



# Annual Profile

2015 - 2016



# About Queenstown Airport

**Queenstown Airport is the gateway to stunning southern New Zealand. As one of Australasia's fastest growing airports, it is a vital part of our tourism industry.**

It is the fourth largest airport in the country by passenger numbers and one of the busiest, operating a mixture of scheduled flights, private jets, general aviation and helicopters. It also accommodates more than 500 people working at some 60-tenant businesses within the wider airport perimeter.

## About Us

Queenstown Airport Corporation (QAC) operates Queenstown Airport to ensure it is safe, efficient, operationally robust and provides value to shareholders.

Our business success and growth is closely linked with the region's tourism industry. We strive to deliver both world-class facilities and an exceptional service experience for our visitors which represents the best of the region and a sense of place.

The company is owned:

- 75.01% by Queenstown Lakes District Council
- 24.99% by Auckland International Airport Limited



# The year in review

**2015/16 was a year of exciting progress for Queenstown Airport with runway and infrastructure improvements, and a strong increase in passenger numbers.**

By year's end, significantly longer daily operating hours were in place with the introduction of after-dark flights.

Sustained passenger growth was again a pillar of QAC's strong financial performance delivering value for shareholders and the community.

The airport welcomed a total of 1.65 million passengers in the 12 months ended June 2016, an 18% increase on the previous year's record.

These numbers helped propel us to a strong year-end result, with revenue of \$31.5 million and net profit after tax reported at \$7.8 million.

We are also pleased to report our largest annual dividend of \$6.3 million to our shareholders.





# Healthy growth

**The airport welcomed a total of 1,651,109 passengers in the 12 months ended June 2016 – up 252,469 or 18.1 per cent on the previous year’s record.**

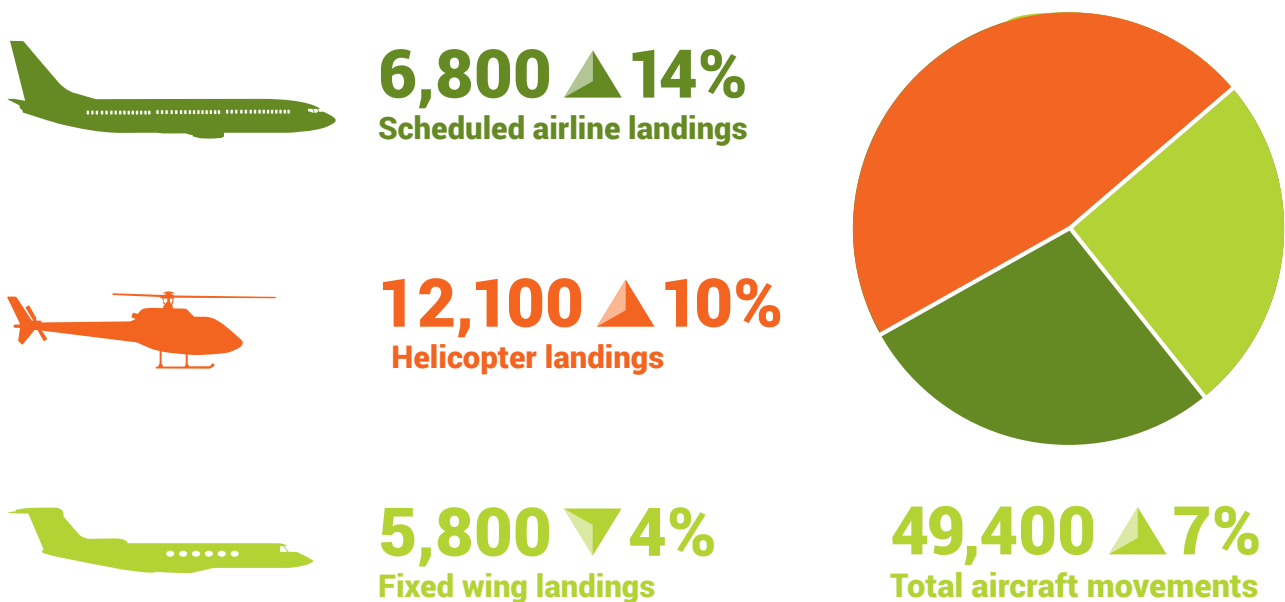
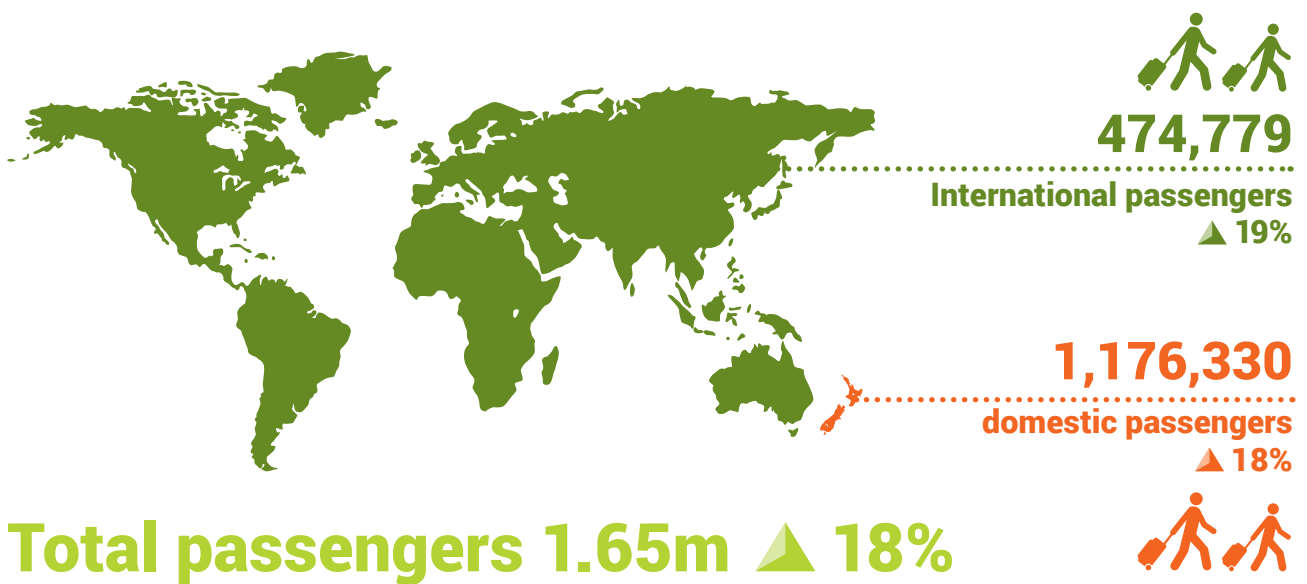
Domestic passenger numbers grew strongly by 18% to 1,176,330. These figures include international passengers transiting through domestic ports.

International passenger traffic rose 19% to 474,779 with growth across all direct trans-Tasman routes – Sydney, Melbourne, Brisbane and Coolangatta – as a result of extra airline capacity and frequency.

Overall, commercial general aviation landings increased 5%, with strong growth (10%) in helicopter landings balanced by a slight decrease (4%) in fixed wing landings.



# Passengers and landings profile





# Strong returns to shareholders and community

**QAC returned a total of \$6.3 million to its two shareholders Queenstown Lakes District Council (75.01%) and Auckland Airport (24.99%), a 21 per cent increase on the 2014-15 dividend of \$5.2 million.**

For majority shareholder Queenstown Lakes District Council, this means a dividend payment of \$4.7 million, which equates to around \$202 per rateable property in the district.

Underlying Net Profit After Tax was \$10.5 million, up \$2.2 million or 27 per cent on the previous year. Following an adverse taxation ruling related to depreciation claimed on the Runway End Safety Area, statutory Net Profit After Tax was reduced for a non-cash provision of \$2.6 million to \$7.8 million, down 7 per cent from the prior year.



# Strong financial performance

## Queenstown Airport Summary of Financial Performance

For the year ended 30 June 2016

	FY15 (\$m)	FY16 (\$m)
<b>Revenue</b>	<b>24.8</b>	<b>31.5</b>
<b>Net Profit After Tax</b>	<b>8.3</b>	<b>7.8*</b>
<b>Dividend</b>	<b>5.2</b>	<b>6.3</b>
<b>Net Assets</b>	<b>161.1</b>	<b>198.6</b>

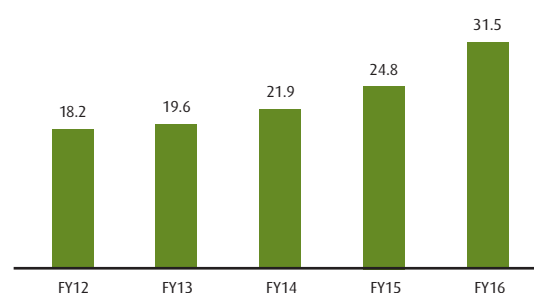
**Full Financial Statements:** This is a summary of the financial information only, which has been derived from, and should be read in conjunction with the Queenstown Airport Corporation Limited Annual Report. The Annual Report contains the full company Financial Statements and the accompanying notes which form part of these Financial Statements. The Annual Report is available at [www.queenstownairport.co.nz](http://www.queenstownairport.co.nz).

**75.01%** Owned by Queenstown Lakes District Council

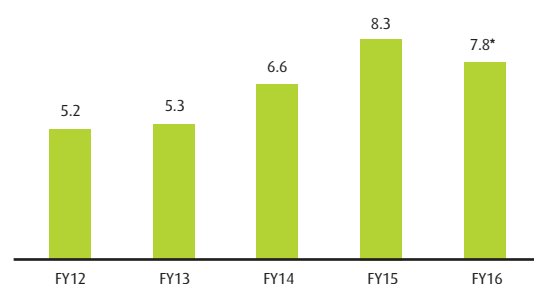


**24.99%** Owned by Auckland Airport

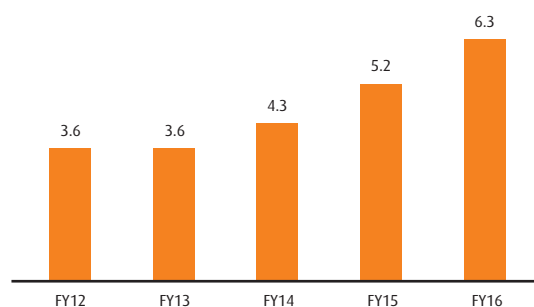
### Revenue (\$ million)



### Net Profit after Tax (\$ million)



### Dividend (\$ million)



\*Net Profit After Tax (NPAT) includes a tax provision in relation to the Runway End Safety Area. Excluding this, NPAT was \$10m, up \$2.2m or 27% on the previous year.

# Key milestones

## JULY 2015

- The new international terminal opens on 1 July, 20 years to the day after welcoming the first international flight from Sydney.
- On 4 July, a record number of international passengers (1,585) and flights (11) arrive in a day.
- Launch of user-enhanced mobile responsive website featuring new real-time flight status updates, calculators and maps.



## AUGUST 2015

- Air NZ announces 18 extra flights from Auckland, Wellington, Christchurch and Sydney before and after the Queenstown Marathon in November.



## SEPTEMBER 2015

- Wanaka Airport wins NZ Regional Airport of the Year at the NZ Airports Awards for helping facilitate the successful launch of NASA's inaugural super pressure balloon from Wanaka in March 2015.



## OCTOBER 2015

- Following the sad passing of QAC's CEO Scott Paterson, a memorial service is held at the airport.





## Key milestones continued...

### NOVEMBER 2015

- QAC and Airways announce \$19.6m of airfield infrastructure improvements designed to pave the way for evening flights in winter 2016 and improve overall safety and efficiency of operations. These improvements include widening the runway from 30 to 45m, resurfacing it and installing a comprehensive airfield lighting package.



### DECEMBER 2015

- QAC operations team expands to service evening flights which require double shift operations. A third fire engine and two utility vehicles are added to the fleet to be used for runway inspections, snow clearing operations and general airside duties.



### JANUARY 2016

- A new record is set for the airport's busiest ever day on 2 January with 60 flights.
- Air NZ announces its plan to introduce an after-dark domestic service between Auckland and Queenstown for the winter 2016 season.



### FEBRUARY 2016

- Runway widening completed, resurfacing process begins.
- Six weather stations are installed around the airport zone to relay wind speed, temperature and other atmospheric conditions to the flight decks in real time.
- TravelPharm takes over the lease to the NZ World store and reopens it as 'Premium New Zealand'. The store stocks a range of gifts and souvenirs.



# Key milestones continued...

## MARCH 2016

- A new Wanaka Airport website and Facebook page is launched showcasing the airport's attractions, news and events to visitors and locals.



- NASA returns to Wanaka Airport with a 40-strong team to set up for its second annual super pressure balloon launch. This time it will fly a scientific research payload to probe the origins of galactic positrons, the creation of new elements in the galaxy, and perform pioneering studies of gamma-ray bursts and black holes.

## APRIL 2016

- Jetstar announces plans to introduce an international after-dark service between Melbourne and Queenstown for winter 2016.
- Ezi Car Rentals opens a new booth in the terminal building rental car concourse.



- More night-time lighting is added across the airfield apron and the public, rental and staff carparks.
- The runway and airfield lighting project is completed and signed off by CAA.



- Test flights commence to prove the viability and safety of after-dark operations.

## MAY 2016

- Proving flights are complete, all approvals given, evening flights are cleared for takeoff.
- The NASA super pressure balloon is successfully launched from Wanaka Airport.
- Our international passenger experience is improved with the installation of six eGates at Customs. These significantly reduce queues by improving the processing rates for arriving international passengers from around 360 passengers to 1,000 passengers per hour.
- It's an historic moment for Queenstown Airport when our first domestic after-dark flight, operated by Air New Zealand, touches down. Passengers are welcomed with a rousing kapa haka performance and a range of free local goodies.



## JUNE 2016

- Colin Keel joins QAC as CEO.
- A commercial car wash operation servicing four rental car companies moves into the airport's long term carpark, reducing vehicle traffic in the airport precinct.
- Vodafone relocates and opens a new-look store next to Global Culture. This makes way for a new international passenger arrivals corridor and dedicated Meet and Greet area designed to improve passenger flow.



- Australian company Enterprise Car Rentals opens at the airport.
- Our new, high speed free public WiFi goes live with a dedicated fibre connection and additional access points to ensure fast speeds and better coverage.
- We welcome our first international after-dark service (operated by Jetstar). The Head of NZ Jetstar Grant Kerr and QAC CEO Colin Keel welcome each passenger personally and hand out gifts.



# Evening flights take off

**Getting ready for evening flights in winter 2016 was a major focus in this financial year and has ultimately delivered a long term growth opportunity for the airport and the region's visitor sector.**

From QAC's perspective it was critical to complete the required infrastructure upgrades (runway widening, overlay and airfield lighting) and these were delivered on time and under budget in April.

The first after-dark domestic flight into Queenstown (operated by Air New Zealand) on 23 May 2016 and our first international service (operated by Jetstar) on 24 June 2016 were both major milestones for New Zealand aviation and tourism, and marked a new era for Queenstown Airport.

After-dark flights enhance our potential as an international airport, provide better utilisation of our infrastructure by doubling our winter operational hours and allowing us to spread peak loads, and create new employment opportunities.

Within a six-month period the airport community grew from 350 people to close to 500, as most of the 60-strong businesses moved to double shift operations.





# Managing sustained growth

**Together with our airline partners, border agencies and tenants, we are working hard to offer the best possible customer experience and achieve operating efficiencies. This requires smart planning, new technology and innovative thinking.**

After completing a two-year programme to standardise and refresh the airport's technology infrastructure and upgrade all applications, 2016 saw us move to improve our customers' online experience with new high speed free public WiFi, digital signage and enhancements to our website with improved navigation and functionality, and accessibility across mobile devices.

We also improved operational efficiency by introducing eGates into the Customs areas. This significantly reduced queues by increasing the processing rates for international arrivals from around 360 passengers per hour to 1,000 passengers per hour. Semi-automated resource allocation was also implemented to optimise the use of our aircraft stands.

A series of safety and capacity improvements to our car parking and road network commenced in 2016 and will continue to be rolled out over the next year.

We are progressing our efforts to acquire the Lot 6 land adjacent to the airfield. An interim decision on the Notice of Requirement was issued by the Environment Court in December 2015, confirming the separation distance requirements between the runway and proposed heavy taxiway. The Environment Court requested an aeronautical study to show the operationalisation of the airfield including the proposed changes. This report is currently with the CAA for approval as required by the Environment Court timetable.



# Aircraft noise mitigation

**We are mindful of the impact of a busier airport on our neighbours.**

Our Aircraft Noise Management Plan has now been in effect for two years and this year was primarily directed at the 'Inner Noise Sector' homes most affected by aircraft noise.

By July 2016, the first tranche of QAC's Noise Mitigation Programme was made available to the 13 homeowners in the 'Inner Noise Sector' as the programme tracked the path agreed with the Liaison Committee. The next phase, expected to take 18-24 months, will include mechanical ventilation offers to an estimated 135 'Mid Noise Sector' houses in the second half of 2016.

The programme will then continue in scheduled phases for the next 20 years as the increased number of flights has the potential to increase noise to a larger number of homes.





# Key strategies

**Spectacular scenery, world-class experiences, a packed events calendar, and a vibrant food and wine scene make our region a highly desirable destination.**

Looking ahead, we are confident about the sustainability of both domestic and trans-Tasman growth, particularly with the addition of winter evening flights which are expected to grow over time. Forward flight schedules are strong and we are confident that 2016/17 will be another successful year for QAC.

We are working closely with our aviation and tourism partners to identify high quality growth opportunities and to make sure we are equipped for the future and can provide the best possible visitor experience capturing the best of our region.

We are:

- Developing a 30-year Master Plan to provide us with a roadmap to the future as we continue to develop the airport to serve the community and region for many decades to come.
- Working collaboratively with our airline customers to take full advantage of Queenstown Airport's consented operational hours without having to invest in further terminal infrastructure.
- Working within the Proposed District Plan framework to optimise the use of our land and protect it in the long term.
- Working closely with local government and businesses in Queenstown to encourage investment in quality visitor infrastructure and destination experiences that keep pace with future growth.





# Strategic alliance

## with Auckland International Airport Limited

**Our strategic alliance with Auckland Airport, New Zealand's largest travel gateway, continues to deliver long-term value, providing improved connectivity and resources.**

These benefits have been reflected in our passenger growth and helped us improve operational and cost efficiency.

We expect to see strong growth on our Auckland-Queenstown route over the coming year thanks to the efforts of partner airlines and Auckland Airport in adding new long haul services from North America, China, Hong Kong and South-East Asia. These services will act as a pipeline to Queenstown and the Southern Lakes region for many of these international visitors keen to experience southern New Zealand.



# Contributing to our community

**We work hard to support our regional communities in many ways, backing the efforts of not-for-profit organisations, and getting behind various local events and marketing promotions.**

Our employees also participate in initiatives such as “Shaping Our Future” and its associated Visitor and Tourism Industry and Transport Task Forces.

We recognise the potential of large-scale events to promote our region and attract visitors through the airport. This year we provided in-kind support to events such as the Winter Festival, NZ Golf Open, Warbirds Over Wanaka and the Queenstown Marathon, and participated in a joint Ski Tourism Marketing Network campaign.

We also provided operational support to Wanaka Airport and, for the second year running, assisted with the logistics of NASA’s successful super pressure balloon launch in May.

Other community organisations we have supported over the past year include the Queenstown Volunteer Fire Brigade, Coastguard, TedX Queenstown, the Heart Kids Day Out, NZ Cancer Society, Autism NZ, and the Lions Club.





# Our team

**Queenstown Airport is a direct reflection of the quality, diversity and culture of its people.**

## NEW LEADERSHIP

On 1 June 2016, we welcomed aviation and transport infrastructure specialist Colin Keel to the role of Chief Executive. Colin brings significant international experience to QAC having worked in Australia, North America and the United Kingdom.

Originally from the United States, Colin has more than 25 years of relevant experience, including senior management roles at American Airlines, Qantas and Aurizon. Most recently, while based in Sydney, he was an advisor to several international pension and superannuation funds on major infrastructure investments.

Colin has a Law Degree (Juris Doctor) from the University of Pennsylvania and a Bachelor of Arts Degree (Honours) from Muhlenberg College in Pennsylvania. He is also a member of the Australian Institute of Company Directors.

Colin has had a close involvement with Queenstown and the region for over a decade as a frequent visitor and homeowner.

Our sincere thanks go to the QAC board of directors, employees and wider airport community, service providers, contractors and stakeholders for their hard work, expertise and commitment to excellence. These all helped us deliver a strong financial result and an outstanding visitor experience.

We would also like to acknowledge the support of our four major commercial airline customers - Air New Zealand, Jetstar, Qantas and Virgin Australia - and their global airline partners. The commitment of these airlines to improve connectivity to Queenstown will ultimately provide inbound and outbound travellers with more choice and flexibility.



**“This region is one of the most stunning places in the world and flying in and out of Queenstown Airport is an amazing experience in itself,” Colin says. “I feel privileged to have the opportunity to lead such a dynamic organisation and look forward to working with the QAC team and community to ensure we deliver value for the region and remain one of the most memorable flying experiences in the world.”**