

# OUR PLACE

IN THE WORLD

2015 EDITION | Annual Report

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**BRINGING THE  
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CHRISTCHURCH  
**AIRPORT**  
bringing the world South

# OUR PLACE

**IN THE WORLD**

2015 EDITION | Annual Report

# GROWING **OUR PLACE**

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## GOLDEN BAY

A stroll down Golden Bay's remote  
Wharariki Beach.

# CHAIRMAN'S REPORT

## BUSINESS PERFORMANCE



**DAVID MACKENZIE**  
Chairman

In the company's Annual Report last year, I made reference to the fact the business was entering a new phase, having completed a major revamp of its infrastructure. The company was to focus on strategy targeting growth in all spheres of its business. I am pleased to be able to report that during the financial year ended 30 June 2015 (FY15) significant development of the company's business has been achieved.

Growth in passenger numbers, new airline capacity, revised aeronautical charges (reflecting our investment in new infrastructure), continuing development of property (enhanced by market demand for on-airport sites and planning changes), and improved retail and parking options, have all contributed to the financial performance achieved in FY15. They also set the airport up for further improved performance this financial year.

Before a deferred tax adjustment, which is a non-cash item, the company's after tax surplus for FY15 was \$37.8m (2014: \$18.0m). As a consequence of this result, and the anticipated on-going performance of the business over the current planning horizon, the board has been able to signal to shareholders a significant growth in dividend payments.

During FY15, the company achieved a one-off gain on sale of assets to NZTA, relating to the SH1 enhancement project NZTA is undertaking adjacent to Christchurch Airport. That gain of approximately \$5.1m was not forecast, so the board has decided to pass 100% of the gain to shareholders as part of the company's final dividend for FY15. As a consequence of the improved financial performance of the business and the one-off realised gain noted, total dividends for FY15 will be \$20.6m (2014: \$7.6m)

Aeronautical growth has been satisfactory at Christchurch Airport, despite some industry structural issues (other than for Trans-Tasman flights) relating to New Zealand's national carrier focusing on building Auckland Airport

as its international hub. Last financial year international passenger movements increased at Christchurch Airport by 7.0% and domestic passengers by 3.3%. Further capacity commitments already signalled by various airlines indicate Christchurch Airport will have strong aeronautical growth in the current financial year, particularly in international.

In the company's service outcomes, Christchurch Airport was again rated the number one airport in Australasia by independent international customer surveys.

Our commercial outcomes speak for themselves, with the company materially improving its financial performance across all areas in which it operates (aeronautical, property development, retail and car-parking).

Christchurch Airport has championed regional development for the whole of the South Island, and has highlighted the importance of a balanced approach to tourism flows through the country. We see some detriment to South Island regional development in the current emphasis on Auckland as the entry point for tourists. Christchurch Airport is of the view that it is in the national interest to ensure distribution of tourism benefits throughout the country. We have been active in defending the integrity of the Open Skies policy against ongoing erosion by anti-competitive airline alliances which undermine this policy.

As a business, Christchurch Airport has committed to excellence in its safety, security and environmental outcomes. There has been a lot of focus

and activity in these areas, particularly around Health and Safety systems and monitoring. A satisfactory culture in respect of these matters is becoming deeply embedded in the business, from the front-line staff to the board of directors. It remains work in progress to which all at Christchurch Airport are committed.

### GOVERNANCE

Once again I record my thanks to fellow directors for their various inputs over the course of the year. The board itself also acknowledges the very good work undertaken by management and staff. The business is only as good as the people who work in it each day, who collectively produce the service and financial results achieved.

During the year George Gould retired from the board. On behalf of the board, and the company itself, I record our appreciation of George's contribution to the business. The minority shareholder, the Crown, has appointed Laura Palomino de Forbes to fill the vacancy left by George, and we welcome Laura. Laura has a background in the international funds management industry.

### CONCLUSION

Operationally, the airport company is moving into a new phase, growing its business and positioning itself as an important gateway for New Zealand inbound tourism. Long haul growth will predominantly come from foreign carriers, connecting Christchurch and

the South Island with Australia, Asia and beyond. We have acknowledged the advice from New Zealand's national carrier that it sees its best outcomes in continuing to grow and dominate the hub it has created at Auckland. For that reason we are pursuing with some vigour opportunities with foreign carriers to ensure our vision of tourism support for enhanced regional development of the South Island may be better achieved.

Financially, we are forecasting good revenue growth, based on anticipated aeronautical business increases as well as on further property developments. As noted, the board anticipates significantly improved dividend flows for shareholders in future, based on the airport company being able to continue its strong performance.



*CIAL Board: from left - Catherine Drayton, Chris Paulsen, André Lovat, David Mackenzie, Justin Murray, Laura Palomino de Forbes.*

# OUR PLACE



CHRISTCHURCH

Paragliding towards Lyttelton Harbour.



# A GREAT TEAM THAT'S GAINING ALTITUDE



**MALCOLM JOHNS**  
Chief Executive

Writing in last year's annual report I had been part of the team here at Christchurch Airport (CIAL) for approximately six months and in that time the commercial impact on the airport from the earthquakes had been reinforced. I had also discovered that these events had shaped a resilient, proud and dedicated team of people.

Over the past 18 months, we have spent a lot of time looking forward at where we can drive our journey to and what achieving that would mean for our key stakeholders across the South Island and New Zealand. The resilience and pride within our team is clear in the title of this annual report - our team is dedicated to how we can create opportunity for 'Our Place in the World'. Our Place in the World for us is Our Airport, Our City and Our Island and our focus is how we can help all three turbo charge New Zealand's success, particularly on the international stage.

## OUR AIRPORT

The success of Our Airport delivers a significant social and economic dividend to our country by delivering for both the city and the South Island. We know from independent economic analyses that we have a 50:1 economic multiplier, so for every dollar we generate as an airport the wider economy receives 50 dollars of economic value.

We also know we have to compete hard for our air networks. International tourism underpins a good portion of our domestic air networks and the majority of our international air networks. Our share of New Zealand's tourism industry dictates how many discounted airfares locals have access to as they travel around New Zealand and connect with friends and family. It also drives how strong international air connections are with major Australian airport hubs like Sydney and Melbourne and our

flights into major Asian airport hubs like Singapore and Guangzhou.

There are around 6,000 locals who work for the many businesses operating at Our Airport; together we serve the 30,000 members of the public who visit us on average every day of the year.

For us, the success of Our Airport is the sum of three key areas of our performance:

- Our Commercial Outcomes
- Our Customer Experience Outcomes
- Our Safety, Security & Environmental Outcomes.

Throughout the rest of this document you will find stories from the past year which illustrate the broad range of activities our team has been working on, often in conjunction with other independent parties, to deliver better outcomes in these three areas of our business.

In brief, we have been focused on enhancing the breadth and depth of choices our visitors have across all these areas, especially in our retail outlets, our parking options and our ground transport modes. Independent customer experience surveys have seen Our Airport achieve the top score for customer experience across all airports in Australia and New Zealand, for the third year in a row. This reflects the pride, passion and dedication our team feels about being the front door to the South Island and often the first or last contact visitors have with our country.

The earthquakes had a material impact on the commercial outcomes for Our Airport and financial year

2015 (FY15) saw a step change in our commercial performance, as we look forward, beyond the shadows cast by past events.

Operating Revenue grew 22 per cent to \$159 million and EBITDAF 29% to \$93 million. This reflects the continued aeronautical pricing reset following the investment in the new terminal, coupled with seven per cent growth in international and 3.3 per cent growth in domestic passenger numbers. Productivity has been a key focus of

our internal culture and our teams have worked hard to absorb some material costs that arose and were beyond our control, including rates increases of \$350,000 above expectation, increased aviation security charges of \$550,000 and increased emergency service charges of \$800,000 - a total of \$1.7 million in unforeseen costs beyond our control. Despite this, underlying Net Profit After Tax rose 110 per cent to \$37.8 million and total declared dividends 171% to \$20.6 million.

Safety and Security is a priority for our team, with our focus on migrating our safety culture from a hazard based focus to a risk based focus. Over the past year and going forward, our emphasis is on growing our safety leadership and our safety culture. Our lead and lag indicators all moved in a pleasing direction, supported by a very active health and safety committee. This has been assisted by our online Health and Safety system visABILITY, which allows every member of our team to deal with



Executive Leadership Team: from left - Justin Watson, Tim May, Andy Lester, Malcolm Johns, Michael Singleton, Rhys Boswell, Blair Forgie.

health and safety matters in real time as they arise, from any mobile device or desk top computer.

Sustainability and our role as Kaitiaki of our campus is always front of mind as we continue our drive to create one of New Zealand's most sustainable gateways, reflecting our country's international brand proposition.

Our environment team managed to divert 38 per cent of solid waste away from landfills, up from 30 per cent the previous year. This is made more impressive when you consider we saw around 500,000 more people in the terminal this year than in the previous one.

Our energy use continued to decline, with a further eight per cent year on year. Our heating and cooling system in the terminal, using gravity based artesian water rather than traditional energy intensive heating and cooling towers, received a global award in London for energy innovation.

Our operations team has been working with our airline customers on a programme to eradicate the need to use standalone diesel generator units and on-board auxiliary engines for aircraft while planes are on the ground and at the gate. Over the next few years, we will roll out ground power stations on our aircraft gates, allowing aircraft to plug into mains power during their turnaround and removing the need for them to burn fuel to maintain their on-board systems. Working with Air New Zealand, we will start with three gates during FY16.

We estimate this could produce fuel savings for airlines of up to 900 tonnes p.a. or around \$400,000 p.a. in turnaround costs. Most importantly, that would remove approximately 1.2 tonnes of CO<sub>2</sub> from the atmosphere. The project will make aircraft turnaround at Our Airport more environmentally and commercially friendly for our airline customers.

#### OUR CITY

Our City has reached a tipping point and we now have more cranes building things than we have taking things down. The CBD will undergo a transformation over the next 12-18 months as a number of major developments reach completion. This in itself will materially change the central environment for our visitors and residents alike.

Working with key stakeholders to understand the opportunities Our City has on offer from the visitor economy over the next decade has been a major focus for us over the past year.

The first thing to understand when considering this is visitors are not locals. They come from other places around our country and the world and therefore view things through a different lens to people who live here. However, you find they often enjoy very similar things to locals – they just spend six times as much per day on them as residents do.

In late 2014, we assembled a small team from inside and outside Our City to produce a discussion document on opportunities to drive social and commercial outcomes for communities and economics from the visitor sector. This document can be found on our website and we were pleased when Christchurch City Council formed a group to develop it into a strategy for Our City.

#### OUR ISLAND

In 2012 we reached out to all of the regions across the South Island and formed 'South'. 'South' is about the South Island flying in formation on the international stage. We know from official government statistics that around 80 per cent of international visitors who arrive into the South Island at Christchurch go on to visit multiple other regions. This falls to less than 20% when Christchurch is not the entry point. When it comes to regional spread of international visitors across the South

Island, Christchurch plays a critical gateway role and it's a role all our team takes very seriously.

'South' has been active with all regions in the South Island, promoting self-drive holidays to Australians, growing the South Island's profile in Indonesia, Malaysia, Singapore and India and in securing regular air services with China. We remain committed to 'South' and to playing our part in supercharging the South Island's outcomes on the world stage.

#### LOOKING FORWARD

FY16 has started with a lot of promise. Our aviation development team has increased airline seat numbers to Christchurch by another 550,000 - that's on top of the extra 220,000 during FY15 (so 770,000 extra airline seats over the two year period). We have new international airline services from China Southern Airlines, China Airlines, Singapore Airlines, Virgin Australia, Qantas and Fiji Airlines. Air New Zealand has added significant domestic airline capacity, especially on the Christchurch – Auckland route.

Our property development team remains just as focused on growing our non-aeronautical revenues and will have some major new announcements during FY16.

The drive to grow our revenues in these areas, combined with a focus on managing the productivity of our cost base, means we expect underlying pre-tax operating earnings to grow by around 12 to 14 per cent year on year for FY16.

#### SUMMARY

FY15 has been a step change year for Our Airport and we look forward to continuing that journey in FY16.

It's been a pleasure being part of a great team that's gaining altitude and I thank each and every one of them for their passion, pride and commitment.



# 2015 FINANCIAL SUMMARY

A STEP CHANGE YEAR

## TOTAL PASSENGER MOVEMENTS

International Passenger Movements	1.45 million	+7.0%	<b>5.93</b> MILLION	<b>+4.2</b> %
Domestic Passenger Movements	4.48 million	+3.3%		

## TOTAL OPERATING REVENUE<sup>1</sup>

Aeronautical Revenue	\$68.3 million	+43.2%	<b>\$159</b> MILLION	<b>+21.9</b> %
Non Aeronautical Revenue	\$90.7 million	+9.7%		

## EBITDAF<sup>2</sup>

**\$93.2** MILLION **+28.6** %

## NET SURPLUS BEFORE TAX *(made up of)*

Underlying Operating Profit	\$36.3 million	+126.8%	<b>\$50.2</b> MILLION	<b>+113.4</b> %
Realised Gain on Disposal of Assets	\$5.1 million			
Unrealised Gains on Investment	\$8.8 million			
Property Revaluations				

## NET PROFIT AFTER TAX

**\$37.8** MILLION **+109.7** %

## TOTAL DECLARED DIVIDENDS

Cents Per Share	35.8 c		<b>\$20.6</b> MILLION	<b>+171.1</b> %
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## TOTAL ASSETS (BOOK VALUE) AS AT JUNE 15

Debt (Book Value)	\$296 million	-2.9%	<b>\$1,212.8</b> MILLION	<b>+3.1</b> %
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<sup>1</sup> Excludes unrealised fair value movements on investment properties, but includes realised gains/losses on asset disposals.

<sup>2</sup> Earnings before interest, tax, depreciation, amortisation, net investment property fair value movements and gains on asset disposals.

# OUR PLACE



## MT COOK

Crossing a swing bridge at Mueller Lake, Aoraki/Mt Cook.

# COMMERCIAL OUTCOMES



# BRINGING THE WORLD SOUTH AVIATION HIGHLIGHTS

## TOTAL PASSENGER MOVEMENTS

International Passenger Movements **1.45 million** **+7.0%**  
 Domestic Passenger Movements **4.48 million** **+3.3%**

**5.93** MILLION **+4.2%**

- Trans-Tasman and International passenger numbers experienced very strong growth of +7% on the back of successful new services from China Airlines (Taipei-Sydney-Christchurch), Air New Zealand (Perth-Christchurch), additional services by Virgin Australia, Fiji Airways and Singapore Airlines.
- Load factors on international services were very high at an average of 86%, up five percentage points on previous year. This indicates increasingly strong demand for accessing the South Island via Christchurch.
- Growth in international visitors through Christchurch Airport over the past year is estimated to have generated approximately \$302 million of new visitor spend across all regions of the South Island.
- South Island residents departing Christchurch on international journeys was +3% year on year.
- Air freight through Christchurch Airport was +9% year on year, driven largely by increased wide body air services from Singapore Airlines and China Airlines.
- Commerce Commission confirmed current aeronautical pricing out to 2017 is acceptable.
- Christchurch Airport confirmed it would look at pricing beyond 2017 as part of a full consultation process with airline customers.

### Key markets showing strong year on year growth into Christchurch

China **+37%** | Taiwan **+137%** | SE Asia **+7%** | India **+37%** | Australia **+4%**

## SOUTH ISLAND FLYING IN FORMATION

- CIAL established 'South' in 2012 as an initiative to bring the South Island tourism industry together to work collectively for mutual benefit in Asia and Australia. South is made up of 13 regional or district tourism organisations and led by CIAL. Since its inception it has undertaken significant trade marketing and development in China, Taiwan, Japan and South East Asia including trade shows held in international markets under the "Kia Ora South" banner. These events introduce and train international travel agents on the South Island.

- Under the 'South' initiative, Christchurch Airport, in conjunction with all the regions of the South Island, has partnered with Tourism New Zealand to undertake a joint three year marketing campaign to promote South Island self-drive holidays to the Australian market, with specific focus on promoting regional spread and shoulder seasons.

### LOOKING FORWARD

- Significant growth of +7% in seat capacity over the financial year 2016 (FY16) has been achieved (+550,000 seats). This is driven by:
  - China Southern - new direct service between Guangzhou and Christchurch commencing December, operating three times per week year round.
  - China Airlines - new service between

- Taiwan-Melbourne and Christchurch and an increase to their services between Taiwan - Sydney and Christchurch.
- Virgin Australia - additional services on Sydney, Melbourne and Brisbane
- Qantas - new service between Brisbane and Christchurch.
- Air New Zealand - growth in domestic capacity predominantly between Auckland and Christchurch.

Airline Seats	FY 2014 Actual	FY 2015 Actual	FY15 Growth	FY 2016 Forecast	FY16 Growth
Domestic	5,459,183	5,608,158	+3%	5,981,886	+7%
Tasman	1,411,561	1,483,852	+5%	1,597,236	+8%
International	257,932	254,912	-1%	318,228	+25%
<b>Total</b>	<b>7,128,676</b>	<b>7,346,922</b>	<b>+3%</b>	<b>7,897,350</b>	<b>+7%</b>

## ADDING VALUE TO THE SOUTH ISLAND PROPERTY DEVELOPMENT HIGHLIGHTS

**+9.7%**

CIAL's property development programme continues to strengthen with non-aeronautical revenue up +9.7% year on year and 45 million invested in new revenue generating property developments. Highlights from the previous year include:

- Earthworks and infrastructure development completed in Mustang Park, CIAL's Tourism Transport Hub in the north of the airport, with a new premises nearing completion for Tourism Holdings and developments secured for four other rental vehicle operators within the precinct.
- Continued growth in Dakota Park, CIAL's light industrial and logistics hub in the south east of the airport, with approximately 17,000m<sup>2</sup> of development completed or nearing completion including developments for SB Logistics, Agility Logistics, Recall expansion, Geofabrics New Zealand and Coveris. Major new tenant announcements expected over the course of FY16.
- Construction nearing completion for the 6,100m<sup>2</sup> Spitfire Square retail precinct with stores leased to Countdown, Burger Fuel, Little India, Mexicali, Muffin Break, Subway, Unichem Pharmacy, as well as a gift store, sushi outlet and a Japanese restaurant.
- JUCY Snooze backpacker development contracted. To be located behind Spitfire Square, with construction to commence in the fourth quarter of 2015

# BRINGING THE WORLD

# SOUTH

**JUSTIN WATSON**

*Chief Commercial Officer - Aeronautical*



Supercharging the South Island's contribution to New Zealand's outcomes is at the forefront of our thinking as we look to develop air services and grow passenger numbers through Christchurch Airport, knowing all we do leaves its mark on Our Place in the World.

Work we have been doing both in New Zealand and offshore over recent years has come to fruition and we have been pleased to see strong growth in both airline seats and passenger numbers over the past year.

In the past year, we have seen an additional 220,000 airline seats available into and out of the airport. The most striking example of that was the China Airlines service out of Taipei, via Sydney, which not only facilitated travel to and from North Asia and Europe, but also made Sydney much more accessible and underlined its importance as an international hub for South Islanders and international travellers alike.

We saw growth in passenger numbers across all our international source markets, with standout growth of 37 per cent from China, 137% from Taiwan, 37% from India and 7% from South East Asia (Singapore, Malaysia, Indonesia, Thailand). The Australian market also showed good growth of four per cent, off the back of additional air capacity and heavy promotional activity.

The growth in short term international visitor arrivals through Christchurch represents an estimated additional \$302 million in new visitor spending. This takes the total visitor spend for New Zealand from international arrivals through Christchurch from \$1.1b to \$1.4b. Most

importantly, Government statistics show an estimated \$825million of that is spent across all regions of the South Island. It is proven that when Christchurch is the entry point for international visitors, 84 per cent of their total spend is across the regions of the South Island. If they enter somewhere else, the benefit to the South Island is less than half that.

Airport initiatives have definitely and measurably contributed to the economic development of the regions of the South Island. No surprise there – that's what we intend to do - but the key to getting the traction we have seen this past year has been what we term 'flying in formation' with the regions.

We established the 'South' programme in 2012, to bring all 13 South Island regional tourism organisations together to work collegially and promote the whole island as a visitor experience to offshore travel trade. With them, we have undertaken trade marketing and development in China, Taiwan, Japan and South East Asia. This joined-up approach has really paid dividends, not only introducing and training international travel agents about the South Island, but also helping South Island tourism businesses become better prepared to interact with increasing numbers of Asian visitors.

Closer to home, we have also worked together to invite Australians back across the Tasman to "do a roadie" around the island. We've seen more Aussies return to what they used to love to do – drive themselves around the South Island, seeing and doing what's on offer and lapping up our famous southern hospitality.

Our third summer service between here and Perth is also proving popular, with the opportunity to see each other's



backyards too good to pass up.

Looking into the next financial year, we will see even more growth in seat capacity. Another 550,000 seats will be on offer, driven by a new year-round service by China Southern Airlines out of Guangzhou; China Airlines adding more seats for a longer season out of Taipei, coming in through Sydney and Melbourne; Virgin Australia adding services to Sydney, Melbourne and Brisbane; Qantas adding a new service

between here and Brisbane; and Air New Zealand adding domestic capacity, mainly between here and Auckland. These new services not only bring in additional visitors to the South Island, but give South Islanders more airline options when travelling abroad.

There has never been a better time to fly out of Christchurch and, importantly, there is nowhere in the world you can't get to by leaving here internationally.



# MAKING LAND PRODUCTIVE



**DEAN CHRISTIE**  
Property Project Manager

Canterbury's Tourism Transport hub is taking shape in an area we have named Mustang Park, two minutes north of the airport terminal.

Mustang Park is making previously unproductive land productive and answering an identified need, in fact key demand, from the region's tourism industry.

Businesses involving vehicle rental service, vehicle storage, motor vehicle servicing, large yards and other commercial vehicle support services have been quick to identify a site to suit them. In most cases, those businesses require a large land area but small building, as well as accessibility and quality.

The site works for the rental vehicle businesses because it offers a direct route to the South Island's main tourism travel routes, which customers are keen to use once they've landed here and picked up their vehicle. Everything they need is right on our doorstep and will soon include a service station.

One of the first companies to approach us and work with us to develop

their site is Tourism Holdings Limited (THL). Situated on approximately two hectares of yard space, the THL office, workshops and utility rooms is a 2430 m<sup>2</sup> bespoke building that has been designed specifically to meet the multifaceted needs of THL, while offering the airport company flexibility for future use.

Being situated within Mustang Park, the new facility provides great profile for THL onto State Highway 1 and also offers opportunity for further expansion of yard space to cater for business growth.

Development of facilities for three more rental vehicle operators are about to begin.

**SCOTT CALLAWAY**  
General Manager Trade Development and Marketing

It's not very often that passengers checking in for an international flight are welcomed to a party and given cake for breakfast.

But that's what happened when we celebrated the 50th anniversary of the independence of Singapore, with our airline partner Singapore Airlines. Passengers in the terminal that morning walked through a traditional gateway and up to a check-in desk decorated with balloons, bunting and specially designed SG50 signage.

The passengers were already in a festive mood and smiling, before the entertainment began – Schola Cantorum, the senior choir from Christ's College, sang two waiata and a jazz number, then complemented the cutting of a large birthday cake with an a cappella version of 'Happy Birthday'.

The milestone birthday of the country with which this airport has long been directly connected was an opportunity we could not let go unnoticed. Singapore Airlines has been flying to Christchurch direct for 29 years (look out for another party next year!) and increased its flights post-quakes to support the airport, the city and the South Island. This year the airline supported our retail promotion by offering tickets for two to Singapore, announced extra flights to Christchurch over the summer season and formed an alliance with Air New Zealand to ensure this part of the world continues to be connected to the republic of Singapore.

# CHECKING IN FOR A PARTY



SUCCESSFUL FIRST SEASON LEADS TO  
**EXPANDED  
AIR SERVICES**

**JUSTIN WATSON**  
*Chief Commercial Officer - Aeronautical*

The best performing service on our network at the time – that’s the evaluation from China Airlines, Taiwan’s leading airline, of its summer seasonal service from Taipei to Christchurch via Sydney.

The service offered an extra 24,000 seats over December/January/February and underlined the importance of Sydney as an international airport entry point for the South Island. It took a total time of 14 hour and 15 minutes, including transit time in Sydney - up to four hours shorter and one stop less than any other option. No wonder it was popular!

It only took the performance over those three months to convince the airline to expand the service for the coming summer. The airline has since announced it will offer a four-fold increase this coming summer, through repeating the service through Sydney and adding another through Melbourne, both for a longer season.

The upcoming summer service is a significant vote of confidence from one of the world’s leading airlines. It’s great

to see international carriers growing their support of the South Island with increased wide body air services – this is the first such service between Melbourne and Christchurch in more than a decade. It will create massive new passenger and freight opportunities and drive regional economic development into many regions across the South Island. China Airlines is one of the world’s largest air freight carriers with an extensive network into Asia, across the Pacific and Europe.

As for southern travellers, China Airlines is a member of the Sky Team Alliance, which includes 20 airlines offering more than 16,000 daily flights to over 1,000 destinations in 177 countries. Through China Airlines, South Islanders have connections to a vast number of destinations all over the world.



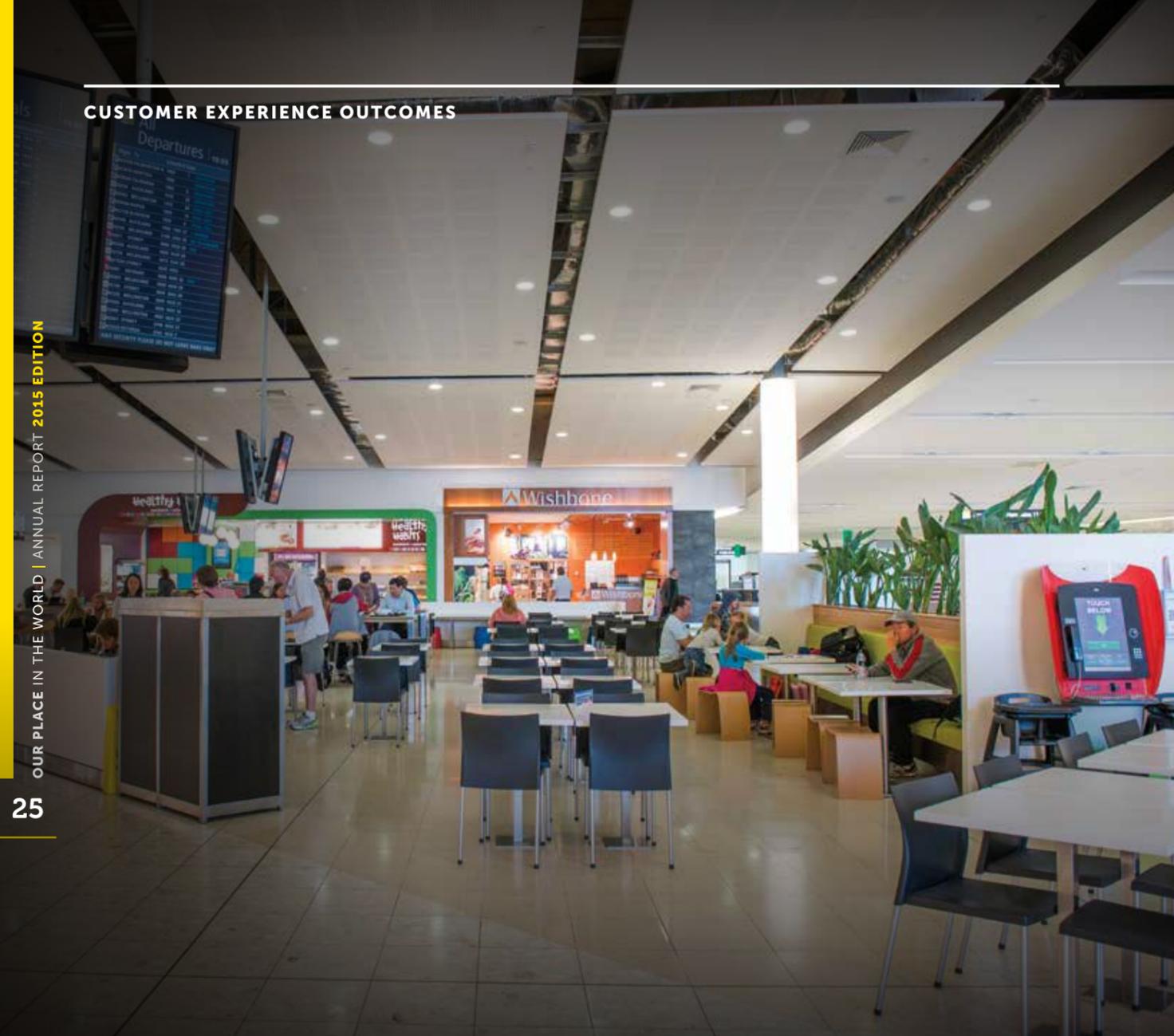
# CUSTOMER EXPERIENCE OUTCOMES

OUR  
PLACE



LAKE TEKAPO

The lake, mountains and big blue sky of the Mackenzie Country.



## STRENGTHENING THE CUSTOMER EXPERIENCE

### +4.2%

Solid growth in passenger spend rates (PSR) in the terminal at +4.2%, despite tobacco allowance changes.

### 2013

Completed the extension of JR Duty Free's concession contract out to the middle of 2023 on the back of the strong performance of JR Duty Free to date, positive customer feedback and mutually agreed growth aspirations over the coming years.

### CAR PARKING

Embedded new car parking offering, with greater pricing choice, greater parking options and online sales and pre booking. More customer focused developments to come in CIAL's public car park offering over the next twelve months.

### #1

Independent customer experience surveys saw Christchurch Airport ranking top across New Zealand and Australian airports for a third year in a row.



## SHOPPING AT THE AIRPORT

**ANGELA SIMPSON**  
Terminal Retail Manager

We're always looking for ways to improve what we do and what we offer in the terminal, so keeping an eye on the retail experience here is important.

This year, we instigated a Mystery Shopper programme in the terminal with researchers anonymously interacting with staff and assessing what they found against agreed criteria.

We were delighted by what we learned. Our researchers said that over the 12 months, the majority of the 35 outlets were run by highly motivated and professional teams who enjoyed their work and delivered extremely high levels of customer service on a regular basis.

A total of 52 perfect scores was achieved across the year, with the overall average for all stores being 89/100. When there was a lower score one month, the researchers found a stellar performance in the same store usually followed the next month.

We have shared the findings with our retailers and recognised the top performances by stores and staff, especially those which scored a perfect 100%.

The reassurance that our retailers care as much as we do about creating an excellent customer experience is a very positive finding for travellers and their friends and family, and is in line with other research into how we operate here.

It's interesting to note that an independent international survey company, which researches more than 200 airports internationally, has found us to be the number one airport in New Zealand and Australia for the past 13 quarters. That's three years of our customers saying we are getting it right across 37 assessment categories. Yes, we have a new terminal, but more importantly we have people here who care about what they do and who they serve.

# AIRBRIDGE CADET PROGRAMME



**SARA PERCY**

*Airport Services duty manager*

Our first four airBRIDGE cadets have graduated and moved into the world of aviation in their chosen fields.

Our Airport Services team has been piloting a New Zealand first cadet scheme for young people with a passion for aviation, to get a step up in their search for a career in our industry. The programme gives them real world, on the job experience of operations at an international airport, while they work towards an industry recognised NZQA Level 4 qualification.

Laura, Sophie, Heath and James were the first four of nine cadets and have become stars around the airport, not only bringing a youthful and innovative perspective, but a determination to use the opportunity to get where they want to be.

Now they've graduated, three of the four are staying at Christchurch Airport. They have gone on to fulltime roles as an Integrated Operations Centre operator, an Airport Services Co-ordinator and a baggage handler for Air

New Zealand, with the other heading off to train as a pilot. Of the first nine, six have found a way into the roles they wanted in the aviation industry.

The cadets have proved the benefit of the pilot programme, with longer serving team members enjoying the challenge and excitement of helping teach a younger person skills and competencies to be successful in the aviation industry. Taking ownership and responsibility for the young cadets has improved the team morale and collaboration, and resulted in improved productivity, efficiency and output from the whole team.

We're really excited about the cadet programme, because we get a bunch of enthusiastic and capable young people getting excited about our industry. We think that's cool and we've welcomed nine more young cadets into our team for the next year.



# LIGHTS, MACHINERY, ACTION

**ANDY LESTER**  
*Chief Operating Officer*

The project at the centre of this year's maintenance programme was one of the more complex projects we have undertaken on the runway for a number of years, decades in fact.

This year's work involved the planned closure of both our runways at the same time from exactly 9.30pm until at latest 4.45am on two separate nights in February, to allow for planned maintenance works which occurs once in 20 to 30 years on the asphalt pavement at the intersection of the two runways.

Christchurch International Airport is the second largest airport in New Zealand, with more than 75,000 commercial aircraft movements and six million passengers per annum, so there was a lot to think about.

This project was more than two years in the planning, was essential, and had to be planned in exacting detail to provide the least disruption to the airport, while allowing the asphalt

paving works to be completed safely within the tight available timeframe.

The preparation involved a team of partners considering every possible eventuality, then providing solutions to them all. This was no small challenge and required major consultation and communication with all affected parties. There was no room for error, especially when commercial passenger airlines had agreed to suspend flights for only two specified and agreed nights.

As well as the airport's own communication with interested parties, we supplied courier companies and others with communication material for their affected customers, placed advertisements in national newspapers, communicated widely on our own and our partners' behalf and considered the

required work from every angle. Over the two planned closures, there were:

- 5,400m<sup>2</sup> of asphalt pavement mill and fill work to a depth of 75mm
- 1,100 tonne of asphalt laid
- 15 trucks carting asphalt to site
- 50 staff on site
- 35 machines on site
- 1,100 man hours over the two nights
- Zero harm on both nights

The partners in this project team look back on this project with a great deal of pride, not least because of that final fact – zero harm across the two nights. Both areas were handed back to the airport on time both nights, with the work completed and the runways ready for the first flight to land in the morning.

**Christchurch International Airport is the second largest airport in New Zealand, with more than 75,000 commercial aircraft movements and six million passengers per annum, so there was a lot to think about.**

# CELEBRATING OUR AMBASSADORS

## CHRISTCHURCH AIRPORT



**JACQUI ROBERTSON**  
*Airport Services Support Manager*

For the past five years, we've welcomed some of the biggest smiles in town to our team at the airport.

They're our Airport Ambassadors, volunteers who give their time to assist visitors to our international airport. You'll recognise them – they operate the three Airport HELP desks, to provide visitors with information and assistance on airport services and facilities to meet your immediate requirements. In fact, if you have a question, they will have the answer.

There are more than 50 Ambassadors in our team and 11 of them have been with us since the programme began five years ago. They all love being part of the action at the airport, all completing at least a couple of shifts a week here, some alongside full-time or part-time jobs.

Feedback tells us our millions of visitors value them as highly as we do and that they help you enjoy Our Place in the World.

If you think you might like to join the team, feel free to contact me on (03) 353 7769 or jacqui.robertson@cial.co.nz.

*They all love being part of the action at the airport, all completing at least a couple of shifts a week here, some alongside full-time or part-time jobs.*



# OUR PLACE



## ABEL TASMAN

A walking track in Abel Tasman National Park.



# SAFETY, SECURITY AND ENVIRONMENT



## TRAINING OUR TRAINERS

**TESS MARTIN**  
*Training Manager*

Like all companies planning for and experiencing growth, ours needs to effectively manage challenges such as increasing business complexity, new systems and the people capability required for us to execute and deliver our strategy and business plans.

"Growing our own trees" is vital in any business, whether it's refreshing techniques or developing entirely new areas and skill sets. Given today's training provider market it does beg the question, whether internal or external training is better.

At the airport, a large amount of the training we do is incredibly specialised, whether training with the country's only Airport Fire Panther - High Reach Turret, or managing an extensive emergency response with multiple agencies on campus. With a 24/7 workforce, delivery of our learning solutions must be flexible. Our trainers use real life examples, problems and challenges our teams encounter every day at work.

This year we've focussed on strengthening our internal training capability. We began by identifying what internal training we were doing in the business, who was actively training, who had the skills and attitude, and what support we could build around them.

Four of our staff from Airport Services, Integrated Operations Centre and Airport Fire have now completed the National Certificate in Adult Education and Training. This Level 4 qualification was a big step for some who hadn't studied formally for a number of years. The certificate involved six intensive day-long sessions over 10 months,

with extra-curricular reading, research and assessments between each of the sessions.

With the formal part of the process behind them, the trainers now tell me they are a lot more confident and enjoyed being exposed to different ways of training. All of them are reviewing training programmes within their business and redesigning or changing it for the better. Most of our trainers are training, because they are passionate about it and learning to be trainers has been by the seat of their pants. They've realised the techniques they've been using instinctively are right on the money. To me, that in itself is worth the investment.

The trainers rose admirably to the challenge we threw them this year. We even reached outside our own company to offer the training sessions to other airports and had one senior staff member from Wellington Airport join us.

This is an airport business that grows its own timber – mixed metaphors perhaps, but an apt description of what happens when managers support their staff and let them blossom.

## DIVERTING WASTE FROM LANDFILL

**PETER CAIRNEY**  
*Strategic Sourcing Manager*

We take very seriously the role we play in caring for our environment, therefore a contract signed last August included an annual performance target to increase waste diversion from landfill, as a demonstration of responsible guardianship.



At the start of the contract, we undertook a benchmarking exercise to validate the current status of the waste stream. This indicated a 30% diversion from landfill as a starting point. The airport company and the new contractor then mutually agreed a 7.5% annual improvement target that would result in more than 50% diversion from landfill in 2017.

One year on, we have been working closely with Waste Management to forge a mutually beneficial partnership, and have seen considerable improvement in diversion from landfill rates. Stage one of this project was to right size receptacles, bin types, bin numbers and locations, along with new signage to clearly identify the waste stream and acceptable items. Audits of all tenant sites, waste room facilities and content of waste stream receptacles have delivered an eight per cent improvement on diversion from

landfill to the current 38 per cent.

Stage 2 and year 2 of the agreement now sees the partnership focusing on staff and tenant education, tenant behaviour tracking, implementation of new technology to better manage waste and recycling, on-going spot audits and education and the rollout of a "Waste and Recycling Champion" programme to drive and influence user behaviours. Our aim is to achieve 45% diversion in 2016.

Our partnership with Waste Management has proven to be a beneficial one, where linking performance targets to contract extension has ensured we are all engaged and motivated to find innovative solutions to improve diversion rates. We're wanting a win-win outcome that benefits the campus community and focuses on sustainable growth and contractor partnerships. We're well on the way.



## THE COUNTRY'S MOST ADVANCED FIRE APPLIANCE

**PETER MOORE**  
Chief Fire Officer

This year we took delivery of one of the most advanced aircraft rescue and fire fighting vehicles available in the world today.

It's the only one of its kind in New Zealand, was built in Austria and is considered by many airports worldwide "to be integral in providing fire protection for large aircraft". It is a Rosenbauer Panther with High Reach Extendable Turret (HRET).

It is much more versatile than its official name suggests and combines a full flow turret (water cannon) with a fuselage piercing nozzle. It can be used at both aviation and non-aviation incidents.

It can discharge foam and/or water from a variety of heights, so can work in a wide variety of situations. High reach by name and nature, with a reach of 16 metres, our new appliance increases effectiveness at large aircraft, multi-storey building and fuel farm fires, and though it's called high reach, it can also reach low in circumstances where roof mounted turrets have little or no usefulness.

Low reach, to ground level when required, increases effectiveness at aircraft fires sheltered by the wings, for example undercarriage, engine and fuel spill emergencies. We also know that using a low reach attack angle results in a much faster extinguishing time.

The piercing nozzle quickly and safely penetrates the fuselage to contain or suppress fires burning inside the passenger cabin, cockpit or cargo hold, without problems encountered by fire fighters forcing entry and establishing hose lines and ladders. The turret itself can also enter the fuselage to discharge extinguishing agent without fire fighter entry, reducing the risk of injury to the fire crew.

Other accessories include a Forward Looking Infrared Camera (FLIR) to assist in locating concealed fires, identifying appropriate piercing points and



providing a view of the conditions inside the fuselage. The camera also assists in vehicle navigation during smoke, fog and darkness.

Because this is the only machine of its kind in New Zealand, there was no local trainer available for our fire teams. An instructor came from the factory in Austria to train the senior staff in each fire team. They then developed and implemented best practice training modules and assessments to ensure every crew member is fully competent in its use.

The vehicle has certainly turned a few heads since it arrived at the airport and quite apart from its good looks, it is reassuring to know that if we find ourselves in the ultimate emergency situation, we have the very best of appliances and highly trained operators to manage it.

**"Because this is the only machine of its kind in New Zealand, there was no local trainer available for our fire teams. An instructor came from the factory in Austria to train the senior staff in each fire team."**

# SAFETY AS A PRIORITY



**ANDY LESTER**  
Chief Operating Officer

We have made some changes this year to ensure we can do everything possible to assist in an emergency and meet our emergency obligations.

New guidelines put the onus on individual aerodromes to determine the number of rescue and fire fighting staff required, though guidance came from the International Civil Aviation Organisation (ICAO) as to how to make that decision.

We considered industry best practice all over the world and factored into those decisions such things as the time from the initial call for Airport Fire Service (AFS) on campus to the arrival of the first New Zealand Fire Service (not on campus) appliances. We assessed scenarios based around what ICAO deems to be credible worst case events for Christchurch Airport.

To meet our emergency service objectives, we identified we needed a further eight emergency service personnel, particularly for the wide-body aircraft (eg. B777). Our thinking was peer reviewed by a British Senior Specialist who, among other things, is the former Manager British Airports Authority Fire Service at Heathrow.

As a result of this process, we found we required an extra eight staff, two for each of our watch teams, and set about finding them. We attracted 30 applicants, who went through a comprehensive recruitment process. They were first screened to ensure they had the required licences (Class 2 heavy traffic and firearms for bird scaring.) The next stage was psychometric testing, a physical competency assessment, comprehensive medical exam and an interview. We employed the new recruits, including our first female fire fighter, in two groups of four, one in November and one in March. Each underwent a six week recruit training course before going on shift.

Having more staff on duty supports our restless focus on productivity driven management, while at all times being available for immediate emergency response. It should give everyone comfort knowing we are fully staffed with well trained staff who allow us to be well prepared for any emergency which might come our way.

## TEACHING A YOUNG DOG NEW TRICKS

Over the past year, this airport has led the way with a new technique – a border collie dog being trained to scare birds off the airfield. This is the first time a New Zealand airport has used a dog for this job, though it's not uncommon in the US, Europe and Australia.

My new colleague Jet arrived as a ball of black and white fluff, a purebred collie pup who thought coming to work with me was an adventure, when the reality is a little different.

Together, our job is to ensure the airfield is clear of birds. Until Jet's arrival, we'd used sirens, lasers, stock whips, rockets, firearms and pyrotechnics to scare birds off the airfield. We even broadcast the distress calls of various species through loudspeakers to frighten the birds away, but birds are quite clever and get used to all those things, so we looked for something new. Enter Jet, an effective alternative because birds consider dogs as predators - and she is the real thing.

We started by getting Jet used to the noises and activities around the airport.

There's lots of them, but she quickly became comfortable with the noises, so her training began. She has completed basic obedience training and also spent four weeks with one of the country's top sheep dog trialists. She is learning "get away", left and right and is perfecting other commands, including the all-important "drop" command.

Jet doesn't look much like a puppy now. She has grown a lot, thanks in part to K9 Natural Dog Food which has sponsored and fed her. When we get the time, she is actively practicing dispersing birds in paddocks off the airfield and on our days off we spend two hours a day training at a dog park or on the beach dispersing seagulls.

Jet is a bright dog and will be ready to work on the airfield early next year. Eventually, the airport will have two dogs at work on the airfield, each assigned to a Wildlife Officer, so there is always a dog on duty at the times birds are most problematic onsite – dawn, midday and dusk.

**NORM MANNIX**  
Senior Airfield Safety Officer

Airports are always looking for new ways to keep birds away from flight paths, to keep travellers safe.



# A COMMEMORATIVE WHITE CROSS

**RHYS BOSWELL**  
General Manager Strategy and Sustainability

Updated Civil Aviation Authority regulations have seen us expand the Runway End Safety Area (RESA), which is a strip at the end of each runway which must be clear of fixed obstacles at all times, in case an aircraft has difficulties while taking off or landing. For Christchurch Airport this meant the creation of four compliant RESA to serve our two sealed runways.

Pound Road was initially located at the end of the nor'west runway, meaning the expansion of this RESA required shifting and realignment of Pound Road to the west and removing the old section of Pound Road.

The project began in 2009 and paused through the earthquakes, but the Pound Road Realignment was opened under Christchurch City Council ownership on 10 March 2015 and the

works to extend the final RESA were completed a few weeks later.

Alongside the project, there arose a mystery which gained a lot of public interest and humbled us with the response.

It's the story of a white wooden cross.

Close to the corner on the original piece of road was a white cross which suggested a memorial connection to an incident which occurred there. The

land the cross sat on would become inaccessible to members of the public as a result of the RESA work.

We spent months working discreetly with authorities to contact a family which may have placed the cross at the corner, so we could include the family in decisions made about the cross. Flowers continued to be laid at the cross during the time we were working nearby, so we attached a notice to the cross,

explaining the situation and asking for assistance. Police Serious Crash Unit records were established mid to late 1980s, but offered no record of a crash there; nor did neighbours or long-time airport staff offer a definitive answer.

We were wary about going public and scaring off the family we were trying to reach, but put a post on our Facebook page, asking for help to find the family associated with the cross.

A television crew read the post and produced an item about our search. From there other media followed, but it was the social media which astounded us most.

In the first 24 hours after our post:

- 151,000 people read it,
- 2,200 shared it to other people's pages,
- 900 people 'liked' it and
- 119 people made comments.

*"We spent months working discreetly with authorities to contact a family which may have placed the cross at the corner, so we could include the family in decisions made about the cross."*

Those comments not only offered suggestions, but also very overt gestures of support to us for the respect we wanted to show the cross and any family associated with it.

Our Facebook statistics for the week of the post showed a 659% increase in new likes over the previous week and 123% increase in people engaged with the site. People were keen to help us do the right thing.

Despite the many suggestions from members of the public, we never did identify a family or families associated with the cross. It seems likely the cross has difficult associations for more than one family, who choose to honour the site privately.

In the absence of direct contact with people we could work with to best honour the memories, on the final hour of the final day the piece of road had public access we blessed the site and the cross and gently moved it to a new publicly accessible site 400 metres from the original site. We have since recorded the original location and its GPS coordinates, though it is not now publicly visible or accessible.

I am comfortable that we did our best to contact and respect any family for whom the cross is significant, but am still happy to talk with anyone who might want a discreet conversation about what the cross means to them and anything more we can do for them at the site.

GETTING ON BOARD WITH

# HEALTH AND SAFETY



**KATRINA BERRY**  
*Health and Safety Manager*

From our board room right across our campus, this company truly has everyone's health and safety as a priority. It's yet another thing which sets us apart and underpins our success of the past year.

Last year we introduced visABILITY, our system which allows real-time reporting across our 24/7 multi-user operational environment. We are also developing a retail precinct, a tourism transport hub and a freight and logistics precinct, so have a site

of high activity with people from many different companies working here at any one time.

The board has been very clear that if someone is going to work on the airport campus in any capacity, that person will share the responsibility for health and safety with us. No matter the size of the project nor whether you are an airport company employee, a contractor, sub-contractor, or member of the public, we want you to go home from the airport safely at the end of your day or journey.

As I reflect on the past year, I am pleased to note a frequency rate of 630.28 near-misses reported per 1,000,000 man hours, compared to 208.05 as an industry standard. I am proud of the reporting figure, because it means we walk the talk. This company truly believes there is nothing to be gained from covering up near-misses, in fact the numbers

help us actively identify hazards before they could harm someone. I always see increasing numbers of near-misses as something to celebrate, not worry about.

Staff are sometimes reluctant to report an accident in the workplace in case it means they must take time off work. To reassure them, we have recently produced an alternative duties form to help GPs understand our environment and staff requests to return to work on lighter duties, if they're able to.

It has been a pleasure to see our directors take an active interest in the health and safety behaviours on our various developments. They are happy to don their steel-capped boots, high-viz wear and hard hat to visit and keep up to date with all the activity. It also demonstrates to our staff and contractors that health and safety is everyone's responsibility at Christchurch Airport.

# OUR PLACE



## KAHURANGI NATIONAL PARK

Crossing the ridge, Gordon's Pyramid, Kahurangi National Park.

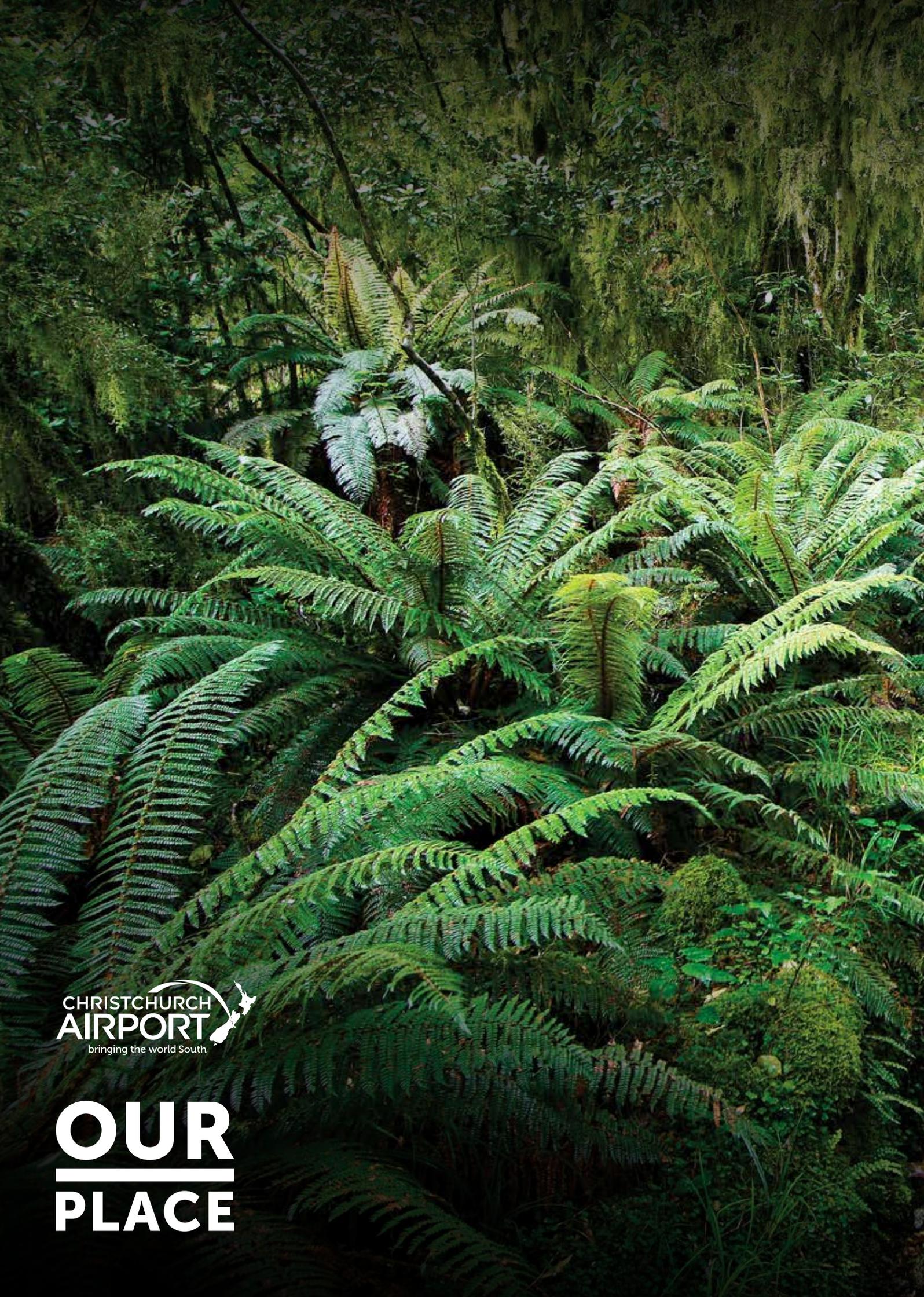




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