

Queenstown Airport Corporation Limited

Statement of Intent

Year ending June 30 2021



CONTENTS

INTRODUCTION	3
COVID-19	4
NATURE AND SCOPE OF ACTIVITIES	6
KEY OBJECTIVES	7
KEY INITIATIVES	9
SOUTHERN LAKES REGION	13
SUSTAINABILITY	14
HEALTH, SAFETY, SECURITY AND WELLBEING	18
COMMUNITY	21
PEOPLE AND CULTURE	24
FINANCIAL PERFORMANCE	25
GOVERNANCE	28
COMPANY INFORMATION	32
ABBREVIATIONS	33

INTRODUCTION

This Statement of Intent (SOI) is prepared by the board of directors of Queenstown Airport Corporation Limited (QAC) for its shareholders 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. The company is owned by one majority and one minority shareholder:
- 75.01% by the Queenstown Lakes District Council (QLDC) 24.99% by Auckland International Airport Limited (AIAL)

The SOI sets out the company's key objectives, the nature and scope of the activities to be undertaken and the financial targets and non-financial measures by which the performance of the company may be judged in relation to its objectives. The company takes into consideration QLDC's relevant policies when setting its objectives and performance targets.

QAC's achievements against the objectives outlined in last year's SOI are set out in its Statement of Service Performance as part of its end of year reporting.

The SOI is a public and legally required document. It is agreed annually in consultation with shareholders and covers a three-year timeframe. This SOI covers the period from 1 July 2020 to 30 June 2023 (FY21-FY23).

A joint steering group with senior representatives from QLDC and QAC was established in January 2020 to guide the development of the SOI through its key milestones. The steering group is comprised of the Mayor and three QLDC councillors, three QAC directors (including the Chair), and the chief executives of each organisation.

In February 2020, QLDC adopted a Statement of Expectations (SOE) for QAC for the three-year period commencing 1 July 2020 and extended the date for the submission of the draft SOI by one month to 1 April 2020.

On 23 April 2020, the draft SOI was presented to and accepted by QLDC as the interim SOI for the FY21-FY23 period. At that time, QLDC requested that QAC present a revised SOI for the same three-year period to QLDC in October 2020 with an updated outlook and consideration of the impacts of the COVID-19 pandemic on financial performance, key initiatives and the long-term planning activities for both airports.

In June 2020, QLDC received an independent report on the socio-economic impact assessments of airport infrastructure in the Queenstown Lakes district. QAC has considered this report as part of the preparation of this revised SOI and notes that it will continue to inform future strategy and planning.

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COVID-19

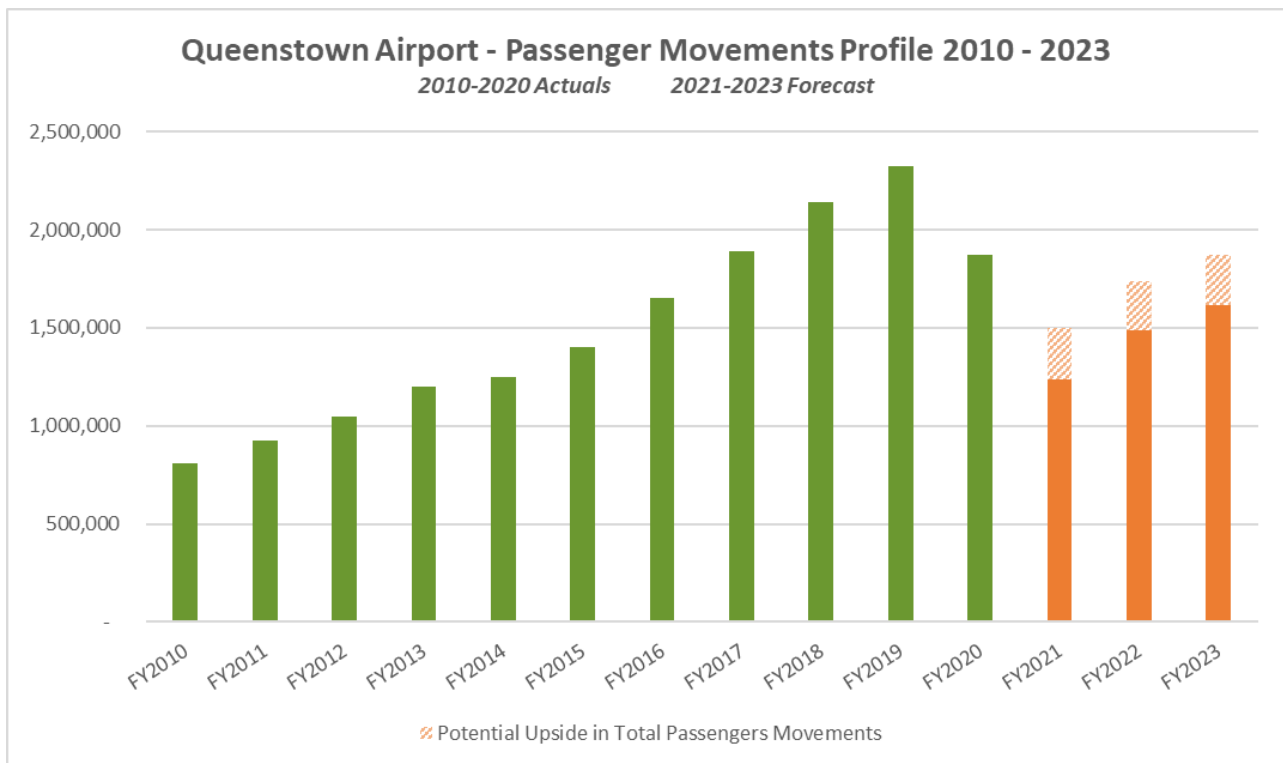
The COVID-19 pandemic has caused considerable uncertainty in the aviation and tourism sectors globally. It will continue to present a major challenge for QAC, the district and New Zealand for the foreseeable future. QAC's overarching mission in this context is to safeguard its core capability to operate vital airport infrastructure for the district and to support its recovery.

QAC responded to the initial phase of the COVID-19 crisis with a range of deliberate and considered actions across four key business objectives:

- Keep our people healthy, safe and connected with appropriate work arrangements
- Keep our communications coordinated, responsive and timely across multiple channels
- Keep the airports operational and resilient
- Keep the business financially stable, support our airport community where possible and preserve our ability to recover.

In the current financial year (FY21) we are working to stabilise the business in this period of uncertainty by focusing on underlying business performance, the wellbeing of our team, key initiatives to ensure resilience, as well as supporting the broader recovery of the district.

We forecast recovery of the business to occur gradually over the coming years and beyond the three-year period covered by this SOI. The graph below shows annual passenger movements at Queenstown Airport from 2010 and includes the current forecast passenger movements for the period covered by this SOI. We forecast 1.24 million passenger movements for the full year to 30 June 2021 (FY21), which reflects a conservative approach due to the current market uncertainty. However, it should be noted that QAC has experienced solid demand for domestic services at Queenstown Airport since July 2020 and without significant disruption to air travel going forward, a potential upside in passenger movements for FY21-FY23 (as indicated in the graph below) is possible.



The full extent of the impact of COVID-19 is not known. It has required airports and airlines globally to make considerable changes to the way they operate and plan for the future. QAC is in a relatively solid position. The company is well capitalised with appropriate debt levels and comparatively low exposure to long-haul international passenger volumes. Ensuring QAC's financial sustainability through the COVID-19 environment is a priority and the fundamentals of the business remain strong.

As illustrated in the graph and as a result of the sharp reduction in aircraft movements caused by COVID-19, there is now a considerable gap between current aircraft activity and the point at which the existing air noise boundaries at Queenstown Airport are expected to be reached. QAC will retain its focus on the future role that air transport plays in supporting the region and endorses an integrated approach to regional planning led by QLDC, whereby our planning forms part of a wider regional strategy that considers the social, environmental, cultural, as well as the economic needs of the community.

To this end, and as stated later in this SOI, QAC will not apply to expand air noise boundaries at Queenstown Airport, nor progress plans to develop Wānaka Airport, over the period covered by this SOI.

In a short space of time a global shift has occurred in the way we live, work, travel and connect. There is a unique opportunity to reflect on the recent period of significant growth in the district and to come together and plan for sustainable infrastructure, including airport infrastructure, to support the district and the communities within it. QAC encourages QLDC (and the community that it serves) to use the current hiatus in international passenger volumes as an opportunity to complete its spatial plan for the district and adjacent regional centres, which in turn will enable QAC to form its long-term strategy to support this overarching plan. QAC is committed to working with its shareholders, business partners and the wider community to understand and realise this collective opportunity.

It is in this context that the revised SOI has been prepared by QAC's board of directors and management.

NATURE AND SCOPE OF ACTIVITIES

QAC's primary activity is the safe and efficient operation of Queenstown and Wānaka airports, facilitating air connectivity for the residents of, and visitors to, the Southern Lakes region. This includes the provision of appropriate and sound aeronautical and associated infrastructure and facilities for the unique operations at each airport. At Queenstown Airport, QAC provides for scheduled commercial air services and commercial general aviation operations. At Wānaka Airport, QAC provides for both commercial and private general aviation. QAC provides grounds maintenance services and airstrip management at Glenorchy, on QLDC's behalf.

QAC is also required to ensure the operational resilience of Queenstown Airport as a life-line utility under the Civil Defence Emergency Management Act 2002.

KEY OBJECTIVES

QAC's purpose is to create long-term, sustainable economic value and social benefits for its shareholders, business partners and the communities it serves by ensuring the airports it manages and operates are safe, financially stable, customer-focused, well planned, environmentally conscious and support the recovery of the Southern Lakes region. To achieve this goal, the company has identified eighteen objectives across four areas. These are:

Provide a safe, efficient and welcoming airport experience

- Ensure a safe, secure & compliant airport environment
- Maintain a highly capable, skilled & engaged customer-centric team
- Deliver infrastructure & services in line with customer/stakeholder demand
- Continue to build operational resilience

Offer valued and innovative customer-focused services

- Deliver an outstanding park-to-plane experience reflecting the best of the region
- Work with our airline partners to ensure connectivity to reflect underlying demand
- Deliver diversified commercial offerings that generate value
- Ensure connecting transport solutions enhance the customer experience
- Enable diverse general aviation activities

Make sustainable use of our land and respect our unique environment

- Create our land & air footprint to facilitate future growth
- Develop long-term plans to support a sustainable dual airport model
- Measure and minimise our impact on the environment
- Embrace our cultural heritage

Deliver sustainable returns and balanced outcomes for our team, community & stakeholders

- Deliver value to shareholders through sustainable returns
- Foster a values-led "one team" culture
- Continue to develop organisational capability and resilience
- Strive for an engaged community that values our contributions to the region
- Enhance collaborative relationships across our airport communities and stakeholders

To achieve these objectives, QAC will:

- support the district's recovery from the impact of COVID-19
- ensure the long-term stability and profitability of the business through prudent financial management
- work constructively and collaboratively with our airline customers and wider airport community in response to COVID-19
- ensure a positive and collaborative health, safety and security culture through our commitment policy and company-wide wellbeing programme
- provide airfield, airside, terminal and landside facilities and infrastructure that deliver the required outcomes for all operators and users
- continue to facilitate air connectivity, through the provision of infrastructure in the region, to meet the needs of residents and visitors
- take pride in our region and care for our place, doing our part in safeguarding it for future generations by championing the Tiaki Promise (kaitiaki) and embedding our sustainability framework across the business

- ensure an environmentally sustainable approach to our business activities (including land use, water, energy, waste and noise management) and identify opportunities to influence and support others to do the same
- approach our long-term planning with a focus on sustainable and balanced outcomes
- ensure any future development is both economically feasible and meets the social and environmental expectations of our community, and takes into account QLDC's Vision Beyond 2050, Climate Action Plan, district plans and the spatial plan for the district
- demonstrate social responsibility and engage with the communities we serve, providing information and maintaining accessible and inclusive communication channels and consultation
- be a good employer and provide a diverse, dynamic and welcoming workplace where people feel safe and valued
- strive to be innovative and agile by embracing new and emerging technologies, including aviation technology advancements, in our day-to-day operations and long-term planning activities
- ensure that our cultural heritage is visible and celebrated

KEY INITIATIVES

Our key initiatives are aligned to the key priority of QLDC as defined by the Local Government Act – to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future. They also take account of QLDC’s Vision Beyond 2050, Climate Action Plan, district plans and spatial plan for the region.

Sustainability

It is important that QAC plays its part in contributing to the social, economic, and environmental sustainability of the region. Initiatives are underway to measure and reduce the environmental impact of QAC’s business activities, recognising the role we have in addressing the global challenge of climate change. It is a company-wide priority, over the three-year period covered by this SOI and beyond, to embed our sustainability framework across our business operations. Our goal is that, like health, safety and security, sustainability is just ‘what we do’. More detail is provided in the Sustainability section of this document.

Customer Experience

QAC’s objective is to deliver an outstanding ‘park-to-plane’ customer experience at Queenstown Airport. The food and beverage outlets, retail offerings and ground transport options are all important contributors to our customers’ experience, our business and to the broader economy. Our goal is to reflect the best of the region by providing innovative and valued customer offerings which are unique to Queenstown and the Southern Lakes region.

This customer-centric approach guides our wayfinding signage, landscaping and commercial offerings. The goal is to increase customer satisfaction and comfort by designing an intuitive experience that enables customers to move easily through the terminal and enjoy the stunning scenery that surrounds it.

This approach also extends to ground transport solutions and how they can enhance the customer experience. QAC has made significant progress in recent years to improve its parking offerings and ground transport connectivity. The objectives for the coming three-year period are to:

- deliver ground transport technology solutions including online parking, electric charging stations and licence plate recognition;
- continue to work with key partners such as QLDC, ORC and NZTA to improve airport, local and regional connectivity, explore and promote alternative transport modes, and develop plans for ground transport integration with regional transport plans; and
- support active travel to and from the airport as an integral part of an accessible and safe public transport network.

Terminal Upgrade Programme

Our terminal upgrade programme is focused on the resilience of our existing terminal infrastructure in terms of seismic performance, regulatory compliance and sustainability. QAC has made a commitment to achieve at least a 70% National Building Standards (NBS) across all elements of the terminal infrastructure to ensure a high-level of resilience in the event of a major seismic event. We are also required under CAA regulation to ensure that the terminal can accommodate new security screening equipment by providing a larger space for screening-related equipment and passenger facilitation. As part of the programme, we also intend to introduce sustainability elements related to energy use reduction and clean energy generation. The programme of works will be completed in stages over the next several years.

Noise Management

In 2014, QAC introduced an aircraft noise management plan, which is overseen by the Queenstown Airport Liaison Committee (QALC) and established a collaborative and community-focused approach in relation to managing the impact of noise created by airport operations. The QALC provides an effective interface between the airport and the community and other key stakeholders. The QALC's mandate is prescribed by the Noise Management Plan (NMP), which is updated as required in accordance with the process set out in the NMP. There are eleven committee members including an independent community chair, four community representatives, two QAC representatives (including the Chief Executive) and a representative each from QLDC, Airways NZ, the airlines, and general aviation operators. The QALC meets quarterly, and the committee membership, the minutes of its meetings, together with the NMP, are publicly available on the Queenstown Airport website.

QAC is committed to mitigating the noise impact of its business operations on the local community by providing acoustic treatment to reduce the level of noise experienced by residents living in homes near the airport. QAC either fully or partially funds the costs of noise mitigation works on existing homes in the inner and mid-noise sectors, as prescribed in the QLDC district plan. QAC is aiming to complete all mitigation works where practicable in accordance with the plan.

Property and Planning

Under the Airport Authorities Act (AAA) and Resource Management Act (RMA), QAC has statutory responsibilities and obligations related to land use and planning. QAC operates in accordance with these obligations and further undertakes to consult with QLDC on any proposals involving significant land acquisitions or disposals.

QAC will continue to participate in QLDC's proposed district plan process to ensure Queenstown and Wānaka airports' planning frameworks are appropriate to meet their strategic goals, while balancing those goals with the effects of reverse sensitivity on the community. QAC will continue to monitor and achieve regulatory compliance with any obligations set out in the district plan, QAC's designation, outline plans, resource consents and discharge obligations for both Queenstown and Wānaka airports.

QAC acquired the land known as 'Lot 6' adjacent to the main runway in 2019 through the Public Works Act. The land vested with QAC on 1 November 2019 following a proclamation from the Governor General and the Minister for Land Information for the taking of land for aerodrome purposes. Thereafter, QAC obtained an independent valuation of the land as at the vesting date and made an offer of compensation of \$18.34 million to the previous landowner in accordance with the independent valuation. In September 2020, QAC's offer of compensation was accepted by the previous landowner on a without prejudice basis.

The compensation payment for 'Lot 6' has been budgeted for and will be funded through QAC's existing bank facilities.

Long-Term Planning

QAC aims to provide an outstanding first and last impression of the communities served by and surrounding Queenstown and Wānaka airports, reflecting the best of the region in our people, customer offerings, infrastructure and sustainable practices and aligned with the eight key themes of QLDC's Vision Beyond 2050 framework.

As we look forward and plan for the challenges and opportunities before us, we must be:

- innovative in our thinking, planning, processes, technology, resourcing and infrastructure development; and
- integrated as one team managing both airports whilst preserving their unique DNA and connecting them to their communities and the broader region.

As noted, QLDC has recently received an independent socio-economic impact assessment report of airport infrastructure in the Queenstown Lakes district and is currently developing a spatial plan for the district and adjacent regional centres. These pieces of work are key inputs to QAC's long-term planning. The socio-economic impact assessment report indicates that approximately two-thirds of visitors come into the district by road and one-third by air. The report explains that prior to COVID-19 about 60 percent of the Queenstown Lakes district's economy was related to tourism and 64 percent of visitor expenditure came from international visitors. The benefits of airport infrastructure in the district to the resident population was also detailed in the report.

An important component of long-term infrastructure planning is the preparation of airport master plans. QAC halted its master planning work for both Queenstown and Wānaka airports in 2019 at the request of QLDC while they undertook their independent impact assessments and the district spatial plan work. More recently the timeline for restarting the master planning process has been impacted by COVID-19 and the resulting reduction in regional aviation activity. As and when this planning work recommences, QAC will need to revisit its previous long-term forecasts to ensure that they align with the district spatial plan as well as the broader outlook for air transport in the post-COVID-19 environment. These revised forecasts will inform our capacity planning activities as well as any options for future airport development that would be set out in draft master plans. Community consultation will be undertaken at this stage and stakeholder feedback sought and considered as an important part of the process. The process would ultimately lead to an endorsed final master plan for each airport by which infrastructure would be designed and developed over time, subject to the required consenting and other regulatory processes.

QAC recognises the high importance that the community places on balancing aeronautical growth with both the capacity of regional infrastructure and an overarching desire to preserve what makes the region a special place to live. Consulting with QLDC and the community on these points will be the cornerstone of QAC's future planning philosophy, as we consider the role that air travel plays in supporting the region, and the scale and nature of any future airport investments. QAC will engage constructively and collaboratively with QLDC and seek the endorsement of Council on its plans. QAC will then consult fully with the community on the plans and seek the endorsement of Council on the final plans before any decisions on future airport development are made. Ultimately, QAC's long-term planning will be interconnected with QLDC's long-term planning, forecasts and aspirations for the district.

Queenstown Airport

In 2009 the air noise boundaries at Queenstown Airport were expanded to accommodate the anticipated increases in aircraft movements out to 2037. Prior to COVID-19, it was forecast that Queenstown Airport would reach its air noise boundaries in approximately 2 to 3 years. Due to the uncertainty in the aviation and tourism sectors caused by COVID-19 we now do not expect to reach the air noise boundaries at Queenstown Airport for many years and certainly beyond the pre-COVID forecast. As a result, QAC will not seek any expansion of the air noise boundaries at Queenstown Airport over the three-year period covered by this SOI. In any event, an expansion of the air noise boundaries would require an application process and community consultation under the Resource Management Act.

Wānaka Airport

QAC is working with Sounds Air to introduce scheduled turbo-prop services between Wānaka and Christchurch in late 2020. Scheduled services have not operated at Wānaka Airport since 2013. The population of Wānaka and the Upper Clutha increased by 39% between 2013 and 2019 and the local community has responded positively to the proposed service. The introduction of this service does not require additional infrastructure at Wānaka Airport. As noted above, a consequence of COVID-19 is a reduction in passenger and aircraft movements to and from the region which is expected to continue for some time. In the current operating environment QAC will not pursue any expansion at Wānaka Airport. However, we do expect at some point in the future to resume the master planning process for Wānaka

Airport and this will be signalled in a future Statement of Intent. In any event and to ensure clarity on a specific point raised in recent public commentary, QAC has not sought nor is it seeking going forward to accommodate wide-body jet operations in the long-term planning for Wānaka Airport.

CIAL Land Acquisition

We note the July 2020 announcement by Christchurch International Airport Limited (CIAL) that it has acquired 750 hectares of rural land in Tarras, Central Otago, with the intention of developing a new large-scale, wide-body jet capable international airport in QLDC's neighbouring district at some point in the future.

We note that if CIAL's proposal was to move forward, QLDC and its residents would be reliant on the resource management process alone to respond to the social, environmental, infrastructure and economic impacts of this type of airport development on the region.

The QAC board of directors is confident that the region is well served by its existing airports now and into the future. While we do not view CIAL's announcement as having an impact on QAC's business operations over the period covered by this SOI, it will be considered as part of our long-term planning work.

SOUTHERN LAKES REGION

QAC recognises that QLDC is required by Government to have a future development strategy in place under the National Policy Statement for Urban Development Capacity. In this context, QLDC has formed a partnership with Central Government and Kāi Tahu to jointly deliver a district spatial plan with underlying regional growth forecasts.

QLDC expects QAC to deliver both financial and non-financial value to the district through its operations. QAC's business operations have delivered wide-ranging social and economic benefits to the region, including an annual dividend paid to QLDC (\$6.2m in 2019). The recent independent socio-economic impact assessment report estimated that Queenstown and Wānaka airports contributed approximately \$526 million to the Queenstown Lakes district's GDP in 2019. About \$40 million of this was related to airport operations, and a further \$486 million to visitor expenditure attributable to the airports, which represents a significant portion of the district's \$3.06 billion total GDP in 2019. While QAC is a commercial operation, it will always act and operate as a responsible corporate citizen and member of the community. As a business, we have experienced a period of significant growth and delivered solid returns through increased dividends to our shareholders. The rate of growth began to moderate in FY19 and has since been significantly impacted by COVID-19. As such, QAC must be prudent in its management and planning to ensure that it can continue to deliver sustainable returns and benefits beyond the economic to the community and the district over the long-term.

QAC acknowledges and embraces the opportunity to support QLDC to enable the social, economic, environmental, and cultural wellbeing of the region now and into the future. To do this we will:

- Ensure effective stewardship of the airports, including meeting all relevant statutory obligations
- Contribute to and participate in the local community
- Continue our commitment to staff wellbeing and engagement and strive to be an employer of choice
- Maintain our Living Wage Aotearoa accreditation
- Act with integrity, maintaining strong links with, and regard for, the communities we serve
- Support community events and activities with an emphasis on health, wellbeing and social inclusion
- Continue to foster a collaborative working relationship across the airports of the Lower South to make a positive contribution to the region through the Southern Airports Alliance with Invercargill and Dunedin airports
- Act as a responsible corporate citizen and look for opportunities to encourage environmental sustainability and to minimise any adverse effects of our business activities and facilities on the environment (land, waste, water, energy, noise and emissions)
- Ensure capital investment is carefully scrutinised to ensure it is necessary, having taken consideration of the prevailing economic environment and available financial resources, and addressing the economic, social, cultural and environmental impacts associated with major development decisions.

Southern Airports Alliance

In September 2019, QAC, together with Dunedin Airport and Invercargill Airport Limited, entered into a cooperative arrangement through the signing of a memorandum of understanding. The multi-lateral airport arrangement is the first of its kind in New Zealand and aims to foster regional collaboration across the three airports companies of the Lower South Island and to make a positive contribution to the communities of the region. The agreed areas of focus are health and safety, environmental sustainability, operational excellence and supporting strategic regional tourism initiatives.

SUSTAINABILITY

Our sustainability programme reflects our core business values and environmental, social and governance commitments. Over the period covered by this SOI, our sustainability framework 2021-2023 will be completed, providing a pathway forward and a more systematic approach, ensuring shared accountability, transparent reporting, industry benchmarking, and accounting for the environmental, social and economic impacts of our business. We will seek to do business in a way that is environmentally restorative, socially just, and economically inclusive.

The sustainability framework will be aligned to QLDC's Vision Beyond 2050 goal that our district is a place where our quality of life is enhanced by growth through innovation and thoughtful management. QAC will also take into account QLDC's Climate Action Plan for the district and contribute to QLDC's Emissions Reduction Masterplan.

A key initiative is measuring the emissions and carbon footprint of our business activities annually, enabling us to benchmark and measure our progress in reducing our environmental impact. Energy, waste, and ground transport have been identified as priority areas. QAC joined the Toitū Envirocare programme in 2019 to manage our carbon emissions and we will complete our first Toitū audit and certification in FY21. Sustainability and resilience will also be key considerations in the design of the terminal upgrade programme.

We will set three-year and ten-year targets and will phase sustainable practices into all aspects of our business, including activities to influence and support the aviation industry and airlines to reduce the carbon footprint associated with flying into and out of the district.

QAC has successfully implemented various sustainability initiatives over many years, including community sponsorships and partnerships, our airport community wellbeing programme, improving airport infrastructure quality and resilience, using lower carbon asphalt (NZ Airports Sustainability Initiative of the Year 2019), and becoming the first New Zealand airport company to achieve Living Wage Aotearoa accreditation.

We know that this work is very important to our local community and airport stakeholders. This was confirmed as a priority in QLDC's independent socio-economic impact assessment of airport infrastructure in the Queenstown Lakes district. We acknowledge that there is considerable work to do to achieve our sustainability goals, and we are committed to achieving them.

Sustainable Tourism

Tourism has been our country's top export and brings a range of benefits to New Zealand. However, it must be managed responsibly. The Southern Lakes region is New Zealand's premier tourist destination and QAC has established collaborative relationships with the regional tourism organisations (RTO), which promote the region and have a key role in driving high-value sustainable tourism.

QAC will continue to work closely with the tourism sector at a local, regional and national level. The effects of tourism, both positive and negative, need to be monitored and measured at a national level so that we can all play our part in kaitiakitanga – the guardianship of our place.

To achieve this QAC will:

- Continue its membership of NZ Airports Association sustainability working group
- Champion Tourism New Zealand's Tiaki Promise – Care for NZ initiative, in partnership with RTOs
- Continue our commitment to Tourism Industry Aotearoa's Tourism Sustainability Commitment
- Collaborate with the other airports of the Lower South on environmental sustainability, health and safety and regional sustainable tourism initiatives

- Be a proactive participant in promoting a sustainable tourism industry and support economic diversification in the district
- Make measurable improvements and identify opportunities to influence others

Zero Carbon Communities

QAC is committed to contributing to the district and national responses to climate change through QLDC’s Climate Change Action Plan (March 2020) and the Government’s Climate Change Response (Zero Carbon) Amendment Act (2019).

We will be carbon neutral by 2050 and seek out opportunities to contribute to QLDC’s vision that our district sets the standard for regenerative, low impact living, working and travel.

QLDC’s Climate Change Action Plan includes a bold goal of making QAC the most sustainable airport company in New Zealand. QAC has embraced this goal. Our approach is one of collaboration and continuous improvement to embed sustainability, innovation and resilience across our business activities to reduce environmental harm. Achieving this will take time, resources and unwavering commitment. QAC will continue to implement changes that actively reduce our carbon footprint to achieve at least carbon neutrality by 2050.

The global aviation industry produces about 2% of all human induced CO2 emissions. The aviation industry and airlines operating at Queenstown Airport are focused on reducing the adverse impacts of air travel on our environment.

Objectives	Performance Targets		
	2021	2022	2023
Sustainability framework	<ul style="list-style-type: none"> • Finalise sustainability framework 2021- 2023 • Publish sustainability framework 2021- 2023 • Conduct sharing sessions with key stakeholders • Form Airport Community Champions Committee 	<ul style="list-style-type: none"> • Continue to embed sustainability framework across the business • Organise first Airport Community Sustainability Week to help educate, energise and empower staff to support sustainability in their businesses and reduce their carbon footprint • Hold quarterly Airport Community Champions Committee meetings 	<ul style="list-style-type: none"> • Continue to embed sustainability framework across the business • Hold annual Sustainability Week at Queenstown and Wānaka airports • Hold quarterly Airport Community Champions Committee meetings

Objectives	Performance Targets		
	2021	2022	2023
Carbon footprint reduction	<ul style="list-style-type: none"> • Complete Queenstown and Wānaka airports carbon footprint. • Set 1, 3 and 10-year targets and complete carbon emission reduction plans • Support initiatives to embed sustainability across the organisation • Influence the aviation industry and airlines to reduce the carbon footprint associated with flying into and out of the district • Continue to work with airlines to replace diesel powered ground servicing units with electric ground power units (GPUs) 	<ul style="list-style-type: none"> • Measure and report on targets and update carbon emission reduction plans • Continue to roll out initiatives to embed sustainability across the organisation and reduce our carbon footprint • Influence the aviation industry and airlines to reduce the carbon footprint associated with flying into and out of the district • Continue to work with airlines to replace diesel powered ground servicing units with electric ground power units (GPUs) 	<ul style="list-style-type: none"> • Measure and report on targets and update carbon emission reduction plans • Continue to roll out initiatives to embed sustainability across the organisation and reduce our carbon footprint • Influence the aviation industry and airlines to reduce the carbon footprint associated with flying into and out of the district • Continue to expand Airport Community education initiatives to support carbon emission reduction, including the Sustainability Week programme • Continue to work with airlines to replace diesel powered ground servicing units with electric ground power units (GPUs)
Waste and emissions reduction	<ul style="list-style-type: none"> • Work on internal and airport community initiatives to reduce waste and emissions • Work with QLDC and other partners on waste and emission reduction initiatives • Include sustainability requirements in new procurement contracts 	<ul style="list-style-type: none"> • Work with the airport community on initiatives to refuse, reduce, reuse and recycle waste and reduce emissions • Encourage wider airport community to undertake carbon footprinting • Work with QLDC and other partners on waste and emission reduction initiatives • Include sustainability requirements in new procurement contracts 	<ul style="list-style-type: none"> • Conduct 3-year energy and waste audits • Work with the airport community on initiatives to refuse, reduce, reuse and recycle waste and reduce emissions • Encourage wider airport community to undertake carbon footprinting • Work with QLDC and other partners on waste and emission reduction initiatives • Include sustainability requirements in new procurement contracts
Ground transport and connectivity	<ul style="list-style-type: none"> • Work on airport staff commuting options and flexible working arrangements to reduce 	<ul style="list-style-type: none"> • Continue to promote public transport offerings and services to the travelling public and incentivise Queenstown 	<ul style="list-style-type: none"> • Continue to promote public transport offerings and services to the travelling public and incentivise Queenstown Airport's Park & Ride offering • Continue to partner with QLDC, ORC and NZTA, and

Objectives	Performance Targets		
	2021	2022	2023
	<p>cars and support alternative travel options</p> <ul style="list-style-type: none"> Promote public transport offerings and services to the travelling public Be a constructive and collaborative partner with QLDC, ORC and NZTA, through Wakatipu Way to Go partnership, and transport operators working to provide appropriate transport infrastructure, minimise the number of cars across the transport network, and to promote public transport and active travel solutions 	<p>Airport's Park & Ride offering</p> <ul style="list-style-type: none"> Continue to partner with QLDC, ORC and NZTA, and transport operators on appropriate transport infrastructure, public transport and active travel solutions Install EV charging stations in public and staff car parks Work with rental car operators to support EV hire vehicles and appropriate supporting infrastructure at the airport 	<p>transport operators on appropriate transport infrastructure, public transport and active travel solutions</p> <ul style="list-style-type: none"> Install EV charging stations in public and staff car parks Work with rental car operators to support EV hire vehicles and appropriate supporting infrastructure at the airport
Noise management	<ul style="list-style-type: none"> Continue to implement the noise management programme including facilitating the Queenstown Airport Liaison Committee, noise monitoring / modelling, and the noise mitigation programme 	<ul style="list-style-type: none"> Continue to implement the noise management programme including facilitating the Queenstown Airport Liaison Committee, noise monitoring / modelling, and the noise mitigation programme 	<ul style="list-style-type: none"> Continue to implement the noise management programme including facilitating the Queenstown Airport Liaison Committee, noise monitoring / modelling, and the noise mitigation programme
Embrace & showcase our cultural heritage	<ul style="list-style-type: none"> Ensure heritage assets and buildings are preserved and integrated into airport planning and development activities 	<ul style="list-style-type: none"> Develop QAC's Cultural Heritage Plan which includes cultural diversity; sites of significance and dates of cultural significance; airport, community and employee experiences; and engaging with local iwi and hapū to highlight the whakapapa of Kai Tahu Ensure heritage assets and buildings are preserved and integrated into airport planning and development activities 	<ul style="list-style-type: none"> Embed the Cultural Heritage Plan Ensure heritage assets and buildings are preserved and integrated into airport planning and development activities
Reporting		<ul style="list-style-type: none"> Implement reporting structure and benchmark for Triple Bottom Line (TBL) 	<ul style="list-style-type: none"> Reporting TBL reporting embedded into the Annual Report (FY22)

HEALTH, SAFETY, SECURITY AND WELLBEING

The health, safety, security and wellbeing of our team, airport community, customers and contractors are our highest priority.

QAC is responsible for maintaining stringent levels of health, safety and security as an aerodrome operator to achieve and maintain its certification requirements under NZ Civil Aviation Act and associated regulations. QAC must ensure a high degree of business resilience, primarily through its infrastructure and response capability, in the event of a natural disaster or similar emergency.

QAC is committed to achieving Zero Harm. We prioritise a safe aviation operational environment and a 'just culture' framework and encourage site-wide incident reporting, which is a positive indicator of a strong safety culture. QAC's health, safety and security commitment policy is reviewed annually and we take a highly collaborative approach with our staff, stakeholders, contractors and tenants to continue to improve our health, safety and security performance.

QAC will:

- take all practical and reasonable steps to provide and maintain a healthy, safe, secure and injury-free environment for employees, contractors and visitors
- set high standards and expectations for health, safety and security performance across the entire organisation
- take swift and decisive action to respond to health, safety, security and wellbeing emergencies, such as the COVID-19 pandemic
- maintain a safe workplace by ensuring personal protective equipment is provided to all team members, and that front-line staff are appropriately trained and supported to respond to health and safety protocols and processes related to COVID-19
- ensure engaged leadership and provide appropriate resources and processes to foster and support a workplace culture of continuous improvement
- engage with employees to allow them the opportunity to participate meaningfully in the development of a strong health, safety and security culture
- measure, benchmark and regularly report on health, safety and security performance
- comply with all legislative requirements and industry standards
- ensure that QAC meets or exceeds a minimum 70% of the New Building Standards (NBS) for seismic resilience (IL3 level)
- support QLDC's Vision Beyond 2050 goal to ensure that Queenstown Lakes is a place that is ready and prepared for every emergency
 - QAC has an Emergency Management Plan in place and conducts regular exercises and training to build operational readiness for emergency and business interruption events
 - QAC maintains strong links with key stakeholders including NZ Police, Fire Emergency New Zealand (FENZ), St John Ambulance Service and the Southern District Health Board and conducts full-scale multi-agency emergency training exercises annually

Objectives	Performance Targets		
	2021	2022	2023
Ensure a safe, healthy, secure & compliant airport environment	<ul style="list-style-type: none"> • Ensure ongoing CAA compliance • Continue Drone Safety Community awareness programme • Hold annual Airport Safety & Security awareness weeks • Safety practices are benchmarked – Southern Airport Alliance group • Complete H&S pre-qualification system implementation 	<ul style="list-style-type: none"> • Extend Airport Emergency Services (Rescue Fire) training facilities – stage 2 • Ensure ongoing CAA compliance • Continue Drone Safety Community awareness programme • Hold annual Airport Safety & Security awareness weeks. • Safety practices are benchmarked – Wider New Zealand Airports • Conduct simulated emergency exercises • Purchase new frontline fire appliance 	<ul style="list-style-type: none"> • Complete stage 3 Airport Emergency Services (Rescue Fire) training facilities • Ensure ongoing CAA compliance • Continue Drone Safety Community awareness programme • Hold annual Airport Safety & Security awareness weeks • Safety practices are benchmarked – Trans Tasman Airports • Conduct simulated emergency exercises
Develop a capable, skilled, & engaged customer centric team	<ul style="list-style-type: none"> • Collaborate with Southern Airports Alliance on safety, compliance, security and training and procurement 	<ul style="list-style-type: none"> • Develop NZQA Diploma in Airport Operations • Collaborative approach to Safety, Security and Rescue Fire Training – consistent standards and approach 	<ul style="list-style-type: none"> • All customer-facing operations staff to complete Diploma in Airport Operations • Efficiency through shared training and development resources between southern airports alliance
Deliver robust infrastructure & facilities	<ul style="list-style-type: none"> • Ensure runways and associated airfield infrastructure remains 100% serviceable • Comply with Noise Mitigation program - inner and mid noise sectors • Establish a back-up potable water supply for ZQN 	<ul style="list-style-type: none"> • Ensure runways and associated airfield infrastructure remains 100% serviceable • Comply with Noise Mitigation program - inner and mid noise sectors • Complete Stage 2 BMU Delivery 	<ul style="list-style-type: none"> • Ensure runways and associated airfield infrastructure remains 100% serviceable • Comply with Noise Mitigation program - inner and mid noise sectors • Complete Stage 3 BMU Delivery.
Build business and operational resilience	<ul style="list-style-type: none"> • Ongoing Terminal Seismic remediation program enhances to at least 70% of New Building Standards (IL3) 	<ul style="list-style-type: none"> • Complete phase 3 water resilience project • Ongoing Terminal seismic improvement program enhances to 70-100% of New Building Standards (IL3) 	<ul style="list-style-type: none"> • Ongoing Terminal seismic remediation program enhance to 70-100% of New Building Standards (IL3)

Objectives	Performance Targets		
	2021	2022	2023
Enable diverse general aviation activities	<ul style="list-style-type: none"> Continue to facilitate GA at ZQN & WKA Facilitate NASA super pressure balloon launch at WKA (TBC) Transition management of Glenorchy Aerodrome from QLDC to QAC management 	<ul style="list-style-type: none"> Continue to facilitate GA at ZQN & WKA Facilitate NASA super pressure balloon launch at WKA Management of Glenorchy Aerodrome Actively support the delivery of the biannual Warbirds over Wānaka air show 	<ul style="list-style-type: none"> Continue to facilitate GA at ZQN & WKA Facilitate NASA super pressure balloon launch at WKA Management of Glenorchy Aerodrome

COMMUNITY

Queenstown and Wānaka airports are critical majority community-owned infrastructure assets connecting and sustaining the Southern Lakes region. QAC is a proud member of the local community and many hundreds of people work at the airports. More than 80 businesses are based at Queenstown and Wānaka airports, the majority of which are locally owned. We value our connection to the communities we serve and will continue to strive to strengthen these ties by having regard for the interests of the community and by supporting the wellbeing and resilience of the community.

The Southern Lakes community is facing unique and unprecedented challenges as we come together to respond to the impact of COVID-19. Our 'people first' philosophy guides us, and we commit to playing our part in the joint community response and navigating the path to recovery together.

QAC is committed to positive engagement with local iwi and hapū. QAC's majority shareholder, QLDC has established protocols with both Aukaha and Te Ao Marama, and these organisations are mandated on behalf of iwi to work with relevant Territorial Local Authorities (TLA). QAC will seek guidance from these organisations as we work to highlight the whakapapa of Kāi Tahu as part of our cultural heritage initiatives.

QAC will proactively engage with the wider community in an open and transparent manner, with the goal of ensuring that all community members can be involved in shaping the future of the airports. Community stakeholders will include, but not be limited to, community associations directly and indirectly affected by the airports' operations, residents' associations, iwi, the business community, regional tourism organisations, industry sector groups and those community groups specifically established around airport matters.

Objectives	Performance Targets		
	2021	2022	2023
Strive for an engaged community that values our contributions	<ul style="list-style-type: none"> • Support the wellbeing and resilience of our communities, by ensuring staff are trained in Civil Defence response roles and providing support when required • Continue to support local cultural, arts, education and environmental initiatives and organisations • Continue to support community events and activities with an emphasis on health, wellbeing and social inclusion • Strengthen engagement with local iwi and hapū and investigate opportunities at both airports to showcase the whakapapa of Kai Tahu 	<ul style="list-style-type: none"> • Support the wellbeing and resilience of our communities, by ensuring staff are trained in Civil Defence response roles and providing support when required • Continue to support local cultural, arts, education and environmental initiatives and organisations • Continue to support community events and activities with an emphasis on health, wellbeing and social inclusion • Continue engagement with local iwi and hapū and ensure we showcase the whakapapa of Kai Tahu • Upgrade our digital platforms and communication channels, including the completion of an upgrade of websites 	<ul style="list-style-type: none"> • Support the wellbeing and resilience of our communities, by ensuring staff are trained in Civil Defence response roles and providing support when required • Continue to support local cultural, arts, education and environmental initiatives and organisations • Continue to support community events and activities with an emphasis on health, wellbeing and social inclusion • Continue engagement with local iwi and hapū and ensure we showcase the whakapapa of Kai Tahu • Ensure our digital platforms and communication channels are efficient, accessible and fit for purpose
Enhance collaborative relationships across our airport communities & stakeholders	<ul style="list-style-type: none"> • Engage with our team, airport stakeholders and community through a programme of events: <ul style="list-style-type: none"> – Airport Safety Week, Airport Security Week programme across both airports 	<ul style="list-style-type: none"> • Engage with our team, airport stakeholders and community through a programme of events: <ul style="list-style-type: none"> – Behind-the-scenes airport education/ community visits at both airports – Annual Airport Community Day at Queenstown and Wānaka airports – Airport Safety Week, Airport Security Week and Sustainability Week programme across both airports 	<ul style="list-style-type: none"> • Engage with our team, airport stakeholders and community through a programme of events: <ul style="list-style-type: none"> – Behind-the-scenes airport education/ community visits at both airports – Annual Airport Community Day at Queenstown and Wānaka airports – Airport Safety Week, Airport Security Week and Sustainability Week programme across both airports

Objectives	Performance Targets		
	2021	2022	2023
Keep our airport communities and wider community informed	<ul style="list-style-type: none"> • Provide information with a focus on the issues that matter to our communities, understanding that our stakeholders have different interests, expectations and interactions with the airports • Share airport insights and datasets, relevant airport and aviation news and stories and publish Kōrero, our digital magazine • Engage with our shareholders, stakeholders and community about QAC's long term planning activities • Work with our shareholders, stakeholders and the community on the response to COVID-19 and its impact on our business and district 	<ul style="list-style-type: none"> • Provide information with a focus on the issues that matter to our communities, understanding that our stakeholders have different interests, expectations and interactions with the airports • Share airport insights and datasets, relevant airport and aviation news and stories and publish Kōrero, our digital magazine • Engage with our shareholders, stakeholders and community about QAC's long term planning activities • Work with our shareholders, stakeholders and the community on the response to COVID-19 and its impact on our business and district 	<ul style="list-style-type: none"> • Provide information with a focus on the issues that matter to our communities, understanding that our stakeholders have different interests, expectations and interactions with the airports • Share airport insights and datasets, relevant airport and aviation news and stories and publish Kōrero, our digital magazine • Engage with our shareholders, stakeholders and community about QAC's long term planning activities • Work with our shareholders, stakeholders and the community on the response to COVID-19 and its impact on our business and district
Manage our impact on the environment & community in a sustainable way	<ul style="list-style-type: none"> • Share our sustainability framework and provide updates on social, economic, environmental and cultural value • Continue noise mitigation programme and communicate regularly with our closest neighbours 	<ul style="list-style-type: none"> • Provide updates on our sustainability framework to share social, economic, environmental and cultural value • Continue noise mitigation programme and communicate regularly with our closest neighbours 	<ul style="list-style-type: none"> • Provide updates on our sustainability framework to share social, economic, environmental and cultural value • Continue noise mitigation programme and communicate regularly with our closest neighbours

PEOPLE AND CULTURE

Our people reside across the Southern Lakes region and represent diversity in all forms. Beyond QAC, many hundreds of people are employed across Queenstown and Wānaka airports.

Our core business values are to “lead the way”, “win together”, “do the right thing” and “keep the balance”. These core values connect us, guide our strategy, and underpin the way we work. The people of QAC working across both airports represent the diversity of our regional communities. Our team is proud that what they do contributes to the social and economic sustainability of the region and the country.

In 2019, QAC became the first airport company in New Zealand to achieve Living Wage Aotearoa accreditation. QAC is committed to maintaining this accreditation and extending the Living Wage to contracted staff working at the airports.

Objectives	Performance Targets		
	2021	2022	2023
Foster a values-led “one team” culture	<ul style="list-style-type: none"> Continue to develop a people and culture strategy that creates opportunities for our people and supports cross team collaboration Implement new employee engagement measurement tool that provides enhanced analysis, benchmarking Actively involve our staff in sustainability initiatives Provide through QAC’s wellbeing programme, access to a range of services, including professional counselling, flu vaccines and health insurance 	<ul style="list-style-type: none"> Drive a performance led culture that helps provide a meaningful employee experience Design a comprehensive leadership development and training framework available to all QAC staff Continue to improve employee engagement and workplace culture as measured by annual engagement survey Develop an employer value proposition and strategy to be an employer of choice Enhance QAC’s wellbeing programme to foster and support our employees Actively involve our staff in sustainability initiatives Provide through QAC’s wellbeing programme, access to a range of services, including professional counselling, flu vaccines and health insurance 	<ul style="list-style-type: none"> Drive a performance led culture that helps provide a meaningful employee experience Continue to deliver a leadership development and training framework that contributes to the long-term resilience of the district’s workforce by developing its people Continue to improve employee engagement and workplace culture as measured by annual engagement survey Enhance employer value proposition and strategy to become an employer of choice. Continue to improve QAC’s wellbeing programme Actively involve our staff in sustainability initiatives Provide through QAC’s wellbeing programme, access to a range of services, including professional counselling, flu vaccines and health insurance

FINANCIAL PERFORMANCE

A core objective of QAC is to deliver sustainable long-term value to our community and to our shareholders, including an annual dividend where possible. In FY21 our focus is stabilising the business in the COVID-19 operating environment and preparing for recovery from FY22 and beyond.

The pace of recovery remains uncertain, being dependent on a wide range of factors regionally, nationally and globally, most notably the recovery of the aviation and tourism sectors and New Zealand's ability to insulate itself from a major economic recession by opening its borders to select countries over time.

Because of the high levels of uncertainty associated with the recovery of international air travel and the potential for nation-wide restrictions on people movement associated with COVID-19, forecasting future passenger movements, which in turn underpins our financial performance, is very subjective. The forecasts that inform this SOI assume that international air travel will not resume in FY21. This is significant because in addition to the cessation of direct trans-Tasman flights, prior to COVID-19 a number of passengers originating from overseas also travelled within New Zealand and were represented in the domestic passenger arrival and departure numbers at Queenstown Airport. However, we have been encouraged by a noticeable lift in the current domestic market's propensity to travel to Queenstown during periods without domestic travel restrictions.

We forecast 1.24 million passenger movements for the full year to 30 June 2021 (FY21), which reflects a conservative approach due to the current market uncertainty. However, it should be noted that QAC has experienced solid demand for domestic services at Queenstown Airport since July 2020 and without significant disruption to air travel going forward, a potential upside in passenger movements for FY21-FY23 is possible.

Scheduled services to/from Australia are forecast to re-commence in FY22, with long-haul services to New Zealand forecast to begin gradually from FY22/23.

Financial Performance Summary

\$(000's)	FY20	FY21	FY22	FY23
Income Statement				
Total Revenue	46,109	22,428	29,371	33,180
EBITDA	31,329	14,231	20,010	23,298
Net Profit After Tax	17,996	1,754	5,084	6,924
EBITDA as % of Revenue	67.9%	63.5%	68.1%	70.2%
Dividends Paid	8,295	-	-	2,542
Return on Capital Employed (EBIT to Net Operating Assets)	6.3%	1.4%	2.3%	2.8%

When considering QAC's financial forecasts for the next three years, the following points should be noted:

- The COVID-19 pandemic is forecast to have a prolonged impact on global markets and economies and more directly on passenger volumes to/from Queenstown Airport. The full extent and duration of this impact is not yet clear. However, it is expected to continue through the forecast period.
- Underlying commercial revenue is subject to passenger volumes.

- QAC has a relatively fixed operating cost base, particularly in respect to its major terminal and airfield assets. QAC has been able to leverage these characteristics during a period of growth.
- QAC has significant elements of its cost base where cost increases are outside of its control and are likely to increase at rates higher than CPI. For example, rates, insurance and electricity.
- QAC is the second respondent to a claim in the High Court brought by the Wānaka Stakeholders Group related to the lease at Wānaka Airport from QLDC to QAC. The associated defence costs for these legal proceedings are expected to be significant and ongoing through FY21 and will have a major impact on cash-flow.
- Depreciation and amortisation expenses will increase as the assets are commissioned. QAC will continue to review the useful life of property, plant and equipment to ensure that the depreciation and amortisation rates applied remain appropriate.

Dividend Payments

Shareholder dividends are forecast to recommence from FY23 reflecting the continuation of a prudent cash management strategy given the volatility in passenger volumes. If passenger volumes exceed those forecast the board of directors will consider recommencing dividend payments in FY22, as well as the amount of the dividend in FY23.

Based on the current restrictions on overseas travel from New Zealand and recent airline and consumer behaviour, the board of directors notes the possibility that domestic passenger arrivals and departures in FY21 could be as high as 1.5 million. However, the situation is dynamic. Should a more favourable outcome eventuate over the period of this SOI, then the board of directors will be able to consider the possibility of increasing the dividend paid.

Capital Investment

\$(000's)	FY21	FY22	FY23
Queenstown Airport			
Terminal (incl. seismic improvements)	1,000	15,750	20,055
Noise Mitigation	-	1,100	850
Fire Appliance	-	-	1,500
Back-up Potable Water Supply	-	500	-
Sustaining Capital	280	1,791	931
Wānaka Airport			
Runway Overlay and Taxiway	-	-	2,250
Sustaining Capital	-	105	30
TOTAL	1,280	19,246	25,616

The capital expenditure at Queenstown Airport relates to investment in building resilience (seismic improvement and security screening facilitation) classed as essential. The proposed capital investment at Wānaka Airport reflects investment in the maintenance of existing infrastructure only.

In addition, QAC will make a compensation payment of \$18.34 million to the former landowner of 'Lot 6' in FY21.

Passenger and Aircraft Movements

Passengers (000's)	FY20	FY21	FY22	FY23
Domestic	1,287	1,239	1,294	1,335
International	583	-	192	282
Total Passengers	1,871	1,239	1,485	1,616
Aircraft Movements	14.5	9.6	11.3	12.3

Funding and Financial Covenants

	FY20	FY21	FY22	FY23
Closing Debt (\$000)	69,000	72,000	78,000	87,000
EBITDA > 2 times funding expense	11.9	5.8	10.1	11.9
Shareholders' Funds to Total Tangible Assets > 50%	75%	76%	77%	76%
Notes				
1. Average shareholders' funds based on opening and closing balances.				
2. Average total assets based on opening and closing balances.				

Closing debt is forecast to peak over the forecast period at \$87.0 million in FY23 (from \$69 million in FY20), after capital expenditure (including the required investment in existing terminal infrastructure), dividends and the 'Lot 6' compensation payment.

In FY20, QAC successfully negotiated an extension to its existing bank facilities to beyond 31 December 2021, ensuring the business has sufficient funding headroom for both operating cashflows and future capital investment.

GOVERNANCE

Commitment

QAC's board of directors and management are committed to effective governance and ensuring the company meets recommended best practice governance principles and maintains the highest ethical standards.

Legal and Regulatory Requirements

QAC is a public transport infrastructure business and its role is defined by various pieces of legislation. QAC's obligations and rights are defined within the legislation.

QAC is required to fulfil all its statutory duties, both to QLDC and AIAL as shareholders, and to work collaboratively with QLDC to enable it to achieve some of its wider statutory obligations.

QAC is:

- a) An 'airport authority' under the Airport Authorities Act 1966
- b) A 'council-controlled trading organisation' (CCTO) under the Local Government Act 2002
- c) An 'aerodrome operator' under Civil Aviation Rule Part 139 and the Civil Aviation Act 1990
- d) Queenstown Airport is a lifeline utility under the Civil Defence Emergency Management Act 2002

Section 59 of the Local Government Act 2002 sets out the principal objectives of a CCTO which are to:

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

QAC also complies with the disclosure requirements of a specified airport company pursuant to the Airport Authorities (Airport Companies Information Disclosure) Regulations. 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.

Commercial Entity

As an airport authority QAC is required to operate and manage its airports as commercial undertakings, including carrying out improvements where necessary.

QAC is committed to retaining and growing shareholder value over the long-term. One component of this commitment is the ongoing payment of dividends to shareholders. The company will strive to deliver a prudent annual dividend to its shareholders on a long-term ongoing basis. This will be impacted by the regional, national and global economic climate, and by future capital investment in any given year.

Board of Directors

The board of directors is appointed by the shareholders to govern and direct QAC's activities, within the parameters of the Statement of Intent. 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 has established an Audit and Financial Risk Committee to oversee the company's financial reporting processes, system of internal control, and the external audit process, and its processes for identifying and managing financial risk, and for monitoring compliance with applicable law and its own policies. The board has also established a Safety and Operations Risk Committee to oversee the company's performance and reporting related to health, safety & security and operational activities and monitor compliance with applicable law and its own policies.

Role of the Board of Directors

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

- Approving strategic plans, budgets and the SOI
- Establishing procedures and systems to ensure the occupational health and safety of the company's people and contractors
- Corporate policies, including financial and dividend policies, and delegated authorities
- Monitoring financial performance and achievement of the strategic initiatives and SOI objectives
- Appointment and monitoring of the performance and remuneration of the Chief Executive (CE)
- Ensuring that the company adheres to high ethical and corporate behaviour standards
- Integrity of management information systems
- Assessment of business opportunities and business risks
- Internal control and assurance systems
- Compliance with relevant regulations and legislation
- Ensuring that QAC has appropriate risk management and regulatory compliance policies in place and the company's adherence to these policies
- Reporting to Shareholders

Relationship with Shareholders

The board of directors is appointed by the shareholders to govern and direct QAC's activities.

QLDC is the majority shareholder. Five directors, including the Chair are appointed by QLDC.

Auckland International Airport Limited (AIAL) is the minority shareholder. One director is appointed by AIAL.

QAC is committed to engaging with its shareholders in an open, collaborative and proactive manner.

QAC meets regularly with QLDC, as follows:

- a. Bi-monthly Chief Executive/Chief Executive (CE) meetings
- b. Quarterly Mayor and CE/ QAC Chair and CE meetings
- c. Quarterly QLDC/QAC Climate Action Plan progress meetings
- d. Annually with the QAC board and QLDC councillors to discuss business performance, vision and direction
- e. At least annually with the Wānaka Community Board to discuss matters relevant to Wānaka Airport
- f. Meetings of the QLDC/ QAC joint steering group to guide the development of the SOI through its key milestones held as required

QAC's CE and General Manager, Finance & Commercial also present the annual financial results and interim financial results to the QLDC council.

QAC maintains regular engagement with AIAL. Annual meetings are held between QAC's Chair and CE and AIAL's Chair and CE.

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, the directors will deliver to shareholders an interim report which will consist of:

- Chair and CE's report
- Directors' Responsibility statement
- Unaudited financial statements
- Notes to the financial statements including accounting policies
- Half-yearly passenger, aircraft and general aviation movements

Within three months of the end of each financial year, the directors will deliver to shareholders an annual report which will consist of:

- Chair and CE's report
- Directors' Responsibility statement
- Audited financial statements
- Notes to the financial statements including accounting policies
- A Statement of Service Performance summarising QAC's performance of the SOI goals and objectives
- Independent Auditor's Report
- Annual passenger, aircraft and general aviation movements

The board works collaboratively with its shareholders to ensure a "no surprises" relationship.

Dividend Policy

The directors will declare dividends according to the following policy:

At their discretion, directors may declare a full year dividend each year in a range of 50% and 100% of normalised Net Profit After Tax (NPAT), after adjusting for unrealised gains and losses arising from revaluation of property or treasury instruments and material extraordinary items.

In determining the full year dividend, the directors will consider:

- solvency;
- banking covenants and company treasury policy;
- working capital and capital expenditure requirements; and
- the interests of shareholders

An interim dividend may be declared and paid by 28 February each year. Any final dividend will be paid by 31 August each year.

Directors will determine the level of imputation credits having regard to the needs of shareholders. The directors will consider any request from the Shareholders for additional dividend payments and will apply prudent governance when considering such requests.

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

Capital Subscription

No new shares in the company can be issued without the consent of shareholders. The company is confident it can fund its capital plans from internal sources (cash flow and/or debt) during the three-year period covered by this SOI. The board of directors 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.

Services Provided to QLDC

QAC provides management and property maintenance services at Glenorchy Airstrip on behalf of QLDC. QAC leases land to QLDC which forms part of the Frankton Golf Course for \$40,000 p.a.

Audit

The Office of the Auditor General (OAG) has appointed Deloitte to undertake the financial audit of QAC for the three years ended 30 June 2022.

Accounting Policies

QAC will maintain accounting records in accordance with the Companies Act 1993. QAC will prepare financial statements in accordance with the Financial Reporting Act 2013; the Companies Act 1993, the Local Government Act 2002, the Airport Authorities Act 1966 and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 (as amended in 2014). These include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

COMPANY INFORMATION

Location	Queenstown Airport Corporation Airport Administration, Queenstown Airport Sir Henry Wigley Drive Frankton Queenstown 9300	
Mailing address	PO Box 2641 Queenstown 9349 NEW ZEALAND	
Phone	+64 3 450 9031	
Email	admin@queenstownairport.co.nz	
Websites:	www.queenstownairport.co.nz www.wanakaairport.com	
Shareholders	Queenstown Lakes District Council (75.01%) Auckland Airport Holdings (No2) Limited (24.99%)	
Directors	Adrienne Young-Cooper (Chair) Simon Flood (Deputy Chair) Michael Stiassny Norman Thompson Mark Thomson	
Senior Management	Chief Executive	Colin Keel colin.keel@queenstownairport.co.nz
	General Manager, Finance & Commercial	Andrew Williamson andrew.williamson@queenstownairport.co.nz
	General Manager, Operations & Safety	Mike Clay mikec@queenstownairport.co.nz
	General Manager, Property & Planning	Rachel Tregidga rachelt@queenstownairport.co.nz
	General Manager, Corporate & Community Affairs	Sara Irvine sara.irvine@queenstownairport.co.nz
Senior persons per Civil Aviation Rules, part 139	Chief Executive General Manager, Operations & Safety	Colin Keel Mike Clay

ABBREVIATIONS

AIAL	Auckland International Airport Limited
CAA	Civil Aviation Authority of New Zealand
CIAL	Christchurch International Airport Limited
CE	Chief Executive Officer
CCTO	Council-Controlled Trading Organisation
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
F&B	Food and Beverage
FY	Financial Year – 1 July to 30 June
GA	General Aviation
NPAT	Net Profit After Tax
OCB	Outer Control Boundary
PC35	Queenstown Lakes District Council Plan Change 35 relating to Airport Noise boundaries
PDP	Proposed District Plan
QAC	Queenstown Airport Corporation, the company that operates Queenstown Airport and Wānaka Airport
QLDC	Queenstown Lakes District Council
RMA	Resource Management Act
SOI	Statement of Intent
WKA	Wānaka Airport
ZQN	Queenstown Airport