriate mix of skills, experience and attributes required to discharge the duties and responsibilities of the Board and aligns to the interests of the shareholders as a whole, establishing the company's strategy and ensuring that it is effectively implemented.

A fully constituted Board consists of six directors: four appointed by majority shareholder, Christchurch City Holdings Ltd (CCHL), and two appointed by the Minister of Finance and the Minister for State Owned Enterprises (on behalf of the New Zealand Government). From 1 July 2014, CCHL has also been appointing an intern director for a period of twelve to eighteen months to enable prospective directors to gain an insight into good governance practice and to observe the dynamics of sitting on a board.

Directors' appointments are for such period as determined by the relevant shareholder, but each term shall not exceed three years. Retiring directors may be reappointed by the relevant shareholder for further terms of three years as circumstances warrant, taking into account the unique characteristics of the aviation and regulatory environment in which CIAL operates, the long-term investment horizon for critical infrastructure such as airports, and the need to minimise succession risks for both shareholders and bondholders considering the overall composition and tenure of the existing Board.

The Board has a broad range of commercial, financial, marketing, tourism and other relevant experience and expertise required to meet its objectives. Fees for the Board are reviewed by the shareholders using independent advice.

The Board has four formally constituted committees: the Risk, Audit and Finance Committee, the People, Culture and Safety Committee, the Property and Commercial Committee and the Aeronautical Committee. All committees have Board-approved terms of reference outlining the committee's authority, duties and responsibilities and relationship with the Board. Additional committees may be established based on need. Each committee must include a representative of each shareholder.

Induction of new Directors

Following appointment, directors undertake an induction programme aimed at deepening their understanding of the company business and the environment and markets in which the company operates. As part of the program, directors receive essential Board and company information and meet key management.

Directors are expected to be familiar with changes and trends in the business and CIAL's environment and markets and trends in the economic, political, social and legal climate generally.

Operation of the Board

The Board met ten times during the financial year. In addition, several Board workshops were also held to consider discrete subject matters. The table on page 74 sets out the Board and sub-committee meetings attended by the directors during the year.

Directors unable to attend Board or Committee meetings review the relevant papers and provide comments to the Chair or Committee Chair as appropriate.

The Chair, CE and Chief Financial Officer (CFO) prepare the agenda for each meeting and board papers are provided to the directors in electronic format prior to the meeting.

At each meeting CIAL's interests register is updated as necessary and the Board considers:

- An executive report focusing on company performance, financial position, strategic activations and, as appropriate, progress towards the achievement of company goals and business targets;

- Specific business cases for capital expenditure and strategic activation;
- Separate reports from management covering matters requiring a Board decision or for more detailed information;
- Health, safety and wellbeing reporting and any proposed preventative measures to be applied;
- Report on progress towards sustainability targets;
- Standard items and action items arising from previous meetings.

In addition, based on a predetermined schedule, the Board:

- Reviews and approves the company objectives and strategies, business plan and budgets including the annual profit targets and capital investment programs;
- Approves the annual and half-yearly financial statements, including the Annual Report and public announcements;
- Considers and, if appropriate, declares or recommends the payment of dividends;
- Reviews directors' remuneration following approval from shareholders;
- Reviews the CE's performance and remuneration;
- Approves remuneration policies and practices for executive leadership on the recommendation of the People, Culture and Safety Committee;
- Approves risk management policies and controls, including insurance cover and compliance with legal and regulatory requirements, on the recommendation of the Risk, Audit and Finance Committee;
- Reviews the adherence to, and annual public disclosure required by the Information Disclosure regulatory regime;
- Reviews the strategy and proposals for the reset of aeronautical charges each five-year cycle;
- Reviews the strategy for CIAL's funding needs and approves banking facilities and debt capital markets issuances;
- Sets the following year's Board work plan.

The Board critically evaluates its own performance, its processes and procedures to ensure that they are not unduly complex and that they assist the Board in effectively fulfilling its role and performing its duties. The Board and Committees and each director have the right to seek independent professional advice at CIAL's expense to assist them to carry out their responsibilities.

The Board and Committees have the authority to secure the attendance at meetings of advisers with relevant experience and expertise.

Board and Committee meeting attendance	Original appointment	Current Term expires	Board meetings	Risk, Audit & Finance Committee meetings	People, Culture and Safety Committee meetings	Property & Commercial Committee meetings	Aeronautical Committee meetings
Total number of meetings held			**12**	**7**	**4**	**5**	**4**
C. Drayton	Sep 09	Oct 23	5	1	1	1	2
C. Paulsen	Oct 10	Oct 24	8	-	2	-	2
S. Ottrey	Mar 19	Oct 27	12	-	1	2	2
K. Morrison	Oct 17	Oct 26	12	7	3	3	2
P. Reid*	May 18	May 27	9	-	3	4	2
A. Barlass**	Sep 21	May 27	12	7	1	5	4
E. Sims	Oct 23	Oct 26	7	6	-	-	2

Note: all committees require a Crown appointed director

* Paul Reid's term as Crown Director expired 30 April 2024, he was formally reappointed for the period from 7 June 2024 up to 31 May 2027

**Andrew Barlass term was extended to a full three-year term up to 14 September 24 and then subsequently he was reappointed as director for a period from 7 June 2024 up to 31 May 2027

Communication with Shareholders

CIAL is committed to keeping its shareholders informed and places a high degree of importance on open communication and transparent reporting. The company operates on a "no surprises" basis in respect of material shareholder-related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

In achieving this outcome and in accordance with the Local Government Act 2002, CIAL submits a draft Statement of Intent (SoI) in February for the coming financial year to shareholders. The SoI sets out the company's overall objectives, intentions and financial and performance targets. Shareholders make comment on the draft SoI. The Board then considers these comments and delivers a final SoI to shareholders by the end of June.

The Board aims to ensure that shareholders are informed of all major developments, including future material strategic investments, affecting the company's state of affairs, while at the same time recognising that commercial sensitivity and New Zealand Stock Exchange (NZX) continuous disclosure obligations (due to CIAL's listed debt), may preclude certain information from being made public. Within this constraint, information is communicated to the shareholders through quarterly communication, periodic updates and briefings as required, providing financial information and commentary on operational and non-financial performance measures.

In a normal financial year, the company is required to provide half yearly and annual reports to shareholders by the end of February and September respectively.

In addition, CIAL proactively develops positive and productive relationships with stakeholders, to ensure effective communication of the initiatives being undertaken.

Ethical and Responsible Decision Making

The company requires the highest standards of honesty and integrity from its directors and employees. This, consequently, necessitates responsible and ethical decision making which is supported by the highest standards of corporate behaviour towards our stakeholders.

The Business Plan, incorporating CIAL's values and aspirations is communicated to all appropriate staff.

All directors and employees are always expected to act honestly in all their business dealings and to act in the best interests of the company, including:

- Responsibility to act honestly and with personal integrity in all actions;
- Responsibilities to shareholders including protection of confidential information, rules for making public statements on behalf of the company, accounting practises and co-operation with auditors;
- Responsibilities to customers and suppliers of CIAL and other persons using the airport;
- Responsibilities to the community including compliance with statutory and regulatory obligations, use of assets and resources and conflicts of interest.

Risk Management

As an airport operator, CIAL recognises our risk profile is determined by ensuring our vital lifeline role is performed in line with national interests and expectations. Delivering high levels of available, reliable and resilience 24/7, remains critical given the existing constraints, increasingly frequent and severe weather events, and other risks within the New Zealand Inc. aeronautical system.

CIAL has a comprehensive enterprise risk management framework to identify, mitigate and manage all strategic business risks at a company-wide basis. A risk is defined as any event that may inhibit the company in meeting its objectives.

Risk management takes place in the context of CIAL's day-to-day activities and is used to identify:

- The potential consequence (measured in terms of the impact on strategic outcomes, finances, operations and reputation) and probability (measured in terms of likely occurrence) of an event or activity;
- Activities and systems in place to mitigate a risk;
- The residual unmitigated risk.

The Board determines its appetite for risk by considering whether the residual unmitigated risk is acceptable and if necessary, plans are put in place for additional controls or systems. The risk management framework is implemented through business processes, such as business planning, investment analysis, project management and operations management. Major initiatives to manage and mitigate business risk will be reflected as activities in the Business Plan.

The Board review CIAL's risk profile periodically, and the Risk, Audit and Finance Committee regularly tracks the development of any existing risks and the emergence of new risks.

The company's risk management framework is underpinned by two committees which are in place to identify potential financial and operational risks, the Risk, Audit and Finance Committee and the People, Culture and Safety Committee, respectively. The company also has mechanisms in place to recognise and manage ESG risks, including climate, wider environmental, people and social risks.

See section below titled Board Sub-Committees, for more detail on the role and responsibilities of these two committees for the oversight of financial and operational risk.

Business Assurance

The role of Business Assurance, through partnering with external service providers, is to develop a comprehensive continuous assurance program, which supports CIAL's risk management framework. Business Assurance is used to verify the company's risk profile and to confirm that risk mitigation is operating as documented.

Chief Executive and Chief Financial Officer Assurance

The CE and CFO have provided written assurance to the Risk, Audit and Finance Committee regarding the adequacy of:

- Governance, ethics and compliance assurance;
- Financial policies and systems of internal control.

There were no qualifications to the assurances provided by management for the year ended 30 June 2024.

Insurance and Indemnities

CIAL has a comprehensive insurance program as part of risk mitigation. This programme is reviewed annually to ensure that appropriate cover is in place. The Board has continued its significant consideration of insurance placements as a mitigation of risk in the 2024 financial year to ensure such risk remains adequately protected through both the type and duration of insurance coverage and the level of capacity placed.

Deeds of Indemnity have been given to directors in relation to potential liabilities and costs they may incur for acts or omissions in their capacity as directors. In addition, Deeds of Indemnity have been provided to the Executive Leadership Team in relation to potential liabilities and costs they may incur for acts or omissions in their capacity as employees of CIAL.

During the year, the directors' and officers' liability insurance was renewed to cover risks arising out of acts, omissions or legal defence of directors and employees in their capacity as such. Insurance is not provided for dishonest, fraudulent, malicious or wilful acts or omissions. The insurance cover is provided by QBE Insurance (Australia) Ltd. The cost of the cover for the year to 30 June 2024 is $114,710 (2023 $109,250).

Internal Policies and Procedures

Compliance with the many legal, and regulatory requirements is a priority for the Board. CIAL employees are responsible for ensuring the company carries out its business in a way that considers all applicable legal requirements, minimises the cost of legal risk and maximises business opportunities.

Managers are responsible for making sure their staff understand what compliance means in their particular areas, by ensuring appropriate training and compliance information is available. Compliance with legal and regulatory risk is monitored twice annually and reported to the subsequent quarterly Risk, Audit and Finance Committee meeting.

System of Internal Controls

CIAL has a comprehensive management system, which covers all aspects of its business. The management system incorporating internal financial and operational controls is designed to meet CIAL's specific needs and aims to:

- Facilitate effective and efficient operations;
- Safeguard the company's assets;

- Ensure proper accounting records are maintained;
- Ensure that the financial information used within the business and for publication is reliable.

The system is formally documented and includes performance standards, policies, procedures, instructions and guidance.

The company is committed to maintaining management systems that ensure the requirements of Health and Safety at work together with Environmental Management, with these systems embedding continuous improvement frameworks. During the year the company carries out periodic reviews to ensure the required standards were being met.

If any incidents occur during the year, then an event specific audit review is carried out to ensure full understanding of cause and outcomes and that appropriate remedial actions are undertaken.

Reviews of these systems/controls provide management and the Board with reasonable assurance that the company's management systems are thorough, reliable and comply with the relevant recognised standards.

Such systems of internal control can only be designed to manage, rather than eliminate, risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement and loss.

Financial Capital Management

CIAL's capital management and distribution policy is focused on achieving an appropriate balance between preserving financial resilience, effectively leveraging the balance sheet and maintaining balance sheet flexibility for the future. This approach has been effective in providing resilience and flexibility over recent years through a series of material events including earthquakes, terror attacks and a global pandemic.

CIAL targets a stand-alone investment credit rating in the long-term of BBB+, whilst accepting that it may be appropriate to have a reduced stand-alone rating of BBB from time to time, on the proviso that this does not materially impact on the availability of financing and interest costs.

CIAL also targets a gearing ratio which does not exceed 40% given the additional financial oversight that this ratio provides. This includes an appropriate buffer for aviation risk which, has recently been highlighted, as an inherently volatile sector.

The Directors review dividend policy annually and recommend such dividend payments as are consistent with CIAL's earnings, capital expenditure and future investment requirements, subject to the gearing and credit rating targets outlined above.

The Board's Relationship with Management

Position of Chief Executive

The CE is the primary point of accountability and link between the Board and operational management functions.

All Board authority conferred on management is delegated through the CE so that the authority and accountability of management is considered to be the authority and accountability of the CE so far as the Board is concerned.

The Board and CE agree to meet specific outcomes directed towards the company goals. This will usually take the form of an annual performance programme directed at achieving the company goals.

The Board systematically and rigorously monitors the CE's performance against the criteria established in the performance objectives and the company goals.

Between Board meetings the Chair maintains a link between the Board and the CE. They are kept informed by the CE on all important matters and is available to the CE to provide counsel and advice where appropriate. The Chair however does not use this link to personally manage the CE and does not impede the flow of information to the Board necessary for sound governance.

Only decisions of the Board acting as a body are binding on the CE. Decisions or instructions of individual directors, officers or committees cannot be given to the CE and are not binding in any event except in those instances where specific authorisation is given by the Board.

The Board instructs the CE through written policies that prescribe the shareholder benefit to be achieved (company goals) and the organisational circumstances to be avoided, allowing the CE any reasonable interpretation of those policies.

Delegation of Responsibilities

The Board delegates management of the day-to-day affairs and management responsibilities of the company to the CE and executive leadership to deliver the strategic direction and goals determined by the Board. This delegation includes:

- Operating CIAL's business within the parameters set by the Board from time to time and, where a proposed transaction, commitment or arrangement exceeds these parameters, referring the matter to the Board for its consideration and approval;
- Developing business plans, budgets and company strategies for the Board's consideration and, to the extent that they are approved by the Board, implementing these plans, budgets and strategies;
- Identifying and managing business risks, and if those risks could materially affect the company or its business, formulating strategies to manage those risks;
- Managing CIAL's current financial and other reporting mechanisms to ensure that they are functioning effectively to capture all relevant material information on a timely basis;
- Implementing CIAL's internal controls, policies and procedures and monitoring these controls, policies and procedures to ensure that they are appropriate and effective.

Board Sub-Committees

The Board has set up various committees to enhance the Board's effectiveness in key areas, while still retaining overall responsibility.

Risk, Audit and Finance Committee

The Risk, Audit & Finance Committee consists of three board members who have appropriate financial experience and understanding of the company's industry. The Board requires that at least one member of the Audit Committee be a "financial expert".

The objective of the Risk, Audit & Finance Committee is to provide independent assurance and assistance to the Board on the company's enterprise risk, control and compliance framework, its implementation of strategy and actions plans on ESG issues, and its external accountability and reporting responsibilities. The Risk, Audit & Finance Committee acts as an advisor to the Board to assist the Board discharge its responsibility to exercise due care, diligence and skill in relation to:

- Risk management and systems of internal control;

- Compliance with applicable laws and regulations;
- Promotion of the long-term sustainable success of the company with regard to ESG matters by ensuring that the right strategies and action plans are in place to help underpin long-term shareholder and stakeholder value;
- Reporting of financial information, climate risk disclosures, regulatory information disclosures, and other non-financial performance information in accordance with relevant rules and standards (including all related audit processes);
- Managing financial risk.

The Board authorises and empowers the Risk, Audit and Finance Committee to:

- Review and approve accounting policies and practices as they apply to the company;
- Review the current enterprise risk management framework, and associated procedures for effective identification and management of the company's financial and business risks;
- Gain adequate assurance over management's approach to maintaining an effective internal control environment;
- Review the adequacy of insurance cover at each insurance renewal and recommend to the Board any significant changes to insurance cover, including assessment of alternate risk financing options to reduce the increasing exposure, and cost, to the insurance market;
- Review and approve the annual business assurance plan, and regularly monitor business assurance findings;
- Review approach to the ongoing establishment of the company's business continuity and disaster recovery planning arrangements, with specific focus on information technology security and disaster recovery;
- Recommend to the Board the appointment of the external auditor and approve their fee;
- Provide advice on and review the company's Annual Report and Financial Statements prior to consideration and approval by the Board;
- Provide advice on and review the company's regulatory Annual Information Disclosure prior to consideration and approval by the Board;
- Provide advice on and review any changes to external standards and reporting of non-financial performance information, including Climate Related Disclosures;
- Review, on an on-going basis, the company's capital structure, Treasury Policy and optimal funding portfolio in the future;
- Review overall tax risk profile of CIAL with focus on adherence to tax governance policy.

To fulfil this role, the Committee meets independently with both the business assurance and external auditors to provide a forum for open discussion regarding management's integrity and performance. The external auditors are only permitted to engage on assurance work.

The members of the Risk, Audit and Finance Committee as at 30 June 2024 were Andrew Barlass (Chair), Kathryn Mitchell and Ed Sims.

People, Culture and Safety Committee

CIAL has prioritised our people focus across the business, building our culture around our purpose and our values. These focus on building belief in our purpose, belonging to our values and trust in ourselves and others. The belief/belonging/trust framework is used to orientate our people around focusing on the overlap between individual and organisational purpose, values and connection.

At the core of CIAL's Health, Safety and Wellbeing Strategy is the protection of our people. The Board and management are committed to bringing this to life through fostering and facilitating a culture with strong safety values, visible and authentic safety leadership, integration and refinement of our safety management systems, and continued activation of our Wellbeing Strategy.

The People, Culture and Safety Committee's role is to oversee how the company's talent is applied to convert its capital into value and to guide and review the company's People and Culture strategy and policies. The responsibilities of the Committee are:

- To establish procedures and systems to ensure the health, safety and wellbeing of the company's employees and contractors working for CIAL across the Christchurch Airport campus;
- To continue to assist with the development of our leadership, culture and capability in our safety eco-system, involving critical risk assessment and risk management via best practice policies and mitigation procedures;
- To have overall governance responsibility for Civil Aviation Authority rule Part 100 (Safety Management Systems) and ensure organisational compliance;
- To provide oversight and review annually the People and Culture strategy, policies and implementation plan;
- To oversee CIAL's recruitment, retention and development of our key talent;
- To oversee termination policies and procedures for senior leadership, and the succession planning for senior leadership and the CE;
- To develop the company's reward and recognition philosophy, performance and development framework and oversee the annual remuneration review process (see section on Remuneration below);
- To review the performance of the CE, the engagement agreement and benefit structure for the CE and Executive Leadership Team and recommend to the Board senior executive incentive remuneration plans, other employee benefits, and key performance objectives.

The members of the People, Culture and Safety Committee as at 30 June 2024 were Kathryn Mitchell (Chair), Chris Paulsen and Paul Reid.

Property and Commercial Committee

The Property and Commercial Committee's role is to assist the Board in ensuring that the company maximises the level of returns received (and wider economic value to the business as a whole) from investments made in property development, on-going property management and other commercial opportunities.

The responsibilities of the Committee are:

- To regularly review, test and recommend for approval the company's property and commercial development and management strategy (including its priorities) to ensure that it remains appropriate having regard to all relevant matters. Such matters shall include the company's financial position, maintenance of a balanced property portfolio, property market conditions, regulatory planning issues, strategic focus and priorities, timetabling of investments, and any other matters considered relevant by the Committee;

- To review and recommend for approval the principles and standards with respect to the company's property and commercial investment strategy, in respect of the type of property investment, and rates of return parameters to be achieved;
- To review and recommend to the Board approval of significant property and commercial investment and development proposals;
- To review and recommend to the Board the long-term property investment and commercial development path to be pursued;
- Planning and consenting to enable development of the wider property portfolio;
- To review and support negotiation of commercial arrangements with terminal and property tenants;
- Ongoing review of overall 'Park to Plane' strategy across our customers' journey

The members of the Property and Commercial Committee as at 30 June 2024 were Paul Reid (Chair), Andrew Barlass and Kathryn Mitchell.

Aeronautical Committee

The Aeronautical Committee's role is overseeing aeronautical activity to ensure that CIAL obtains the best level of return the aeronautical segment of the business is reasonably able to produce, while ensuring its aeronautical operations are safe and efficient, and represent best aviation practice.

The responsibilities of the Committee are:

- To review and recommend to the Board strategies in respect of the provision of aeronautical facilities, general aviation and aeronautical business development (including marketing and pricing issues);
- To review specific proposals, and subsequent post project reviews, relating to aeronautical charging, commercial arrangements to support route development initiatives, and airline incentives or promotions;
- To review the returns and aeronautical market position being achieved by CIAL's aeronautical business to ensure it is in line with the overall objectives of CIAL's business strategy;
- To provide advice on and review the company's aeronautical pricing strategy, approach and consultation with substantial customers each relevant five-year period. Also, to review relevant Commerce Commission disclosures relating to the reset of aeronautical prices and engagement with Commission review, prior to consideration and approval by the Board;
- To report to the Board annually, or as required, on; the safety, effectiveness and operational benchmarking of CIAL's aeronautical operations; the market position of its aeronautical business; the returns being achieved on individual aeronautical initiatives; and the effectiveness and the implementation of CIAL's aeronautical strategies.
- To review and support the progressive development of CIAL's strategies for the stimulation and growth of the South Island tourism sector, in conjunction with regional tourism organisations and other industry stakeholders.

The members of the Aeronautical Committee as at 30 June 2024 were Ed Sims (Chair), Andrew Barlass, Sarah Ottrey, Chris Paulsen and Paul Reid.

Remuneration

The Board's People, Culture and Safety Committee is responsible for remuneration across the organisation and has a charter it operates under.

Directors

The directors' remuneration is paid in the form of directors' fees. Additional fees are paid to the Chair of the Board and the Chairs of the various Board sub-committees to reflect the additional responsibilities of these positions. CIAL also meets directors' reasonable travel and other costs associated with the company's business and their own learning and development.

The total remuneration paid to directors for the year ended 30 June 2024 was:

NAME	REMUNERATION
C. Drayton	$30,927
K. Mitchell	$58,750
S. Ottrey	$85,208
C. Paulsen	$57,187
P. Reid	$52,875
A. Barlass	$56,767
E. Sims	$37,409
Total Fees	**$379,123**

CIAL has made no loans to any director, nor has the company guaranteed any debts incurred by a director.

CIAL Employees

Framework for Remuneration

The People, Culture and Safety Committee is responsible for reviewing remuneration policy and human resources strategy, structure, policy and practices. It seeks external expert advice on best practice remuneration structures and market trends to ensure that the remuneration strategy for CIAL contributes to effective performance and value creation.

To operate as a successful business, CIAL must be able to attract, retain, develop and motivate high calibre employees at all levels. CIAL's remuneration policy primarily aims to ensure that remuneration levels are set at market-competitive rates that are able to attract and retain the key talent we need to manage, operate and create real shareholder value in the business, and that remuneration is linked to performance. CIAL is a socially responsible and equal opportunities employer.

The ability to retain and attract key capability and talent continues to be a primary focus for the Board to ensure that CIAL is in the best position to create value moving forward.

The People, Culture and Safety Committee reviews the CE's performance evaluation of his direct reports and approves the remuneration and other variations to the terms and conditions of employment of their direct reports.

REMUNERATION RANGES $'000	NUMBER OF CURRENT AND FORMER EMPLOYEES	
	2024	2023
$100 - $110	15	20
$110 - $120	19	22
$120 - $130	16	16
$130 - $140	18	6
$140 - $150	11	7
$150 - $160	-	3
$160 - $170	6	5
$170 - $180	6	3
$180 - $190	6	5
$190 - $200	4	2
$200 - $210	1	2
$210 - $220	2	2
$220 - $230	2	1
$230 - $240	1	1
$240 - $250	2	1
$260 - $270	1	-
$270 - $280	1	-
$290 - $300	1	-
$300 - $310	-	1
$310 - $320	1	1
$350 - $360	1	1
$360 - $370	-	1
$370 - $380	-	1
$380 - $390	2	-
$390 - $400	1	1
$410 - $420	1	-
$700 - $710	-	1
$790 - $800	-	1
$860 - $870	1	-

Chief Executive Remuneration

For FY24, the Chief Executive's annual remuneration package consisted of:

- a base salary of $695,250 and KiwiSaver contributions of $25,186;
- variable at risk salary of $144,265.

This is combined for a total FY24 annual remuneration package of $864,700.

Variable at risk salary is linked to various performance measures, including.

- financial outcomes;
- people, culture and health & safety metrics;
- stakeholder relationships; and
- strategic planning and long-term value creation.

In FY23, the Chief Executive's total annual remuneration package was $780,250, comprising an annual base salary of $675,000, KiwiSaver contributions of $20,250 and variable remuneration totalling $85,000 (six months).

Sustainability

CIAL's Chair of the board and CE are primarily responsible for CIAL's approach to sustainability. The Board defines the sustainability vision and policy. The GM – Future Planning & Sustainability is part of CIAL's executive leadership team reporting directly to the CE in order to enable CIAL to effectively integrate sustainability throughout the company and to ensure its impact on strategy. The achievement of sustainability targets is one of the elements of the variable at risk remuneration package for the CE.

At the heart of our sustainability approach is a dedication to kaitiakitanga, both from an environment and inter-generational well-being approach.

Looking ahead we plan to be more inclusive of a broader approach towards sustainability that will include targets within the social and governance areas, alongside continuing our work in the environmental sustainability space. This will include a global benchmarking refresh to support the setting of new targets across broader sustainability outcomes.

Our commitment to climate action and helping to accelerate the de-carbonisation of our sector ahead of our science-based targets will remain at the forefront – with the focus moving from Scope 1 reductions towards work to support the reduction of our Scope 2 and 3, exploring emerging technologies for the remaining Scope 1 challenges, supporting our airline partners to meet their de-carbonisation goals by preparing for the needs of future aviation, building climate risk resilience into our operational processes and development of our physical climate risk adaption plan.

CIAL also has a growing interest in understanding our ability to positively impact biodiversity on our campus. We will work through a similar process to our climate work with biodiversity – including setting science-based targets, developing a biodiversity regeneration plan that will outline the projects we need to undertake to achieve our goals, and then embedding this in practice across the organization.

Climate Risk

The Board is responsible for overseeing the management of risks and opportunities for the organisation, including those relating to climate change. CIAL's Risk, Audit & Finance Committee supports the board in this regard and has oversight of the setting and execution of CIAL's ESG strategy as well as specific responsibility for CIAL's Climate Reporting obligations.

Within CIAL, the GM – Future Planning & Sustainability has established a dedicated team with deep expertise in climate change, including a Sustainable Transition leader. This team provides the Board with updates on emerging best practice, regulatory requirements and other climate-related issues that are relevant to CIAL.

CIAL will fall within the scope of the Government's proposed climate related disclosures reporting regime, with mandatory reporting coming into effect from the financial year ending 30 June 2024.

CIAL's wider sustainability initiatives and progress against targets, are reported each year in a separate Sustainability Report.

CIAL's assessment of the potential impacts of climate change and the transition to a lower carbon economy will continue to evolve. When there is sufficient evidence-based support, the potential financial impact is incorporated into CIAL's underlying forecast cash flows for any relevant asset valuation and impairment models e.g. impact on demand, capital and operating expenditure associated with climate change initiatives and use of appropriately risk adjusted discount rates as necessary.

Further Notes

Nature of Business

CIAL owns and operates Christchurch International Airport. The company operates predominantly in the business of providing airport facilities and services to airline and airport users. The nature of the company's business has not changed during the year.

For the current and previous reporting period, the results are for Christchurch International Airport Limited and its five wholly owned subsidiaries. As the wholly owned subsidiaries do not trade and hold no assets or liabilities, the results and financial position for the CIAL group are the same as that for the CIAL parent company.

Stock Exchange Listings

The company has two series of bonds ("CHC020" and "CHC030") which were quoted on the NZDX on 25 May 2018 and 15 April 2024 respectively. "CHC020" was issued for $100 million of unsecured, unsubordinated, fixed rate bonds and "CHC030" was issued for $125 million of unsecured, unsubordinated, fixed rate bonds. "CHC020" matures on 19 May 2028 and "CHC030" matures on 15 April 2031.

Credit Rating Status

On December 16, 2022, S&P Global Ratings ('S&P') raised the issuer credit rating on Christchurch International Airport Ltd (CIAL) and issuer credit rating on the airport's debt, to A-, with outlook 'Stable'. This rating is unchanged as at 30 June 2024.

Bondholder Distribution

In line with clause 10.4.5 of the NZX listing rules, the following table details the spread of bondholders as at 5 August 2024:

Bond CHC020: 5.18% $100,000,000 Due 19 May 2028

Holding Range	Holder Counter	Holding Quantity	Holding Quantity %
5,000 to 9,999	68	396,000	0.40%
10,000 to 49,999	219	4,350,000	4.35%
50,000 to 99,999	30	1,767,000	1.77%
100,000 to 499,999	29	5,108,000	5.11%
500,000 to 999,999	2	1,809,000	1.81%

1,000,000 to 999,999,999,999	14	86,570,000	86.56%
Total	362	$100,000,000	100.00%

The 20 largest bond holders at 5th August 2024 were:

Bondholder	Units Held	Holding Quantity %
CUSTODIAL SERVICES LIMITED <A/C 4>	20,763,000	20.76%
HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD <HKBN90>	14,700,000	14.70%
JBWERE (NZ) NOMINEES LIMITED <NZ RESIDENT A/C>	12,325,000	12.33%
FNZ CUSTODIANS LIMITED	7,556,000	7.56%
FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	7,379,000	7.38%
NZPT CUSTODIANS (GROSVENOR) LIMITED - NZCSD <NZPG40>	6,023,000	6.02%
CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD <CNOM90>	5,100,000	5.10%
ADMINIS CUSTODIAL NOMINEES LIMITED	3,075,000	3.08%
BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD <BPSS40>	2,393,000	2.39%
INVESTMENT CUSTODIAL SERVICES LIMITED <A/C C>	1,645,000	1.65%
HSBC NOMINEES (NEW ZEALAND) LIMITED O/A EUROCLEAR BANK -NZCSD <HKBN95>	1,640,000	1.64%
TEA CUSTODIANS LIMITED CLIENT PROPERTY TRUST ACCOUNT - NZCSD <TEAC40>	1,615,000	1.62%
FORSYTH BARR CUSTODIANS LIMITED <ACCOUNT 1 E>	1,301,000	1.30%
ANZ WHOLESALE NZ FIXED INTEREST FUND - NZCSD	1,055,000	1.06%
MINT NOMINEES LIMITED - NZCSD <NZP440>	909,000	0.91%
JBWERE (NZ) NOMINEES LIMITED <A/C 31933>	900,000	0.90%
PIN TWENTY LIMITED <KINTYRE A/C>	495,000	0.50%

JBWERE (NZ) NOMINEES LIMITED <NR AUSTRALIA AIL A/C>	335,000	0.34%
FORSYTH BARR CUSTODIANS LIMITED <ACCOUNT 1 NRL>	270,000	0.27%
FORSYTH BARR CUSTODIANS LIMITED <ACCOUNT 1 NRH>	250,000	0.25%
Total	90,479,000	90.48%

Bond CHC030: 5.44% $125,000,000 Due 15 April 2031

Holding Range	Holder Counter	Holding Quantity	Holding Quantity %
5,000 to 9,999	33	210,000	0.17%
10,000 to 49,999	125	2,458,000	1.97%
50,000 to 99,999	14	823,000	0.66%
100,000 to 499,999	17	4,064,000	3.25%
500,000 to 999,999	5	3,407,000	2.73%
1,000,000 to 999,999,999,999	10	114,038,000	91.22%
Total	204	$125,000,000	100.00%

The 20 largest bond holders at 5 August 2024 were:

Bondholder	Units Held	Holding Quantity %
BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD <BPSS40>	36,340,000	29.07%
CUSTODIAL SERVICES LIMITED <A/C 4>	20,559,000	16.45%
FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	19,427,000	15.54%
FNZ CUSTODIANS LIMITED	16,794,000	13.44%

TEA CUSTODIANS LIMITED CLIENT PROPERTY TRUST ACCOUNT - NZCSD <TEAC40>	6,771,000	5.42%
HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD <HKBN90>	4,235,000	3.39%
FORSYTH BARR CUSTODIANS LIMITED <ACCOUNT 1 E>	3,395,000	2.72%
JBWERE (NZ) NOMINEES LIMITED <NZ RESIDENT A/C>	3,019,000	2.42%
INVESTMENT CUSTODIAL SERVICES LIMITED <A/C C>	2,418,000	1.93%
NZPT CUSTODIANS (GROSVENOR) LIMITED - NZCSD <NZPG40>	1,080,000	0.86%
MINT NOMINEES LIMITED - NZCSD <NZP440>	970,000	0.78%
HSBC NOMINEES (NEW ZEALAND) LIMITED A/C STATE STREET -NZCSD <HKBN45>	735,000	0.59%
MT NOMINEES LIMITED - NZCSD	605,000	0.48%
FNZ CUSTODIANS LIMITED <DRP NZ A/C>	597,000	0.48%
WOOLF FISHER TRUST INCORPORATED	500,000	0.40%
JPMORGAN CHASE BANK NA NZ BRANCH-SEGREGATED CLIENTS ACCT - NZCSD <CHAM24>	485,000	0.39%
SIRIUS CAPITAL LIMITED	456,000	0.36%
PUBLIC TRUST RIF NOMINEES LIMITED - NZSCD <NZPR40>	341,000	0.27%
ANZ CUSTODIAL SERVICES NEW ZEALAND LIMITED - NZCSD <PBNK90>	327,000	0.26%
CUSTODIAL SERVICES LIMITED <A/C 12>	310,000	0.25%
Total	119,364,000	95.49%

Computershare Investor Services Limited is the registrar with responsibility for administering and maintaining the Bond Register.

To view and update your bondholder details please visit www.investorcentre.com/nz.

Regulatory Environment

The company is regulated by, amongst other legislation, the Airport Authorities Act 1966 and the Civil Aviation Act 1990. The company is an 'airport company' for the purposes of the Airport Authorities Act 1966. The company has consultation obligations under the Airport Authorities Act 1966.

The company is required to comply with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010, with disclosure financial statements required to be published in November each year.

Directors' Indemnity Insurance

The company has arranged policies of Directors' and Officers' liability insurance for all directors, and indemnified all directors, the Chief Executive and all General Managers reporting to the Chief Executive, through a Deed of Indemnity.

Directors' Interests

The company maintains an interests' register in which the following entries of disclosure of interest involving the directors were recorded during the year ended 30 June 2024. These are requirements under the Companies Act 1993.

Catherine Drayton (ceased 25 October 2023)	***Sarah Ottrey***
Director – Southern Cross Healthcare Limited (ceased 31 Dec 2023) Chair – Guardians of New Zealand Superannuation Director – Genesis Energy Limited Director – CMD Associates Limited Director – CMD Commercial Limited Director – Mint Innovation Limited Director – Ben Gough Family Foundation – Advisory Board Chair - Connexa Limited Chair - Samco Holding Limited Chair - Frodoco Holding Limited Director - IAG New Zealand Limited	Director - EBOS Group Ltd (ceased 24 Oct 23) Director- Skyline Enterprises Ltd Chair/Shareholder - Whitestone Cheese Co Ltd Director/Shareholder - Mount Cook Alpine Salmon Ltd Director/Shareholder - Sarah Ottrey Marketing Ltd Member - New Zealand Institute of Directors – Otago Southland Branch Committee Trustee - SGE and AA Berry Family Trust
Chris Paulsen	***Andrew Barlass***
Director – House of Travel Holdings Limited Director – Other House of Travel Companies Director – Paulsen Holdings Limited	Director/Shareholder – Kowhai Farmlands Limited Director/Shareholder – Kowhai Barlass Trustee Limited Chair/Shareholder – Electricity Ashburton Limited Director – Ashburton Contracting Limited Director - EA Networks Limited (Dec 23) Treasurer – Methven A&P Association Beneficiary – Kowhai Family Trust Beneficiary – Kowhai Investment Trust Director – Pro-Active NZ Limited (ceased Aug 23) Director – RuralCo NZ Limited (ceased Aug 23) Director – ATS Fuel Limited (ceased Aug 23)

Kathryn Mitchell	***Paul Reid***
Chair – The New Zealand Merino Company Limited Director – Heartland Bank Limited Director – Heartland Group Holding Director – FarmRight Limited (ceased Nov 23) Chair – Link Engine Management Limited Director/Shareholder – Morrison Horgan Limited Director/Shareholder - Chambers at 151 Limited Director/Shareholder – Helping Hands Holdings Limited (removed July 23) Director/Shareholder – FirstTrax Limited Director – A2 Milk Company Limited Director – Pure Pods Limited (July 2023)	Chair – Figured Limited Chair – Volpara Health Technology Limited (ASX:VHT) Director – The Equanut Company Limited Chair – Virsae Group Limited Director - Optimal Workshop Limited (July 23)
Edward Sims	
Director – Kiwirail Limited (ceased June 24) Board Advisor – Virgin Australia Airline Group Limited Director - Ngati Whatua Orakei Whai Rawa Limited	

Transactions between CIAL and entities with whom certain directors are associated are described in Note 19 to the financial statements. No loans were made to directors.

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 which would not otherwise have been available to them.

Directory

Directors

As at 30 June 2024

Sarah Ottrey

Chair

Chris Paulsen

Director

Kathryn Mitchell

Director

Paul Reid

Director

Andrew Barlass

Director

Edward Sims

Director

Shareholders

Christchurch City Holdings Limited

43,200,000 shares (75%)

Minister of Finance

7,200,000 shares (12.5%)

Minister for State-Owned Enterprises

7,200,000 shares (12.5%)

Total Shares

57,600,000 shares

Executive Leadership Team

Justin Watson

Chief Executive

Tim May

Chief Financial Officer

Lucy Taylor

General Manager, Airfield Operations and Corporate Affairs

John O'Dea

General Manager, Property

Nick Flack

General Manager, Future Planning and Sustainability

Michael Singleton

Chief Strategy and Stakeholder Officer

Rhys Boswell

Project Director

Gordon Bevan

General Manager, Aeronautical Development

Kylie Frisby

General Manager, People and Culture

David Cooper

General Manager, Customer and Commercial

Bankers

ANZ Bank Ltd

ASB Bank

Bank of New Zealand

Bank of Tokyo – Mitsubishi

China Construction Bank

Mizuho Bank

Westpac Banking Corporation

Solicitors

Buddle Findlay, Christchurch

Chapman Tripp, Christchurch

Tavendale Partners, Christchurch

Registered Office

Fourth Floor, Car Park Building

Christchurch Airport

30 Durey Road

PO Box 14001

Christchurch, New Zealand

Auditors

Audit New Zealand

On behalf of the Auditor-General

Independent Auditor's Report

To the readers of Christchurch International Airport Limited's consolidated financial statements and performance information for the year ended 30 June 2024

The Auditor-General is the auditor of Christchurch International Airport Limited (the Company) and its subsidiaries (the Group). The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to carry out the audit of the consolidated financial statements and the performance information of the Group on his behalf.

Opinion

We have audited:

- the consolidated financial statements of the Group on pages 8 to 62, that comprise the statement of financial position as at 30 June 2024, the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year ended on that date and the notes and accounting policies to the financial statements that include material accounting policy information and other explanatory information; and

- the performance information of the Group on pages 62 to 69.

In our opinion:

- the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2024, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards; and

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

Basis for opinion

We conducted 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 *Auditor's responsibilities for the audit of the consolidated financial statements and performance information* section of our report.

We are independent of the Group in accordance with the Auditor-General's Auditing Standards, which incorporate Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

In addition to the audit, we have carried out assignments in the areas of the audit of the Company's disclosures pursuant to the Airport Services Information Disclosure Determination 2010, and our report to the bond trustee, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with, or interests in, the Company or any of its subsidiaries.

Key audit matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and performance information for the current period. In applying our professional judgement to determine key audit matters, we considered those matters that are complex, have a high degree of estimation uncertainty, or are important to the public because of their size or nature. These matters were addressed in the context of our audit of the consolidated financial statements and performance information as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How did the audit address this matter
Valuation of land and car parking	
The group holds a diverse range of property, plant and equipment with a carrying value of $1,529 million as at 30 June 2024. The land and car parking asset classes are accounted for at fair value and were revalued in the year ended 30 June 2024. The group engaged independent valuers to determine the fair value of these classes, which are valued using a range of techniques, including income and market-based approaches.	Our audit procedures included: • Assessing the valuers' expertise for their work and their objectivity, which included considering the existence of other engagements or relationships with the group. • Obtaining an understanding of the source data used for the valuations, and assessing the reliability of the source data and the risk of errors or omissions in that data.

Key audit matter	How did the audit address this matter
Note 8 to the consolidated financial statements provides information on the revaluation of these asset classes. We consider this a key audit matter due to the significance of the carrying values to the financial statements and the judgements involved in the valuations.	• Confirming our understanding of the valuation methodologies and key assumptions. We assessed them for compliance with the requirements of the applicable financial reporting standards (NZ IAS 16 Property, Plant, and Equipment, and NZ IFRS 13 Fair Value Measurement). • Engaging a valuation expert to assist our review and challenge of the appropriateness of key judgments and assumptions in the valuations. • Testing a sample of calculations in the valuations. • Assessing the sensitivity of the valuations to changes in assumptions and confirming that the significant assumptions and sensitivities were appropriately disclosed. • Reviewing the overall valuation changes and obtaining explanations from the valuers for any significant or unusual changes in value. • We considered the adequacy of the disclosures made in note 8 to the financial statements. We found that the valuations adopted by the group were reasonable and supportable and used approaches consistent with our expectations.
Valuation of investment property	
The Group's investment property portfolio comprises industrial, commercial and retail investments in the area surrounding Christchurch International Airport. Investment properties are revalued annually by independent valuers. The value of the portfolio is $785 million as at 30 June 2024. The value of the portfolio continues to grow as available land is developed for further investment	Our audit procedures included: • Reviewing any changes in use of properties and considering whether they were correctly classified as either investment property or property, plant and equipment. • Assessing the valuer's expertise for the work and their objectivity, which included

Key audit matter	How did the audit address this matter
properties. Changes in use, as a result of development or changes in the business, can result in transfers of properties between investment property and property, plant and equipment. Note 10 to the consolidated financial statements provides information on the valuation and the movements in the investment property balance since the previous year. We consider this a key audit matter due to the significance of the carrying value, and associated fair value gains or losses, and because of the judgements involved in determining fair value.	considering the existence of other engagements or relationships. • Confirming our understanding of the valuation methodology and key assumptions. We assessed them for compliance with the requirements of the applicable financial reporting standards (NZ IAS 40 Investment Property and NZ IFRS 13 Fair Value Measurement) and evaluated their reasonableness based on our experience and knowledge of other valuations. • Engaging a valuation expert to assist with critiquing and challenging the key assumptions used by the Group's valuers, including their appropriateness. • Testing a sample of key inputs used in the valuations to underlying records, including lease term information and current rental rates. • Assessing the sensitivity of the valuations to changes in assumptions and confirmed that the significant assumptions and sensitivities were appropriately disclosed. • Reviewing the overall valuation changes and obtaining explanations from the valuers for any significant or unusual changes in value. • We considered the adequacy of the disclosures made in note 10 to the financial statements. We found that the valuations adopted by the Group were reasonable and supportable.

Emphasis of matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The Group has chosen to include a measure of its 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 the Emission Disclosure on pages 68 and 69 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 emission factors and processes to calculate or estimate quantities of GHG sources is still evolving, as are GHG reporting and assurance standards.

Other information

The directors are responsible on behalf of the Group for the other information. The other information obtained at the date of this auditor's report comprises the information included on pages 1 to 7 and 70 to 93 to but does not include the consolidated financial statements and the performance information and our auditor's report thereon. The other information also includes the Group's report against the Aotearoa New Zealand Climate Standards. This report is separate from the Annual Report and is expected to be made available to us after the date of this audit report.

Our opinion on the consolidated 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 consolidated financial statements and the performance information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Directors' responsibilities for the consolidated financial statements and performance information

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards. The directors are also responsible for preparing the performance information for the Group.

The directors are responsible for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the performance information, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors' responsibilities arise from the Financial Markets Conduct Act 2013 and the Local Government Act 2002.

Auditor's responsibilities for the consolidated financial statements and performance information

Our objectives are to obtain reasonable assurance about whether the consolidated 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 conducted in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of readers taken on the basis of these consolidated 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. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the performance information, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the 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 during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements and the performance information of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Our responsibilities arise from the Public Audit Act 2001.

Scott Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
27 August 2024