

**QLDC: STATEMENT OF EXPECTATIONS
FOR QUEENSTOWN AIRPORT CORPORATION (QAC)**

The Queenstown Lakes District Council (QLDC) is the majority shareholder of Queenstown Airport Corporation (QAC). The Council (as shareholder) has adopted the following Statement of Expectation for the period commencing 1 July 2020.

Matters addressed by Schedule 8 Part 2 Local Government Act (LGA)

1. Council's expectation is that the QAC Statement of Intent (SOI) will comply with the requirements of this revised legislation and in particular that it will:
 - a. Clearly identify key objectives of the QAC;
 - b. Include the Board's approach to governance;
 - c. Clearly outline the scope and activities to be undertaken;
 - d. Include non-performance targets and other measures by which the performance of QAC may be judged in relation to its objective; and
 - e. How the QAC intend to align with Council key policies including Vision 2050, the Spatial Plan and the Proposed District Plan.

Matters addressed by section 64B (1) LGA

1. The Council expects QAC to continue to engage with its shareholders in an open, collaborative and proactive manner. The Council expects that QAC will meet regularly with QLDC as follows:
 - a. Bi-monthly Chief Executive/Chief Executive (CE) meetings;
 - b. Quarterly QAC Chair and CE;
 - c. Annually with the QAC Board and full QLDC Council to discuss business performance, vision and direction; and
 - d. Annually with the Wānaka Community Board to discuss matters relevant to Wānaka Airport.
2. Council expects to be consulted on any proposals involving land acquisition or disposal.
3. Council expects that QAC will develop and implement master plans for its airports and that the company will work in partnership with Council on any draft Masterplans for the development of either Queenstown or Wānaka Airports. The QAC will be required to seek the endorsement of Council prior to any final adoption by the board.
4. Council expects that QAC maintains regular engagement with Auckland International Airport Limited (AIAL).
5. QAC has a history of proactive consultation with its communities on key issues, and Council has the expectation that this will continue. QAC has an established Airport Noise Liaison Committee (NLC), which deals with day-to-day operational noise matters raised by the community. Council expects QAC to fully support the continued function of the NLC and would like to see some form of reporting of NLC activity included in the SOI.

6. Council expects that on major planning studies and initiatives, the company will continue to proactively engage with the wider QLDC community in an open and transparent manner. This should include as appropriate community associations directly and indirectly affected by the airports operation, industry sector groups and those community groups specifically established around airport matters.
7. Queenstown Lakes District is New Zealand's premier tourist destination and the three Regional Tourism Organisations (RTO), which support and promote the district are key players in supporting this. Council expects the QAC will continue to work closely with the tourism sector to ensure that the airport remains fit-for-purpose in supporting the communities of the district economic wellbeing at a local, regional and national level. Further, the Council expects QAC will be a proactive participant in promoting a sustainable tourism industry together with economic diversification (for example education, remote working, technology, film industry etc). The QAC is responsible for the delivery and success of critical infrastructure in the district and therefore has a critical role to support the QLDC Economic Development Strategy.
8. Council expects QAC to positively engage with local iwi and hapu. Council has established protocols with both Aukaha and Te Ao Marama, and these groups are mandated on behalf of iwi to work with relevant Territorial Local Authorities (TLA). In particular, Council would like to see some proactive work by the QAC to investigate opportunities to showcase the whakapapa of Kai Tahu.
9. The QLDC requires QAC to fulfil all its statutory duties, both to the Council and AIAL as owners, and to work collaboratively with Council to enable Council to achieve its wider statutory obligations.
10. QAC has an established Memorandum of Understanding with both Dunedin and Invercargill Airports, which seeks to foster a collaborative working relationship across the lower South Island. This positive initiative reflects QLDC's work to collaborate with adjoining TLA on visitor dispersal and all collaboration needs to be within legal parameters and balanced with protecting the operating and commercial integrity of the company.

Matters addressed by Section 64B (2) LGA

Section 64B(2) allows shareholders to identify any other expectations for the company. The following addresses those matters of particular importance to Council for QAC over the forthcoming year, which Council expects to see reflected in the SOI.

1. Principles and Key Objectives

As outlined, the LGA requires QAC to state its proposed activities and intentions for the year and the objectives these will contribute to. The Council expects the QAC to continue to service the local community and visitors for connectivity and capacity to support a share of the passenger flows into and out of the district. As part of achieving this the company must build and enhance its 'social licence' to operate. This should not be interpreted as a 'BAU' scenario, but recognises that ongoing development will

need to be delivered in a manner that is both economically feasible and prioritises the social and environmental expectations of the community. The Council has sought to express these through Vision Beyond 2050 and Council expects the QAC to support these outcomes in the context of its' operating environment. QAC, in making investment and operational choices must be clear and transparent in understanding and addressing the economic, social, cultural and environmental consequences associated with major decisions.

2. The Airport as a Commercial Entity

QAC is required to have a commitment to retaining and growing long-term shareholder value. This is partly reflected in the ongoing delivery of dividends to the shareholders. The Council recognises that significant future capital investment may impact on this in any given year but continues to have an expectation that the company will deliver a prudent annual dividend to its shareholders on a long-term ongoing basis.

3. A Strong Commitment to Reducing Environmental Harm

The proposed *Climate Change Action Plan* (QLDC March 2020) has a bold goal of making QAC the most sustainable airport in NZ. QAC has already begun the sustainability journey. Council expects that QAC will continue to implement changes that actively reduce its carbon footprint in order to achieve carbon neutrality by 2050. Council expects QAC to work with the aero industry and airlines to maximise the opportunity to reduce the carbon footprint associated with flying into and out of the district.

4. Operational Capacity

The location of Queenstown Airport means that the current campus does not have unlimited capacity to increase activity. The Council expects QAC to deliver a strategic plan that demonstrates how it intends to maintain its long term operational functionality while prioritising the following:

- a. Alignment with the QLDC Spatial Plan objectives;
- b. Minimizing the need for changes in the established noise boundaries (noting that the Council has committed to no further changes until such time as the economic and social impact assessments have been completed to inform QAC master planning);
- c. Maximising aircraft technology opportunities;
- d. Collaborating with other regional airports;
- e. Maintaining a positive social license with the QLDC community; and
- f. The requirement to reduce emissions and become carbon neutral by 2050.

5. Transport Interface

Local transport movements and the interface between the Airport, Frankton community and the town centre represent a critical set of movements that impact on the Queenstown community. The Council is working to minimise the number of cars across the transport network, and to promote alternative public transport movements and active travel solutions. QAC have been a proactive participant in these discussions. There is an expectation by Council that in future service delivery and design, QAC will prioritise public transport connections. Further, it will promote a reduced reliance on rental vehicles for visitors through the design, provision and promotion of high quality public transport offerings and services.

6. Wānaka Lease

QLDC entered into a lease with QAC for the development of Wānaka airport as a commercial service airport. This is currently subject to legal challenge. The completion of any Masterplan for Wānaka will only be concluded once this proceeding is resolved.

Council confirms its position that the Wānaka Masterplan will demonstrate that QAC does not contemplate, or is planning for, the implementation of wide-bodied jet capable infrastructure at Wānaka.

7. Speaking Plainly

The Council expects that the company will continue its commitment to plain language documents and information portals to ensure that information is easily accessible and digestible to a wide community audience.

8. Strategic Planning

The Council recognises that the district airport/s are a key strategic resource that need to be managed and invested in for the long-term, in order to continue to play an important role in the future of the district. QAC has embarked on a long-term planning process and in recent years, this has been explored through its noise boundary dialogue, and pre-engagement on its masterplans. The Council considers that this is a key function of the company, and expects it will be proactively engaged with as part of any process. The Council expects that QAC participate in the Council's own strategic processes including its Spatial Plan, and ongoing master planning projects.

Summary

In summary, the Council has set out a range of expectations for the company both for the year/s ahead and as a statement of the principles and core objectives it considers the airport needs to embrace. There is an expectation that the draft SOI and operational activity of the airport will reflect these directions. The Council may choose to update this Statement of Expectations on an annual basis as part of assisting the company to set its SOI.