

**Attachment C – Section 32 Evaluation Report – Queenstown Airport
Mixed Use Zone**

Section 32 Evaluation Report: Queenstown Airport Mixed Use Zone

1. Strategic Context

Council is preparing a new District Plan under Section 74 of the Resource Management Act 1991(RMA or the Act). Section 74(1) of the RMA sets out matters which are to be considered by territorial authorities when preparing or changing district plans. That section states that any change to district plans must be in accordance with the functions for territorial authorities set out in section 31, the provisions of Part 2, the duties under section 32, and any regulations.

Section 74(2) of the Act requires that when preparing or changing a district plan, a territorial shall have regard to:

- (a) any –
 - (i) *Proposed regional policy statement; or*
 - (ii) *Proposed regional plan of its region in regard to any matter of regional significance or for which the regional council has primary responsibility under Part 4; and*
- (b) any-
 - (i) *Management plans and strategies prepared under other Acts; and*
 - (ii) *Repealed*
 - (iia) *Relevant entry [on the New Zealand Heritage List/Rarangi Korero required by the Heritage New Zealand Pouhere Taonga Act 2014]; and*
 - (iii) *Regulations relating to ensuring sustainability, or the conservation, management, or sustainability of fisheries resources (including regulations or bylaws relating to taiapure, mahinga mataitai, or other non-commercial Maori customary fishing),— to the extent that their content has a bearing on resource management issues of the district; and*
- (c) *The extent to which the district plan needs to be consistent with the plans or proposed plans of adjacent territorial authorities.*

Section 74(2A) requires that when preparing or changing a district plan a territorial authority must take into account:

Any relevant planning document recognised by an iwi authority and lodged with the territorial authority, to the extent that its content has a bearing on the resource management issues of the district.

Section 75 of the Act details the requirements for the content of district plans. Section 75 of the Act states that:

- (3) *A district plan must give effect to –*
 - (a) *any national policy statement; and*
 - (b) *any New Zealand coastal policy statement; and*
 - (c) *any regional policy statement.*
- (4) *A district plan must not be inconsistent with -*
 - (a) *a water conservation order; or*
 - (b) *a regional plan for any matter specified in section 30(1).*

Consideration has been given to the matters detailed in sections 74 and 75 of the Act, as outlined in Sections 2 to 5 below.

2. National Planning Documents

National Policy Statements

There are currently four operative national policy statements which the District Plan must give effect to. These include:

- The New Zealand Coastal Policy Statement 2010
- The National Policy Statement for Renewable Electricity Generation 2011
- The National Policy Statement for Freshwater Management 2011
- The National Policy Statement for Electricity Transmission 2008

It has been determined that none of these policy statements are relevant to the proposed Queenstown Airport Mixed Use Zone chapter.

National Environmental Standards

National environmental standards are regulations made under section 43 of the RMA. They can prescribe technical standards, methods or other requirements for environmental matters. In some circumstances, local authorities can impose stricter standards. There is one national environmental standard which is relevant to the proposed chapter, the National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health 2012 (NES).

The proposed chapter does not impose a greater prohibition or restriction on an activity to which this NES already imposes. Therefore, no further evaluation of this NES is required for this evaluation (section 32(4)).

3. Regional Planning Documents

Regional Policy Statement

Otago's Regional Policy Statement ("RPS") promotes the sustainable management of natural and physical resources by giving an overview of the resource management issues facing Otago, and by setting policies and methods to manage Otago's natural and physical resources. The RPS is currently under Review itself, and may be further advanced in that process by the time the District Plan Review is notified. Amendments to this evaluation may be required to accommodate that change. The District Plan must *give effect* to the Operative RPS and must *have regard to* the Proposed RPS.

The Operative RPS contains a number of objectives and policies that are relevant to this review, namely Objectives 5.4.1 to 5.4.2 and associated Policies 5.5.3 to 5.5.5, and Objectives 9.4.1 to 9.4.3 (inclusive) and associated policies 9.5.2 and 9.5.3. As outlined in detail in **Attachment 1**, the proposed chapter is consistent with, and gives effect to, the relevant operative RPS provisions.

Regional Plans

There are four operative regional plans within the Otago Region relating to air, water, coast and waste. The purpose of the Otago Regional Plan: Air is to promote the sustainable management of the air resource in the Otago region. The Otago Regional Plan: Water is for the use, development and protection of Otago's rivers, lakes, aquifers and wetlands. The Otago Regional Plan: Coast is relevant to the coastal marine area. The Otago Regional Plan: Waste applies to solid waste management, including waste minimisation, contaminated sites, hazardous substances and hazardous wastes and landfills. This chapter does not seek to address any matters that are managed under the Otago Regional Plans for Air, Water and the Coast. The management of Hazardous Substances is addressed in proposed provisions, therefore the Regional Plan: Waste is relevant to this chapter. The provisions recognise that the management of hazardous substances is governed by the Regional Plan: Waste and the Hazardous Substances and New Organisms Act 1996.

4. Iwi Management Plans

Kai Tahu Ki Otago Resource Management Plan

The Kai Tahu Ki Otago Resource Management Plan (2005) (NRMP) is the principal planning document for Kai Tahu Ki Otago (KTKO) ((KTKO is used to describe the four Papatipu Runanga and

associated whanau and ropu of the Otago Region). Chapter 5 of the NRMP identifies issues, objectives and policies for the Otago Region as a whole, and includes the following objectives:

- i. *The rakātirataka and kaitiakitaka of Kāi Tahu ki Otago is recognised and supported.*
- ii. *Ki Uta Ki Tai management of natural resources is adopted within the Otago region.*
- iii. *The mana of Kāi Tahu ki Otago is upheld through the management of natural, physical and historic resources in the Otago Region.*
- iv. *Kāi Tahu ki Otago have effective participation in all resource management activities within the Otago Region.*
- v. *The respective roles and responsibilities of Manawhenua within the Otago Region are recognised and provided for through the other objectives and policies of the Plan.*

Chapter 10 sets out objectives and policies as they are relevant to the Clutha/Mata-au Catchment, in which Queenstown Airport is contained. Given the proposed chapter affects and is within the confines of Frankton's existing built environment, and access to existing servicing is available in this area, the provisions are not directly relevant to the proposed chapter.

Ngai Tahu Ki Murihiku Natural Resource and Environmental Iwi Management Plan (2008)

The Ngai Tahu Ki Murihiku Natural Resources and Environmental Iwi Management Plan (Murihiku Plan) was issued in 2008 and consolidates Ngai Tahuki Murihiku values, knowledge and perspectives on natural resources and environmental management issues. The Murihiku Plan identifies kaitiakitanga, environmental and social, economic, health and wellbeing outcomes that need to be recognised when considering the proposed chapter. The proposed chapter will not offend any of the relevant objectives and policies.

5. Section 32 Evaluation

All District Plan changes must be evaluated as directed by section 32 of the RMA. Section 32(1) and (2) specifies what the evaluation must examine.

- (1) *An evaluation report required under this Act must—*
 - (a) *examine the extent to which the objectives of the proposal being evaluated are the most appropriate way to achieve the purpose of this Act; and*
 - (b) *examine whether the provisions in the proposal are the most appropriate way to achieve the objectives by—*
 - (i) *identifying other reasonably practicable options for achieving the objectives; and*
 - (ii) *assessing the efficiency and effectiveness of the provisions in achieving the objectives; and*
 - (iii) *summarising the reasons for deciding on the provisions; and*
 - (c) *contain a level of detail that corresponds to the scale and significance of the environmental, economic, social, and cultural effects that are anticipated from the implementation of the proposal.*
- (2) *An assessment under subsection (1)(b)(ii) must—*
 - (a) *identify and assess the benefits and costs of the environmental, economic, social, and cultural effects that are anticipated from the implementation of the provisions, including the opportunities for—*
 - (i) *economic growth that are anticipated to be provided or reduced; and*
 - (ii) *employment that are anticipated to be provided or reduced; and*
 - (b) *if practicable, quantify the benefits and costs referred to in paragraph (a); and*
 - (c) *assess the risk of acting or not acting if there is uncertain or insufficient information about the subject matter of the provisions.*

Section 32(3) relates to "amending proposals". As Council is issuing a new proposed District Plan, this section is not considered relevant.

6. Resource Management Issues

Queenstown Airport provides facilities for the transportation of people and freight and is a key asset to the District in terms of supporting the tourism industry and the needs of local and business travellers. The Airport acts as an essential gateway to the District and facilitates access and economic activity in the local and broader regional economies. It is also a provider of emergency services and is a lifeline utility under the Civil Defence Emergency Management Act 2002. It is therefore essential that the current and future operations of the Airport are safeguarded through the District Plan Review.

Queenstown Airport has experienced a sustained period of passenger growth. To the year ending June 2014, the Airport accommodated approximately 1.25m passengers. This represented a 4.2% increase in passengers from the previous year. Passenger growth projections undertaken by Market Economics (refer to **Attachment 2**) anticipate this figure to increase to 1.78m passenger per year by 2025 and 2.57m per year by 2037.

In order to accommodate this growth, the Queenstown Airport Corporation (QAC), needs the flexibility to respond to changes and growth in the tourism market. Increasingly, modern airports are also demanding a greater diversity and range of activities to provide for their passengers, and to assist in the efficient operation and functioning of the Airport. In the context of Queenstown Airport, which is surrounded by a range of land use activities, meeting the changing and evolving needs of the Airport will need to be carefully balanced with achieving appropriate environmental outcomes for the immediately surrounding zones.

The resource management issues set out in this section have been identified from the following sources:

- Review of the operative Queenstown Lakes District Plan (the operative District Plan), including the Queenstown Airport Mixed Use Zone and the Queenstown Airport Corporation Designations (Designations D1- Aerodrome Purposes, D.2 – Air Noise Boundary Controls, and D.3 – Airport Approach and Land Use Controls);
- Consultation with the Queenstown Airport Corporation (QAC);
- Councillor workshops;
- Queenstown Airport Corporation Limited Statement of Intent 2015-2017 (**Attachment 2**);
- Queenstown Airport Mixed Use Zone Economic Assessment, Market Economics, November 2014 (**Attachment 3**);
- Queenstown Airport Mixed Use Zone Acoustical review of proposed District Plan Provisions, Marshall Day Acoustics, November 2014 (**Attachment 4**).

The key resource management issues include:

- The operative Queenstown Airport Mixed Use Zone does not reflect the extent of the overlying Aerodrome Purposes designation (Designation D.1). The majority of the Aerodrome Purposes designation has an underlying Rural General zone which does not anticipate airport related activities. The operative District Plan therefore does not adequately recognise the entirety of Queenstown Airport land as a strategic transportation hub and centre of economic activity.
- Only the requiring authority having the financial responsibility for a project or work (in this case, Queenstown Airport) can rely on the Aerodrome Purposes designation to establish activities which support, complement or enhance the efficient operation of the Airport.
- Queenstown Airport and its immediate surrounds provide an important gateway to the District and wider region. The operational imperatives of Queenstown Airport therefore need to be maintained whilst balancing the amenity and preservation of the gateway to the District.
- The Queenstown Airport Mixed Use Zone has not been reviewed since the District Plan became operative in 11 October 2003. Subsequent changes to the surrounding zones have resulted in inconsistencies in the built form anticipated in the adjacent Frankton Flats and Remarkables Park Zone. The Queenstown Airport Mixed Use Zone therefore requires amendments to create consistency with these planning frameworks.

7. Purpose and Options

The overarching purpose of the Queenstown Airport Mixed Use Zone is to enable the sustainable management and growth of Queenstown Airport.

Under the operative District Plan, approximately 25 ha of Queenstown Airport is currently zoned Queenstown Airport Mixed Use Zone. The remaining 99 ha is zoned Rural General. Currently airport related activities are also provided for by the Airport's designations. The designations enable the safe and efficient operation of the Airport by providing for the activities undertaken by QAC as the requiring authority for Queenstown Airport under section 166(g) of the RMA.

The proposed chapter will provide for the activities currently, and that are anticipated to occur at Queenstown Airport over the next planning period. The following sections of this report (Sections 8 to 13) have been provided in order to fulfil the statutory requirements of section 32 of the RMA.

8. Evaluation of proposed Objectives - Section 32 (1) (a)

Section 32(1)(a) of the RMA requires the evaluation to examine the extent that a new objective is the most appropriate way to achieve the purpose of the Act. Two new objectives are proposed as part of this proposed chapter. This section of the report considers the new objectives in the context of the purpose of the Act.

The purpose of the Act demands an integrated planning approach and direction:

Section 5 Purpose

- (1) *The purpose of this Act is to promote the sustainable management of natural and physical resources.*
- (2) *In this Act, sustainable management means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety while—*
 - (a) *sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and*
 - (b) *safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and*
 - (c) *avoiding, remedying, or mitigating any adverse effects of activities on the environment.*

The remaining provisions in Part 2 of the Act, particularly section 7, provide a framework within which objectives are required to achieve the purpose of the Act and provisions are required to achieve the relevant objectives. Section 7 (abbreviated below) is particularly relevant to this proposed chapter:

Section 7 Other Matters

In achieving the purpose of this Act, all persons exercising functions and power under it, in relation to managing the use, development, and protecting of natural and physical resources, shall have particular regard to –

- (b) *the efficient use and development of natural and physical resources:*
- (c) *the maintenance and enhancement of amenity values:*
- (f) *maintenance and enhancement of the quality of the environment:*

The following objectives serve to address the Queenstown Airport Mixed Use Zone issues identified in Section 6.

<i>Proposed Objective</i>	<i>Appropriateness</i>
<p>6.3.1 Objective 1</p> <p>Queenstown Airport is recognised as a generator of nationally and regionally significant economic, social and cultural benefits.</p>	<p>This objective acknowledges the national and regional strategic importance of Queenstown Airport and its contribution to the social, economic and cultural wellbeing of the community.</p> <p>Queenstown Airport is an important, existing strategic asset to the Queenstown Lakes District and Otago Region. It provides a national and international transport link for the local, regional and international community and has a major influence on the Region's economy.</p> <p>Queenstown Airport serves as an important link to the economies of Queenstown and facilitates tourism spending (VA) of between \$592m and \$638m (refer to Attachment 3) sustaining between 14,855 and 15,948 jobs. Tourism is a crucially important industry to the New Zealand economy as a whole. It is evident that the on-going ability of Queenstown Airport to function and grow is essential to the tourism industry, both regionally and nationally.</p> <p>This objective recognises and provides for the airport as a physical resource now and for future generations. The land subject to the proposed rezoning is not highly valued in terms of its rural productivity or landscape value. Therefore there will be no adverse effects on the life supporting capacity of soils, land or water resource.</p> <p>The surrounding Frankton Flats area contains several industrial/commercial developments, and the ongoing use and development of the Airport is considered to be consistent with this and is appropriate in the receiving environment.</p> <p>Heritage features currently identified in the operative District Plan will remain and be protected by provisions relating specifically to their management. This is consistent with the key initiatives of the requiring authority, which seeks to protect QAC owned heritage buildings as set out in its Statement of Intent (Attachment 2).</p> <p>This objective is therefore considered to be consistent with section 5 of the Act. Any section 6 matters will also not be adversely affected by the proposed objective.</p> <p>The proposed objective enables the Airport to grow in the most efficient way and addresses the resource management issues described in section 6 of this report. It is therefore consistent</p>

	<p>with relevant section 7 matters. The objective is also consistent with Objective 5 of Goal 1 of the Strategic Directions chapter, and enables the Airport to provide for future passenger and tourism growth, providing for Objectives 1 and 3.</p> <p>The objective also gives effect to RPS objectives 5.4.1 and 9.4.1 to 9.4.2 and RPS policies 9.5.4 and 9.5.2 to 9.5.3 (refer to Attachment 1 for an assessment of the proposed chapter against these provisions).</p>
<p>6.3.2 Objective 2</p> <p>Provision for the requirements of Queenstown Airport is balanced with achieving an acceptable level of amenity for those using the airport and for those residing on neighbouring land.</p>	<p>This objective sets a broad expectation that the Queenstown Airport Mixed Use Zone will maintain high quality outcomes when providing for new development. Urban design plays an important role in managing the amenity of Queenstown Airport as a gateway to the District, whilst meeting the strict operational requirements of a functioning international airport.</p> <p>This objective also acknowledges that appropriate limits must be placed on the effects generated by the airport or airport related activities to enable a mix of uses to occur without any one use being inappropriately compromised by the effects of another. This objective, along the associated provisions which will seek to avoid, remedy or mitigate any adverse effects on the environment is consistent with section 5 of the Act.</p> <p>The proposed objective applies to land that is already designated for aerodrome purposes. The majority of the land although zoned rural, is not considered to be an outstanding natural feature or landscape.</p> <p>A portion of the airport zone will extend into the Shotover River delta, which has been deemed to be outstanding in the operative District Plan. While the active river bed displays natural character and landscape value, its margins have been substantially modified by existing airport activities (RESA), industrial activities and river flood protection works.</p> <p>In terms of heritage values it is noted that there are a number of protected heritage features in the operative District Plan within the land designated for Aerodrome Purposes. These features will remain as part of the proposed rezoning and the provisions relating to heritage will apply and therefore sufficiently protect any significant heritage values.</p> <p>Any relevant section 6 matters are therefore recognised and provided for and will not be adversely affected by the proposed objective.</p> <p>Achieving the proposed objective will result in a</p>

	<p>more efficient use of resources than the current zoning provides for and will result in the development of the Airport in a way that will result in the maintenance of amenity values and environmental quality.</p> <p>There are no known Treaty principles that will be affected by this objective. The proposed objective is not contrary to the Kai Tahu ki Otago resource management plan or the Ngai Tahu Ki Murihiku Natural Resource and Environmental Iwi Management Plan.</p> <p>This objective is consistent with Goal 3 of the Strategic Directions chapter.</p> <p>This objective also gives effect to RPS objectives 5.4.2, 9.4.1 and 9.4.3 and RPS policies 5.5.3 and 9.5.4 (refer to Attachment 1 for an assessment of the proposed chapter against these provisions).</p>
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The above objectives have been considered against Part 2 of the Act, the RPS, and the draft Strategic Directions chapter of the proposed plan. When compared against the objectives of the operative District Plan, the proposed objectives are considered the most appropriate method of achieving the purpose of the Act, as they identify and give direction as to the how the specific issues that pertain to the Queenstown Airport Mixed Use Zone are to be addressed.

9. Evaluation of broad options for achieving Objectives Section 32 (1) (b)(i)

As required by section 32(1)(b)(i) RMA, the following section considers various broad options considered to address the issues identified in Section 6 of this report and are therefore considered the most appropriate way of achieving the new objectives. Recommendations are made as to the most appropriate course of action in each case. For the purposes of this assessment, the issues have been broadly grouped into two categories:

Issue 1: Providing for long term sustainable management of Queenstown Airport;

In addressing Issue 1, Option 1 generally seeks to retain the operative District Plan provisions as they stand. Option 2 seeks to amend and improve the operative District Plan provisions, whilst retaining the operative District Plan Zoning (including the retention of the operative Queenstown Airport Mixed Use and Rural General Zoning). Option 3 would not significantly depart from the operative District Plan provisions, however additional activities to meet the demands and needs of the Airport would be included. The entirety of the land that is subject to the Aerodrome Designation would also be included in the revised zone.

Issue 2: Balancing the operational requirements of the Queenstown Airport with residential amenity and outlook, including the Airport as a key strategic gateway to the District.

In addressing Issue 2, Option 1 again seeks to retain the operative District Plan provisions as they stand. Option 2 seeks to amend and improve the operative District Plan provisions, by creating consistency with the development standards of neighbouring zones (where appropriate), while considering the adoption of non-statutory guidelines. Option 3 comprises a complete review of the existing standards, including the mandatory implementation of urban design guidelines.

Broad options considered to for achieving the objectives (Section 32(1)(b)(i))

Issue 1: Long term growth and sustainable management of the Airport (Objective 6.3.1)

Option 1: Retain the provisions and zoning of the operative District Plan.

Option 2: Amend and improve the operative District Plan provisions, whilst retaining operative District Plan zoning.

Option 3: Amend and improve the operative District Plan provisions, and explore options to enable further development opportunities which complement the efficient operation of Queenstown Airport. Consider amendments to the operative District Plan zone boundaries to establish consistency with the Aerodrome Purposes Designation (Designation D.1).

	Option 1: Status quo/ No change	Option 2: Amend operative provisions whilst retaining existing zoning	Option 3: Comprehensive review that enables activities that complement the Airport (including zone boundaries)
Cons	<ul style="list-style-type: none"> • Inconsistency in the nature, scale and intensity of activities anticipated by the Aerodrome Purposes designation and the underlying zones. • The Airport will not be able to adequately provide for its anticipated growth and development, having a corollary effect on the growth of the local and regional economy. • The existing Queenstown Airport Mixed Use Zone provides for a limited area of Airport related activity. This restricts growth of the Airport and will have a detrimental effect on the economic wellbeing of the community. • Uncertainty and delays for third parties requiring consent for activities which are anticipated within the designation, but not within the zone. 	<ul style="list-style-type: none"> • Has costs associated with going through the District Plan Review process (but this is required by legislation). • Inconsistency in the nature, scale and intensity of activities anticipated by the Aerodrome Purposes designation and the underlying zones. • Limited opportunities for other parties to operate complementary or ancillary activities within the Airport surrounds. • Resource consents would be required for future development of airport related activities within the Rural General zone. Airport related activities are not anticipated in this zone, resulting in consenting uncertainty, delays and costs. 	<ul style="list-style-type: none"> • Loss of some rural land (however this is owned by QAC and typical farming activities are not anticipated within operational airport areas). • Activities that are incompatible with airport operations and do not relate to the efficient operation of the airport would be prohibited, potentially creating loss of economic opportunities. • Financial costs associated with going through the District Plan Review process (but this is required by legislation).

Pros	<ul style="list-style-type: none"> Retains the established approach which parties are familiar with. Low cost for Council. 	<ul style="list-style-type: none"> Within appropriately zoned areas it will provides for the types of activities demanded of modern airports and provides certainty around their establishment. Retains but improves the approach parties are familiar with. 	<ul style="list-style-type: none"> Provisions and zoning which meet the long term demand for the airport will provide significant economic benefits to the region. New industries and business opportunities corollary to the primary airport functioning will be better enabled. Ensures Queenstown Airport is recognised as a strategic and significant physical asset. Creates consistency between activities anticipated by the Aerodrome Purposes designation and the underlying zones. Potential streamlining opportunities, with QAC managing the overall zone management and development.
Ranking	3	2	1

Option 1 would generally allow the familiarity of users of the zone provisions to remain but would not address the resource management issues identified in Section 6.

Option 2 recognises that some of the existing provisions of the operative District Plan are effective, however there are amendments which could further improve their effectiveness. Option 2 does not adequately protect or provide for the Airport (in its entirety) as a significant physical resource.

Option 3 would not significantly depart from the operative District Plan provisions or those that would be amended via Option 2, however the changes to the zoning would enable activities ancillary and necessary to the functioning of an effective and efficient airport to establish within the wider Airport environs. Option 3 would also streamline the provisions of the zone with the overlying Aerodrome Purposes designation (Designation D.1). Option 3 is therefore the most reasonably practicable option for achieving the objectives and addressing the resource management issues identified in Section 6.

Option 3 is considered the most reasonably practicable option for achieving the objectives of the proposed chapter.

Issue 2: Balancing the operational requirements of Queenstown Airport with maintaining residential and visual amenity and “gateway” to the District (Objective 6.3.2)

Option 1: Retain the provisions of the Operative District Plan.

Option 2: Review the operative bulk and location standards (in light of the nature and scale of activities anticipated by Queenstown Airport’s Aerodrome Designation (Designation D1) and consider combination of statutory and non-statutory methods.

Option 3: Comprehensive review and development of operative bulk and location performance and urban design standards.

	Option 1: Status quo/ No change	Option 2: Statutory and non-statutory methods	Option 3: Comprehensive bulk and location development standards and urban design requirements
Cons	<ul style="list-style-type: none"> The operative policies do not adequately recognise the balance between providing for airport growth and achieving acceptable levels of amenity. The operative standards do not reflect the bulk and location anticipated at the airport, or in neighbouring zones resulting in loss of comparable development opportunities. QAC undertakes extensive master and urban planning exercises. There is no reference to, or encouragement of, adherence to these documents. 	<ul style="list-style-type: none"> Has costs associated with going through the District Plan Review process (but this is required by legislation). Would result in a change from the status quo – Plan users would need to become familiar with new provisions. No ability for the Council to enforce non-statutory methods. 	<ul style="list-style-type: none"> Has costs associated with going through the District Plan Review process (but this is required by legislation). Opens up some parts of the plan which are currently settled. Providing statutory weight to urban design guidelines would result in a requirement for a plan change each time the guidelines are updated. Would result in a change from the status quo – Plan users would need to become familiar with new provisions. Implementing stringent urban design requirements may result in a ‘one size fits all’ approach, and may lead to a lack of diversity in buildings.

Pros	<ul style="list-style-type: none"> • Maintains the established approach which parties are familiar with. • Low cost for Council. • Some provisions of the operative District Plan are working well. 	<ul style="list-style-type: none"> • Non-statutory methods encourage creative, site-specific responses. • Opportunity to review and update the methods without entering into a plan change process. • Some provisions of the operative District Plan are working well, but could be improved with further minor amendments. 	<ul style="list-style-type: none"> • Performance standards provide certainty and the ability to avoid the resource consent process. • Ability to avoid the resource consent process means potential for reduced financial and time costs, and avoids risk of notification or appeal. • Resource consent process would still apply for developments exceeding performance standards.
Ranking	3	1	2

Option 1 would generally allow the familiarity of users of the zone provisions to remain but would not address the resource management issues identified in Section 6.

Option 2 is recognises that some of the existing provisions are effective, however further amendments and implementation of non-statutory methods could further enhance the zone.

Option 3 would require the implementation of extensive urban design standards which may result in overregulation and would result in a plan change each time the urban design guidelines were amended. QAC undertakes extensive urban design and master planning exercises to identify the best development options for the airport over the longer term. Given their overarching management of the zone due to their role as the primary landowner and requiring authority, Option 3 would result in unnecessary regulation.

Option 2 is considered the most reasonably practicable option for achieving the objectives of the proposed chapter.

10. Scale and Significance Evaluation – Section 32(1)(c)

The level of detailed analysis undertaken for the evaluation of the proposed objectives and provisions has been determined by an assessment of the scale and significance of the implementation of the proposed provisions in the Queenstown Airport Mixed Use Zone chapter. In making this assessment, regard has been had to the following, namely whether the objectives and provisions:

- Result in a significant variance from the existing baseline (Section 32(3)).
- Have effects on matters of national importance.
- Adversely affect those with specific interests, e.g., Tangata Whenua.
- Involve effects that have been considered implicitly or explicitly by higher order documents.
- Impose increased costs or restrictions on individuals, communities or businesses.

11. Evaluation of the proposed provisions Section 32 (1)(b)(ii)

Under section 32 (2)(a) an assessment under section 32(2)(1)(b)(ii) must identify and assess the benefits and costs of the environmental, economic, social, and cultural effects that are anticipated from the implementation of the provisions, including the opportunities for —

- (i) *economic growth that are anticipated to be provided or reduced; and*
- (ii) *employment that are anticipated to be provided or reduced (section 32(2)(a)).*

With respect to this proposed chapter the following assessments have been commissioned:

- Queenstown Airport Mixed Use Zone Economic Assessment (refer Attachment 3);
- Queenstown Airport Mixed Use Zone Acoustical review of proposed District Plan provisions (**Attachment 4**).
- Queenstown Airport Mixed Use Zone Transportation Assessment (**Attachment 5**)

The necessary assessment of the proposed policies, rules and other methods under sections 32(1)(b)(ii) and (2)(a), is provided below. The policies, rules and other methods that are specific to the Queenstown Airport Mixed Use zone have been assessed for their appropriateness in achieving the proposed objectives for the zone and the overarching Strategic Directions chapter of the proposed plan.

The proposed new policies outlined in this section seek to replace and improve on the operative policies of the District Plan. Many of the methods of the proposed chapter do not significantly depart from those of the operative District Plan.

(See also Table detailing broad options considered in Section 6, above)

Issue 1: Enabling provisions for long term growth and sustainable management of the Airport

Proposed Objective 6.3.1: Queenstown Airport is recognised as a generator of nationally and regionally significant economic, social and cultural benefits

(Strategic Directions Chapter)

Proposed Objective 3.2.1.1: To recognise, develop and sustain the Queenstown and Wanaka central business areas as the hubs of New Zealand's premier alpine resorts and the District's economy.

Proposed Objective 3.2.1.2: To recognise, develop and sustain the key local service and employment functions served by commercial centres and industrial areas outside of the Queenstown and Wanaka central business areas.

Proposed Objective 3.2.1.5: To maintain and promote the efficient operation of the District's infrastructure, including designated Airports, key roading and communication technology networks.

Summary of proposed provisions that give effect to these objectives:

- Enabling opportunities for third party operators to undertake aviation related activities which are anticipated within the Aerodrome Purposes designation.
- Enabling opportunities for activities to establish which are corollary to the primary operational imperatives of the Airport.
- Providing sufficient land to meet the foreseeable future requirements of the Airport, and recognition of the Airport and its associated infrastructure within the District Plan provisions.

Issue 2: Balancing the operational requirements of Queenstown Airport with maintaining residential and visual amenity and “gateway” to the District.

Proposed Objective 6.3.2: Provision for the requirements of Queenstown Airport is balanced with achieving an acceptable level of amenity for those using the airport and for those residing on neighbouring land.

(Strategic Directions Chapter)

Proposed Objective 3.2.3.1: To achieve a built environment that ensures our urban areas are desirable and safe places to live, work and play.

Summary of proposed provisions that give effect to these objectives:

- Revised development standards which reflect the nature, scale and intensity of development with the Aerodrome Designation (Designation D.2) and to the surrounding zone requirements.
- Promotion of urban design principles.

Proposed provisions	Environmental, Economic, Social and Cultural Costs	Environmental, Economic, Social and Cultural Benefits	Effectiveness, Efficiency & Appropriateness
Policy 6.3.1.1 <i>Provide for those aviation activities necessary to enable Queenstown Airport to operate in a safe and efficient manner.</i>	<p>Providing for an increase in land based aviation related activities by third party operators (i.e. not the requiring authority) may result in a perceived acoustic amenity cost for surrounding zones. Marshall Day Acoustics have reviewed the land based noise requirements of the zone to ensure their appropriateness and currency relative to the surrounding zones (Attachment 4). The recommendations of Marshall Day Acoustics have been adopted to mitigate potential noise effects. Aircraft noise would continue to be managed via the Air Noise Boundary designation.</p> <p>Aviation related activities within the zone will continue to be secondary to the operational imperatives of Queenstown Airport. Civil Aviation Authority regulations will also prevail within the zone.</p>	<p>This policy ensures that existing and future aviation activities and infrastructure are recognised and provided for within the District Plan.</p> <p>The assessment prepared by Market Economics (refer Attachment 3) has quantified the contribution the airport makes to the wider economy. Queenstown Airport facilitates tourism spending with a total effect to of between \$592 and \$638m (value added effect) within the Queenstown Lakes District, sustaining in the order of 14,885 to 15,948 jobs. Specific provision for aviation activities within the zone therefore reinforces the significance of Queenstown Airport as a significant contributor to the local and regional economy, which, inherently provides for the social wellbeing of the community.</p> <p>The clarity provided by the specific provision of aviation activities also reduces the opportunity costs of uncertainty in the regulatory environment. The policy provides certainty for aviation activities to be undertaken by parties who cannot currently</p>	<p>The policy is effective in achieving the objective as it recognises that the Airport is a key physical resource that requires flexibility to develop and grow to meet passenger growth demands in a safe and efficient manner.</p> <p>The policy is an efficient means of implementing the objectives, providing for an organised and holistic approach for utilising the Airport as a physical resource, without undue regulation.</p> <p>The policy is appropriate for achieving proposed Objectives 6.3.1 and 3.2.15.</p>

		rely upon the requiring authority's Aerodrome Purposes designation (Designation D.1) or the operative District Plan provisions to operate (with respect to the current Rural General Zoning – refer to Policy 6.3.1.3 below).	
<p>Policy</p> <p>6.3.1.2</p> <p><i>Provide for a range of airport related service, business, industrial and commercial activity to support or complement the functioning of Queenstown Airport.</i></p>	<p>Economic costs could result from an oversupply of commercial and/or industrial opportunities within the wider Frankton Flats area. Given the aviation focus of the zone, and the limited supply of land available for aviation related activities, only those activities that are ancillary to and require or significantly benefit from an airport location are anticipated within the zone, with oversight of the QAC as the primary landowner as to their appropriateness in meeting the demands of the Airport.</p> <p>The inclusion of permitted airport related activities (including industry, commercial activities, , office accommodation and land transport facilities) which previously had some level of control within the operative District Plan have the potential to give rise to acoustic and reverse sensitivity effects both within and beyond the zone. Marshall Day Acoustics have reviewed the land based noise requirements of the zone to ensure their appropriateness and currency relative to the surrounding zones (Attachment 4). The recommendations of Marshall Day Acoustics have been adopted to mitigate potential noise effects. Aircraft noise would continue to be managed via the Air</p>	<p>This policy enables those activities which complement the efficient operation of Queenstown Airport.</p> <p>Modern airports demand a diverse range of activities to provide for their efficient operation. This policy establishes the framework for methods to meet this demand by providing for new support and complementary activities previously not provided for within the zone, including farming, visitor accommodation, commercial activities and industry. Such activities would be corollary to the primary functioning of the Airport.</p> <p>Permitting activities which support or complement the functioning of Queenstown Airport creates economic efficiencies through the removal of unnecessary consenting requirements. This also provides certainty for ancillary activities which support or complement the efficient operation of Queenstown Airport whom cannot rely upon the requiring authority's Aerodrome Purposes designation to operate. The report prepared by Market Economics (Attachment 3) sets out opportunity cost associated with uncertainty. This analysis revealed that economic value (value added) of a year's delay is \$53.4m and 780 jobs-years.</p>	<p>This policy will be effective in achieving the objective as it provides for those activities that contribute to the successful functioning of the airport, and benefit from an airport location.</p> <p>The policy is efficient as it will enable a range of airport related activities to establish as permitted activities within the Queenstown Airport zone. This will assist the growth and development of the airport as a whole which will further realise the benefits associated with the Airport.</p> <p>The policy is the most appropriate for achieving the objectives.</p>

	<p>Noise Boundary designation.</p> <p>In terms of effects on the transportation network, Carriageway Consulting have undertaken a transportation assessment for the proposed chapter (Attachment 5). Carriageway Consulting considers that the requirement for activities to be aviation related, or to complement the functioning of the airport, means that the extent of any additional traffic generation will be limited. This is compared to the existing baseline established by the operative District Plan provisions.</p>	<p>Market Economics have set out a notional development scenario of land use activities within the revised zone extent, based on the types and ratios of activities occurring at airports throughout New Zealand. The economic contribution (impacts and flow on effects) of enabling the activities outlined was estimated at \$53.4m (VA), supporting approximately 780 jobs (refer to Attachment 3). Provision for ancillary and complementary activities will therefore contribute to economic and social wellbeing of the community, creating both direct and indirect employment opportunities.</p>	
<p>Policy</p> <p>6.3.1.3</p> <p><i>Zone sufficient land to meet the foreseeable future requirements of activities that support or complement the functioning of Queenstown Airport.</i></p> <p>District Planning Maps – Proposed amendments to Planning Maps 31 and 33 to rezone the Queenstown Airport Mixed Use Zone</p>	<p>Land within the Aerodrome Designation currently zoned Rural General will be rezoned Queenstown Airport Mixed Use. There will not be any loss of agricultural opportunities, as farming will continue to be provided for as an activity which is ancillary to the efficient functioning of Queenstown Airport (i.e. maintenance and use of vacant land resource).</p> <p>The provision of additional land for development of aviation related or complementary activities may have effects on the provision of services, both utilities and roading. Both the NZ Transport Agency (as the road controlling authority for State Highway 6), and the Queenstown Lakes District Council (as the provider of local roads and three waters infrastructure) are currently investigating the capacity of these networks, with the intent for future upgrades.</p>	<p>The areas proposed to be rezoned (Attachment 6) represent the logical expansion of the zone, being entirely consistent with the extent of the Aerodrome Purposes designation which provides for Aerodrome activities, including both operational and landside facilities.</p> <p>The proposed rezoning will provide recognition of Queenstown Airport and its associated infrastructure on Frankton Flats, and protect its future development and use as a strategic transportation and economic hub.</p> <p>The assessment prepared by Market Economics (refer Attachment 3) has determined that the potential economic contribution from the proposed rezoning is in the order of approximately \$53.4m (value added), supporting approximately 780 jobs. These economic and employment opportunities cannot be realised without appropriate zoning of this land. Such</p>	<p>The policy and associated changes to the District Plan maps address an identified need to provide additional capability for airport related activities to establish within the wider Airport environs. This will be effective in sustaining and enhancing growth at Queenstown Airport, which is vital to the District's tourism industry.</p> <p>The changes will also result in economic efficiencies, whereby the regulatory framework will anticipate such aviation and aviation related activities within the zone (as opposed to the Rural General Zone). Additional efficiencies will accrue from the consistency in the Aerodrome Designation and zone extent.</p> <p>The new policy is the most appropriate for achieving the objective.</p>

	<p>While the effects of the proposed chapter on these services is difficult to quantify at this stage, it is anticipated that development contributions and rates obtained from activities occurring within the zone would provide for new and ongoing maintenance and repair of such assets. It is noted that operational imperatives will mean less than 20% of the proposed zone could be used for landside activities, with obstacle limitation surfaces further reducing the ability of this land to be developed. Further, the proposed chapter does not deviate significantly from the existing level of development that is anticipated via the Aerodrome Purposes designation. This is confirmed in the assessment prepared by Carriageway Consulting (refer Attachment 5).</p> <p>Enabling larger areas of land to be developed for land use activities may result in an increase in noise effects from land based activities. The acoustic effects with respect to the proposed zone are discussed with respect to Policy 6.3.1.1 and 6.3.1.2, please refer above and Attachment 4.</p>	<p>economic benefits will also have inherent social benefits in terms of household incomes.</p> <p>Market Economic have also identified that additional economic benefits will accrue from the investment certainty created by the proposed rezoning (Attachment 3). Significant investment certainty arising from the clarity of the proposed provisions is valued at between \$41.8m and \$172m across six different development delay scenarios.</p> <p>As set out by Market Economics (refer to Attachment 3), Queenstown Airport is experiencing rapid passenger growth, with passenger numbers projected to rise from 1.25m the year ending June 2014 to 1.78m by 2025 and 2.57m by 2037. Based on Ministry of Business, Innovation and Employment tourism forecasts and passenger growth rates, total tourism spending is projected to increase by between 3.4 and 3.9 percent per annum. This is expected to take the total tourism spending facilitated by Queenstown Airport to between \$1.1bn and \$1.4bn.</p> <p>The proposed rezoning will therefore provide for the long term needs of Queenstown Airport in responding to such passenger and tourism spending growth, providing for the economic wellbeing of the community.</p>	
<p>Policy</p> <p>6.3.2.1</p>	<p>There may be additional construction costs arising from the implementation of this policy, via the requirement for quality urban design principles to be adopted</p>	<p>Queenstown Airport accommodated 1.25m passenger movements to year ending June 2014. With these numbers forecast to grow significantly by 2025 (1.78m), this policy</p>	<p>The proposed policy is effective in providing clear guidance to plan users and decision makers that the zone is to be developed to a high standard in</p>

<p><i>Maintain Queenstown Airport as a memorable and attractive gateway to the District.</i></p>	<p>throughout the entire zone.</p>	<p>recognises the significant role of the Airport in providing a memorable gateway to the District.</p> <p>The Airport is a key gateway into the District and a high level of external amenity and visual coherence in terms of development must be maintained. In this regard, development standards with respect to building design, coverage, and height are proposed to control the visual amenity effects from beyond the zone boundary. Additional standards around signage and landscaping are also proposed along the public interface with the zone.</p> <p>This policy will also beneficial environmental and social outcomes, through the management of adverse amenity effects.</p>	<p>order to provide an iconic and memorable first and lasting impression of the District.</p> <p>This proposed policy is considered to be efficient in terms of District Plan administration through providing clear guidance of the expected environmental outcomes for the zone.</p> <p>The proposed policy has been assessed the most appropriate way of achieving the objective.</p>
<p>Policy 6.3.2.2</p> <p><i>Manage adverse effects on amenity values arising from the on-going development, use and maintenance of Queenstown Airport.</i></p>	<p>There costs of including this new policy are similar to those discussed under the costs of Policy 6.3.2.1, please refer above.</p> <p>This policy may also give rise to amenity effects both within and beyond the zone. As discussed in relation to Policy 6.3.2.1, development standards have been adopted to manage these effects. This is also set out in the vision statement of the QAC, which seeks to “Seize the challenge to make Queenstown easy to get to, with an airport experience that leaves a wonderful first and last impression” (Attachment 2).</p>	<p>This policy is proposed to facilitate development in the Queenstown Airport Mixed Use Zone that accords with best practice urban design principles, maintains the amenity of the zone.</p> <p>This policy recognises that in some instances however, there are functional and operational imperatives of the airport that necessitate a certain approach to the built form and function. These may be somewhat utilitarian in appearance, however with good urban design, the effects can be minimised and contained within the zone. In this regard QAC undertakes extensive urban design and master planning exercises which set out the development framework to balance the operational requirements of the Airport with the amenity of the key gateway to the</p>	<p>The proposed policy gives effect to the objective through clear recognition that amenity values within the zone will need to be balanced with the functional requirements of the airport.</p> <p>This policy is effectively complemented by Policy 6.3.2.1 which seeks to maintain Queenstown Airport as a memorable gateway to the District. External amenity values will therefore be protected as far as possible via Policy 6.3.2.1, while this policy seeks to recognise that internal amenity values may be somewhat constrained by functional or technical requirements of airport, or aviation related operations.</p> <p>The policy will assist the efficient</p>

		<p>District. As the primary landowner within the zone, it has been determined that QAC can exercise a degree of control, ensuring the built form is consistent with its long term vision and operational requirements.</p> <p>Non statutory methods will further encourage an appropriate balance between managing amenity effects and the built form of the Airport.</p>	<p>development, use and maintenance of Queenstown Airport.</p> <p>The efficiency and effectiveness of the proposed policy will assist in achieving the proposed objective.</p> <p>The proposed policy has been assessed the most appropriate way of achieving the objective.</p>
<p>Policy</p> <p>6.3.2.3</p> <p><i>Avoid the establishment of activities that are incompatible with the ongoing operation and functioning of Queenstown Airport.</i></p>	<p>This policy sets out the framework to retain the prohibited activity status for incompatible activities which are currently prohibited within the operative District Plan. No significant costs have therefore been identified.</p>	<p>Incompatible land use activities which have the potential to adversely affect the long term sustainable use and development of the airport will be prevented from establishing with the Queenstown Airport Mixed Use Zone. This is consistent with the Operative District Plan.</p> <p>In preventing the establishment of sensitive activities within the zone (such as residential activities), this policy will also protect the health and safety and wellbeing of the community.</p> <p>Associated methods seek to retain the prohibited activity status for many activities which are currently prohibited in the operative District Plan. Minor drafting amendments have consolidated the list to reflect how the activities are defined.</p>	<p>These provisions will be effective in limiting the development of activities that are incompatible or conflict with airport operations. This will assist to protect the ongoing operation of the airport and sustainably manage its future growth.</p> <p>The proposed policy has been assessed the most appropriate way of achieving the objective.</p>
<p>Activity</p> <p>6.4.2.1</p> <p><i>Any airport activity or airport related activity or farming</i></p>	<p>The costs and effects of retaining (and slightly amending) this operative District Plan rule are similar to those discussed under the costs of Policy 6.3.1.2, please refer above.</p>	<p>The benefits of retaining (and slightly amending) this operative District Plan rule are similar to those discussed under the benefits of Policy 6.3.1.2, please refer above.</p> <p>In addition to the benefits outlined with respect to Policies 6.3.1.1 and 6.3.1.2, these</p>	<p>The retention of the operative rule is considered to be an efficient and effective means to give effect to the objectives.</p> <p>The inclusion of additional activities previously not permitted in the zone is</p>

<p><i>activity which complies with all the relevant rules in section 6.5 shall be Permitted Activity.</i></p>		<p>methods complement QAC's mission statement as set out in the Statement of Intent 2015-2017 which seeks <i>"to provide airport and related facilities in the district and meet the growing needs for airport services to the Lakes District, to the highest quality in an economically sustainable manner and in the best interests of the community"</i> (Attachment 2).</p>	<p>effective at implementing the objective, but is also generally more consistent with enabling the range of activities currently occurring and provided for within the Aerodrome Designation. This structure creates consistency and efficiency between the designation and the zone provisions.</p> <p>The rule is therefore considered to be the most appropriate way of achieving the objective.</p>
<p>Activity</p> <p>6.4.2.2</p> <p><i>Any non-airport related activity which is not listed as Prohibited, with Council's discretion restricted to:</i></p> <p>(a) <i>Design, external appearance and siting of buildings and structures;</i></p> <p>(b) <i>Traffic generation, vehicle parking, site access and servicing, including provision for an integrated transport assessment;</i></p> <p>(c) <i>Landscaping and screening of any</i></p>	<p>This rule creates potential opportunity cost of uncertainty for activities that want to establish within the zone, but are not directly airport related.</p>	<p>This rule enables Council to retain some discretion around the necessity or otherwise of activities establishing in an Airport locale that are not entirely dependent or reliant on an Airport location.</p> <p>The matters of discretion provide an ability for the Council to consider the potential environmental and economic effects of the activity.</p>	<p>The rule is effective in recognising that there may be activities that are not dependent upon an Airport location, however contribute positively to the economic hub of the Airport.</p> <p>The rule is efficient as it retains a level of control which will enable more detailed consideration of the wider impacts of non-airport related activities establishing within the zone.</p> <p>The rule is therefore considered to be the most appropriate way of achieving the objective.</p>

<p><i>outdoor storage;</i> (d) <i>The extent to which the activity benefits from an Airport location.</i></p>			
<p>Rules</p> <p>6.4.2.3 to 6.4.2.9 (inclusive)</p> <p><i>Forestry, Factory Farming, Mining Activities, Offensive Trade Licence under the Health Act, Residential Activities, Community Activities, Day Care Facilities</i></p>	<p>This rule seeks to retain the prohibited activity status for many activities which are currently prohibited within the operative District Plan. There costs of retaining these rules are similar to those discussed under the costs of Policy 6.3.2.3, please refer above.</p>	<p>This rules seeks to retain the prohibited activity status for many activities which are currently prohibited in the operative District Plan. Minor drafting amendments have consolidated the list.</p> <p>The benefits of including this new policy are similar to those discussed under the costs of Policy 6.3.2.3, please refer above.</p>	<p>This rule is an effective and efficient and is continues to prohibit the establishment of incompatible land use activities within the zone.</p> <p>This approach will continue to secure the operational and functional requirements of the airport by avoiding the establishment of incompatible land use activities within close proximity to the Airport, and is therefore considered the most appropriate means of achieving the objective.</p>
<p>Rule</p> <p>6.5.1</p> <p>Site coverage</p>	<p>No significant costs have been identified.</p>	<p>The currently operative maximum building coverage requirements have been retained.</p> <p>The benefits of including this rule are similar to those discussed under the benefits of amending Policies 6.3.2.1 and 6.3.2.2, please refer above.</p>	<p>Operational requirements result in a large areas of the zone being free from development. This site coverage provides for the efficient use of land where operational constraints allow.</p> <p>The retention of the site coverage standard provides an appropriate balance between retaining amenity and providing sufficient land for airport and airport related activities within the zone.</p> <p>The rule is therefore considered to be the most appropriate way of achieving the objective.</p>

<p>Rule</p> <p>6.5.2</p> <p>Minimum Building Setback</p>	<p>Amending the operative setback of buildings from adjacent residential zones from 10m to 5m, other adjacent zones from 10m to 3m) and from adjacent roads from 6m to 5m will result in buildings being located closer to property boundaries. These effects will be limited however, by building height controls, which will further be restricted by the obstacle limitation surface.</p> <p>The rule creates a restriction on the use of sites at the interface with adjacent zones. Where a development does not achieve the setbacks, resource consent will be required for a discretionary activity. It is considered that the costs associated with this rule are minor, and are outweighed by the benefits.</p>	<p>Amending the operative setback requirements will enable greater development opportunities and use of a limited land resource.</p> <p>Additional benefits of retaining this standard are also similar to those discussed under the benefits of amending Policies 6.3.2.1 and 6.3.2.2, please refer above.</p> <p>The proposed setback standard will also result in built outcomes that are consistent with adjoining zones, noting that Remarkables Park Zone has a 1.5m building setback, and the adjacent Frankton Flats (B) Activity Area D has no side or rear boundary setbacks, with setbacks within this area only applying where a boundary adjoins the Rural General zone or a road boundary. Note, the establishment of buildings within these zones however is subject to a controlled activity consent.</p>	<p>This standard is clear and easily interpreted and is an efficient method for managing the effects of buildings and in particular the effects on streetscape and adjoining activities.</p> <p>This rule will be effective in providing management of the siting of buildings along the boundary of the zone.</p> <p>The setback requirement coupled with other building and urban design controls will ensure that the effects on amenity values are appropriately managed.</p> <p>The proposed will assist in achieving the objectives and is considered appropriate for managing the effects of built development along the interface of the Queenstown Airport Mixed Use Zone with adjacent zones.</p> <p>The rule is therefore considered to be the most appropriate way of achieving the objective.</p>
<p>Rule</p> <p>6.5.3</p> <p>Maximum Building Height</p>	<p>Increasing the maximum permitted building height may result in shading effects in some areas. The height may also impinge of vistas towards the Remarkables.</p> <p>The actual building height throughout much of the zone will be significantly less than the 12m proposed due to the presence of the obstacle limitation surface. These surfaces limit the construction of any structure or facility</p>	<p>These proposed provisions establish a revised maximum building height from 9m to 12m. These height limits increase the permitted height from the status quo. This will result in benefits in terms of the efficient use of the site, where the obstacle limitation surface enables.</p> <p>The building height has also been evaluated in context of surrounding land uses. The height limits are consistent with those permitted within Activity Area 5 of the</p>	<p>Height limits are an effective tool for managing the effects of built development while providing for the efficient use of land.</p> <p>The proposed provisions are effective in maximising the efficient use of the land while managing the effects of this use.</p> <p>Taking into account efficiency and effectiveness of this provision, the rule is considered to be the most</p>

	which may inhibit the safe and efficient operation of Queenstown Airport. This includes plant and machinery that may be required during construction.	adjacent Remarkables Park Zone. Permitted buildings to a height of 12m is consistent with the current and future level of development in the Frankton area.	appropriate way of achieving the objective.
Rule 6.5.4 Landscaping	<p>The requirement to provide minimum site landscaping of 10% has been removed. The minimum landscaping strip depth of 4m has also been reduced to 3m. This could potentially result in the establishment of larger areas of impermeable space, with an overall reduction in landscaped area and amenity.</p>	<p>These rules are largely consistent with the requirements of the Operative District Plan, with minor amendments proposed.</p> <p>Landscaping, other than well maintained grass, is often inappropriate at airports for operational and safety reasons. The removal of the 10% landscaping requirement provides recognition of this. The urban design guidelines prepared and implemented by the QAC will identify areas where high quality landscaping is appropriate.</p> <p>It is important to provide well landscaped areas along the roading interface of the Airport and Lucas Place and Hawthorne Drive. The proposed 1m reduction in the average landscaping strip width will enable greater development opportunities near these boundaries, whilst maintaining the amenity along these road frontages.</p>	<p>Providing minimum landscaping requirements is an effective tool for managing the effects of built development.</p> <p>The proposed provisions are effective in maximising the efficient use of the land while maintaining a level of amenity within the zone.</p> <p>The revised landscaping standards provide an appropriate balance between the operational requirements of the Airport and the visual amenity of the zone. The rule is therefore considered to be the most appropriate way of achieving the objective.</p>
Rule 6.5.5 Building Design and Glare	No significant costs have been identified.	<p>Amendments to the rule are proposed to create clarity and certainty for plan users. Some elements of the operative rule have also been deleted for clarity.</p> <p>The benefits of including this new standard is similar to those discussed under the benefits of Policy 6.3.2.1, please refer above. The reflectivity standards proposed are also in line with Environment Court recommendations with regards to building reflectivity in the vicinity of Queenstown</p>	<p>Minimum standards are an effective tool at managing adverse glare and lighting effects.</p> <p>The rules create efficiencies in the District Plan by focusing of the key areas of glare and lighting that require management in the context of an airport setting. Avoiding over prescriptive lighting requirements will ensure the Airport can response to any changes in operational and/or health and safety requirements without the</p>

		Airport.	<p>need for plan change.</p> <p>The rule is therefore considered to be the most appropriate way of achieving the objective.</p>
<p>Rule</p> <p>6.5.6</p> <p>Maximum Noise – Land Based Activities</p>	<p>Enabling longer operational hours for land based activities within the zone may impact on amenity of nearby residential properties. Marshall Day Acoustics have provided recommended land based noise limits for the zone (Attachment 4) to mitigate these effects. These recommendations have been adopted.</p>	<p>The adoption of these noise standards is intended to ensure that an appropriate level of acoustic amenity is maintained for those using land and residing on land within the adjacent zone, including for the owners and occupiers of adjacent land.</p> <p>Marshall Day Acoustics (Attachment 4) have reviewed the land based noise limits for consistency and currency with surrounding zones and the operational hours of Queenstown Airport. The revised rules provide for airport related activities which service the airport.</p>	<p>This rule is effective in managing adverse noise effects that may arise from new activities establishing within the zone.</p> <p>This standard will enable the efficient use of the zone through the specific management of land based noise effects.</p> <p>It is considered appropriate to facilitate land use activities within the zone, by appropriately managing noise effects.</p> <p>The rule is therefore considered to be the most appropriate way of achieving the objective.</p>
<p>Rule</p> <p>6.5.7</p> <p>HSNO</p>	<p>No significant costs have been identified.</p>	<p>Hazardous substances are regulated under the Hazardous Substances and New Organisms Act. In addition to this Act, the Civil Aviation Authority sets out regulations around the storage and use of such substances within Airport Environs. The Regional Plan: Waste also sets out rules and regulations around the management and use of hazardous substances.</p> <p>The proposed rule creates economic efficiencies by avoiding unnecessary duplication of controls provided for under other statutes and regulations.</p>	<p>The rule is both effective and efficient at providing for aviation related activities, whilst avoiding undue regulation which is provided for by other means.</p> <p>The rule is therefore considered to be the most appropriate way of achieving the objective.</p>

<p>Rule</p> <p>6.5.8</p> <p>Visitor Accommodation</p>	<p>Marshall Day Acoustics have identified that reverse sensitivity and adverse noise effects would need to be adequately managed within the zone in order to accommodate visitor accommodation (Attachment 4). Acoustic insulation building design and operational parameters are proposed to manage these effects.</p> <p>The acoustic insulation standards are proposed to address these matters. With respect to operational parameters, the Queenstown Airport Mixed Use Zone primarily includes land owned by or designated for QAC, therefore QAC can exercise a degree of control around the construction, management and location of such facilities. Notwithstanding this, it is anticipated that visitor accommodation within this zone would only provide for short term stays, primarily for people in transit.</p> <p>There are financial costs associated with adhering to this provision (noise insulation) which will be borne by the developer. This is considered appropriate.</p>	<p>Provision for short term visitor accommodation within the zone will create efficiencies and conveniences for airport passengers. Typically such people would expect and be sympathetic to a degree of noise from the airport. Acoustic insulation requirements are still considered necessary however, to meet a satisfactory internal noise environment.</p>	<p>The standard is considered to be an effective means of mitigating reverse sensitivity effects associated with visitor accommodation within the zone.</p> <p>The rule is efficient as it sets out the minimum requirements for Visitor Accommodation. Additional operational restrictions on such activities can also be implemented by QAC (as the primary landowner within the zone), who will maintain a degree of control over such uses via either direct ownership or lease arrangements. It is not efficient to duplicate those management requirements here.</p> <p>The rule is therefore considered to be the most appropriate way of achieving the objective.</p>
<p>Minimum Parking</p> <p>Car</p>	<p>No significant costs have been identified.</p>	<p>Car parking requirements in and around airports involves a set of unique considerations, in that many of the visitors to the airport utilise public transport, taxis or shuttles to reach the airport. Applying district wide rules to activities associated with the airport terminal building facilities would therefore likely result in an oversupply of parking and an inefficient use of the land</p>	<p>This rule is effective as it recognises the unique parking requirements of Airport. It also provides for the efficient use of Airport land.</p> <p>The rule is therefore considered to be the most appropriate way of achieving the objective.</p>

		<p>resource.</p> <p>With the exception of activities undertaken with the airport terminal building, car parking is proposed to be in accordance with the District Wide Transportation rules. The assessment completed by Carriageway Consulting (Attachment 5) has confirmed that this approach is appropriate.</p>	
Signs	<p>This rule potentially enables a proliferation of signage throughout the zone, impacting on the amenity of the District's Gateway.</p> <p>As outlined in relation to Policies 6.3.2.1 and 6.3.2.2, QAC and QLDC are aware that the Airport is a key gateway into the District. This is managed via the retention of District Wide signage provisions within 20m of the boundary.</p>	<p>The Queenstown Airport has functional and operational imperatives that necessitate a certain degree of signage. This rule recognises these requirements and provides for signage as a permitted activity where the effects of are internalised within the zone. This creates economic efficiencies through the removal of consent requirements for signage within the zone where the effects are internalised and managed by QAC.</p> <p>The amenity effects associated with signage at Airports are unique in that visitors are often unfamiliar with the surroundings, therefore require an additional level of instructional and directional signage. This rule also provides for these circumstances, yet maintains amenity beyond the zone by applying the District Wide signage rules where a sign is located within 20m of the zone boundary.</p>	<p>The rule is effective at achieving the objective as it recognises the unique signage requirements of the Airport, whilst maintaining amenity beyond the zone boundary.</p> <p>The rule is efficient as it removes undue consent requirements, particularly where the effects of the activity are internal to the site.</p> <p>The rule is therefore considered to be the most appropriate way of achieving the objective.</p>

<p>Non Regulatory Methods</p> <p>6.6.1</p> <p>6.6.2</p> <p>6.6.3</p>	<p>Costs associated with complying with the urban design requirements.</p>	<p>These provisions further enable Queenstown Airport to be a vibrant gateway to the District.</p> <p>The use of non-regulatory urban design methods will influence the amenity of the zone. QAC undertakes extensive urban design and master planning exercises which will be used to create a built form and character which maintains the Airport and its surrounds as an attractive gateway to the District. This approach encourages diversity in form and function, without undue regulatory constraints.</p> <p>The urban design guidelines prepared by QAC will be applicable for the entire zone.</p>	<p>These provisions are effective and efficient as they give effect to the various objectives by placing appropriate controls on Queenstown Airport Mixed Use Zone activities, whilst continuing to enable the establishment of a diverse range of activities.</p> <p>The non-statutory methods enable high quality urban design to be implemented within the zone, without creating an overly prescriptive “one size fits all” approach to land use development. This is considered to be an effective and efficient method to achieving positive amenity and visual outlook outcomes, with QAC regulating its implementation.</p> <p>The method is therefore considered to be the most appropriate way of achieving the objective.</p>
<p>Non-notification of applications</p> <p>6.7.1</p>	<p>Costs associated with the affected parties not being involved in the consent process.</p>	<p>This rule provides for the non-notification of resource consent applications within the zone.</p> <p>This creates economic efficiencies through the avoidance of consent delays. All activities which cannot achieve the permitted activity requirements default to a fully discretionary activity, therefore decision makers have the ability to decline consent should the effects be considered too great.</p>	<p>This provision is considered effective as it provides certainty around notification, however does not preclude the decision makers consideration of effects on other parties.</p> <p>The rule is efficient in that it removes potential delays in the consenting process.</p> <p>The method is considered to be the most appropriate way of achieving the objective.</p>

<p>Proposed Definition</p> <ul style="list-style-type: none"> • <i>Airport Activity</i> • <i>Airport related activity</i> • <i>Critical Listening Environment</i> • <i>Hangar</i> • <i>Indoor Design Sound Level</i> • <i>Landside</i> • <i>Outer Control Boundary</i> 	<p>No significant costs have been identified.</p>	<p>The new definitions are considered necessary to ensure consistent interpretation of the objectives, policies and rules of the draft chapter.</p> <p>With the exemption of airport activity and related activity, the definitions include those that have been through a recent and rigorous Environment Court process, and are considered to be the most appropriate means to describe nature of the activities occurring in and around Queenstown Airport.</p> <p>With respect to airport and airport related activities, the definition provides clear direction as to the types and range of activities that are permissible within the Queenstown Airport Mixed Use Zone. The activities are generally consistent with those provided by the Aerodrome designation.</p>	<p>The proposed definitions will assist with the efficient administration of the District Plan by clearly defining the activities to which they relate. It will be effective in determining the activity status of an activity.</p> <p>The definitions have been largely set out by the Environment Court, and are therefore considered to be appropriate.</p> <p>The provision is therefore considered to be the most appropriate way of achieving the objective.</p>
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12. Efficiency and effectiveness of the provisions

The above provisions are drafted to specifically address the resource management issues identified with the current provisions, and to enhance those provisions that already function well. A number of areas of the existing chapter have been removed to aid the readability of the Plan by keeping the provisions at a minimum, whilst still retaining adequate protection for the resource. The overlying Aerodrome Designation sets out a second and more onerous level control for land use activities within this zone, ensuring the airport meets Civil Aviation regulations.

By simplifying the objectives, policies and rules (the provisions), the subject matter becomes easier to understand for users of the Plan both as applicant and processing planner. Removal of technical or confusing wording, also encourages correct use. With easier understanding, the provisions create a more efficient consent process by reducing the number of consents required and by expediting the processing of those consents. Activities within this zone will continue to require QAC approval in accordance with Section 176(1)(b) of the RMA.

13. The risk of not acting

Section 32(2)(c) of the Act requires, in the evaluation of the proposed policies and methods, the consideration of the risk of acting or not acting if there is uncertain or insufficient information about the subject matter. of the policies, rules or other methods.

The risk of not acting in this case is the stifling of growth at Queenstown Airport as a result of the existing Plan provisions and zoning extent not protecting the Airport as a key physical resource or providing for its future growth. This would result in significant opportunity costs and delays for future business and employment opportunities for the community.

As noted above, the report prepared by Market Economics Limited has identified the significant role of Queenstown Airport in facilitating the future growth and prosperity of the Queenstown Lakes District and the local and regional economy. While the revised District Plan provisions do not differ significantly from the currently operative District Plan, they provide greater certainty in the types of activities anticipated by the QLDC in this area. The value added to the economy cannot be realised within the partial rezoning of land within this area

It is noted that under the status quo option, or by “not acting”, resource consents would be required for a number of activities at Queenstown Airport which could hinder or delay possible development opportunities. Resource consents within the currently rural general zoned land could be difficult to obtain under the objective and policy framework of the Rural General Zone. It is concluded that the revised chapter is necessary, as the risk of not acting would not address the need for Queenstown Airport’s landholdings to be zoned for airport related purposes.

Overall, the risk of not acting would be of far greater consequence than the risk of acting.

ATTACHMENT 1

Otago Regional Policy Statement 1998 Assessment

The Otago Regional Policy Statement (RPS) was made operative on 1st October 1998. Part of framework established under the Resource Management Act 1991 for the sustainable management of Otago's natural and physical resources, the RPS provides an overview of the resource management issues facing Otago, and sets policies and methods to manage Otago's natural and physical resources.

The key sections of the RPS of relevance to the Queenstown Mixed Use Airport Zone are outlined below.

Section 5: Land

Section 5 of the RPS relates to Land. Objectives 5.4.1 to 5.4.2 and Policies 5.5.3 to 5.5.4 are relevant to the proposed chapter.

Objective 5.4.1

To promote the sustainable management of Otago's land resources in order:

- (a) To maintain and enhance the primary productive capacity and life-supporting capacity of land resources; and*
- (b) To meet the present and reasonably foreseeable needs of Otago's people and communities.*

Objective 5.4.2

To avoid, remedy or mitigate degradation of Otago's natural and physical resources resulting from activities utilising the land resource.

Policy 5.5.3

To maintain and enhance Otago's land resource through avoiding, remedying or mitigating the adverse effects of activities which have the potential to, among other adverse effects:

- (a) Reduce the soil's life-supporting capacity*
- (b) Reduce healthy vegetative cover*
- (c) Cause soil loss*
- (d) Contaminate soils*
- (e) Reduce soil productivity*
- (f) Compact soils*
- (g) Reduce soil moisture holding capacity.*

Policy 5.5.4

To promote the diversification and use of Otago's land resource to achieve sustainable landuse and management systems for future generations.

Enabling the effective management and growth of Queenstown Airport at the Airport's current location enables sustainable growth of an existing resource. It also serves to meet the reasonably foreseeable needs of people and the community in providing for their social and economic wellbeing.

Section 9: Built Environment

Section 9 relates to the Built Environment. Objectives 9.4.1 to 9.4.3 and associated Policies 9.5.2 to 9.5.3 are relevant to the proposed chapter.

Objective 9.4.1 seeks:

To promote the sustainable management of Otago's built environment in order to:

- (a) Meet the present and reasonably foreseeable needs of Otago's people and communities; and*
- (b) Provide for amenity values; and*
- (c) ...*
- (d)*

The Queenstown Airport Zone provides for sustainable growth of Queenstown Airport, which will meet transport and economic needs of Otago's people and communities.

Objective 9.4.2 reads:

To promote the sustainable management of Otago's infrastructure to meet the present and reasonably foreseeable needs of Otago's communities.

The Airport is a key component of Otago's infrastructure allowing the local community to travel throughout New Zealand and overseas and providing a point of access for New Zealanders and overseas visitors. Providing for continued growth of Queenstown Airport in line with expectation and demand is essential. The proposed Queenstown Airport Zone will enable the sustainable growth and management of an existing critical component of regional infrastructure and is therefore wholly consistent with this objective.

Objective 9.4.3 reads:

To avoid, remedy or mitigate the adverse effects of Otago's built environment on Otago's natural and physical resources.

Queenstown Airport has been operating as an Aerodrome since 1936 and can be considered as one of the region's most important physical transportation resources. The proposed Queenstown Airport Zone will provide for management of the surrounding built environment in a manner complementary to the continued operations at the Airport.

Policy 9.5.2 relates to infrastructure and those parts relevant here are:

To promote and encourage efficiency in the development and use of Otago's infrastructure through:

- (a) *Encouraging development that maximises the use of existing infrastructure while recognising the need for more appropriate technology; and*
- (b) *...*
- (c) *...*
- (d) *Avoiding or mitigating the adverse effects of subdivision, use and development of land on the safety and efficiency of regional infrastructure.*

Queenstown Airport is a major component of the region's transport infrastructure. The Queenstown Airport Zone will enable the efficient future operation of the Airport at its current location and will assist to manage subdivision and land use around the Airport in a manner which does not adversely affect the on-going operation of the Airport. The proposed Queenstown Airport Zone is consistent with this policy.

The relevant parts of policy 9.5.3 are:

To promote and encourage the sustainable management of Otago's transport network through:

- (a) *...*
- (b) *...*
- (c) *...*
- (d) *Promoting the protection of transport infrastructure from the adverse effects of land use activities and natural hazards.*

Queenstown Airport forms part of Otago's transport network. The proposed Queenstown Airport Zone provides for the management of land use activities around the Airport in order to protect the on-going operation of the Airport. The proposed Queenstown Airport Zone is therefore consistent with this policy.

The relevant parts of policy 9.5.4 are:

To minimise the adverse effects of urban development and settlement, including structures, on Otago's environment through avoiding, remedying or mitigating:

- (a) *Discharges of contaminants to Otago's air, water or land; and*
- (b) *The creation of noise, vibration and dust; and*
- (c) *Visual intrusion and a reduction in landscape qualities; and*
- (d) *Significant irreversible effects on:*
 - (i) *Otago community values; or*

- (ii) *Kai Tahu cultural and spiritual values; or*
- (iii) *The natural character of water bodies and the coastal environment; or*
- (iv) *Habitats of indigenous fauna; or*
- (v) *Heritage values; or*
- (vi) *Amenity values; or*
- (vii) *Intrinsic values of ecosystems; or*
- (viii) *Salmon or trout habitat.*

Queenstown Airport forms part of the existing environment. The proposed Queenstown Airport Mixed Use Zone provisions seek to manage land use activities to ensure that ongoing effects of zone are appropriately avoided, remedied or mitigated through the implementation of zone standards. These standards will ensure that activities occurring within the zone are consistent with this policy.

Policy 9.5.5 relates to quality of life and amenity and reads:

To maintain and, where practicable, enhance the quality of life for people and communities within Otago's built environment through:

- (a) *Promoting the identification and provision of a level of amenity which is acceptable to the community; and*
- (b) *Avoiding, remedying or mitigating the adverse effects on community health and safety resulting from the use, development and protection of Otago's natural and physical resources; and*
- (c) *Avoiding, remedying or mitigating the adverse effects of subdivision, landuse and development on landscape values.*

Queenstown Airport serves as a key gateway to the District and often provides the first and last interaction for passengers arriving and/or leaving the District. The Queenstown Airport Corporation, as the primary landowner and requiring authority for the large majority of the land within the Queenstown Airport Mixed Use zone will retain oversight of all development within the zone. All development within the zone will be guided by best practice urban design principles, in accordance with the urban design framework that the Queenstown Airport Corporation is currently undertaking. This framework will ensure quality of life is maintained, and in some instances, enhanced within the zone.

ATTACHMENT 2



Queenstown Airport Corporation Limited

Statement of Intent

2015-2017

27 May 2014

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Queenstown Airport Business

The primary activity of Queenstown Airport Corporation Limited (QAC) is to operate Queenstown Airport (ZQN) efficiently and effectively and on sound business principles for airport users. This consists of providing appropriate landside and airside facilities for its users, including both commercial and non-commercial aviation users and their passengers, and developing wider commercial opportunities that complement the use of the Airport and its surrounding land.

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

Mission, Vision Statement, Goals, and Objectives

Mission Statement

To provide airport and related facilities in the district and meet the growing needs for airport services to the Lakes District, to the highest quality in an economically sustainable manner and in the best interests of the community.

Vision Statement

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

Goals

To achieve its mission QAC has established a number of goals. These are to:

- Deliver sustainable income growth through increased income diversification and cost management
- Promote the Airport and Queenstown Lakes District to grow visitor numbers
- Develop the Airport infrastructure and facilities to support the District's economic growth while maximising use and avoiding over-capitalisation
- Provide people using the Airport with a 'wonderful experience' consistent with our vision
- Establish the Airport as a preferred place to work and do business within the District
- Operate as a socially and environmentally responsible part of the Queenstown Lakes District community

Objectives

The six goals set out above each support a range of objectives and key initiatives that are outlined in pages **8 to 19** of this Statement of Intent (SOI).

Corporate Governance

The QAC Board and management are committed to ensuring the Company meets 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.

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

Regulatory Framework

This SOI sets out QAC's overall goals and objectives for the three financial years ending 30 June 2015, 2016, and 2017, and is prepared in accordance with Section 64(1) of the Local Government Act 2002.

QAC is a Council Controlled Trading Organisation (CCTO) for the purposes of the Local Government Act 2002. Under section 59 of the Local Government Act 2002, the principal objective of a CCTO is 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 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 Process

In accordance with Local Government Act 2002, the Company submits a draft SOI for the coming financial year to QLDC by 1 March. After due consultation with QLDC, and after considering any comments from QLDC, the final SOI is approved by the Board of Directors and delivered to the QLDC by 30 June.

Shareholders

QAC's Shareholders are QLDC (75.01%) and Auckland International Airport Ltd (AIAL) (24.99%).

Leveraging value from the strategic alliance with Auckland International Airport Limited

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. For example, during the 2013 calendar year, members of AIAL's Property Team have assisted QAC with its retail lease plans. QAC has benefitted from AIAL's input on IT systems, risk management systems and processes, carpark equipment, its noise mitigation programme, and trans Tasman route development.

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:

- Support in finalising the retail offerings within the terminal
- Input on airport trends and operating efficiencies
- Peer review of the Risk Management project outcomes
- Peer review of capital plans – quantum and timings - as they link to the airport's Master Plan
- 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
- Targeted route development for direct scheduled services including joint promotion of Queenstown and the Southern Lakes Region

AIAL will continue its own route development into markets, such as China and Indonesia, that can not 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.

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 statement
- Notes to the financial statements including accounting policies
- A Statement of Service Performance summarising QAC's performance of the SOI goals and objectives

Goals, Objectives, Key Initiatives, and Measures

Goal 1: Deliver sustainable income growth through increased income diversification and cost management

It is essential we run the Airport to deliver strong financial returns that improve year-on-year. Aeronautical pricing was reset in 2012 for a 9 year period to 2021 and assumes strong passenger growth. QAC's aeronautical returns are therefore mostly predetermined and above forecast passenger growth has marginal upside for aeronautical revenue. Non aeronautical revenue, on the other hand, provides QAC with opportunities for upside from increasing passenger numbers and adding to the range of services being offered.

It is important QAC work to self-fund capital growth in the short-term. During the SOI forecast period – 1 July 2014 to 30 June 2017 – QAC does not plan to seek additional capital. The equity injection by AIAL in 2010 allowed QAC to reduce debt to today's low levels and QAC has the financial capacity to increase debt to fund the infrastructure developments anticipated through the forecast period.

Objective	Key Initiatives
Generate improved business returns over the forecast period sufficient to: <ul style="list-style-type: none"> support the funding of growth capital provide a dividend that meets shareholder expectations. 	Growing non-aeronautical revenue with an improved offering to the travelling public. Development of a new aviation precinct on Lot 6 land that will provide opportunities for an expanded offer to Airlines, General Aviation and Private Jets. Maintain a level of debt consistent with our Treasury Policy.
Strive for Operational Excellence through continuous improvement programmes.	Develop an overarching Risk Management system incorporating CAA, Health & Safety and Environmental risk management systems. Operate a Safety Management System covering both landside and airside. Implement management strategies to minimise birdlife in the vicinity of the airport that pose a bird strike hazard. Implement Noise management mitigation in line with PC35. Improving the airline check-in area for greater self-check-in and common use bag drops. Identify ways to measure delays to scheduled aircraft due to congestion on the runway to determine savings from a parallel taxiway.
Develop and motivate staff to embrace our vision for the business and to want to make a difference.	Staff inductions and service training, possibly linked to QRC initiatives. Regular team briefings on QAC's direction and performance.
Diversify revenues to de-risk the business.	Increase commercial revenues.

Measures

Financial

- Achievement of financial forecasts.
- Manage finances and debt levels within parameters set by the Board.
- Revenue mix between aeronautical and non-aeronautical.

Operational

- Recertify QAC with CAA.
- International Air Transport Association (IATA) Service Level C maintained.
- Aeronautical operations comply with QAC's aerodrome certificate as confirmed by:
- Internal audits
- CAA audits.
- SMS system implemented that covers air and landside operations. Tenants and Airlines are sharing safety hazards and incidents with QAC for learnings.
- Staff Culture Survey.
- Check-in capacity increased without the need to build.

Goal 2: Promote the Airport and Queenstown Lakes District to grow visitor numbers

Airports no longer operate on a 'build it and they will come' basis. They are now actively engaged in securing passenger growth by working with airlines to establish new routes or grow capacity on existing routes. AIAL has a large team dedicated to route development and their expertise will be important to QAC initiatives in this area.

The local Regional Tourism Organisations (RTOs) do a great job promoting Queenstown, Wanaka, and the Southern Lakes Region generally. QAC, working alongside AIAL, can help RTOs with their goal of attracting high-value, longer staying visitors.

Direct international commercial flights to Queenstown are based on Boeing 737 or Airbus A320 aircraft meaning our international focus is restricted to East Coast Australia and Pacific Islands. This is not seen as a constraint with a focus to improve connectivity from our key international feeder airports of Auckland, Christchurch, Sydney, and Melbourne.

The Qantas group alliance with Emirates is positive for the region and QAC will work to promote the additional market reach provided by this alliance.

The withdrawal of Jetstar from Christchurch and Wellington routes has led to a fall in seat capacity and consequently passengers from these routes. This has resulted in falling domestic passenger numbers year-on-year through FY14.

QAC and the Region will benefit from growth in off-peak months and initiatives like the proposed Queenstown Convention Centre will help attract visitors to our region during these periods.

Objective	Key Initiatives
To be actively involved in route development focusing on new services or increased capacity from Australia, Pacific Island and New Zealand. This includes adding capacity and frequency to existing routes.	QAC, with support and input from AIAL, works with Airlines, Tourism New Zealand and RTOs to grow visitor numbers to the wider region. Particular emphasis is on growing off peak volumes.
Make Queenstown Airport easier to get to with better improved connectivity at hub airports.	Increase flying window with evening flights. Target long haul travellers promoting connectivity via hub airports.
Assist selected local events as far as possible by allowing promotion within and around the terminal.	Provide space for welcome desks and other opportunities on a case-by-case basis.
Measures	
<ul style="list-style-type: none"> Growth in passenger numbers. Increase in scheduled airline capacity being flown into ZQN either from: <ul style="list-style-type: none"> new routes flown by new or existing airlines new flights on existing routes larger aircraft introduced on existing routes, e.g. A320 replacing older generation 737s; more jets on the ZQN-CHC route. Joint marketing campaign(s) are undertaken and their success measured. 	

Goal 3 – Develop the airport infrastructure and facilities to support the District’s economic growth, while maximising use and avoiding over-capitalisation

ZQN may be the fastest growing airport in Australasia; and we are definitely the fastest growing New Zealand airport. This growth comes at a price as airport infrastructure and facilities need to develop in line with passenger growth if we are to meet passenger expectations of a modern airport. QAC’s strategy is to develop incrementally in response to passenger growth and the terminal Master Plan has been developed along these principles. Airfield infrastructure by its nature tends to be lumpy and requires careful planning in consultation with users to ensure it is delivered in a timely manner.

ZQN remains a small airport compared to the city airports of Auckland, Christchurch, and Wellington. At peak times we are very busy, while outside the peaks we can have surplus capacity. The facilities used by international travellers are those most under pressure during peaks, but the most under-utilised outside the peaks.

Wherever possible, airside areas (the terminal areas beyond security screening), have built-in flexibility to allow use by either domestic or international flights. Holding passengers in the main terminal area and allowing access through security to the departure lounges on a ‘just in time’ basis during busy times is another approach to addressing congestion and improving the passenger experience.

Winter 2014 will see a 30 percent increase in international flights to and from Queenstown and the resulting growth in international passengers will exceed our terminal capacities. For the coming winter a second international arrivals baggage belt will be added and housed in a temporary facility.

By winter 2015, an expanded international arrivals area will have been built incorporating the second baggage belt as well as increased areas for Immigration, Customs, and MPI screening. The International Departures Lounge will be expanded to accommodate the peak periods for departures.

The check-in area will operate at capacity in winter 2014 with potential for serious congestion. QAC terminal staff will work with airlines to improve queuing within their check-in area. The focus after winter 2014 will be to increase throughput capacity with greater use of self-check-in kiosks and online check-in; and providing common user bag drops. If successful this will defer the need to build an extra check-in hall area.

The major infrastructure projects planned for the forecast period are:

- Terminal expansion for international arriving and departing passengers
- Additional jet stands
- Evening flight infrastructure
- Check-in upgrade
- Acquisition and development of Lot 6 land.

Acquiring land from Remarkables Park Limited (RPL) for a new aviation precinct remains a priority. A negotiated settlement is preferred. Notwithstanding, the initiative was recognised by the Minister for the Environment as a ‘project of national significance’ back in February 2011, the court process continues and a conclusion before the end of 2014 is now unlikely. The delays block QAC’s plans to establish corporate jet facilities and frustrates the expansion plans of the region’s General Aviation (GA) industry.

EVENING FLIGHTS

Being able to land and depart scheduled services throughout the existing consented window of 6am to 10pm requires New Zealand's Civil Aviation Authority (CAA) and Australia's Civil Aviation Safety Authority (CASA) approval to operate after dark. The first step to Evening Flights was the May 2014 approval of the Foundation Safety Case which provides a pathway of the technology, infrastructure, and operational steps required to enable flights after dark to happen.

In June 2012 QAC formed a working group of technical and operational experts with experience in RNP AR (Authorisation Required) and Queenstown-specific operations to prepare a Foundation Safety Case.

The working group included representatives from QAC, Airways NZ, Jetstar, and Qantas, and was facilitated by risk management experts Navigatus Consulting. Each organisation set aside its commercial interests to work towards achieving a common goal – to examine whether flying in and out of Queenstown Airport at night could be undertaken safely and, if so, under what conditions. The group went through a thorough and collaborative process to achieve a comprehensive understanding of the factors influencing the safety of operations and options for addressing these.

The main elements required to be in place before the commencement of after-dark flights 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

The commercial arrangements between QAC and the airlines have still to be addressed and infrastructure put in place, meaning the first evening flights are not likely until winter 2016.

Objective	Key Initiatives
To be well informed of airport and aviation trends and drivers of passenger volumes that will positively or negatively impact demands on our infrastructure.	AIAL engagement on airport and airline trends. Selective attendance at industry conference or workshops. Selective use of aviation consultants.
Develop plans for continued growth so as not to impede the region's growth.	Annual Master Plan review to ensure developments to the airport's infrastructure and facilities continue to address anticipated passenger growth and industry trends. Acquire land south of the runway for development of a new aviation precinct, freeing up land for terminal expansion. Capital plans updated for airport developments forecast for the next 10 years. Expand the international arrivals area. Upgrade check-in area to increase common use facilities and take advantage of new self-check-in practices.
To expand the approved window for airlines to arrive and depart ZQN, taking advantage of ZQN's consented operating hours of 6am to 10pm.	Approval by CAA of the Foundation Safety Case for evening flights. Develop a business case for funding the infrastructure to allow evening flights. Airlines to submit individual safety cases to CAA or CASA for approval.
Ensure expansions to the Airport infrastructure and facilities are delivered in a timely manner to balance the risks of over-capitalisation with the risks of turning away passengers and aircraft.	Ongoing consultation with airlines and GA users on adequacy of infrastructure. Passenger feedback via surveys. AIAL to peer review development plans.
Measures	
<ul style="list-style-type: none"> Forecast capital plans can be funded by QAC through cashflow and increased debt. Master Plan review completed with Board and shareholder representatives. QAC's purchase of 16ha of RPL's Lot 6 land completed. Airline(s) arrangements agreed to commence evening flights for winter 2016. Evening flight airfield developments completed for winter 2016 flights. Construction commenced for terminal expansion for international passenger areas by September 2014. Temporary international arrivals capacity added for winter 2014. 	

Goal 4: Provide people using the Airport with a “wonderful experience” consistent with our vision

The travelling public expect their airports to be comfortable and safe places to be in with clear way finding (signage), easy flows with minimal congestion, and a range of services to be available for their convenience. For the departing passenger this seamlessness must extend from parking, to check in, moving through security screening to the departure lounge, to boarding the plane. For arriving passengers it is from disembarking the plane to finding one's way through the terminal to the baggage claim area, the exits, public transport, rental cars, or carpark.

The ZQN terminal has been built to embrace the surrounding landscape and provide stunning views. All changes to the internal layout or future expansion will be done in a way to maintain the current terminal ambience. The public areas of the terminal have gone through a transformation since April 2013, starting with an upgrade to the rental car area followed by a revitalisation of our retail offering with the introduction of local brands – *Remarkable Sweet Shop* and *Kapa*. The final stage is new café and bar offerings.

Patagonia opened its new café in March 2014 and has been very well received. *Airspresso* has taken over the main terminal café and bar lease and will carry out a substantial refurbishment before it reopens in July 2014.

Carparking space has been at a premium at certain times of the year and we are developing plans to increase the number of parking spaces. This is not an easy task and we will take the opportunity of expiring leases to convert land to carparks. This change in land use will provide QAC with higher commercial incomes at the same time as better meeting the needs of our travelling public.

The long-term parking option created during 2013 has proved very popular and the available spaces do not meet demand throughout much of the year. We will introduce an online booking system for parking from 2015 to meet customer requests.

The airport is serviced by *Connectabus* and *Connexions* providing public transport to Queenstown, Cromwell, and Wanaka on a scheduled basis. *Tracknet Transport* provides scheduled services to Te Anau, Milford Sounds, and Invercargill. Group tour coaches are provided parking close to the terminal for convenient pick-up and drop-off.

Objective	Key Initiatives
<p>Provide a superior experience for people using the airport from access roads, parking, and in-terminal experience.</p>	<p>Provide suitable land transport options for access to and from the Airport. Increase parking offer.</p> <p>Work with QLDC on opportunities to enhance public transport/accessibility to airport users..</p> <p>Enhance the retail and Food and Beverage (F&B) experience at QAC to better match passenger needs and embrace the region.</p> <p>Continue seasonal theming within the terminal to provide a warm welcome and reflect a sense of place.</p>
<p>Ensure people flow through the terminal is efficient such that:</p> <ul style="list-style-type: none"> • congestion in the terminal and overcrowding in the departure lounges is minimised • congestion for international passengers is reduced. 	<p>Revisit way finding and Flight Information Display Screens (FIDS) screens.</p> <p>Active management of people flows by Airport staff during peak period, especially winter. Co-ordination of Airlines, AVSEC, Customs and MPI during these peaks.</p> <p>Terminal expansion for winter 2015. Temporary capacity for winter 2014.</p> <p>Working with Customs, introduce smart gate technology for Queenstown's international arriving passengers.</p> <p>Expand the international arrival and departure areas.</p>
Measures	
<ul style="list-style-type: none"> • Revamp of the main café for winter 2014. • A range of transport options exist and meet the needs of airport users. • Temporary international arrivals capacity available for winter 2014 peak (July and August). • Survey established in 2014 to measure passenger experience and obtain feedback. • New arrivals duty free and new international departure retail secured for 2015 terminal expansion. • Smartgates available to inbound international passengers for July 2015. • 15% increase in parking spaces by end 2015. 	

Goal 5: Establish Queenstown Airport as a preferred place of work and business within the District

Lease income from businesses operating in the airport terminal and on land in the airport precinct, together with parking revenues, are an important and increasing part of QAC's profitability.

QAC is a major hub for people, receiving over 1.2 million passengers per year as well as those that come to greet or farewell travellers. These people expect a range of services to be available to them; be it rental cars, retail, food and beverage, banking, transport, or tour desks etc, and in turn businesses providing these services are keen to be a part of the airport's success and enhance the service offered to airport users.

QLDC is reviewing the Region's District Plan and the recently released 'strategic directions' chapter of the Proposed District Plan recognises the importance of the Queenstown Airport. QAC will be promoting the creation of a specific Airport Zone to apply across all QAC's airport designated land holdings.

Queenstown Airport is already a major employment hub in the region and future employment growth at the airport should outperform the rest of the region. As our passenger numbers expand so too will our service offerings, subject to terminal space to house them. If we are successful in our plans to introduce evening flights from winter 2016, QAC and our tenants will need extra staff to manage the expanded operating hours.

Objective	Key Initiatives
The region understands the diversity of businesses and jobs at the Airport.	<p>QAC communications to profile the diversity and growth in business.</p> <p>Ensure the contribution of the airport and the businesses operating at the airport are duly recognised in QLDC's upcoming District Plan review through the creation of an Airport Zone across all airport designated land.</p>
Businesses serving passengers are professional and successful. They employ people that embrace the QAC's vision for the travelling public.	QAC to provide regular updates to all staff and tenants on developments and prospects of the airport.
The benefits from growing passenger numbers flows through to all businesses operating at the Airport.	<p>Survey tenants on their Airport experience.</p> <p>Survey passengers on their terminal service experience.</p>
Measures	
<ul style="list-style-type: none"> Annual Review, ZQN News features, selected media releases as required. Website developments to profile service offerings at the terminal. Airport wide team briefings three to four times per year. Survey results. QLDC's District Plan adopts a specific Airport Zone. 	

Goal 6: Operate as a socially and environmentally responsible part of Queenstown Lakes District community

operate a business that provides essential infrastructure to our community and region and at the same time we have impacts on local neighbours that need to be managed. Increasing aircraft noise, in particular, is a direct negative consequence of our growth.

The Queenstown Airport Noise Management Plan was adopted by the Queenstown Airport Liaison Committee in February 2014, commencing a new period in QAC's operations involving regular noise monitoring and providing for noise mitigation packages to neighbouring homes. Developing the systems to ensure the rollout runs smoothly, and communicating the programme to the community are early priorities.

QLDC has a focus on reducing water use, reducing inflows to the town's sewerage system, and reducing waste to landfill. QAC can help with all these initiatives.

Part of the Frankton Golf Course is on land owned by QAC. We need to balance achieving a market return on the land with the public amenity the course provides the community.

Queenstown Airport Liaison Committee

The Queenstown Airport Liaison Committee held its first meeting in November 2013. Chaired by Jane Taylor, (Queenstown-based barrister and an independent Hearings Commissioner in resource management matters) the Committee includes three community representatives; Gregory Miller, Steve McIsaac, and Scott Freeman, as well as:

Scott Paterson (QAC - CEO), Mark Harrington (QAC - GM Operations), Bob Fletcher (Air NZ), representing scheduled airlines, Clayton Lightfoot (Airways), Dave Matthews (Helicopter Line), representing general aviation, and Nathan Keenan (QLDC).

The Committee will oversee the airport's Noise Management Plan, including the rollout of noise mitigation measures for local residents. A section of QAC's website (www.noise@queenstownairport.co.nz) is dedicated to information on noise, including an overview of the airport's noise boundaries, the role of the Committee, and what QAC will do to mitigate effects of noise for residents.

A programme to rollout noise mitigation assistance will be developed for the second half of 2014.

Objective	Key Initiatives
Reduce our impact on Council's infrastructure with a particular focus on water and waste management.	<p>Water use is measured and initiatives developed to reduce water use per passenger. Firstly, to cap the total volume per pax of reticulated water used on site, and latterly reduce that total volume.</p> <p>Waste is measured and initiatives developed to reduce the amount of waste sent to landfill from the airport site, initially on a per pax basis and latterly on a total volume basis.</p> <p>Establish base energy use to allow improvement initiatives to be measured.</p>
Manage the noise impact of the airport on the surrounding residential and business areas.	Implementation of the Noise Management Plan requirements around noise monitoring and mitigation.
Engage with the Community, keeping them informed on developments at the airport and future plans.	<p>CEO and Senior Executives to present at community forums on airport developments and future plans.</p> <p>The Queenstown Airport Liaison Committee oversees noise management plans for ZQN.</p> <p>Support community events.</p> <p>Continue to make land available to QLDC Sport and Recreation for the Frankton Golf Course at concessionary rents for as long as that land is not needed for airport purposes.</p> <p>Protect QAC-owned heritage buildings.</p>
Support QLDC with its plans for Wanaka Airport and oversee Glenorchy Aerodrome.	<p>Make management and airport expertise available to Wanaka Airport and Glenorchy Aerodrome.</p> <p>Provide accounting and admin services to Wanaka Airport.</p>
Participate in Council and Regional Planning and the Resource Management Act (RMA) process to protect the Airport from unintended planning consequences.	<p>Remain watchful and active in surrounding land developments, and plan changes that may conflict with the Airport.</p> <p>Achieve planning that is consistent with airport operations driven by the Master Plan.</p> <p>Progress Noise Boundary Plan Change (PC35) to inclusion in the District Plan.</p> <p>Create an Airport Zone for ZQN.</p>

Measures

- Tranche One of QAC's Noise Mitigation Programme rolled out commencing September 2014.
- 2014/15 Noise monitoring concluded and outputs shared with community second quarter 2015.
- Airport noise, as measured, is within the levels set in the District Plan.
- Information releases are regular, accurate and remain relevant e.g. passenger stats, website content, ZQN Newsletter, and media releases.
- Water volume used per year, with a view that:
 - water use per pax over the forecast period is constant or declining
 - total water volumes used at ZQN peaks during the forecast period and is in decline by 2017.
- Waste water volumes discharged from ZQN, with a view that:
 - volumes per pax over the forecast period is constant or declining
 - total volumes discharged from ZQN peaks during the forecast period and is in decline by 2017.
- Wanaka Airport's financial performance improves year-on-year.

Financial Forecast 2015-17

Year Ended 30 June	Forecast 2015 (\$000's)	Forecast 2016 (\$000's)	Forecast 2017 (\$000's)
Total Revenue	23,215	25,804	29,359
Total Operating Expenditure	7,250	7,354	8,317
Operating Cashflow (EBITDA)	15,965	18,450	21,042
Interest expense	1,664	2,067	2,355
Depreciation	4,035	4,857	4,659
Profit Before Tax	10,265	11,526	14,028
Profit After Tax	7,186	8,068	9,819
Total Liabilities	37,023	46,423	52,186
Total Shareholder's Funds	161,724	165,199	169,984
Total Assets	198,747	211,623	222,171
Dividends Paid ²	4,175	4,593	5,034
Anticipated Capital Expenditure	20,434	17,516	14,911
Total Closing Debt	27,212	36,457	41,809
Net Drawdown/(Repayment of) Debt	9,293	9,245	5,352

Notes

1. Average Shareholders funds comprises of opening and closing balances
2. Dividends calculated on a paid basis rather than earned.

Financial Ratios	Forecast 2015	Forecast 2016	Forecast 2017
Aeronautical Revenue per Pax	\$11.83	\$12.10	\$12.73
Commercial Revenue per Pax	\$5.72	\$5.84	\$5.97
NPAT per Pax	\$5.43	\$5.61	\$6.25
Shareholders' Funds to Total Assets	81.4%	78.1%	76.5%
NPAT to Shareholders Funds	4.4%	4.9%	5.8%
EBITDA to Total Assets	8.0%	8.7%	9.5%

Passenger Forecast 2015-17

Year Ended 30 June	Forecast 2015 (\$000's)	Forecast 2016 (\$000's)	Forecast 2017 (\$000's)
Total Pax 000	1,322	1,439	1,570

The numbers in the financial forecast are as at 27 May 2014.

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.

Commercial Value

The Board estimate the commercial value of QAC to be \$177 million to \$206 million; (SOI 2013 – 2016 enterprise value range: \$113 million to \$133 million). This estimate is in line with a PWC high level valuation of November 2013.

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 (cashflow and/or debt) during the forecast period 2015-2017. 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

QAC receives a fee from QLDC for the management of Wanaka Airport. 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 that 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.

Audit

The Office of the Auditor General has re-appointed Deloitte to undertake the Audit of QAC for 3 further years: 1 July 2014 to 30 June 2017.

Accounting Policies

QAC will maintain accounting records in accordance with the Companies Act 1993, and the accounting standards promulgated by the New Zealand Institute of Chartered Accountants.

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) Alison Gerry James Hadley Grant Lilly Richard Tweedie	
Senior Management	Chief Executive Officer Chief Financial Officer GM Operations GM Property	Scott Paterson – Scott@queenstownairport.co.nz Mark Edghill – Marke@queenstownairport.co.nz Mark Harrington – Mark@queenstownairport.co.nz Sean Thompson – Sean@queenstownairport.co.nz
Senior persons per Civil Aviation Rules, part 139	Chief Executive Officer GM Operations Manager Rescue Fire	Scott Paterson Mark Harrington Bill Wrigley

Abbreviations

AIAL	Auckland International Airport Limited
AVSEC	Aviation Security Service
CAA	Civil Aviation Authority of New Zealand
CASA	Civil Aviation Safety Authority (Australia)
CEO	Chief Executive Officer
CCTO	Council Controlled Trading Organisation
CHC	Christchurch Airport
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
F&B	Food and Beverage
FIDS	Flight Information Display Screens
FY	Financial Year – 1 July to 30 June
GA	General Aviation
IATA	International Air Transport Association
MPI	Ministry of Primary Industries
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
QRC	Queenstown Resort College
RMA	Resource Management Act
RPL	Remarkables Park Limited
RTO	Regional Tourism Organisation
SOI	Statement of Intent
ZQN	Queenstown Aerodrome including airfield and terminal

ATTACHMENT 3



Queenstown Airport: Mixed Used Zone Economic Assessment

Date: November 2014

Document reference: QAC 006.14 Queenstown Airport Mixed Use Economic Assessment

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Date	Version/Amendments
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18 November 2014	Incorporates comments received via e-mail on the 10 th of November 2014
25 November 2014	Incorporates comments received via e-mail on the 25 th of November 2014

Disclaimer

Although every effort has been made to ensure accuracy and reliability of the information contained in this report, neither Market Economics Limited nor any of its employees shall be held liable for the information, opinions and forecasts expressed in this report.

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Executive Summary

Airports and air transportation play important roles in linking economic activity across space. Airports provide the infrastructure that enable a wide range of economic connections. Queenstown Airport Corporation's (QAC) economic effects arise by way of the transactions it facilitates, the key impacts include: Airport expenditure patterns, passenger flows including domestic and international connections (via aircraft movements), business activity in the airport environs (including general aviation), the cost to passengers (ticket prices), and tourist spending that can be related to the airport (i.e. tourists visiting due to the availability of air transport and moving through the airport).

The Queenstown Lakes District Council (QLDC) is currently undertaking a review of the Queenstown Lakes District Plan. The aim of this project is to provide an assessment of the likely effects of the proposed new Queenstown Airport Mixed Use Zone provisions in context of QAC's overall economic effect and contribution. Policy makers need to be aware of the implications of policies which may impact positively or negatively on QAC's size and efficiency, and to understand the consequences for the district and regional (and national) economies.

Current economic contribution

QAC interacts with the local economy through its purchases; in the year ending 30th June 2014 the airport incurred operational spending of around \$4.5m¹. The analysis suggests that the direct activity taking place at the airport and in the wider airport environs is around \$88.0m (in gross output terms), with associated employment being in the order of 520 employees² and working proprietors. As expected, a substantial share of the activity taking place in the airport environs is either directly related to delivering/supporting air transport or providing some sort of service directly to the tourism industry and tourists. Based on the available figures the airport facilitates between \$392m and \$423m worth of tourist spending in the Queenstown Lakes District economy. In addition to this, outbound business travel facilitated by the airport is put at \$8.6m.

These economic transactions flow through the economy, generating additional flow on (direct, indirect and induced) effects. The airport's spending generates additional Value Added (VA; similar to GDP) of around \$5m, supporting over 75 jobs in the wider economy. The activity generated in the airport environs generates additional VA of \$104m supporting almost 1,300 jobs throughout the New Zealand economy. Only 3 per cent of the airport's effects are felt outside the Queenstown Lakes District.

The airport's biggest contribution is by way of the facilitated effects – particularly the domestic and international tourism connections it facilitates. The total effect of `tourism spending is estimated to fall between \$592m and \$638m (VA effect). This aligns with the Queenstown Lakes District being one of New Zealand's premier tourism destinations.

¹ The airport's spending profile is discussed in Section 2.1.1.

² A breakdown of the employment structure is presented in Section 2.1.2.

Outlook

New Zealand's tourism sector is showing ongoing growth and in the year to September 2014 there were 2.8m visitor arrivals – 5 per cent higher than the same time in 2013. The Queenstown Lakes District will continue to capture a large share of the New Zealand tourism market. QAC is expecting strong passenger growth and is projecting growth of 3.3 per cent in the medium term³ and around 3.1 in the longer term taking annual passenger numbers to 1.78m by 2025 and 2.57m by 2037. Based on MBIE tourism forecasts and passenger number growth rates, total tourism spending is projected to increase by between 3.4 per cent and 3.9 per cent per annum. This is expected to take the total tourism spending facilitated by the airport to between \$1.1bn and \$1.4bn.

Potential Activities

The proposed new Queenstown Airport Mixed Use Zone provisions do not alter the intent or overall direction of the operative provisions of the Queenstown Lakes District Council District Plan (Operative District Plan). A closer comparison reveals the following key points:

- Both the operative and proposed provisions have a key emphasis on the '**future**' requirements of the airport or activities; and
- The operative District Plan provides for the '**efficient use**' of airport land whereas the proposed changes provide for the activities to '**support or complement**' the functioning of the airport.

These points have direct bearing on the airport environs and the associated activity. In addition to the proposed objectives, the proposed provisions set out permissible, discretionary, non-complying and prohibited activities. The range of activities enabled by these provisions generally align with airport activity – either directly supporting airport operations or servicing/delivering activities which are generally located in and around airport environs.

Potential Effects and Net Additional Effects

To estimate the potential economic value of the activity that could be undertaken within the airport environs, a potential (example) development was defined⁴. This development is based on the type of activity provided for in the Queenstown Airport Mixed Use zone as well as the potential area available for development (excluding operational airside areas). This was translated into economic activity using standard economic ratios (output per employee and space per employee).

In the context of this assessment, the key question is whether a different growth and development outcome would be achieved under the operative District Plan provisions compared to the proposed provisions. The proposed provisions do not depart in a substantial manner from the existing provisions. The main results of adopting the proposed provisions is that it will provide certainty about the type of activities that could be undertaken within the Queenstown Airport Mixed Use Zone. The proposed extension to the zone boundaries will

³ For the next 10 years

⁴ The components of the example development are described in Section 3.1.

provide consistency with QAC's existing aerodrome designation, within which activities which protect the operational capability of the airport are anticipated.

For the purpose of this assessment we assume that uncertainty translates into a delay/deferral of the investment decision (to develop). Such a delay can be viewed as a cost (or a benefit) to the economy because the economic effects are deferred to some point in the future. The difference between the 'delayed' and 'un-delayed' scenarios can be viewed as the opportunity cost associated with certainty (or uncertainty). We used a scenario approach to estimate the value of different development timeframes (delays) and express the results in Net Present Value (NPV) terms. The analysis suggests that the opportunity cost of the uncertainty varies based on the length of the delay as well as when the development is expected to occur. The following table shows the NPV of the opportunity cost of different scenarios⁵⁶.

<i>Opportunity Cost of Uncertainty (\$'m NPV at @ 6%)</i>		
<i>Development Date</i>	<i>2 Year Delay</i>	<i>5 Year Delay</i>
<i>Year 5</i>	74.8	172.0
<i>Year 10</i>	55.9	128.5
<i>Year 15</i>	41.8	96.0

The above shows that the uncertainty can affect the investment decisions and delays will have an economic effect. Simplifying the above in to a single indicator suggest that the economic value⁷ of one year's delay is \$53.4m and 780 jobs⁸. In other words, this indicator shows the opportunity cost associated with pushing development timeframes out by one year and excludes the effects associated with time-value of money (i.e. inflation and discounting).

Costs and Benefits

Section 32 of the Resource Management Act (RMA, as amended by the 2013 Amendment Bill) sets out a requirement to consider benefits and costs, including opportunity costs of plans and policies, so as to take into account the potential effects of alternatives. Comparing the wider costs and benefits of proposed provisions against the current provisions reveals that the costs are comparatively similar, provided the activities undertaken at the airport are complementary or ancillary to the functioning of the airport. Sending clear market signals will lower the opportunity costs associated with delaying development. In addition, providing clarity regarding the type of activities that can be undertaken (by way of the proposed

⁵ This assessment is based on a notional development and for simplicity we exclude any staging and construction effects. This means that the scenarios contrast the 'with development' and the 'without development' situations.

⁶ Two key assumptions of this analysis are that there is sufficient demand for these services and that there is capacity (labour and capital) in the market to produce the necessary inputs and outputs.

⁷ This excludes any staging and interim activities on the site. This value is also for the whole zone assuming that the whole area is development. This means that the above values can be viewed as the upper level.

⁸ In the context of this study, this is the employment impact and illustrates the number of employees that will be needed to produce all the goods and services associated with the economic effect.

provisions) will assist the private sector to accurately schedule development plans thereby ensuring that infrastructure and development takes place in a optimally timed fashion.

The difference between the operative and proposed provisions gives rise to other costs and benefits. Some costs and benefits are tangible and relatively easy measure. Others are less tangible, more complex and more difficult to measure. Examples of *other* costs and benefits include:

INTANGIBLE COSTS AND BENEFITS	
COSTS	BENEFITS
Environmental costs such as air and light pollution	Supporting the business environment enabling and directing growth
Cost associate with constructing and delivering the necessary infrastructure and buildings.	Productivity growth and additional employment opportunities unlocked due to a larger and more complex economy. (These effects are related to the agglomeration benefits)
Additional transportation cost due to and increase changes in transport levels in the areas surrounding the airport.	Improved standard of living arising for economic growth.
	Contribution to the regional economy through expansion of economic infrastructure.
	Contribution to regional competitiveness.

The proposed provisions' contribution to economic wellbeing through enabling private investment in the District is anticipated to outweigh any potential costs to private investment – net gain in private investment.

The proposed Airport Mixed Use Zone provides a clear signal to the market that the purpose of the land surrounding the airport (as delineated in the Airport Mixed Use Zone maps) is for activities that support and complement airport and air transportation. The airport fulfils a key role in the District economy. It is critically important to proactively manage and future proof the airport and the wider environs to maximise the economic and social benefits of this crucial piece of infrastructure.

Key terms

Value Added (VA): Value Added reflects the value of production less the cost of direct inputs. In other words, VA is the difference between output and intermediate consumption. It is similar to GDP but excludes taxes on production (GST). In simple terms, VA is an economic indicator that reflects the value that is added to goods and services during the production process.

Modified Employee Counts (MECs): An MEC is an indicator which captures both employees and working proprietors. M.E calculates MECs based on Statistics New Zealand estimates of employee counts (ECs) and working proprietors (WPs). The Employee Count (EC) is a head count of all salary and wage earners for the reference period. This is mostly employees but can include a small number of working proprietors (who pay themselves a salary or wage). A working proprietor is either a sole proprietor or partner who is actively engaged in a business or a shareholder in a limited liability company actively engaged in its management and classified by the respondent as a working proprietor consistently across survey periods

1 Introduction

Airports and air transportation play important roles in linking economic activity across space, providing the infrastructure that enables a wide range of economic connections and transactions. The regional Gross Domestic Product (GDP) and employment effects driven by these wider connections are normally substantially larger than those driven by airport operations themselves.

The Queenstown Airport Corporation Limited (QAC) is a key part of the Queenstown Lakes District economy providing direct accessibility to the rest of New Zealand and Australia. The Airport's economic effects arise by way of the different economic transactions it enables or facilitates. The key impacts include:

- Airport income and expenditure patterns and projections,
- Airport capital expenditure,
- Passenger flows including domestic and international connections (via aircraft movements),
- Business activity in the airport environs, including general aviation,
- The cost to passengers (ticket prices),
- Tourist spending that can be related to the airport (i.e. tourists visiting due to the availability of air transport).

Airports environs are important business locations with some economic activities actively seeking out the opportunities to co-locate with airports to achieve locational advantage. This assessment considers the potential effects associated with the draft provisions outlined in the draft 'Queenstown Airport Mixed Use Zone 6' document. The proposed provisions seek to enhance the airport's ability to accommodate supporting and complementary activities and to provide for its long term sustainable growth and management. For some activities, co-locating with an airport is an important locational consideration.

1.1 Project aim

A number of studies investigating airport's economic and social contributions have been undertaken throughout New Zealand and internationally. These studies underline the importance of the wider airport environs as business locations. These business locations rely on access to high quality air transport services. The aim of this project is to provide an assessment of the likely effect of the proposed new Queenstown Airport Mixed Use Zone provisions in context of QAC's overall economic effect and contribution. Policy makers need to be aware of the implications of directions or policies which may impact positively or

negatively on QAC's size and efficiency, and to understand the consequences for the district and regional (and national) economies.

1.2 Approach

The approach used in this study is consistent with studies undertaken for the International Air Transport Association (IATA), Airports Council International (ACI), Auckland International Airport Limited, Hawke's Bay Airport and the 2008 study for the Queenstown Airport Corporation Limited (QAC). The approach has been applied for local governments, central government agencies, infrastructure providers and private companies and has been tested through academic and industry peer reviews. Our methodology considers the relationship between the airport and other economic activities. Conceptually, we distinguish between 1) the airport as a business, 2) activities related to the airport and 3) activities which are facilitated by the airport (see Table 1-1).

Table 1-1: Categories

Airport as a Business
Airports are businesses with their own unique supply chains. They transact with the rest of the economy generating impacts
Airport Related Business
<p>This category includes businesses groups that are directly related to QAC's:</p> <ul style="list-style-type: none"> Businesses which are located at the airport to service the airport, airport users and associated businesses. These activities include the airport itself, airlines, general aviation, businesses servicing the airlines with fuel, catering, aircraft maintenance and so forth. These businesses are generally located within or near the airport, and together are identifiable as an area of commercial activity. All other businesses which are <u>indirectly</u> affected by the activities of the above businesses (via supply chains). All industries directly and indirectly associated with the airport provide employment and pay wages. This household income is then spent on the consumption of goods and services generating additional economic impacts.
Facilitated related activities
<p>In addition to the effects of its own supply chains, the airport facilitates economic connection in the wider economy. These connections manifest via:</p> <ul style="list-style-type: none"> International tourism. International visitors enter New Zealand and spend on all aspects of the travel and leisure sector. However, in the QAC case, some international tourists arrive via direct flights and other tourist arrive via a connecting flight or some other transport mode⁹. New Zealanders travelling overseas. New Zealanders travelling from this country have a mixed impact; some expenditure is directed into the regional economy through the purchase of air travel services, and contributing to expenditure by the airline industry. However, in travelling internationally travellers 'export' some of their spending to overseas economies, and it is lost to the regional (and national) economy¹⁰. Domestic visitors to the region. While in the region, visitors from elsewhere in New Zealand purchase goods and services from the travel and leisure sector, supporting local businesses. Their impact is measured using the amount spent while in the region, whether on leisure or business visit, and how this money flows through the economy. Domestic travellers from the region. The District's residents use air transport for business or leisure purposes. While their spending takes place outside the region, they contribute to the district's economy through travel agency commissions. Again, identifying the contribution to the economy, it is assumed that if there were no air services available that the travel would still occur, but by other modes. Business Travellers. Business travellers have two effects, the first being a tourist effect. The second relates to the outbound business travellers; workers who travel by air for business reasons leave through the airport to generate sales or purchases, or otherwise improve the operation of their business. A rational business would only invest in travel if they expected a positive return on the travel 'investment'. The rate of return sought is dependent on variables such as the industry within which the firm operates, the firm's risk profile and the type of opportunity involved.

⁹ Tourist not moving through the airport are excluded from the assessment.

¹⁰ This study assumes that the portion of New Zealanders travelling overseas via QAC would still travel, but by alternative routes, therefore the outflow of spend is a constant.

Figure 1-1: Economic Roles of an Airport



We use the above categories to describe QAC’s overall economic contribution. Our approach provides a detailed picture of the economic effects arising due to the airport’s existence. It includes the impact of business activities that benefit from the presence of the airport (i.e. access to air transportation), not simply the impacts of activities that are a direct result of the airport’s operation. We distinguish between effects generated by the airport’s **operation** (i.e. the airport as a business entity) and the effects which are **facilitated** by the airport. In all cases the flow-on effects have been estimated, including the **direct**, **indirect** and **induced** impacts. We use employment and GDP as indicators to measure the scale and direction of the effects.

Economic Model

The economic assessment uses a Multi-Regional Input-Output (MRIO) Model that has been derived from the most recent Supply-Use Tables. The Input-Output (IO) tables capture economic interdependencies between industries (sectors), regions and final demand using a set of mathematical equations. The contribution of an industry to an economy is not limited to the value it creates directly – an increase in final demand for an industry’s goods or services has repercussions throughout the whole economy, causing increases in output beyond the initial demand shift. This is often described as the multiplier effect. Importantly, we do not use ‘multipliers’ because such an approach can (potentially) overstate effects. Overstating or double counting the impacts normally happens when the initial effects (or economic shock) are spread across multiple sectors as is the case with QAC. Instead we adjust final demand and estimate the total production needed to produce the ‘new’ final demand. The ‘new production’ is expressed in terms of ‘direct and indirect effects’ and ‘total effects’:

- The ‘direct and indirect effects’ – when an economic change takes place (a shock) the economy responds by firstly increasing (or decreasing) activities that supply the goods and services needed to address that shock (this is the direct effect). Next all firms supplying those firms responding to the direct effect adjust their outputs to meet the new demand (i.e. the indirect effects).
- The ‘total effects’ reflects the ‘direct’, ‘indirect’ and ‘induced’ effects. As firms respond (direct and indirect effects) they employ additional workers or reduce staffing levels. This leads to a lift (or decrease) in salary and wage payments to households in return for their labour. As households spend their earnings, another round of effects is created. These are the induced effects. All three components combine giving the ‘total effect’.

The model also has an explicit spatial structure reflecting the economic relationships between three areas.

- Queenstown Lakes District
- Rest of Otago Region, and
- Rest of New Zealand.

Tracing the flow of goods and services through these economies enables us to illustrate the wider regional effects of the airport and the economic shock. It is important to note that for a region such as Queenstown Lakes District, a portion of the goods sold within the region are produced elsewhere. This means that increasing the spending on some goods (and services) may have economic effects outside of the original area.

‘With’ and ‘without’ Considerations

We note that the exact scale and nature of the type of activities that would be established under the revised zone is not known. It is worth noting that the objectives and policies outlined in the amendment retains a strong airport focus and is in-line with the Operative Queenstown Lakes District Council District Plan (the Operative District Plan). The purpose of the Operative Queenstown Airport Mixed Use Zone is to:

“...provide for the continued viability of these activities and to maximise the efficient use of airport land. Future activities within the zone will be provided for without undue regulation as long as amenity and building appearance standards are met.”

The proposed amendments show a high level of alignment including policies which seek to:

6.3.1.2: To provide for a range of airport related service, business, industrial and commercial activity to support or complement the functioning of Queenstown Airport.

6.3.1.3: To zone sufficient land to meet the foreseeable future requirements of activities that support or complement the functioning of Queenstown Airport.

Normally, economic assessments compare ‘with’ and ‘without’ situations. The amendments being put forward by QAC are intended to provide clarity regarding the activities that could be undertaken (are permissible) within the airport zone and to provide the flexibility for QAC to develop and provide for land use activities demanded by modern airport facilities. A large portion of the permissible activities (under the proposed amendments) are currently provided for under the under Operative District Plan.

Under a ‘with’ and ‘without’ approach, the focus will be on the difference between the proposed and current District Plans. Such an approach runs the risk of presenting the effects of those parts in isolation, without the full context of the overall effects. To mitigate against this risk we consider the role of the airport more widely, identifying its total, and facilitated, contribution to the regional economy. In our assessment we then compare the level of (potential) activity that could take place under the new Queenstown Airport Mixed Use Zone as a whole with the level of activity that would be possible under the current provisions. We outline the implications associated with those activities and show the complementarity and or support provided by those activities.

1.3 Information sources, limitations and caveats

Various sources were consulted during this study including:

- International Visitor Survey (IVS),
- Domestic Tourism Survey (DTS),
- Forecasts of Regional Tourism Activity in New Zealand (different forecasts, spanning different years),
- Statistics New Zealand datasets:
 - Business Demography Survey (BDS),
 - Tourism Satellite Accounts (TSA),
 - National Accounts,
 - Annual Enterprise Survey (AES).
- Information supplied to M.E as part of another study¹¹,
- Passenger forecasts and movements as presented in the Queenstown Airport Master Plan,
- Tourism forecasts as developed by the Ministry of Business, Innovation and Employment,

¹¹ Based on information supplied by QAC to New Zealand Airports Association.

- Route information showing the passenger movements between city pairs, and
- The Airport's financial statements and accounts. This information was used to develop a sense of the airport's (as a business unit) income and spending patterns.

In terms of caveats and limitations, we note a core part of our modelling relies on the airport's financial information. We assumed that this information was accurate and we did not undertake a review or audit of the information. Similarly, this analysis relies on the airport's passenger forecasts as presented in the Master Plan. Again, we did not review the methodology or the resulting projections for accuracy and robustness. Any error in the passenger forecasts will have a meaningful impact on the results presented here. It is important to note that we combined the passenger projections with macro level (New Zealand) forecasts of the tourism market in our modelling. We considered the project growth rates for the different key international markets (e.g. Australia, China and America) to estimate the growth rates. We also considered the share of the international market (visitors and spending) that Queenstown Lakes District captures and allowed for shifts in these key ratios. Importantly, we used conservative projections based on around 10 year's data (including passenger movements). We note that the Airport's Statement of Intent used higher passenger growth projections. The Statement of Intent reflects a short term view (3 years) whereas our assessment reflects a longer term view (more than 20 years). Given the uncertainty associated with longer term projections and forecasts, we feel that it is more appropriate to use lower growth rate. This difference in timeframes is a key reason for taking a more conservative position.

Tourism forecasts are another key input into this assessment. The Queenstown Lakes District tourism data has been sourced from the different tourism datasets and forecasts as maintained by the Ministry of Business, Innovation and Employment (MBIE) and Statistics New Zealand (SNZ). We note that there is considerable difference between earlier data releases and more recent releases. For example in one release total tourism expenditure in Queenstown Lakes District is put at between \$600m - \$700m and another release puts total tourism spending at \$1.5bn – more than double the earlier release. These variances introduce complexity into the analysis. We have relied on the most recent releases when possible, reverting to earlier releases to address any gaps. In these cases the parameters and variables were updated to the relevant year. Where possible, we have scaled the information to better align with macro-level data sources such as the National Accounts, Tourism Satellite Accounts and New Zealand Tourism Forecasts.

In terms of the economic model, an Input-Output economic model has been used to estimate the direct, indirect and induced effects. An advantage of IO models over other models (e.g. Computable General Equilibrium models, CGE) is that they tend to be more transparent. In addition, using an IO type approach allows regional (TA based) models to be constructed which can be used to assess the local and sectoral distribution of effects. Appendix 1 describes IO modelling and its limitations.

1.4 Report Structure

The rest of the report is structured as follows:

- Section 2 describes the airport's current contribution to the local economy and the future outlook in terms of passenger growth projections – essentially the baselines. This section illustrates the airport's importance to the local economy focusing on its links to the region's tourism activity. Key relationships between the airport, neighbouring activities and the rest of the economy are highlighted.
- Section 3 presents the findings of the assessment highlighting the potential economic effects of the potential activities associated with the proposed new Queenstown Airport Mixed Use Zone. This is compared against the provisions of the Operative District Plan.
- The final section, Section 4, synthesises the findings, highlights the main implications and outlines any key considerations.

2 Current Contribution

Queenstown Lakes District is one of New Zealand's key tourism destinations attracting both domestic and international tourists. The spending associated with this important sector sustains a substantial portion of the local economy, creating wealth and supporting local employment. The airport plays an important role servicing tourism and other parts of the economy. The airport is a critical piece of economic infrastructure and it has to function at the right level to maximise local benefits.

Estimates put the Queenstown Lakes District economy at around \$1.4bn¹² in June 2012 of which around 35 per cent is contributed by tourist activity. According to SNZ, the region provides work to 17,180 employees and 3,440 working proprietors. This puts the total employment in the district at 20,260 in 2013. The labour force is employed by over 6,460 firms. Between 2000 and 2013, the district's total employment (employees and working proprietors, called Modified Employee Counts or MECs) has grown at 4.8 per cent per year (CAGR¹³). Working proprietors and the number of firms grew by 7.6 per cent and 6.4 per cent respectively.

The airport facilitates and enables a number of key economic transactions and interactions, including tourism.

2.1 QAC's role and contribution

QAC's contribution to the Queenstown Lakes District economy can be explained by looking at the different roles it fulfils. Some roles see the airport interacting directly with other economic actors and in other roles, the airport facilitates economic interactions. The main roles include:

- The airport as a **business unit** operating within the Queenstown Lakes District economy,
- The airport acts as an anchor for other businesses in the immediate surrounds i.e. the airport environs. These airport environs become an attractive business location for firms seeking to co-locate with airports,
- The airport facilitates and supports interregional and international **economic connections**, including inbound and outbound tourism; both leisure and business related.

Each role is explored below.

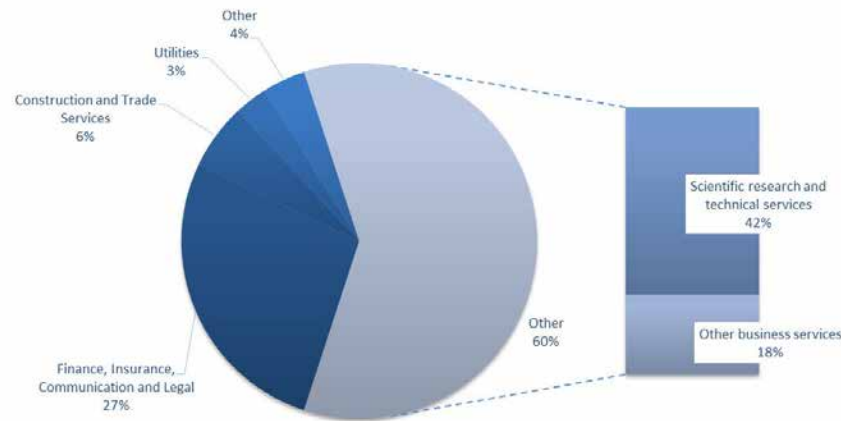
¹² Review of the District Plan Business Zones Capacity and Development of Zoning Hierarchy (Report to Queenstown Lakes District; 15 November 2013).

¹³ Compound Annual Growth Rate (CAGR)

2.1.1 The airport as business unit

QAC can be viewed as a business unit generating sales, employing people, generating a return to shareholders and paying rates and taxes. QAC interacts with the local economy through its purchases and in the year ending 30 June 2014 the airport incurred operational spending of around \$4.5m. Figure 2-1 illustrates the sectoral breakdown of the airports spending.

Figure 2-1: Sectoral Breakdown of Airport Expenditure (2013/14)



In terms of the airport's own inputs, the interactions are predominantly focused on specialist and professional services. Business related services purchased accounted for 60 per cent of the airport's inputs, and includes services such as:

- Specialised design services,
- Professional services,
- Engineering design and engineering consulting services.

This is followed by finance, insurance communication services and legal services. Clearly, the airport generates demand for specialist, knowledge intensive services.

The other categories include construction and trade services (6%), utilities (3%) and other miscellaneous items.

In addition to the above spending the airport incurs two other important costs: labour costs and depreciation. Labour cost includes salaries and wages and directors fees and in 2013/14 the airport's labour cost amounted to \$2.2m. Depreciation is another key item. Depreciation refers to the allocation of the cost of an asset to the timeframe when it gets used. Depreciation is associated with historic investments (typically the purchase or construction of an asset) and reflects the 'annual value' associated with how the economic asset is used. In 2013/14, the airport recorded depreciation of over \$3.8m. This was broken down as follows:

- Buildings \$1.2m
- Runways, taxiways and aprons \$1.1m
- Vehicles, plant and equipment \$1.4m.

Compared to the other transactions (purchases from the rest of the economy), these two categories (combined) are 37 per cent greater than direct expenditure. This underlines the importance of viewing the airport as economic infrastructure requiring a dedicated labour force. The economic infrastructure unlocks other activities, enabling other businesses to undertake business activities. Some of these firms operate with the airport terminal and other in the airport environs.

2.1.2 Airport Environs

The airport environs relate to the area in close proximity to the airport. Firms seek to locate close to airports for a variety of reasons and firms can be classified based on the relationship with the airport. These relationships include:

- Firms delivering air transport services [Core]
- Firms servicing the airport operations or aviation [Related]
- Firms that service passengers using the airport [linking end users],
- Firms that locate in the environs to access air transport services [linking end users]
- Other firms related to airport services or using airport related facilities [associated with aviation].

In addition to the above, some firms locate in the airport environs because the location is a business area. This means that not all firms located close to an airport are related to, or reliant upon, the airport. A number of studies into New Zealand's airports highlight the economic role of airport environs. Table 2-1 shows the activities which can be found at the Queenstown Airport. The tables also shows the relationship between the activity and the airport¹⁴ and is based on work undertaken for the New Zealand Airports Association¹⁵.

Compared to other Tier 1 airports, Queenstown Airport contains most of the expected activities. This comparison is based on the relative concentration of employment in the areas surrounding the airport and comparing it to all Tier 1 airports. The activities which are underrepresented (or not present) in the Queenstown Airport environs include (note: these are formal economic sectors as defined in the Australian New Zealand Standard Industrial Classification – ANZSIC):

- Other motor vehicle and transport equipment rental and hiring,

¹⁴ The Tier 1 Airports include: Auckland International Airport, Hamilton International Airport, Christchurch International Airport, Dunedin International Airport, Queenstown Airport Corporation and Wellington International Airport.

¹⁵ M.E undertook this study in 2013.

- Fire protection and Other Emergency Services,
- Other warehousing and storage activities,
- Parking services,
- Adult, Community and Other Education n.e.c.¹⁶,
- Sport and Physical Recreation Clubs and Sports Professionals,
- Customs Agency Services.

Table 2-1: Activities in Airport Environs

Association	Activity that is expected in Queenstown Airport Environs (Based on activities associated with Tier 1 Airports; Formal Sector Classification)	Found in the immediate area around	Under-represented (vs. Tier 1 Airports)
CORE	Air and Space Transport	✓	
	Airport Operations and Other Air Transport Support Services	✓	
RELATED TO AIRPORT OPERATIONS OR AVIATION	Other Motor Vehicle and Transport Equipment Rental and Hiring	✓	✓
	Fire Protection and Other Emergency Services (except Ambulance Services)	✓	✓
	Aircraft Manufacturing and Repair Services	✓	
	Catering Services	✓	
	Central Government Administration	✓	
	Other Warehousing and Storage Services	✓	✓
LINKING AIRPORT/AVIATION WITH END USERS	Parking Services	✓	✓
	Accommodation	✓	
	Cafes and Restaurants	✓	
	Taxi and Other Road Transport	✓	
	Investigation and Security Services	✓	
	Travel Agency and Tour Arrangement Services	✓	
	Postal Services	✓	
	Passenger Car Rental and Hiring	✓	
	Petroleum goods wholesaling	✓	✓
	Amusement and Other Recreation Activities n.e.c.	✓	
	Scenic and Sightseeing Transport	✓	
	Adult, Community and Other Education n.e.c.	✓	
	Amusement and Other Recreation Activities n.e.c.	✓	
ASSOCIATED WITH AVIATION			

Appendix 2 contains a description of each activity.

The above does not mean that the activities are not present or delivered at Queenstown Airport. Instead it implies that, compared to the other large airports in New Zealand, they are under-represented. Potential reasons for this include:

¹⁶ N.e.c. – not elsewhere classified

- The service is being delivered via some form of contract e.g. emergency services is delivered as contract and not via an on-site emergency service. Similarly, the emergency services could be located close to the airport but not within the airport environs. This situation may not adversely affect emergency response times because factors such as traffic delays may not be experienced.
- There may be limited demand for some supporting activities such as 'other warehousing and storage activities'. Queenstown Airport does not have a large freighting service. This is due to the limited demand for such a service from the rest of the economy.

The analysis suggests that the direct activity taking place in the wider environs is around \$88.0m (annual and in gross output terms) and employ around 520 employees and working proprietors (see Table 2-2). It is important to realise that the airport vicinity is an important business location with a large portion of employment concentrated in close proximity to the airport.

Table 2-2: Activity in the Wider Airport Environs

Categories	Gross Output \$'m	Employment (MEC)
Airport and Aviation Type Activities (Incl GA)	27.1	170
Tourism Related	4.2	60
Aviation Support	1.4	20
Government (Customs etc.)	4.3	30
Airport Support (Emergency svcs)	4.1	80
Tourism Support	47.1	160
Sum	88.1	520

2013 year in 2007\$ terms;
see Appendix 3 for a breakdown of the categories

As expected, a substantial share of the activity taking place in the airport environs is either directly related to delivering air transport services (or supporting it) or providing some sort of service directly to the tourism industry or tourism services directly. With reference to the Airport and aviation type activities, this includes amusement activities, other recreation activities, scenic and sightseeing transport and other education activities. Combined, these activities account for over twenty per cent (21.5%) of airport and aviation activities. This means that tourism and passenger focused activities and firms play a central role in the environs. The tourism support activity is the largest activity with estimated gross output of \$47.1m.

2.1.3 Connections

The Queenstown Lakes District economy is dominated by tourism type activities with a number of studies highlighting the district's relationship with this sector. Airports facilitate connections between places and people. These connections have economic value that stems

from passengers spending money locally. Different tourist types have different spending patterns and consequently they have different economic effects.

2.1.3.1 Facilitated Tourist Spending

Travellers incur costs and spend money during their travels. Some expenditure occurs before the tourist leaves his/her origin but a large proportion is spent at the destination(s). This expenditure drives the economic effects of tourism.

The Ministry of Business, Innovation and Employment (MBIE) and Statistics New Zealand publish tourism information on tourism spending in New Zealand covering both international and domestic visitors. Combining the data sources and deriving spending ratios enables us to approximate the share of the tourism market that flows through the airport into the District's tourism market. The results presented here are for the Queenstown Lakes District area. Table 2-3 provides a breakdown of the tourist spending per category. The table distinguishes between international and domestic tourist spending (note this is total tourist spending and not the component facilitated by the airport).

Table 2-3: Tourism Spending (Total Queenstown Lakes District)

	\$'m	
International Tourist	2012	2013
<i>Accommodation</i>	136	151
<i>Food and beverage serving services</i>	212	251
<i>Other passenger transport</i>	27	33
<i>Other tourism products</i>	166	182
<i>Retail sales - fuel and other automotive</i>	162	190
<i>Retail sales - other</i>	151	169
TOTAL	854	975
	\$'m	
Domestic Tourists	2012	2013
<i>Accommodation</i>	71	78
<i>Food and beverage serving services</i>	76	85
<i>Other passenger transport</i>	74	77
<i>Other tourism products</i>	56	56
<i>Retail sales - fuel and other automotive</i>	160	164
<i>Retail sales - other</i>	62	66
TOTAL	499	526

Source: MBIE

Total tourist spending in the district is put at around \$1.5bn with international spending accounting for 65 per cent of this. Over the last five years¹⁷, this share has averaged 63.5 per

¹⁷ This period includes the recession and the latest share is inclusive of the global recovery.

cent. This implies that around two thirds of the tourism spending taking place in Queenstown Lakes District comes from the international markets. Australian tourists account for 27% of the total (domestic *plus* international) spending.

It is however, necessary to isolate the share of tourism spending that is 'attributable' to the airport and passenger movements. This is done by using the linking passenger numbers moving through the airport and the spending profiles of visitors. Our analysis uses international and domestic visitor figures and translates these into tourism expenditure – both inbound and outbound directions. We provide low and high estimates.

Low and High Estimates

There are a number of different tourism data sources covering different aspects of tourism. We used the Tourism Satellite Accounts (TSA), the International Visitor Survey (IVS) and the Domestic Tourism Survey (DTS) as main sources to isolate tourism spending that is linked to airports. In some instances we relied on earlier studies to inform our assessment. We note that there are differences between some datasets.

Based on the available figures the airport facilitates between \$392m and \$423m worth of tourist spending in the Queenstown Lakes District economy. This is between 26 per cent and 28 per cent of the tourism spending. As expected, international visitors account for a large share of the overall spending accounting for over eighty per cent of the facilitated tourist spending.

Tourists interact with the local economy by purchasing goods and services. These interactions can be linked to different economic sectors. We mapped the reported spending of tourist products to economic sectors using the percentage share of total spending allocated to each category. Table 2-4 shows the spending profiles.

These spending profiles are applied to the estimated visitor spending (associated with passengers moving through the airport) to inform the sectoral distribution of tourist spending.

2.1.3.2 Business Travel and Agent's Commission

In addition to the spending of inbound tourist, the outbound movements also generate economic effects which are felt within the district and the rest of New Zealand.

These effects are generated by:

- The return on business travel,
- Travel agent's commission.

Table 2-4: Spending Profile

<i>International Tourists</i>	Share of Spending per Tourism Product Group
<i>Accommodation</i>	16.8%
<i>Food and beverage serving services</i>	25.6%
<i>Other passenger transport</i>	3.7%
<i>Other tourism products</i>	19.3%
<i>Retail sales - fuel and other automotive</i>	18.2%
<i>Retail sales - other</i>	16.4%
Total	100%
<i>Domestic tourist</i>	Share of Spending per Tourism Product Group
<i>Accommodation</i>	14.0%
<i>Food and beverage serving services</i>	15.6%
<i>Other passenger transport</i>	14.3%
<i>Other tourism products</i>	11.9%
<i>Retail sales - fuel and other automotive</i>	31.5%
<i>Retail sales - other</i>	12.7%
Total	100%
<i>Source: MBIE</i>	

With reference to the return on business travel effects, this component assumes that a rationale firm would only invest in the travel if it expects some return on the investment in the travel. The size of that return depends on a range of factors including the firm's risk-return profile, the sector within which it operates and the markets the firm services to name a few potential determinants. On average, firms expect to generate a return of around 10 per cent on investments. The additional revenue that the business would seek before undertaking travel is a function of airfares, accommodation spend and other business spending.

Air travel also stimulates local business activity through travel agents. Only a portion of the ticket price flows in to the local economy – a portion of the price paid for flight tickets flows out of Queenstown Lakes District. Our analysis is interested in the portion that stays within the region and how the portion is 'used' by local travel agents to support their businesses (and their supply chains e.g. labour and accountants). The travel agent industry is facing competition from web-based services – Online Travel Agencies (OTS) and Supplier Websites (SW). Sales were apportioned to these three channels and we assumed that the OTS and SW purchases flowed to Auckland, Wellington and Christchurch i.e. to the rest of New Zealand. In effect this allocates the spending to the appropriate regions where the economic impact is then felt i.e. outside Queenstown Lakes District. The remaining portion is generates effects in the District economy and is a facilitated effect.

The total business travel spend it estimated at \$4.1m and the expected return on the business travel is put at \$4.5m (expenditure *plus* expected Return on Investment or RoI). The travel agent's margin is estimated at \$2.7m with around \$0.9m (around 35 per cent) of this staying within the region.

2.2 Economic Contribution

The preceding sections describes the different channels through which the airport affects (and facilitates) economic transactions in the wider economy. Clearly the passenger connections and overall movements are the key drivers of the overall economic contribution. Each component, as discussed above, has its own set of flow on effects. The scale of the flow on effects are determined by how the component interacts with the rest of the economy, i.e. the sector's linkages.

Not all effects are felt locally, within Queenstown Lakes District, because some buy inputs from outside the region. For example, an operator could sell a product to a visitor that the operator has procured from outside the region. Table 2-5 details the spatial breakdown of the total economic contribution (Appendix 4 shows the direct and indirect effects).

Table 2-5: Current Contributions (Total)

Direct, Indirect and Induced					
		QUEENSTOWN-LAKES	REST OF OTAGO	REST OF NZ	SUM
Airport	VA (\$'m)	3.6	0.4	1.3	5
	Employment	52	6	20	77
Environs	VA (\$'m)	101.4	1.0	1.4	104
	Employment	1,266	15	18	1,299
Tourism (Low)	VA (\$'m)	576.6	6.3	9.0	592
	Employment	14,642	99	115	14,855
Tourism (High)	VA (\$'m)	621.8	6.8	9.7	638
	Employment	15,717	107	124	15,948
Bus. Rol & Agnt Mrgn	VA (\$'m)	8.1	0.7	2.2	11
	Employment	155	9	25	189
2013 year expressed in 2007 terms					

Queenstown Airport delivers an important service to the Queenstown Lakes District economy and community. As a business, the airport's spending flows through the economy sustaining additional economic activity of around \$5m. Seventy two per cent of this is felt within the Queenstown Lakes District economy. This level of economic activity supports around 77 jobs¹⁸ with 67 per cent of these jobs in the local economy.

The firm level activity taking place in the airport environs generates economic flow effects that is estimated at \$104m and around 1,299 jobs throughout the New Zealand economy. The largest share of this is felt locally with some 97 per cent of the Value Added effects being felt

¹⁸It is important to realise that the employment figures reported here is the total number of employees needed to complete/deliver the level of economic activity in one year and is associated with the entire value chain. It is not an indicator of 'new' or 'additional' employment.

locally. A similar portion of the employment effect is felt in the Queenstown Lakes District economy.

Of the airport's biggest contribution is by way of the facilitated effects – particularly the domestic and international tourism connections it facilitates. As mentioned earlier, we estimated the spending using a range (low and high). This means that the total effect of the tourism spending is estimated to fall between \$592m and \$638m (VA effect) and between 14,855 and 15,948 jobs. As expected, a large share (97%) of these effects are felt locally. A similar pattern emerges for the employment effects.

Queenstown Lakes District Council's research¹⁹ indicates that more than an third of the local economy is based on tourism and that around half of all employment is related to the tourism. It is important to realise that this does not include the tourism activities' inputs (supply chains). For example, a tourism-based enterprise may use accounting or marketing activities as part of its inputs.

2.3 Concluding Remarks

The Queenstown Airport plays an important role in the local economy. The main channel through which the airport contributes to the district's economy is the economic connections it facilitates. In the Queenstown Lakes District context, this is an important role because tourism is a large part of the economy. With the global economic recovery underway, albeit somewhat patchy, and New Zealand's tourism numbers picking up, it will be important to ensure that the airport can respond to shifts in passenger growth and movements.

The next section explores passenger growth forecasts and sets the baseline for assessing the proposed changes to the Queenstown Airport Mixed Use Zone.

¹⁹ QLDC Review of District Plan Business Zones Capacity and Development of Zoning Hierarchy. 2013

3 Potential Activities and Effects

Assessing the potential economic effects of the proposed new Queenstown Airport Mixed Use Zone requires a baseline against which any shifts can be measured. An important part of the assessment is to define how the market is likely to respond to the changes and to assess only the 'net changes'.

Given the airport's tourism role it is crucial to enable QAC to be able to respond to market shifts – particularly growth opportunities.

3.1 Outlook

New Zealand's tourism sector is showing ongoing growth and in the year to September 2014 there were 2.8m visitor arrivals – 5 per cent higher than year ending September 2013. Similarly, New Zealanders departed on almost 2.4m overseas trips in September 2014 year; up 3 per cent from September 2013. As one of New Zealand's premier tourist destinations it can be expected that the district will continue to capture a large share of the New Zealand tourism market. From a local perspective, this will mean that all the individual parts of the local tourism industry will need to respond in a way that ensures that tourists' demands are met.

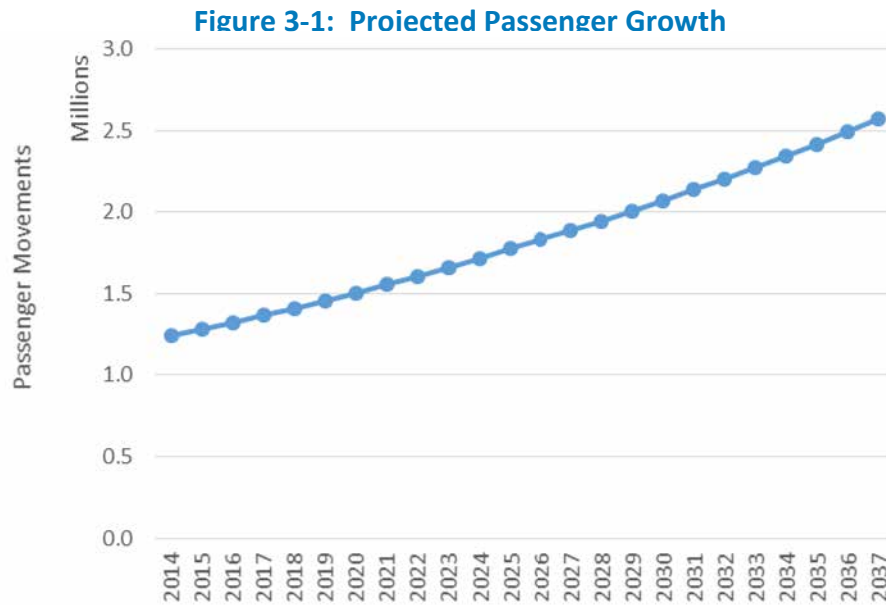
It is important to view the proposed changes in the context of the strong passenger growth. Since 2000, the number of passengers moving through the airport has grown from 413,750^{20,21} to over 1.2m²² by 2013. This equates to compound growth of over 8.5% (annual growth). More recently the airport has been recording record passenger movements and the three trans-Tasman routes (Brisbane, Sydney and Melbourne) growth at 28 per cent (year on year) has been observed. Passenger numbers on the Brisbane route grew by 57 per cent. On the domestic front, the Auckland-Queenstown route grew at 5 per cent in the last year. General aviation activity is also experiencing strong growth; between 2012/13 and 2013/14 this category grew at over 7 per cent.

The strong performance builds on the District's unique natural amenity and improvements in the tourism products being offered. Applying the Airport's passenger growth projections as well as MBIE's tourism growth projections provide an indication of the future outlook for passenger movements through the airport. Figure 3-1 shows the projected passenger growth. We note these projections are lower than the growth projections presented in the Airport's Statement of Intent. As mentioned earlier, our assessment takes a longer term view, is informed by official tourism projections and are more conservative.

²⁰ Scheduled passengers; excludes 113,250 General Aviation Passengers

²¹ Airport Master Plan 2023. Queenstown Airport. July 2008.

²² Queenstown Airport Annual Review 2013.



Source: Based on QAC information

Passenger growth is projected to continue to grow, expanding at around 3.3 per cent in the medium term²³ before slowing down to around 3.1 per cent. This growth translates into passenger movements of around 1.78m by 2025 and 2.57m by 2037. The growth in the passenger movements will have an associated impact on the local economy by way of the tourism spending that is injected into the District. Based on MBIE tourism forecasts and passenger number growth rates, total tourism spending is projected to increase by between 3.4 per cent and 3.9 per cent per annum. This will increase total tourism spending facilitated by the airport to between \$1.1bn and \$1.4bn (by 2037). This means that the share of total tourism spending that is facilitated by the airport is likely to increase over time²⁴ because the facilitated spending is projected to increase at between 3.75 per cent and 4.3 per cent.

This highlights the need to ensure that the airport can grow and expand in response to strong demand for air transportation.

3.1.1 Potential tourism effects

The airport's largest economic effect is tourism spending and the connections it facilitates. Based on MBIE tourism spending projections as well as other available tourism forecasts and projections, the number of tourists coming to the District is expected to continue to grow. The airport is important in servicing some sub-markets e.g. the Australian tourists.

Tourism spending in Queenstown Lakes District has seen some large shifts over the past 14 years with some years recording growth in excess of 10 per cent per annum (Figure 3-2).

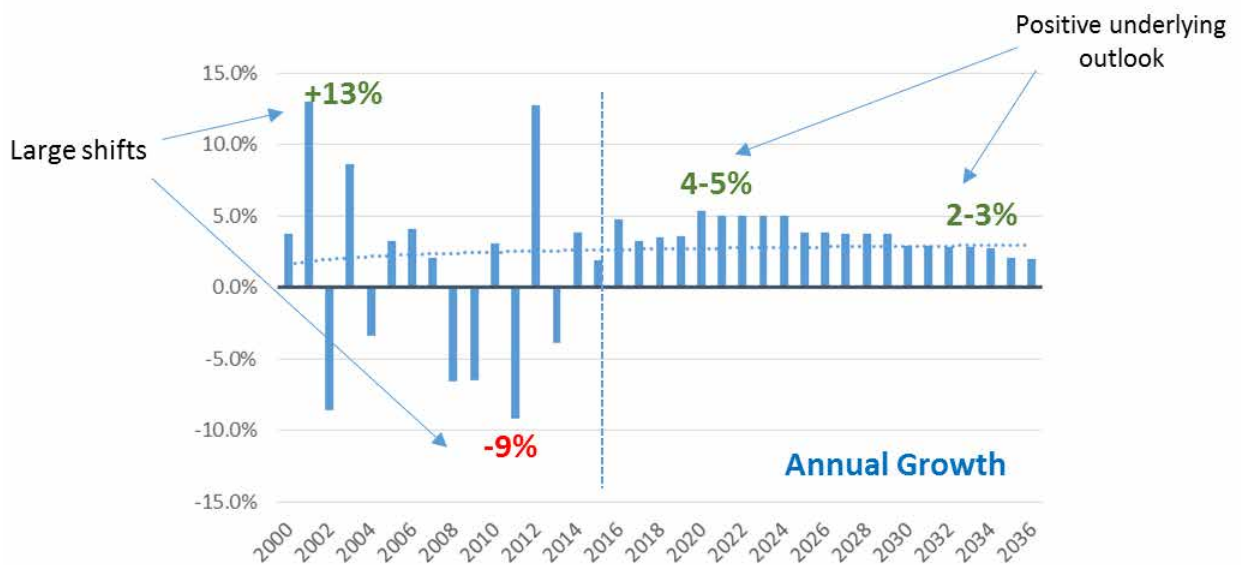
²³ For the next 10 years

²⁴ This relies on passenger growth being achieved and is based on QAC's projections.

However the tourism spending has also shown large contractions. These contractions align with historic global slowdowns and shocks including the Global Financial Crisis. Both international and domestic tourism activity have recovered from recent lows and based on MBIE projections, the international spending and tourism is forecast to grow into the future. Domestic tourism activity is also expected to remain buoyant with consumer confidence at high levels.

Figure 3-2 shows the medium to long term outlook for the Queenstown Lakes District tourism spending based on MBIE data and reflecting projections in key markets and the overall New Zealand tourism industry.

Figure 3-2: Projected Growth in Tourism Expenditure



The long term outlook for tourism is based on the growth and underlying performance in countries of origin. New Zealand has experienced strong growth from the Chinese and Australian markets – both important markets for the Queenstown Lakes District. In terms of the outlook to 2020, these two markets are projected to account for 85 per cent of New Zealand’s visitor growth. The growth in visitor spending is a function of total visits, spend per visitor day, length of stay and the visitor mix. Overall New Zealand spend is projected to grow at 3.2 per cent per annum (compound growth) and total visitor numbers are also forecast to grow a 3.9 per cent per annum. However, average spend per day and the length of stay is projected to decline by 0.5 per cent and 0.2 per cent respectively. These movements reflect shifts in tourist behaviour patterns and characteristics (e.g. changing demographics) and market conditions of country of origin.

This is an important observation because, as shown earlier, the wider Queenstown Lakes District economy is driven by tourism. Given that regions will compete against each other for tourists’ time (and money), the Queenstown Lakes District is well placed to capture a higher share of New Zealand’s overall international tourism dollar in future.

The tourism outlook for Queenstown Lakes is upbeat with strong growth (around 4-5%) in expenditure projected for the short term. Over the medium to longer term, a more conservative approach is taken and expenditure growth is expected to expand more modestly. This reflects potential capacity constraints in the local market, maturing markets and a general uncertainty about future market conditions.

The airport provides quick and easy accessibility and connections to other economic centres. The proposed amendments to the Queenstown Airport Mixed Use Zone recognise and provide for the airport and airport related activities by way of specific zoning, which facilitates the most appropriate use of airport land and ensures that the airport can accommodate all anticipated future services and demands.

The terminal is the main contact point where passengers interact with airport infrastructure. The economic value of these interactions is covered in the preceding section. Given the nature and intent of the provisions (current and proposed) it is not anticipated that either of these will affect passenger numbers. In fact passenger and flight numbers are the underlying driver of the development of the airport. Shifts in these numbers will require the airport to respond and invest in additional capacity to service aircraft and passengers. In other words, flight and passenger numbers are key drivers in determining the scale of the terminal (and supporting) facilities.

However if the airport is unable to service/accommodate flights then the loss of passengers (and the associated spending) will be a cost to the economy. If the airport's capacity to accommodate air movements is constrained then individuals wishing to visit Queenstown Lakes District can respond in a number of ways; including:

- Avoid travelling to Queenstown Lakes District altogether,
- Seek alternative transport to Queenstown Lakes District,
- Use the same transport mode but travel at another time (reschedule the travel).

Around 78 per cent of Queenstown's international visitors use road transport and 88 per cent of domestic visitors use this transport mode. These high proportions suggest that alternative transport is available to tourists should they be unable to use air transport. The flow on effects associated with using alternative transport to the Queenstown Lakes District economy is relatively small because the spending is not 'lost to the economy'. A portion of the tourism spending is now allocated to transportation to the District and some of the 'visit time' is spent travelling to the District instead of spending this time in the District. Given that Queenstown Lakes District is a premier tourist destination it is likely that tourists will prioritise their spending (and time) for activities in the District. Therefore the economic effects will be felt outside the region in the rest of New Zealand.

3.2 Potential Activities

The proposed Queenstown Airport Mixed Use Zone provisions seek a clear link between the airport and airport related commercial/business activities. This means that the type of commercial activity that would be permissible in the zone would need to be strongly aligned with the airport and airport related activities – either directly supporting airport operations or servicing/delivering activities which are generally located in and around airport environs.

A key observation from the table is the high level of alignment between the proposed activities and activities which are normally associated with airport environs. This means that the proposed activities support the objective of providing for 1) activities that ‘support’ or are ‘complementary’ to airport activities while 2) providing for the ‘efficient use’ of airport land.

A key driver of the overall growth in the airport precinct will be performance of the airport in terms of the number of passenger and airplane movements. As the number of passenger moving through the terminal increases the capacity to handle through passengers (and associated plane movements outside the terminal) will become an issue. A logical step would be to develop and expand the terminal to cater for the additional PAX. As part of this expansion, ancillary activities (café and restaurants, parking services, passenger car rental, taxi services etc.) will need to be catered for.

In addition, it can be expected that QAC’s revenues (and flow on costs) will also increase. Firms interacting with, and supplying, QAC will see an increase in the demand for their services. Using the 2013/14 financial statements as a starting point and applying the passenger growth rates to the expenditure levels provides an indication of the likely future expenditure of the airport. If the relationship between passenger numbers and direct costs hold (i.e. is a linear relationship) then by 2025 the airport’s operating expenditure is projected to be in the order of \$6.5m and \$9.4m by 2037. It is important to note that some costs are fixed and do not change relative to the level of activity and some costs are variable²⁵. These expenditure estimates are subject to refinements that will need to consider how any investment is funded i.e. debt vs equity funding.

Another aspect to consider is the likely scale of the activities. We note that there is little detailed information about the specific allocation of space to different activities. The following discussion is based on our understanding of the potential scale of the Airport Mixed Use Zone and the quantum may change if new or additional information becomes available.

Table 3-1 provides an indication of the space allocated to different activities and the potential economic value associated with those activities. These estimates have been derived by using a wide range of assumptions, particularly the area used and the employment density (m² per employee). Next the Queenstown Lakes District MRIO was used to estimate the potential gross output (an indicator of the size of the economic activity).

²⁵ Depreciation, and salaries and wages, are other costs to consider.

A key point to note is that the activities and economic activity relates only to the airport land and activities associated with the Mixed Use Zone and it does not include the entire airport environs.

The table shows the type, and potential scale, of commercial activity that could be undertaken under the proposed Airport Mixed Use Zone provisions. This example development is based on the type of commercial activities associated with other large airports around New Zealand. This table shows the net change – that is, the difference between the ‘with’ and ‘without’ the proposed provisions.

Table 3-1: Airport Mixed Use Zone Potential Activities

<i>Type of Commercial Activities</i>	<i>Example Economic Sector</i>	<i>Employment</i>	<i>Output \$'m</i>
<i>Warehousing</i>	Air and Space Transport	7	1.8
	Freight Forwarding Services	8	2.1
	Other Warehousing and Storage Services	5	2.1
<i>Yard-based transport facilities</i>	Road Freight Transport	2	0.1
	Taxi and Other Road Transport	4	0.3
	Passenger Car Rental and Hiring	3	0.9
<i>Terminal</i>	Other Motor Vehicle and Transport Equipment Rental & Hiring	5	1.9
	Central Government Administration	28	3.4
	Parking Services	8	0.5
	Cafes and Restaurants	21	0.7
	Travel Agency and Tour Arrangement Services	24	5.8
	Passenger Car Rental and Hiring	113	3.6
<i>Visitor Accommodation</i>	Accommodation	17	0.9
<i>Maintenance facilities</i>	Air transport, services to transport and storage	14	3.4
<i>Aviation Support/Training</i>	Petroleum Product Wholesaling	2	1.8
	Aircraft Manufacturing and Repair Services	8	1.2
	Amusement and Other Recreation Activities n.e.c.	41	4.3
	Scenic and Sightseeing Transport	54	3.2
	Adult, Community and Other Education n.e.c.	21	1.8

One of the potential activities that would be permissible under the proposed provisions is visitor accommodation – a departure from the operative plan. The notional development as included in this assessment is for a medium size development with 34 rooms (80 beds). According to Statistics New Zealand there are 115 accommodation establishments in Queenstown²⁶ with 2.8m stay units available per year. Over 40 per cent of the capacity is provided by hotels (34 establishments). This means that the notional development will add 1.1% to available hotel capacity and 0.4% to overall capacity – a small addition to overall capacity. To put this in context, between 2001 and 2013, the average growth in capacity²⁷ (capacity = stay units x number of nights) was over 65,000 additional stay unit-nights per year. The example development used here will provide around 12,410 stay unit nights. That is less than one fifth (20%) of the annual growth delivered over the decade or so. Visitor

²⁶ This is the Queenstown Lakes District area.

²⁷ This relates to the Queenstown RTO area.

accommodation is also found within close proximity to large airports throughout New Zealand and locating some visitor accommodation close to Queenstown Airport would expand the breadth of accommodation offered to tourists.

3.3 Flow-on Economic effects

If the example development outlined above takes place it will add to the Queenstown Lakes District economy. We estimate that the potential development that can be accommodated in Airport Mixed Use zone is equivalent to an 82 per cent increase above the current activity. As the firms establish, they generate demand for inputs with this demand flowing through the economy and generating another set of effects. The economic contribution (impacts and flow on effects) of this 'new' (excluding activities currently being undertaken in the area) activity is estimated at:

- Value Added \$53.4m²⁸
- Employment (MECs) 780.

Ninety six per cent of these effects are expected to be felt within the Queenstown Lakes District economy.

3.3.1 Opportunity costs

In the context of this assessment, the key question is whether a different growth and development outcome would be achieved under the current District Plan provisions compared to the proposed provisions. The proposed amendments do not alter the intent or overall direction of the current district plan. A closer comparison reveals some key focus points:

- The current provisions as well as the proposed provisions both have a distinct forward looking with both highlighting the '*future*' requirements of the airport and the supporting activities; and
- The current District Plan provides for the '*efficient use*' of airport land whereas the proposed changes provide for the activities to '*support or complement*' the functioning of the airport.

These points have direct bearing on the airport environs and the associated activity. In addition to the proposed objectives, the proposed provisions list the permitted, discretionary, non-complying and prohibited activities. This provides certainty and clarity about the activities that could be undertaken within the airport environs. In other words, the proposed provision will assist the market to deliver the required infrastructure in a timely and accurate manner without undue delays associated with regulatory processes. If there are undue or long delays, economic costs are incurred and the full positive effects of the development at

²⁸ In 2007 terms

the airport are delayed. Delaying development also means that the maximum economic benefits only occur at a future point. The difference between the 'optimal' and 'delayed' timeframes present the opportunity cost. This opportunity cost is not only the value associated with the initial development but also includes the economic value associated with the flow on effects. Putting an economic value on the certainty is a complex process with some limitations. There is a large body of literature covering market valuations and in most cases the literature outlines procedures using probabilities and the rates of return to derive a 'weighted average' cost or value. This is then expressed in Present Value (PV) terms.

The uncertainty is reflected in a delay (or deferral) of the investment decision (to develop). If the outcome of investment decision was certain (un-delayed) then the benefits would be felt as soon as the investment has been completed. The difference between a 'delayed' and an 'un-delayed' scenarios can be viewed as the opportunity cost associated with certainty (or uncertainty). Using tools associated with the time value of money (discounting and net present value analysis) enables us to put a value on certainty²⁹³⁰. Two dimensions are used in setting the scenarios – firstly the point in time when the decision is expected to occur (the development date) and secondly the delay in when the investment decision is first made (i.e. the go-decision) and when regulatory and planning approval is received. The following combinations were modelled:

- Timeframe (5, 10 and 15 years) – this reflects the timeframe when the development is scheduled to be implemented,
- The delay of the decision (0, 2 and 5 year delays) – this is the delay/deferral in the decision-making process that is due to uncertainty (reflecting the planning and consenting process).

We use the New Zealand Transport Agency (NZTA) 6% discount rate and a 25 year assessment period.

Table 3-2 shows the Net Present Value (NPV \$'m at 6%) for different combinations. The table is interpreted as follows: the three development dates (rows) shows when the development is assumed to take place. That is in years 5, 10 or 15. The two right hand columns show the delay that is caused by the uncertainty. The uncertainty includes perceived risk (and therefore a delay in starting the planning process) in achieving a successful regulatory/planning outcome as well as a long regulatory/planning process. This means that if the development was 'planned' to commence in year 5 but is delayed for 2 years due to the planning process (uncertainty) then the development takes place in year 7. The figure in the table shows the difference in the NPV of the economic effects of the development compared to a 0 years delay.

²⁹ This assessment is based on the example development. For simplicity we have exclude any staging and construction effects. This means that the scenarios contrast the 'with development' and the 'without development' situations.

³⁰ Two key assumptions of this analysis are that there is sufficient demand for these services and that there is capacity (labour and capital) in the market to produce the necessary inputs and outputs.

Table 3-2: Opportunity Cost of Uncertainty

<i>Development Date</i>	<i>\$'m NPV @ 6%</i>	
	<i>2 Year Delay</i>	<i>5 Year Delay</i>
<i>Year 5</i>	74.8	172.0
<i>Year 10</i>	55.9	128.5
<i>Year 15</i>	41.8	96.0

Delaying the investment decision and/or delaying the investment due to a 'longer' planning process in turn delays when the economic flow on effect of the investment is felt. It is possible to express the opportunity cost of the delay in dollar value. The above table shows that delaying a project by 2 years has an economic opportunity cost of between \$41.8m and \$74.8m (depending on when the project is scheduled to start). A five year delay more than doubles the opportunity costs to between \$96m and \$172m.

3.4 Non-monetary Costs and Benefits

Section 32 of the Resource Management Act (RMA, as amended by the 2013 Amendment Bill) sets out a requirement to consider benefits and costs, including opportunity costs of plans and policies, so as to take into account the potential effects of alternatives. It promotes a cost and benefit evaluation approach to capture or quantify not only direct and localised (distributional) effects, but the wider range of consequential and often less tangible (though no less important) effects accruing to a district or region, which are typically associated with plans, policies or large scale projects.

An important consideration for the application and interpretation of a cost and benefit framework is that some effects arise indirectly and are typically more difficult to quantify than direct effects which arise locally. Social, cultural and environmental effects are often less measurable than economic effects. The preceding sections deal with the more measurable economic effects. However those effects should not be given greater weight in decision making than those which are less precisely measured or observed.

In Table 3-3 we comment of some wider and non-monetary costs and benefits (*not covered in the preceding, quantitative analysis*) of the proposed and currently operative zone provisions. The table provides an overview of the wider costs and benefits (as oppose to quantitative measurement) and compares the relativity of the cost and benefits.

Table 3-3: Non-monetary costs and benefits accruing to the community

Item	Qualitative position relative to current provisions
Costs	
By defining airport and airport related activities, any other (non-airport) activities are restricted discretionary therefore limiting the ability to include these activities.	Cost increases under the proposed provisions (more difficulty to include other activities ³¹)
Environmental costs such as air, noise and light pollution impacts	Marginal difference
Cost associated with constructing and delivering the necessary infrastructure and buildings	Marginal difference
Transport congestion due to the growth in the scale of economic activity in the airport environs	Marginal difference
Social costs to nearby communities (e.g. risk of accident and loss of open space)	Marginal difference
Heritage and culture effects	Marginal difference
Loss of agricultural potential (limited current activity)	Marginal difference
Benefits	
Remove/lower regulator costs (to the private sector) and avoid the need for costly legal action (public and private sector savings)	Improved certainty for investors with regards to the type of activity that is permissible.
Clear signals from Council regarding the future urban form and activities in the can be undertaken in the airport environs	Improved and clearer signal
Supporting the business environment enabling and directing growth leading to employment growth	Marginal improvement
Providing improved travel efficiency for firms locating close to the airport (in the Mixed Use Zone)	Marginal difference
Attracting additional visitors (especially business visitors)	Marginal difference
Agglomeration benefits	Marginal difference
Contribution to regional competitiveness and industry development	Marginal difference
Social benefits of the wider development (e.g. contribution to regional sense of identity)	Marginal difference

A range of non-monetary benefits and costs are anticipated to arise from the proposed provisions, and the main driver of these costs and benefits is due to the improved certainty regarding the activity that could be undertaken on the airport land and surrounds. Most of these effects will be realised in the immediate area with some effects felt in the wider Queenstown Lakes District. M.E has not attempted to quantify and measure the non-monetary costs and benefits outlined above but it is possible to draw some conclusions from the work. These include:

- The net benefits are a function of the certainty that will be provided by the proposed provisions.
 - The scale of most net benefits and costs arising from proposed provisions are considered to be small in terms of their effect on economic and social wellbeing – especially when considering these effects in the context of the current provisions.

³¹ In this instance, the loss of flexibility to undertake some activity is viewed as a cost but the opposite can also be argued (as presented elsewhere in the report).

- Like-for-like, it is estimated that all economic benefits arising from the proposed provisions will exceed the economic costs when considered at a District level.
 - The small net benefits to household incomes arising from the provisions are anticipated to outweigh potential costs to household incomes – net gain in household incomes.
 - Similarly, the certainty is estimated to contribute more to economic growth (GDP) than reduce it – net gain in GDP (although this is complex and based on the potential delays that could eventuate with the uncertainty)
- The proposed provisions' contribution to economic wellbeing through enabling private investment in the District is anticipated to outweigh any potential costs to private investment – net gain in private investment.
- At a district level, we assume a neutral position in public expenditure as a result of the proposed provisions.

3.5 Conclusion

Airports connect people and economic activity and it is these connections that drive the wider economic value of airports. Allowing businesses and entrepreneurs to connect enable them to share ideas and link production processes that generate wealth. In turn the connections contribute to improving the standard of living.

The Queenstown Lakes District economy is tourist facing with a large share of the economy geared to servicing tourists. Queenstown Airport is an important part of the district tourism industry and it is estimated that the airport facilitates between \$392m and \$423m worth of tourist spending in the Queenstown Lakes District economy. This is between 26 per cent and 28 per cent of the tourism spending. Tourism is an important market for the airport and tourism is a key determinant of the level of airport's infrastructure that is required. In addition to the tourism movements facilitate by the airport, it plays an important role in the local economy. This role extends beyond the movement of people and goods and it also includes the locational role of the airport – i.e. the business hub it forms. Some type of firms actively seek to co-locate with airports because they seek out the benefits of being located close to an airport. Some firms service the airport and air transport while others rely on the air links provided by the air transportation.

The proposed Queenstown Airport Mixed Use zone is seeking to provide clear signals to the market about the type of activity that could be undertaken. This means that the Mixed Use Zone focuses on the airport to ensure that the airport can function in a safe and efficient manner. In addition a key objective of the Airport Mixed Use Zone relates to unlocking sufficient land to support and complement the functioning of the airport. Therefore, adopting the Airport Mixed Use Zone will provide certainty about the activities that could be undertaken in the zone. It is possible to translate the certainty in to a value. This can be

viewed as an opportunity cost. The opportunity cost of certainty (more specifically uncertainty) is a delay in when a development takes place and is inclusive of the flow on effects. The analysis suggests that the opportunity cost (total economic impact) of not providing the certainty varies between \$41.8m³² and \$172.0m³³. This value is the difference between baseline situation (no delay) and a delayed development and reflect the 'value' that is lost to the economy if development is delayed. Having a stable and certain planning environment with clear indications of the permissible activities will provide a cost and time efficient environment within which to respond to growth pressures.

We note that Queenstown Lakes District's tourism industry is growing. In the Queenstown Lakes District context, the favourable outlook for tourism will translate into pressure on the airport infrastructure. This will require a high level of flexibility and responsiveness to ensure that the economic effects (positive and negative) are managed in a way that ensures that optimal benefit is generated.

In the medium term the pressure will manifest as congestion in the terminal. Similarly, there will be pressure on the land resource of the airport environs. This means that appropriate measures will need to be put in place to manage the strategically important airport and airport environs. The proposed Airport Mixed Use Zone provides a clear signal to the market that the purpose of the land surrounding the airport (as delineated in the Airport Mixed Use Zone maps) is for activities that support and complement airport and air transportation. The airport fulfils a key role in the District economy. It is critically important to proactively manage and future proof the airport and the wider environs to maximise the economic and social benefits of this crucial piece of infrastructure.

³² This assumes that the development is scheduled to take place in 15 years with a 2 year delay.

³³ This assumes that the development is scheduled to take place in 5 years with a 5 year delay.

Appendices

Appendix 1: IO modelling and limitations

One of the assets of Input-Output modelling is that the results it provides are easy to identify and digest, and relatively easy to use once Input-Output tables are available for a particular region. However, IO analysis is not without limitations, despite being widely applied in New Zealand and around the world. The most common limitations relate to the historical nature of IO Tables. We use IO tables derived from the 2006/7 Supply and Use Tables. Therefore, they may not accurately reflect the relationships between sectors in the current economy.

With reference the IO modelling in general, a key assumption is that input structures of all industries (i.e. technical relationships) are fixed. In the real world, however, technical relationships will change over time. These changes are driven by new technologies, relative price shifts, product substitutions and the emergence of new industries. For this reason IO analysis is generally regarded as suitable for short-run analysis, where economic systems are unlikely to change greatly from the initial snapshot of data used to generate the base IO tables. In addition to the 'fixed structure' assumption, other important assumptions (and limitations) of IO models are:

- **Constant return to scale:** This means that the same quantity of inputs is needed per unit of output, regardless of the level of production. In other words, if output increases by 10 per cent, input requirements will also increase by 10 per cent.
- **No supply constraints:** IO assumes there are no restrictions to inputs requirements and assumes there is enough to produce an unlimited product.
- **The model is static:** No price changes are built in meaning that dynamic feedbacks between price and quantity (e.g. substitution between labour and capital) are not captured.

The following indicators are used to measure economic impact:

- **Value added** measures all payments to factors of production (land, labour and capital), and excludes all purchases of intermediate inputs. It broadly equates with gross domestic product (GDP) as a measure of economic activity on the national level, and gross regional product on the regional level. Components of value added include compensation of employees (salary and wages), operating surplus (company profits), consumption of fixed capital (depreciation), and subsidies.
- **Employment** is measured in Modified Employee Count years (MECs). This is the number of full-time and part-time employees as well as working proprietors on an annual basis. This provides a measure of the labour demand associated with the estimate level of economic activity. Note that additional MEC-years do not necessarily require that additional persons be actually employed. It may mean existing employees or proprietors work longer hours to complete the additional work.

Appendix 2: Description of Activities (Formal ANZSIC Sectors)

Air and Space transport: This class consists of units mainly engaged in operating aircraft for the transportation of freight and passengers. It includes activities such as: air freight transport service, air passenger transport service, and aircraft charter, lease or rental, with crew, for freight and/or passengers.

Freight Forwarding Services: This class consists of units mainly engaged in contracting the transportation of goods for other enterprises, using one or more different enterprises to perform the contracted services by road, rail, air, sea freight transport or any combination of the modes of transport. In these cases the 'forwarding' unit takes prime responsibility for the entire transport operation.

Other Warehousing and Storage Services: This class consists of units mainly engaged in operating warehousing and storage facilities (except cereal grain storage).

Road Freight Transport: This class consists of units mainly engaged in the transportation of freight by road. It also includes units mainly engaged in renting trucks with drivers for road freight transport and road vehicle towing service.

Taxi and Other Road Transport: This class consists of units mainly engaged in operating taxi cabs or hire cars with drivers, or other forms of road vehicles not elsewhere classified, for the transportation of passengers.

Passenger Car Rental and Hiring: This class consists of units mainly engaged in hiring, leasing or renting passenger cars without drivers. Passenger cars include station wagons and minibuses.

Other Motor Vehicle and Transport Equipment Rental and Hiring: This class consists of units mainly engaged in hiring, leasing or renting transport equipment (except passenger cars), including trucks, buses, ships, boats and aircraft. Rental is of the vehicle or equipment only; it does not include hire of a driver, pilot or other operator. Also included are units mainly engaged in aeroplane rental.

Central Government Administration: This class consists of units engaged in the setting of central government policy; the oversight of central government programs (excluding military defence); collecting revenue to fund central government programs; creating statute laws and by-laws (excluding creating case law through the judicial processes of civil, criminal and other court operation); and distributing central government funds. In the context of the airport this class relates to customs and border control type activities.

Parking Services: This class consists of units mainly engaged in providing parking space for motor vehicles, usually on an hourly, daily or monthly basis. Also included are units providing valet parking services.

Cafes and Restaurants: This class consists of units mainly engaged in providing food and beverage serving services for consumption on the premises. Customers generally order and are served while seated (i.e. waiter/waitress service) and pay after eating.

Travel Agency and Tour Arrangement Services: This class consists of units mainly engaged in acting as agents in selling travel, tour and accommodation services as well as units providing travel arrangement and reservation services for airlines, cars, hotels and restaurants. Also included are units mainly engaged in arranging, assembling, wholesaling and retailing tours.

Accommodation: This class consists of units mainly engaged in providing accommodation for visitors, such as hotels, motels and similar units.

Petroleum Product Wholesaling: This class consists of units mainly engaged in wholesaling petroleum or petroleum products, liquefied petroleum gas, heating oil or other fuel oils (including aviation fuel)

Aircraft Manufacturing and Repair Services: This class consists of units mainly engaged in manufacturing or repairing aircraft, aircraft engines and frames, as well as specialist aircraft repair services not elsewhere classified.

Amusement and Other Recreation Activities: This class consists of units mainly engaged in providing amusement and recreation services. This class includes units mainly engaged in providing amusement and other recreational services not elsewhere classified.

Scenic and Sightseeing Transport: This class consists of units mainly engaged in operating transportation equipment for scenic and sightseeing activities. This form of transport is distinguished from transit passenger services, as the emphasis is not on the efficiency or speed of the transport service but rather on providing recreation and entertainment. The service provided is usually local in nature and generally includes tour commentary, highlighting features of the scenery and/or the vehicle.

Adult, Community and Other Education: This class consists of units mainly engaged in providing adult, community and other education not elsewhere classified. Flight school operations are included in this class.

Airport Operations and Other Air Transport Support Services: This class consists of units mainly engaged in operating international, national or civil airports. Also included are units mainly engaged in providing other services to air transport such as airport terminals, runways, air traffic control services, aerospace navigation or baggage handling services.

Appendix 3: Explanation of Categories

Category	Associated Economic Sectors
<i>Airport and Aviation</i>	Air and Space Transport
<i>Airport and Aviation</i>	Airport Operations and Other Air Transport Support Services
<i>Airport and Aviation</i>	Amusement and Other Recreation Activities n.e.c.
<i>Airport and Aviation</i>	Scenic and Sightseeing Transport
<i>Airport and Aviation</i>	Adult, Community and Other Education n.e.c.
<i>Airport Support</i>	Cafes and Restaurants
<i>Airport Support</i>	Investigation and Security Services
<i>Aviation Support</i>	Fire Protection and Other Emergency Services (except Ambulance Services)
<i>Aviation Support</i>	Aircraft Manufacturing and Repair Services
<i>Aviation Support</i>	Catering Services
<i>Government</i>	Central Government Administration
<i>Government</i>	Postal Services
<i>Tourism Related</i>	Other Motor Vehicle and Transport Equipment Rental and Hiring
<i>Tourism Related</i>	Accommodation
<i>Tourism Support</i>	Taxi and Other Road Transport
<i>Tourism Support</i>	Travel Agency and Tour Arrangement Services
<i>Tourism Support</i>	Passenger Car Rental and Hiring

Appendix 4: Direct and Indirect Contribution

<i>Direct and Indirect Contribution</i>					
		QUEENSTOWN LAKES DISTRICT	REST OF OTAGO	REST OF NZ	SUM
<i>Airport</i>	VA	2.2	0.2	0.7	3
	Employment	32	4	13	49
<i>Environs</i>	VA	69.2	0.2	0.3	70
	Employment	805	4	4	813
<i>Tourism (Low)</i>	VA	357.1	1.3	1.8	360
	Employment	11,494	23	23	11,539
<i>Tourism (High)</i>	VA	385.1	1.4	2.0	389
	Employment	12,323	25	25	12,373
<i>Bus. Rol & Agnt Mrgn*</i>	VA	5.0	0.4	1.1	6
	Employment	112	4	11	127
<i>*Business Return on Investment and Travel Agent Margin.</i>					

ATTACHMENT 4

QUEENSTOWN AIRPORT MIXED USE ZONE
Acoustical review of proposed District Plan provisions
Rp 001 R01 2014513A

19 November 2014



Project: **QUEENSTOWN AIRPORT MIXED USE ZONE**Report No.: **Rp 001 2014513A****Disclaimer**

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1.0 INTRODUCTION

Marshall Day Acoustics (MDA) has been engaged to provide advice on the appropriateness of the noise rules in the Operative Queenstown Lakes District Plan Queenstown Airport Mixed-Use Zone (MUAZ).

The rules are to be reviewed as part of the overall Queenstown Lakes District Council (QLDC) District Plan Review. MDA has been asked to evaluate whether the existing rules need to be updated. In addition to this MDA has been asked to provide comment on whether visitor accommodation is an appropriate land use in this zone.

This report details the potential issues that may arise should the rules remain unchanged and proposes revised noise rules where appropriate. The review of the airport designation and provisions relating to the airport noise boundaries is outside the scope of this report.

A glossary of technical terminology is provided in Appendix A, and the existing MUAZ rules are shown in Appendix B.

2.0 CURRENT NOISE PROVISIONS

In summary there are two noise related issues that relate to the MUAZ rules as they currently apply in the Operative Queenstown Lakes District Plan. Each of these is discussed below.

2.1 Activity Status

The current rules state that most types of activities sensitive to aircraft noise (ASANs) are prohibited in the MUAZ. This is considered generally appropriate. One of the reasons for this is defined in the zone purpose of the MUAZ (paragraph 6.2.1) which states that the zone is “*characterised by airport related activities necessary for the transport interface role of Queenstown Airport, but which do not strictly achieve the purpose of the Aerodrome Designation*”.

This definition therefore inherently suggests that most noise sensitive activities, particularly residential, are not intended for the zone and do not achieve the desired zone outcomes as they are not ‘airport related’.

However, as the definition also states, airport related activities should be allowed to establish and these are often activities that produce some noise emissions themselves. Examples of these kinds of activities would be retail outlets, cafes, restaurants, car hire companies and associated vehicle maintenance facilities. These activities complement the efficient operation of the airport. Another example of an activity that may be considered airport related is visitor accommodation.

The intent of the rules as they are written should generally still apply, in that most types of ASANs should remain prohibited activities. The one exception to this would be visitor accommodation. This is discussed further in section 3.1.

2.2 General Noise Limits

Rule 6.2.5.2 (iv) (a) provides the zone noise rules that apply. It is important to note that these relate to general activities that occur in the zone, and not to aircraft operations. We note however that based on the provisions of Plan Change 35 (PC35), these would also

currently apply to any planned engine testing activity that occurs in the zone. Unplanned engine testing would be exempt from noise limits. Generally speaking the noise rules are similar to those that apply elsewhere in the District, and are consistent with the general noise rules that apply at other airport zones throughout New Zealand.

Overall, the noise limits apply to noise emissions from *non-residential* activities occurring in the zone, as they affect adjacent *residential* activities in other zones. There are currently no noise rules relating to noise emissions affecting activities *within* the zone.

The rules contain daytime and night-time noise limits for noise emissions, with a maximum noise level control also applying at night, to control potential sleep disturbance effects.

The noise rules are similar to the QLDC residential zone noise rules, except that the numerical noise limits applicable to MUAZ noise emissions are 5 dB less stringent. However the numerical noise limits are consistent with those permitted in the adjacent Remarkables Park Zone.

In general the noise limits are appropriate. However, a number of minor modifications are recommended to ensure consistency with other chapters of the District Plan, and to ensure that activities allowed to establish in the zone can operate efficiently, and at the same time, not have undue adverse noise effects on the surrounding community. These are discussed in section 3.2 below.

2.3 Construction Noise

Rule 6.2.5.2 (iv) (b) refers to construction noise and its control. In our opinion this rule is appropriate and can be retained.

2.4 Exclusions

Rule 6.2.5.2 (iv) (c) sets out the activities that are not included in the MUAZ noise rule controls. In summary these are the airport itself, windfarms and helicopter landing areas associated with the airport. This rule is also still appropriate and can be retained.

3.0 RECOMMENDATIONS

3.1 Visitor Accommodation

As discussed above, it is considered appropriate in this case to define visitor accommodation as an activity that can establish in the zone.

One reason for this is that the intent of the zone is to provide airport related activities. Visitor accommodation is one activity that can be considered airport related.

That is, the provision of visitor accommodation can be considered an airport related activity because people may wish to stay near the airport if they have an early morning flight, or want to take the opportunity to stay after initially arriving in Queenstown. The provision of such an activity may better suit some people's travel itineraries than having to stay off site.

It is noted that there is a recent trend for airport based visitor accommodation to establish in New Zealand for this reason, one example being Auckland.

Should visitor accommodation be allowed to establish in the MUAZ, then reverse sensitivity issues and adverse noise effects would need to be properly addressed through updates to the zone rules.

In terms of reverse sensitivity, it is the opinion of MDA that this can be adequately managed by ensuring that no long term accommodation is provided for, such as residential accommodation. The reasons for this are that generally speaking visitor accommodation in the MUAZ would be:

- Used by people for short term stays, unlikely to exceed a day or two in duration
- There would be minimal expectation for outside space to be provided; the main use of visitor accommodation would be for people in transit, at the beginning or end of a vacation and therefore not explicitly on holiday in the MUAZ
- Typically people using such accommodation would also be using the airport services so may generally expect and be sympathetic to a degree of impact by the airport.

Nevertheless, because the MUAZ is still adversely affected by airport noise, and visitor accommodation is a type of ASAN, then any developments would need to be fitted with sound insulation to endure a satisfactory internal noise environment is achieved.

It is recommended therefore that the MUAZ rules include reference to an appropriate internal design sound level.

It is the opinion of MDA that an appropriate design sound level for visitor accommodation would be an internal sound level of 40 dB L_{dn} , applicable to any rooms where people stay. This would not be required for any rooms used for commercial activity associated with the management of visitor accommodation.

The text of such a sound insulation rule should be consistent with drafting confirmed by the Environment Court in its third interim decision on Plan Change 35, specifically Rule 7.5.5.3(vi) of the Residential Zone. Reference to Appendix 13 (as confirmed by the Environment Court in its third interim decision) which specifies the sound insulation requirements for ASANS inside the airport noise control boundaries should also be made.

In terms of residential accommodation, it is noted that sound insulation does not deal with the outdoor noise environment. New Zealanders in general, enjoy an 'outdoor' type of lifestyle that includes activities such as barbecues, gardening and entertaining friends and family. As a result an unsatisfactory external noise environment is a potential source of residential complaint with demands to reduce noise, potentially affecting airport operations.

In our opinion, minimising the number of people affected by airport noise by restricting residential development is an appropriate form of land use planning inside the MUAZ. These external noise environment issues would not occur with visitor accommodation inside the MUAZ.

When consideration is given to the above, visitor accommodation could be allowed in the MUAZ. However because residential activity is a different type of ASAN, this should remain prohibited.

3.2 General Noise Limits

As discussed in section 2.2 above, it is considered appropriate that the general noise controls be retained, but with some minor amendments.

The proposed text revisions for the rule are provided below:

“Sound from activities measured in accordance with NZS 6801:2008 and assessed in accordance with NZS 6802:2008 shall not exceed the following noise limits at any point within any Residential Zone, the notional boundary in the Rural Zone, or at any point within Activity Areas 1, 3, 4, 6 and 8 of the Remarkables Park Zone:

daytime (0700 to 2200 hrs) 55 dB L_{Aeq} (15 min)

night-time (2200 to 0700 hrs) 45 dB L_{Aeq} (15 min)

night-time (2200 to 0700 hrs) 70 dB L_{AFmax} ”

If residential activity is allowed to establish in the Frankton Flats zone, then the rule above should be adjusted to ensure these areas are also protected.

In our opinion the noise controls should retain a separate daytime and night-time noise limit and in this case, MDA recommend the same numerical limit as currently exists is also retained. The night-time maximum noise limit should also be retained.

However, it is recommended that the time periods to which the noise controls apply be amended. Currently the daytime period is defined as 8 am – 8 pm. We recommend this be adjusted to 7 am – 10 pm. There are a number of reasons for this, including:

- To account for airport related activity in the zone occurring at the same times that the airport itself is operational (daytime period defined in NZS 6805 as 7am – 10 pm).
- To provide consistency with the time periods that apply to similar activity that can occur in both the Remarkables Park Zone and the Frankton Flats zone, both of which adjoin the MUAZ.

We note that the rule as worded above would mean that there is no noise control between activities in the zone that are not noise sensitive. In our opinion this is acceptable, because noise related issues for such activity is unlikely to occur. It is also noted that the MUAZ only includes land owned by the airport or contained within its designation, and as such, it can exercise a degree of control over who it leases this to, and therefore to what extent a leasee can make noise. In addition, there would still remain a duty on any occupier to ensure noise does not exceed a reasonable level.

If the general noise rules were to remain unchanged, there is a risk that the ancillary activities which service the airport may not comply with the noise rules and this may also detrimentally impact the ability of the airport to effectively operate.

4.0 CONCLUSION

Marshall Day Acoustics has reviewed the Operative Queenstown Airport Mixed Use (MUAZ) rules as they relate to noise. The noise rules for the zone are generally appropriate but can be updated to better reflect the requirements of an international airport, without unduly impacting on the surrounding community.

The revisions that should be made relate to; ensuring the general noise rules are consistent with the surrounding zones, allowing airport related activity to occur during airport operational hours, allowing visitor accommodation to establish inside the zone provided it is fitted with appropriate sound insulation, and ensuring residential activity continues to be prohibited.

APPENDIX A GLOSSARY OF TERMINOLOGY

Noise	A sound that is unwanted by, or distracting to, the receiver.
dBA	The unit of sound level which has its frequency characteristics modified by a filter (A-weighted) so as to more closely approximate the frequency bias of the human ear.
A-weighting	The process by which noise levels are corrected to account for the non-linear frequency response of the human ear.
$L_{Aeq}(t)$	<p>The equivalent continuous (time-averaged) A-weighted sound level. This is commonly referred to as the average noise level.</p> <p>The suffix "t" represents the time period to which the noise level relates, e.g. (8 h) would represent a period of 8 hours, (15 min) would represent a period of 15 minutes and (2200-0700) would represent a measurement time between 10 pm and 7 am.</p>
L_{dn}	The day night noise level which is calculated from the 24 hour L_{Aeq} with a 10 dB penalty applied to the night-time (2200-0700 hours) L_{Aeq} .
Sound Insulation	When sound hits a surface, some of the sound energy travels through the material. 'Sound insulation' refers to the ability of a material to stop sound travelling through it.
NZS 6801:2008	New Zealand Standard NZS 6801:2008 <i>"Acoustics – Measurement of environmental sound"</i>
NZS 6802:2008	New Zealand Standard NZS 6802:2008 <i>"Acoustics – Environmental Noise"</i>
NZS 6805:1992	New Zealand Standard NZS 6805:1992 <i>"Airport Noise Management and Land Use Planning"</i>

APPENDIX B: EXISTING QUEENSTOWN AIRPORT MIXED-USE ZONE RULES

QUEENSTOWN AIRPORT MIXED-USE ZONE - RULES

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6.2 Queenstown Airport Mixed-Use Zone Rules**6.2.1 Zone Purpose**

The Mixed Use Zone comprises part of the underlying zone for Queenstown Airport in the vicinity of Lucas Place and Robertson Street at Frankton. It is characterised by airport related activities necessary for the transport interface role of Queenstown Airport, but which do not strictly achieve the purpose of the Aerodrome Designation - the safe and efficient operation of Queenstown Airport. The purpose of the zone is to provide for the continued viability of these activities and to maximise the efficient use of airport land. Future activities within the zone will be provided for without undue regulation, as long as amenity and building appearance standards are met.

6.2.2 District Rules

Attention is drawn to the following District Wide Rules which may apply in addition to any relevant Zone Rules. If the provisions of the District Wide Rules are not met then consent will be required in respect of that matter:

- | | | |
|-----|--|-----------------|
| i | Transport | - Refer Part 14 |
| ii | Subdivision, Development and Financial Contributions | - Refer Part 15 |
| iii | Hazardous Substances | - Refer Part 16 |
| iv | Utilities | - Refer Part 17 |
| v | Signs | - Refer Part 18 |
| vi | Relocation Buildings and Temporary Activities | - Refer Part 19 |

6.2.3 Activities**6.2.3.1 Permitted Activities**

Any activity which complies with all the relevant **Site** and **Zone** Standards and is not listed as a **Controlled**, **Discretionary**, **Non-complying** or **Prohibited** Activity.

6.2.3.2 Controlled Activities

- i The addition, alteration, and construction of all buildings in respect of location and external appearance.

6.2.3.3 Discretionary Activities

- i Any activity not listed as a **Non-Complying** or **Prohibited Activity** and complies with all the **Zone** Standards but does not comply with one or more of the **Site** Standards shall be a **Discretionary Activity** with the exercise of the Council's discretion being confined to:

- (a) the matter(s) specified in the standard(s) not complied with; and
- (b) the extent to which the activity is dependent on an airport location.

- ii Industrial Activities, except the processing of natural materials.

6.2.3.4 Non-Complying Activities

The following shall be **Non-Complying Activities** provided they are not listed as a **Prohibited Activity**:

- i Conference facilities.
- ii Commercial activities, other than retailing.

QUEENSTOWN AIRPORT MIXED-USE ZONE - RULES

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- iii Any activity not listed as a Prohibited Activity and does not comply with one or more of the relevant Zone Standards, shall be a **Non-Complying Activity**.

6.2.3.5 Prohibited Activities

The following shall be **prohibited**:

- i Forestry Activities
- ii Visitor Accommodation
- iii Residential Activities
- iv Commercial Recreational Activity
- v Community Activities
- vi Farming
- vii Factory Farming
- viii Mining Activities
- ix Any activity requiring an Offensive Trade Licence under the Health Act 1956
- x Residential Flat

6.2.4 Non-Notification of Applications

An application for a resource consent for the following matters may be considered without the need to obtain a written approval of affected persons and need not be notified in accordance with Section 93 of the Resource Management Act 1991, unless the Council considers special circumstances exist in relation to any such application.

- (i) Applications for the exercise of the Council's discretion in respect of the following **Site Standards**:

- Visual Amenity
- Landscaping

6.2.5 Standards

6.2.5.1 Site Standards

- i **Building Coverage**
Maximum site coverage - 75%
- ii **Building Setback**
 - (a) Setback from the Zone boundary shall be 10 m.
 - (b) Setback from any road shall be 6 m.
- iii **Landscaping**
 - (a) At least 10% of each site shall be landscaped.
 - (b) Those properties fronting Lucas Place and Hawthorne Drive shall provide and maintain a landscape strip extending the full length of the road boundary, except across entranceways. The strip shall be not less than 1 metre deep and shall have an average depth of 4 m over its entire length.
- iv **Office Accommodation**
Office accommodation shall only be provided as part of an activity undertaken within the Zone.
- v **Land Transport Facilities**
Land transport facilities shall be limited to the following:
 - garaging, including servicing of tour buses and facilities for tour buses

QUEENSTOWN AIRPORT MIXED-USE ZONE - RULES

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- courier sorting and distribution centre
- car valet services
- rental car facilities.

6.2.5.2 Zone Standards

i Building Height

Maximum building height - 9 m

ii Glare

- All exterior lighting installed on sites or buildings within the zone shall be directed away from adjacent sites, roads and public places.
- All roofs of buildings shall be finished or treated so they do not give rise to glare when viewed from any public place.
- No activity shall result in a greater than 10 lux spill (horizontal or vertical) of light onto any adjoining property within the zone, measured 2 m inside the boundary of any adjoining property.
- No activity shall result in a greater than 3 lux spill (horizontal or vertical) of light onto any adjoining property which is zoned for residential purposes.

iii Retail Sales

- Retail sales and displays are restricted to areas within the airport terminal and to such goods that serve the needs of the travelling public.
- Any goods displayed for sale and/or retailing shall be limited to the sale of those goods within the airport terminal.

iv Noise

- Sound from activities measured in accordance with NZS 6801:2008 and assessed in accordance with

NZS 6802:2008 shall not exceed the following noise limits at any point within any Residential Zone or at any point within Activity Areas 1, 3, 4, 6 and 7 of the Remarkables Park Zone:

- daytime (0800 to 2000 hrs) 55 dB $L_{Aeq(15 \text{ min})}$
- night-time (2000 to 0800 hrs) 45 dB $L_{Aeq(15 \text{ min})}$
- night-time (2000 to 0800 hrs) 70 dB L_{AFmax}

- The noise limits in (a) shall not apply to construction sound which shall be assessed in accordance and comply with NZS 6803:1999.

- The noise limits in (a) shall not apply to sound associated with airports or windfarms. Sound from these sources shall be assessed in accordance and comply with the relevant New Zealand Standard, either NZS 6805:1992, or NZS 6808:1998. For the avoidance of doubt the reference to airports in this clause does not include helipads other than helipads located within any land designated for Aerodrome Purposes in this Plan.

v Industrial Activities

- There shall be no processing of natural materials.

6.2.6 Resource Consents - Assessment Matters – Airport Mixed Use Zone

6.2.6.1 General

- The following Assessment Matters are other methods or matters included in the District Plan, in order to enable the Council to implement the Plan's policies and fulfil its functions and duties under the Act.
- In considering resource consents for land use activities, in addition to the applicable provisions of the Act, the Council shall apply the relevant **Assessment Matters** set out in Clause 6.2.6.2 below.

QUEENSTOWN AIRPORT MIXED-USE ZONE - RULES

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- iii In the case of **Controlled and Discretionary Activities**, where the exercise of the Council's discretion is restricted to the matter(s) specified in a particular standard(s) only, the assessment matters taken into account shall only be those relevant to that/these standard(s).
- iv In the case of **Controlled Activities**, the assessment matters shall only apply in respect to **conditions** that may be imposed on a consent.
- v Where an activity is a **Discretionary Activity** because it does not comply with one or more relevant Site Standards, but is also specified as a **Controlled Activity** in respect of other matter(s), the Council shall also apply the relevant assessment matters for the Controlled Activity when considering the imposition of conditions on any consent to the discretionary activity.

6.2.6.2 Assessment Matters

In considering whether or not to grant consent or impose conditions, the Council shall have regard to, but not be limited by, the following assessment matters:

i Non Complying Activity – Conference Facilities

- (a) The extent to which the activity is dependent on an airport location.

ii Building Coverage

- (a) The extent to which the proposed buildings will be compatible with the character of the local environment, including the scale of other buildings in the surrounding area.

iii Setback from Zone Boundaries

- (a) The extent to which a limited building setback from the zone boundary is necessary in order to allow more efficient or practical use of the remainder of the site.

- (b) The extent to which alternative practical locations are available for the building or structure.
- (c) The degree to which the proposed building will detract from the pleasantness, coherence, openness and attractiveness of the site as viewed from adjoining zones.
- (d) The degree to which the proposed building will detract from the outlook and privacy of people on adjoining zones.
- (e) The degree to which proposed landscaping, including plantings, will mitigate the effects of limited building setback from a neighbour's in adjoining zones.
- (f) The extent to which the proposed building, will be compatible with the appearance, layout and scale of other buildings and sites in the surrounding zones.
- (g) The extent to which the proposed building will have a size, form, and external appearance which are sympathetic to, and in visual harmony with, the surrounding environment.
- (h) The extent to which the use of the proposed building will detract from the pleasantness or amenity of adjoining zones, in terms of such matters as noise, smell, dust, glare or vibration.

iv Landscaped Areas

- (a) The effect of any reduced landscaping in terms of the visual impacts of the buildings in the Zone and the scale of these buildings.
- (b) The effect of any reduction in landscaping and screening on the visual impacts of outdoor storage areas.
- (c) The extent to which the site is visible from adjoining sites, particularly those in residential zones, and the likely consequences of any reduction in landscaping standards or screening.

QUEENSTOWN AIRPORT MIXED-USE ZONE - RULES**6**

- (d) Any aspects of the proposal, which may compensate for reduced landscaping or screening, including the nature of planting or materials used, the location of parking manoeuvring or storage areas and office accommodation.
 - (e) The relative importance of landscaping on the particular site concerned, taking account of the visual quality of the surrounding environment, particularly where a low standard of visual quality exists and improvement is necessary.
 - (f) The nature of the business activity itself, and any particular adverse visual impacts it may have.
 - (g) The effect of any reduction in tree planting provision, particularly in respect to the visual character of car parking areas and building scale.
- v Office Accommodation, Land Transport Facilities, Industrial Activities and Retailing**
- (a) The extent to which the activity is dependent on an airport location.
- vi Building Height**
- (a) With regard to proposals that breach one or more zone standard(s), whether and the extent to which the proposal will facilitate the provision of a range of Residential Activity that contributes to housing affordability in the District.

ATTACHMENT 5

CCL Ref: 14027-Attachment 5-TA

26 November 2014

Queenstown Lakes District Council / Queenstown Airport Corporation

By e-mail only



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Dear Sirs

Review of Queenstown Airport Mixed Use Zone

We are pleased to provide our response to the traffic and transportation matters associated with the review of the current land use zoning of the airport.

Background

Queenstown Airport provides facilities for the transportation of people and freight, and is a key asset to Queenstown Lakes District in terms of supporting the tourism industry and the needs of local and business travellers. It is recognised as a nationally significant asset in the light of its significant contribution to the tourism industry, is a significant source of employment for the District and is also a lifeline asset.

As part of the Queenstown Lakes District Plan Review, the Queenstown Lakes District Council is reviewing the Queenstown Airport Mixed Use Zone. The revised zone is proposed to better facilitate the expansion of Queenstown Airport to accommodate supporting and complementary activities, and to provide for its long term sustainable growth and development. The zoning would apply to all land used or designated for airport and airport-related activities.

Proposed Provisions

The revised Queenstown Airport Mixed Use Zone provisions seek to apply a range of performance standards on amenity values to manage the effects of land uses carried out at the airport. We understand that the Queenstown Airport Corporation is currently reviewing the airport precinct masterplan.

In respect of transportation matters, the provisions set out that airport and airport related activities will be permitted (subject to compliance with the rules). The revised provisions also set out that it is expected that any such land developments will comply with the district-wide provisions of the District Plan, including in regard to transportation matters other than the parking required for activities that are undertaken within the airport terminal complex.

No changes are proposed to the roading network external to the airport, meaning that Sir Henry Wigley Drive and Lucas Place will continue to have an important role in providing access, as they do at present.

Current Land Zoning

We understand that the majority of land uses that are enabled by the proposed provisions are already envisaged under the existing Airport Mixed Use Zone. However under the current District Plan provisions they are mostly Controlled or Discretionary (Restricted) Activities, whereas under the current proposals, they would become Permitted Activities.



We are aware that if a particular land use is currently a Controlled or Discretionary (Restricted) Activity, then the Council has limited its scope to considering only particular matters when assessing the resource consent application. In this particular instance, we understand that the District Plan does not set out any transportation-related issues to which the Council will have regard when considering an application made for such activities under the current Airport Mixed Use Zone.

This being so, in our view there are only limited differences in transportation outcomes between the provisions presently set out in the District Plan and what is proposed. In other words, provided that there is compliance with the various rules set out in Section 14 (Transport) of the District Plan, transportation issues will not feature in the assessment of effects of any application for a Controlled or Discretionary (Restricted) Activity under the existing Airport Mixed Use Zone, or a Permitted Activity under the proposed Airport Mixed Use Zone.

Consequently, any differences from a transportation perspective arise from those activities which are presently listed as Discretionary, Non-Complying or Prohibited Activities, and which under the proposed zoning would become Permitted or Discretionary (Restricted) Activities.

Proposed Permitted Land Uses

As previously identified, the majority of the land uses that are enabled by the proposed provisions are already envisaged by the existing Airport Mixed Use Zone. We have therefore considered the likely implications of the change in activity status for land uses that are proposed to be Permitted Activities within the revised Airport Mixed Use Zone and which are currently listed as having some other status. We understand these to be:

- Visitor accommodation (under operative rule 6.2.3.5(ii) this is a Prohibited Activity);
- Commercial activity (under operative rule 6.2.3.4(ii) this is a Non-Complying Activity);
- Industry (under operative rule 6.2.3.3 (ii) this is a Discretionary Activity).
- Conference facilities (under operative rule 6.2.3.4(i) this is a Non-Complying Activity);
- Office Accommodation and Land Transport Facilities no longer have site standards applied to them (operative rules 6.2.5.1(iv) and (v) respectively);
- Retail no longer has the zone standard applied to it (operative rule 6.2.5.2(iii)).

In evaluating the implications of these change, we have paid particular regard to proposed Objective 6.3.1.2. This limits the land use activities at the airport to being “*airport-related*” and provided to “*support or complement the functioning of the airport*”, and thus activities which establish within the zone should relate to the function of the airport in some way.

Visitor Accommodation

Although visitor accommodation would be permitted, we understand that this will be specifically targeted at passengers staying for just one night, and who have either a late-night arrival or an early-morning departure. Under the existing zoning, such passengers would need to travel to or from their (town centre) hotel at the time of their flight. These journeys would still be made under the proposed zoning, but the travel times would be different. Overall however, there would be no change in the number of trips generated and consequently this land use will not have any net effect on the traffic generation of the airport.

Commercial and Industrial Activities

Under the District Plan definitions, commercial activity also includes retail and we have allowed for this within our assessment. However, any commercial activity would need to be similarly related



to the airport's activities, thereby immediately precluding any operators who primarily rely on being able to sell to the general public to be commercially viable.

As a result, we consider that the number and type of these activities is necessarily limited, and those that could establish will generate only low volumes of traffic.

Conference Facilities

If meeting rooms or conference facilities were to develop, it is possible that attendees will fly into the airport and remain there for the meeting/conference. However, it is also possible that the facilities would be used by those that are already in the town and who would therefore travel to the airport by other means. The traffic generation of travel to a meeting/conference varies according to the number of attendees and the vehicle occupancy. For example, for a large meeting attendees may arrive by minivan or other organised travel, or share a taxi. In other instances, attendees may travel independently in smaller groups.

Again however, such conferences would need to support the airport's activities. On this basis, we consider that the number and scale of such conferences will necessarily be limited and because of this, it would appear unlikely that any meeting rooms or conference facilities would be of a significant size.

Office Accommodation / Land Transport Facilities

Under the operative District Plan, office accommodation can only be provided as part of an activity undertaken within the Airport Mixed Use Zone, and land transport facilities are limited to garaging (including servicing of tour buses), courier sorting/distribution centre, car valet services and rental car facilities. These restrictions would be removed under the proposed provisions, although there is still a requirement that such activities are related to, and support the functioning of, the airport.

From our knowledge of other airports, we consider it is possible that under the proposed provisions a freight distribution depot or warehousing dealing with goods flown in/from the airport could be operated. However, warehousing and freight distribution is one of the lowest traffic generating land uses (the typical trip rate is 2 vehicle movements per day per 100sqm GFA), meaning that any traffic-related effects of this will be negligible.

Retail

At present, retail sales are restricted to areas within the airport terminal and to goods that serve the needs of the travelling public, and the proposed provisions remove this restriction. However, although retail activities would be able to take place elsewhere within the Mixed Use Zone, there is still an overarching requirement that such activities are related to, and support the functioning of, the airport. As set out above, this precludes any retailers who primarily need to be able to sell goods to members of the public to be commercially viable, and thus in practice, we consider that only specialist retail will be able to establish. This has a greatly-reduced traffic generation rate compared to retail that is targeted at the public.

Summary

Having reviewed the proposal, there are a number of land uses that could establish as of right under the provisions which are currently not Permitted or Controlled Activities. However in each case, we consider that the requirement for them to be airport-related and to support or complement the functioning of the airport means that the extent of any associated traffic generation will be very limited. Any activities which cannot meet this requirement are Discretionary (Restricted) Activities, for which transportation matters remain a matter of discretion. In our view, this is appropriate as it



provides opportunity for the Consent Authority to consider that potential transportation effects arising that are not already anticipated within the zone.

Summary

The proposed provisions will result in a number of land uses becoming Permitted Activities. However, in practice, either these are already Controlled or Discretionary (Restricted) Activities where transportation issues are not within the scope of the Council to consider, or we consider that they are sufficiently restricted in scope by the proposed provisions such that they will have negligible effects on the transportation networks.

Consequently, we consider that the proposed revisions to the Airport Mixed Use Zone will have negligible transportation-related effects compared to the current provisions included in the District Plan.

I trust that this is of assistance, but please do not hesitate to contact me if you require anything further or clarification of any issues.

Kind regards

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ATTACHMENT 6

