## Case study: New Zealand

NZ is a relatively small country, with a population of just 5m people, with a comparable land mass and population density as Norway. NZ has quite a high number of airports when compared to its size, with close to 40 airports (many of which serve only domestic traffic), which is another similarity to Norway. The historic trend of airport ownership in NZ, has also been similar to Norway with the central government owning and controlling all of the airports. However, the key difference between NZ and Norway, is that as far back as the 1960’s the NZ government has been attempting to create a more commercially focused environment for its airports to operate in. For example, in the 1966 Aviation Act, stipulated that NZ’s airports should be operated as commercial undertakings – although very little additional explanation was given about what this would mean in practice.

By 1974, there were some 24 so called joint-venture airports in NZ, where local governments had to take part in the management and financing of airports on a 50/50 joint venture basis with the central government. The main purpose of the joint ventures was to fund the expensive development of airport infrastructure which the central government could not on its own afford. And despite the fact that the central NZ government held a 50% shareholding in the airports, it was the local authorities who were responsible for day to day management and running of the airports.

Continuing into the mid 1980's NZ government was really trying to reduce the role of the central government in airport management and in 1985 the NZ government announced that airports, currently run as joint ventures (between local and national shareholders) would be encouraged to become limited companies, (akjseselskaper). The rationale for this, was in theory to allow airports to compete more freely in the open market, like seeking access to capital etc. which can be easier if the entity is a Limited Company as opposed to a state Joint venture.

Commercialisation of some of the major airports in NZ took place over a 3 year period from 1998 which paved the way for private and institutional shareholders beginning to invest. And the central government reduced its shareholding entirely in some places (for example Auckland and Wellington) and in other smaller regional airports, local government involvement increased with the reduction of central government involvement.

Importantly in NZ, it was not privatisation that was put at the front and centre of the reform, the more pressing issue was the commercialisation of the airport companies. So they could operate as independent commercial entities while still under government control. Being able for example to get access to capital was seen as an important feature. And they were able to do that, even though they were publicly owned.

## Case study: New Zealand

Below are some examples of regional airports in New Zealand and their financial performance. There are two interesting points to note here when compared with Norwegian and indeed, European airports:

1. The airports are capable of making a net profit, comparing with the majority of regional airports in Europe that really struggle to ever make a profit, including HAU.

2. The non-aero revenue is consistently at a much higher level, as a percentage of total revenue, than more European airports. HAU has a relatively high level of non-aero income as a percentage of total, but this is driven by the existence of duty free revenues, which if excluded, would mean non-aero income would be a much smaller part.

All numbers reported in NZ Dollars: $1 = €0.60

### HAMILTON AIRPORT

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| Pax Volume | 332,500 | 362,000 | 354,000 | 306,000 | 294,000 | 291,000 |
| | | | | | | |
| Car Park | $ 1,217 | $ 1,423 | $ 1,438 | $ 1,374 | $ 1,395 | $ 1,473 |
| Landing / Dpt. Charges | $ 2,447 | $ 2,343 | $ 2,365 | $ 1,961 | $ 1,910 | $ 2,189 |
| Rentals and Concessions | $ 1,502 | $ 1,584 | $ 1,678 | $ 1,567 | $ 1,626 | $ 1,612 |
| Shop Trading and Other | $ 397 | $ 421 | $ 555 | $ 502 | $ 406 | $ 367 |
| Other | $ 885 | $ 937 | $ 1,236 | $ 1,117 | $ 1,235 | $ 1,214 |
| Grants | $ 140 | - | $ - | $ - | $ - | $ - |
| | | | | | | |
| Non-aero Revenue | $ 3,116 | $ 3,428 | $ 3,671 | $ 3,443 | $ 3,427 | $ 3,452 |
| | | | | | | |
| **Non-aero as a % of total Revenue** | **47%** | **48%** | **46%** | **48%** | **49%** | **44%** |
| | | | | | | |
| Total Revenue | $ 6,654 | $ 7,087 | $ 7,983 | $ 7,225 | $ 7,022 | $ 7,765 |
| | | | | | | |
| Total Expenses | $ -8,240 | $ -7,044 | $ -7,513 | $ -7,475 | $ -7,274 | $ -7,476 |
| | | | | | | |
| Taxation | $ -4,022 | $ 68 | $ -92 | $ 69 | $ 20 | $ -120 |
| | | | | | | |
| **Net Profit** | **$ -5,608** | **$ 111** | **$ 378** | **$ -181** | **$ -232** | **$ 169** |

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## Case study: New Zealand

### PALMERSTON NORTH AIRPORT

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| Pax Volume | 422,100 | 449,090 | 449,300 | 445,150 | 455,100 | 466,557 |
| | | | | | | |
| Landing, Dpt., Facility Fees | $ 2,219,098 | $ 2,300,932 | $ 2,425,395 | $ 2,508,860 | $ 2,565,891 | $ 2,602,786 |
| Car park, Lease Rentals & Advertising | $ 1,650,432 | $ 1,814,551 | $ 1,880,614 | $ 1,968,249 | $ 2,086,675 | $ 2,160,529 |
| Other | $ 70,939 | $ 87,698 | $ 166,467 | $ 106,976 | $ 160,579 | $ 166,538 |
| | | | | | | |
| Non-aero Revenue | $ 1,721,371 | $ 1,902,249 | $ 2,047,081 | $ 2,075,225 | $ 2,247,254 | $ 2,327,067 |
| | | | | | | |
| **Non-aero as a % of total Revenue** | **43%** | **45%** | **46%** | **45%** | **47%** | **47%** |
| | | | | | | |
| Total Revenue | $ 3,980,532 | $ 4,225,237 | $ 4,480,918 | $ 4,589,800 | $ 4,818,407 | $ 4,942,760 |
| | | | | | | |
| Costs | $ 2,306,082 | $ 2,404,588 | $ 2,741,668 | $ 2,824,696 | $ 2,971,462 | $ 2,878,554 |
| | | | | | | |
| EBITDA | $ 1,674,450 | $ 1,820,649 | $ 1,738,650 | $ 1,765,104 | $ 1,846,945 | $ 2,064,206 |
| | | | | | | |
| **Net Profit** | **$ -1,171,127** | **$ 535,172** | **$ 495,564** | **$ 491,883** | **$ 544,861** | **$ 662,348** |

### ROTORUA AIRPORT

| | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|
| Pax Volume | 226,700 | 217,500 | 215,200 | 222,200 |
| | | | | |
| Landing Charges | $ 858,494 | $ 838,311 | $ 812,937 | $ 1,035,152 |
| Lease Rental | $ 406,503 | $ 431,510 | $ 416,413 | $ 419,914 |
| Parking Revenue | $ 471,962 | $ 506,505 | $ 488,165 | $ 449,483 |
| Ground Handling Revenue | $ 33,008 | $ 32,949 | $ 33,008 | $ 33,764 |
| Development Levy Revenue | $ 637,544 | $ 603,008 | $ 516,819 | $ 276,764 |
| Other Operating Revenue | $ 71,376 | $ 95,444 | $ 81,363 | $ 87,919 |
| Other Revenue | $ 19,432 | $ 40,282 | $ 20,916 | $ 18,527 |
| | | | | |
| Non-Aero Revenue | $ 969,273 | $ 1,073,741 | $ 1,006,857 | $ 975,843 |
| | | | | |
| **Non-Aero as %** | **39%** | **42%** | **42%** | **42%** |
| | | | | |
| Total Revenue | $ 2,498,319 | $ 2,548,009 | $ 2,369,621 | $ 2,321,523 |
| | | | | |
| Total Expenses | $ 2,440,664 | $ 2,406,535 | $ 2,605,089 | $ 2,271,497 |
| | | | | |
| **Net Profit** | **$ 57,655** | **$ 141,474** | **$ -235,468** | **$ 50,026** |