



Queenstown Airport Corporation Limited

Statement of Intent

2016-2018

9 June 2015

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The Queenstown Airport Corporation

Background

Queenstown Airport Corporation (QAC) was incorporated in 1988 and is responsible for operating the Queenstown Airport. The company is owned:

- 75.1% by the Queenstown Lakes District Council and
- 24.9% by Auckland International Airport Limited

As New Zealand's fourth busiest airport for passenger numbers and the gateway to the lower South Island, Queenstown Airport is a key economic driver of the region's tourism industry and economy.

QAC is responsible for ensuring this critical national infrastructure asset is efficient, operationally robust and provides value for money. QAC strives to deliver world-class facilities and an outstanding passenger experience, and reflect the best of what our region has to offer.

Located 10 minutes from Queenstown, one of the world's premium visitor destinations, the airport services the surrounding region with daily domestic flights and regular direct trans-Tasman flights. The airport is also one of New Zealand's busiest helicopter bases and is heavily used for tourist 'flightseeing', especially to Milford Sound and Mount Cook, on fixed-wing and rotary-wing aircraft.

Queenstown Airport receives direct scheduled services from New Zealand's main metropolitan ports of Auckland, Wellington and Christchurch which provide strong regional links throughout the country, as well as from the East Coast Australian cities of Brisbane, Gold Coast, Sydney and Melbourne. Auckland and Sydney airports are the major international gateway airports for long haul visitors. Private jets are also a growing market, both short and long haul, with aircraft flying direct from north Asia and West Coast USA.

QAC also provides airport and property expertise to the Queenstown Lakes District Council (QLDC) in relation to the management of Wanaka Airport and the Glenorchy Aerodrome.

Keeping pace with growth

Increasing visitor numbers in off-peak months remains a priority for QAC and the wider regional tourism industry. However, sustained visitor growth during peak months means that QAC will also need to continue to invest in servicing these peaks.

In doing so, QAC must be aligned with the region's tourism and infrastructure providers to ensure that facilities and services for visitors, residents and businesses are identified, planned for and delivered in a timely manner to meet forecast growth. Further investment is required around the Queenstown Lakes District to alleviate pressure on critical services such as transport, water management, and technology infrastructure, while future investment will be required in visitor accommodation.

QAC and the visitor industry are also reliant on a skilled workforce, which in turn requires access to cost effective accommodation, healthcare, and education.

If the necessary infrastructure is not provided in a timely manner, the District will face deterioration in facilities, service levels and the visitor experience – likely resulting in a drop in visitor demand and spend. This in turn will affect the airport and constrain QAC's growth aspirations.

QAC has been a strong supporter of Shaping Our Future's contribution to these issues through the Visitor Industry Task Force and remains committed to being an active participant in this debate going forward.

Regional economic driver

According to New Zealand Airports Association research (2013), the economic benefits associated with Queenstown Airport are almost \$275 million per year and will grow.

The introduction of evening flights in 2016 will mark a step-change for the airport as a major local employment hub. A 'split-shift' operating model will need to be introduced to cater for the extended operating window, potentially adding significant numbers to the 350 people already working in and around Queenstown Airport.

Commercial Value

QAC owns 137 ha of land on Frankton Flats comprising:

- 83ha incorporating the airfield, runways and aprons, rescue fire facilities and air traffic control tower
- 8ha of terminal, car parking, road network and commercial land leased to airport-related businesses
- 17ha of commercial land used by General Aviation
- 17ha of underdeveloped land recently rezoned for Plan Change 19 land to the north of the runway
- 12ha of underdeveloped rural and golf course lease.

As at 30 June 2014, QAC's land, land improvements and buildings were valued at \$169m.

QAC's estimated commercial value, as adopted in 2014 by QAC's Board of Directors for the SOI 2015-2017, was between \$177 million and \$206 million. This was in line with a Price Waterhouse Cooper high level valuation of November 2013. The Board has adopted this commercial value for the current SOI and will commission an updated valuation for next year's SOI.

The Queenstown Airport Business

QAC's business success and growth is inextricably linked to the fortunes of the region's tourism and visitor industry. In turn, this industry depends on QAC providing effective air connectivity for New Zealand and overseas visitors, along with a world-class passenger service and experience for all visitors.

Land constraints, constrained airspace, heightened international airport aviation security requirements, and phenomenal growth means Queenstown Airport will continue to evolve solely as a commercial airport. For QAC that means an airport that is able to meet the future needs of scheduled RPT (regular passenger transport) services and associated passengers, the special demands of the private jet market, and the region's commercial general aviation industry as a hub for visitor flightseeing.

The Queenstown Airport Corporation's vision is:

“Seize the challenge to make Queenstown easy to get to, with an airport experience that leaves a wonderful first and lasting impression”

To achieve that vision and to be successful over the next five years, QAC is pursuing the following strategic objectives:

1. Deliver excellent service consistently throughout a period of significant growth and infrastructure development
2. Grow passenger volumes
3. Expand airport capacity to meet the anticipated growth in aircraft movements and passenger volumes
4. Grow non-aero revenue
5. Pursue operational excellence including being an outstanding corporate citizen within the local community.

Strategic Objectives, Key Initiatives, and Measures

Objective 1: Deliver excellent service consistently throughout a period of significant growth and infrastructure development

QAC must continue to function to a high standard each day as the airport is transformed. This transformation includes terminal expansions, airfield developments, reconfigured airport roads and car parking, expanding operating hours and double shift staffing, and the relocation of General Aviation and private jets to a new aviation precinct on land to the south of the runway (referred to as Lot 6).

Land constraints and competing land uses will inevitably result in QAC having to make some tough decisions and trade-offs in order to accommodate demand and provide a safe and streamlined customer experience. An example of this is the recent changes made to airport’s traffic management system which were sparked by safety issues in the public drop-off zone and increasing commercial vehicle congestion. For the time being the public drop and go zone has been moved to the front of the airport’s short term carpark until a new and more convenient solution can be developed.

This dynamic and challenging environment requires QAC to have committed and motivated staff passionate about its vision to deliver excellent services for our airport visitors.

It also requires QAC to ensure all people working at the airport, the contractors and the airport visitors are safe from harm while they are at the airport.

We will work with QLDC as we develop our master plans for the future layout of the airport’s parking and internal road network to integrate our plans into a wider district Transport strategy.

Key Initiatives
<ul style="list-style-type: none"> • Maintain effective Health and Safety systems which exceed legislative requirements and keeps QAC’s staff and contractors, the Airport community and passengers safe
<ul style="list-style-type: none"> • Maintain culture of service both externally and internally
<ul style="list-style-type: none"> • Improve efficiency through simplification and use of technology
<ul style="list-style-type: none"> • Provide passenger amenities and positive experience throughout
<ul style="list-style-type: none"> • Anticipate challenges to excellent service and resolve to ensure a smooth operation
<ul style="list-style-type: none"> • Promote innovation from all parties who contribute to passenger experience
<ul style="list-style-type: none"> • To have staff and a wider airport team that is engaged and working to ensure airport visitors have a wonderful first and lasting impression of our airport
<ul style="list-style-type: none"> • Seamless double shifting staff for evening flights
Measures
<ul style="list-style-type: none"> • Harm injuries to QAC staff and contractors - target zero • Harm injuries to the airport community or passengers while within the airport precinct - target zero • IATA service level C maintained for all but peak days • Passenger and staff surveys on their airport experience • All aeronautical compliance obligations are met

Objective 2: Grow Passenger Volumes

QAC is increasing its involvement in route development with the goal of improving connectivity to Queenstown from around the world. Working with Auckland Airport (AIAL) and aviation/tourism partners, including Destination Queenstown, QAC's priorities are:

- to grow capacity on existing routes across a wider time window
- to increase passenger numbers through the off-peak months.

Evening flights will be a game-changer for QAC and the region. They will support passenger growth by enabling:

- better connectivity with East Coast Australia during the short winter days
- shorter stays to be attractive for visitors
- better flight times for local residents travelling to Auckland, Wellington and Christchurch with the prospect of being able to undertake day trips to these centres.

A new Gold Coast service commenced in December 2014 and QAC will work with Jetstar and Gold Coast Airport to drive the volumes needed to make this new service successful.

QAC is consulting with airlines on its scheduled reset of aeronautical pricing. The aim is to set price paths that (1) provide QAC with adequate returns to ensure we can afford the future investment necessary to handle the forecast passenger growth, and (2) encourage airlines to grow these passenger numbers.

Key Initiatives
<ul style="list-style-type: none"> • Partner with AIAL and national/regional tourism organisations to leverage marketing activities in line with route development priorities
<ul style="list-style-type: none"> • Maintain strong relationships with the existing 4 airlines and support initiatives that increase capacity on existing routes (frequency, hours, up-gauge)
<ul style="list-style-type: none"> • Reset aeronautical prices
<ul style="list-style-type: none"> • Introduce evening flights to increase frequency from major cities and improve connectivity with long haul routes.
<ul style="list-style-type: none"> • SYD and MEL grow as long haul hubs alongside AKL
<ul style="list-style-type: none"> • Encourage sustainable competition on all routes
<ul style="list-style-type: none"> • Develop the short stay market
Measures
<ul style="list-style-type: none"> • Total passenger numbers • Growth in passengers across shoulder months • Passenger loadings on new routes, such as the OOL-ZQN service • Commencement of evening flights.

Objective 3 – Expand airport capacity to meet the anticipated growth in aircraft movements and passenger volumes.

QAC is consented for scheduled flights between the hours of 6am and 10pm. Being able to fly after dark will provide the opportunity for our airfield and terminal to be used year-round across the 18 hour window and be able to increase our **capacity using existing assets**.

Investment in infrastructure is required over the next five years with the most notable being the developments to enable evening flights and the creation of a new aviation precinct. Acquiring land to the south of the runway (Lot 6) will enable QAC to create the new aviation precinct to relocate the commercial general aviation operators and provide world-class private jet facilities.

The review of the QLDC District Plan is an opportunity to create an Airport Zone to protect the Airport's current and future land uses.

EVENING FLIGHTS

The main elements required to be in place before the airlines can commence evening flying are:

- Widening of the runway to 45m (from the current 30m)
- A comprehensive aeronautical lighting package (runway, taxiway, approach and off-airport lights)
- A customised crew selection and training package
- Employing the full capability of the existing RNP AR technology
- Changes to on-board flight procedures to reduce pilot workload on final approach
- Individual airline applications and approvals

NEW AVIATION PRECINCT

Acquiring land from Remarkables Park Limited (RPL) for a new aviation precinct is essential for the ongoing development of the airport and QAC has initiated proceedings to compulsorily acquire the land.

QAC's plans to secure land to the south of the runway (Lot 6) were recognised by the Minister for the Environment as a 'project of national significance' back in February 2011, however, the court process continues and a conclusion before the end of 2015 is unlikely. The continued delays block QAC's plans to establish new private jet facilities and frustrates the expansion plans of the region's commercial General Aviation (GA) industry. While the GA operators remain in their current locations along Lucas Place, Queenstown Airport's landside activities cannot be expanded to the detriment of airport users and local neighbours, who have to endure a higher level of airport noise.

Negotiations between QAC and RPL to purchase the land have failed and a mediation during mid 2014 ended without a resolution to the dispute. Hearings are set down for June and November 2015.

Key Initiatives
<ul style="list-style-type: none">• New International Terminal build is completed in time for 2015 winter peak
<ul style="list-style-type: none">• Complete the Public Works Act compulsory acquisition process to acquire Lot 6 land, develop a new aviation precinct on Lot 6 land and relocate GA and private jets
<ul style="list-style-type: none">• Carry out the airside and landside infrastructure upgrades to accommodate evening flights
<ul style="list-style-type: none">• Enhance roading and parking options
<ul style="list-style-type: none">• Establish an Airport Zone within the QLDC District Plan
Measures
<ul style="list-style-type: none">• Project delivery• Number of scheduled airline services that are turned away due to capacity constraints – target zero

Objective 4: Grow Non-Aero revenue

In FY14, non-aeronautical revenues were 32% of QAC's total revenues. QAC is targeting non-aeronautical revenues at 34% of total revenues by FY18 as set out in the table on page 13.

Aeronautical charges are set to earn an appropriate return on the airport's investment in aeronautical capacity.

QAC's non aeronautical revenues come from the airport's property portfolio which includes:

- terminal building leases for food and beverage, retail and rental cars
- office leases, airline lounges and building leases
- ground leases (predominantly general aviation operators)
- carparks; and
- the land forming part of the Frankton golf course.

Food and beverage, retail and rental car rents are linked to the tenant's turnover. All other rents are set at market rates.

QAC is short of land for the airport's landside activities and is constantly reviewing land uses to ensure it delivers the best result for its business and the airport's visitors.

Approximately 16% of QAC property portfolio earns no income and most of this is the 17 ha of land north of the runway that has recently been rezoned as a result of Plan Change 19. This land is not within the 'Airport Designation' and its future development and land use will be in line with its new zoning.

Key Initiatives
<ul style="list-style-type: none"> • Expand airside retail and F&B offerings for international passengers
<ul style="list-style-type: none"> • Continually assess retail tenancy mix and airside/landside split to meet passenger needs to grow retail spends per passenger
<ul style="list-style-type: none"> • Improve retailer performance with better measurement and feedback by creating positive ambience in terminal, including theming
<ul style="list-style-type: none"> • Grow car park offering with more spaces and more choice, including on-line booking
<ul style="list-style-type: none"> • Establish a Property Master Plan covering future car parking and road layouts around the terminal and the development opportunities for QAC's non-aeronautical land
<ul style="list-style-type: none"> • Ground leases earn market rents and the land uses best support QAC's business needs
Measures
<ul style="list-style-type: none"> • Commercial revenue as percentage of QAC revenue • Passenger spend rates • Commercial revenue per pax • Car park utilisation – target 70%

Objective 5: Pursue Operational Excellence including being an outstanding corporate citizen within the local community

To be operationally excellent, QAC must achieve its growth opportunities while maintaining close control over its costs. Optimising the utilisation of the Airport's assets is a priority and evening flights will make a significant impact.

Operational excellence extends to how QAC engages with the local community and stakeholders. The company aims to be recognised as an outstanding corporate citizen which is making a positive difference to the region.

Growing the annual dividend and therefore the amount of money flowing back to Queenstown Lakes District Council is a vital part of QAC's contribution to the Queenstown Lakes District community. A strong focus on growing the Net Profit After Tax each year is therefore a major measure of success.

Another contribution is the employment opportunities available at Queenstown Airport. The airport is already a major employment hub in the region and future job growth at the airport should outperform the rest of the region. For example, the introduction of evening flights will require extra staff to work the expanded operating hours.

MANAGING AIRPORT NOISE

QAC has developed a Noise Management Plan which sets out how the airport will liaise with the community and assist homeowners closest to the airport with acoustic insulation and mechanical ventilation costs to ensure their inside noise remains within acceptable levels.

There are 3 initiatives that QAC is pursuing to manage the impact of airport noise on its community.

Offering noise mitigation packages to selected house owners

The first tranche of QAC's noise mitigation rollout will involve 13 house owners receiving offers to install acoustic insulation and mechanical ventilation, and 126 house owners receiving offers to install mechanical ventilation. QAC is in direct communication with these house owners.

Completing Tranche 1 of the noise mitigation works is estimated to take 2 to 3 years from mid-2015. After this phase the programme continues with offers being sent to affected house owners as the airport's noise impacts grow relative to the increase in flights.

By 2035, QAC estimates it will have offered acoustic insulation and mechanical ventilation to approximately 86 house owners and offered mechanical ventilation to approximately 202 house owners. Acceptance of the offers is up to the house owner.

Relocating the commercial general aviation operators

Relocating the commercial general aviation operators from their existing bases alongside Lucas Place to the proposed new aviation precinct on land to the south of the runway (Lot 6) will provide a significant improvement in the noise impacts being experienced by Frankton residents.

'Fly Friendly' Practices

Working with the airport's commercial general aviation operators on how and where they fly when departing/arriving at Queenstown Airport will contribute to reducing aircraft noise for neighbouring residential areas.

Key Initiatives
<ul style="list-style-type: none"> • Minimise the airport’s impact on the local environment
<ul style="list-style-type: none"> • Manage the noise impact of the airport on the surrounding residential areas
<ul style="list-style-type: none"> • Engage with the community, keeping them informed on airport developments and future plans
<ul style="list-style-type: none"> • Projects are delivered on time, within budget and to quality
<ul style="list-style-type: none"> • Upgrade IT infrastructure and applications to help future-proof the business
<ul style="list-style-type: none"> • Maintain cost effective, flexible funding to match investment requirements
<ul style="list-style-type: none"> • Establish an effective Business Continuity Management Plan
<ul style="list-style-type: none"> • Support local community events through sponsorship and, where feasible, access to airport facilities
Measures
<ul style="list-style-type: none"> • Unauthorised discharges to ground water or to the lake from activities at the airport - target zero • Airport noise, as measured, is within the levels set in the District Plan • By the end of 2015, Tranche One of QAC’s Noise Mitigation Programme is available to homeowners and the roll-out programme is tracking the path agreed with the Queenstown Airport Liaison Committee • Communications are regular, accurate and relevant e.g. passenger stats, website content, ZQN Newsletter, and media releases • Establish base line measures of water usage and waste water discharges • The number of direct jobs supported by the airport.

Financial Forecast 2016-18

Year Ending 30 June	Forecast	Forecast	Forecast
	2016	2017	2018
	\$'000	\$'000	\$'000
Revenue	28,123	32,185	33,984
Operating Expenditure	9,354	10,003	10,138
EBITDA	18,769	22,181	23,845
Interest Expense	1,738	2,097	2,864
Depreciation & Amortisation	5,256	5,730	5,823
Profit Before Tax	11,789	14,129	15,038
Net Profit After Tax	8,270	9,882	10,527
Dividends Paid ¹	5,113	5,135	5,941
Total Assets	228,391	239,840	273,911
Shareholders Funds	175,092	179,839	197,215
Operating Cash Flow	12,733	15,568	17,297
Capital Expenditure	20,473	16,418	26,867
Closing Debt	40,700	46,686	62,197
Net Drawdown/(Repayment of) Debt	12,853	5,986	15,511
Financial Ratios	Forecast	Forecast	Forecast
	2016	2017	2018
Total Pax (000)	1,457	1,549	1,628
Revenue per Pax	\$ 19.30	\$ 20.78	\$ 20.87
NPAT per Pax	\$ 5.67	\$ 6.38	\$ 6.46
Return on Equity (NPAT to Avg SH Funds ²)	4.9%	5.6%	5.6%
Return on Assets (NPAT to Avg Total Assets ³)	3.8%	4.2%	4.1%
Gearing: Debt : EBITDA	2.2	2.1	2.6
EBITDA > 2 times funding expense	12.1	10.6	8.8
Shareholders Funds to Total Tangible Assets > 50%	78%	76%	73%

Notes

1. Dividends calculated on a paid basis rather than earned.
2. Average Shareholders' funds based on opening and closing balances.
3. Average Total Assets based on opening and closing balances.

Asset Revaluation

Land, land improvements, buildings, and runway roading and car parking are carried at fair value, as determined by an independent registered valuer, less accumulated depreciation and any impairment losses recognised after the date of any revaluation. These assets were revalued as at 30 June 2014 increasing their value by \$33.35m to \$169m.

Shareholder Interaction and Corporate Governance

The Regulatory Framework Governing QAC

QAC is a Council Controlled Trading Organisation (CCTO) for the purposes of the Local Government Act 2002. Section 59 sets out the principal objectives of a CCTO which are to:

- (a) *achieve the objectives of its Shareholders, both commercial and non-commercial, as specified in the statement of intent; and*
- (b) *be a good employer; and*
- (c) *exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and*
- (d) *conduct its affairs in accordance with sound business practice.*

QAC's business is also subject to regulatory control under the Airport Authorities Act 1966 and complies with the disclosure requirements of a *specified airport company* pursuant to the Airport Authorities (Airport Companies Information Disclosure) Regulations.

The Airport Authorities Act 1966 (section 4(3)) states that the Airport "*...must be operated or managed as a commercial undertaking.*"

The company's governance is also covered by the Companies Act 1993.

QAC's aeronautical operations are governed by the Civil Aviation Act 1990 and Civil Aviation Rules Part 139.

The Statement of Intent (SOI) Process

As a CCTO, QAC must prepare a SOI in accordance with Section 64(1) of the Local Government Act 2002.

QAC submits a draft SOI for the coming financial year to Queenstown Lakes District Council (QLDC) by 1 March. Following consultation with QLDC, and after considering any comments from QLDC, the final SOI is approved by the airport's Board of Directors and delivered to QLDC by 30 June.

Board of Directors

The QAC Board and management are committed to ensuring the Company meets recommended best practice governance principles and maintains the highest ethical standards.

The Board of Directors is appointed by the Shareholders to govern and direct QAC's activities. The Board is the overall final body responsible for all decision-making within the Company. It is accountable to its Shareholders for the financial and non-financial performance of the Company.

The Board works collaboratively with its Shareholders to ensure a "no surprises" relationship. As part of that relationship, Shareholder representatives are invited to attend board meetings as observers.

The Board has established an Audit and Risk Committee to review the Company's financial reporting processes, system of internal control, and the external audit process, and its processes for identifying and managing risk, and for monitoring compliance with applicable law and its own policies.

Role of the Board

The Board is responsible for the proper direction and overview of QAC's activities. This responsibility includes:

- Approving strategic plans, budgets and the SOI
- Corporate policies, including, financial and dividend policies, and delegated authorities
- Assessment of business opportunities and business risks
- Internal control and assurance systems
- Compliance with relevant law
- Monitoring financial performance and achievement of the strategic initiatives and SOI objectives
- Integrity of management information systems
- Appointment and monitoring of the performance and remuneration of the Chief Executive Officer (CEO)
- Reporting to Shareholders

Code of Conduct

The Board has adopted a code of conduct based on the New Zealand Institute of Directors' *Code of Practice for Directors*. The purpose of the code is to clarify how the Board of Directors shall define and deal with:

- The role and fundamental obligations of the Board
- Independence and conflict of interest, including conflict with management
- Board procedures, including the role of the Chairman and interaction with the CEO
- Reliance on information and independent advice
- Confidentiality of company information
- Board and Director performance review and development

Reporting to Shareholders

The Company has adopted 30 June as its balance date. Within two months of the end of the first half of each financial year, Directors will deliver an interim report to Shareholders consisting of:

- Un-audited half-yearly financial statements
- Directors' Report

Within three months of the end of each financial year, Directors will deliver to Shareholders an Annual Report which will consist of:

- Chairman's and CEO's report
- Directors' Responsibility statement
- Audited financial statements
- Notes to the financial statements including accounting policies
- A Statement of Service Performance summarising QAC's performance of the SOI goals and objectives
- Independent Auditor's Report

QAC's board operate on a basis of 'no surprises' with its shareholders on strategic issues and major developments. Both shareholders receive monthly management reports and Board reports. Representatives from the shareholders attend Board meetings as observers.

Quarterly meetings are held between QAC's chairman and CEO and QLDC's Mayor and CEO. These meetings are an opportunity to provide greater background on the performance of the business and on issues of importance.

Dividend Policy

The Board will declare dividends according to the following policy:

- A base dividend payment from normalised Net Profit After Tax (NPAT) of \$2 million each year 50 percent payable by 31 January. The balance of the base payment will be paid after year end accounts are finalised with an additional 50 percent of normalised NPAT that exceeds \$2 million.
- In the event that the normalised NPAT is forecasted to be less than \$3 million then the Board will reconsider a dividend payment and will apply prudent governance prior to declaring any dividend.

The Board will consider any request from the Shareholders for further dividend payments and will apply prudent governance when considering such requests.

Prior to declaring a dividend the Board will consult with the Shareholders, and seek advice where necessary, to ensure that the tax consequences for each Shareholder are managed.

The Board will not issue shares wholly or partly in lieu of the proposed dividend or proposed future dividends, without the approval of Shareholders.

Capital Subscription

No new shares in the company will be issued without the consent of Shareholders.

The company is confident it can fund its capital growth plans from internal sources (cash flow and/or debt) during the forecast period 2016-2018. The Board will assess this position annually as part of the SOI process.

Investment in Other Entities

The Company must consult with the Shareholders prior to any investment being made in another entity.

Non-commercial Services with QLDC

QAC receives a fee from QLDC for the management of Wanaka Airport calculated on a cost recovery basis only. This includes the cost of an onsite airport Manager, providing accounting and administration services, management input to the airport's development, and compliance obligations to CAA and Airways.

QAC also manages the Glenorchy Aerodrome on behalf of QLDC, including ground maintenance.

QAC leases land to QLDC which forms part of the Frankton Golf Course for \$25,000 pa. The market rental value for the land has been assessed at \$86,500 pa (Seager and Partners, February 2010). The alternative airport-related use for the land could include long-term parking.

Leveraging value from the strategic alliance with Auckland International Airport Limited (AIAL)

AIAL's investment in QAC included an undertaking between the two companies to work together to grow QAC's business returns and increase passenger numbers. Financial and passenger growth targets were set which have been exceeded.

The current focus for the Strategic Alliance is less on financial and passenger output measures and more on inputs. Particularly, inputs involving a sharing of AIAL intellectual property and general airport expertise. QAC has benefitted from AIAL's input on trans-Tasman route development, retail lease plans, insurance, IT systems, risk management systems and processes, and procurement.

The value of having a sounding board for airport business issues should not be underestimated. On top of this in the coming 18 months, AIAL will specifically provide QAC with:

- Targeted route development for direct scheduled services including joint promotion of Queenstown and the Southern Lakes Region
- Support in finalising the retail offerings within the terminal
- Input on airport trends and operating efficiencies
- Support in the roll out of the noise mitigation programme (PC35) to ensure QAC is seen as proactive socially responsible, and professional in implementing its PC35 obligation
- Training and/or mentoring support for personnel
- Support with procurement, including insurance

AIAL will continue its own route development into markets, such as China and South East Asia, that cannot support direct flights to Queenstown due to aircraft size. However, promotions will feature Queenstown and promote passengers travelling through AIAL to Queenstown on domestic carriers.

Audit

The Office of the Auditor General has appointed Deloitte to undertake the Audit of QAC for the three years ended: 30 June 2014, 2015 and 2016.

Accounting Policies

QAC will maintain accounting records in accordance with the Companies Act 1993.

QAC will prepare financial statements in accordance with the Financial Reporting Act 1993; the Companies Act 1993, the Airport Authorities Act 1966 and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

Corporate Directory

Location:	Queenstown Airport Corporation Airport Administration, Queenstown Airport Sir Henry Wigley Drive Frankton Queenstown 9300	
Mailing address:	PO Box 2641 Queenstown 9349 NEW ZEALAND	
DDI:	03 450 9031	
Fax:	03 442 3515	
Email:	admin@queenstownairport.co.nz	
Website:	www.queenstownairport.co.nz	
Shareholders	Queenstown Lakes District Council (75.01%) Auckland Airport Holdings (No2) Limited (24.99%)	
Directors	John Gilks (Chairman) James Hadley Grant Lilly Norman Thompson Michael Stiasny	
Senior Management	Chief Executive Officer	Scott Paterson – Scott@queenstownairport.co.nz
	Chief Financial Officer	Mark Edghill – Marke@queenstownairport.co.nz
	GM Operations	Mike Clay – Mikec@queenstownairport.co.nz
	Communications Manager	Jen Andrews jen@queenstownairport.co.nz
Senior persons per Civil Aviation Rules, part 139	Chief Executive Officer	Scott Paterson
	Airside Operations Manager	Terry Dower
	General Manager Operations	Mike Clay

Abbreviations

AIAL	Auckland International Airport Limited
CAA	Civil Aviation Authority of New Zealand
CEO	Chief Executive Officer
CCTO	Council Controlled Trading Organisation
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
F&B	Food and Beverage
FY	Financial Year – 1 July to 30 June
GA	General Aviation
IATA	International Air Transport Association
NPAT	Net Profit After Tax
PC35	Queenstown Lakes District Council Plan Change 35 relating to Airport Noise boundaries.
QAC	Queenstown Airport Corporation, the company that owns and operates Queenstown Airport
QLDC	Queenstown Lakes District Council
RMA	Resource Management Act
RPL	Remarkables Park Limited
SOI	Statement of Intent
ZQN	Queenstown Aerodrome including airfield and terminal