

CCO – Rotorua Airport Limited

**QUARTERLY
REVIEW
REPORT**

**SECOND QUARTER 2018/19:
OCTOBER – DECEMBER 2018**

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FY19 Q2 Highlights & Q3 Strategic Actions

HIGHLIGHTS FROM 1 OCTOBER – 31 DECEMBER 2018

Financial KPI's FY19 Q2 Performance Update

- **YTD Net Surplus before tax** \$46,726 v budget \$138,431
- **Passenger Movements** 128,916 v Budget 123,541
- **Aircraft Movements** 3,684 v Budget 3,094
- **Statement of Financial Position** Total assets \$64,973,905, current Liabilities \$1,828,596 and term loan of \$15,000,000 giving a net equity position of \$48,145,309.

Non-Financial KPI's FY19 Q2 Performance Update

- **Operational Safety Incidents** 0 v target of 0
- **Team Injury Events** 0 v target 0
- **Masterplan** – Concept design completed, cost plans being prepared. Draft masterplan document completed, business case to be completed by April 2019 underpinned by a project funding proposal.

FY19 Q2 Highlights & Q3 Strategic Actions

Commercial & Development Activity

- **Project - Airport Emergency Operations Centre (EOC)** – Phased commissioning completed, building fully operational.
- **Project - Terminal Redevelopment** Stage 1 design completed, building consent lodged, demolition and enabling works commenced with Marra appointed as head contractor. Stage 1 works targeted completion 10 May 2019. Stage 2 design document and consent lodgement pending, targeted full project completion date September 2019.

NOTE: Further invasive building inspections have revealed elements of the arrivals structure (built circa 2002) were not constructed in accordance with the approved design, further remedial seismic strengthening works will be undertaken as part of the overall project to address these issues.

- **Project - Airport Masterplan** Precinct design has been advanced on the following basis;

Precinct A - Rotary (helicopter) operations, rental car facilities, service station, general airport related industrial and commercial uses. Feasibility underway, overall development is contingent on the construction of a new main entry roundabout to the airport that will address current safety and traffic capacity concerns.

FY19 Q2 Highlights & Q3 Strategic Actions

Precinct B – General aviation precinct. Three (3) precedent hangar designs completed, currently being costed. Civils package nearing completion, full project feasibility for Precinct B to be completed by April 2019 for review by the RAL Board.

- **Project - Airport Carpark & Forecourt** - Reconfiguration works will be undertaken parallel with the domestic terminal redevelopment to optimise user efficiency and capacity constraints.
- **Project - Landscaping Programme** – Stage 2 entrance enhancement landscaping works to commence in autumn 2019.
- **SPM Limited** have been commissioned to assist in the design and deliver of a comprehensive Facilities Management package for the airport, this will include a review of our depreciation provisioning (RAL's largest non-cash expense) to ensure this is optimised. Furthermore this information will assist in completing the review and reset, if agreed for the RLC to RAL Service Funding Agreement.

Aeronautical Activity

- Positive performance across all passenger sectors has continued in terms of load factors and passenger movements. As at 31 December 2018 annual passenger movements through Rotorua Airport were 253,854. This is an increase of 12,551 against the previous 12 month period and the highest total since 2008.

FY19 Q2 Highlights & Q3 Strategic Actions

- 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. Co funded initiatives have been undertaken with Destination Rotorua into the Wellington and Christchurch markets over the last 6 months as part of a broader strategy to grow these sectors.
- We continue to see positive growth in both General Aviation and Helicopter operations. The masterplan provides precincts for the growth of this sector from both a property and landing fee revenue perspective.

Operational Activity

- Design and implementation of our Safety Management System (SMS) has commenced. This significant piece of work is a legal requirement of CAA which must be in place by May 2020 to ensure operational continuity of the airport. This will fully span the full breath of our aeronautical operations.
- **Obstacle Limitation Survey** – a detailed 5 yearly survey of the airports northern and southern flight paths was flown in late 2018, this will ensure that any infringements are identified and any risks addressed.

FY19 Q2 Highlights & Q3 Strategic Actions

- RAL's **Aircraft Noise Contours** have been assessed against provisions of the District Plan.
- A procurement process for the replacement of one of our **Airport Rescue Fire Fighting Appliance(s)** has been completed and a replacement appliance ordered in parallel with Tauranga Airport, this approach has delivered significant savings on the purchase. The vehicle will be received in August and commissioned into use by September 2019.
- **Runway End Safety Area (RESA)** requirement for RAL to secure additional land to meet our statutory operating requirements. We have received valuation, operational and noise modelling data to assist in forming a view on the necessity to acquire several allotments on the southern end of the airport precinct being offered back via NZTA as a result of the uplift of the eastern sector road corridor.
- **Airport Emergency Exercise** A full multi agency simulation was held in November 2018, this was successful and provides a solid platform on which to enhance the capability of all agencies into the future.

FY19 Q2 Highlights & Q3 Strategic Actions

What's happening in FY19 Q3 - 1 January to 31 March 2019

- Redevelopment of stage 1 of the Terminal (Arrivals Hall).
- Advancement of the masterplan, Precinct B business case and proposed funding approach.
- Carpark and forecourt reconfiguration works.
- Stage 2 entrance landscape works.
- Complete SPM airport asset survey, depreciation forecast and establish FM system.
- Employ SMS Manager.
- Confirm Sustainability Framework and implement Y1 initiatives.
- Implementation, documentation phase for the RAL SMS.
- Confirm our position on the RESA land acquisition requirement.
- Complete and publish Obstacle Limitation and Noise Contour Surveys.

FY19 Q2 Highlights & Q3 Strategic Actions

Financial Performance FY19.

OPERATING BUDGET

\$000	2018/19 Budget	2018/19 YTD Actual	Variance
Revenue	\$2,588,362	\$2,667,062	\$ 78,700
Expenses / Depreciation	\$2,449,931	\$2,620,336	(\$170,405)
Net Surplus	\$ 138,431	\$ 46,726	(\$ 91,705)

CAPITAL BUDGET

\$000	2018/19 Budget	2018/19 YTD Actual	Variance
Income	0	0	Na.
Expenditure	\$5,100,000	\$1,128,511	\$3,971,489
Total	\$5,100,000	\$1,128,511	\$3,971,489

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	3,094	3,499		<ul style="list-style-type: none"> On track
Passenger Movements	123,541	128,916		<ul style="list-style-type: none"> On track
Finance – Net Surplus	\$138,431	\$46,726		<ul style="list-style-type: none"> On track. Note we have taken advantage of positive weather conditions in the first half of FY19 to complete all airside drainage works and operating (noise / OLS) surveys. We forecast revenue / expenditure will normalise against budget in the second half of FY19.
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

