

OUR PLACE

IN THE WORLD

2016 EDITION | Annual Report

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Front cover: Lake Tekapo in the heart of the Mackenzie Country, a picturesque three-hour drive from Christchurch Airport.

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Hanmer Springs Thermal Pools & Spa offers a range of thermal spring water pools, 90 minutes north of Christchurch.

CHAIRMAN'S REPORT

It has been another year of good growth and development for the airport company. On all measures, the business has shown improvement, with business strategies implemented delivering forecast results, or better. The board and management are confident the airport company's growth, profitability and value will continue to increase, and the resilience of the airport company will be maintained through careful business planning and prudent management of assets and capital.

OPERATIONAL PERFORMANCE

During the financial year ended 30 June 2016 (FY16) the airport company has continued to push forward with a strategy to grow its aeronautical business, accelerate its property development, and enhance the experience of its customers from "park to plane" (P2P).

In the aeronautical area, the airport had more than 6.3m passengers pass through its terminals in FY16. That represents an increase of 6.4% on prior year. Importantly, given our desire to build Christchurch Airport's international traffic, that figure includes an increase in non Trans-Tasman international passenger numbers of 18%.

Developments in the airport's freight and logistics precinct, Dakota Park, have continued to progress. During FY16 the airport company was pleased to be able to commit to the airside freight area currently being constructed adjacent to the threshold of Runway 29. There was also a number of other commercial developments in Dakota Park during FY16, which continues to build as a prime freight and logistics, and light industrial area.

Spitfire Square, our retail precinct at the entrance to the airport, was completed during FY16 and businesses in Spitfire Square are now well-established. Mustang Park, our tourism transport precinct in the north east of the airport campus, is filling rapidly, particularly with rental car and camper van providers.

P2P is about ensuring we continue to enhance customer journeys, from car parking, to using the terminal, to boarding a flight. Christchurch Airport continues to be rated top in its service outcomes against all other Australasian airports, and we aim to continue in that position, while giving our customers more opportunities and experiences as they move from the car park to boarding a plane.

FINANCIAL PERFORMANCE

The airport company performed well financially in FY16, producing a net operating surplus after tax of \$43.1m (2015:\$39.3m).

As a consequence of the board of the airport company introducing a new policy mid-FY16 to dividend 90% of distributable profit, the improved financial performance of the business in FY16, and the board's view of likely FY17 profitability, dividends declared for FY16 will total 54 cents per share (2015: 36c).

The enterprise value of the business continues to increase. Enterprise value of the business, as distinct from book value, while always dependent on a range of matters, appears to have lifted to something in the vicinity of \$1.5b as at the end of FY16 (an increase of circa \$300 million over the past two financial years).

The increasing financial performance and value of Christchurch Airport have come about as a result of the

successful development and execution of strategies designed to increase aeronautical traffic and to meet demand for quality commercial property development on the airport's extensive land holdings. Success in the latter endeavour not only assists the airport's ability to pursue aeronautical growth over the long term, but adds increased resilience to the airport's business.

THE FUTURE

Christchurch Airport has been a principal player in the drive to increase whole of South Island tourism. Programmes such as 'South' and the 'New Horizons Fund', together with work on pieces such as the Christchurch City Visitor Strategy and A Story for Christchurch¹, have all added to the tourism impetus building in the South Island. Christchurch Airport holds itself out as the gateway to the South Island. It is not simply a destination airport.

Airports have a strong multiplier effect on the economies they serve, and represent critical regional economic development and social infrastructure². A strong Christchurch Airport can make a meaningful contribution economically and socially to both Christchurch city and the wider South Island.

With current and forecast international traffic growth, Christchurch Airport is fast becoming acknowledged as

an engine room for South Island prosperity. We foresee increasing aeronautical traffic, significant additional property development, and improved experiences and offerings for those using our terminals. All of these things will bring increasing prosperity to the airport company, the city of Christchurch, and the wider South Island community.

Internally, Christchurch Airport is working hard to ensure sustainability and safety. It has policies and procedures to protect and preserve water, reduce waste, increase energy efficiency, and manage and mitigate noise. It is also continuing its work to ensure its safety systems protect all those who are on the airport campus, whether as workers, travellers, or visitors. The various policies and procedures involved in sustainability and safety are continually being refined to achieve further improvement in outcome.

I thank my fellow directors on the board of the airport company, and the company's management and staff, for their respective contributions through the year. Together they have made Christchurch Airport the success that it is, and they provide me with great confidence for its future success and value to the communities it serves.

David Mackenzie, Chairman

¹ See the video clip at www.christchurchstory.co.nz

² Independent economic analysis has it that for every \$1 spent at Christchurch Airport, \$50 will be spent in the wider South Island community



CIAL Directors, from left: Catherine Drayton, Laura Palomino de Forbes, Justin Murray, David Mackenzie, Chris Paulsen, Andre Lovatt.

CHIEF EXECUTIVE'S REPORT FOR FY16

In FY14 Christchurch Airport (CIAL) set itself new strategic objectives, known as Real Growth 2025 (RG25), to achieve 8.5 million passengers p.a. by 2025, which would add 1 billion p.a. to South Island regional GDP (and New Zealand's), generate 10,000 new jobs across the regions of the South Island and provide market competitive returns for shareholders.

Our teams undertook a number of strategy resets focused on simplifying the business around increasing activity in the areas of Planes, Passengers and Property. Some solid work activating these strategies has seen financial year 2016 (FY16) produce a number of all-time records at Christchurch Airport.

6.3 million passengers	(5.9 million in FY15)
\$170 million in operating revenue	(\$161 million in FY15)
\$103 million in EBITDA	(\$93 million in FY15)
\$43 million in NPAT	(\$39 million in FY15)
\$31 million in dividends	(\$21 million in FY15)

These outcomes have driven the independent market valuation for CIAL (not accounting book value) up circa \$300 million in the past two years to circa \$1.5 billion.

CIAL has also remained the highest scoring airport across Australia and New Zealand for customer service, for the third year in a row, as measured by independent surveys.

Our strategy remains on building a Champion Airport, with a Champion Team at its heart, and to achieve this we are focused on Building a Stronger Business, Enhancing Customer Journeys and Being Great Kaitiaki (guardians for Safety, Security & Sustainability).

As a team we remain focused on building leadership, ambition and capability across our airport, our city and our island, to ensure all three make a positive contribution to the social and economic prosperity of New Zealand.

The broader environment currently remains positive and we expect FY17 to see a new set of records set at Christchurch Airport.



BUILDING A STRONGER BUSINESS

Aeronautical and Property teams have been activating new aeronautical and property development strategies.

Airline seats were 7.9 million in FY16, up seven per cent on FY15 (noting a number of new services commenced during summer 15/16, not at the start of it). Existing airline customers increased capacity on a number of routes, with long-haul international (excluding trans-Tasman) being the fastest growing area of the network (up 18%). International load factors at Christchurch remained strong, at an average of 84% across the year. 29,000 tonnes of international airfreight was handled through Christchurch, up circa four per cent on FY15.

China Airlines of Taiwan doubled its wide body capacity and China Southern Airlines commenced the first direct mainland China to the South Island international air service. We continued to see airlines operating direct into the South Island achieving yield premiums over Auckland, reflecting the premium position the South Island has in New Zealand's overall tourism volumes.

International passenger numbers from China grew 53% at Christchurch. Independent surveys indicated that the profile of Chinese arrivals at Christchurch are amongst the most valuable to New Zealand, driven by a much higher proportion

of young educated professionals travelling as free independent travellers (FITs). Chinese arrivals at Christchurch were on average younger than the national average, travelled in groups of four or fewer, stayed longer and spent about 24% more per visit than the national average.

Our 'South' strategy, targeted at championing the South Island in Australia, South East Asia and China saw CIAL lead seven international trade missions in FY16, supported by more than 40 businesses from the South Island, engaging with more than 3,000 travel sellers from these markets.

The Property team has commenced activating the new precinct based development strategy, aimed at accelerating development of bare land. CIAL has historically developed at circa \$20 million of new investment property p.a., however currently CIAL has \$170 million of new investment property under construction and a pleasing pipeline to support this current activity.

This includes the new state of the art South Island parcel centre, being constructed for Courier Post and Freightways (integrating air and land based freight services). This development is due for completion in FY17.

New Zealand's first POD hostel, JUCY Snooze will open in October 2016 and add a further 240 beds at Christchurch Airport. Novotel Christchurch Airport is currently under construction. This new 200 room 4.5 star property will

be located adjacent to the international arrivals area of the terminal and will be open in December 2017. These, combined with the newly refurbished Sudima Hotel, will see accommodation capacity at Christchurch Airport triple by the end of FY17 to serve anticipated growth.

In FY16, CIAL achieved an average yield on developed investment property (including land and buildings) of 8.3% and maintained a WALT (weighted average lease tenure) of 4.47 years.

We have continued our focus on increasing operating cost productivity through migrating from supplier relationships to supplier partnerships. The team set up to activate this process has to date delivered circa \$2.7 million in productivity gains within our operating cost structures.

Operationally we continue our focus on increasing the productivity of the terminal asset, adding more flexible gates that can swing between domestic and international aircraft, jets and turbo props. This will assist in reducing the need for future capital investment to support growth, while increasing the productivity of the existing asset.

ENHANCING CUSTOMER JOURNEYS

During FY16 a team from CIAL has been working on developing a strategy evolution for the terminal business, aimed at maintaining CIAL's high customer service standards, while building a better customer experience and supporting a stronger business.

Airports are traditionally analogue in their approach and while CIAL is committed to evolving its traditional business, it is also committed to embracing digital and disruptive technologies to move beyond pure analogue customer experiences and business models.

As we activate this strategy over the coming years, we can expect to see the airport customer experience evolve and be enhanced.

Enhancing Customer Journeys is not just about the airport, our teams have also been engaged with the city, through the new Visitor Strategy (now adopted by Christchurch City Council), A Story For Christchurch (see

www.christchurchstory.co.nz), the Canterbury Mayoral forum strategies (CREDS), export education sector, the regions of the South Island and a number of New Zealand's national and international areas of interest.

In FY16 CIAL launched the 'New Horizons Fund', aimed at providing a bridge for tourism operators in regional South Island to develop themselves into the changing mix of international visitors. The first intake saw four businesses from Nelson/Tasman, Marlborough, Hanmer Springs and Wanaka progress through a year long mentoring programme focused on Understanding Cultural Differences, Way Finding and Communicating, Product Evolution and finally In Market Selling – so they are China Ready.

KAITIAKI (GUARDIANS FOR SAFETY, SECURITY & SUSTAINABILITY)

Our Safety team has enhanced our safety strategy to organise us around managing and mitigating three key safety risks - Catastrophic Risk, Fatal Risk and Injury Risk. This has seen our approach to safety at the airport migrate from an activity based management focus to a strategy lead leadership focus. Leadership, Culture and Capability remain critical ingredients to our safety outcomes and the enhanced strategy is very much focused on developing these.

During FY16 a project team at CIAL has developed a new sustainability strategy focused on five areas CIAL wishes to find its sustainability journey on - Water, Waste, Energy, Land and Noise. We are in the process of establishing a sustainability advisory group, which is made up of our team members who are passionate about this area of our business, complemented by two external experts who can challenge us as a business going forward. Our approach to sustainability is built on two key philosophies.

Making it Real: if it's not a permanent change to how we do business, it's not sustainable.

Making it Permanent: if it puts us in the red it's not green, because it won't be sustainable.



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

We continued to see increased energy productivity in the terminal, energy consumption was down circa three per cent year on year, although we are moving into the long tail of this project now.

Our teams continue to work with Air New Zealand to introduce mains power at our domestic jet gates, allowing the aircraft to plug into ground power during turn around, saving circa 900 tonnes of fuel per aircraft per year. In addition, we are reviewing our electricity infrastructure to better support increased use of electric vehicles for companies wishing to use them on campus (that will include CIAL over the coming years).

Our waste teams achieved 40% landfill diversion during FY16.

SUMMARY

FY16 has been a pleasing step forward on our journey to achieving our 2025 strategic objectives and we remain focused on gaining ground in all three of our strategic areas of focus, Building a Stronger Business, Enhancing Customer Journeys and Being Great Kaitaki.

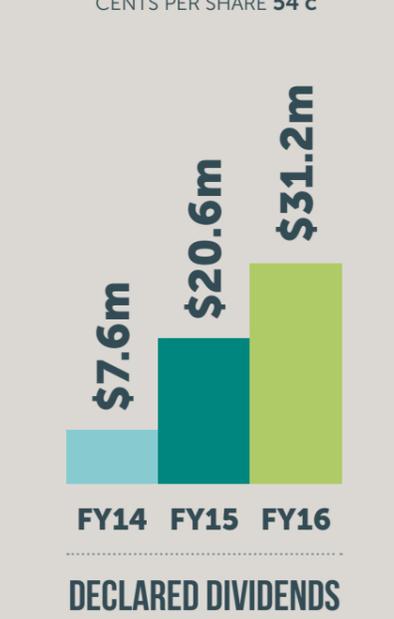
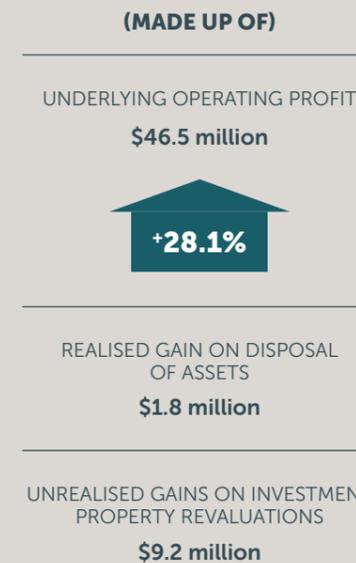
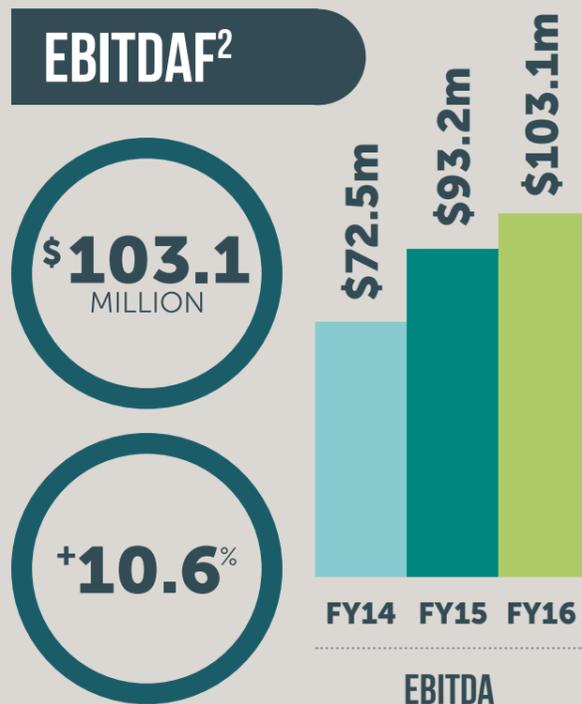
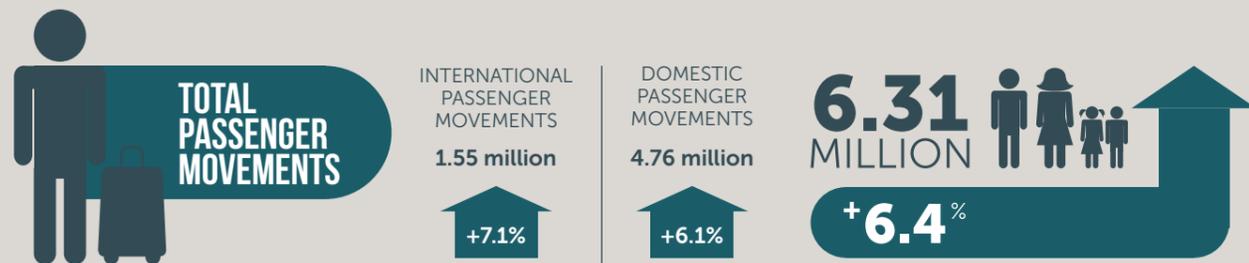
I would like to thank our Board and the team at CIAL for the ongoing effort they have put into this journey.

We remain very proud to be part of the South Island and its social and economic contribution to New Zealand.

Malcolm Johns, Chief Executive



2016 FINANCIAL SUMMARY



¹ Excludes unrealised fair value movements on investment properties, but includes realised gains/losses on asset disposals.
² Earnings before interest, tax, depreciation, amortisation and net investment property fair value movements.

BUILDING A STRONGER BUSINESS



Kerr Bay, adjacent to Lake Rotoiti in the Nelson/Tasman region and surrounded by natural beech forest.

A man in a green shirt and orange gloves is handling a large net full of lobsters on a boat. The net is filled with many lobsters, and the man is looking down at them. The background shows a green, hilly landscape.

FROM PORT TO PLANE ... AND BEYOND

When guests in China sit down to a wedding banquet or business dinner, the lobsters they are served could well have been flown in from Christchurch, New Zealand.



When it's time for export, the lobsters are hand-packed into polybins, nestled in wood-wool. The polybins are stacked onto pallets then into air containers, for transfer to the cargo hold of a China Southern Airlines or Singapore Airlines plane.

The lobsters will land in China early the following morning, be at a seafood market at lunchtime and a restaurant at dinner time. In total, they usually travel port to plate, from a South Island wharf to mainland China, inside a week.

China will continue to be our largest market for the foreseeable future. Our every success helps to enable Ngāi Tahu to grow and flourish, assisting whānau to fulfil their dreams and aspirations. We also work hard to provide development opportunities for Ngāi Tahu fishers, many of whom belong to a development pool, which operates out of Bluff. Those in the scheme access Ngāi Tahu fishing quota and this in turn provides security and growth opportunities.

The live lobster trade, so important to our business, is greatly enabled by the direct international flights from Christchurch.

Andrew Harvey, International Sales & Marketing Manager, Ngāi Tahu Seafood



In fact, a week earlier the lobsters, also known as crayfish and kōura, were probably still living off the coast of Kaikoura or Southland.

Their journey from a port to a plane on the tarmac at Christchurch Airport is one Ngāi Tahu Seafood takes great pride in and care of, to ensure the strength of our live kōura for the valuable China market.

Over the 20 years we have been based at Christchurch Airport, we have seen the volume of live lobster exports from New Zealand stay much the same because of the Quota Management System, while the value has tripled to \$300 million. Our company's annual exports are around 450 tonnes, which is more than half a million lobsters.

Ngāi Tahu Seafood is a seven-day-a-week operation, with more than 30 Ngāi Tahu fishing families catching most of the lobsters and landing them to our regional depots, where they are rested for a night or two in seawater, before being loaded into our refrigerated trucks to travel to our base at Christchurch Airport.

Working on the airport campus means our product stays in seawater as long as possible before being packed for export, essential to ensure it arrives in China in the very best condition.





MAKING DREAMS COME TRUE

From student to a job in the aviation industry – that’s the flight path for cadets on the Christchurch Airport airBRIDGE programme.

In its first two years, the cadetship programme has seen 21 young people aged 18 to 25 spend a year earning while they’re learning about everything that goes on at an international airport.

Of those 21, most are still within the airport environment and all are working in the industry. For example, three have fulltime roles within the Airport Services team they trained with, three are training to be pilots, five are working for airlines and another has just been accepted into the Airport Fire Service.

For me, the success of the airBRIDGE programme is that cadets who typically come into the programme with an interest in travel, tourism or aviation find a career in one of those areas.

During their year with us, we encourage the cadets to build relationships with different companies on the campus and learn about the many roles in those companies. It’s not surprising then, that the cadets hear about vacancies they can apply for or have a company make them a job offer. We can’t guarantee they will progress from cadet to employee at this airport, but their training gives them a definite advantage. Our

cadets are airport aware, trained in First Aid and emergency procedures, with an NZQA qualification in customer service and airport safety.

We are the only airport offering nationally recognised training and feedback from across the campus is very positive about the young men and women we train. Prospective employers observe the cadets interact with visitors, manage standard and unexpected situations and cope with many different people and situations. Every day is different for Airport Services staff and that variety is one of the most appealing parts of the role.

We take expressions of interest for cadetships all year and intakes at least twice a year. I always say we can teach skills but not attitude, so a would-be cadet must have a customer focus and be comfortable approaching and assisting people. Of course, it’s always useful to have a passion for tourism or the aviation industry, because we know that’s where most of them will take off to.

Sara Percy, Duty Manager

6 MILLION AND COUNTING

Imagine checking in for a flight and being surprised with champagne, flowers and cash.

That’s what happened when Stephanie Simmons from Waimate checked in for a Jetstar flight from Christchurch to Auckland in October 2015.

Stephanie was our six-millionth passenger in a year, which made her a milestone passenger in more ways than one. It was our return to the six million number we last saw before the Christchurch earthquakes.

Stephanie was on her way to celebrate her daughter’s birthday, but had reason to celebrate herself.

Airport Chief Executive Malcolm Johns was on hand, alongside airport staff and a Jetstar representative, to

congratulate Stephanie and present her with flowers and champagne, as well as \$600 to pay for the short break she was about to take.

The day was undoubtedly a significant milestone for our airport, but also important for our city and our island. It was a sign of recovery and, as well as a statistical milestone, a reminder that this airport remains the number one gateway to the South Island for international visitors and to the world for South Islanders.



DIRECT LINK TO MAINLAND CHINA

It was a momentous day for the South Island when the first scheduled China Southern Airlines Dreamliner landed direct from Guangzhou in December.

Literally landing the service was the result of combined efforts by South Island local bodies, regional tourism organisations, tourism operators and all the mayors of the South Island working with the airport, to ensure Asia's largest airline was confident the decision to fly here was the correct one.

It was an important piece of collaborative work, because the airport was competing for this service against cities including Rome, Istanbul, Cairo and Chicago.

China Southern Airlines has steadily built Guangzhou into one of the world's important international airport hubs. In

doing so, the airline has also successfully built the Canton route, connecting Australia and New Zealand to China, Asia and Europe through Guangzhou.

The effect this service's 70,000 seats a year have on the airport, and the myriad of international connection opportunities it offers South Islanders, cannot be underestimated.

In what was a significant list of historical firsts, China Southern's inaugural scheduled flight to Christchurch Airport became not only the first Chinese airline to commence direct flights to New Zealand, the first airline to operate the 787 Dreamliner on direct air services to New Zealand and the first airline to operate double daily direct flights to New Zealand ... but also the first Chinese airline to operate direct flights between China and the South Island and the first airline to operate the 787 Dreamliner on direct flights to the South Island.

As well as gathered VIPs and dignitaries who took part in a symbolic ribbon-cutting ceremony in the terminal, members of the public attended to welcome the new service which some had already booked on to travel between here and Europe. About half the people booked early on the service were Europeans coming here via Guangzhou.

The China Southern service is expected to lift visitor spending across the regions of the South Island by about \$100 million in the first year and so sustain about 1,000 regional jobs. The service has also opened up the opportunity to export an additional five to six thousand tonnes of high value exports directly from the South Island to China.

China Southern Airlines is the largest airline in Asia, in terms of fleet size as well as the number of passengers carried. The airline flies to 190 destinations worldwide, including offices in Melbourne, Brisbane, Sydney, Singapore, Tokyo, Vancouver, Los Angeles, New York, London, Amsterdam, Paris and Dubai. China Southern Airlines is the world's third largest airline, measured in terms of the number of passengers carried. It is a member of Sky Team, the world's second largest airline alliance, so China Southern Airlines passengers enjoy a global reach of 1062 international destinations in 177 countries.





HELPING SOUTH ISLAND COMPANIES REACH NEW HORIZONS

If you ask the first four recipients of Christchurch Airport's 'New Horizons Fund' about the programme, you'll hear words like 'invaluable' and 'absolute gold'.

Mark Orbell from Ultimate Wanaka says they wouldn't be anywhere near where they are today, if it weren't for the 'New Horizons Fund'.

"We are totally indebted to Christchurch Airport. There's a lot of doors in China and this programme helped us open the right ones."

Scott McKenzie, general manager of Marlborough Tour Company, says his team knew China held many opportunities but had no idea where to start.

"The airport team walked alongside us, showing us the right way to engage with the China market and who to engage with. The demand has been so great, we have had to employ a Mandarin-speaking staff member."

Ultimate Wanaka and Marlborough Tour Company were two of the recipients of the \$100,000 'New Horizons Fund' in 2015-16. The other two were Wilsons Abel Tasman and the Hanmer Springs Cluster.

Airport chief executive Malcolm Johns says his team is very experienced and connected in China's tourism sector.

"The 'New Horizons Fund' is our way of sharing that expertise to help the South Island capitalise on the opportunities ahead of us."

Graeme Abbot, general manager of Hanmer Springs Thermal Pools and Spa, says the programme has already helped the village grow the number of Chinese visitors.

"This gave us the confidence and the funds to create effective tools to attract Chinese visitors. We had 11,000 Asian visitors in 2014, last year we had 40,000!"

Wilsons Abel Tasman CEO Darryl Wilson says his company is also experiencing growth.

"We have already had one tour company change from offering a two-night stay in Auckland to one night in Auckland and one in Nelson as a result of this work."

Malcolm Johns says Christchurch Airport is delighted the 'New Horizons Fund' has been successful for all involved.

"We're looking forward to the next wave of recipients coming through and helping even more South Island businesses reach their potential."

"NO OTHER AIRPORT HAS WORKED AS HARD AS CHRISTCHURCH AIRPORT HAS IN CHINA. THE EFFORT THEY HAVE PUT INTO WORKING WITH TOURISM BUYERS HERE AND SHOWCASING ALL THE SOUTH ISLAND HAS TO OFFER IS IMPRESSIVE AND MEANS THEY ARE WELL CONNECTED AND HIGHLY RESPECTED."

Mr Li Dongliang, Head of Sales, China Southern Airlines

TIPS TO ATTRACT CHINESE VISITORS

Swallow Wang is Christchurch Airport's China Trade Representative based in Shanghai. She has more than 20 years' experience connecting New Zealand tourism operators with China. Here are the top five things she says tourism operators should remember when working to attract Chinese visitors.

1

Given many Chinese live in crowded cities, they like the quiet of smaller places - as long as there is plenty to do.

2

Urbanisation has taken a lot of China's natural beauty, so the Chinese appreciate nature experiences like seeing a star-filled night sky or changing seasons really appeal.

3

Chinese business people like to make a deal (for example, buy one, get one free). They see willingness to do a deal as a sign the person they are negotiating with values their relationship.

4

Chinese employees get limited annual leave (between five and 12 days per year) so they tend to take much shorter holidays.

5

The Chinese like shorter experiences so they can fit a lot in.

"CHRISTCHURCH AIRPORT GAVE US THE CONFIDENCE AND THE FUNDS TO CREATE EFFECTIVE TOOLS TO ATTRACT CHINESE VISITORS. WE HAD 11,000 ASIAN VISITORS IN 2014, LAST YEAR WE HAD 40,000!"

Graeme Abbot, Hanmer Springs Thermal Pools and Spa



HOW DOES THE 'NEW HORIZONS FUND' WORK?

The programme has three main steps that are proving successful at giving South Island businesses a lift up into the China market.

1

Collateral Creation

The fund pays for recipients to create specific tools for the Chinese market, including websites, brochures and signage in Mandarin.

2

Mentoring

The Christchurch Airport team works with recipients to create an offering that will appeal to the China market. This may mean developing a new product or running a promotion for Chinese visitors.

3

Direct connection to China

The recipients are taken to China where the airport hosts large audiences of local travel buyers. The recipients present their offering at these events and are also taken to appointments with tourism agents by Mandarin-speaking airport staff.



CAPACITY GROWTH THROUGH FOCUSED PARTNERSHIPS

Our past financial year saw the implementation of a new aeronautical development strategy, focused on growing airline seats into Christchurch through a highly targeted partnership approach.

Centring on strengthening Christchurch's role as the South Island's gateway, our focus was directed to growing airline seats across the Tasman, from South East Asia and greater China, connecting Christchurch to the big international hubs of Sydney, Melbourne, Brisbane, Singapore, Guangzhou and Taipei. These hubs handle more than 200 million passengers each year and therefore provide significant passenger opportunities and connections. Greater focus was also directed to growing domestic connectivity and Christchurch's role as the main international outbound airport for the South Island.

A more targeted partnership approach means working closely with airlines to build strong business cases for sustainable capacity growth over time. We've done significant work in partnership with airlines, Regional Tourism Organisations, Tourism New Zealand and the travel industry to assist in "filling the planes" through trade development and marketing of the services to Christchurch.

Initiatives such as "Kia Ora South" in China, Singapore and Taiwan saw the airport company lead offshore delegations of New Zealand tourism operators to bespoke South Island focused training events in Guangzhou, Beijing, Taiwan and Singapore. Collectively these exposed South Island businesses and experiences to more than a thousand offshore travel sellers.

Christchurch Airport continued its successful partnership with Tourism New Zealand in the Australian market, running two \$1m marketing campaigns on the Eastern seaboard and Perth to promote South Island road trips that originate in

Christchurch. This has successfully seen a return to growth for Australian holiday arrivals (+8%) into Christchurch.

Outstanding results across the board have resulted in record passenger numbers over the year.

Airline seats totalled 7.9 million in FY16, up 7% on FY15 (noting a number of new services commenced during summer 15/16, not at the start of it). Load factors also improved on existing services.

Existing airline customers increased capacity on a number of routes, with the Tasman growing strongly with new services to and from Brisbane, Sydney and Melbourne. Services were also added to the Islands, with additional flights to Fiji and a new Rarotonga service.

China Airlines of Taiwan doubled its wide body capacity and China Southern Airlines began the first direct mainland China to the South Island international air service.

Strong domestic growth from Air New Zealand saw extra capacity added on the main trunks, including almost hourly between Christchurch and Auckland, and most regional destinations.

We also noted strong growth from key international markets with long-haul international visitors up 15% on the previous year. This included +58% growth from China visitors, with Taiwan +60%, Singapore +11%, South Korea +29% and India +37%.

Justin Watson, Chief Commercial and Aeronautical Officer

ENHANCING CUSTOMER JOURNEYS



Mt Hutt offers one of the longest snow seasons and ski runs for all abilities, just 80 kilometres from Christchurch.



ROOM FOR MORE TO STAY NEAR THE AIRPORT

Accommodation options are expanding on the airport campus.

The much anticipated Novotel Christchurch Airport Hotel is rising from behind white hoardings at the end of the terminal. Record passenger growth at Christchurch Airport has led to the decision to build the hotel to offer 200 rooms from the end of 2017.

The airport company is investing around \$80 million in land and improvements for the development. The new hotel will be the second on the airport campus and is a direct response to airline and passenger inquiries for increased short-term airport accommodation.

Many of the Asian flights arrive into Christchurch in the evening, bringing visitors who have been flying for 12 hours or more. Corporate and leisure travellers arrive on trans-Tasman flights late at night, some around midnight, or leave early in the morning. In all cases, those travellers expect to be able to stay overnight on the airport campus, within walking distance of the terminal.

Estimates suggest Christchurch is 800 hotel rooms short of what is required right now, let alone into the future, and airlines hesitate to add new services because of the lack of new hotel accommodation.

The new JUCY Snooze backpacker, behind Spitfire Square, will soon offer 280 beds. It is a new concept of accommodation, budget accommodation with a difference, offering brightly coloured innovative and spacious shared social spaces with single, double and family room accommodation as well as state of the art "pod" sleeping quarters. Guests book their accommodation here on line, let themselves in and out through use of an app which gives guests security and freedom of time to arrive and depart.

The airport's investment of about \$10 million in land and improvements in JUCY Snooze comes ahead of what is expected to be a busy summer season, likely to reflect current growth trends and more records to be set, creating a great opportunity for the city's tourism industry and for regional economic development across the South Island.





ONCE IN A GENERATION

In the past year, a dedicated team completed a very large project to maintain high quality runways for safe operation of all aircraft.

It focused on our runway shoulders, removing ageing concrete and replacing it with new wider shoulders to last for years to come.

The work literally took hundreds of people and machines thousands of hours to complete – night after night, week after week, hidden from view and yet doing a truly vital job for our future and our ability to keep growing and serving the South Island.

The work was the result of about two years' preparation, consulting with airlines and Airways New Zealand, as well as meticulous planning of every aspect of the work. The work could not be carried out during the day, because it would have caused significant disruption to flights in and out of Christchurch, plus the international aircraft flying here need to use the full length of the longer north-south runway.

The shifts were very dependent on conditions, including weather, wind, temperatures, cloud cover and other aspects. Each day for all those months, staff monitored weather reports from meteorologists, with a final call made at 9pm each day on whether the assembled staff and machinery would begin work or stand down. Conditions were tightly monitored and often changed, which sometimes impacted the work. Any night's work which was stood down was added to the other end of the schedule,

to ensure the required work was completed, so the finish line was always a pressing target.

However we crossed that finish line at 4am on Friday May 13.

During the project, aircraft used the east-west runway at night because the work made the north-south runway unavailable to them. The work we did generated noise and upset some residents, for which we remain apologetic, however it was essential work which could not be put off any longer.

The team of our own staff worked tirelessly with our contractors, AECOM, Downer NZ and Isaacs, to complete an effort which took us all away from our families up to five nights a week for just over a year. We supported each other and maintained the highest health and safety standards in the dark and the cold, but there is no doubt we have done the right thing for our airport, our city and our island.

This video will show you what we did <https://www.youtube.com/watch?v=efVdfg6SHTe>

Not only will it give you an idea of the work which was done, but also highlights how proud the team members are of it. As one says "This is a once in a generation project."

Tim Morris, Manager Asset Operations and Services



TOURISM TRANSPORT HUB

Like the aircraft it was named after, Mustang Park was designed in response to a request for specific function and high performance.

Developed as Canterbury's Tourism Transport Hub, to provide small buildings and large storage spaces rental companies wanted, Mustang Park is now home to nine companies whose premises are signed up for, under construction or built. Discussions are underway with another six companies interested in setting up in the hub of mutual interest businesses.

Businesses involving vehicle rental service, vehicle storage, vehicle servicing, and other commercial vehicle support services, soon to include a panel repair service, have been drawn to the precinct.

The attraction is proximity to the airport terminal two minutes away and State Highway 1 also very handy. Visitors hiring vehicles typically land at the airport, are collected by a company operated shuttle, taken to their vehicle, assisted with some local knowledge and waved off on their way. Many of those vehicles are driven straight to Spitfire Square for essential supplies, before exploration of the South Island begins.

On any day in Mustang Park, you might see hundreds of rental vehicles and dozens of company staff preparing for the next driver. Numbers differ a little between seasons, with the storage yards closer to empty in summer because of the high demand for cars and camper vans.

Mustang Park's tenants range from large premises for the largest players in the industry to small operations for the more

budget orientated offering. The premises range from a 130 square metre (sqm) building on a 1000sqm site, to a 2500 sqm building on a 20,000 sqm site, soon to be expanded to 30,000 sqm, with almost everything in between. The ability to expand operations has been attractive to incoming tenants who want to set up and assess how soon to expand onto the land they reserve.

The first company to open in the precinct was Tourism Holdings Limited (THL), which was open for the 2015/16 summer and is already expanding in preparation for the coming summer. EZI Rentals and JUCY have opened this year, in preparation for the coming summer.





KEEPING THE MARATHON RUNNING

Queen's Birthday Weekend 2015 marked a challenge and a deadline for thousands of runners and walkers – the day they would compete in the Christchurch Airport Marathon.

For many, it had meant months of preparation, pain and achievement, with their focus on the finish line and all-important clock.

For us, it meant something different. It was the fifth and final time we would be the naming rights sponsor of the event we have supported through recovery post-quake, to reclaim entrant numbers and a return to a central city course.

The airport company supports a number of community events which bring people into the city for entertainment or achievement, alongside locals who come out to enjoy the occasion.

Inspired by the 1974 Commonwealth Games marathon, the Christchurch Marathon event is renowned as one of the fastest courses in the world and has been part of the city's events calendar for more than three decades. Damage to the traditional inner-city route post-quake had organisers looking for a new solution and we could see a way to assist this important event in the city's calendar.

We had flat and undamaged roads we could offer for a new course until other alternatives were found and so it was we found ourselves hosting the event on the campus. Runners and walkers wanting fast times got them, others enjoyed the novelty of having planes fly overhead while they clocked up their kilometres.

We see the return of elite runners who welcome the opportunity to run the event many describe as "the South Island's favourite foot race." These champion runners use

this event annually to record times which assure them of entry into other auspicious events. They speak of how much they enjoy and appreciate the energy and enthusiasm of Christchurch residents, whose cheering dulls the pain and distance from the finish line.

Domestic, national and international contestants use the marathon, half-marathon or the 10km event as a personal challenge for fitness or bonding with family and friends. Whatever the motive, thousands register year after year to record or improve a time around the course.

Over the five years we have been involved, we have seen how passionate the event organisers are about it. Event organiser Sheree Stevens says the past five years have been eventful and though a new sponsor is coming on board, this year's marathon was the end of an era for her too.

"No two years were the same - five different courses, five different start lines, basically five different events! It has not been easy at times, but the airport and we have made a great team, working together for the good of the event and the city. The Christchurch Marathon is heading in the right direction and though I will miss working the team at Christchurch Airport, I sincerely thank them for the sponsorship and support over the past five years."

It has been an honour and a privilege to be associated with the marathon event and though we will have a lesser role in future, we will always be proud of, and follow with interest, the Christchurch Marathon.





A STORY FOR CHRISTCHURCH

“A Story for Christchurch” was a wonderful project to be involved with. After everything the community has been through, the timing was right to remember the things that make Canterbury such a great place to live and to celebrate the spirit of the city and its exciting new future.

“A Story for Christchurch” highlights the things Christchurch people agree on, believe in and are proud of. It is based on the findings of a research project that combined data from the “Share an Idea” campaign with more than 50 individual interviews of city residents and community leaders.

The aim of the short film was to reflect the aspirations of the community. It needed to be authentic and honest, so I wanted the people to tell their own story. We interviewed many and took small snippets of conversation that collectively painted a greater picture.

A few things came through loud and clear.

First, that Christchurch was a city with huge opportunity, a place that had the benefits of a larger city but none of the stress or hassle. Residents told us it provides excellent education and affordable housing and they love the easy access to the mountains, rivers and ocean. Overall it was a place where people feel connected – to each other, to their community and to the outside world.

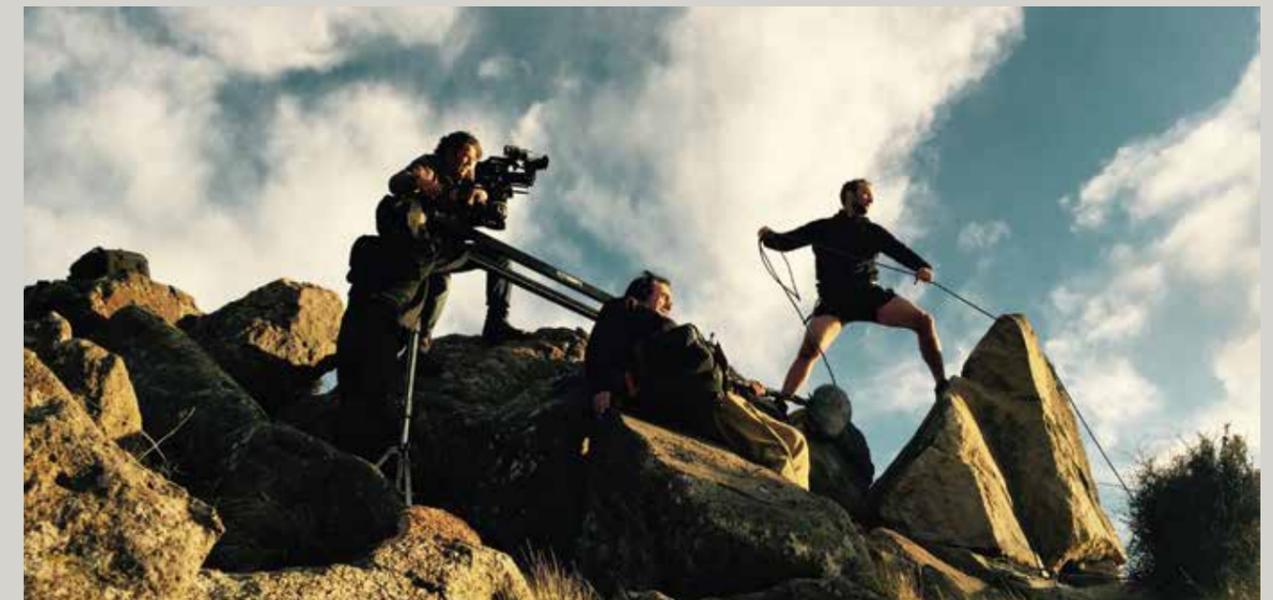
In making the film I was very conscious of getting the right tone and finding the balance between different people’s

views and experiences, conveying the exciting future while being respectful to the past. As tragic as the earthquakes were, they brought many valuable lessons. As Michael Gorman reminds us “A city is not about buildings, it’s about people.” Without doubt, many interviewees prefer the new Christchurch, believing it is more diverse and more open.

At the end of the day, this is an evolving story and one of many thousands. It is a snapshot of the city now. To me, success would be producing something that people watch and say “Yes, that is us.”

I commend the airport for driving this project. It is a very timely reminder of the enduring qualities that make Christchurch and Canterbury an amazing place to live.

Peter Young, *Fisheye Films*, Director of “A Story for Christchurch”
www.christchurchstory.co.nz





BEING GREAT KAITIAKI

The Routeburn Track is a world-renowned tramping track through spectacular vistas in Fiordland National Park.

SAFETY CHAMPIONS

When Fletcher Construction staff work at Christchurch Airport, signing up to a joint health and safety commitment is easy.

The airport safety mission is simple - "Protect Our People." We, like airport managers, understand the intention to see every person go home safe to their family every night.

Safety starts with every man and woman on the site making sure they take personal responsibility. Every decision and action an on-site worker makes can positively or negatively impact the site and its productivity.

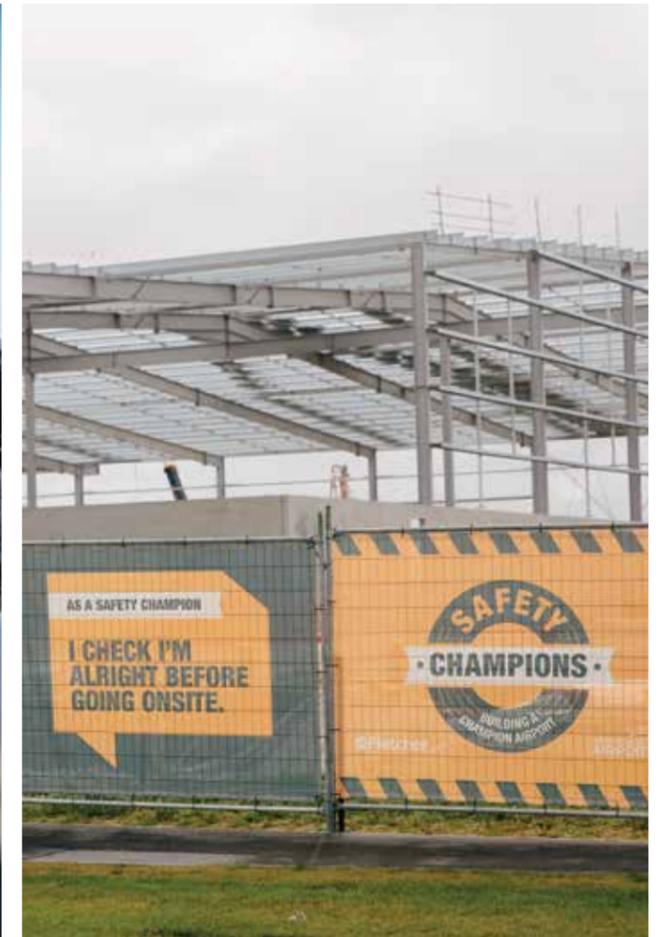
The airport's current development sites feature bold signage about the "Safety Champions" initiative. The messages on the site hoardings are repeated on high-visibility vests for staff, with slogans including "I step onsite with the right attitude", "I ask for help when I need it" and "I speak up when I see something that's not right."

As a member of the construction industry, managing risk of physical harm to our employees is part of what we do.

Doing it well supports the way we work for clients, on the way to delivering projects on time and on budget. We work towards a zero harm working environment, believing all work-related injuries and illnesses are preventable.

As South Island Manager of Fletcher Construction, I know a safe site starts with me. It's a message I am happy to jointly reinforce with a site owner such as the airport company, so we all do the best we can for our airport, our city and our island.

Jack Harris, Fletcher Construction





GIFTED CITY SCHOOL CHILDREN

Christchurch school children had visitors gasping, laughing, crying and cheering during our December “Twelve Schools of Christmas” programme.

The talented children from 12 city primary schools answered the call for Christmas entertainment in the terminal and offered both live performances and lovingly decorated trees which all told their own story of what Christmas and summer means to them.

Children from each school decorated a custom-made Christmas tree, with lots of paint, glitter and handmade decorations, and then displayed them in the terminal, followed by each giving a short lunchtime performance in the terminal.

From ukuleles to modern dance, a Christmas play to kapa haka, each school brought its own personality to the assembled crowds. Airport and airline staff mingled with

proud parents and grandparents to applaud, photograph and film the performances, with each one featured on the airport’s Facebook page.

Isleworth Primary School, St Martins School, Mairehau Primary School, Sockburn School, St Michael’s Church Primary School, Sumner School, Wairakei School, South New Brighton School, Sacred Heart, West Spreydon School, Te Kura Kaupapa Maori o Te Whanau Tahī and St Teresa’s all brought their Christmas magic to the terminal, with as many as 100 children at a time.

After the twelfth performance, there was a different kind of Christmas surprise, when we gave each school \$1000 to further develop their young talent.





UP WHERE IT BELONGS

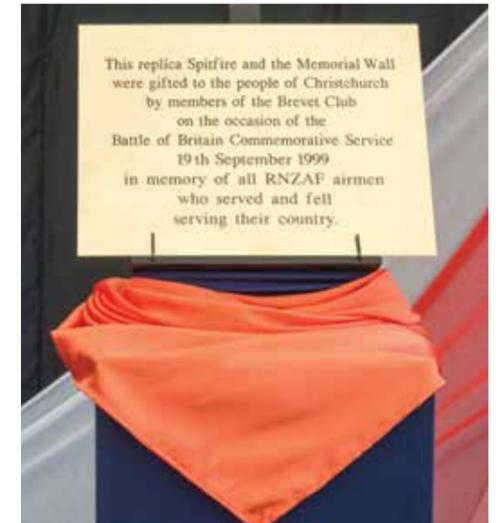
Christchurch's Spitfire is back on public display, after a full makeover and re-dedication ceremony which paid tribute to the young pilots who flew in World War Two.

The aircraft sits on a plinth at the front of Spitfire Square on Memorial Avenue, very close to the site of the former Brevet Club for members of the Commonwealth armed forces.

On Saturday October 10, 2015, the short re-dedication ceremony was attended by invited guests including members of the Brevet Club and, during short speeches, the Spitfire aircraft was celebrated as symbolising courage, determination, and success.

Chairman of Christchurch International Airport Limited (CIAL), David Mackenzie, shared his personal connection to the iconic aircraft, in a speech which clearly moved assembled guests:

"Early in the Battle of Britain, on 29 July 1940, a flight of Spitfires from 41 Squadron RAF engaged elements of the Luftwaffe over the English Channel near Dover, after being scrambled from their forward operating base near Manston.



One of the Spitfires was badly damaged by a Messerschmitt 109 in the ensuing dog-fight. As his aircraft went down, the young Spitfire pilot could not bail out because the aircraft's cockpit canopy was jammed in the closed position.

Despite serious damage to his aircraft, the pilot managed to maintain some control and get his Spitfire back over the English coast, where he was able to crash-land in a field, without serious injury.

As well as his own flying skills, the outcome for the pilot reflected the qualities of the aircraft he was flying, a Spitfire. He was back in the air later that day in a replacement Spitfire, again participating in the interception of the waves of enemy aircraft that would keep coming until the end of October 1940.

The pilot shot down in his Spitfire that July day in 1940 was a young New Zealander, Flying Officer John Mackenzie. He was my father."

Flying Officer Mackenzie survived the war and continued a flying career post-war.

The Spitfire replica and the Memorial Wall were gifted to the people of Christchurch on the occasion of the Battle of Britain Commemorative Service 19th September 1999. In the past two years, Air New Zealand, Resene Automotive and Light Industrial, Smith's Crane & Construction and CIAL renovated the two items as a gift to the city and to honour the pilots who flew the distinctive aircraft.

GREAT DATA OBSERVED FROM CHRISTCHURCH

NASA's Stratospheric Observatory for Infrared Astronomy, known as SOFIA, spent several weeks this year at Christchurch Airport, its home away from home.

SOFIA's researchers say they obtain outstanding scientific data when conducting observations from the airport, the only base they work from outside Palmdale, California.

SOFIA is a joint project between NASA and the German Aerospace Agency. The international partnership took a Boeing 747SP jetliner and modified it to carry a 2.5-meter telescope fitted with instruments which collect data at infrared wavelengths.

Water vapour in the Earth's atmosphere absorbs infrared energy, preventing it from reaching even the highest ground-based telescopes, hence the need for a flying telescope. During winter months in the Southern Hemisphere, atmospheric water vapour drops to very low levels, which enables SOFIA to obtain high fidelity data.

In addition, there is a number of celestial objects of great interest to astronomers that are best viewed from the Southern Hemisphere - for example the star-forming regions in the Large and Small Magellanic Clouds. Comparing stellar evolution in the Magellanic Clouds and Northern Hemisphere observations of the Milky Way enables scientists to better understand how the earliest generations of stars in our universe formed.

During New Zealand's winter, the National Science Foundation's U.S. Antarctic Program facility at Christchurch Airport is in a caretaker status, while conditions at the South Pole prohibit supply flights. This enables SOFIA to operate from the NSF facility, flying 10-hour long missions three to four times a week, without interrupting the Antarctic Programme's vital mission.

The NASA team appreciates the famed southern hospitality during its time down under. The team enjoys support from Christchurch Airport managers, and engineers on campus also support us with specialised skills.

Typically SOFIA's missions depart at 6 p.m., fly at altitudes between 39,000 and 45,000 feet (11.8 and 13.7 km), and return to the airport at 4 a.m. - times that have minimal impact on the airport's operations. Airways New Zealand, the air traffic control provider, works closely with SOFIA's flight operations department to ensure clear airspace during the takeoff and landing phases of the mission. SOFIA must depart at a precise time in order to be in position to image its list of targets for the night's mission, and the observatory requires a clear path from its base, to the end of the runway, to climb out into the night's sky.

During the night, scientists on board SOFIA collect data about astronomical objects including planets, moons, asteroids and comets in our solar system; star and planet formation; extrasolar planets and the evolution of planetary systems; the interstellar medium and interstellar chemistry; the nucleus of the Milky Way galaxy, and nearby normal and active galaxies.

NASA's flying telescope deployed to New Zealand in 2013, 2015, and 2016 and anticipates SOFIA returning for operations at Christchurch Airport again in 2017.

Nick Veronico, Manager of SOFIA Communications





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