



2015/2016

Waikato Regional Airport Limited Statement of Intent

June 2015



Hamilton Airport



1.0 Introduction

This statement is presented by the Directors in accordance with s.64 (1) Local Government Act 2002 and sets out the Board's intentions for the Company for the year ended 30 June 2016 and succeeding two financial years.

2.0 Strategic Intent

The Airport has identified its core purpose and key objectives that recognise the strategic intent of the business:

Core Purpose

1. Enabler of air services to the region
2. Operate a first class, safe and compliant regional airport
3. Strategic positioning of the business to enhance capital value

Key Objectives

1. Operate an efficient and compliant airport
2. Enhance the traveller experience
3. Maintain a viable aeronautical business
4. Maximise revenue diversification through non-aeronautical business opportunities

3.0 In Pursuing its Goals the Company will:

- At all times behave in a professional and ethical manner in all its business dealings with its customers and stakeholders
- Be a good employer
- Identify and recognise Shareholders' expectations, within the bounds of corporate prudence

4.0 Nature and Scope of Activities to be Undertaken

(4.1) Operate an efficient and compliant airport

Operate a safe, secure and compliant airport by providing for essential projects together with any compliance expenditure warranted

(4.2) Enhance the traveller experience

Maximise traveller satisfaction and airport experience

(4.3) Maintain a viable aeronautical business

Identify opportunities to develop new, and expand existing, domestic passenger services

Promote development and growth of the general aviation sector

Protect future aeronautical opportunities by completing the runway designation, to allow the main runway to be extended up to 2984m when supported by an appropriate business case

Position the airport as an efficient, cost-effective international port of arrival for private, corporate and medical aircraft

(4.4) Maximise revenue diversification through non-aeronautical business opportunities

Support the development of land within the bounds of a sound strategic approach to long-term planning for the airport precinct

Identify and market for lease all available surplus airport-owned land

(4.5) Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation

Knowledgeable and capable, high performing and appropriately resourced management team to ensure sound reporting and accountability, and delivery of the strategic plan

(4.6) Capital Expenditure

Planned major capital expenditure included in the 3 year forecast is 2016:\$1,430k; 2017:\$650k; 2018:\$670k. Included in the 2016 year is \$1.13m for the completion of the runway designation.

(4.7) Strategic Activities

Key activities for the 2015/16 year are:

- Optimise domestic passenger services
- Completion of runway designation appeal process
- Maximise property lease income
- Completion of the review of Titanium Park Joint Venture

5.0 Shareholders' Funds to Total Assets

Years ending 30 June	2016	2017	2018
Shareholders' funds to total assets	75%	75%	76%

Definitions:

Shareholders' funds Total assets less the total liabilities.

Total assets The value of all assets reported in the Company's statement of financial position at the end of each reporting period.

6.0 Statement of Accounting Policies

The accounting policies adopted by the Group for the year ending 30 June 2016 and succeeding 2 years are those as adopted in the 2014 Annual Report adjusted for the concessions provided for by Tier 2 of the new accounting standards framework issued by the External Reporting Board in April 2012.

7.0 Performance Targets

The following annual performance targets exclude any Titanium Park land sales.

		Year Ended 30 June		
<i>Based on consolidated company forecasts</i>		2016	2017	2018
7.1	Earnings before interest, taxation & depreciation (EBITDA)	\$2,061,000	\$1,903,000	\$1,872,000
7.2	Net surplus after tax	(\$421,000)	(\$701,000)	(\$760,000)
7.3	Net profit after tax to average shareholders' funds	-1%	-1%	-1%

7.4	Net profit after tax to total assets	-1%	-1%	-1%
7.5	Net cash flow (operating & investing)	(\$632,000)	\$28,000	\$101,000
7.6	Total liabilities/shareholders' funds (debt/equity ratio)	25:75	25:75	24:76
Applicable to parent company operations only		2016	2017	2018
7.7	Percentage of non-landing charges Revenue	64%	64%	64%
7.8	Interest cover	2.86x	2.76x	3.00x
<i>The interest cover measures the number of times the net profit before interest, tax and depreciation (EBITDA) covers interest paid on debt</i>				
Non-financial performance targets				
7.9	Health & Safety			
7.9.1	Facilitate Health & Safety meetings every 2 months with representatives from each company department			
7.9.2	Zero WorkSafe notifiable accidents/injuries			
7.9.3	Commission independent review of the company's Health & Safety framework. Implement recommendations from the independent review to ensure best-practice compliance			
7.10	Operational Compliance			
7.10.1	To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports			
7.10.2	Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events)			
7.10.3	Facilitate noise management meetings each 4 months in accordance with the Noise Management Plan			
7.11	Customer Satisfaction			
7.11.1	Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon			

8.0 Dividend Policy

In view of the priority to reduce debt, and as agreed by Shareholders, the Directors propose to recommend that no dividend be paid for the next three years and that the dividend payment decisions for subsequent years are determined at the annual general meeting each year.

9.0 Information to be provided to Shareholders

- 9.1 The Annual Report of the Company will include:
- Chairman & General Managers' Report;
 - Statement of Comprehensive Income;
 - Statement of Movements in Equity;

- Statement of Financial Position; and
 - Statement of Cash Flows.
- 9.2 An Interim Report circulated to Shareholders each half-year will include:
- Chairman's Report; and
 - Summary of the unaudited financial results for the six months ended 31 December.

10.0 Future Investment Proposals

If the Company wishes to subscribe for, purchase, or otherwise acquire shares in any other company or any other organisation it can do so only after first obtaining approval from the majority of shareholders at either a General Meeting or at a Special Meeting convened for that purpose.

11.0 Commercial Value of the Shareholders Investment

No valuation of shares has been completed.

The consolidated balance sheet of WRAL as at 30 June 2014 shows shareholder equity of \$59.5m. Company investment in Titanium Park Joint Venture is recorded at cost. Company Property, Plant & Equipment is based upon a 2011 valuation except for land which was revalued as at 30 June 2013. Company assets such as runways, aprons, taxiways and the terminal building are based upon depreciated replacement cost.

12.0 Compensation from Local Authorities

There are no activities of the Company for which the Directorate would seek compensation from any local authority.