

CCO – Rotorua Airport Limited

**QUARTERLY
REVIEW
REPORT**

FIRST QUARTER 2018/19:

JULY – SEPTEMBER 2018

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FY19 Q1 Highlights & Q2 Strategic Actions

HIGHLIGHTS FROM 1 JULY – 30 SEPTEMBER 2018

Financial KPI's FY19 Q1 Performance Update

- **YTD Net Surplus before tax** (\$7,297) v budget (\$19,120)
- **Passenger Movements** 57,535 v Budget 54,023
- **Aircraft Movements** 1,606 v Budget 1,294
- **Statement of Financial Position** An independent valuation of the Company's land, buildings, fencing, roading and carpark has been completed by Telfer Young. The results will be released at RAL's November 18' AGM.

Non-Financial KPI's FY18 Q4 Performance Update

- **Operational Safety Incidents** 0 v target of 0
- **Team Injury Events** 0 v target 0
- **Masterplan** – Initial feasibility study completed. Commencing a phase of more detailed cost, revenue and funding analysis as we move towards completion of the business case for the first phase of development.

FY19 Q1 Highlights & Q2 Strategic Actions

Commercial & Development Activity

- **Project - Airport Emergency Operations Centre (EOC)** – Building completed, phased commissioning commenced, target to be fully operational by 31 October 2018.
- **Project - Terminal Redevelopment** preliminary design work, programming & cost planning completed, funding approach approved. Detailed design and consent documentation underway, Contractor established on site and phased works programmed to commence in November 18'. All terminal leases will be reset as part of this process. Additional revenue growth opportunities have been identified with several tenants that will feed into the masterplan, this will should enhance and grow their presence on airport.
- **Project - Airport Masterplan** has been completed. We have commenced a process of concept design for the two (2) identified development precincts. A detailed feasibility analysis and business case for the first stage will be completed in the period September – December 2018. This will be underpinned with a proposed funding approach and once endorsed by the RAL Board presented to RLC in late 2018 early 2019.

FY19 Q1 Highlights & Q2 Strategic Actions

- **Project - Airport Carpark & Forecourt** - As a result of growth pressures and to ensure alignment with the terminal rebuild a detailed efficiency and optimisation review of the forecourt and carpark areas has been completed. Reconfiguration works will be undertaken parallel with the domestic terminal redevelopment.
- **Project - Landscaping Programme** – throughout spring and into autumn 2019 a rolling programme of enhancing presentation of the airport will continue.
- **Project - Airport Sustainability Programme** – A broad based approach is being developed across the airport for presentation and endorsement by the Board, this will include all tenants and airfield users. Current initiatives include the clearance of sediment from drainage systems, riparian planting, EV charging points and enhanced recycling stations.
- **2018 Audit.** RAL’s annual audit took place in the week commencing 20th August 18’ by Audit NZ. Audited financial statements will be presented at RAL AGM on the 16th November 2018.

FY19 Q1 Highlights & Q2 Strategic Actions

Aeronautical Activity

- Positive performance across all passenger sectors has continued in terms of load factors and passenger movements. We have a balanced schedule of flights servicing the key Auckland, Wellington and Christchurch markets. This has been enhanced with an additional ATR return service to Christchurch scheduled for the period 28th October 18 to 30th March 2019.
- RAL is working across the board with a sector development strategy to growth services and capacity. Growth of our South Island linkages remain a priority.
- Our master planning process identified specific options to grow the fixed wing general aviation and rotary operations from Rotorua. This opportunity is being captured to underpin the proposed first phase of the development programme. Successful delivery will create additional property revenue annuity income streams together with enhanced landing fee revenue.
- Relative to the same period last year we have again had a strong quarter for on time performance (OTP).

FY19 Q1 Highlights & Q2 Strategic Actions

- A review of RAL's aeronautical revenue streams has been commenced to ensure our fee structure's deliver comparatively with other regional airports and further present a fair return on capital infrastructure.

Operational Activity

- Post receipt of approval from CAA for the design and implementation of a comprehensive Safety Management System (SMS) that will fully span our aeronautical operations the works programme has been commenced. This is a significant undertaking as it will deliver a fully comprehensive model in which RAL assumes responsibility for a broader range of operating and compliance activities on airport and across the controlled airspace under our jurisdiction. This system will be certified by CAA in May 2020.
- **Obstacle Limitation Survey** – a detailed 5 yearly survey of the airports northern and southern flight paths has commenced, this will ensure that any infringements are identified and any risks addressed.
- RAL's **Aircraft Noise Contours** are due to be assessed against provisions of the District Plan. This process has commenced.

FY19 Q1 Highlights & Q2 Strategic Actions

- A procurement process for the replacement of one of our **Airport Rescue Fire Fighting Appliance(s)** has been completed, this will ensure our operations remain compliant with CAA requirements. RAL has commenced negotiations with the successful tenderer to for delivery of a new specialised Airport Fire Fighting Appliance in late 2019.
- **Runway End Safety Area (RESA)** requirement for RAL to secure additional land to meet our statutory operating requirements. We await the results of a valuation that will determine the pricing of land that RAL has expressed interest in from NZTA that is currently the subject of a broader offer back as part the eastern arterial designation uplift.

FY19 Q1 Highlights & Q2 Strategic Actions

What's happening in FY19 Q1 - 1 July to 30 September 2018

- Commission the new EOC.
- Commencement of the terminal seismic upgrade and redevelopment works.
- Advancement of the masterplan, phase 1 business case and proposed funding approach.
- Commencement of carpark and forecourt reconfiguration works.
- Advancement of the airport landscaping and sustainability programmes
- AGM – 16th November 2018.
- Flight sector strategy – continue to drive our plan around growth of services to / from Rotorua.
- Completion of the Airport Fire Appliance procurement process.
- Implementation phase for the RAL SMS.
- Complete Obstacle Limitation and Noise Contour Surveys

FY19 Q1 Highlights & Q2 Strategic Actions

Financial Performance FY19.

OPERATING BUDGET

\$000	2017/18 Budget	2017/18 YTD Actual	Variance
Revenue	\$1,238,226	\$1,287,536	\$ 49,310
Expenses / Depreciation	\$1,257,346	\$1,294,833	(\$ 37,487)
Net Surplus	(\$ 19,120)	(\$ 7,297)	(\$ 11,823)

CAPITAL BUDGET

\$000	2017/18 Budget	2017/18 YTD Actual	Variance
Income	0	0	Na.
Expenditure	\$5,100,000	\$579,129	\$4,520,871
Total	\$5,100,000	\$579,129	\$4,520,871

PERFORMANCE MEASURES

Summary of progress against non-financial performance measures by group of activities

The table below summarises progress on non-financial performance measures.

How we're tracking

Targets are set for each performance measure. The table below shows how we are tracking towards reaching these targets by the end of the financial year.

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On-track	Not Achieved	Achieved	No data available

PERFORMANCE MEASURES

Measure	Target	2018/19 Result	Status	Comments
Aircraft Movements	6,406			<ul style="list-style-type: none"> On track
Passenger Movements	250,530			<ul style="list-style-type: none"> On track
Finance – Net Surplus	\$208,737			<ul style="list-style-type: none"> On track
Support Rotorua Reorua	Implementation Plan			<ul style="list-style-type: none"> On track
Operational Number of Controllable Safety Incidents	0			<ul style="list-style-type: none"> On track
Team – Number of employee Injuries	0			<ul style="list-style-type: none"> On track
Project Performance	Masterplan			<ul style="list-style-type: none"> On track

