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11 February 2019

Colin Keel  
Chief Executive  
Queenstown Airport Corporation  
By Email: [colin.keel@queenstownairport.co.nz](mailto:colin.keel@queenstownairport.co.nz)

Dear Colin

### UPCOMING STATEMENT OF INTENT

Thank you for the opportunity to discuss the upcoming SOI for Queenstown Airport Corporation (QAC). I have taken the opportunity to review the current SOI document, and to provide some opening comments to give on the direction of the next iteration of the Statement of Intent. Please note that the Council will fully consider its comments to QAC once the initial draft has been received.

As you will be aware, the SOI is subject to Section 64(1) of the Local Government Act 2002, and in particular Schedule 8 of the Act. The Act provides first and foremost for the SOI to be a statement of the activities and intentions of the CCTO, and secondly for the shareholders to influence the direction of the organisation. Our opening comment is that Council envisages that the 2019 SOI will continue the overall strategic direction set out in the existing SOI. The Council also recognises the intense interest by different parts of our community in the future development of air services across the district and would anticipate that the SOI reflects a commitment to working towards addressing this.

The Council adopted the current SOI in its 30 June 2018 meeting. The Council recognises that the Airport is a key strategic asset for the district and region. The airport provides high levels of connectivity to New Zealand's main centres for residents, and is a key entry and exit point for local and international visitors. Continuing to focus on delivering a high quality service, with a frequent connectivity is consistent with Council's, and the communities' expectation for the Airport Company.

Queenstown Lakes District is rightly considered the 'poster child' for New Zealand's tourism industry. As a series of communities it provides unparalleled four season's adventure, both within the district and to other parts of the South Island. Air based arrivals continue to grow as part of the way people access the district and region, the balance being by road. Providing a robust and modern infrastructure that supports the district's ability to manage tourism flows remains a key priority for Council, and indirectly for NZ Inc, who increasingly recognise the national and international role of the District in the success of New Zealand's largest industry. We consider that this direction and responsibility needs to continue to be reflected in the airports SOI.

Fiscal responsibility remains a driver to the Council as shareholder. The company has enjoyed healthy operating surplus, and this has benefitted ratepayers through a steady dividend stream. The dividend policy was revised last year to provide the company greater flexibility recognising the impending capital needs of the company. It is not the intention therefore that profit be pursued at any price, but that the company is managed in a way that continues to make a positive return that allows the company to seek to satisfy both re-investment needs, and provides a sustainable long term dividend stream to its owners. We do not seek to amend or change the direction or settings in the current dividend policy arrangements.

One of the key drivers for new capital are the Masterplans being undertaken for both Queenstown and Wanaka. While they are at different stages for the community we understand that it is the company's intention to integrate the two processes more fully, which we consider is a positive move, and consistent with the company's intention to provide an integrated service across two key companies. Work undertaken last year in both Queenstown and Wanaka produced very active community responses, particularly concerning noise, and the introduction of scheduled services to Wanaka. The Council expects that the company would continue to engage openly and genuinely with the relevant communities in agreeing the Masterplan programmes, as noted above.

In respect of the latter, the current SOI faithfully reflects the Councils key intent when it resolved to lease Wanaka Airport to QAC, which was to enable Wanaka to be reopened to scheduled services. The timing, extent and range of services has yet to be tested by QAC, but ensuring that this is carefully evaluated, along with ensuring the continued role for General Aviation, recognising iconic activities such as Warbirds over Wanaka, and the NASA Super High Pressure Balloon programme are all of significant importance.

Similarly, the projected demand forecasts for Queenstown have necessitated the Masterplanning and the commencement of a conversation with the community in relation to Air Noise boundaries. As well as focussing on ensuring that the facility remains world class in the future the company will need to ensure it remains a good neighbour and protects its social licence to operate.

We do recognise the concerns raised by some residents in both Queenstown and Wanaka around the impact of changes associated with both programmes. It is certainly Councils expectation that the company will continue to carefully work through the off-site effects of change. The Council remains supportive of ensuring that the airport develops sustainably in the future, but that it does so with an ongoing commitment to working with and addressing community expectations as it does so. This should clearly remain a key focus for the company in the coming year.

Noise, frequency and the growth of commercial activity have been touch points for the communities of both Wanaka and Queenstown, and the Council wishes to ensure that the processes for the strategic reviews underway remain cognisant of those concerns, and actively seeks to balance these and other competing demands. We also note the opportunity for wider strategic collaboration across the lower South Island to create development opportunities with other existing airports as part of the management response to growing air travel demand, and would encourage the company in any collaboration efforts.

While the Council does not consider the operation and management of the Glenorchy Airstrip to be of strategic significance, the Council does note its continued expectation that the company will undertake the management control and effective operation of the GY Airstrip. The Council has expended considerable funds to bring the Airstrip up to a standard where it is in a position to enable this to be actioned.

The current SOI provides quite detailed information around the organisations Objectives, Key Initiatives, Performance Targets and Timing. The Statement of Intent is intended to be a public overview of the key strategic directions of the company. There is some room to streamline the current document to focus at the strategic rather than the more operational detail of the present SOI.

The Council looks forward to receiving the first draft of the SOI from the company by 1 March 2019 as required by the Act. The Council will then consider and debate the draft before providing full feedback to the company, ahead of a final SOI being submitted for Councils approval on 27 June 2019.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Mike Theelen', with a long horizontal stroke extending to the right.

Mike Theelen  
**Chief Executive**