

Destination Queenstown

Quarterly Members Update

Thursday 24 June 2021



**HOME OF
ADVENTURE**

Agenda

Scott Tasker, Auckland Airport

Anna Black, TECNZ Board

Destination Performance

Regenerative Tourism by 2030



Destination Queenstown Update

Scott Tasker, Auckland Airport

Agenda

1. Navigating the COVID crisis at Auckland Airport
2. International Airline capacity and connectivity
3. Reconnecting to the world, restarting international visitation

Navigating the COVID-19 crisis

AKL Airports experience



Auckland Airport, international check-in hall, 11 December 2020

Serious impacts; decisive business response

- Operational integrity;** Keep the lights on & keep NZ connected to the world for essential travel & exports/imports
- Financial viability;** reduce opex & capex; strengthen balance sheet via capital raise; waivers from banking group, investment property revenue critical
- Revise infrastructure build;** close projects, preserve value, keep going where sensible, reset plan for future
- Reset organisation;** accelerate business transformation, 40% FTE reduction necessary



Pandemic management

Health, safety, people a priority
No COVID cases

Main NZ port, stayed open

Stood up 'terminal in a terminal'



Passengers and planes*

International PAX	97%	↓
Domestic PAX	45%	↓
Aircraft movements	49%	↓



Retail, parking and hotels*

Carpark exits	82%	↓
Retail revenue	94%	↓
Hotel occupancy of	49%	↓



Financial impact*

Revenue 65% ↓

First underlying loss in company's history

Dividends suspended



Infrastructure build underway

Pre-COVID 8 anchor projects, 6 suspended

Programme refocused on resilience and replacement



Manage cash to provide liquidity

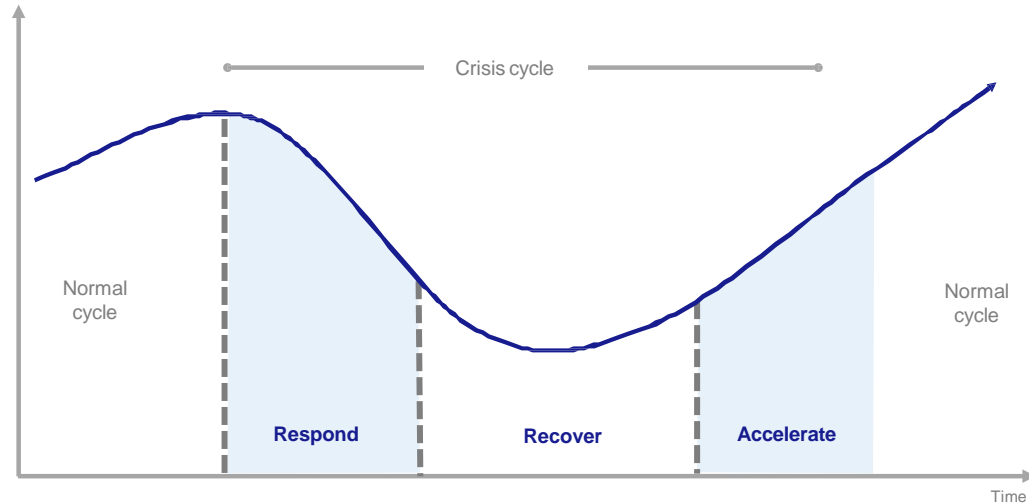
Raised \$1.2bn from shareholders

Restructured bank facilities

35% opex reduction

AIAL strategy was reset to navigate the crisis and recovery period; keeping it simple and highly focussed on core priorities

Auckland Airport's COVID response strategy: Respond, recover and accelerate



Respond (steady the ship)

- People & H&S first
- Financial viability
- Operational stability

Recover

Need to reconnect:

- Aviation & tourism recovery
- Leadership at the border
- Relationships core

Need to reinvent:

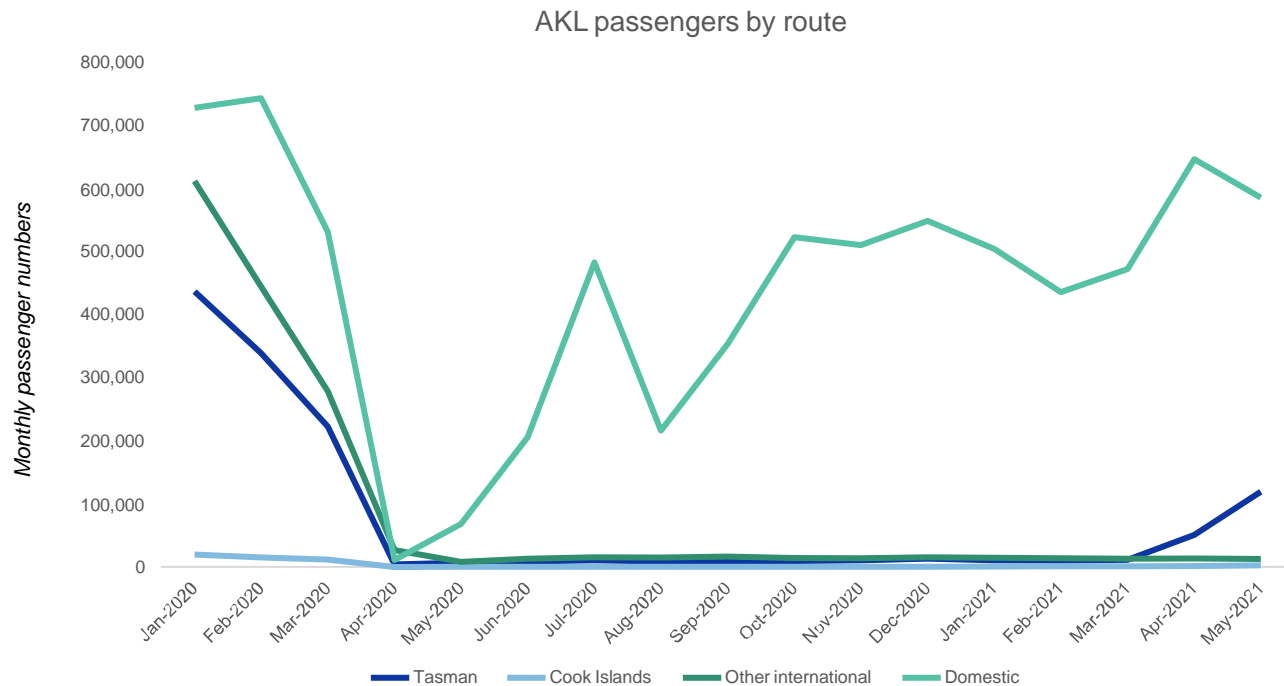
- People, skills, transform
- Quality growth, ESG focus
- Reset infrastructure plans

Accelerate

- NZ Inc benefits
- Shareholder returns
- Recover network

The worst is behind aviation and tourism; the path to recovery for AKL Airport and the industry looks clearer, bumpiness a feature

Passenger volumes are in recovery



NZ & AU pax recovery is underway

Domestic pax 79%*

Tasman pax 35%*



International still disrupted

International pax 6%*

Cook Islands 31%*



Cargo impacts vary

Total capacity -40%

Tonnage -4.3%

Value +10%

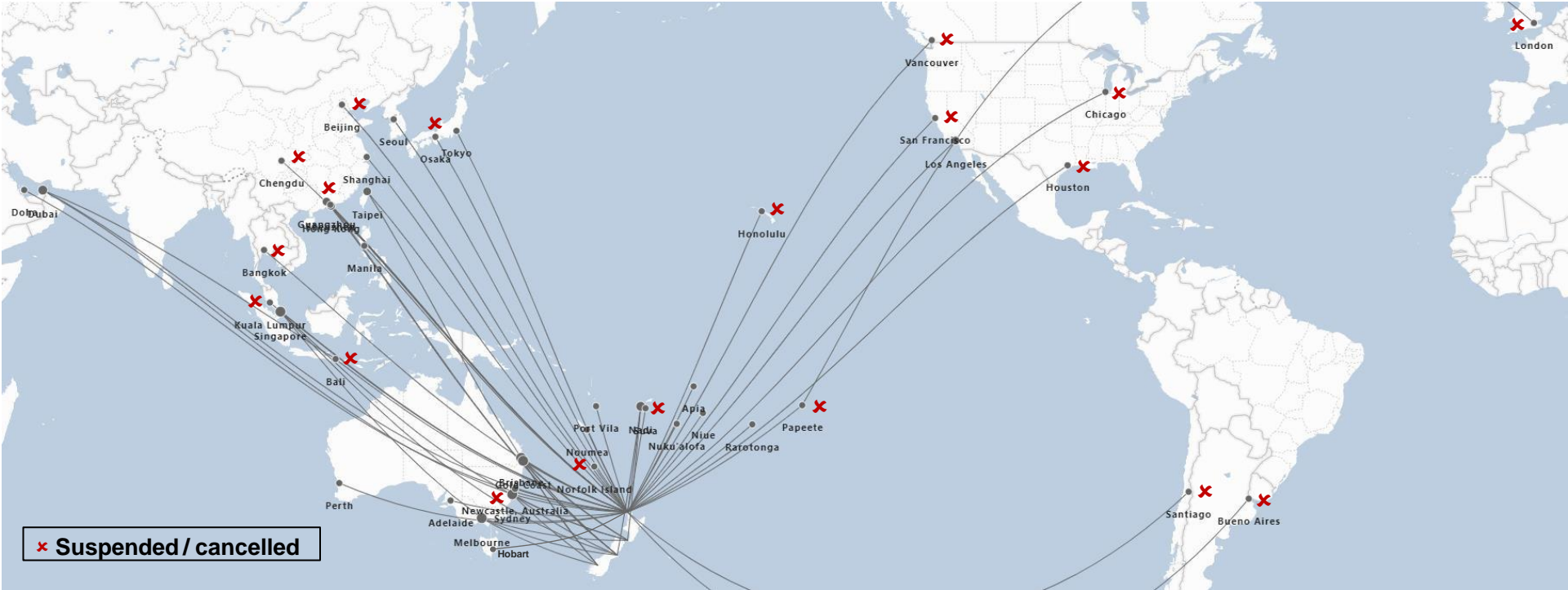


Recovering New Zealand's International air capacity & connectivity

New Zealand's international passenger connectivity is significantly diminished; 15 airlines have ceased services and 19 destinations are no longer served at all

Total New Zealand	Dec 2019	Jun 2021
Airlines	29	14
Destinations	43	27

Suspended destinations 19: PEK, KIX, CTU, SZX, BKK, KUL, DPS, NTL, NOU, SUV, PPT, HNL, YVR, SFO, IAH, ORD, SCL, EZE, LHR





Positively; airlines continue to operate international passenger & cargo services to NZ where it is economic or where NZ govt. subsidises close the gap to breakeven

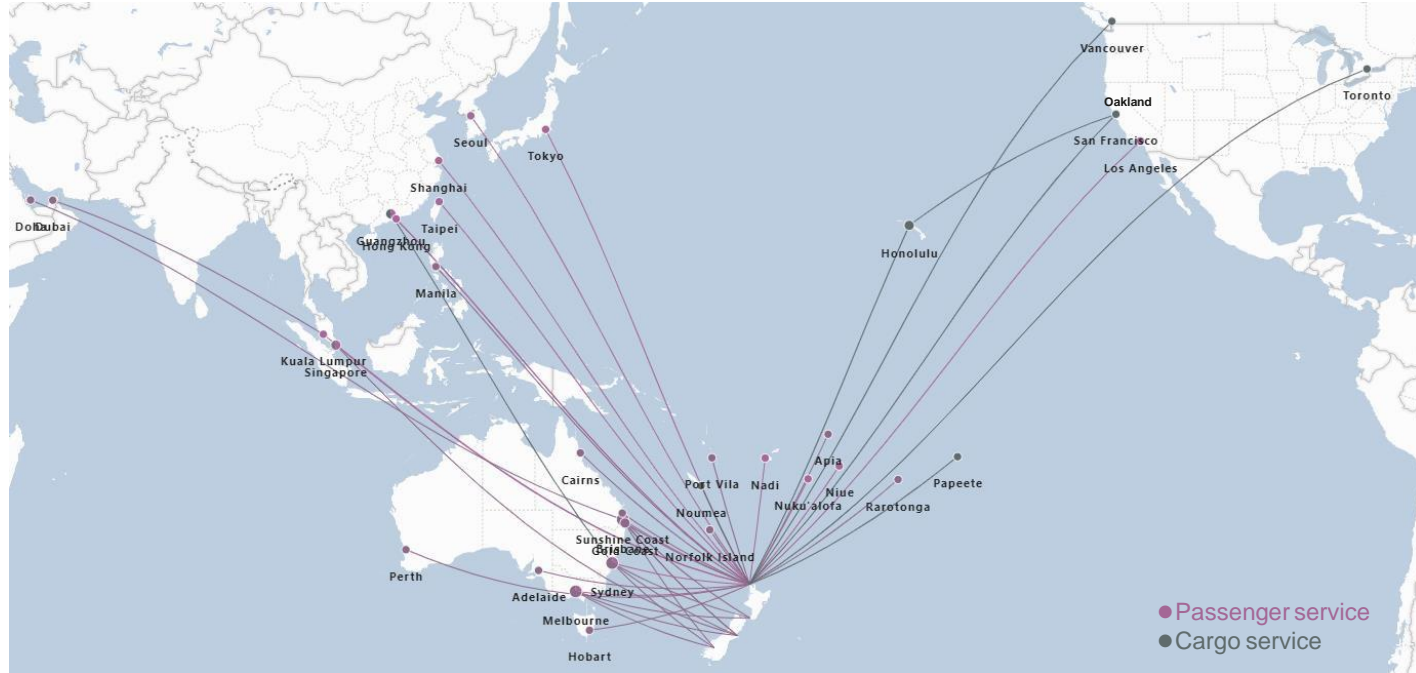
Current New Zealand international passenger and cargo flight network (Jun 21)

AKL International passenger network

- 27 destinations (63%)
- 14 airlines (48%)
- 11 quarantine-free travel (QFT) destinations
- 3 new air routes
 - Air NZ Hobart
 - Qantas Gold Coast & Cairns

AKL International cargo network

- 21 destinations
- 14 airlines (including 10 operating passenger-freighter)



Airlines currently confident in New Zealand; keen to reinstate service when borders re-open BUT there will be a time and financial limitation to this confidence


Why will airlines return to New Zealand?

- ✓ NZL remains front of mind; past profitability
- ✓ AKL has good bi-directional demand & fares
- ✓ Aircraft asset allocation vital; reduced fleets
- ✓ Keep connectivity; cargo only, minimum pax
- ✓ Attractive destination - consideration growing
- ✓ COVID-19 health response; safe destination
- ✓ Strong domestic aviation recovery; precedent



Risks & solutions to Intl. air network recovery?

- ✗ Delayed border opening; aircraft reallocated
 - Vaccinate, human health mgmt border system
- ✗ Long-haul routes high risk; aircraft reallocated
 - Airlines, Airports, TNZ, MoT working closely
- ✗ Complicated & highly bespoke border system
 - Must have internationally aligned system
- ✗ New Zealand destination falls off the radar
 - Keep the lights on, keep the product relevant
- ✗ Uncompetitive offering
 - Look outwards to competitor destinations



Reconnecting to the world;
restarting international visitation

NZ expected to reach high immunity by end 2021; sophisticated and fit for purpose border reopening plan needed for New Zealand to reconnect to the world



Aviation & Govt. co-operation on safe border re-opening

Phase 1: ANZLF led Tasman quarantine free

Recommendations made: June 2020

Step 1: trans-Tasman QFT zone opens 19 Apr '21

Step 2: Cook Islands QFT zone opens 17 May '21

Phase 2: NZ safe border; risk based reopening

Recommendations made: late 2020

Not progressed at this stage

Pandemic intensifies, vaccines released

Risk based framework applied to high-risk countries

Phase 3: NZ safe border; vaccine based opening

Currently scoping

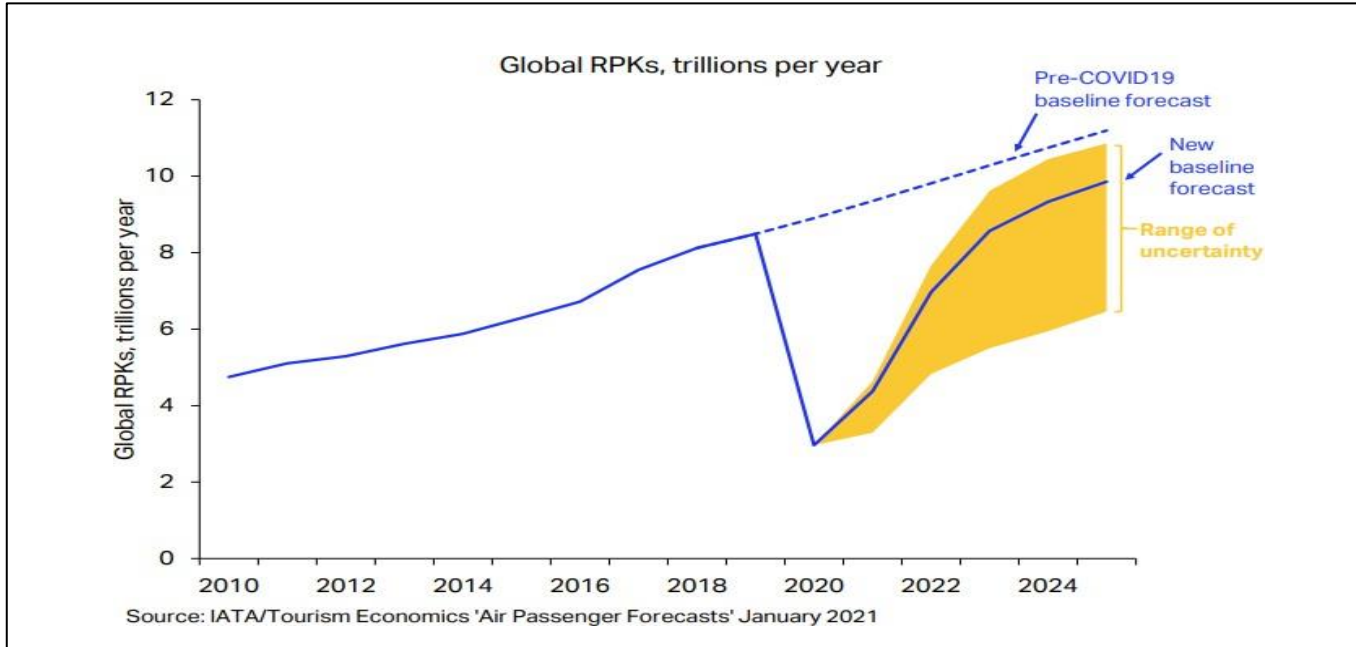
Vaccinated population + vaccinated travellers

Risk based border system + Human health system

Internationally aligned, technology/trust/intelligence

Reconnecting to the world and restarting international travel in early 2022; full recovery possible by 2024/2025

- **The global aviation industry is forecasting recovery to pre-COVID traffic levels by 2024/2025**
- **Auckland Airport's forecasts for international recovery to/from New Zealand align on 2024/2025**
- **Uncertainty remains; but the path forward is far clearer than a year ago**



Phase 1: Near countries

- Domestic strength
- QFT bumpiness features
- Tasman recovery over '21
- Vaccines accelerate recovery '21 & '22
- e.g. Tonga, Samoa, Fiji

Phase 2: Non-stop flights

- Vaccinated, tested & trusted travellers
- Data integrity important
- Early 2022 onwards
- e.g. Singapore, USA

Phase 3: Safe transit hubs

- Vaccinated & tested travellers
- High trust, data important
- Global hub airports for UK, German, China markets
- Early to mid 2022





UPDATE FOR QUEENSTOWN OPERATORS

Presenter: Anna Black

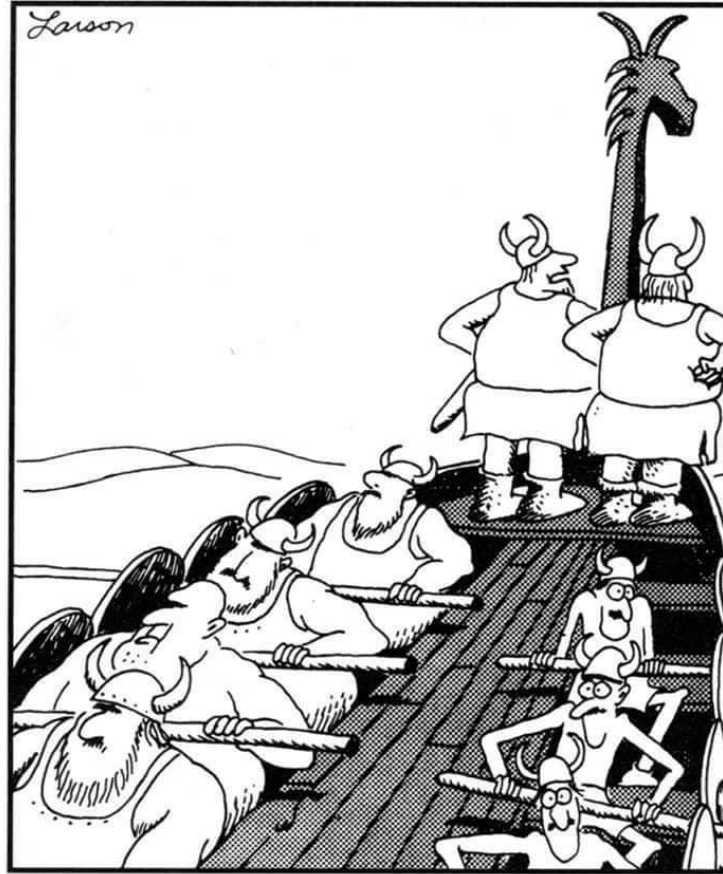
June 2021



WHAT'S BEEN GOING ON FOR INBOUND TOUR OPERATORS?



- Nil revenue since March 2020
- Repatriation of thousands of clients
- Cancellation, refund, rebooking of tours
- Constant communication with our offshore clients
- Downsizing our businesses to remain sustainable and viable
- Forward bookings
- Interacting with tourism whanau partners on what products are still open, hibernated or closed
- Reimagining and Pivoting!!!!



"I've got it, too, Omar ... a strange feeling like we've just been going in circles."

REMINDER: WHAT DO ITOs ACTUALLY DO?



For Overseas Clients:

- Research and recommend NZ product
- Provide product updates
- Protect space for brochure/digital programs
- Prepare and distribute an annual tariff
- A one-stop-shop to book all their NZ product
- 24/7 support
- One point of payment
- Participate in marketing partnerships with offshore clients to promote NZ

REMINDER: WHAT DO ITOs ACTUALLY DO?

For NZ Supplier Partners

- Help spread news of your product
- Welcome supplier partner visits to update our staff on your product and changes
- Provide business 7-days per week all year round across all markets
- Provide payment protection – don't have to chase your money down in back alleys of Timbukutu (assume any credit risk)
- Visit clients in-market often 2-3 times per year to:
 - present your product
 - grow the relationships
 - encourage more brochure space for New Zealand
- Invest many hours of time and effort before any bookings are made that you don't see



WHAT ITOs ASK FOR IN RETURN?

- Flexible terms / conditions post-COVID
- Wholesale / Commissionable pricing
- Access to inventory
- Rates and terms and conditions needed 2 years in advance
- Descriptive images and content
- Same day turnaround for quotes and bookings
- Be proactive to adapt products for different markets
- Qualmark businesses preferred

COMMISSION \$

Commission is only paid when the sale is made



ITOs ARE DIFFERENT

Different types of travel client:

General sightseeing

Premium or luxury

Group Series

Cruise

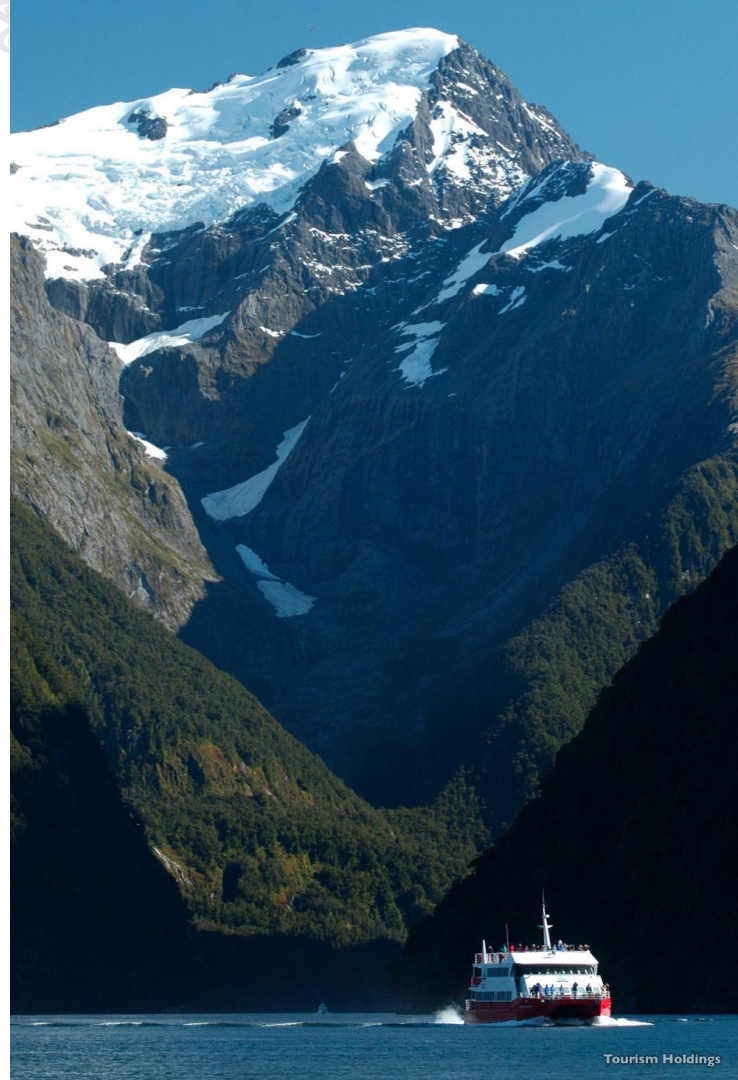
Business Events and Incentives

Special interest/bespoke e.g. golf, food

Education

FIT & Families

ITOs will use different promotion activities for different segments of the market



ITO INTELLIGENCE: WHAT DO WE KNOW ABOUT OUR CLIENTS?

Western Markets

- Likely to be smaller group sizes
 - Individual markets/clients may have new or COVID-specific requirements
 - Re-booking AND new bookings
 - Longer stays
- No slow down in demand
 - Europe more conservative, waiting for green light before booking
 - North America / UK strong bookings

Eastern markets

- No change in itinerary or travel style so far
- Reactionary not pro-active
- High demand & will ramp up quickly
- Japan planning in the background but others waiting for the green light before booking

ITO INTELLIGENCE: WHAT DO WE KNOW ABOUT OUR CLIENTS?

Major Concerns for all Markets

- Advance notice of border openings is essential
- 60-90 days terms for flight confirmations/payments
- Danger: lose all 21/22 summer series bookings in the next 3 months
- Generally no slow in demand: concern about air constraints
- NZ is left behind, alternative 'easier' destinations chosen
- Activity dropped off in the last few weeks: directly linked to Australian announcements
- Value over discounts
- Ability of supply to ramp up quickly – labour, service quality

ITO INTELLIGENCE: WHAT DO WE KNOW ABOUT OUR CLIENTS?

Common Requirements

- Huge desire to travel
- New Zealand is seen as 'safe'
- Demand flexible terms: cancellations, payment terms
- Client must feel comfortable to travel
- Clients are used to living in a COVID world



ITO INTELLIGENCE: SECTORS

Cruise

- Little appetite to open a green cruising corridor
- European cruising has high level safety protocols

Education

- Normally c.90,000 students in the country: currently c.20,000
- Limited returning students allowed but hoping to extend to more in July 2022

Business Events

- Many long haul corporates will remain cautious
- Shorter haul (especially 1 flight) especially deferred events remain positive for 2022

Transport Sector

- Rental car/camper fleets down 46%
- Smaller regional coach operators will likely close

Accommodation Sector

- Bed taxes are on hold....for now

No targeted assistance from the government for Transport OR Accommodation yet both are vital



AIRLINES FLYING TO/FROM NEW ZEALAND

Source: BARNZ June 2021



Airlines need both **inbound** and **outbound** travellers to consider putting a destination on their global air network.

Airlines currently flying with cargo/freight and ex-pat Kiwis will work quickly to **fill the front of the plane** with visitors to offset government's MIAC investment.

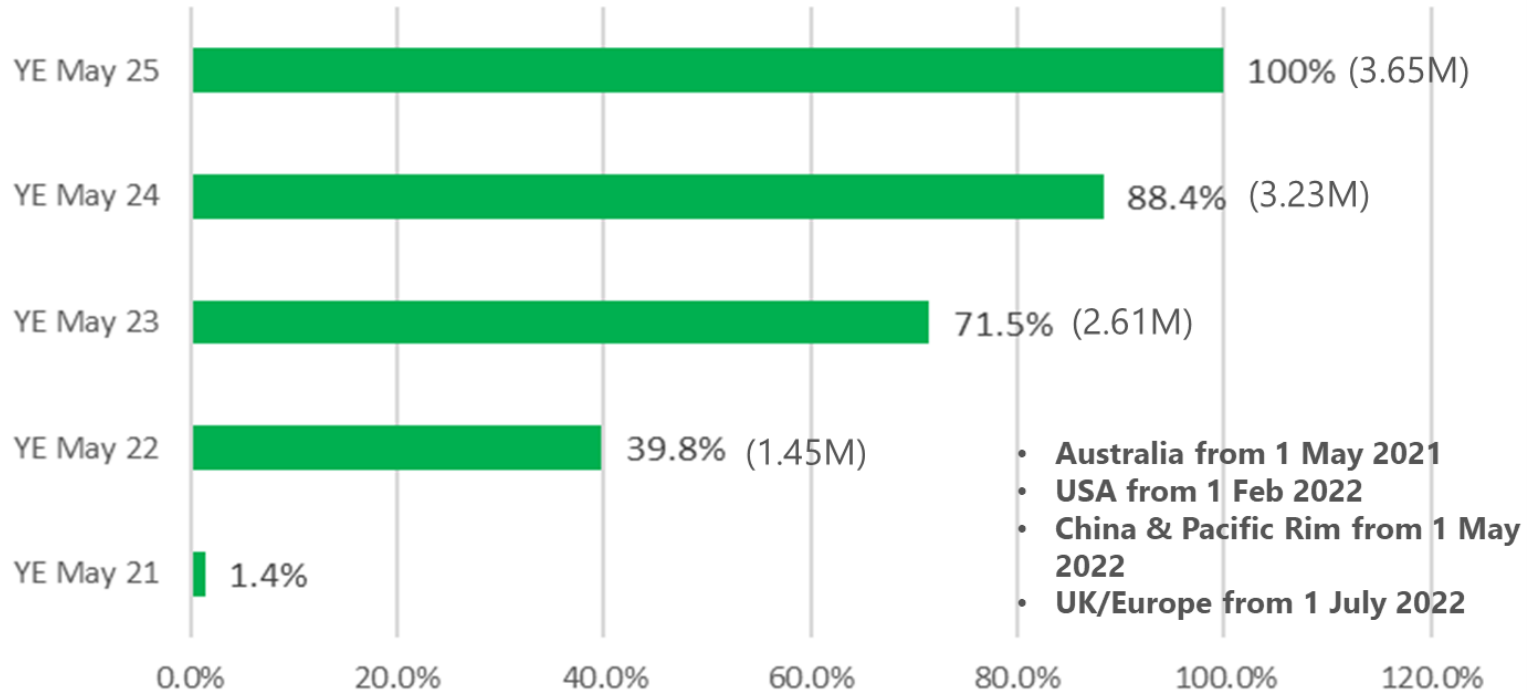
These airlines will be the **first** to invest significantly in marketing NZ as a destination to their citizens.

US airlines are looking at scheduling NZ **late 21/Jan 22**.

Other **cargo** airlines that will focus on return of international visitors include: **Malaysia Airlines, Air Canada** and **Air Tahiti**

Inbound Tour Operators (**ITOs**) work closely with airlines and book passenger seats.

TECNZ: NZ International Market Recovery No. Arrivals (%) Forecast long-haul travel commences from 1 February 2022



Source: TECNZ Forecast based on Stats NZ IVA Top 30 Countries Annual International Arrivals as at YE March 2020, UPDATED 22 June 2021

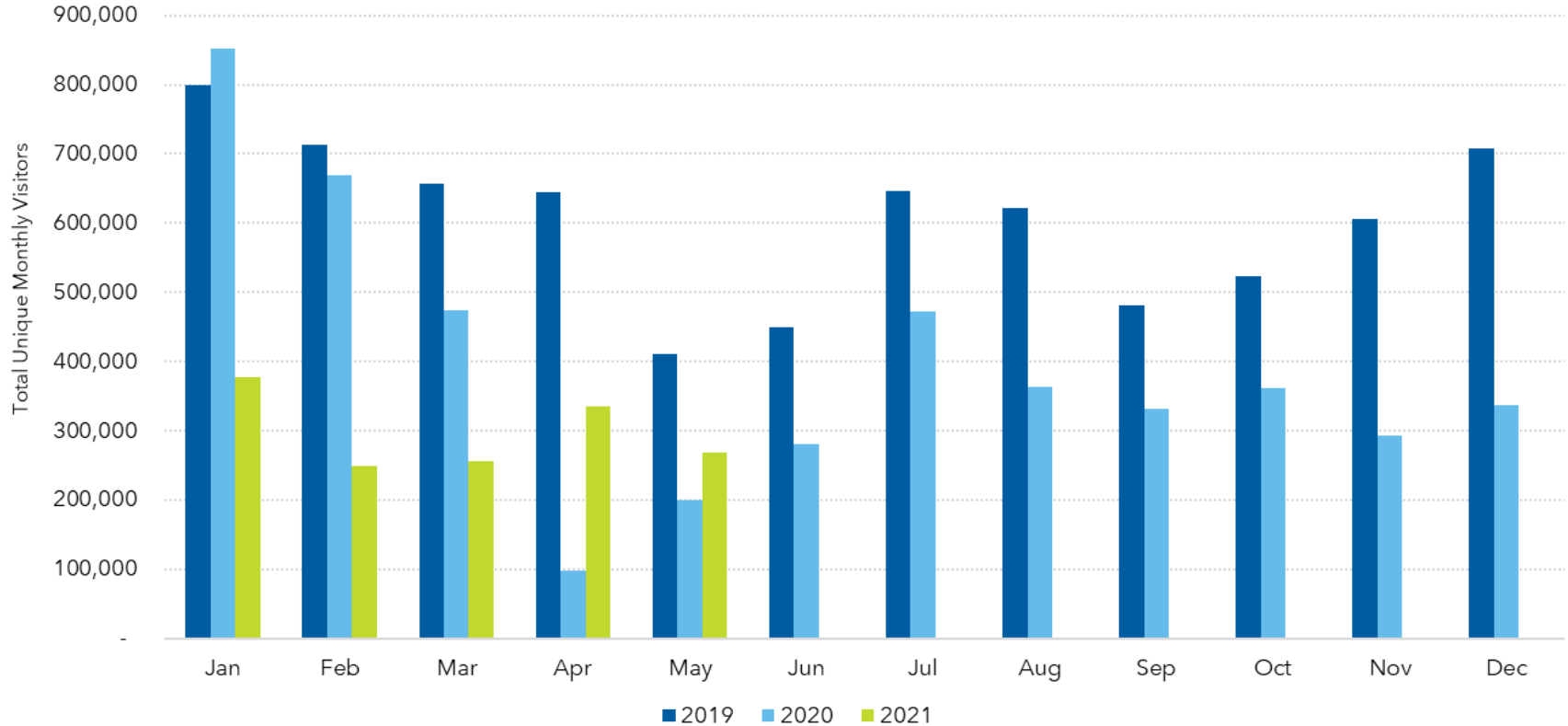
Kia ora
And great to see you all!

Destination Performance



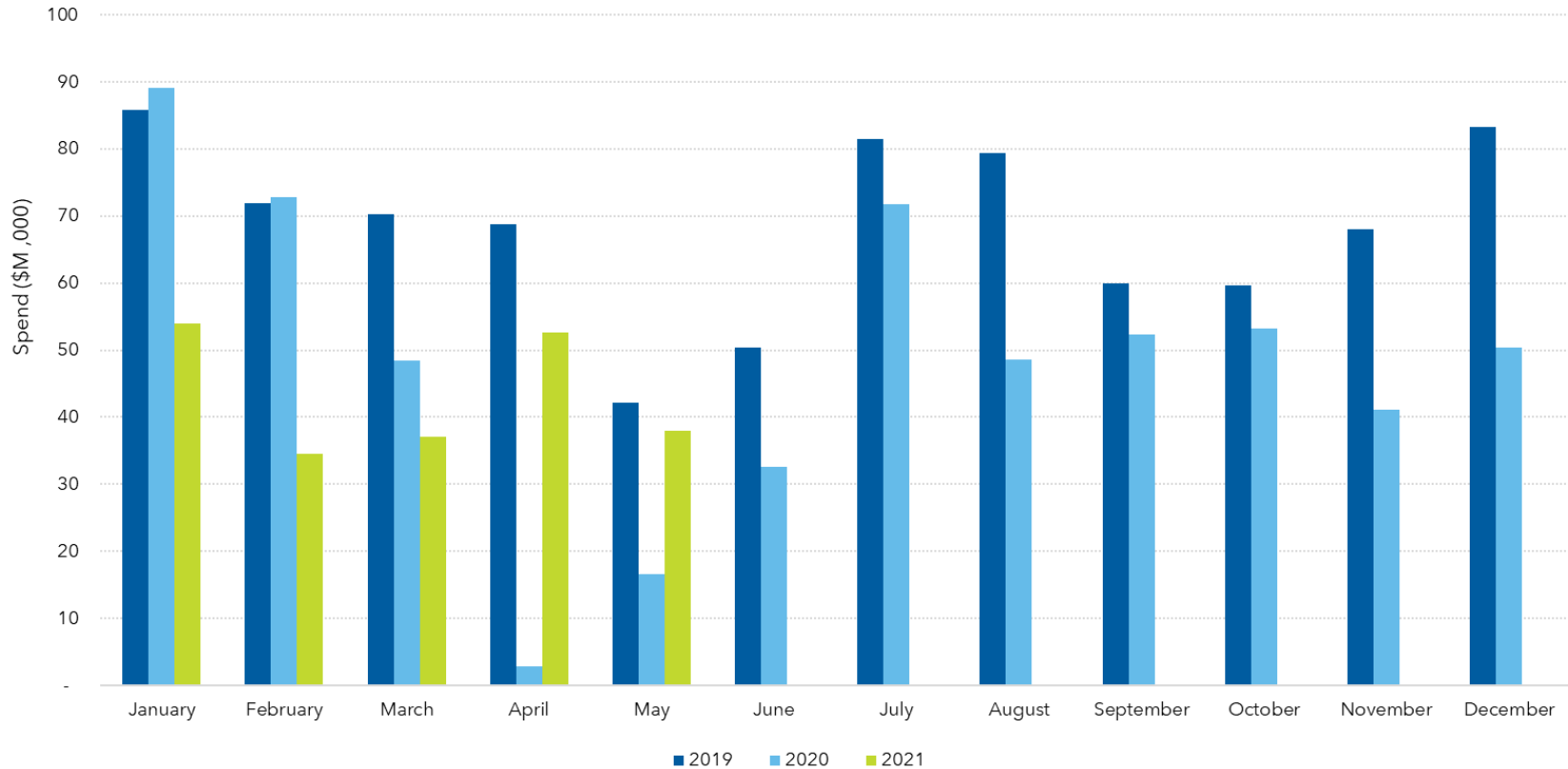
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Total Visitation 2019 – 2021

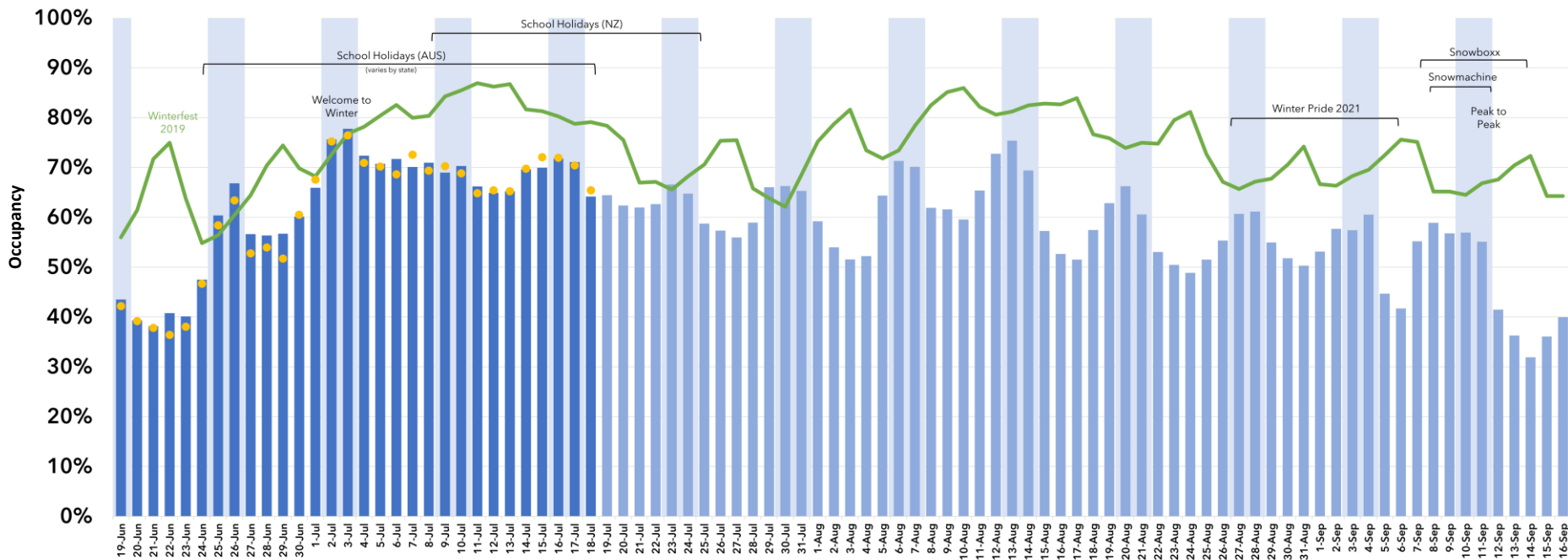


Note : Visitor count is total unique visitors but doesn't account for visitors who stay overnight. For example a visitor that stays three nights is counted three times
[Source: Data Ventures Tourism New Zealand Tool. 1 January 2019 – 31 May 2021]

Total Visitor Expenditure 2019 – 2021



Short Term Forward Outlook



This edition published on Friday 18 June 2021 indicates the current demand for the 90 day period 19 June 2021 to 16 September 2021. The next update will be on Friday 25 June.

Disclaimer: This tool represents only a potential scenario for what occupancy could look like over the coming period, it is not an actual forecast. This tool has been created solely for the use of Destination Queenstown Members, and is not for publication or dissemination.

Regenerative Tourism by 2030



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What do we mean by Regenerative Tourism?

- A system which adds value to our people and place and enables thriving communities, businesses and ecosystems.
- Protects and enhances local taonga, links strongly to the district's shared values, creates pride in its strength of conviction and purpose, and enables a thriving future.
- Ultimately, an opportunity for the visitor industry to help make our home a better place over time.

Regenerative Tourism by 2030

- We are moving into a new era of thinking – how to create value more broadly for the benefit of our people, our place and collective prosperity.
- DQ, Lake Wānaka Tourism and QLDC teaming up to **co-design a roadmap to regenerative tourism** together with our members, industry, and local community.
- Aligns with QLDC Spatial Plan and other key planning documents.

Regenerative Tourism by 2030

The co-design process:

- A partnership between the three organisations, led by the RTOs, along with Government funding to enable this work.
- Led by destination management, sustainability, tourism experts.
- An Industry Leaders Advisory Group to guide process.
- Multiple opportunities for input from our members, industry and community.

The big question

How can the visitor economy be of service to, and add value to the district, its living ecosystems and its communities in a way that also delivers appropriate financial benefits and a thriving economy?

Goals

No pre-determined outcomes – we’re creating our tourism future together.

It’s an opportunity to:

- Support an inter-agency approach to regenerative tourism that enriches the district and the tourism system across all 4 wellbeings (social, cultural, environmental, economic)
- Create a roadmap for the district to move beyond sustainable tourism and toward a regenerative tourism future by 2030
- Support the local industry and community about the transition to regenerative tourism, by creating a common understanding and a culture of learning and sharing

Placemaking

Opportunity to shape our destination to:

- Benefit our local community and iwi
- Drive environmental custodianship
- Support quality visitor experiences
- Target markets that align with our shared values

Timeline and opportunities



Jul

40x 1-on-1 in-depth interviews independently conducted with different industries (local, regional and national), ages and cultures.

Full-day design forums with invited participants in Wānaka, Arrowtown, Glenorchy and Queenstown (2 in each location).

Community events directly after the design forums.



Aug

Full-day design forums with invited participants in Wānaka, Arrowtown, Glenorchy and Queenstown (2 in each location).

Community events directly after the design forums.



Sept

Large community events plus online survey to gather views.



Oct

Plan drafted based on inputs.



Nou

Draft plan released for public feedback.



Dec

Final plan released.

Get involved & stay informed

- Get the latest project information and events at: www.queenstownNZ.co.nz/regenerative-tourism-2030.
- Attend the community part of the design forums and watch out for the community events invite.
- Stay informed by reading & contributing to Fortnightly Remarks and keep attending our quarterly member updates.
- Join our new members-only LinkedIn Group [‘Destination Queenstown RTO Members’](#) for:
 - Regenerative Tourism project-related comms
 - General updates and pulse checks/quick questions to members
 - Business Recovery Group comms and related webinars/events
 - DQ campaign-related comms.

Richard Thomas

DQ Chair

Thank you



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