

OUR PLACE

IN THE WORLD

2018 EDITION | Annual Review

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CHRISTCHURCH
AIRPORT 

OUR PLACE

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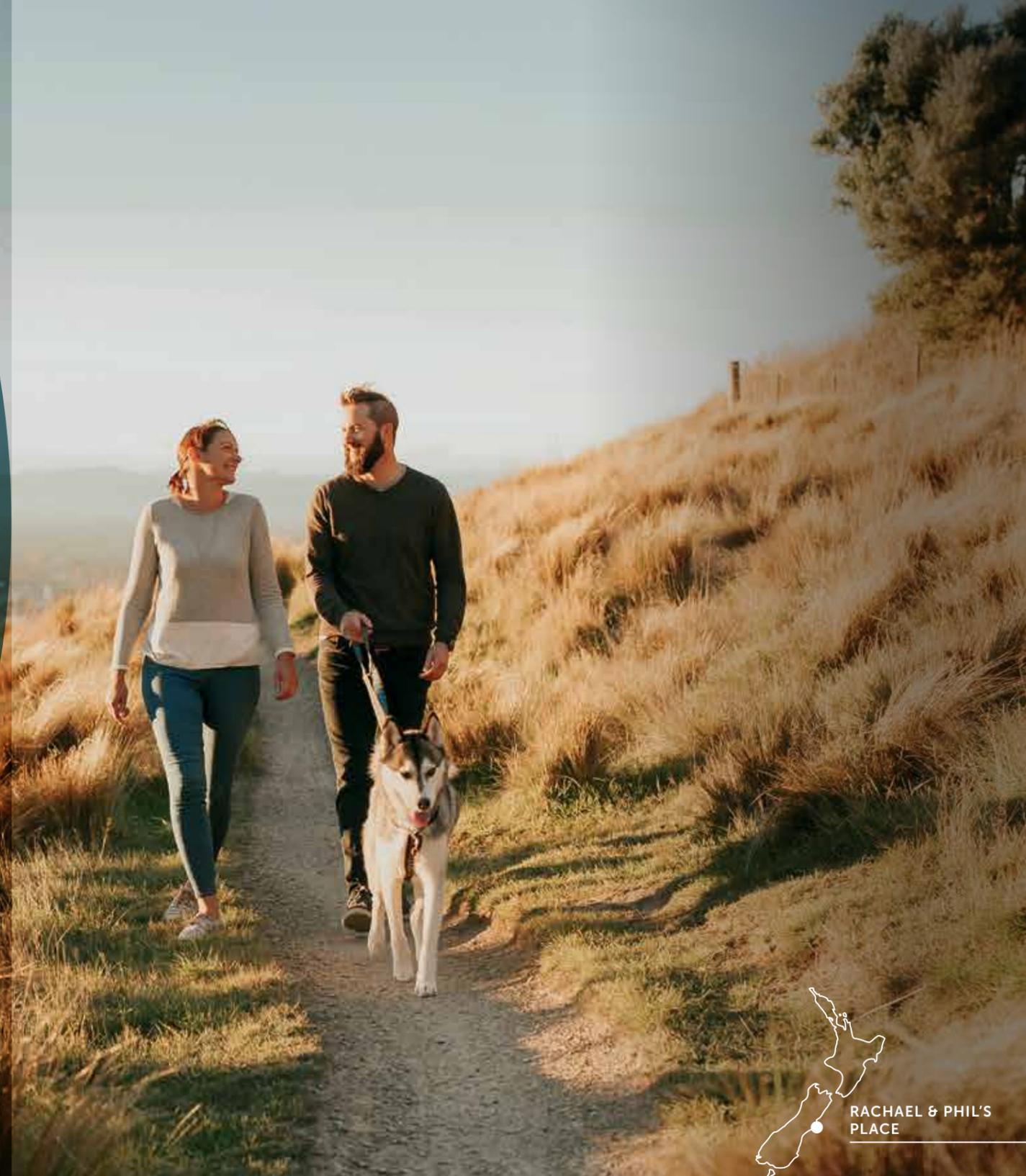
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CHAIR & CHIEF EXECUTIVE'S REPORT

FINANCIAL YEAR 2018 (FY18)



Catherine Drayton, Chair



Malcolm Johns, Chief Executive

THE PAST FINANCIAL YEAR, FY18, HAS BEEN A PLEASING YEAR WHERE WE HAVE SEEN THE FRUITS OF THE STRATEGY RESET IN 2014, AND THE ONGOING EFFORTS OF OUR TEAM, BEGIN TO REALLY SHOW THEMSELVES IN OUR NUMBERS. THIS REFLECTS THE WORK OUR PEOPLE HAVE BEEN DOING ACROSS OUR AIRPORT, OUR CITY AND OUR ISLAND TO BUILD A STRONGER BUSINESS AND ENHANCE CUSTOMER JOURNEYS AND BE GREAT KAITIAKI. WE ARE A PROUD PURPOSE DRIVEN ORGANISATION, ORIENTATED BY OUR VALUES AND WITH OUR PEOPLE FIRMLY AT THE HEART OF WHO WE ARE.

AVERAGE AIRLINE CHARGES FALL

The average per passenger airline charge at Christchurch Airport fell 8.4% year-on-year (YOY), with the average per passenger charge being \$11.11 against \$12.13 the year before.

OVERVIEW

Net surplus after tax was \$88.7 million, up from \$64.6 million in FY17 and \$18.0 million in FY14 (the starting point of our current strategy). Declared dividends were \$40.4 million, up 5.5% from \$38.3 million the previous year (\$7.6 million in FY14).

This result has been underpinned by Christchurch Airport maintaining the number one position for customer service across Australia and New Zealand for the fourth year in a row (as measured by an independent international survey). Our teams have also delivered strongly in the areas of safety and sustainability, specifically around energy efficiency, emissions reduction, waste/recycling and water conservation.

Our team mission is to Champion the South Island, at home and abroad, as the best place to visit, live, work and play. The stories you will read in the following pages are an illustration of how our team has set about bringing our mission to life during FY18, across our airport, our city and our island.

THE JOURNEY TO DATE

In FY14, three years after the seismic events of 2011, Christchurch Airport was ready to face the post-earthquake reality of what had changed in its wider operating environment. As an airport, our team had made a major contribution to the city in the post-event emergency phase and should rightly be very proud of that.

However, while our assets and people had come through unharmed, our commercial reality was in stark contrast. By FY14 we had lost circa 500,000 airline passengers p.a., we had materially increased our invested capital in the form of a new terminal, and our profitability was down at \$18.0 million on assets of around \$1.2 billion.

Looking beyond these issues, we focused out to 2025 and set ourselves the target of achieving three things simultaneously: Building a Stronger Business and Enhancing Customer Journeys and Being Great Kaitiaki (Safety, Security & Sustainability). This meant self-imposing market discipline into our thinking, deliberate optimism into our ambition, and confidence into leadership opportunity beyond solely our airport. Our team had been part of something bigger than themselves post quakes and we wanted to transition to being part of something bigger than ourselves moving forward.

Since 2014, we have focused on simplifying our business into what we call the 6Ps – Planes, Passengers, Property, People, Planet and Protection – and we developed strategies that would ultimately build value for our airport, our city and our island.

During the past four years, we have partnered with the regions of the South Island to work together and fly in formation, as it were, on the international stage through the SOUTH programme. We all believe the South Island is why people visit New Zealand and we have all benefited from working together on the international stage. Passenger numbers at Christchurch have grown faster than any other airport in the South Island. For example, for every airline passenger added to Queenstown there has been 1.5 passengers added to Christchurch. We have also partnered with Tourism New Zealand in many international markets to reintroduce Christchurch as the gateway to the South Island and we are now growing faster than the national average from key international visitor markets.

In FY18, Christchurch Airport’s international passenger arrivals grew by 8.5% while overall arrivals for New Zealand grew by 3.9%. Key international markets where Christchurch grew faster than the rest of the nation were Australia (+7.8%), China (+25.0%), Europe (+7.7%) and the United States (+11.8%). The United States was the most interesting growth figure considering Christchurch doesn’t have direct air connections with the US. These international arrivals came via Fiji and east coast Australia to arrive internationally at Christchurch.

Our team has also been busy adding value to our property development on campus. It is important to note the airport company primarily develops property on a confirmed tenant basis. New development is targeted at lifting long-term future revenues and building shareholder value. Christchurch Airport has a current WALT (Weighted Average Lease Term) of 6.5 years, up from 6.45 years in FY17.

In FY14, Christchurch Airport was developing circa \$20 million p.a. in new investment property on campus. The strategy reset in FY14 has seen our property team lift this to now be circa \$100 million p.a. in what is a competitive market. This is expected to settle back down closer to a longer term average of around \$60 million p.a. from around 2020/21 onward. The new Novotel Christchurch Airport is part of this development activity and while we are disappointed it will be delivered late by the contractor, we do not expect this to have a negative financial impact on the airport company and we are confident we will receive a transformational asset that will benefit generations of travellers to come.

Development activity is being funded through a mixture of free cash flows and manageable increases in debt. To this end, Christchurch Airport has issued a number of long-term bonds and in FY18 successfully completed its first listed bond issue, raising \$100 million to repay some existing debt due to

expire in late 2018 and fund near term capital investment. The bond was materially oversubscribed by the market, illustrating the market demand to fund Christchurch Airport.

This has all come together to lift our performance with EBITDAF (earnings before interest, tax, depreciation, amortisation and fair value adjustments) of \$115.7 million recorded in FY18, an amount that has risen \$43.2 million since FY14. This has driven up both dividends and the overall market value of the airport company. In turn, this has built shareholder cash flows from dividends and the market value of the equity in our company.

BOARD CHANGES

The Board is mindful of its duty to look forward, discuss, debate and plan for future influences on the business in the years to come. Christchurch Airport operates in a wide range of industry sectors including the aviation, retail, property, infrastructure, regulated and service sectors. Influences in these sectors will shape how the airport evolves going forward.

During the year, the Board undertook a review of its skills matrix, in consultation with its two shareholders, specifically looking at how the business has changed over recent years and what might influence changes over the coming years. This has resulted in two new skill sets around digital transformation and marketing being added across two director positions, which arose due to the retiring of Andre Lovatt and Laura Palomino de Forbes from the Board. The whole team at Christchurch Airport would like to thank both Andre and Laura for their contribution to our journey and we wish them both well for the future.

We welcomed Paul Reid to the Board. Paul brings with him deep experience in digital transformation and technology, as well as freight and logistics.

We are currently awaiting the appointment of a new director with skills in the marketing area.

SUMMARY

FY18 has been a pleasing step forward in our journey and we would like to acknowledge and thank our team, our Board, our shareholders, our airline partners and our many stakeholders who have supported us over the past four years of our new strategy.

We would also like to thank the travelling public. If we have been a part of your journeys over the past year, we thank you for your support. It makes a difference.

It’s a pleasure to be part of this team.

2018 YEAR IN REVIEW

KEY INTERNATIONAL MARKET GROWTH



10,000
INTERNATIONAL
FLIGHTS PER
ANNUM

97,400
TOTAL AIRCRAFT
MOVEMENTS

INTERNATIONAL ARRIVALS

8.5%

**COMPARED TO 3.9%
FOR NEW ZEALAND**



FOR EVERY PASSENGER ADDED TO
QUEENSTOWN THERE HAS BEEN
1.5 ADDED TO CHRISTCHURCH



SMALLEST CITY ON THE
PLANET TO HAVE A DAILY
A380 SERVICE



24,845 PASSENGERS
OUR BUSIEST DAY

6.8 MILLION
PASSENGERS

THAT’S MORE THAN
6 TIMES THE POPULATION
OF THE SOUTH ISLAND

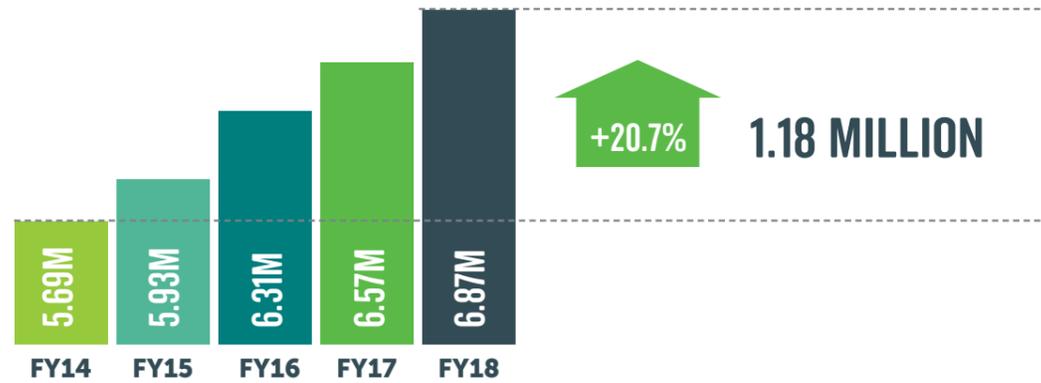


\$3,600

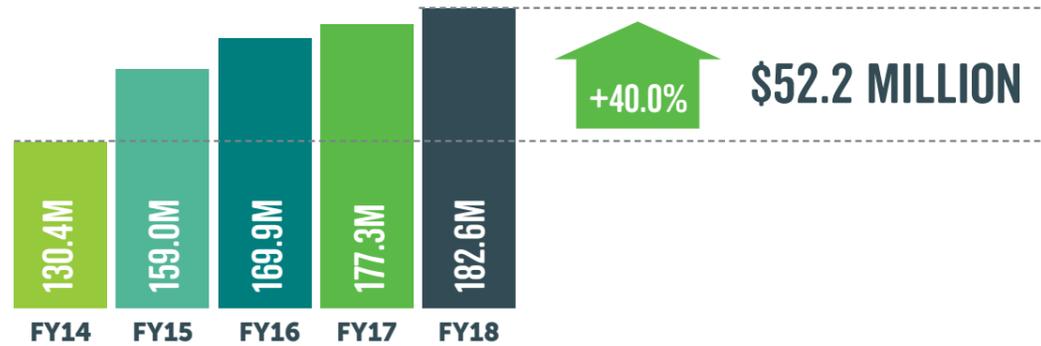
AVERAGE VISITOR SPEND
THROUGHOUT THE
SOUTH ISLAND

2018 FINANCIAL Summary

TOTAL PASSENGER NUMBERS



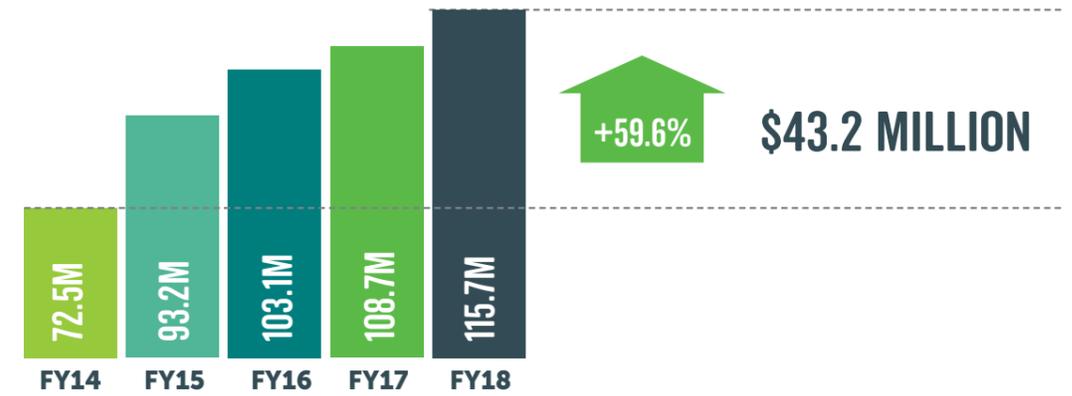
OPERATING REVENUE¹



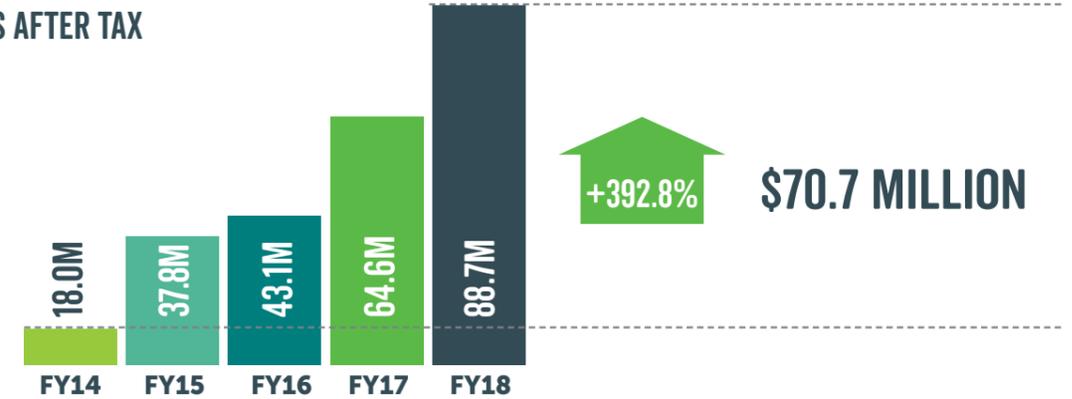
¹ Total Operating Revenue excludes unrealised fair value movements on investment properties, but includes realised gains/losses on asset disposals.

² Earnings before interest, tax depreciation, amortisation and net investment property fair value movements.

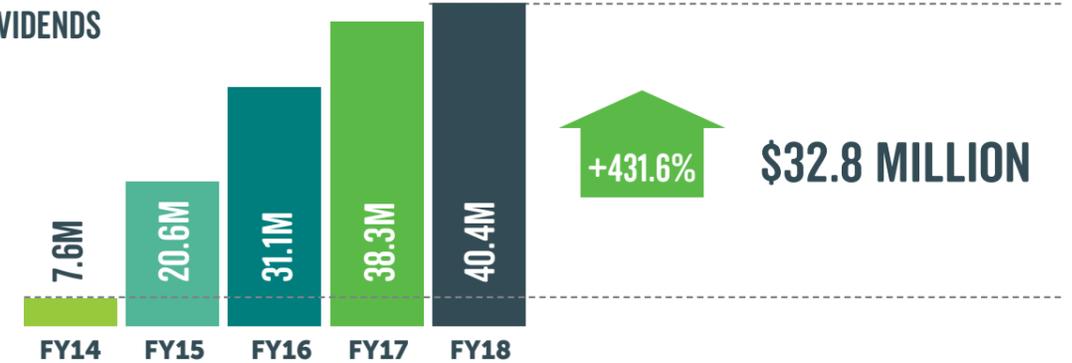
EBITDAF²



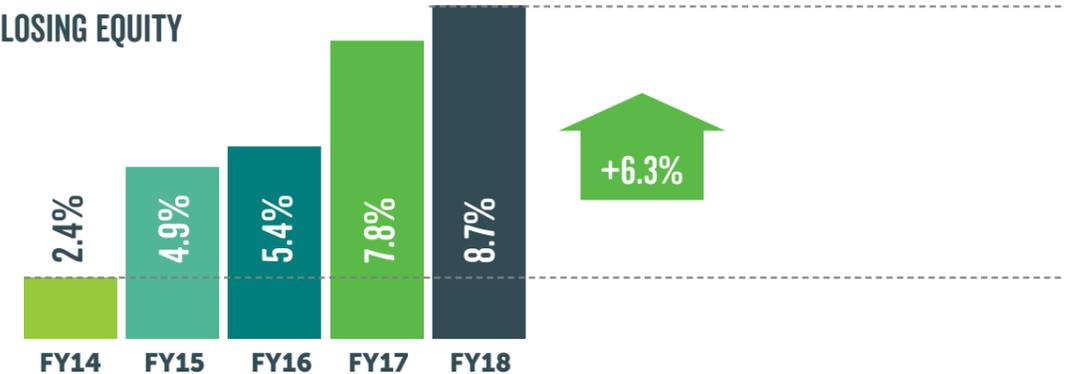
NET SURPLUS AFTER TAX



DECLARED DIVIDENDS



RETURN ON CLOSING EQUITY



Our DIRECTORS

During the financial year, there were some changes to our Board of Directors.

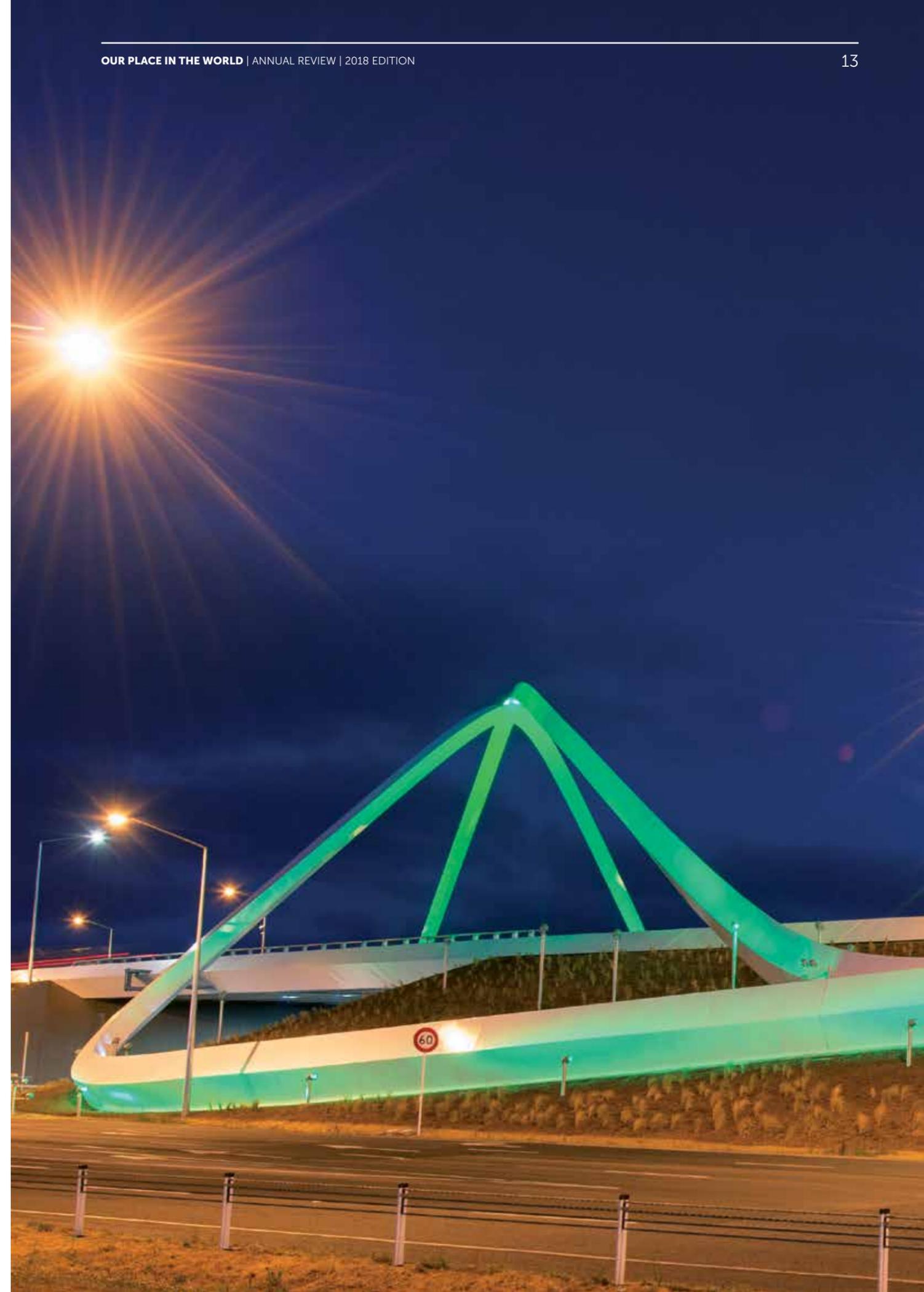
Laura Palomino de Forbes completed a three-year term and was farewelled in May. Laura served on the Risk, Audit and Finance, and Remuneration committees and came to the Board after involvement in international fund management.

Andre Lovatt resigned from the Board at the end of 2017 to move to Auckland. During his three years and five months with us, Andre served on the Property and Commercial, and Remuneration committees, and aside from his Board commitments led the multi-million restoration project of the city's historic Arts Centre.

Paul Reid joined the Board in May and brings extensive commercial experience gained across a diverse range of businesses. Paul's current governance positions include Chair of Figured, Pukeko Pictures GP; Director for NZX-listed Comvita; and ASX-listed Volpara Health Technology. He has held a number of key executive roles in the transformation of businesses including Air New Zealand, MetService and Carter Holt Harvey. He serves on the Property and Commercial, Risk Audit and Finance, and Remuneration (renamed People and Culture Committee in June 2018) committees.



Board of Directors (L-R): Paul Reid, Kate Morrison, Justin Murray, Catherine Drayton (Chair), Chris Paulsen



**BUILDING A
STRONGER
*Business***





RECORD NUMBERS OF *International* VISITOR ARRIVALS

CHRISTCHURCH AIRPORT'S POSITION AS THE SOUTH ISLAND'S GATEWAY HAS GONE FROM STRENGTH TO STRENGTH FOLLOWING A BUMPER YEAR FOR VISITOR ARRIVALS.



Official statistics reveal our arrivals growth over the past year was more than twice that of the national growth (8.5% CH vs 3.9% NZ) and showing strong growth from all the key visitor markets – Australia (+7.8%), China (+25.0%), Europe (+7.7%) and the United States (+11.8%).

Visitor growth reinforces the collective work we have been doing with the South Island tourism industry and our airline partners to grow connectivity and arrivals into the South Island. We champion the South Island at home and abroad as a must-see visitor destination.

Our airline partners have added more services, and improved connectivity to their networks, making it easier and more convenient for both visitors and residents to fly into and out of Christchurch. Now, with more than 10,000 international flights a year, connections to the rest of the world have never been better.

Visitor growth is not only great news for travellers, but also for the South Island's regional economies.

The vast majority of visitors through Christchurch travel around the South Island. With each visitor spending an average of \$3,600, they make a significant economic contribution to South Island businesses. Whether it's a five star hotel in Christchurch or a café on the West Coast, the financial impact of extra arrivals is being widely felt.

A record number of people has been through our terminal in the past year and is likely to reach seven million visitors this year.

Every traveller averages one person meeting or greeting them, so it's safe to say we'll host a total of more than 12 million people this year. The terminal and all our processes are set up for increasing numbers of visitors and we constantly look at how we can improve the experience for everyone who comes through the airport.

We take our role of championing the South Island seriously, knowing the impact it has for our city, the South Island and the national economy.



PLANES AND PEOPLE

THERE'S A TEAM WITHIN OUR COMPANY TASKED WITH WHAT WE CALL FINDING PLANES AND FILLING PLANES. IN OTHER WORDS, ATTRACTING PARTNER AIRLINES TO FLY MORE PLANES IN AND OUT OF CHRISTCHURCH AIRPORT, AND PUTTING MORE PEOPLE ON THEM.

Our increasing number of services shows our team is enjoying considerable success. It's a matter of numbers, so every time you, the passenger, fly directly out of Christchurch Airport, you help us strengthen the case for additional services.

There is nowhere in the world you cannot get to by flying internationally from Christchurch, perhaps via one of our many international hubs such as Sydney, Dubai, Hong Kong, Singapore and Guangzhou and onward to your destination. So think of every flight from Christchurch as your vote for airlines to grow direct services to our city.

In the past financial year, we have seen significant votes of confidence from our airline partners. Through the South Island's international gateway, travellers now have the benefit of improved cabin products on some of the international fleets' most modern aircraft, and all with easy access through an efficient and integrated terminal.

The very successful **China Southern Airlines** direct service between Guangzhou and Christchurch will add its new

flagship 787-9 aircraft on the route from late October. The 787-9 is the airline's newest state-of-the-art widebody aircraft, with 30% more seats than the aircraft currently flying the route, and will offer a new business class cabin. That new aircraft alone is likely to add an extra \$66 million visitor spend to the South Island and is a big win for both international visitors and the many South Islanders who book it to travel quickly and easily to China and on to Europe.

It also has a very big upside for local exporters. The 787-9 will be able to carry about three extra tonnes of air freight – roughly equivalent to \$29,000 of export value to the South Island on every flight.

We welcomed **Cathay Pacific** during this financial year, with a very successful non-stop seasonal service between here and Hong Kong three times a week across the summer season – which is returning for the coming summer. As well as extra tourists keen to experience the South Island, each flight can carry up to 20 tonnes of cargo. Hong Kong is the largest air freight hub in the world and processes more than five million tonnes each year, so this is another valuable option for local exporters delivering South Island produce to key Asian markets.



Long-time partner **Singapore Airlines** will introduce a new aircraft to our direct route to Singapore from January 2019. Its new A350-900 will offer the newest business and economy class seating, as well as introduce Premium Economy on the route for the first time. South Island travellers can book this extra comfort to various destinations throughout Europe, Asia, South Africa and North America, all from our international gateway.

Qantas expanded its services here in the past year, now flying year-round from Christchurch to Brisbane, Sydney and Melbourne, with excellent onward connections to its global network. This expansion was a result of passenger demand, both by way of international visitors from Asia and Europe using Qantas services to visit the South Island, as well as New Zealanders travelling to Australia, Asia and Europe.

Air New Zealand continues to grow its services through our airport, with significant growth in capacity on domestic regional services as well as Sydney and Fiji. On top of that, the national carrier will grow its capacity by another eight percent in the coming summer to many regional destinations, as well as adding additional services to Brisbane and Melbourne.

In October 2018, **Emirates** will mark the second year of its daily A380 service to Christchurch. The world's largest passenger aircraft continues to be a much admired and photographed visitor to the airport and the service continues to be very well supported by both domestic and overseas travellers. Recent changes to the Emirates network leaves the Christchurch-Sydney-Dubai A380 service the sole Emirates trans-Tasman route, a ringing endorsement of this aircraft and airline.

The increasing number of aircraft working through here is good news for freight too. As well as filling the seats on the plane, we work with many companies to fill the hold with a wide variety of southern produce destined for markets across the country and the world. Our airlines help get our famous and much-wanted produce to important markets in the fastest time and best condition. One example of that is the vast volumes of food and flowers which leave here in the days preceding the very important Chinese New Year celebrations each year. While that is a definite peak, freight volumes are important to airlines and therefore also to the airport, all year round.





STRATEGY-LED ASSET *Management*

CHRISTCHURCH AIRPORT HAS A LARGE, COMPLEX AND DIVERSE ASSET BASE ACROSS THE AIRFIELD, TERMINAL AND COMMERCIAL PROPERTY PORTFOLIOS.

Over the past 18 months, we have developed a new approach to asset management. It is strategic, collaborative and aimed at having productive and resilient assets aligned to our business needs. This new approach gives greater alignment between our strategic objectives and implementation, an approach which we believe will be key to the success of our business and the major infrastructure we oversee. Our asset management reflects our business strategy, which reflects our long-term planning (Vision 2040).

Our asset maintenance staff work closely with Citycare Group and other specialist teams who understand and share our strategic approach to care for our multi-million dollar assets. Together we proactively identify preventative and innovative maintenance, to keep longer term maintenance costs down.

We have intentionally moved from being reactive to proactive, planning to reduce the need for repairs because maintenance occurred before repair was needed. We work to understand the condition and remaining economic life of an asset through innovative management techniques and a planned renewal programme.

The detailed analysis of our assets has increased their valuation and reduce maintenance cost through efficient scheduling and economies of scale. It has also optimised safety, security and sustainability, and enhanced the customer journey across the campus by understanding expectations and managing assets to meet them.

Active PORTFOLIO MANAGEMENT

COMPANY OWNERS AND MANAGERS
BASED ON THE AIRPORT CAMPUS SAY
OUR PROPERTY MANAGERS CARE
ABOUT THE PREMISES AS IF THEY
WERE THEIR OWN.

“THE AIRPORT PROPERTY TEAM DEMONSTRATED THEY UNDERSTOOD OUR BUSINESS AND WERE CREATING A SOLUTION WHICH WOULD ADD VALUE TO IT.”

John Raso, Christchurch Airport, and Ian Bekhuis,
South Island Regional Manager, New Zealand Couriers Ltd

When something goes wrong, the property team is often the first to appear on-site, to service and resolve the issue and keep the business operating.

In recent years, alongside increased approaches from many companies wanting to be based at the airport, the airport company's focus on being a landlord has changed our approach to property development.

An example is Freightways, which now occupies a large space on the specially designed South Island Freight Hub in Dakota Park.

“The company had a small premises on the airport campus, with its various courier brands based at other sites in the greater Christchurch area,” says our Property Portfolio Manager John Raso. “Conversations began about the possibility of our creating a property solution to amalgamate all the brands onto one site to give economies of scale.

“Freightways is based at the airport because a large part of their freight comes in by plane and leaves via nearby State Highway One. Bringing the various operations and depots under one roof offered significant efficiencies, including reducing duplication of processes and machinery, creating a brand new bespoke building with enough capacity to grow into as well as plenty of parking and manoeuvrability for the many vehicles which access the building every day and night.”

The airport company relishes the significant challenge of making construction projects like this happen. Staff across the company are involved from first discussions with a prospective tenant. A multi-disciplinary team brings together their breadth of skills, including planning expertise, legal expertise, project management, property development and delivery skills – all required to create the best solution on a piece of airport land.

“In our case,” says Freightways' CEO Mark Troughear “we moved from a small building of 800m² on the airport and combined it with the operations from three others in Christchurch, into one of 12,000m², including 2,000m² of office space.

“The airport property team demonstrated they understood our business and were creating a solution which would add value to it. It wasn't just about a building with the latest technology and systems, it was an opportunity to set up an entirely new operation for scale. It was also clear we could offer a better customer experience through giving faster service in what is a time critical business.”

Creating the best transport connection for Dakota Park businesses, such as Freightways, led the airport team to work alongside the New Zealand Transport Agency (NZTA) to construct an underpass to give large trucks safe access to and from the airport and the roading networks they rely on.

Freightways and its neighbour in the freight hub, NZ Post, saw an opportunity to avoid higher future costs by sharing other resources. From each seeing their own aircraft arrive in

close formation, the two operators now make use of a shared network which carries more freight with significantly fewer emissions and supports the airport company's sustainability intentions.

ANZCO Foods, one of New Zealand's largest exporters, is currently watching its new headquarters take shape in a prime spot on the campus.

With sales well over \$1billion a year, the company delivers beef, lamb and associated products to more than 80 countries around the world, so being based on the airport campus was an attractive prospect for this multinational company.

ANZCO Group Chief Executive Peter Conley says “We market and guarantee year-round delivery of our premium products and deliver to exacting standards and timeframes. To help us achieve this, we have staff travelling regularly across New Zealand to co-ordinate supply chains, as well as overseas owners and customers flying in for meetings. There was no solution which ticked as many boxes and was as compelling as the airport's offer.”

By developing a concept for ANZCO to occupy a site at the entrance to the airport campus near the Gateway overbridge and overlooking State Highway One, the airport team saw an opportunity to promote premium South Island produce and add benefit to the business and wider rural community. The team recognised the important part the company plays in the region and the South Island's economy and the valuable relationship the company has with airline partners.

“ANZCO is part of a large international business and we are very proud they chose to be based here,” says John Raso. “We very much look forward to seeing them move into their new head office premises mid-2019.”

It's not only big companies which set up on the campus. There are currently about 350 companies on the campus and every one gets the same attention. In total, they collectively employ around 7,000 staff and all require access to and support from the airport. Some businesses begin life on the campus in existing premises while reserving room for expansion and growth into a new build over time on one of our future campus development offerings.

“We think hard about how we can support and provide real value to make life on the campus easy for the businesses to operate and grow. For example, we make our roads wide for trucks, we have amenities for employees – such as Spitfire Square's supermarket and food outlets, there's accommodation on the campus for companies' out of town visitors, and we are a 24/7 operation so someone is always able to take a call.

“In the end, we want all our businesses to be successful here, playing their part in the economies of the South Island. We will always do what it takes to do the right thing for each and every one.”

Delivering WHAT PEOPLE CARE ABOUT



MORE THAN 13.5 MILLION PARCELS HAVE PASSED THROUGH OUR SOUTHERN OPERATIONS CENTRE IN CHRISTCHURCH AIRPORT'S DAKOTA PARK SINCE IT OPENED IN MAY LAST YEAR. THAT MEANS 80% OF ALL PARCELS INTO AND OUT OF THE SOUTH ISLAND COME THROUGH THE AIRPORT.

The 12,500m², \$8 million facility is capable of handling 6,500 parcels an hour, and recognises Christchurch's importance in NZ Post's nationwide courier and mail network.

Many of the parcels we handle are the result of e-commerce and online shopping. They reflect the change in our business in recent years. We have become a parcel business which delivers letters, rather than the other way round, as we used to be.

Aircraft pull right up to our door 24/7 and we off-load and re-load freight throughout the day as it arrives or departs the South Island, much of it via nearby State Highway One.

The airport location has definitely resulted in a more efficient operation and better services for our customers.

We have 22 dedicated flights in and 22 flights out each week. This number increases when volumes increase - typically following a long weekend or at the start of a new month when people have been shopping more online - and it increases to more than 30 flights in and out towards Christmas.

Over the course of a year, we expect to operate around 2,200 flights in and out of Christchurch, carrying around 20,000 tonnes of priority CourierPost freight between the North and South Islands.

The integrated air, road and automated parcel processing centre is a strategic hub that connects both islands, and Christchurch to the rest of the world. This hub means it is often only 24 hours from the time you hit the 'buy' button, to having us deliver your parcel into your hands.

John Roche
Canterbury Regional Delivery Manager
NZ Post

HARVARD PARK *Underway*



CHRISTCHURCH AIRPORT IS ONE OF THE FASTEST GROWING AND MOST DESIRABLE BUSINESS COMMUNITIES IN THE SOUTH ISLAND, WITH PRECINCTS DESIGNED TO GROUP SIMILAR ACTIVITIES AND BUSINESSES NEEDING PROXIMITY TO THE AIRPORT TOGETHER.

The airport company's trade supply precinct, Harvard Park, is a \$100 million development that will be anchored by a Bunnings store, complemented by smaller trade supplier outlets and the BP service station already operating on the Harewood Road/Russley Road corner.

The 17,000m² Bunnings store is scheduled to open February 2020 on a previously undeveloped site on Orchard Road.

Bunnings has significant expansion plans for Christchurch and has identified the west of the city as a place to build new business. The Bunnings team saw an opportunity to develop the next store on some of our land, attracted by the ability to

offer more than 500 car parking spaces and the easy access to State Highway One.

For about four years, members of the airport company team across several disciplines have been considering the potential for this precinct, on a site designated for 'Airport Purposes' and zoned as Specific Purposes Airport Zone in the District Plan. Harvard Park's trade supply precinct fits within our Master Plan, which looks out to 2040, and our strategy to support the requirements of the 7,000 people working on the airport campus every day.

The airport is considered a critical piece of national and regional infrastructure, helping connect us and our economy

to the world, and as the city expands to the west, major companies are seizing the opportunity to be based on the campus.

Harvard Park is being developed in two stages – Stage 1, centred on the Bunnings store, car parks and landscaping, Stage 2, the other tenancies and their associated car parks.

Harvard
PARK



ENHANCING CUSTOMER *Journeys*

CHRISTCHURCH AIRPORT 2040



CHRISTCHURCH AIRPORT HAS SEEN RECORD PASSENGER GROWTH IN RECENT YEARS, ADDING AROUND 950,000 PASSENGERS P.A., WHICH IS NOW CLOSING IN ON SEVEN MILLION PASSENGERS A YEAR. WE SET AN ALL-TIME RECORD IN DECEMBER 2017, HANDLING 685,000 DOMESTIC AND INTERNATIONAL PASSENGERS FOR THE MONTH. THIS WAS FOLLOWED IN JANUARY 2018 WITH 195,881 INTERNATIONAL PASSENGERS IN A MONTH, ANOTHER ALL-TIME RECORD.

In addition, 2017 saw Christchurch become the fastest growing entry point for Chinese visitors off the back of strong capacity growth from China Southern Airlines, Cathay Pacific, Singapore Airlines and Qantas.

Christchurch itself has the fastest growing accommodation sector, both in terms of new hotel rooms and Airbnb (now accounting for around 25% of international accommodation nights in the city).

Our airport remains an essential gateway for spreading the social and economic benefits of tourism and airfreight to the South Island regions. In fact, the airport spreads international visitors to more regions than any other New Zealand international gateway. According to official government statistics, visitors who enter New Zealand through Christchurch spend around 76% of their stay in the regions – compared to 67% for Auckland, 53% for Wellington and 46% for Queenstown.

We are focused on Championing the South Island and with the focus now firmly on future growth, the airport's planning

team looked out to 2040 to come up with a vision and master plan for the airport campus. This includes the public release of a video entitled "Christchurch Airport 2040".

We review our long-term planning for land use and infrastructure every ten years. We are conscious that activity at Christchurch Airport underpins almost 7,000 jobs on campus and more than 60,000 jobs across the South Island – plus there are indications that employment on campus will grow to around 20,000 by 2040.

To cater for forecast passenger growth, the proposed 2040 version of the airport would see its main arterial road, Memorial Avenue, extended to create a 'grand avenue' to an expanded terminal. A series of modest runway extensions would increase peak period capacity, without the need for major changes to the airfield or noise impacts in residential areas.

You can see the animated video showing key aspects of the 2040 Vision and summary document at christchurchairport.co.nz/vision2040



GLOBAL AVIATION UPGRADE *Trial* COMES TO CHRISTCHURCH

A TWELVE-MONTH FLIGHT PATH TRIAL FOR ABOUT A QUARTER OF THE FLIGHTS ARRIVING INTO CHRISTCHURCH AIRPORT WILL END IN NOVEMBER 2018.

The trial uses Performance Based Navigation (PBN), a global air navigation standard being introduced in accordance with international guidance and New Zealand government policy. It uses satellite-based navigation and is intended to make air travel smarter, quicker, safer and more sustainable.

At the six-month point of the trial, an interim review revealed aircraft are flying at a higher altitude over the city and concentrated populous areas, resulting in reduced audible noise. There are also fewer flights over the suburbs of Wigram, Hornby, Prebbleton and Rolleston, and the trial flight paths avoid direct overflight of Templeton and West Melton settlements.

The mid-trial calculation of noise contours identified that noise generated during the first six months of the trial fits within the District Plan compliance contours. Noise measurement data on aircraft noise levels was also gathered from six noise measurement terminals installed under the trial flight paths. Noise levels measured during the trial are being compared with pre-trial noise levels and noise experts are completing a detailed analysis of the data for the final trial report.

Feedback from the community was actively sought during the first six months of the trial, through announcements in news media as well as via a dedicated website christchurchflightpathstrial.co.nz, which features information about the trial and provides a feedback form. All feedback was considered by the trial partners and received specific and individualised responses.

The six-month review confirmed: continuing the trial to November as originally planned, so valuable data and feedback can continue to be gathered; restricting sensitive PBN trial flight paths on weekend mornings in direct response to community feedback; and adding an additional trial flight path for the latter six months, to address residential noise concerns and increase pilot participation.

GATE 15

AS PART OF OUR ONGOING TERMINAL ENHANCEMENTS, WE HAVE CREATED A NEW CUSTOMER SPACE FOR REGIONAL TRAVELLERS.

Gates 15A, B and C enable multiple access for turboprop aircraft to cater for our strong regional growth, while reducing volume at the near-capacity regional lounge area. It also encourages travellers to move upstairs after check-in and take advantage of the choices in the food court.

Gate 15 was designed with our customers in mind, as more than 75% of the lounge seating has access to charging. Gate 15 also offers one of the comfiest customer dwell spaces in the terminal. With seating for more than 150 people, there is space to stretch out and relax with a cup of coffee while checking emails at one of the work benches, or using one of the many charging stations to connect to our unlimited free WiFi.

The real feature of the space is a 35 metre art wall designed and painted by Christchurch-born street artist Dcypher, with help from his friends at Oi You! The art highlights Christchurch activities, from snow to surf, with many other old and new favourite activities highlighted.



BRINGING *Our Place* TO LIFE

WE HAVE HAD A LOT OF FUN OVER THE PAST YEAR RIGHT ACROSS THE AIRPORT WITH THE AIM OF MAKING OUR CUSTOMERS' JOURNEYS JUST THAT LITTLE BIT BETTER.

We celebrated holidays and special dates, including Christmas, Valentine's Day, Easter, Mother's Day, Chinese New Year and even World Emoji Day. We offered live entertainment and visual spectacles that made people laugh, toes tap and voices sing. Talented children have come to sing, dance, perform and inspire. We even had our Mayor join a Christmas choir performance!

Over summer we hosted a Farmers' Market called 'Taste of the South'. It showcased South Island produce including West Coast whitebait, Kaikoura crayfish, locally brewed craft beer, gelato, cheese, fudge, bratwurst and relish.

We created a succession of 'pop-up' entertainment and South Island showcases, each bringing a short-term treat to the terminal and the people in it.

Our staff dressed up and offered random acts of kindness, giving away jetplane lollies and cooked barbecue food for people going to and from flights.

We have also made some permanent changes to brighten your time here. These include street art through the outdoor plaza, table tennis tables and beanbags, a Kids' Zone in the international arrivals area, and activity books for children waiting at the airport.

Our brightly decorated piano has become the scene of many impromptu recitals. Hardly a day goes by before someone offers a tune played with skill and applauded by passers-by. We also hear chopsticks and scales from time to time!

We have enjoyed creating opportunities to surprise and delight our customers – and have more plans to put smiles on faces at the airport.



Piano, outdoor plaza



Kids' Zone, international arrivals



Stretch & relaxation area, international departures





St. Patrick's Day, March 2018



ANZAC Day, April 2018



Live music, domestic arrivals, various dates throughout 2018



Easter, April 2018



Chinese New Year, February 2018



Valentine's Day, February 2018



Christmas performance, December 2017



Reach For The Stars

AS THE ONLY CHINESE CARRIER CONNECTING THE SOUTH ISLAND WITH THE WORLD, CHINA SOUTHERN AIRLINES IS DELIVERING INCREASING NUMBERS OF INTERNATIONAL VISITORS AND ACTIVELY SUPPORTING REGIONAL ECONOMIC DEVELOPMENT.

We proudly sponsor University of Canterbury's world-leading observatory at the top of Mt John, near Lake Tekapo. The observatory and the lake are at the heart of one of the most iconic visitor attractions in New Zealand, a must-see place many Chinese tourists share pictures of when they visit.

Our partnership helps make international research, education programmes and tourism development possible. We sincerely care about the communities of the South Island, so donate funds directly to the Mackenzie District to help mitigate the impacts of visitors to the area. In particular, we help protect the environment around the Church of the Good Shepherd, to protect this precious site and provide better access for the many tourists who want to enjoy it. This demonstrates our company's intention to be a socially responsible company which protects the environment.

We promote this partnership and beautiful tourist attraction in a themed air-bridge at Christchurch Airport, giving domestic and international tourists a hint of the Mt John Observatory experience. A dark sky hologram room near our check-in area in the terminal and a huge billboard outside have reminded visitors this experience is a three-hour scenic drive away.

We like to think our focus on and support of the Mt John Observatory is bringing people to nature and delivering wellbeing, while enabling more sustainable journeys.

Rebecca Huang
General Manager
China Southern Airlines Christchurch office



From left: Malcolm Johns (Chief Executive, Christchurch Airport), Rebecca Huang (General Manager, China Southern Airlines Christchurch office), Louis Lu (Australasian General Manager, China Southern Airlines), Mayor Graham Smith (Mackenzie District)

USING APP-TITUDE TO **BUILD** RELATIONSHIPS



WE ARE SEEING VERY ENCOURAGING RESULTS FROM OUR WORK HELPING SOUTH ISLAND BUSINESSES WHO WANT TO SUCCEED IN THE CHINESE MARKET.

It's an exciting part of what we do, with three main goals:

- ATTRACT MORE HIGH-VALUE INDEPENDENT CHINESE GUESTS TO THE SOUTH ISLAND, WHILE AT THE SAME TIME GROWING BOTH GEOGRAPHIC DISPERSAL AND SPREAD ACROSS THE YEAR;
- ENCOURAGE CHINESE GUESTS TO SPEND MORE BEFORE AND DURING THEIR TRAVEL IN THE SOUTH ISLAND;
- GIVE SOUTH ISLAND BUSINESSES AN OPPORTUNITY TO MICRO-EXPORT INTO CHINA.

In February of last year, we signed a world-first partnership with the Alibaba Group, the world's largest e-commerce business. We agreed to jointly bring Alibaba to New Zealand to target, capture and create value for the South Island by targeting and transacting with high-value, young independent Chinese visitors and consumers.

The programme is already working with more than 730 businesses at more than 3,000 locations throughout New Zealand. The programme has also partnered with regional economic development agencies across the South Island, as well as with ATEED and WREDA in the North Island.

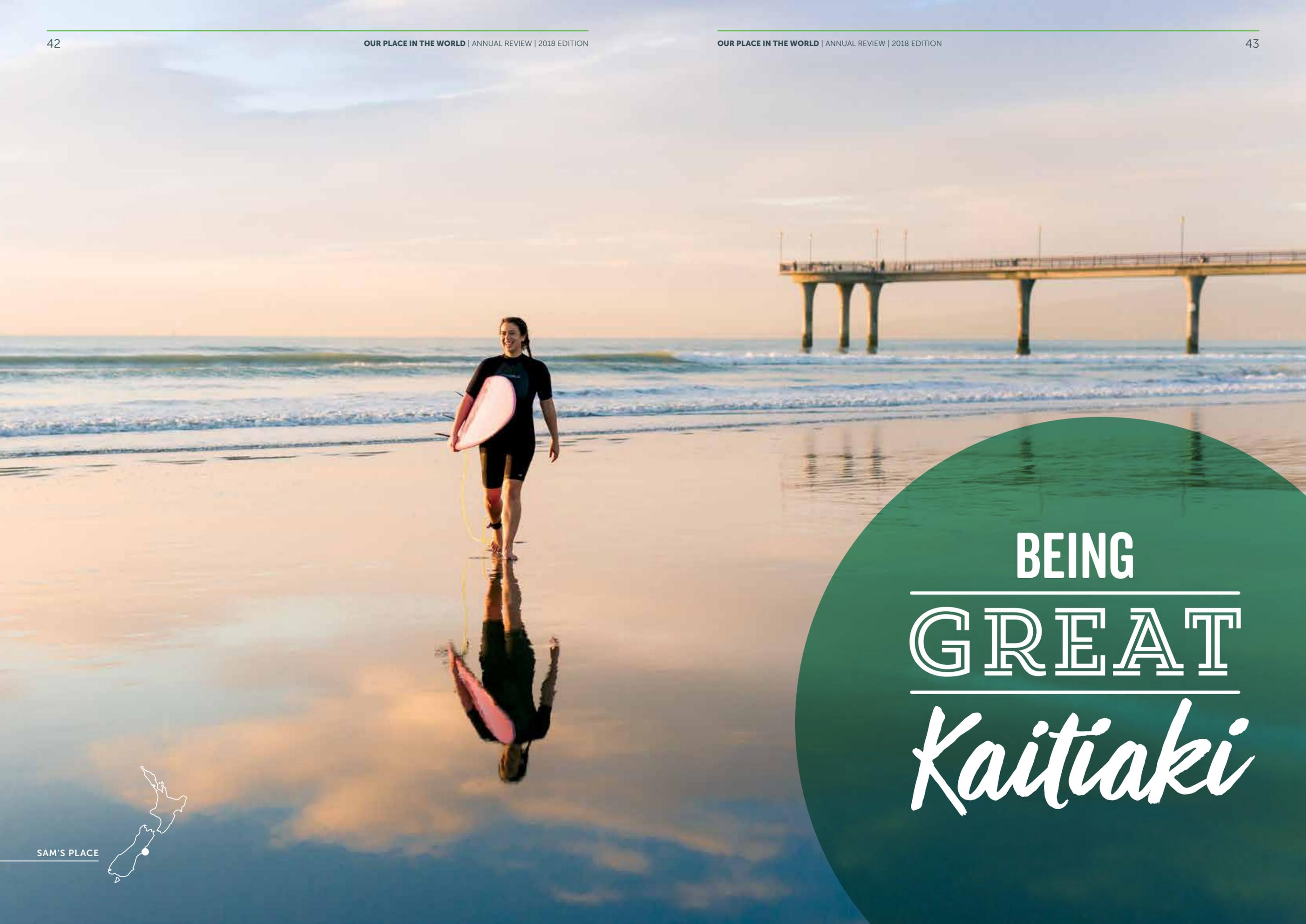
Our work with Alibaba allows Chinese visitors to transact here the way they do in China, using the Alibaba apps they are so familiar with to improve their experience here. It

builds demand for New Zealand as a holiday destination and encourages visitors to travel widely across our regions.

Our SOUTH programme (the airport and all 13 regional tourism organisations working collaboratively) has partnered with Alibaba's mobile payment app, Alipay, to both give South Island businesses a way to market themselves to Chinese guests as they travel, as well as to accept this convenient payment platform within their businesses. To date, more than 2,000 southern locations are now accepting Alipay.

We have built a dedicated South Island store in Alibaba's online travel platform called Fliggy. Launched at the end of August, the SOUTH Fliggy store will both educate and engage Chinese travellers in the South Island, and will also give South Island tourism operators a platform through which to sell their services to potential travellers to New Zealand.

The third part of the programme involves establishing a SOUTH store on Alibaba's Tmall, the world's largest online business-to-customer (B2C) platform. The store will enable Chinese consumers who have bought South Island products while visiting, to buy more when back at home. It will also market South Island products to Chinese consumers who haven't visited New Zealand, but who Alibaba data suggests might be interested in our products. The SOUTH Tmall store will launch before the end of this year.



BEING
 GREAT
 Kaitiaki



SAFETY LEADERSHIP

Staff at Christchurch Airport operate in a unique and complex environment, with a diverse group of stakeholders interacting daily. Our role is critical and we are committed to protecting our people and working with our stakeholders and campus community to achieve a safe environment for everyone.

By our people, we mean specifically our team of 250 staff and 39 volunteer ambassadors, and in a wider sense the 7,000 airport campus staff, the hundreds of delivery partners we engage with directly and indirectly, and the nearly seven million passengers that come through our terminal each year. Our multi-faceted role is an employer, public venue operator, property developer, border agency host, airspace and airside controller, and landlord.

Over the past three years we have developed a comprehensive strategic safety framework, and more recently have worked to more fully integrate aviation and airside with people's health, safety and wellness. In 2018, we began our journey to shift from a protection focus with positive safety outcomes as a driver, to a performance focus delivering protection, people and commercial strategy outcomes. Our safety plans will deliver operational and

people resilience critical for our business and our people in order for both to be able to advance in the face of adversity and challenge.

The four pillars underpinning this new performance framework that will drive its success are: Culture (engagement, trust and leadership), People (our solution and aligned to our values), Assurance (a robust approach to risk management, systems and monitoring) and Improvement (collective and continuous).

Key to taking our safety approach from protection to performance is leadership. Our leaders are learning to trust that this different approach to safety will deliver increasingly positive safety outcomes. They will maintain accountability and focus on the things that build resilience. Through this new framework they will demonstrate trust, become curious, develop better questions, won't expect to have the answers, and will be solutions focused.

Safety leadership capability and engagement is built through our leadership development programme. This includes a leadership seminar series (safety-I and safety-II leadership development) and wellness leadership development for our Board of Directors, Executive Leadership Team, Strategy Activation Leadership Group, leadership group and entire team. This commitment to supporting and developing our leaders to drive protection outcomes will build on the strong safety leadership culture we already have.

Our Safety Leadership Steering Group, made up of the Executive Leadership Team and Chief Executive, also includes key senior operational leaders, and continues to increase visibility and accountability at the operational level.

We have also developed our own 'safety leadership conversation' smart phone app. It is built on safety performance principles and shares 'stories of work' in order to understand what's going well and any barriers to performance.

The impact of our commitment to the protection of our people has been demonstrated by our annual company-wide survey results. They show 95% of respondents believe we are committed to safety, 90% to our safety values, and 88% of our team believe safety comes before everything in the airport company.

Safety Leader Laurie Corbett and Ground Transport team member Di Jin



PREPARING FOR *Emergencies*

Like many organisations, we are acutely aware of the impact an emergency might have on our business. In our case, being an essential piece of the country's infrastructure adds another layer of complexity as we consider our response and support role for the city and South Island.

For that reason, we regularly prepare and train for emergencies we hope will never happen.

Manager Airfield Operations, Tim Morris, says we collegially work with agencies who would become involved in an incident at the airport, using the internationally recognised Coordinated Incident Management System (CIMS).

"We emphasise emergency 'readiness' through staff learning and rehearsing incident management techniques," he says. "By the end of the year, we will have 40 staff trained in advanced CIMS processes, complemented by a Volunteer Response Team of staff willing to lend a hand in any unexpected event."

Our most recent full airport emergency response exercise was held mid-year after almost a year's planning. With Canterbury District Health Board/Community & Public Health and Ministry of Health teams, we tested our response to an alert of a communicable disease.

The aim of the exercise was to test and validate a multi-agency response, allow relevant agencies and our own teams to practice responding to a pandemic event, and to identify areas for improvement.

Alongside CDHB and the airport company, the exercise involved the NZ Customs Service, Air New Zealand (as the nominated airline), NZ Police, St John, Ministry for Primary Industries, Aviation Security Service, with support from Airways New Zealand and OCS Ltd (our cleaning contractor).

"The response ran for almost five hours and involved almost 100 participants. Our Emergency Operations Centre (EOC) became the central response hub and a simulated 'scene' was set up at an international arrivals gate, where a 50 seat bus full of passengers and Air New Zealand crew on board was utilised as an aircraft.

"The depth of knowledge and experience in the Crisis Management Team and the support teams was evident on the day. We put members of all teams into unfamiliar roles to expand their experience and confidence," Tim Morris says.

Various reports have followed the training event and have identified benefits, positive learning, and action points which are now being addressed.



Powering Up — TO KEEP — EMISSIONS DOWN

TRAVELLERS AT CHRISTCHURCH AIRPORT ARE PART OF AN ENVIRONMENTAL WIN FOR THE AIRPORT AND ITS AIRLINE PARTNERS.

The days of aircraft pulling up to an airport arrivals gate and being powered by diesel generators before the next flight are on the wane, with the airport and airlines working together to install jet ground power units.

Aircraft will arrive and literally plug in to power, significantly reducing fuel use and CO₂ emissions, by more than two tonnes a year.

Our infrastructure plan will see ground power rolled out gradually to all jet gates.

It's a project whose time has come, driven by companies proactively looking for ways to lessen environmental

impact. Ground power has traditionally been used for longer stopovers, but we are keen to use it even on short turnaround domestic operations.

The airport team, champions sustainability, believing it's our responsibility and privilege to be caretakers of the South Island.

The ground power project fits our sustainability objectives, which include more migration to renewables and increasing energy efficiency. Electricity in New Zealand has a significantly lower carbon emission factor than that of aviation fuels. By providing aircraft access to cleaner energy sources while on the ground, we collaboratively work

with our airline partners to reduce global aviation carbon emissions.

We have installed ground power on the international A380 compatible dual airbridge stand, which sees the world's largest passenger aircraft plugging in to power up for international departures. Plugging in on each visit saves about 1,000kg fuel and 283kg of carbon emissions.

We are about to begin the next stage of installing ground power to a combination of both domestic and international gates. This will add another eight stands to the existing five, a financial and environmental win for both the airlines and the airport.

Virtual Training FOR EMERGENCY REALITY

OUR AIRPORT FIRE FIGHTERS DO SOME OF THE MOST CHALLENGING WORK ON THE CAMPUS AND ARE CONSIDERED BY MANY TO BE HEROES.

They are first on the scene for more than 500 on-campus emergencies every year. That includes fires, rescues, alarm activations, fuel and hazardous material spills, special services, medical emergencies and aircraft incidents.

The men and women of our fire service are highly skilled and specially trained. While they hone their skills every day they are on duty, there is one aspect of their work which has been very difficult to train for. Until now.

Before the end of the year, our airport fire fighters will change the way they train for aircraft fires, using Virtual Reality (VR) equipment currently in the final stages of development.

Tim Morris, Manager Airfield Operations, says the money being invested in our fire service will give the team the experience of managing an aircraft fire without actually being in such a fire.

"Using VR takes us from observation to immersion and is the next generation of training and recruitment. We will simulate real situations that are otherwise almost impossible to train for in real life," he says.

"The fire fighters will be able to fight virtual fires, so when the time comes when they do fight an actual aircraft fire they will be working in an environment they are familiar and confident with."

The VR experience will see our fire fighters don headgear to visualise and interact in a significant way with what Peter Moore, our Manager of the Airport Fire Service, says is a very tough situation.

"This training replicates possible fire scenarios on a scale not possible in our training area, so will be a very valuable addition to the suite of training options we already have. It's also about giving unconstrained access to the interior and exterior of various aircraft so they will be well familiarised, prepared and have confidence to work in and around the aircraft, enter safely, navigate their way through it in very low visibility, locate specific items, perform emergency shutdown of aircraft engines, work with the specialised equipment they carry, and save lives."

Offering such specialised training in this way also reduces operational costs, as well as giving the ability for further development.

Our Manager Digital Solutions and Data Technology Art Martinson says we are collaborating with Christchurch-based company Corvecto to produce this innovative and powerful Virtual Reality training which will evolve as needs require.

"VR offers a training platform in a situation where safety is the top priority," he says. "It means our people can train for a complex and hazardous scenario. In this case, it gives our fire fighters an environment to improve their skills and safety, through training modules where they can learn and demonstrate their competency."

Tim Morris says it is a solution for a difficult part of the fire team's job.

"One of the tougher parts of our business is getting a new focus and offering new skills," he says. "We are about to introduce ground-breaking digital technology in an innovative way to train our rescue airport fire fighters."



Airport Fire Service team members Simone Mackie and Richard Skinner



Small Change
— MAKING A —
BIG
DIFFERENCE

TWICE A YEAR, WE EMPTY THE COLLECTION BOXES WITHIN OUR TERMINAL, WHERE VISITORS DONATE SMALL CHANGE TO HELP US DO BIG THINGS IN THE COMMUNITY.

When the money is converted (often a dozen different currencies) and totalled, we match the amount donated, then invite applications for a grant from the Christchurch Airport Community Fund.

While we get more applications than we can meet, we aim to spread our funds across projects and groups who will offer the widest benefit to communities.

This year the fund has given more than \$60,000 to community groups and projects across the city and surrounds. The funds have helped supply meals to Waimakariri families with new babies or ill children, outdoor adventures for East Christchurch children, visits by Clown Doctors to children in Christchurch Hospital, warm bedding for cold families, safety fencing around the Rangiora Toy Library, scout groups do community work and immigrant groups share their culture with the community. To name just a few.

Pillars used our grant to help offer additional mentoring for children of prisoners.

Chief Executive of Pillars, Verna McFelin, says each year several hundred children, significantly impacted by their parent going to prison, receive support and encouragement from a mentor who meets with them regularly.

"These mentors are so important to the lives of the children," Verna says. "The grant from Christchurch Airport was so helpful because it enabled one more child to receive the benefits of mentoring."

Verna says the Pillars mentoring programme needs sponsorship to succeed.

"Every sponsorship received is one more child less likely to need the services of government departments as they grow up. More than 23,000 New Zealand children have a parent in prison and are nine times more likely to end up in prison

themselves. Pillars can only help a fraction of the children who need assistance, but each year we help more children."

Verna says the volunteer mentors are people who have decided to donate time to the community.

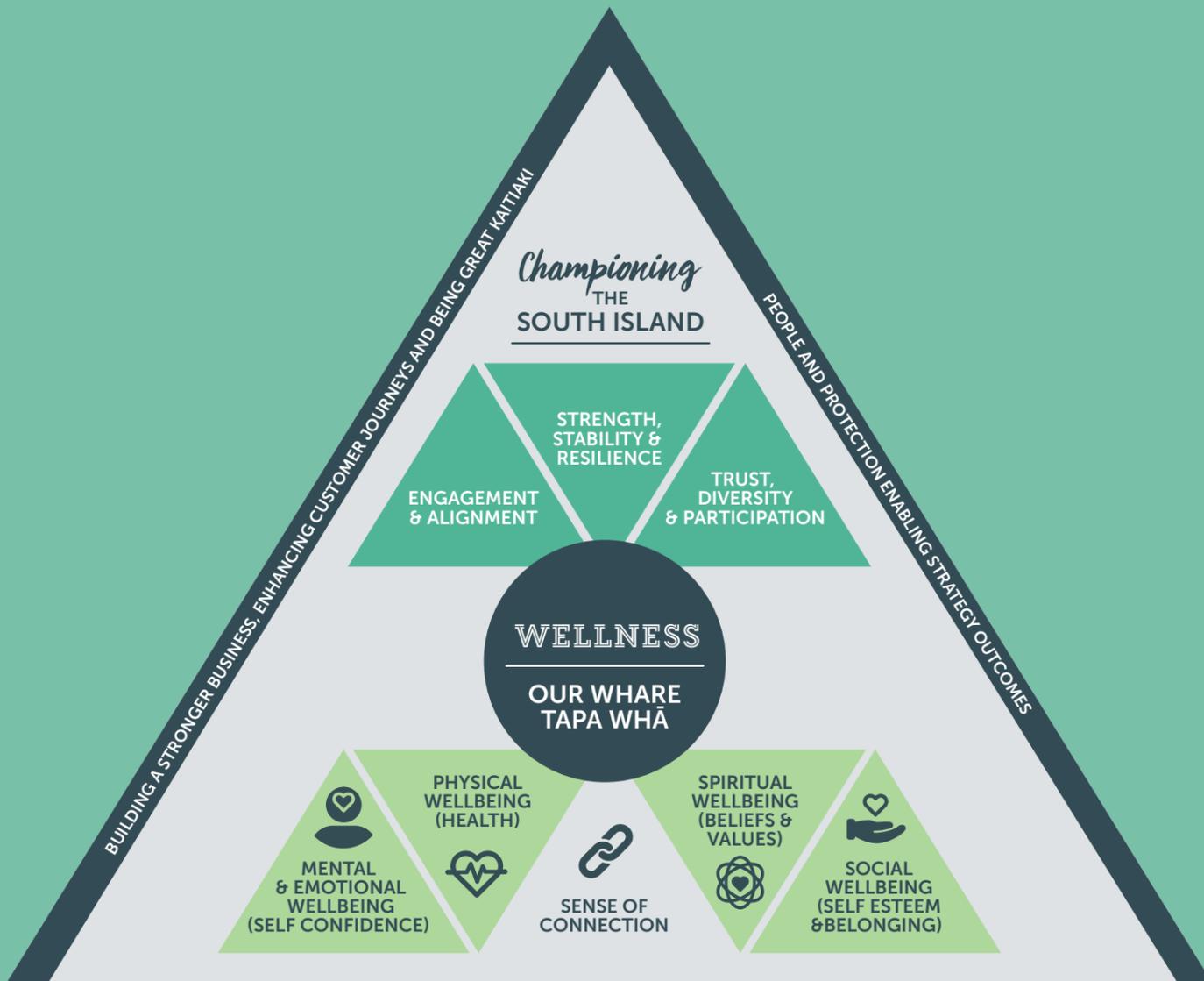
"They are the type of people who want to do more than just shake a bucket for donations", she says. "Mentors know that they are being a great friend and role model to a child in a tough situation they had no say in, and also impacting their future and potentially helping break the cycle of offending in that family."

Many children affected by a parent going to prison have to leave their family home to live with other relatives. They can be impacted by increased financial hardship in the family, changes of school and friends, and the stigma attached to having a parent incarcerated which can result in teasing and bullying.

"We know how hard it is for the kids", Verna says "so we work with the whole family to ensure their increased wellbeing. Having a mentor for a child within the family is only part of the story and most families also have access to a social worker."

This year marks the 30th anniversary of Pillars. In recognition of this achievement, and the work they do, they were given a special donation by the government. When the Duke and Duchess of Sussex married in May, they requested governments donate intended gifts to charities – Pillars received that wedding gift.

Next time you pass through the airport, you might consider tossing leftover foreign coins, or the change from your cup of coffee, into the green collection boxes. As you watch your coins race around the inside chute, you might also reflect on the good those coins are on their way to do in our communities.



IN THE PAST YEAR, WE HAVE INCREASED OUR FOCUS ON WELLNESS ACROSS OUR DIVERSE TEAM.

That means creating a culture of trust, diversity and participation, aligned with our purpose, to deliver positive outcomes for our people. The aim is to build staff members' strength, stability, and engagement, to ultimately provide options to support their ability to perform at their best. We want to build resilience in our people so they may advance in spite of adversity and the inevitable changes technology and innovation will bring.

We have taken an innovative and NZ-centric approach to wellness and developed it as a framework to give our people the best chance to remain at the airport company and succeed in their roles. That way, they can play a part in what we have agreed is our purpose: to unequivocally Champion the South Island.

We created our strategy in collaboration with our team and by taking a holistic and tailored approach to wellness. This broader approach returns far more than simply the productivity and lower absenteeism benefits often celebrated with 'successful' wellness programmes.

Our approach to wellness is based on Hauora, a Māori philosophy of health and wellness.

There are four key dimensions, and one supporting dimension, that underpin this philosophy, and which also closely align with our values and our Wawata Iwi charter aspirations: Physical wellness (health); Mental and emotional wellness (self-confidence); Social wellness (self-esteem, belonging and social support); Spiritual wellness (beliefs and values) with the supporting dimension being a Sense of Connection.



Airport Fire Service staff members Brad Taylor and Dave Greensmith cooking dinner at Ronald McDonald House

The model represents aspects of Hauora as the four walls of a whare, with each as a different dimension. All four are necessary for strength, stability and resilience, with the fifth providing a sense of connection with the land.

The five dimensions of the Hauora philosophy underpin the framework and activation initiatives that drive our wellness strategy. They aim for outcomes that align with both our people and protection enabling strategies, the three pillars of our mission – to Build a Stronger Business and Enhance Customer Journeys and Be Great Kaitiaki – and ultimately with our purpose, to Champion the South Island.

Over the past two years we have seen an increase from 73% of our people believing we care about their wellbeing to 93% in our most recent pulse check, and we are seeing continued increasing levels of participation across the initiatives we offer.

So far this year, we have:

- completed 100 health checks and 108 flu vaccinations
- 60 participants registered for the annual wellness challenge
- 44 leaders engaged in the mental health and resilience programme
- 85 participants in Movember support events
- 350 participants across our Pink Ribbon support events
- 238 attendees for the annual champion awards
- 114 participants for the Fill Their Lunchbox (donating 228 lunches to low decile schools)
- 63 'chefs' for Ronald McDonald House over six nights
- raised \$5,000 for charity
- recognised 80 staff for long service.

SUSTAINABILITY REPORT 2018

MAKING A DIFFERENCE TO THE *Greatest Place* ON THE PLANET

SUSTAINABILITY: OUR APPROACH

From the majestic West Coast to the patchworked Canterbury Plains, from the crystal blue southern lakes to the white sandy Abel Tasman beaches, the South Island is one of the best places in the world.

It is no wonder this spectacular environment attracts millions of visitors to New Zealand every year.

As the official gateway to the South Island and a major contributor to its economy, Christchurch Airport has a responsibility to be a kaitiaki, or guardian, of this special place.

We work hard to protect and, where possible improve, this precious environment for future generations.

This is why we have signed up to the Climate Leaders Coalition, a group of 60 New Zealand businesses that have joined forces to tackle climate change.

Our Sustainability Strategy ensures this thinking is embedded into our business. We focus our sustainability efforts on key areas, or pillars, with clear goals identified under each one.



OUR SUSTAINABILITY PILLARS



REDUCE CONSUMPTION



MEASURE, MANAGE, MITIGATE



INCREASE EFFICIENCY



RETHINK TO REDUCE



ONGOING REMEDIATION



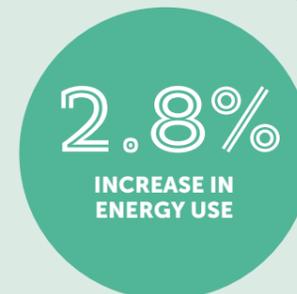
PHASE OUT FOSSIL FUELS

ALWAYS STRIVING TO BE BETTER

The Sustainability Report FY18 reports our results under each pillar from 1 July 2017 to 30 June 2018. It also reports on our efforts to reduce and measure our carbon footprint.

Internal working groups drive our efforts and measure our progress under each pillar. We have also established a panel of external experts that review our efforts and challenge us to do even more.

SUSTAINABILITY SNAPSHOT FY18



ONLY FOUR REPEAT NOISE COMPLAINTS

*This is below the 10 complaints per 10,000 movements KPI in our Sustainability Strategy
**This was 9.76kg/100pax in FY17

OUR FY18 RESULTS



In FY17, we installed smart meters in the terminal so we are able to measure water use in real time.

Our core goal for FY18 was to establish an annual benchmark for water use in the terminal. Our usage rates indicate this benchmark is approximately 11.7 litres per passenger per year.

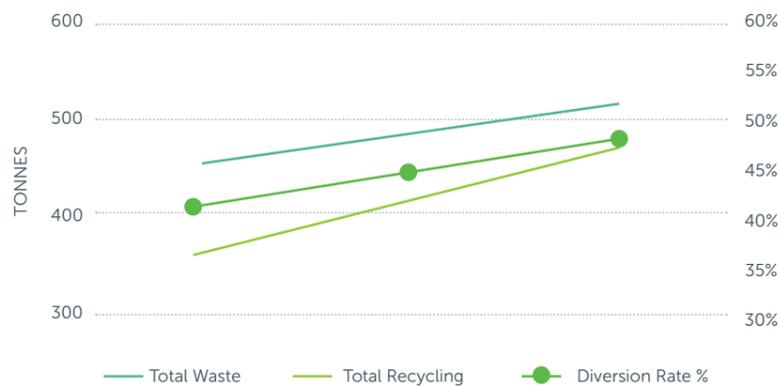
Having this benchmark established is an excellent achievement – it means we now have a starting point to make savings on.

By FY20 we aim to have achieved a 10% saving on this benchmark.



In FY18, we sent 9.74kg of waste to landfill for every 100 passengers. This is slightly less than the 9.76kg/100pax in FY17 and significantly lower than the 11.16kg/100pax in FY15 and FY16.

We have also improved our diversion rates with 47.7% of waste being diverted in FY18, up from 44.3% in FY17.



The increase in our diversion and recycling rates can be attributed to improvements in the way we collect glass and organic (compostable) waste.

Key to this success has been active engagement with our terminal tenants, and innovative initiatives such as Project Coffee Cup – which was reported on last year, and awarded Silver Recognition through the Asia Pacific ACI Green Airport recognition programme in 2018.



The total energy use (electricity, diesel and LPG) in the terminal for FY18 was 19.86kWh/m² which sits below the target established in our Sustainability Strategy of 22.5kWh/m².

This total is 2.8% higher than total energy use in FY17. As previously reported, we have cut energy use in the new terminal by more than 20% since it opened in 2013. This year's rise is to be expected as energy consumption normalises. It is also a result of the cold weather Canterbury experienced during parts of FY18.

We are pleased to report the terminal's actual energy consumption for 10 of the 12 months of FY18 was actually below what our modelling software predicted, based on the weather conditions. This shows the system is continuing to make significant savings in energy consumption.



The airport operates on more than a thousand hectares of land. We work hard to manage this land sustainably and to ensure aircraft safety.

In recent years, we have remediated nearly 15 hectares of land that was contaminated prior to our ownership. FY18 also saw us focus on collaborating with other organisations on researching wildlife around our campus.

There are up to 10,000 Canada Geese in the area between the Waimakariri River and Lake Ellesmere.

Anecdotal evidence suggests these geese used to migrate to the high country to breed during summer, however since the Canterbury earthquakes several thousand geese have become resident on the Avon River and throughout the Red Zone.

We are sponsoring University of Canterbury research that will help us better understand where these geese live and where they migrate to. A number of geese will be fitted with GPS trackers as part of the project.



Measuring, managing and mitigating noise is a key focus for the airport team.

FY18 saw us undertake our first Noise Management Report, which included an assessment to ensure engine testing on our campus is complying with the Christchurch District Plan. We are delighted to report we are fully compliant, and that the software we had developed to manage engine testing is accurate. We are the only airport in New Zealand with such software.

Our Noise Liaison Committee, which contains community representatives, meets regularly to discuss any noise concerns. We also investigate and respond to every report of noise.

There were a total of 66 general noise reports from a total of 97,400 aircraft movements in FY18. This equates to 6.8 reports per 10,000 aircraft movements and is well below the limit set in our Sustainability Strategy of 10 complaints per 10,000 movements.

There were four repeat complaints which, again, is below the limit set in the Strategy of 10 repeat complaints per 10,000 movements.

We have had noise complaints related to the Performance Based Navigation trail. Since the beginning of the trial to the end of FY18, we received a total of 132 PBN-related noise reports from 3,040 PBN-aided arrivals. All complainants have been encouraged to continue to provide feedback as needed, because this is the purpose of having the trial. This feedback, along with extensive public consultation, is very valuable and will guide the future use of PBN at Christchurch Airport.



During FY18, Christchurch Airport has become the first airport in New Zealand to be certified to the Airport Council International – Airport Carbon Accreditation Programme, joining 240 accredited airports globally.

Under the programme, we are classified as level 2 which shows we have reduced our carbon emissions over a sustained period of time. Our goal for FY19 is to achieve level 3, which will require us to work more closely with our stakeholders to reduce the campus' overall emissions.

Overall, our carbon emissions have decreased from 4,175.88 tonnes to 4,088.87 tonnes. This modest gain has been achieved through the reduction of our Scope 1 and Scope 3 emissions.

LEADING THE CHARGE TO ELECTRIC VEHICLES

CHRISTCHURCH AIRPORT HAS MADE A COMMITMENT TO TRANSITION ITS LIGHT VEHICLE FLEET TO ELECTRIC VEHICLES BY 2025, AND WE ARE CHALLENGING OTHER BUSINESSES TO DO THE SAME.

In June 2018 we became the first business in the South Island to sign up to a global movement, EV100. EV100 is an initiative of The Climate Group, an international not-for-profit based in London, New Delhi and New York; members commit to becoming 100% electric by 2030.

Airport Chief Executive Malcolm Johns says the move will strengthen the airport's efforts to become even more sustainable.

"With the transport sector the fastest-growing contributor to climate change, transitioning our vehicle fleet to electric is a sensible step. It's not just a good idea environmentally, it makes solid business sense too."

The Climate Group's CEO Helen Clarkson is delighted Christchurch Airport joined EV100.

"With nearly seven million people visiting the terminal every year, the airport has an opportunity to make electric vehicles a more familiar sight in New Zealand, while demonstrating to airports around the world how it's done," she says.

As part of the effort to help boost use of electric vehicles, the airport also hosts two EV sharing schemes, Electric Day Pass and Yoogo. Yoogo was launched in Christchurch and has a fleet of more than 100 EVs for hire. Charging stations for EVs are also available in our car parks.

"WE HAVE THE OPPORTUNITY TO MAKE ELECTRIC VEHICLES A MORE FAMILIAR SIGHT IN NEW ZEALAND."





TURNING UNRECYCLABLE PLASTIC INTO ROADS

EMPTY OIL CONTAINERS PREVIOUSLY DESTINED FOR THE DUMP NOW HAVE A NEW USE, THANKS TO A PARTNERSHIP BETWEEN CHRISTCHURCH AIRPORT AND FULTON HOGAN.

After four years of research and development, Fulton Hogan has turned previously unrecyclable oil containers into PlastiPhalt®, a new product that can be used like asphalt. PlastiPhalt® contains plastic chips made from used oil containers, which are melted into the glue component of asphalt.

250 tonnes of PlastiPhalt® has now been laid at the airport's fire station, where the product will get the ultimate test with fire engines weighing up to 60 tonnes driving over it.

Christchurch Airport's General Manager of Sustainability and Strategy, Rhys Boswell, says the airport's team is excited it is home to the first commercial trial of the product.

"There are 3,000 old oil containers in the PlastiPhalt® laid at the airport. It is great that they have been diverted from landfill. This product offers some really exciting technology which, as it evolves, will enable us to put old plastic to good use. The team at the airport is delighted to be part of it."

The PlastiPhalt® surface is expected to last around 15 years, after which it can be milled and recycled again.

"PLASTIPHALT SHOULD ENABLE US TO PUT PREVIOUSLY UNRECYCLABLE MATERIALS TO GOOD USE."



SOURCING SUSTAINABLY

FY18 SAW CHRISTCHURCH AIRPORT UPDATE ITS PROCUREMENT POLICY AND PROCEDURES TO ENSURE SUSTAINABILITY PLAYS A GREATER ROLE IN ITS PURCHASING DECISIONS.

The new processes mean the airport prioritises doing business with companies that can demonstrate a commitment to sustainability, as well as building specific sustainability targets or actions into supply contracts.

The project was the brainchild of Procurement Manager Jane O'Toole.

"We wanted to ensure our potential suppliers have the same values as our business does. Requiring them to answer specific questions as part of the tender process means we get an immediate feel as to the importance they place on sustainability."

The changes are designed to encourage other businesses to put sustainability at the top of their agenda.

"It's about creating a culture of sustainability around the airport," Jane O'Toole says.

The airport project caught the attention of the Sustainable Business Network, which was looking for ways to encourage its members to make sustainability a core part of their procurement processes.

Together we have developed a framework of questions to guide procurement teams to be more strategic about environmental and social risks when it comes to purchasing.

"We are looking forward to seeing the framework released to the public," says Jane O'Toole. "It's just another way the airport team is helping to highlight the importance of sustainability and lift other business' performance."





Our People

SUPPORTING THE GLOBAL CAUSE

THE JOURNEY TO BECOME A LOCAL LEADER IN THE UNITED NATIONS' SUSTAINABILITY MOVEMENT IS STARTING AT A TRUE GRASSROOTS LEVEL FOR CHRISTCHURCH AIRPORT. AND WHEN WE SAY GRASSROOTS, WE ACTUALLY MEAN KOWHAI ROOTS!

In 2018, all airport staff were given a South Island Kowhai tree, grown from seeds collected on the Canterbury Plains. The gift was part of our commitment to work towards the United Nations' (UN) Sustainable Development Goals (SDGs).

The UN created the 17 SDGs to transform the world. While there are big goals such as ending poverty and hunger and battling climate change, the UN has also outlined things we can all do (even from our couches) to make the world a better place.

Christchurch Airport Sustainability Champion Caroline Thalund says the SDGs have been introduced to staff, with the entire airport team being encouraged to work towards them.

"We want to empower our staff to act sustainably – both at work and at home. It is our hope that whenever they look at their growing Kowhai tree, they'll reflect on what more we can all do to contribute to these global goals."

The airport has also created a staff Sustainability Ambassadors Programme which launches in August 2018. The programme is key to creating a company-wide culture of sustainability, where our sustainability pillars and the SDGs are used throughout the airport and further embedded in our business.

Inset photo: Finance team member Sonia Hutchings and family planting their tree at home



OUR FUTURE

OUR INTERNAL WORKING GROUPS HAVE ESTABLISHED A PROGRAMME OF WORK FOR FY19 UNDER EACH OF THE PILLARS IN OUR SUSTAINABILITY STRATEGY. WE ARE AMBITIOUS ABOUT NOT ONLY LIFTING OUR PERFORMANCE UNDER EACH PILLAR, BUT INSPIRING A CULTURE OF SUSTAINABILITY IN AND AROUND THE AIRPORT.

THE FOLLOWING OUTLINES SOME OF OUR UPCOMING PRIORITIES FOR FY19:



- Install additional aircraft ground power units
- Improve data capture of non-terminal energy use
- Continue transition of fleet to Electric Vehicles (EVs)



- Review waste room infrastructure and technology
- Review of food court waste stations
- Develop additional training aids for tenants
- Continue to monitor and audit airside waste receptacles
- Work with Air NZ to enable additional airside recycling opportunities



- Install further smart meters to measure water use
- Trial flow settings to save water without affecting customer satisfaction



- Continue to measure and verify our carbon footprint
- Continue the roll out of the EV Activation strategy
- Implement a strategy to phase out scope 1 emissions for non-emergency operations
- Expediate the elimination of fossil fuels for heating ahead of 2025

Photographic contributions by: Wayne Williams, Kelly Shakespeare,
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