ANNUAL REPORT

For the year ended

30 June 2022

This Annual Report covers the performance of Christchurch International Airport Limited (CIAL) from 1 July 2021 to 30 June 2022. This volume contains our audited financial statements and a summary of our performance targets information. Further overview information and a summary of other aspects of the 2022 financial year are contained in a separate volume, our Annual Review, which may be accessed at www.christchurchairport.co.nz

CHRISTCHURCH AIRPORT

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 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. As with safety and quality, governance includes a set of systems and processes, supported by people with the appropriate competencies and principles.

Governance by its very nature is on-going; it does not have a finite end. 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.

The Civil Aviation Bill was introduced into parliament in September 2021 and is currently awaiting its second reading in the House following the Select Committee review. This bill once passed, repeals and replaces 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; supervision of the management of the company and achievement of its business strategy, with the aim being 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;
- Supervise and monitor management performance in strategy implementation;
- Appointing the Chief Executive Officer (CEO), approving their contracted terms, monitoring their performance and, where necessary, terminating the CEO's employment;
- Approving and monitoring the company's financial statements 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 CEO against these;
- Ensuring that the company adheres to high ethical and corporate behaviour standards;
- Establishing procedures and systems to ensure the occupational health, safety and wellbeing of people working at, or visiting the, Christchurch Airport precinct;
- Promoting a collaborative, connected and engaged culture that values people, celebrates diversity and inclusiveness, supports people leading themselves and developing skills to lead others, whilst ensuring all are fairly rewarded
- Set 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.

The Board delegates day-to-day operations of the company to management under the control of the CEO. 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 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 in order 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 shall not exceed three years. Retiring directors may be reappointed by the relevant shareholder by way of notice prior to the Annual General Meeting.

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 programme 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 nine times during the financial year. In addition, several Board workshops were also held to consider discrete subject matters. The table on the following page 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, CEO 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;
- Reporting 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 programmes;
- Approves the annual and half-yearly financial statements, including the Annual Report and Annual Review to shareholders and public announcements;
- Considers and, if appropriate, declares or recommends the payment of dividends;
- Reviews directors’ remuneration following approval from shareholders;
- Reviews the CEO’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 annually 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			**9**	**5**	**5**	**5**	**3**
C. Drayton	Sep 09	Oct 23	9	4	5	5	3
C. Paulsen	Oct 10	Oct 22 *	9	-	5	-	3
S. Ottrey	Mar 19	Oct 24	9	-	2*	5	3
K. Mitchell	Oct 17	Oct 23	9	5	-	-	3
P. Reid	May 18	Apr 24	8	1*	4	5	3
A. Barlass *	15 Sep 21	Sep 24	7	4	-	4	2

Note: all committees require a Crown appointed director

* The majority shareholder has resolved to support reappointment of Chris Paulsen for a further two-year term at the 2022 Annual General Meeting
* Paul Reid replaced from Risk, Audit and Finance Committee by A Barlass from 15 Sep 21
* Andrew Barlass appointed 15 Sep 21 – member of Risk, Audit and Finance, Property and Commercial and Aeronautical Committees
* Sarah Ottrey became Chair of People, Culture and Safety Committee from 1 Apr 22, replacing Catherine Drayton who remains ex-Officio

COMMUNICATION WITH SHAREHOLDERS

CIAL is committed to keeping its shareholders informed and places a high degree of importance on open communication and transparent reporting.

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 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 our listed debt), may preclude certain information from being made public. Within this constraint, information is communicated to the shareholders through quarterly communication and periodic briefings 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, our risk profile is determined by ensuring our vital role is performed in line with national interests and expectations. Providing safe, reliable and available travel 24/7 remained critical over the last 12 months, as the pandemic continued to have an impact.

CIAL has a comprehensive enterprise risk management framework to identify, mitigate and manage all business risks on 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 sustainability risks, including climate, wider environmental 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.

A comprehensive register of action items arising from Business Assurance reviews is maintained; which includes a description of the action item, records target completion dates, and responsibility for completion. Progress of high and medium-rated action items is reviewed by the Executive Leadership Team and ultimately the Risk, Audit and Finance Committee.

Chief Executive Officer and Chief Financial Officer Assurance

The CEO 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 2022.

Insurance and Indemnities

CIAL has a comprehensive insurance programme 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 2022 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 2022 is $95,000 (2021 $75,000).

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 particular 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, 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.

THE BOARD'S RELATIONSHIP WITH MANAGEMENT

Position of Chief Executive Officer

The CEO 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 CEO so that the authority and accountability of management is considered to be the authority and accountability of the CEO so far as the Board is concerned.

The Board and CEO 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 CEO'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 CEO. They are kept informed by the CEO on all important matters and is available to the CEO to provide counsel and advice where appropriate. The Chair however does not use this link to personally manage the CEO 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 CEO. Decisions or instructions of individual directors, officers or committees cannot be given to the CEO and are not binding in any event except in those instances where specific authorisation is given by the Board.

The Board instructs the CEO through written policies that prescribe the shareholder benefit to be achieved (company goals) and the organisational circumstances to be avoided, allowing the CEO 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 CEO 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 Risk, Audit & Finance Committee is responsible for financial risk management oversight. Its role is to act as an advisor to the Board to assist the Board of Directors to 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;
- Reporting of financial information, regulatory disclosures, other non-financial performance information and 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 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;
- Review and approve the annual business assurance plan, and regularly monitor business assurance findings;
- 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 upcoming 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 2022 were Kathryn Mitchell (Chair), Catherine Drayton and Andrew Barlass.

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 the relationship of company values to the People and Protection strategies and ensure that they are designed to support and deliver the Company's overall strategy and business plans. The responsibilities of the Committee are:

- 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;
- 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;
- Provide oversight and review annually the People and Culture strategy, policies and implementation plan with a focus on embracing Diversity and Inclusion in all its forms and building cultural competence through active engagement with iwi in various ways across multiple areas of our activities;
- To oversee CIAL's recruitment, retention and development of our key talent;
- Oversee termination policies and procedures for senior leadership, and the succession planning for senior leadership and the CEO;
- 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 CEO, the engagement agreement and benefit structure for the CEO and Executive Leadership Team and recommend to the Board senior executive incentive remuneration plans, other employee benefits, and key performance objectives.

Diversity & Inclusion

CIAL has an important role in society, is focused on being a fair organisation, and has the responsibility to embrace and reflect diversity and inclusion in all its forms. Diversity & Inclusion has many dimensions, and for CIAL it is important that diversity is embraced. The highest-level aspiration is on having diversity of thought and an organisation that has the capability and understanding to embrace diversity and be inclusive.

Using information obtained from a diversity audit undertaken in FY22, the company is actively working with its employees on developing the culture and processes to create an organisation where diversity and inclusion are self-explanatory, that is a representation of society and attractive to work for, where everyone feels at home and works together in diverse and inclusive ways. Key focus for the next financial year will be the establishment of a Diversity & Inclusion framework, policy, targets and related reporting.

The members of the People, Culture and Safety Committee as at 30 June 2022 were Sarah Ottrey (Chair), Catherine Drayton, 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;
- Review and recommend to the Board approval of significant property and commercial investment and development proposals;
- 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;
- Review and negotiation of commercial arrangements with terminal and property tenants;
- Ongoing review of overall 'Park to Plane' strategy across our customers' journey including identification and understanding of exponential technologies and how digital change will disrupt and shape CIAL's business in the future.

The members of the Property and Commercial Committee as at 30 June 2022 were Paul Reid (Chair), Sarah Ottrey, Andrew Barlass and Catherine Drayton.

Aeronautical Committee

The Aeronautical Committee's role is in 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;
- 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 bench-marking 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 resurgence of growth of the South Island tourism sector, in conjunction with regional tourism organisations and other industry stakeholders.

All Directors were members of the Aeronautical Committee as at 30 June 2022.

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 2022 was:

NAME	REMUNERATION
C Drayton	$98,500
K Mitchell	$55,755
S Ottrey	$50,000
C Paulsen	$55,755
P Reid	$55,755
A Barlass	$39,452
Total Fees	**$355,217**

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 People, Culture and Safety Committee reviews the CEO'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.

Current Context

CIAL, like all successful companies, recognises that to create real shareholder value you need both capital and talent. It is well documented that one of the greatest post pandemic risks for businesses, particularly for industries that have been most impacted by Covid-19 like aviation, is the retention and attraction of key capability and talent.

Consequently, the Board's current primary focus is on retaining our talent and attracting new talent through the current labour market skills shortage and high inflationary wage environment. This will put CIAL in the best position to create value as passenger numbers re-build over the next period.

REMUNERATION RANGES $'000	NUMBER OF CURRENT AND FORMER EMPLOYEES	
	2022	2021
$100 - $110	30	23
$110 - $120	24	14
$120 - $130	6	5
$130 - $140	5	10
$140 - $150	6	4
$150 - $160	5	3
$160 - $170	3	6
$170 - $180	3	3
$180 - $190	4	1
$190 - $200	2	5
$200 - $210	1	2
$210 - $220	1	-
$220 - $230	3	-
$240 - $250	2	1

$250 - $260	1	1
$300 - $310	1	-
$310 - $320	-	1
$320 - $330	-	1
$330 - $340	3	-
$380 - $390	1	-
$390 - $400	-	1
$460 - $470	1	-
$470 - $480	-	1
$910 - $920	-	1*
$980 - $990	1*	-

* This is the remuneration to the CEO.

Chief Executive Remuneration

For FY22, the Chief Executive's remuneration consisted of:

- a base salary of $754,000* and Kiwisaver contributions of $28,620;
- variable salary of $200,000 (20% of total remuneration).

This combined for total FY22 remuneration of $982,620.

*Note: The adjusted level of fixed remuneration will apply to the 3 financial years of FY22/23/24.

In FY21, the Chief Executive's total remuneration was $918,140, comprising a base salary of $691,400, Kiwisaver contributions of $26,740 and variable remuneration totalling $200,000.

SUSTAINABILITY

The Chair and CEO of CIAL are primarily responsible for CIAL's approach to sustainability. The Board defines the sustainability vision and policy. The GM – Planning & Sustainability is part of CIAL's executive leadership team reporting directly to the CEO 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 remuneration policy for the CEO.

At the heart of our sustainability approach is a dedication to kaitiakitanga, both from an environment and inter-generational well-being approach. As such we challenge ourselves to learn and adopt best practices, understanding this will be an ongoing journey, which will always involve areas to improve. This includes benchmarking ourselves against world leading industry peers, and where frameworks don't yet exit, helping shape them to the greatest level of ambition.

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.

Our commitment to climate action and accelerating 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 impacting our Scope 2 and 3, exploring merging technology for the remaining Scope 1 challenges, and building climate resilience into our operational processes.

CIAL also has a growing interest in understanding our ability to positively impact biodiversity. 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 Related Disclosures

Climate Related Disclosures ('CRDs') are new reporting requirements for large and listed companies across New Zealand. Essentially it is all about how companies need to identify how climate change will affect their business, and how they plan to adapt to those risks. The objectives of CRDs is to quantify the financial exposure that natural capital loss presents to organisations.

CIAL will fall within the scope of the Government's proposed climate related financial disclosure reporting regime, and although mandatory reporting will not come into effect until years beginning in 2023, we are eager to begin the process with transparency.

The government has tasked the External Reporting Board ('XRB'), which typically designs financial. reporting standards, to develop climate disclosure standards based on global best practice. Our reporting has been evolving with the development of standards, and our first update and approach was included in the CIAL 2021 Annual Review (pages 48-51).

We are now ready for the deep dive into the details to make sure our practices continue to advance our leadership in sustainability and meet the criteria set out by the XRB and the Climate Related Disclosures Bill. Over the next 12 months, CIAL will undertake:

- identification of key climate related risks and opportunities – across both physical and transitional risks
- mitigation strategy and adaptation options
- analysis of climate scenarios, orderly and disorderly transitional risk scenarios and prioritisation of risk
- development, communication and disclosure of climate related risks and opportunities

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

CIAL's sustainability initiatives and progress against targets, are reported each year in our Sustainability Report as a part of the Annual Review document. In FY22, CIAL will further develop our commentary in relation to climate risk related disclosures and our journey towards the proposed introduction of mandatory disclosures from FY23 based on final XRB standards once approved.

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 2022, 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 17-70, and the performance information of the group set out on pages 71 to 77, of Christchurch International Airport Limited for the year ended 30 June 2022.

The Board of Directors of Christchurch International Airport Limited authorise these financial statements for issue on 29 August 2022.

For and on behalf of the Board

Catherine Drayton	**Kathryn Mitchell**
CHAIR	**DIRECTOR**

Statement of financial performance

For the year ended 30 June 2022

	Note	**2022**	**2021**
		$000	**$000**
INCOME			
Operating revenue	2	138,807	141,625
Fair value gain on investment properties	13	48,387	47,828
Interest income		60	96
Total income		187,254	189,549
EXPENSES			
Operating costs	2	69,144	65,882
Financing and interest costs	2	24,776	23,517
Depreciation, amortisation and impairment	2	35,849	46,282
Total expenses		129,769	135,681
Surplus before tax		57,485	53,868
Total taxation expense	3b	(2,043)	15,210
Surplus after income tax		59,528	38,658

The accompanying notes and policies form part of these financial statements

Statement of comprehensive income

For the year ended 30 June 2022

	Note	2022	2021
		$000	**$000**
Surplus after income tax		59,528	38,658
Other comprehensive income			
Items that will not be reclassified to the statement of financial performance			
Fair value gain on revaluation of assets	7a	113,329	80,637
Impairment to asset revaluation reserve	7a	-	375
Deferred tax on revaluation of assets	4	(10,231)	(19,554)
		103,098	61,458
Items that may be reclassified subsequently to the statement of financial performance			
Cash flow hedges:			
Fair value (losses) recognised in the cash flow hedge reserve	7a	34,507	13,248
Realised losses transferred to the statement of financial performance	7a	6,658	6,404
Deferred tax on revaluation on cash flow hedges	4	(11,526)	(5,503)
		29,639	14,149
Other comprehensive income for year, net of tax		132,737	75,607
Total comprehensive income for year		192,265	114,265

The income tax relating to each component of other comprehensive income is disclosed in note 7.

The accompanying notes and policies form part of these financial statements

Statement of changes in equity

For the year ended 30 June 2022

	Note	**Share Capital**	**Reserves**	**Retained Earnings**	**Total Equity**
		$000	**$000**	**$000**	**$000**
Balance at 1 July 2020		57,600	639,683	389,038	1,086,321
Surplus after income tax		-	-	38,658	38,658
Other comprehensive income for the year		-	75,607	-	75,607
Balance at 30 June 2021		**57,600**	**715,290**	**427,696**	**1,200,586**
Surplus after income tax		-	-	59,528	59,528
Other comprehensive income for the year		-	132,737	-	132,737
Dividends paid to shareholders	6	**-**	**-**	(6,750)	(6,750)
Balance at 30 June 2022		**57,600**	**848,027**	**480,474**	**1,386,101**

The accompanying notes and policies form part of these financial statements

Statement of financial position

As at 30 June 2022

	Note	2022 $000	2021 $000
EQUITY			
Share capital		57,600	57,600
Reserves	7a	848,027	715,290
Retained earnings	7b	480,474	427,696
Total equity		1,386,101	1,200,586
NON-CURRENT LIABILITIES			
Term borrowings	8	446,918	350,352
Derivative financial instruments	9	2,805	25,890
Deferred taxation	4	167,995	149,877
Trade and other payables	10	480	581
Total non-current liabilities		618,198	526,700
CURRENT LIABILITIES			
Trade and other payables	10	18,697	21,927
Current portion of borrowings	8	124,000	238,991
Taxation payable	3c	852	(744)
Derivative financial instruments	9	543	1,780
Total current liabilities		144,092	261,954
Total liabilities		762,290	788,654
Total equity and liabilities		2,148,391	1,989,240
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,392,985	1,307,628
Investment properties	13	714,192	647,840
Intangible assets	12	1,314	2,184
Trade and other receivables	14	4,873	5,491
Derivative financial instruments	9	15,230	5,613
Total non-current assets		2,128,594	1,968,756
CURRENT ASSETS			
Cash and cash equivalents		4,388	4,112
Trade and other receivables	14	14,849	15,863
Inventories		560	509
Total current assets		19,797	20,484
Total assets		2,148,391	1,989,240

The accompanying notes and policies form part of these financial statements

Statement of cash flows

For the year ended 30 June 2022

	Note	2022 $000	2021 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		140,135	138,583
Interest received		60	96
Net goods and services tax received		-	259
		140,195	138,938
Cash was applied to:			
Payments to suppliers and employees		(68,334)	(69,457)
Financing and interest costs		(24,478)	(23,461)
Net income tax paid		-	(9,600)
Net goods and services tax paid		(1,000)	-
		(93,813)	(102,518)
Net cash flows from operating activities	15	46,382	36,420
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		7	636
Cash was applied to:			
Purchase of property, plant and equipment		(8,105)	(9,753)
Purchase of investment properties		(20,212)	(31,245)
Purchase of intangible assets		(46)	(110)
		(28,363)	(41,108)
Net cash flows from investing activities		(28,356)	(40,472)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Borrowings		104,000	4,000
Cash was applied to:			
Dividends paid	6	(6,750)	-
Borrowings		(115,000)	-
		(121,750)	-
Net cash flows from financing activities		(17,750)	4,000
Net increase / (decrease) in cash held		276	(52)
Add cash and cash equivalents at beginning of the year		4,112	4,164
Cash and cash equivalents at the end of the year		4,388	4,112

The accompanying notes and policies form part of these financial statements

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 29 August 2022.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

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.

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 (17 June 2022).

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.

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 accounting policy (m). 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 accounting policy (m) and note 13 to 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 accounting policy (l) and note 11 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.

Current Environment

With the extended spring Auckland lockdown, followed by the summer/autumn traffic light red for Omicron, FY22 ultimately proved to be the most impacted year of the pandemic for New Zealand aviation but also the point at which the population moved toward a living with Covid mindset and managing its presence in different ways to the previous two years.

Whilst domestic travel volumes have once again rebounded quickly and as borders in New Zealand and around the world have re-opened, a couple of things have become apparent. Aviation was experiencing a full restart with people globally moving quickly back to travel to reconnect with friends, family, businesses and places. This has caused demand to run ahead of supply and a global aviation system that has been stressed, especially at the big global airport hubs. It is going to take some time over FY23, and possibly into FY24, for the global system to scale back up and stabilise to pre-Covid type volumes.

The second factor to emerge as borders opened, which has been present for a while but has dialled up during 2022, is the global supply shock being felt in supply chains around the world which is creating high inflation and rising interest rate environments in New Zealand and globally. In the short term, these two factors will be shaping forces over FY23 and FY24 and will influence on CIAL's outcomes as we restart things across our business.

Longer term CIAL sees three macro trends that will shape the environment over the next decade – namely Climate Change, Digital Transition and the Future of Work. These trends will likely create disruption in many sectors, presenting as many opportunities as risks.

With regards to these financial statements, the current environment and future macro trends are likely to impact certain areas of financial reporting which require the company to make estimates and judgements. These areas are outlined below, with detailed commentary in respect to current estimate and judgments included within the relevant notes to the financial statements.

Accounting Estimate / Judgement	***Note to the Financial Statements***
Carrying Value of Property, Plant & Equipment, Useful Lives and Impairment Assessments	See Note 11.
Fair Value of Investment Property	See Note 13.
Financing Arrangements & Liquidity Risk Management	See Note 8 and Note 22.

CIAL uses underlying forecast cash flows in some of its asset valuation and impairment models based on forecasts of passenger and visitor recovery trajectories using information available at the time of preparing these financial statements.

The short and longer-term factors noted above will influence CIAL's outcomes and we have factored these into all our forecasts based on the current facts to hand. As with all reasonable assumptions made at a point in time it is likely that the actual outcome may differ over time. Further disclosure around asset valuation approaches and impairment models is shown in Notes 11 and 13.

New and amended standards adopted by the company

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 2022 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 2023. The company will first apply the amendments to its 30 June 2024 financial statements

Other new accounting standards and amendments have been issued that are not mandatory for the 30 June 2022 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.

b) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Financial Performance, except when deferred in equity as qualifying cash flow hedges.

c) 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 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. 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.

iii. Government Grants

Government grant revenue is recognised within the Statement of Financial Performance as income, within *Other Revenue*. The revenue is recognised on a systematic basis over the periods in which the related expenditure is incurred.

d) Income tax

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.

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.

e) Goods and Services Tax (GST)

The Statement of Financial Performance and the Statement of Cash Flows have been prepared so that all components are stated exclusive of GST.

All items in the Statement of Financial Position are stated exclusive of GST, with the exception of receivables and payables, which include GST invoiced. Commitments and contingencies are stated exclusive of GST.

f) 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.

g) Cash and cash equivalents

Cash and cash equivalents includes 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.

h) Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and 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 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. The amount of the provision is recognised in Note 14.

Debts which are known to be uncollectible are written off.

i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes cost of materials. Net realisable value is the estimated selling price in the ordinary course of business. Any write-down is recognised in the Statement of Financial Performance.

j) 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.

k) 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 22.

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.

l) 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	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
• Car park assets (excluding land)	7 to 50
• Infrastructure	15 to 100

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.

m) 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.

n) 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.

o) Trade and other payables

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.

p) Borrowings

Borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. Borrowings (other than those subject to a fair value hedge relationship – see accounting policy j(i)) 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.

q) Share capital

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.

r) 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.

s) 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.

t) Dividends

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.

u) 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 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.

Company as a lessee

At the inception of a contract, the company assesses whether a contract is or contains a lease. If a lease exists, a right-of-use asset is recognised and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Lease payments related to short term and low value asset leases are recognised as an operating expense on a straight-line basis over the length of the lease term or on a systematic basis.

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 accounting policy (h).

v) Financial instruments

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 contractural 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 only has financial assets 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.

w) 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.

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

For the year ended 30 June 2022

1. 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 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.

Major customers

The company has a number of customers that it provides services to. The most significant customer in the current year accounted for 29% (2021: 31%) 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**
As at 30 June 2022	$000	$000	$000	$000
SEGMENT INCOME				
Revenue from contracts with customers				
Landing and Terminal Charges	22,753	20,929	-	43,682
Ground Transport and other trading activities	7	11,212	17,492	28,711
Total Revenue from contracts with customers	**22,760**	**32,121**	**17,492**	**72,393**
Other Income				
Rent and Lease Income	-	13,751	42,022	55,773
Gain on disposal of assets	-	-	-	-
Other Revenue	223	2,177	8,241	10,641
Fair Value gain on investment properties	-	-	48,387	48,387
Interest	6	34	20	60
Total Other Income	**229**	**15,962**	**98,670**	**114,861**
Total segment income	**22,989**	**48,103**	**116,162**	**187,254***
SEGMENT EXPENSES				
Staff	9,015	10,589	4,832	24,436
Asset management, maintenance and airport ops	1,300	9,425	3,233	13,958
Rates and Insurance	1,401	4,950	7,775	14,126
Marketing and Promotions	68	779	373	1,220
Professional fees and levies	839	1,724	1,533	4,096
Commercial entity running costs	-	-	6,080	6,080
Other	982	3,180	1,066	5,228
Financing and Interest Costs	3,280	11,336	10,160	24,776
Depreciation, Amortisation and Impairment	8,080	25,108	2,661**	35,849
Total segment expenses	**24,965**	**67,091**	**37,713**	**129,769***
Segment Net Profit before Tax	**(1,976)**	**(18,988)**	**78,449**	**57,485***

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

** included within this balance is a $4,348,000 impairment reversal of the hotel asset (note 11)

Operating Segments	**Planes**	**Passengers**	**Property**	**Total**
As at 30 June 2021	$000	$000	$000	$000
SEGMENT INCOME				
Revenue from contracts with customers				
Landing and Terminal Charges	24,202	23,253	-	47,455
Ground Transport and other trading activities	7	12,072	18,243	30,322
Total Revenue from contracts with customers	**24,209**	**35,325**	**18,243**	**77,777**
Other Income				
Rent and Lease Income	-	14,164	37,992	52,156
Gain on disposal of assets	1	18	9	28
Other Revenue	419	3,226	8,019	11,664
Fair Value gain on investment properties	-	-	47,828	47,828
Interest	12	64	20	96
Total Other Income	**432**	**17,472**	**93,868**	**111,772**
Total segment income	**24,641**	**52,797**	**112,111**	**189,549***
SEGMENT EXPENSES				
Staff	8,108	9,543	5,172	22,823
Asset management, maintenance and airport ops	1,278	8,881	2,943	13,102
Rates and Insurance	1,462	5,030	6,739	13,231
Marketing and Promotions	141	806	508	1,455
Professional fees and levies	575	1,417	1,277	3,269
Commercial entity running costs	-	-	7,308	7,308
Other	708	2,549	1,437	4,694
Financing and Interest Costs	3,104	10,707	9,706	23,517
Depreciation, Amortisation and Impairment	10,250	26,953	9,079**	46,282
Total segment expenses	**25,626**	**65,886**	**44,169**	**135,681***
Segment Net Profit before Tax	**(985)**	**(13,089)**	**67,942**	**53,868***

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

** included within this balance is a $4,348,000 impairment of the hotel asset (note 11)

2. Operating Revenue and Expenses

Operating Revenue	2022 $000	2021 $000
Revenue from contracts with customers		
Landing and Terminal charges	43,682	47,455
Ground transport and other trading activities	28,711	30,322
	72,393	77,777
Other Income		
Rent and Lease income	55,773*	52,156*
Gain on disposal of assets	-	28
Other revenue	10,641	11,664**
	66,414	63,848
Total operating revenue	**138,807**	**141,625**

* included within this balance is variable lease payments of $4,752,000 and $2,297,000 for the 2022 and 2021 years respectively.

** balance includes Government COVID 19 wage subsidy of $981,000. All conditions attached to these grants have been fulfilled at each balance sheet date.

Expenses

Operating costs		
Staff	24,436	22,823
Asset Management, maintenance and airport ops	13,958	13,102
Rates and insurance	14,126	13,231
Marketing and promotions	1,220	1,455
Professional services and levies	4,096	3,269
Commercial entity running costs	6,080	7,308
Other	5,228	4,694
	69,144	65,882

Other includes:		
Expected credit losses – change in provision	57	(19)

Professional services and levies include:		
Audit of financial statements	125	123
Additional audit fee recovery related to prior year	23	50
Fees Paid to the Auditor for Other Assurance services:		
- Audit of disclosure regulations	45	45
- Review of compliance with bond conditions	4	4

Staff costs comprise:	**2022**	**2021**
	$000	**$000**
Wages and Salaries	22,403	20,845
Payroll related expenses	1,661	1,618
Contributions to defined contribution schemes	17	12
Directors' fees	355	348
	24,436	**22,823**

Financing and interest costs		
Interest costs	24,725	23,530
Fair value hedge ineffectiveness	51	(13)
Total finance costs	**24,776**	**23,517**

Depreciation, amortisation and impairment		
Depreciation (note 11)	39,149	40,755
Amortisation of intangibles (note 12)	1,048	1,179
Impairment (Reversal) of Property, plant and equipment (note 11)	(4,348)	4,348
Total Depreciation, amortisation and impairment	**35,849**	**46,282**

3. Income tax

a) Income tax expense

Operating surplus before income tax	57,485	53,868
Prima facie taxation at 28%	16,096	15,083
Plus/(less) taxation effect of:		
Revenue not assessable for tax purposes	(20,450)	(511)
Expenses not deductible for tax purposes	856	1,872
Reinstatement of depreciation on buildings	-	-
Income tax attributable to operating surplus	(3,498)	16,444
Under provision in prior years	(124)	(40)
Deferred tax adjustment from prior periods	1,579	-
Investment property land value adjustments (Note 23)	-	(1,194)
Total taxation expense	(2,043)	15,210

b) Components of tax expense

	2022	2021
	$000	$000
Current tax expense	1,720	4,203
Adjustments to current tax of prior years	(124)	(40)
Deferred tax expense – current year	(3,639)	11,047
Total tax expense	(2,043) *	15,210

* the total tax expense for FY22 is a credit leading to an effective tax rate of -3.6% (PY: 28.2%). The FY22 tax expense is influenced by the significant amount of the fair value gain on investment properties this year which has been apportioned to land, with land value changes not incurring a deferred tax charge.

c) Taxation payable

Balance at beginning of the year	(744)	4,693
Prior year adjustment	(124)	(40)
	(868)	4,653
Current tax expense	1,720	4,203
	852	8,856
Payments to:		
Inland Revenue Department	-	(9,600)
Taxation payable	852	(744)

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. No subvention payment was made in 2022 (2021: nil). These payments are treated as if they were payments of income tax and are reflected as part of the taxation payable amount.

4. Deferred taxation

2022	Opening Balance	Charged to Income	Charged to Equity	Closing Balance
	$000	$000	$000	$000
Property, plant & equipment	110,856	(553)	10,231	120,534
Intangible assets	266	(7)	-	259
Investment properties	47,072	(2,643)	-	44,429
Provisions and payments	(698)	(436)	-	(1,134)
Derivatives	(7,619)		11,526	3.907
	149,877	(3,639)	21,757	167,995

2021	Opening Balance	Charged to Income	Charged to Equity	Closing Balance
	$000	$000	$000	$000
Property, plant & equipment	95,525	(4,223)	19,554	110,856
Intangible assets	209	57	-	266
Investment properties	31,991	15,081	-	47,072
Provisions and payments	(831)	133	-	(698)
Derivatives	(13,122)		5,503	(7,619)
	113,772	11,048	25,057	149,877

5. Imputation credit memorandum account		2022	2021
		$000	$000
Balance available for use in subsequent reporting periods		-	127

Imputation credits are not earned on subvention payments made to other members of the CCC tax group.

6. Dividends	Note		
2021 Final dividend paid ($0.12 per share)	7b	6,750	-

Following the completion of the FY21 Annual Financial Statements, the Board approved and signalled its intention to pay a dividend for FY21 in line with the current dividend pay-out policy. However, at the time of approving the FY21 dividend (August 2021), Auckland had just gone into lockdown and there remained ongoing uncertainty around the impact of the pandemic through FY22. Consequently, the timing of the payment of the FY21 dividend was deferred into FY22.

Given the strong balance sheet position of CIAL and positive cash flow outcomes during FY22, the Board approved the payment of the FY21 final dividend in May 2022.

7. Reserves and retained earnings

a) Reserves	2022	2021
	$000	$000
Balances		
Cash flow hedges reserve	10,049	(19,590)
Asset revaluation reserve	837,978	734,880
Balance at end of the year	848,027	715,290
Cash flow hedges reserve		
Movements:		
Balance at the beginning of the year	(19,590)	(33,739)
Revaluation to fair value	34,507	13,248
Transfer to statement of financial performance	6,658	6,404
Deferred tax on revaluation	(11,526)	(5,503)
Balance at the end of the year	10,049	(19,590)

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 CIAL. Amounts transferred to the statement of financial performance are included in financing and interest costs.

Asset revaluation reserve	**2022**	**2021**
	$000	**$000**
Balance at beginning of the year	734,880	673,422
Revaluation of assets	103,098*	61,083*
Transfer to retained earnings	-	-
Impairment to revaluation reserve	-	375
Balance at end of the year	837,978	734,880
Comprising:		
Revaluation on:		
Land	404,412	321,111
Terminal facilities	145,621	145,621
Buildings	15,235	14,838
Sealed surfaces	91,422	71,930
Infrastructure assets	48,065	38,241
Car parking	133,223	143,139
Balance at the end of the year	837,978*	734,880*

The asset revaluation reserve records movements in the fair value of property, plant and equipment.

* balances are net of deferred tax except for land as there is no deferred tax calculated on the land revaluation.

b) Retained earnings

		2022	**2021**
		$000	**$000**
Balance at the beginning of the year	Note	427,696	389,038
Net surplus for the year		59,528	38,658
Transfer from asset revaluation reserve	7a	-	-
Dividends paid	6	6,750	-
Balance at end of the year		480,474	427,696

8. Borrowings

As at 30 June 2022 the Company has a committed bank funding facility for an aggregate $450,000,000 (2021: $525,000,000) with six banks (2021: six banks). In addition, the Company has an overdraft facility of $1,000,000 (2021: $1,000,000).

During the year the company extended the maturity of two existing facilities, of which one was converted into CIAL's first Sustainability Linked Loan (SLL). The SLL links loan pricing to CIAL's performance against pre-determined sustainability targets. CIAL's sustainability performance is then assessed annually against these targets and if performance meets a pre-determined discount threshold (ambitious, science-based targets), then a reduction in the loan interest would be triggered. Conversely, if CIAL's sustainability performance deteriorates below an agreed penalty threshold (unsatisfactory sustainability performance), the loan interest increases.

CIAL has chosen three timebound targets which are aligned with our existing sustainability strategy covering reductions in Greenhouse Gas Emissions, Renewable Energy Generation and Energy Efficiency.

Total bond funding is $250,000,000 (2021: $200,000,000). A $50,000,000 fixed rate bond matured in October 2021 and a $100,000,000 fixed rate bond was issued in May 2022, maturing in May 2028. The funds raised from the bond issues were used to refinance in part the company's maturing debt facilities. A $100,000,000 bond maturing in May 2024 (2021: $100,000,000) is held at amortised cost, adjusted by the fair value of the designated hedge risk. Additionally, the Company has a $50,000,000 bond, maturing in April 2027.

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 0.9% to 6.3% (2021: 0.9% to 6.3%). 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 obtained waivers of its financial covenants from both bank lenders and the bond supervisor in August 2020. The waivers granted took the following form:

- waive compliance with the interest cover ratio for the Financial Periods ending 31 December 2020 and 30 June 2021 (which would otherwise be required to be at least 1.75:1); and
- waive compliance with the interest cover ratio for the Financial Period ending 31 December 2021, provided that the interest cover ratio for that Financial Period must be no less than 1.50:1.

CIAL was in compliance with all of its financial covenants during the current and prior years. The waivers have now expired.

CIAL has several bank facilities maturing over the next financial year. The Board has an approved refinancing strategy in place, with refinancing through the extension of existing bank facilities and the investigation of a private placement the next stages of the strategy execution. Subsequent to year end, a maturing $40,000,000 facility (undrawn) was replaced by a new four-year facility, which also provided an additional $25,000,000 in available funding. The company is confident that 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

Maturing in Financial Year	2022 $000 Actual drawn down	2022 $000 Facility available	2021 $000 Actual drawn down	2021 $000 Facility available
2022	-	-	238,991**	295,000
2023	124,000	235,000	163,000	235,000
2024	101,918***	120,000	137,352***	145,000
2025	170,000	170,000	-	-
2026	25,000	25,000	-	-
2027	50,000	50,000	50,000	50,000
2028	100,000	100,000	-	-
	570,918	700,000	589,343	725,000
Current	124,000	235,000	238,991	295,000
Non-Current	446,918	465,000	350,352	430,000
	570,918	700,000	589,343	725,000

** This balance includes $9,000 (2020: $44,000) of capitalised borrowing costs associated with the issue of the $50 million bond in October 2013.

*** 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 is included within the reconciliation table below and matures in May 2024.

	2022 $000	2021 $000
Bond principal	100,000	100,000
Cumulative fair value hedge adjustment	(2,082)	5,352
Bond fair value	97,918	105,352

Fair value hedge

At 30 June 2022, the Company had one interest rate swap agreement in place with a notional amount of $100,000,000 (2021: $100,000,000) whereby the Company receives a fixed rate of interest of 4.13% (2021: 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 4.13% $100,000,000 bond (2021: 4.13% $100,000,000).

The decrease in fair value of the interest rate swaps of $7,434,000 (2021: decrease $4,697,000) has been recognised in finance costs and offset with an increase of $7,485,000 (2021: increase of $4,684,000) on the bank borrowings. The ineffectiveness recognised in 2022 was $51,000 (2021: $13,000).

	Fair Value		Notional Principal	
	2022	**2021**	**2022**	**2021**
	$000	**$000**	**$000**	**$000**
9. Derivative financial instruments				
Non-current Assets				
Interest rate swaps – fair value hedges	-	5,613	-	100,000
Interest rate swaps – cash flow hedges	15,230	-	286,000	-
Current liabilities				
Interest rate swaps – cash flow hedges	543	1,780	15,000	45,000
Non-current liabilities				
Interest rate swaps – fair value hedges	2,079	-	100,000	-
Interest rate swaps – cash flow hedges	726	25,890	62,000	303,000

10. Trade and other payables	**2022**	**2021**
Trade and other payables less than one year	**$000**	**$000**
Trade payables	3,436	3,295
Employee entitlements and provisions	3,214	3,108
Goods and Services Tax	1,091	2,265*
Rental revenue in advance	2,310	2,458
Accrued interest	2,830	2,333
Accrued capital items	1,387	3,834
Accrued expenses	4,429	4,634
	18,697	21,927
Trade and other payables greater than one year		
Rental revenue in advance	480	581
Total trade and other payables	19,177	22,508

* increased balance due to the company utilising the IRD’s COVID 19 liquidity assistance of waiving late payment penalties and interest for various tax payments.

11. 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.

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.

For details of the property, plant and equipment accounting policy, refer Summary of Significant Accounting Policies, subsection (l) Property, plant and equipment.

On 30 June 2022 Land, Commercial Buildings, and Car Parking assets were revalued by independent valuer Crighton Anderson Property and Infrastructure Ltd trading as Colliers International Ltd. The Hotel business assets were valued by CBRE Limited as at 30 June 2022 and is included in the building revaluation. Sealed surfaces and infrastructure assets were valued by independent valuers WSP New Zealand Ltd as at 30 June 2022. The terminal assets and specialised buildings were last valued at 30 June 2021 by WSP New Zealand Ltd.

The result of the revaluations at 30 June were:

	2022 $000	2021 $000
Land	83,301	5,856
Buildings	241	5,905
Terminal	-	20,259
Sealed surfaces	27,074	7,026
Infrastructure	13,644	40,935
Car parking	(10,931)	656
	113,329	80,637

The valuation methodologies used in the revaluation as at 30 June 2022 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 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 & Airfield CGU

The company has also performed an impairment assessment of its core terminal 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 FY22 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 7.9% which reflects an appropriate assessment of a WACC for regulated assets and related revenue streams and the risk related to the other non-regulated revenue streams from these assets.

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 9.1% would result in an impairment being recognised.

Hotel Business Assets

The Hotel business assets were valued by CBRE. The valuation by CBRE indicated a reversal of the previously recognised impairment to the carrying value of $4.3 million. This impairment reversal has been recognised in the Statement of Financial Performance in depreciation, amortisation, and impairment. This valuation is based on a discounted cash flow and capitalisation rate approach and the increase in carrying value reflects the reduced uncertainty associated with the hotel industry recovery and improving expectations of future demand growth.

Summary of movement in net book value	**2022**	**2021**
	$000	**$000**
Opening net book value	1,307,628	1,263,491
Plus Additions	9,168	16,279
Plus Transfers (to) / from investment properties and intangibles	(2,332)	(7,068)
Less Disposals (cost less depreciation)	(7)	(608)
Less this year's depreciation	(39,149)	(40,755)
Plus impairment reversal / (Less impairment)	4,348	(4,348)
Plus Revaluation gain	113,329	80,637
Closing net book value	1,392,985	1,307,628

Property, plant and equipment as at 30 June 2022

Gross carrying amount

	Cost / Valuation 1 July 2021	Current Year Additions at Cost	Transfers at Cost	Disposals at Cost	Impairment	Revaluation Adjustment	Cost / Valuation 30 June 2022
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Land	421,182	-	(2,332)	-	-	83,301	502,151
Buildings	117,665	-	65	-	4,348**	(4,769)	117,309
Terminal facilities	296,432	-	1,703	-	-	-	298,135
Sealed surfaces	182,084	-	4,338	-	-	19,917	206,339
Plant & equipment	9,047	-	60	-	-	-	9,107
Office & computers	12,747	-	579	-	-	-	13,326
Infrastructure	109,724	-	103	-	-	10,969	120,796
Car parking	168,000*	-	193	(7)	-	(12,186)	156,000*
Motor vehicles	6,458	-	-	-	-	-	6,458
Work in progress	4,693	9,168	(7,041)	-	-	-	6,820
Total gross carrying amount	1,328,032	9,168	(2,332)	(7)	4,348	97,232	1,436,441

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

** reversal of the previously recognised impairment to the hotel carrying value

Accumulated depreciation

	Accumulated Depreciation 1 July 2021	Current Year Depreciation	Depreciation on Transfers	Depreciation on Disposals	Revaluation Adjustment	Accumulated Depreciation 30 June 2022
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Buildings	-	5,523	-	-	(5,010)	513
Terminal facilities	-	20,927	-	-	-	20,927
Sealed surfaces	-	7,157	-	-	(7,157)	-
Plant & equipment	5,153	687	-	-	-	5,840
Office & computers	10,441	632	-	-	-	11,073
Infrastructure	-	2,675	-	-	(2,675)	-
Car parking	-	1,255	-	-	(1,255)	-
Motor vehicles	4,810	293	-	-	-	5,103
Total accumulated depreciation	20,404	39,149	-	-	(16,097)	43,456

Summary	1 July 2021	Current year movement	Transfers	Disposals	Impairment	Revaluation	30 June 2022
Cost	1,328,032	9,168	(2,332)	(7)	4,348	97,232	1,436,441
Accumulated depreciation	20,404	39,149	-	-	-	(16,097)	43,456
Book value	1,307,628	(29,981)	(2,332)	(7)	4,348	113,329	1,392,985

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

- Land associated with aeronautical activities, retail facilities within the terminal and other commercial activities carried at $118,244,000 (2021: $99,070,000);
- Terminal facilities, being 35.3% of total floor area or $97,771,000 (2021: 36.3% of total floor area or $107,575,000).
- Buildings associated with aeronautical activities $20,383,000 (2021: $22,671,000).

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 2022)	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 $920,000 (2021: $750,000) Airside $130,000 (2021: $110,000)	3	+/-$25 million (of a 5% change in adopted rate).
Infrastructure and Sealed Surfaces				
Infrastructure and sealed surfaces including site services. (revalued 2022)	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 (optimisation). These inputs are deemed unobservable.	***<u>Sealed Surfaces</u>*** Unit costs of combined concrete and asphalt pavement construction sqm: Range of $245 – $349 (2021: $212 – $302) with weighted average of $304 (2021: $263) ***<u>Infrastructure</u>*** Unit costs of road and footpaths construction sqm: Range of $20 – $115 (2021: $19 – $104) with weighted average of $74 (2021: $67) Unit costs of water and drainage construction m: Range of $229 – $1,410 (2021: $205 – $1,258) with weighted average of $548 (2021: $503)	3	+/- $16.4 million (of a 5% change of cost estimate).

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 13)	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 (revalued 2021)	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 \$2,675 – \$5,051 (2018: \$2,906 – \$5,415) with weighted average of \$3,817 (2018: \$4,111)	3	+/- \$14.8 million (of a 5% change of cost estimate).
Carparking				
Assets associated with car parking, taxi, shuttle and bus services (Including land). (revalued 2022)	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 (2021: 0.5% and 0.5%). Cost growth per annum 2% for the 10-year cashflow period and 2% from year 11 (2021: 2% and 2%). Discount rate 8.0% post tax, 10-year cash flow period and 8.0% from year 11 (2021: 7.3% and 7.3%).	3	+/- \$9.25 million (of a 5% change in discount rate) +/- \$1.0 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 'market value existing use' 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
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	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 2021

Gross carrying amount

	Cost / Valuation 1 July 2020	Current Year Additions at Cost	Transfers at Cost	Disposals at Cost	Impairment	Revaluation Adjustment	Cost / Valuation 30 June 2021
	$000	$000	$000	$000	$000	$000	$000
Land	423,124	4,900	(12,698)	-	-	5,856	421,182
Buildings	120,254	-	6,810	-	(4,348)	(5,051)	117,665
Terminal facilities	336,006	-	2,293	-	-	(41,867)	296,432
Sealed surfaces	193,554	-	5,208	-	-	(16,678)	182,084
Plant & equipment	8,893	-	154	-	-	-	9,047
Office & computers	13,018	-	(271)	-	-	-	12,747
Infrastructure	72,733	-	4,155	(583)	-	33,419	109,724
Car parking	167,500	-	864	(34)	-	(330)	168,000*
Motor vehicles	6,458	-	-	-	-	-	6,458
Work in progress	6,862	11,379	(13,548)	-	-	-	4,693
Total gross carrying amount	1,348,402	16,279	(7,033)	(617)	(4,348)	(24,651)	1,328,032

* the car parking asset class includes $64,224,000 of land

Accumulated depreciation

	Accumulated Depreciation 1 July 2020	Current Year Depreciation	Depreciation on Transfers	Depreciation on Disposals	Revaluation Adjustment	Accumulated Depreciation 30 June 2021
	$000	$000	$000	$000	$000	$000
Buildings	4,688	6,039	229	-	(10,956)	-
Terminal facilities	40,853	21,273	-	-	(62,126)	-
Sealed surfaces	15,880	7,824	-	-	(23,704)	-
Plant & equipment	4,763	497	(107)	-	-	5,153
Office & computers	9,791	737	(87)	-	-	10,441
Infrastructure	4,479	3,037	-	-	(7,516)	-
Car parking	-	995	-	(9)	(986)	-
Motor vehicles	4,457	353	-	-	-	4,810
Total accumulated depreciation	84,911	40,755	(35)	(9)	(105,288)	20,404

Summary	**1 July 2020**	**Current year movement**	**Transfers**	**Disposals**	**Impairment**	**Revaluation**	**30 June 2021**
Cost	1,348,402	16,279	(7,033)	(617)	(4,348)	(24,651)	1,328,032
Accumulated depreciation	84,911	40,755	(35)	(9)	-	(105,288)	20,404
Book value	1,263,491	(24,476)	(7,068)	(608)	(4,348)	80,637	1,307,628

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

- Land associated with aeronautical activities, retail facilities within the terminal and other commercial activities carried at $99,070,000 (2020: $91,227,000);
- Terminal facilities, being 36.3% of total floor area or $107,575,000 (2020: 33.8% of total floor area or $99,910,000).
- Buildings associated with aeronautical activities $22,671,000 (2020: $18,114,000).

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:

	2022	**2021**
	$000	**$000**
Land	165,375	165,375
Buildings	101,528	107,007
Terminal	136,279	145,927
Sealed surfaces	95,005	96,096
Infrastructure	56,973	60,780
Car parking	32,941	34,046
	588,101	609,231

12. Intangible assets

Intangible assets at 30 June 2022

Gross carrying amount

	Cost / Valuation 1 July 2021	**Current Year Additions at Cost**	**Transfers**	**Current Year Disposals / Impairment**	**Cost / Valuation 30 June 2022**
	$000	**$000**	**$000**	**$000**	**$000**
Software	13,039	-	178	-	13,217
Gross carrying amount	13,039	-	178	-	13,217

Accumulated amortisation

	Accumulated Amortisation 1 July 2021	Current Year Amortisation	Transfers	Amortisation on Disposal	Accumulated Amortisation 30 June 2022
	$000	**$000**	**$000**	**$000**	**$000**
Software	10,855	1,048	-	-	11,903
Total accumulated amortisation	10,855	1,048	-	-	11,903
Total book value 30 June 2022	2,184	(1,048)	178	-	1,314

Intangible assets at 30 June 2021

Gross carrying amount

	Cost / Valuation 1 July 2020	Current Year Additions at Cost	Transfers	Current Year Disposals / Impairment	Cost / Valuation 30 June 2021
	$000	**$000**	**$000**	**$000**	**$000**
Software	12,929	-	110	-	13,039
Gross carrying amount	12,929	-	110	-	13,039

Accumulated amortisation

	Accumulated Amortisation 1 July 2020	Current Year Amortisation	Transfers	Amortisation on Disposal	Accumulated Amortisation 30 June 2021
	$000	**$000**	**$000**	**$000**	**$000**
Software	9,676	1,179	-	-	10,855
Total accumulated amortisation	9,676	1,179	-	-	10,855
Total book value 30 June 2021	3,253	(1,179)	110	-	2,184

13. Investment properties	2022 $000	2021 $000
At fair value		
Fair value at the beginning of the year	647,840	571,658
Transfer from property, plant and equipment	2,332	7,068
Additional capitalised expenditure	12,830	14,194
Fair value gain from fair value adjustment	48,387	47,828
Fair value at 30 June	711,389	640,748
Investment properties under construction at cost	2,803	7,092
Total investment properties	714,192	647,840
Rental income	41,626	41,699
Direct operating expenses from property that generated rental income	6,897	8,152

The above values include the land associated with these properties.

Valuation of investment property

The valuation as at 30 June 2022 and 30 June 2021 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 5.79% (2021: 5.84%)
- Average market capitalisation rate 5.96% (2021: 5.87%)
- Weighted average lease term 6.48 years (2021: 7.46 years).

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

Asset Type	2022 Rental Range	2021 Rental Range
Office	$180-$260/sqm	$180-$260/sqm
Warehouse	$90-$140/sqm	$90-$140/sqm

For details of the investment property accounting policy, refer Summary of Significant Accounting Policies, subsection (m) Investment property.

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	+/- + $32.8 million / - $29.7 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

Impact of COVID 19

The group's overall existing investment property portfolio has continued to perform strongly in the current financial year. Retail and tourism service-based properties mostly reliant on international visitors continue to be most affected due to ongoing constrained demand.

Industrial properties continue to be supported by high quality tenants with long leases performing strongly. CIAL continues to offer a small number of its tenants directly impacted by COVID-19, a mixture of rental abatements and rent deferrals.

Independent valuers have carried out any valuations by applying assumptions regarding the reasonably possible ongoing impacts of COVID-19 based on information available as at 30 June 2022. Given the circumstances, the investment property valuations as at 30 June 2022 have been prepared on the basis of 'significant valuation uncertainty', and therefore the independent valuers have advised that less certainty should be attached to the investment property valuations than would normally be the case.

All valuations have been subject to peer review and have been reviewed by the company's property management team who, notwithstanding the continued uncertainty due to COVID-19, have determined the investment property valuations to be appropriate as at 30 June 2022.

14. Trade and other receivables

	2022 $000	2021 $000
Trade and other receivables less than one year		
Contracted accounts receivable	7,059	7,663
Accounts receivable	4,453	5,071
Other receivables	181	199
Prepayments	3,027	2,926
Lease inducement and incentives	923	848
Less: Expected credit losses	(794)	(844)
	14,849	15,863

Trade and other receivables greater than one year		
Lease inducement and incentives	4,873	5,491
	4,873	5,491
Total trade and other receivables	19,722	21,354

Provision for expected credit losses movement		
Opening provision for expected credit losses 1 July	(844)	(929)
Bad debts written off	107	66
Release or (additional) expected credit losses provision	(57)	19
Closing provision for expected credit losses	(794)	(844)

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, CIAL 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 $794,000 (2021: $844,000). This credit loss provision reflects the uncertainty associated with the collection of certain outstanding debts at year end.

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

	2022	**2021**
	$000	**$000**
Net operating surplus after tax	59,528	38,658
Non-cash items		
Depreciation, amortisation and impairment	35,849	46,282
Amortisation of lease inducement and incentives	543	148
Gain on revaluation of investment properties	(48,387)	(47,828)
Amortisation of capitalised borrowing costs	9	35
Accrued interest within derivatives	(455)	(12)
Fair value hedge ineffectiveness	51	(13)
Items not classified as operating activities		
Net gain on asset disposals	-	(28)
Capital items included in trade payables and accruals	3,037	3,806
Deferred taxation	(3,639)	11,048
Movements in working capital		
(Increase)/decrease in trade and other receivables	1,632	(1,546)
(Increase)/decrease in inventories	(51)	(43)
Increase/(decrease) in trade and other payables	(3,331)	(8,649)
Increase/(decrease) in taxation payable	1,596	(5,438)
Net cash flows from operating activities	46,382	36,420

16. 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 CIAL from both an aeronautical and rental and lease perspective. Pricing agreements are renegotiated for aeronautical charges with all airline customers of CIAL, including Air New Zealand, every five years. Air New Zealand also leases several properties within the terminal and the wider CIAL campus. In the current year Air New Zealand accounted for 29% (2021: 31%) of total income.

Transactions with related entities during the year	**2022**	**2021**
Christchurch City Council (CCC)	**$000**	**$000**
Purchases	146	280
Rates paid	7,165	6,475
Revenues	-	-
Accounts payable	1	-
Other CCC group companies		
Purchases	7,645	7,346
Revenues	687	1,102
Accounts payable	772	1,094
Amounts owing	-	469
Subvention payments	-	-
Group loss offset	-	-

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	2022 $000	2021 $000	Relationship
Orbit Travel & House of Travel Holdings Limited	Travel, accommodation,	147	82	Chris Paulsen, company director is a director of Orbit Travel & House of Travel Holdings Limited
Skyline Enterprises Ltd	Rental income	-	109	Sarah Ottrey, company director is a director of Skyline Enterprises
EBOS Group	Rental income	522	577	Sarah Ottrey, company director is a director of EBOS Group

Balance owing to non-shareholder related parties as at 30 June 2022

	2022 $000	2021 $000
Entity		
Orbit Travel & House of Travel Holdings Limited	1	1
EBOS Group	45	-

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

17. Key management personnel compensation

The key management personnel include the six Board members (2021: 5), the CEO and his seven direct reports (2021: 7).

The key management compensation is:

Director fees	355	348
Salaries and other short-term employee benefits	3,291	2,857
Post-employment benefits	107	100
	3,753	3,305

18. Commitments

Capital expenditure commitments

Property, plant and equipment	3,830	2,004
Intangibles	245	143
Investment properties	1,893	8,069
Total	5,968	10,216

19. Lease income

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

Less than 1 year	43,908	40,449
Between 1-2 years	38,589	36,427
Between 2-3 years	35,966	31,741
Between 3-4 years	32,910	29,480
Between 4-5 years	27,538	27,046
Beyond 5 years	131,574	128,937
	310,485	294,080

The leases are for terms between 1 month and 25 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.

20. Contingent assets and liabilities

As at 30 June 2022 there were no contingent assets (2021: NIL) and there were no contingent liabilities (2021: NIL).

21. Events occurring after balance date

A final dividend of $2,838,600, 4.9 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.

22. 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 Committee. 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 2022 (2021: 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 $100,000,000 (2021: $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 2022, if the interest rates had changed by +/- 1%, with all other variables held constant, the impact to equity would have been $609,000 lower/$611,000 higher, the impact on profit would have been $322,000 lower/$323,000 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

	Note	Weighted Average Effective Interest rate	Variable Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total
		%	$000	$000	$000	$000
As at 30 June 2022						
FINANCIAL ASSETS						
Cash and cash equivalents			4,388	-	-	4,388
Derivative financial instruments	9	3.6	15,230	-	-	15,230
Trade and other receivables	14		-	-	16,695	16,695
			19,618	-	16,695	36,313
FINANCIAL LIABILITIES						
Trade and other payables	10		-	-	12,082	12,082
Derivative financial instruments	9	3.6	3,348	-	-	3,348
Borrowings	8	4.3	323,000	247,918	-	570,918
			326,348	247,918	12,082	586,348
As at 30 June 2021						
FINANCIAL ASSETS						
Cash and cash equivalents		0.2	4,112	-	-	4,112
Trade and other receivables	14		-	-	18,428	18,428
			4,112	-	18,428	22,540
FINANCIAL LIABILITIES						
Trade and other payables	10		-	-	14,096	14,096
Derivative financial instruments	9	3.8	27,670	-	-	27,670
Borrowings	8	3.9	384,000	205,343	-	589,343
			411,670	205,343	14,096	631,109

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. At 30 June 2022 44% (2021: 47%) 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 2022 $107,000 (2021: $66,000) was written off.

As at the 30 June 2022 the total balance for expected credit losses is $794,000 (2021: $844,000), decreasing $50,000 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 his would be prudent.

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

	2022 $000	2021 $000
Neither past due nor impaired	5,727	4,721
Past due 0 – 30 days	1,418	2,935
Past due 31 – 60 days	827	1,008
Past due > 60 days	2,745	3,226
Impaired assets – written down to recoverable value	-	-
	10,718	11,890

There are no restructured assets at 30 June 2022 (2021: 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. In general, the company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding in place to cover potential shortfalls.

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

Refer to Note 8 for additional details associated with managing liquidity risk.

30 June 2022	**Carrying Amount**	**Total Cashflow**	**On Demand**	**< 1 year**	**1-2 year**	**3>5 years**	**> 5 years**
Trade and other payables	12,082	12,082	12,082	-	-	-	-
Borrowings	570,918	646,225	-	157,264	292,164	91,617	105,180
Derivative financial instruments*	3,348	3,174	-	1,498	1,676	-	-
	586,348	661,481	12,082	158,762	293,840	91,617	105,180

30 June 2021	**Carrying Amount**	**Total Cashflow**	**On Demand**	**< 1 year**	**1-2 year**	**3>5 years**	**> 5 years**
Trade and other payables	14,096	14,096	14,096	-	-	-	-
Borrowings	589,343	620,483	-	251,749	310,439	5,530	52,765
Derivative financial instruments*	22,057	22,870	-	5,048	7,937	5,614	4,271
	625,496	657,449	14,096	256,797	318,376	11,144	57,036

* The derivative financial instrument cash flows are paid quarterly or semi-annually.

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	
	2022	2021	2022	2021	2022	2021
	%	%	$000	$000	$000	$000
Outstanding floating for fixed contracts						
Less than 1 year	4.1	4.2	15,000	45,000	(543)	(1,780)
Years 2 and 3	4.5	4.9	83,000	55,000	(641)	(4,894)
Years 3 to 6	3.1	4.0	95,000	88,000	4,202	(8,427)
Beyond 6 years	3.1	3.1	170,000	160,000	10,943	(12,569)
			363,000	348,000	13,961	(27,670)
Outstanding fixed to floating contracts						
Less than 1 year			-	-	-	-
Years 2 and 3	4.1	4.1	100,000	100,000	(2,079)	5,613
Years 3 to 6			-	-	-	-
Beyond 6 years			-	-	-	-
			100,000	100,000	(2,079)	5,613

Movement in cash flow hedge reserve – interest rate swaps

	2022	2021
	$000	$000
Movement in fair value of existing contracts	(41,165)	(19,652)

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 $50,937,000 (maturing 2027) and $99,894,000 (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 2022.

	Level 1	Level 2	Level 3	Total balance
Assets 30 June 2022				
Derivative financial instruments	-	15,230	-	15,230
Total assets	-	15,230	-	15,230
Liabilities 30 June 2022				
Derivative financial instruments	-	3,348	-	3,348
Total liabilities	-	3,348	-	3,348

	Level 1	Level 2	Level 3	Total balance
Assets 30 June 2021				
Derivative financial instruments	-	5,613	-	5,613
Total assets	-	5,613	-	5,613
Liabilities 30 June 2021				
Derivative financial instruments	-	27,670	-	27,670
Total liabilities	-	27,670	-	27,670

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	Amortised cost	Total Carrying Amount
		$000	**$000**	**$000**
Classification of financial instruments				
As at 30 June 2022				
CURRENT ASSETS				
Cash and cash equivalents		-	4,388	4,388
Trade and other receivables*	14	-	11,822	11,822
Derivative financial instruments	9	-	-	-
Total current financial assets		-	16,210	16,210
NON-CURRENT ASSETS				
Trade and other receivables	14	-	4,873	4,873
Derivative financial instruments	9	15,230	-	15,230
Total non-current financial assets		15,230	4,873	20,103
Total financial assets		15,230	21,083	36,313
CURRENT LIABILITIES				
Trade and other payables**	10	-	12,082	12,082
Borrowings	8	-	124,000	124,000
Derivative financial instruments	9	543	-	543
Total current financial liabilities		543	136,082	136,625
NON-CURRENT LIABILITIES				
Borrowings	8	-	446,918	446,918
Derivative financial instruments	9	2,805	-	2,805
Total non-current financial liabilities		2,805	446,918	449,723
Total financial liabilities		3,348	583,000	586,348

* excludes prepayments when comparing to Note 14.

** excludes revenue in advance, GST payable and employee entitlements when comparing to Note 10

	Note	Hedge accounted derivatives at Fair value	Amortised cost	Total Carrying Amount
		$000	**$000**	**$000**
Classification of financial instruments				
As at 30 June 2021				
CURRENT ASSETS				
Cash and cash equivalents		-	4,112	4,112
Trade and other receivables*	14	-	12,937	12,937
Derivative financial instruments	9	-	-	-
Total current financial assets		-	17,049	17,049
NON-CURRENT ASSETS				
Trade and other receivables	14	-	5,491	5,491
Derivative financial instruments	9	5,613	-	5,613
Total non-current financial assets		5,613	5,491	11,104
Total financial assets		5,613	22,540	28,153
CURRENT LIABILITIES				
Trade and other payables**	10	-	14,096	14,096
Borrowings	8	-	238,991	238,991
Derivative financial instruments	9	1,780	-	1,780
Total current financial liabilities		1,780	253,087	254,867
NON-CURRENT LIABILITIES				
Borrowings	8	-	350,352	350,352
Derivative financial instruments	9	25,890	-	25,890
Total non-current financial liabilities		25,890	350,352	376,242
Total financial liabilities		27,670	603,439	631,109

* excludes prepayments when comparing to Note 14.

** excludes revenue in advance, GST payable and employee entitlements when comparing to Note 10

Changes in liabilities arising from financing activities

	Opening Value 1 July 2021	Cash flows	Movement between category	Fair Value changes	Other	Closing Value 30 June 2022
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Current Borrowings	238,991	(98,000)	(17,000)	-	9	124,000
Non-Current Borrowings	350,352	87,000	17,000	(7,434)	-	446,918
Total liabilities from financing activities	589,343	(11,000)	-	(7,434)	9	570,918

	Opening Value 1 July 2020	Cash flows	Movement between category	Fair Value changes	Other	Closing Value 30 June 2021
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Current Borrowings	120,000	4,000	115,000	-	(9)	238,991
Non-Current Borrowings	470,005	-	(115,000)	(4,697)	44	350,352
Total liabilities from financing activities	590,005	4,000	-	(4,697)	35	589,343

23. 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 2022 with those targets are as follows:

Targets	2022 Achievement $000	2022 Target $000
Financial		
Total Revenue*	138,807*	166,567*
EBITDAF**	69,663**	96,175**
Net Profit (Loss) after tax	59,528	20,234
EBITDAF as a % Revenue	50.2%	57.1%
Return on Invested Capital (EBIT/(Equity + Debt))	4.2%	3.1%

* 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)

Passenger numbers		
Domestic	3,104,343	4,492,665
Tasman and Pacific Islands	118,004	615,202
International	35,067	14,528
Total passengers	3,257,414	5,122,395

Ratio of shareholders' funds to total assets		
Shareholder Funds / Total Assets %	64.5%	59.8%
Gearing (debt / (debt + equity)) %	29.2%	33.6%
EBITDAF Interest Cover X	2.8	3.9
Free Funds Interest Cover X	2.9	3.7
Free Funds / Debt %	8.0%	11.4%

Note: All ratios including debt are based on nominal debt of $573m

<table>
<tr><th rowspan="2">Performance target</th><th colspan="2">Performance Measures</th></tr>
<tr><th>2022</th><th>Achievements</th></tr>
<tr><td colspan="3">Health, Safety & Wellbeing</td></tr>
<tr><td>1. Culture - continue to develop a positive culture that enables the health, safety and wellbeing of our people</td><td>▪ Maintain health, safety and wellbeing score above 85% in our annual culture and engagement survey.
▪ Incremental increase in safety leadership conversations.</td><td>▪ Activities to promote a positive culture of HSW have continued and while the annual culture and engagement survey was not completed results and comments from the CIAL Diversity & Inclusion survey and interviews indicate a positive HSW culture remains at CIAL.
▪ Safety leadership conversations have continued across the business, with an Application developed for roll out in FY2023 to provide pulse data on the conversations.</td></tr>
<tr><td>2. Safety Management – continuous improvement in systems to manage safety and wellbeing</td><td>▪ CIAL Health, Safety & Wellbeing workplan delivered on schedule.
▪ Annual review of SMS and HSMS</td><td>▪ Despite a number of COVID-19 disruptions the 2022 Workplan was 94% delivered, including significant additional undertakings to manage the constantly changing COVID-19 risk and requirements in our border environment.
▪ External review of HSMS completed by Safe & Sound Solutions in June 2022.</td></tr>
<tr><td>3. Wellbeing – activation of our Whare Tapa Wha</td><td>▪ Incremental improvement in the wellbeing and work/life blend scores in our annual culture and engagement survey.
▪ Deliver resilience workshops</td><td>▪ Activation of the Whare Tapa Wha continued with a focus on mitigating the mental health challenges created by COVID-19. While the annual culture and engagement survey was not completed results and comments from the CIAL Diversity & Inclusion survey and interviews reflected very positive perceptions of health and wellbeing at CIAL.
▪ Clinical Psychologist Jacqui Maguire delivered bespoke interactive webinars with recordings on “Staying well in the face of Omicron” in Feb/Mar 2022.</td></tr>
<tr><td colspan="3">Sustainability</td></tr>
<tr><td>Carbon
4. We set long-term emissions reduction targets based in science, aligned with keeping global temperatures within 1.5 degrees.
Our goals are as follows;
▪ to be net zero by 2030
▪ to be absolute zero emissions for our Scope 1 and 2 by 2050
▪ to influence reductions in our Scope 3 stakeholder’s emissions where possible.</td><td>▪ Maintain trend with our milestone emissions reduction goal of 84% reduction in Scope 1 & 2 by 2035 (using FY2015 carbon baseline)</td><td>▪ We continue to align with our emission reduction trajectories and as evidenced by our independently certified FY21 Green House Gas (GHG) emissions, remain on track to achieve our 2035 target. FY22 has seen a further reduction in our GHG inventory, which is currently being independently certified.
* See Emission Disclosure (pg. 77) below, which explains the basis of our carbon footprint.</td></tr>
</table>

	▪ Demonstrate continued responsibility and leadership in aviation transition ▪ Actively seek to influence airport Scope 3 emissions reductions	▪ New Zealand native carbon sequestration offsets purchased for FY21 at 125% of our certified Scope 1, 2 and partial Scope 3, positioning CIAL as a climate positive airport operation. Leadership demonstrated through mentoring airports, becoming founding member of Sustainable Aviation Aotearoa, and enacting Sustainability Linked Loan ▪ Kowhai Park launched to enable generation of zero emission energy to reduce scope 2 & 3 emissions
Waste 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.	▪ Develop a CIAL waste minimisation strategy ▪ Create separated waste streams with known waste stream destinations. ▪ Undertake waste minimisation projects to reduce emissions and minimise waste	▪ Waste audits completed in Terminal, Spitfire Square and Corporate office. These audits informed the waste stream strategy developed to oversee most effective circular waste solution projects. ▪ As above ▪ As above
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 ▪ Make an impact beyond Christchurch Airport terminal boundaries to create partnerships, and demonstrate leadership to encourage faster energy transition uptake ▪ Undertake energy efficiency projects, including LED lighting upgrades	▪ Kowhai Park launched 3 December 2021 – to be large scale renewable energy precinct, supporting the transition of the Airport and campus, aviation sector and wider Canterbury. ▪ As above ▪ Feasibility of carpark lighting to LED complete, with project to be undertaken in FY23.
Water 7. Christchurch is unique in using 100% naturally filtered water. Our passion is to maintain its integrity, avoid accidental contamination and minimise use of this precious resource as it passes under the airport.	▪ Measure, understand, and undertake to conserve water around terminal and campus	▪ New telemetry meters established in Airport terminal to provide live water readings, allowing for greater conservation opportunities.
Noise 8. 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 ▪ Successful delivery of the updated noise compliance contours to Environment Canterbury ▪ Offers of acoustic mitigation to noise impacted properties currently eligible	▪ Met except for the month of Dec ▪ Met, management continue to work with ECan on the process within the regulatory framework ▪ Continue with ongoing work stream, two eligible properties agreed to take up the offer

	▪ Long term and ongoing program to protect CIAL from noise reverse sensitivity affects	▪ On-going and significant volume of work in this space completed and coming up.
Land 9. 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 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	▪ Preparatory work underway to support future biodiversity audit ▪ On-going, implemented through development landscaping requirements ▪ Underway, scoping works commenced on avifauna surveys within the 13km bird strike radii ▪ On-going and underway
Community Engagement		
10. To make a positive contribution to the social and community outcomes of our City and the South Island	▪ Demonstrate support for the city and the region, its image and activities as pandemic impacts allow. Provision of promotional space at the airport to showcase events and activities (i.e. Antarctic programme, mountain bike park) across the region.	▪ We took a very active role in the '90% For Canterbury' vaccination campaign as a way of directly supporting our city and region. As both domestic and international passenger numbers increased, we have continued to support people, businesses and agencies promoting the city and region in a variety of ways. We continue to champion Te Wai Pounamu regions, events and activities on billboards through the terminal and plaza, as well as on airport social media channels.
	▪ Engagement and communication with stakeholders led by the Chief Executive and GMs initiating and accepting invitations to meetings, speeches, addresses, panels and workshops.	▪ Our executives and senior managers gave a number of addresses and presentations at a variety of gatherings and conferences across New Zealand and the world. Some of these appearances were in person, some online.
	▪ Senior leaders participate in and address events and functions, sharing expertise and skills.	▪ Senior managers and leaders across the company initiated opportunities and accepted invitations to speak about their areas of expertise and shared what we have learned on topics such as carbon reduction, where we are considered world and industry leaders and innovators.
	▪ Support local and national charities by hosting collections within the terminal, and active engagement by staff in charity events.	▪ We were pleased to respond positively to requests to support charities. Some of this was through staff volunteering and raising money through in-house activities. We continued to overtly raise awareness of community needs, activities and programmes, with our lighting of the terminal walls in the organisation's colour of choice still very popular.

		For example, orange for the World Vision 40-hour Famine, pink for Breast Cancer Awareness and Blue for Movember. We promoted these through imagery and explanation on our social media channels, and supplied material to the groups, organisations and charities for their own use.
	▪ Respectfully engage with our local communities, iwi mana whenua & stakeholders in respect of CIAL's plans to explore the potential for a new airport in Central Otago.	▪ We have broadened and strengthened our relationships with Central Otago communities, community groups, iwi and stakeholder groups. We now have a Tarras-based Community Engagement expert as part of the project team. In the past 12 months, we have undertaken a full programme of engagement, including face to face meetings, group presentations, school visits and responding to all requests for information from the project. We have continued sharing information, including a Preliminary Aeronautical Assessment, via the project website, regular electronic newsletters and proactive media releases. As part of our commitment to making a positive contribution to Tarras, regardless of whether an airport is built, we have worked with community members to establish the Christchurch Airport Tarras Community Fund, which has been welcomed by many in Tarras.
Our People		
Retain and develop key talent 11. Review and update of Potential and Performance/areas of strategic value talent mapping exercise Succession plans confirmed, and pathways actioned Pipeline of emerging leaders developed, and competency development pathways activated	▪ Retention strategy for critical talent and development of emerging leaders ▪ Activation of Talent Management strategy and internal review conducted with key stakeholders ▪ Tools created that guide talent planning	▪ Strategic Retention programme developed and activated, including identification of key talent roles and attributes. ▪ Talent Management strategy in progress focused upon enhancing all related systems and processes through the employee lifecycle. ▪ Individual development and coaching support underway for select emerging leaders with the development of a group-based programme to be developed first half of FY23. Specific focus on developing women in leadership, preparing our Tier 3 leaders for C suite roles and creating internal vertical promotional/horizontal career movement. Succession planning completed across critical roles in conjunction with ELT with consistent development pathways to be designed and delivered first half of FY23 with the support of external partner.

Develop, support and value leadership 12. All employees and people leaders understand the role and expectations of a 'CIAL Leader' Our leaders are highly effective in coaching for performance, enabling change and are committed to supporting, empowering and developing others All our leaders are accountable and recognised for their successful performance and leadership behaviours	▪ Development of a CIAL Leadership Profile ▪ Implementation of a leadership coaching model into performance development/management practices ▪ Incremental improvement in leadership performance and personal development and performance reviews ▪ Incremental improvement in leadership measures in culture and engagement survey	▪ Review of performance management processes has been completed with assistance from employee working group. Changes will be made following updates to organisational strategy (H30) and values and best practice feedback development sessions for all leaders. ▪ With the support of an external provider, the majority of our people leaders completed a transformational leadership programme focused on building trust, leveraging vulnerability and fostering courage. This was in support of our leadership philosophy of building belief belonging and trust within our champion team. ▪ We have delayed our annual culture an and engagement survey until the end of 2023 instead focusing on the completion of a culture inclusion review that provided a baseline for future Diversity and Inclusion focus and activity and leadership indications.
Build a workforce of the future 13. 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	▪ Creation of a CIAL Future of Work working party and establishment of key strategic objectives ▪ Internal recognition of the innovation and change being caused by Future of Work strategies ▪ Incremental improvement in Innovation measures in culture and engagement survey	▪ Future of Work working party yet to be established however some company representatives have attended several related workshops on future strategic capabilities and this lens has been applied to the development of our EPSG framework. ▪ Annual culture and engagement survey postponed to after launch of refreshed purpose and values. This information will be available at the end of 2023.
Strengthen diversity, inclusion and engagement 14. Creation and implementation of a diversity, inclusion and participation strategy and engagement program which promotes diversity of thought throughout our business	▪ Create a set of organisation wide employee value statements that guide how we work, make decisions, and consider diverse perspectives to determine the way we treat each other ▪ Flexible work arrangements that reflect our people's needs and the needs of CIAL	▪ Board/ELT workshop undertaken to define what diversity means for CIAL and the corresponding process for developing the strategy defined. External partner has completed a quantitative and qualitative diversity audit (inclusion review) across the business with results shared with the Board. Internal PRIDE working party established and rainbow inclusion training offered to all staff. Refreshed values co-created with our team have been finalized and include a value that recognised maanakitanga – caring for each other. ▪ Support for flexi working has grown across the organisation. Promotion of CIAL's support of Flexi working and the type of arrangements available to employees will be further promoted to ensure needs are met.

	▪ Incremental improvements in participation and inclusion measures in culture and engagement survey	▪ Annual culture and engagement survey postponed so improvements in participation and inclusion measures are unable to be determined. This information will be available at the end of the year.

*** Emission disclosure**

This carbon footprint has been prepared in accordance with the requirements set out under 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 4+ accreditation. Organisational and operational boundaries are set according to ISO 14064-1. 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.

The consolidation approach used is operational control basis. This means that airfield and terminal along with other CIAL assets are included. Investment and hotel properties are excluded when the tenant or operator has control of operating and environmental policies. Excluded from our targets are Scope 3 emissions which includes full flight emissions from aircraft. The significant emissions in Scopes 1 and 2 are petrol, diesel and electricity purchased.

There is a level of 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. CIAL 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.

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 ("CHC010" and "CHS020") which were quoted on the NZDX on 25 May 2018 and 19 May 2022 respectively. Each issue was for $100 million of unsecured, unsubordinated, fixed rate bonds, with "CHC010" maturing on 24 May 2024 and "CHC020" maturing on 19 May 2028.

Credit Rating Status

On June 16, 2020, S&P Global Ratings ('S&P') lowered to 'BBB+' from 'A-', the issuer credit rating on Christchurch International Airport Ltd ('CIAL') and issue credit rating on the airport's debt. On December 12, 2021, they revised their outlook from 'Stable' to 'Positive'. This rating is unchanged as at 30 June 2022.

Bondholder Distribution

In line with clause 10.4.5 of the NZX listing rules, the following table details the spread of bondholders as at 2 August 2022:

Bond CHC010: 4.13% $100,000,000 Due 24 May 2024

Holding Range	Holder Counter	Holding Quantity	Holding Quantity %
5,000 to 9,999	35	201,000	0.20%
10,000 to 49,999	171	3,319,000	3.32%
50,000 to 99,999	29	1,684,000	1.68%
100,000 to 499,999	19	2,938,000	2.94%
500,000 to 999,999	7	5,745,000	5.75%
1,000,000 to 999,999,999,999	15	86,113,000	86.11%
Total	276	$100,000,000	100.00%

The 20 largest bond holders at 2 August 2022 were:

Bondholder	Units Held	Holding Quantity %
CUSTODIAL SERVICES LIMITED <A/C 4>	16,036,000	16.04%
FNZ CUSTODIANS LIMITED	12,802,000	12.80%
FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	11,773,000	11.77%

HSBC NOMINEES (NEW ZEALAND) LIMITED A/C STATE STREET -NZCSD <HKBN45>	8,100,000	8.10%
BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD <BPSS40>	6,113,000	6.11%
JBWERE (NZ) NOMINEES LIMITED <NZ RESIDENT A/C>	5,919,000	5.92%
TEA CUSTODIANS LIMITED CLIENT PROPERTY TRUST ACCOUNT - NZCSD <TEAC40>	4,691,000	4.69%
HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD <HKBN90>	4,535,000	4.54%
HOBSON WEALTH CUSTODIAN LIMITED <RESIDENT CASH ACCOUNT>	4,064,000	4.06%
MINT NOMINEES LIMITED - NZCSD <NZP440>	3,192,000	3.19%
ANZ CUSTODIAL SERVICES NEW ZEALAND LIMITED - NZCSD <PBNK90>	2,833,000	2.83%
BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD <COGN40>	2,100,000	2.10%
NZPT CUSTODIANS (GROSVENOR) LIMITED - NZCSD <NZPG40>	1,800,000	1.80%
FNZ CUSTODIANS LIMITED <DTA NON RESIDENT A/C>	1,088,000	1.09%
FORSYTH BARR CUSTODIANS LIMITED <ACCOUNT 1 E>	1,059,000	1.06%
CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD <CNOM90>	1,000,000	1.00%
MT NOMINEES LIMITED – NZCSD	1,000,000	1.00%
RISK REINSURANCE LIMITED	800,000	0.80%
INVESTMENT CUSTODIAL SERVICES LIMITED <A/C C>	785,000	0.79%
KPS SOCIETY LIMITED	755,000	0.76%
Total	90,445,000	90.45%

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	397,000	0.40%
10,000 to 49,999	221	4,386,000	4.39%
50,000 to 99,999	27	1,562,000	1.56%
100,000 to 499,999	17	3,015,000	3.01%
500,000 to 999,999	2	1,480,000	1.48%
1,000,000 to 999,999,999,999	20	89,160,000	89.16%
Total	355	$100,000,000	100.00%

The 20 largest bond holders at 2 August 2022 were:

Bondholder	Units Held	Holding Quantity %
JBWERE (NZ) NOMINEES LIMITED <NZ RESIDENT A/C>	15,364,000	15.36%
CUSTODIAL SERVICES LIMITED <A/C 4>	12,840,000	12.84%
BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD	7,700,000	7.70%
NATIONAL NOMINEES LIMITED - NZCSD <NNLZ90>	7,700,000	7.70%
FNZ CUSTODIANS LIMITED	6,419,000	6.42%
FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	6,007,000	6.01%
NZPT CUSTODIANS (GROSVENOR) LIMITED - NZCSD <NZPG40>	4,305,000	4.31%
CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD <CNOM90>	4,100,000	4.10%
HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD <HKBN90>	4,100,000	4.10%
BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD <COGN40>	3,775,000	3.78%
ADMINIS CUSTODIAL NOMINEES LIMITED	3,075,000	3.08%
MINT NOMINEES LIMITED - NZCSD <NZP440>	2,450,000	2.45%
HOBSON WEALTH CUSTODIAN LIMITED <RESIDENT CASH ACCOUNT>	1,802,000	1.80%
HSBC NOMINEES (NEW ZEALAND) LIMITED O/A EUROCLEAR BANK -NZCSD <HKBN95>	1,640,000	1.64%
INVESTMENT CUSTODIAL SERVICES LIMITED <A/C C>	1,532,000	1.53%
TEA CUSTODIANS LIMITED CLIENT PROPERTY TRUST ACCOUNT - NZCSD <TEAC40>	1,445,000	1.45%
QUEEN STREET NOMINEES ACF PIE FUNDS - NZCSD	1,350,000	1.35%
ANZ FIXED INTEREST FUND - NZCSD <PNLI90>	1,255,000	1.26%
FORSYTH BARR CUSTODIANS LIMITED <ACCOUNT 1 E>	1,246,000	1.25%
ANZ WHOLESALE NZ FIXED INTEREST FUND - NZCSD	1,055,000	1.06%
Total	89,160,000	89.16%

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 2022. These are requirements under the Companies Act 1993.

Catherine Drayton	***Sarah Ottrey***
Director – Southern Cross Hospitals Limited Director – Southern Cross Medical Care Society Trustee – Southern Cross Health Trust Director – Fronde Systems Group Limited (ceased Dec 21) Director - Southern Cross Benefits Limited Chair – Guardians of New Zealand Superannuation Director – Genesis Energy Limited Director – Harbour View Properties Limited Director – CMD Associates Limited Director – CMD Commercial Limited Chair – Mint Innovation Chair – Ben Gough Family Foundation – Advisory Board	Director - EBOS Group Ltd Director- Skyline Enterprises Ltd Chair - Whitestone Cheese Co Ltd Director - Mount Cook Alpine Salmon Ltd Director - Sarah Ottrey Marketing Ltd Member - New Zealand Institute of Directors – Otago Southland Branch Committee
Chris Paulsen	***Andrew Barlass (appointed 15 Sept 2021)***
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 Director/Shareholder – Electricity Ashburton Limited Director – Ashburton Contracting Limited Treasurer – Methven A&P Association Beneficiary – Kowhai Family Trust Beneficiary – Kowhai Investment Trust Director – Pro-Active NZ Limited (Nov 21) Director – RuralCo NZ Limited (Nov 21) Director – ATS Fuel Limited (Nov 21) Director – Ashburton Trading Society (Nov 21)

Kathryn Mitchell	***Paul Reid***
Chair – The New Zealand Merino Company Limited Director – Heartland Bank Limited Director – Heartland Group Holding (Sept 21) Director – FarmRight Limited Director – Link Engine Management Director/Shareholder – Morrison Horgan Limited Director/Shareholder - Chambers at 151 Limited Director/Shareholder – Helping Hands Holdings Limited Director/Shareholder – FirstTrax Limited	Chair – Figured Limited Chair – Volpara Health Technology Limited (ASX:VHT) Director – Comvita (NZX:CVT) (ceased 1 Oct 21) Director – The Equanut Company Limited Chair – Virsae Group Limited Chair - Totara Learning Solutions (1 Sept 21, ceased 8 Mar 22)

Transactions between CIAL and entities with whom certain directors are associated are described in Note 16 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 2022

Catherine Drayton

Chair

Chris Paulsen

Director

Kathryn Mitchell

Director

Paul Reid

Director

Sarah Ottrey

Director

Andrew Barlass

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

Malcolm Johns

Chief Executive Officer

Tim May

Chief Financial Officer

Justin Watson

Chief Commercial and Aeronautical Officer

Lucy Taylor

General Manager Airfield Operations and Corporate Affairs

John O’Dea

General Manager Property

Nick Flack

General Manager Planning and Sustainability

Michael Singleton

Project Director – Central Otago

Rhys Boswell

Project Lead – Central Otago

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

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 2022

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 17 to 70, that comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of comprehensive income, statement of changes in equity, statement of cash flows and summary of significant accounting policies for the year ended on that date and the notes to the financial statements that include other explanatory information; and
- the performance information of the group on pages 71 to 77.

In our opinion:

- the consolidated financial statements present fairly, in all material respects, the financial position of the group as at 30 June 2022, 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 2022.

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* 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* 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 Commerce Act (Specified 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 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 property, plant and equipment	
The group holds a diverse range of property, plant and equipment with a carrying value of $1,393 million as at 30 June 2022. The following asset classes are accounted for at fair value and were revalued in the year ended 30 June 2022: • land; • buildings, • sealed surfaces; • infrastructure; and • car parking.	Our audit procedures included: • Reading the valuation reports and meeting with the valuers to discuss key judgements and their approach. • Assessing the valuers' expertise for the work and their objectivity and 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**
The group engaged independent valuers to determine the fair value of these classes, which are valued using a range of techniques, including optimised depreciated replacement cost, income, and market-based approaches. Note 11 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 and fair value assessments.	• 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) and evaluated their reasonableness based on our experience and knowledge of other specialised valuations in the public sector. • Engaging valuation experts 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. • Ensuring appropriate disclosures were made regarding uncertainties in valuations • 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 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 $714 million as at 30 June 2022. The value of the portfolio continues to grow as available land is developed for further investment properties. Changes in use, as a result of development or changes in the business, can result in transfers of properties between	Our audit procedures included: • Reviewing any changes in use of properties and considered whether they were correctly classified as either investment property or property, plant and equipment. • Reading the valuation report and meeting with the valuer to discuss the valuation. We assessed the valuer's expertise for the work and their objectivity and considered the existence of other engagements or relationships.

Key audit matter	How did the audit address this matter
investment property and property, plant and equipment. Note 13 to the consolidated financial statements provides information on the valuation and the movements in the investment property balance since the previous year. In assessing the investment property valuation, the independent valuers noted significant valuation uncertainty due to the ongoing impact of Covid-19 on aspects of the property portfolio. We consider this a key audit matter due to the significance of the carrying value and fair value gains and because of the judgements involved in determining fair value.	• 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. • Obtaining an understanding of the market data sources used by the valuer and the reliability of this data. • 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 13 to the financial statements. We found that the valuations adopted by the group were reasonable and supportable, and the disclosures about valuation uncertainty were appropriate.

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 page 77 of the annual report, which outlines the 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 2 to 16, and 78 to 83 but does not include the consolidated financial statements and the performance information and our auditor's report thereon. The other information also includes the Annual Review 2022, which incorporates management commentary. The Annual Review is expected to be made available to us after the date of this auditor's 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, and 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. The directors are also responsible for preparing the performance information for the group.

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

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 of the entities or business activities within the group to express an opinion on the consolidated financial statements. 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
29 August 2022