

QLDC: 2021 Statement of Expectations for Queenstown Airport Corporation (QAC)

The Queenstown Lakes District Council as the principal shareholder of Queenstown Airport Corporation (QAC) has prepared a Statement of Expectation (SOE) to guide the QAC Board in the development of the 2021/22 Statement of Intent (SOI). The terms of the SOE are supported by Auckland International Airport Limited (AIAL) as the minority shareholder.

Section 64B(1)(a)(i)

- QLDC expects that the QAC will maintain regular contact with Council in an open and collaborative manner. This will include:
 - a. Bi-monthly CE/CE meetings
 - b. Quarterly QAC Chair and CE
 - c. Annually with the QAC Board and full council to discuss business performance, vision and direction; and
 - d. Annually with the QAC Board and Wanaka Community Board to discuss matters relevant to Wanaka Airport
 - e. Annually AGM with shareholders.
- The QAC will proactively communicate with QLDC on any matter that may be in conflict with the agreed SOI or with the wider objectives of Council.

Section 64B(1)(a)(ii)

- The QAC will maintain a proactive consultative relationship with the local communities affected by the operation of the airports and consult with them in a meaningful way on any masterplans covering the future development of the airports.
- The QAC shall continue to operate the Queenstown Noise Liaison Committee as a requirement of its designation and note that there now exists a similar requirement to establish a parallel committee for Wanaka in line with the Wanaka Airport designation.

Section 64B(1)(a)(iii)

- The QAC shall, as part of any consultation process, engage with Te Ao Marama and Aukaha, as representatives of Ngai Tahu, and ensure that iwi values and issues are reflected in plans and initiatives.

Section 64B(1)(b)(i)

- The QLDC requires QAC to act consistently with the statutory obligations of Council

Section 64B(1)(b)(ii)

- The QAC has established a Memorandum of Understanding with Dunedin Airport and Invercargill Airport to foster a collaborative working relationship and to facilitate greater cooperation. QLDC supports and endorse this initiative and expects that any actions arising from the MOU will be consistent with all other expectations set out in this SOE and provisions of the SOI.

Section 64B(2)

SOI General Expectation:

As a general expectation QLDC expects to receive a more succinct SOI that explicitly outlines the QAC intent for the next three years and beyond.

Shareholder Value and Dividend: As a Council Controlled Trading Organisation it is expected that the QAC will seek to maintain or grow shareholder value in a manner that recognises the need for the QAC to be profitable but to also recognise the four well beings in the Local Government Act, which the Council needs to address. The SOI should outline how the QAC will address the social, environmental, economic and cultural well beings of the communities of the Queenstown Lakes District within the context of continuing to deliver a profitable and sustainable business enterprise.

QLDC expects the QAC to return to a position which enables the payment of an annual dividend to Council by financial year 2022/23 onwards.

Land Acquisition or Disposal: The QAC will consult QLDC on any significant land acquisition or disposal.

Position on Proposed Tarras Airport: The moves by CIAL to purchase land to develop an international airport at Tarras presents, in the shareholders opinion, potential new competition into the air travel market in the region. It is conceivable that this proposal could impact the QAC and it is therefore our expectation that QAC's strategic planning will reflect the need to understand and plan for any activity created by the Tarras proposal. The QAC will protect the operational and financial position of the company within the frameworks of the Commerce Act. QLDC expects that any action taken to protect the company must be consistent with the expectations set out in this document.

Air Noise Boundaries: This is a significant matter to our communities – particularly and understandably, those close to Queenstown and Wanaka airports. As a result of COVID-19 the operational risk of being constrained by the air noise boundaries has receded. Nonetheless the company needs to actively plan to operate within existing air noise boundaries, within the term of the proposed SOI. QLDC wishes to ensure that technology, and management practices are maximized in a manner that minimises the future contemplation of air noise boundaries as a solution to demand.

Climate Action: QLDC has adopted a Climate Action Plan and is committed to achieving net zero carbon emissions across the e district by 2050. QLDC expects that the QAC will progressively reduce its carbon footprint and achieve carbon neutrality by 2050. QLDC expects to see that the SOI will set science-based targets in line with limiting global warming to 1.5°C above pre-industrial levels and report on progress on an annual basis. The SOI will outline how carbon neutrality will be achieved.

Council also expects QAC to work with the aero industry and airlines to maximise the opportunity to reduce the carbon footprint associated with flying into and out of the district.

Strategic Planning: The QAC has indicated its intention to develop a strategic plan (in contrast to a masterplan). It is expected that the strategic plan will address the long-term future role, scale and operational nature of the QAC with an emphasis on the district's wellbeing (LGA 2002). The planning must reflect the QAC's essential role in contributing to the overall wellbeing of the NZ air travel services, the local and regional economies and its ability to support the needs of current and future communities.

The Council's Spatial Plan (and Future Development Strategies (FDS)) required under the National Policy Statement – Urban Development, will provide a base line resource and reference document for QAC's strategic plan which will inform land use and growth projections for the district. QLDC expects the proposed SOI to outline the scope of the strategic plan, when it will be delivered and how progress will be reported to Council. It will address the future strategic direction for both Queenstown and Wanaka airports.

Specifically the plan must outline the QAC's strategic direction in regards to the matters raised in this SOE. QLDC expects the Strategic Plan to be consistent with the expectations set out in this document and with the Statement of Intent; the SOI should also reinforce this expectation. QLDC expects the proposed Strategic Plan will reinforce QAC's commitment to proactively engage the Council on the draft plan before any final endorsement by the QAC board.

The Strategic Plan will not contemplate or plan for the introduction of wide-bodied jets to Queenstown or Wanaka Airports.

Strategic Alliance: QLDC recognises the importance and commercial opportunities to the QAC to have commercial agreements with other commercial parties and entities. Such commercial arrangements should not be proposed or operated in any manner that is inconsistent with or contrary to the SOI, the intentions of Council as expected in the SOE.

Other Matters

The SOI will include all the content as outlined in Schedule 8, Part 2 and Part 3 of the LGA 2002. In addition to these expectations, QLDC notes its intention to review the constitution in 2021, to update the contents and style and reflect current best practice in this space.

QLDC looks forward to continuing to expand and develop on our positive working relationship with the QAC and to seeing these expectations addressed through the company's SOI.

Yours sincerely,

Jim Boulton ONZM
Mayor
QLDC