

CCO – Rotorua Airport Limited

**QUARTERLY
REVIEW
REPORT**

THIRD QUARTER 2018/19:

JANUARY – MARCH 2019

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FY19 Q3 Highlights & Q4 Strategic Actions

HIGHLIGHTS FROM 1 JANUARY – 31 MARCH 2019

Financial KPI's FY19 Q3 Performance Update

- **YTD Net Surplus before tax** \$258,195 v budget \$173,271
- **Passenger Movements** 202,589 v Budget 190,534
- **Aircraft Movements** 5,852 v Budget 4,849
- **Statement of Financial Position** Total assets were \$64,598,580 and current liabilities were \$1,241,802 and term loan of \$15,000,000, giving a net equity of \$48,356,778.

Non-Financial KPI's FY19 Q3 Performance Update

- **Operational Safety Incidents** 0 v target of 0
- **Team Injury Events** 0 v target 0
- **Masterplan** – Precinct A (General Airport Business Precinct) concept design completed, advancement to completion of feasibility on hold pending a decision on construction of the proposed SHW30 Airport roundabout. Precinct B (General Aviation Hangar Precinct) feasibility completed, project to advance towards preparation of a business case based on a design, build and own approach.

FY19 Q3 Highlights & Q4 Strategic Actions

Commercial & Development Activity

- **Project - Airport Emergency Operations Centre (EOC)** –Building fully operational.

- **Project - Terminal Redevelopment**

Construction contract signed with Marra Construction – RDT Project Managers & RLB Cost Estimators.

Stage 1 Arrivals Hall - design completed, building consent granted. Enabling works and demolition completed. Asbestos removal completed, seismic upgrade underway with ceiling strengthening complete, hydraulic ducting 80% complete. Framing of new rental car booths and offices completed. Targeted opening late June 19’.

Stage 2 Departures Hall & Link Walkway. Detailed Design underway, consent lodgement pending. Targeted Project Completion November 2019.

NOTE: As advised in the FY19 Q2 report invasive building inspections have revealed elements of the arrivals structure (built circa 2002) were not constructed in accordance with the approved design. Remedial seismic strengthening works will be undertaken and funded as part of the overall project to address this significant issue.

FY19 Q3 Highlights & Q4 Strategic Actions

The completed building will be delivered to an Importance Level 3 (IL3) which is appropriate for any structure that may contain crowds, have high value to the community or pose a risk to large numbers of people in close proximity, such as airport terminals.

- **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. Finalisation of feasibility on hold pending a decision of timing /funding of the SHW 30 Airport roundabout. Some advancement of the expansion of the heliport is possible to cater with demand and growth though a significant development of this precinct will be limited pending resolution of traffic management issues.

Precinct B – General aviation precinct. Feasibility study completed. Business case under preparation, proposed concept provides for circa 26 hangars / units. A business case is being prepared for presentation at the June 2019 RAL Board meeting.

- **Project - Airport Carpark & Forecourt** - Reconfiguration works underway, to be undertaken in line with the domestic terminal redevelopment to optimise user efficiency and capacity

FY19 Q3 Highlights & Q4 Strategic Actions

constraints. Long term pricing to reset to ensure that customers must be in this carpark for greater than 3 days to take advantage of the discounted parking fee.

- **Project - Landscaping Programme** – Stage 2 entrance enhancement landscaping works to commence in autumn 2019.
- **Project – Asset Management Database SPM Limited** have been commissioned to assist in the design and delivery of a comprehensive Facilities / Asset Management package for the airport.
- **Project – Brand Alignment** We have commenced a process of aligning and resetting RAL’s corporate brand and logo identity to Destination Rotorua branding.
- **Project – Business Lounge** AirNZ have confirmed that they will not invest in the establishment of a business lounge, on this basis RAL is completing feasibility with a view towards establishing a quiet working space independent of AirNZ if commercially feasible.
- **Statement of Intent FY20-22** This has been provided to RLC in draft for feedback.

FY19 Q3 Highlights & Q4 Strategic Actions

Aeronautical Activity

- Positive performance across all passenger sectors continues in terms of load factors and passenger movements. As at 31 March 2019 passenger movements through Rotorua Airport for the previous twelve (12) months were 261,516. This is an increase of some 20,000 passengers over the preceding twelve (12) month period.
- RAL is continuing to review and update its sector development strategy to growth services and capacity. Growth of our South Island linkages remain a priority.
- The last quarter has again seen 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 progressed. RAL has appointed a SMS Manager to ensure we meet mandated CAA requirements in and around design of this system and its deployment across the airport and our user community. The system will be implemented formally in

FY19 Q3 Highlights & Q4 Strategic Actions

May 2020, this will ensure operational continuity of the airport.

- **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. The report has now been completed and received and we are working through an analysis of any infringements that my require attention.
- RAL's **Aircraft Noise Contours** An update of the annual noise contours monitoring has been completed and provided to RLC.
- Construction of our new **Airport Rescue Fire Fighting Appliance (ARFF)** is underway. 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, noise modelling and legal advice to assist in forming a view on the necessity to the allotments. A decision on the acquisition will be made the RAL Board by June 19'.

FY19 Q3 Highlights & Q4 Strategic Actions

What's happening in FY19 Q4 - 1 April to 30 June 2020

- Completion of Stage 1 Terminal Works (Arrivals Hall).
- Commencement of Stage 2 Terminal Works (Departures Hall and Link Walkway).
- Advancement of the masterplan, Precinct B business case and proposed funding approach.
- Carpark and forecourt reconfiguration works.
- Stage 2 entrance landscape works.
- Confirmation of the FY20-22 SOI and advancement of discussions around a revised Service Funding Agreement.
- Complete SPM airport asset survey, depreciation forecast and establish FM system.
- Advancement of the design and Implementation, documentation phase for the RAL SMS.
- Confirm our position on the RESA land acquisition requirement.

FY19 Q3 Highlights & Q4 Strategic Actions

Financial Performance FY19.

OPERATING BUDGET to Q3

| \$000 | 2018/19 Budget | 2018/19 YTD Actual | Variance |
|----------------------------|-------------------|-----------------------|-----------|
| Revenue | \$3,915,515 | \$4,102,907 | |
| Expenses / Depreciation | \$3,724,244 | \$3,844,712 | |
| Net Surplus | \$ 173,271 | \$ 258,195 | \$ 84,924 |

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.

| | | | |
|----------|--------------|----------|-------------------|
| 7 | | | |
| On-track | Not Achieved | Achieved | No data available |

PERFORMANCE MEASURES

| Measure | Target | Result | Status | Comments |
|---|---------------------|-----------|--------|---|
| Aircraft Movements | 4,849 | 5,852 | | <ul style="list-style-type: none"> On track |
| Passenger Movements | 190,534 | 202,489 | | <ul style="list-style-type: none"> On track |
| Finance – Net Surplus | \$173,271 | \$258,195 | | <ul style="list-style-type: none"> On track. |
| Support Rotorua Reorua | Implementation Plan | On track | | <ul style="list-style-type: none"> On track |
| Operational Number of Controllable Safety Incidents | 0 | 0 | | <ul style="list-style-type: none"> On track |
| Team – Number of employee Injuries | 0 | 0 | | <ul style="list-style-type: none"> On track |
| Project Performance | Masterplan | On track | | <ul style="list-style-type: none"> On track |

