



1 March 2021

Mayor Jim Boulton
Queenstown Lakes District
Council
10 Gorge Road
Queenstown 9300

By email: jim.boulton@qldc.govt.nz

Dear Mayor Boulton

Re: Queenstown Airport Corporation Draft (QAC) Statement of Intent FY22

The QAC board of directors is pleased to be present the company's draft Statement of Intent (SOI) FY22 to shareholders.

It is just under a year since we presented last year's draft SOI when the first significant impacts of COVID-19 were beginning to be felt by the district. International services had been suspended at Queenstown Airport (ZQN) and domestic services continued only for essential service purposes. Shortly after, New Zealand went into a 5-week lockdown and all scheduled flights at Queenstown Airport were suspended. There was extreme uncertainty as to how the pandemic would play out for New Zealand and the business.

One year on – New Zealand's international borders remain closed and there is still a significant level of uncertainty regarding the future outlook of the business and the region. For the time being, QAC and all businesses at both airports must survive without international tourism. Over the year, QAC has worked with diligence and care alongside the airport communities at Queenstown and Wānaka airports and the aviation and tourism sectors nationally to lead and participate in a coordinated response to the crisis.

The company's recently reported interim results reflect the impact of COVID-19 on the business and region. For the first six months of FY21, QAC's revenue was down 53% compared to the same period in FY20. There was a sharp decline in passenger movements driven by the complete removal of international tourism from New Zealand, which led to the company's aeronautical and commercial revenue decreasing by 56% and 58% respectively.

Our focus for the 2021 financial year has been to stabilise the business through careful management, and to position the company to navigate through the uncertain period ahead and into recovery. The company remains profitable and with financial arrangements in place for a sustainable operating position for the long term. This provides a platform for QAC to

play an increasing role in supporting the economic and social recovery of the district.

Looking forward, the draft SOI responds to the Statement of Expectations (SOE) provided by QLDC and sets out the direction of the business for the coming three-year period.

In preparing the draft SOI FY22, we have worked to meaningfully incorporate the four wellbeing measures: social, environmental, cultural and economic into our strategic direction and performance indicators.

The importance of ongoing dialogue with the community has been reinforced through the SOI process in recent years. We recognise the high importance for the community on balancing aeronautical growth with both the capacity of regional infrastructure and an overarching desire to preserve what makes the region a special place to live, work and visit.

We look forward to continuing to work with Council through the mechanism of the joint steering group, to deliver a final SOI in June 2021 that responds well to the Statement of Expectations and outlines the company's focus, activities and expected performance for the three-year period ahead.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Adrienne Young-Cooper', written in a cursive style.

Adrienne Young-Cooper
Chair
QAC Board of Directors