Statement of Intent

Destination Westland Ltd

for Three Years Commencing

1 July 2024

Contents

Introduction

Destination Westland Limited is a Westland District Council-Controlled Organisation for the purposes to the Local Government Act 2002 and is registered under the Companies Act 1993.

This Statement of Intent (SOI) is prepared in accordance with Section 64 and Schedule 8 of the Local Government Act 2002 and outlines the overall objectives and forecasts for Destination Westland for three years commencing from 1 July 2024.

Company Mission Statement

”Striking a balance between investing in capital to upkeep and improve our assets and producing long-term profitable operational results.”

Our Values

Safety: Health and Safety is everyone’s business, and everyone is expected to share in our commitment to avoid all accidents and incidents.

Trust: Acting with credibility, professionalism and integrity every day.

Accountability: Being responsible for our actions and behaving openly and straightforwardly.

Respect: Recognising each other’s differences. Being considerate to each other and our environment.

Teamwork: Our unifying Value: We are One Team working together in a positive spirit towards the same goal.

Our Goals and Objectives

Health, Safety & Risk Management

We will manage all our operations to achieve a zero-harm workplace.

We will:

- Embed a Civil Aviation Authority (CAA) compliant Safety Management System in both of our Aerodromes and flow that through to
- Promote health, safety, and wellness through regular discussions with our whole team and ensure it is central to all that we do.
- Identify critical risks and develop plans to reduce them.

Commercial

a. Develop new opportunities across the core strategic focus areas - Manage and Leverage Assets to Attract Investment
b. Provide quality, efficient and cost-effective management services on a commercially competitive basis.
c. Conduct business in a professional manner in accordance with the mandate and Company statement of Intent.
d. Consistent with achieving the objectives above, deliver both financial & nonfinancial returns to the Shareholder.

Growth Focus

e. Grow and diversify revenue streams from existing activities.
f. Seek out opportunities for new revenue streams.
g. Be enabling for partnership in new activities.
h. Enhance the value of the Shareholders' investment.

Governance

The Directors of Destination Westland are appointed to govern and direct the company's activities, and have the following roles:

1. Strategic vision and governance.
2. Develop strategy implementation plans with management, to ensure consistency with vision and governance objectives.
3. Financial planning and management to achieve strategic and governance objectives.
4. Company performance monitoring and review.
5. Manage relationships with Shareholders, stakeholders and external parties at a governance level.
6. Manage Company Risk and Compliance requirements

Directors are appointed by the shareholder, Westland District Council. The current Board of Directors is made up of:

- Chris Gourley (Chair)
- Marie-Louise Tacon
- Peter De Goldi

The Directors are appointed on rotation policy. The current director's rotation is per the below table:

Director	First Appointed	Current Term Ends	Eligible for Reappointment
Chris Gourley	2 June 2020	AGM November 2024	YES
Marie-Louise Tacon	1 November 2021	AGM November 2025	YES
Peter De Goldi	1 December 2022	AGM November 2026	YES

Board evaluation will be conducted annually and facilitated by the Chair. Directors will consider training requirements annually to ensure that professional standards are adhered to.

Activities of the Company

The Company and Group structures are outlined in Appendix B. The Company's Core Strategic Focus Areas as follows:

Managing core infrastructure

Developing and executing a long-term strategy to oversee and enhance the critical infrastructure of Westland, including the ***Airport, Heliport, and Property.***

Leveraging our assets

Generate operating profits that align with our primary focus areas: ***Airport - Heliport Property*** Achieve this by boosting aviation movements, enhancing land utilisation, and fostering business expansion linked to our assets.

Attracting investment

Collaborate with local and central government entities to establish robust investment streams that promote appropriate levels of capital and infrastructure expenditure. Engage with private investors aligned with our core focus areas: ***Airport -Heliport - Property***

Performance Targets

The Company will report annually to Shareholders on the following performance indicators:

Financial Performance Targets:

a. To show year on year revenue and net profit growth wherever possible
b. To provide acceptable levels of return on investment across all activities

Financial Performance Measures:

a. The ratio of net profit before taxation and revaluations (before extraordinary items) to average shareholder funds within a range of 1% and 6% for the year commencing 1 July 2024
b. The ratio of net profit before taxation and revaluations to average total assets (including any revaluation) of 1% for the year commencing 1 July 2024
c. The Net Debt/EBITDA Range within a range of 4x-5x for the year commencing 1 July 2024.
d. The FFO/Net Debt Range to be within a range of 12%-20% for the year commencing 1 July 2024.

Non-Financial Performance Measures:

	Performance Measure	Target
Aged Care Housing	Occupancy is maximised	No less than 90%
	Tenant Satisfaction	Satisfaction with the provision of the Company's aged care rental housing is greater than or equal to 95%
Leasehold Properties	Annual % of properties available	Annual percentage of leasehold properties available for lease to be equal or more than 80%
Communication		Maintain high level of communication with WDC
Health & Safety	Time Loss through injury	Time loss through injury to be Zero
Environmental	Environmental incidents	No notifiable environmental incidents on company managed or owned property
Aviation	Annual CAA Audit Findings	Nil Major Findings

Distribution Policy

Distributions will be paid, either by way of Dividends to Westland District Council or Subvention Payment to Westland District Council, as agreed with Westland District Council.

A subvention payment is defined as a payment based on a dollar for a dollar of tax loss.

The degree of profit retention/distribution will be agreed annually with Westland District Council, and included in the annual Statement of Intent, subject to the following criteria:

- The amount of any distribution considers Destination Westland Limited's ability to fund future capital expenditure requirements, to maintain and expand its operations, or to address matters related to the debt structure of the Company.
- Total liabilities not to exceed 30% of the total assets without the approval of Westland District Council.

Capital Expenditure

Capital expenditure will generally be related to the development of existing land and property but will also be considered from time to time in relation to strategic asset developments or acquisitions for the benefit of Westland District and the Company.

The approval of Westland District Council must be obtained for any significant purchases or asset developments, including the funding mechanism for any purchase or development in excess of $500,000. This figure is to be calculated based on the complete cost of a project, even if the expenditure is spread over more than one year and comprises multiple transactions.

Acquisition of Other Interests

The Company will not subscribe for, purchase, or otherwise acquire shares in any company or other organisation without first being authorised to do so by a special resolution of the Shareholder.

Sale and Disposal of Assets

The Company will not sell or dispose of any Company assets exceeding $100,000 in value without first being authorised to do so by a special resolution of its Shareholder.

Commercial Value of Shareholders Investment

The Directors estimate that the commercial value of the Shareholders' investment in Destination Westland Limited will be represented by the opening balance of Shareholders' Funds. The Directors will advise the Shareholders on an annual basis if they believe the value to differ materially from this amount.

The Directors may elect to revalue land improvements and investments on an annual basis in line with current Audit New Zealand policy.

Risk Management

The Company shall complete and document a risk management analysis together with strategies for mitigation of these risks.

The Company shall adopt and regularly review a Communications Policy. The current Communications Policy of the Company was adopted 12 June 2013 and was last reviewed September 2023.

The Company shall work with Westland District Council to agree on formal communication protocols to improve communication with Council's elected representatives, relevant staff and stakeholders as it relates to the activities of the Company.

A formal Fraud Policy will be documented, and all Directors and staff are to be aware of this policy. The current Fraud Policy was adopted 10 September 2013 and last reviewed February 2024.

Reporting to Shareholders

The following information will be available to shareholders based on an annual balance date of 30 June:

Draft Statement of Intent

On or before the 14th of February of each year, the Directors shall deliver to the Shareholders a Draft Statement of Intent, with tracked changes, in accordance with the requirements of Clause 9 Schedule 8 of the Local Government Act 2002.

Completed Statement of Intent

On or before the 15th of June each year, the Directors shall deliver to the Shareholders a Final Statement of Intent in accordance with Clause 9 Schedule 8 of the Local Government Act 2002.

Half Yearly Financial Report

On or before the 14th of February each year, the Directors shall deliver to the Shareholders an unaudited report containing the following information:

a) A Revenue Statement disclosing actual and budgeted revenue and expenditure and comparative figures for the same period in the previous year.
b) A Statement of Financial Position at the end of the half year i.e. 31 December.
c) A commentary on the results for the six months together with a report on the outlook for the second six months with reference to any significant factors that is likely to have an effect on the Company's performance. This commentary is to also include an estimate of the financial result for the year under review.
d) A copy of the Audit New Zealand management report for the previous year.
e) A non-financial performance report.

Quarterly Report

Between the annual report and half yearly reports Destination Westland will:

a) Deliver to WDC a quarterly copy of the management accounts.
b) Provide a commentary on the quarterly operations performance and future outlook of the individual entities and any special events likely to affect the performance of any entity.

Annual Report

By 30 September of each year, unless the shareholder advises otherwise, the Directors shall deliver to the Shareholders an annual report and audited financial statements in respect of the financial year ending on the preceding 30 June, containing the following information as a minimum:

a) A Directors' report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to dividend.
b) A revenue statement disclosing actual and budgeted revenue and expenditure, and comparative figures in second and subsequent annual reports.
c) A statement of financial position at the end of the year.
d) A statement of cash flows.
e) An auditor's report on the above statements and the measurement of performance in relation to objectives.
f) A non-financial performance report providing commentary on each of the Company's activities.

Annual Budget

An annual budget shall be provided in particular terms for the coming financial year and in general terms for the following two years, at such a time to enable it to be included within the Draft Annual Plan for the Westland District Council. This budget shall accompany the half yearly financial report.

Accounting Policies

The annual financial statements of Destination Westland Limited will be prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply the accounting policies recognised by the External Reporting Board ('XRB'), New Zealand generally accepted accounting policies to the extent that is practicable without disclosing commercially sensitive information that, in the view of the Directors, would be of value to competitors.

See Appendix A for the Accounting Policies listed in our most recent Annual Report

Commercial Value of Shareholders Investment

The commercial value of Westland District Council's investment in Destination Westland Limited is estimated at $4,400,000, and this value will be verified by way of external valuation.

Sale of Goods/Services to Local Authority

It is considered likely that Destination Westland Limited will carry out some activities for which the Board will seek compensation from the Westland District Council, or its subsidiaries. These charges could be related to the sale, rental or leasing of property owned or managed by the Company or by Council or any other services as required.

Any compensation received and details of the undertaking will be reported in the annual report of Westland District Council.

Any commercial activities carried out for and or by Destination Westland Limited in relation to Westland District Council, or its subsidiaries will be at market rates.

Financial Forecasts

	BUDGET 2024/25 $000	***FORECAST* 2025/26 $000**	**FORECAST 2026/27 $000**
Revenue			
Revenue from Exchange Transactions	2,430	2,570	2,900
Revenue from Non-Exchange Transactions	-	-	-
Total Revenue	2,430	2,570	2,900
Less Expenditure			
Operating Expenses	675	705	750
Depreciation & Impairment Losses	320	320	320
Interest Expense	175	170	165
Service Delivery Costs	700	725	800
Occupancy Costs	365	430	515
Total Expenses	2,235	2,350	2,550
Surplus/(Deficit) before Income Tax	195	220	350
Income Tax Expense	55	62	78
Surplus for the Period	**140**	**158**	**272**
Other Comprehensive Income	**-**	-	-
Total Comprehensive Income	**140**	**158**	**272**

NB: Forecast assumes that no further changes to operational activities.

Appendix A

Accounting Policy Details

REPORTING ENTITY

Destination Westland Limited is registered under the Companies Act 1993 and is domiciled in New Zealand. Destination Westland Limited is wholly owned by Westland District Council.

The company is a Council Controlled Organisation as defined in Section 6(1) of the Local Government Act 2002, with the company's ultimate parent being the Westland District Council. Destination Westland Limited is an Airport company pursuant to Section 3 of the Airport Authorities Act 1996.

The financial statements of the company have been prepared in accordance with the requirements of the Companies Act 1993 and the Local Government Act 2002.

From its inception, the Company was designated as a 'for-profit' entity for purposes of the New Zealand equivalents to International Financial Reporting Standards. In 2019 Destination Westland Limited reviewed its operations and objectives and with significant judgments made determined that the Company shall continue to be designated as a For-Profit entity. That designation was based on our judgments at that time that our primary objective is to generate a commercial rate of return, rather than to provide goods or services for community or social benefit. Generating a commercial rate of return is a key consideration when determining what goods or services we provide, and how those goods or services are provided.

In 2020, Destination Westland Limited reviewed its operations again and elected to report as Public Benefit Entity. This was based on the proportion of services for the community and social benefit and that we have not generated a commercial rate of return over the last couple of financial years.

This has been reviewed each year following and confirmed again for the year ending 30 June 2023.

ACCOUNTING POLICIES APPLIED

BASIS OF PREPARATION

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity Accounting Standards (PBE Standards) and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board. Destination Westland Limited complies with Parts 3 and 4 of the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999.

The company has elected to report in accordance with Tier 2 PBE Accounting Standards and has applied disclosure concessions. The company is eligible to report in accordance with Tier 2 PBE Accounting Standards as it is not publicly accountable and has expenses of less than $30 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Company will continue to operate in the foreseeable future. Covid-19 has continued to negatively impact some areas of the company's cash flows due to fewer visitor numbers.

The financial statements were approved by the board of directors on 29 September 2023.

Measurement Base

The financial statements have been prepared on a historical cost basis.

Functional and presentation currency

These financial statements are presented in New Zealand dollars ($), which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no material judgements or estimates applied in these Financial Statements.

Goods and Services Tax (GST)

The Company is registered for GST. All amounts in the financial statements are exclusive of goods and services tax (GST) with the exception of Debtors & other receivables and Creditors & other payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

CHANGES IN ACCOUNTING POLICIES

The only change to the Accounting polices for the year ended 30 June 2023, is that the company has decided to revalue all land and buildings in line with Westland District Council policy of revaluing every three years. All other accounting policies have been consistently applied throughout the period covered by these Financial Statements.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The following particular accounting policies which materially affect the measurement of financial results and financial position have been applied:

INVESTMENT PROPERTY

Properties leased to third parties under operating leases are classified as investment property.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

PROPERTY, PLANT & EQUIPMENT

Recognition and measurement

All items of property (except for Land Improvements and buildings and runaway roadway and lightning which are accounted for valuation) , plant and equipment is recorded at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

	2023	**2022**
Buildings	3-50years	3-50years
Land improvements	3-50years	3-50years
Plant & equipment	1.5-25years	1.5-25years
Runway	10-50years	10-50years

IMPAIRMENT

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

Impairment losses directly reduce the carrying amount of assets and are recognised in the profit or loss.

Impairment of Debtors & other receivables

The recoverable amount of the Company's investments in Debtors & other receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Debtors & other receivables with a short duration are not discounted.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

For Debtors & other receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

Inventories

Inventories include development properties that are being developed for sale. These properties are measured at the lower of cost and net realisable value and the cost includes development costs to date.

Non-financial assets

The carrying amounts of the Company's non-financial assets, being property plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

FINANCAL INSTRUMENTS

The Company categorises its financial assets as loans and Debtors & other receivables as being at amortised cost, and its financial liabilities as being at amortised cost (trade and other payables).

Financial Assets and Liabilities

Financial assets and liabilities are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The company's financial assets and liabilities comprise: Bank accounts and cash and Debtors & other receivables, Trade and other payables and Loans.

Financial assets and liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Bank accounts and cash

Bank accounts and cash comprise cash on hand, cheque or savings accounts and call deposits held with banks. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of Bank accounts and cash for the purpose of the statement of cash flows.

Debtors & other receivables

Debtors & other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Debtors & other receivables are classified as either relating to exchange transactions or non-exchange transactions.

Loans

Loans are classified as other non-derivative financial instruments and are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less impairment

LEASED ASSETS

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for investment property, the leased assets are not recognised on the Company's balance sheet. Investment property held under an operating lease is recognised on the Company's balance sheet at its fair value.

PROVISIONS

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

REVENUE

Revenue transactions are classified either as "exchange" transactions or "non-exchange" transactions:

Revenue from Exchange Transactions

Exchange transactions are transactions in which the Company received assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Revenue from exchange transactions are accounted for when it is probable that the economic benefits or service potential associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

The exchange revenue transactions for the Company are Lease Income, Services rendered (management fees, landing fees and marketing revenue) and Interest Income.

Lease income

Lease Income from property is recognised in the profit or loss on a straight-line basis over the term of the lease.

Services

Revenue from services is recognised either at a point in time or over time, when (or as) the company satisfies performance obligations by transferring the promised goods or services to its customer. If the company satisfies a performance obligation before it received the consideration, the company recognises a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Management Fees

Revenue is recognised over the time of the contract and is paid monthly.

Landing Fees

Revenue arises at the point of time when the associated aircraft takes off or lands.
Payment is due monthly (see note 4 for the payment terms)

Interest

Interest income is recorded as it is earned during the year.

Revenue from Non-Exchange Transactions

In a non-exchange transaction, the Company either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange. The Company's non-exchange revenue transactions this year include Covid19 Leave Payment Income. This revenue has conditions attached which specify that the future economic benefits or service potential is required to consumed as specified (used to retain and pay employees) or must be returned to the transferor.

LEASE PAYMENTS

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease.

INCOME TAX

Income tax expense includes components relating to both current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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 is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

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 not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Appendix B

GROUP STRUCTURE