

ZQN DRAFT MASTER PLAN

SUMMARY FOR CONSULTATION

MAY 2023



CHAIR AND CEO'S MESSAGE



We are pleased to present the draft Master Plan for Queenstown Airport and to invite your feedback and input.

Our mission is to proudly connect our home with New Zealand and the world. Our vision is to be an innovative airport that people love to travel through, and the community takes pride in.

Queenstown Airport was established by the community for the community in 1935 in Frankton. The airport's greatest attribute and strategic value is its central site in the heart of the Southern Lakes, providing both residents and visitors with highly convenient and efficient connections to and from the region.

It is one of the most spectacular settings for an airport anywhere in the world. As locals, we know we are home the moment we step off the plane and take a deep breath of mountain air. Our visitors are awestruck when they first glimpse the Remarkables and Lake Whakatipu.

Queenstown Airport also plays a crucial role in supporting the economic and social wellbeing of our region. We serve the Queenstown Lakes District, including Wānaka and the Upper Clutha, Central Otago and Fiordland – a steadily growing catchment of more than 75,000 people.

With daily scheduled flights from Auckland, Wellington, Christchurch and the east coast of Australia, ZQN is an international gateway to the lower South Island and connects the communities of the Southern Lakes region with New Zealand and the world.

It is timely, as we emerge from the global disruptions caused by the COVID-19 pandemic, to think deeply about the future of aviation, and the associated challenges and opportunities. We are on the verge of global changes to the aviation sector as the focus on decarbonisation and innovative technology escalates. It is, therefore, important to have a Master Plan for an airport that is future-ready and continues to contribute to the social and economic wellbeing of the region over the long term.

We are mindful of the importance of balancing aeronautical activity with both the capacity of regional infrastructure and preserving what makes the region a special place to live, work and visit.

A key decision taken during the preparation of our Strategic Plan was to plan for modest growth within the existing Queenstown Airport noise boundaries and not to exceed these boundaries within the next 10 years.

Improvements in aircraft technology and increasing use of quieter aircraft will be a significant part of achieving this goal, and the Queenstown Airport Corporation will actively manage aviation activity at the airport to ensure this commitment is met.

We've also considered the Queenstown Lakes District Council's Spatial Plan for the district, including the outcomes sought by Kāi Tahu, alongside QLDC's Frankton Master Plan to ensure our Master Plan for the airport responds to and connects well with the district's broader aspirations and plans.

The Southern Lakes are a world-class destination and we want to match that with a world-class customer experience reflecting the natural attractions and unique attributes of our region.

As part of the development of this draft Master Plan, we talked to a broad range of people from across the region to help guide us on the issues of significance to our communities. This early feedback is summarised in this document and incorporated into this draft where it relates to spatial planning.

The draft Master Plan places high value on creating a customer-centric experience at the airport. We intend to seamlessly integrate land and air journeys at Queenstown Airport and deliver a flexible response to the evolving needs of both passengers and our community, with smart infrastructure upgrades and development staged over the coming decade.

We have the opportunity to increase the efficiency of the airfield by building a parallel taxiway, creating one additional aircraft parking stand, and by relocating general aviation (helicopters, fixed-wing and corporate jet facilities). A new Airport Emergency Services station is also planned. We are proposing a modest extension to the terminal to make the best use of the current footprint and greatly improve the experience for those travelling, meeting and farewelling, and working at the airport. The journey to and from the airport will also improve. We are prioritising active travel and public transport links. We're proposing a new green link that will connect the terminal to cycle trails and down to the proposed ferry jetty on Lake Whakatipu.

In our region, there is strong alignment as we tackle the challenges associated with climate change.

We support the Queenstown Lakes District's ambitious target, announced in November 2022 under the banner 'Travel to a thriving future', to be the world's first carbon-zero tourism destination by 2030.

We are already working with our colleagues at Destination Queenstown and Lake Wānaka Tourism, alongside tourism operators, on this. Planning for and enabling the decarbonisation of aviation is core to our strategy and will be critical to achieving this bold ambition.

Technology is advancing quickly and the draft Master Plan has preserved space at the airport to allow us to quickly adopt and adapt for sustainable aviation requirements.

Like much of Aotearoa New Zealand, we live in a geologically active and climate-challenged region. Queenstown Airport is a designated lifeline for Civil Defence in the event of a natural disaster or other major emergency. While this particularly relates to access in and out of the region by air, the terminal and related infrastructure are also a site that could be put to a wide range of uses in a major emergency.

On the following pages, you will see the proposed long-term spatial plan for Queenstown Airport and our key projects to bring this to life.

As QAC is a Council Controlled Trading Organisation (CCTO) and important community infrastructure asset, the input of our stakeholders on this draft Master Plan will be invaluable in preparing the final Master Plan for Queenstown Airport.

The community engagement process now under way is being undertaken in partnership with the Queenstown Lakes District Council. We want to provide an airport our communities take pride in, and we look forward to your input.

Having considered all feedback, we will report the final Master Plan to shareholders and seek shareholder endorsement of it before any final approval by the board.

The board of directors and management team are privileged to be custodians of this asset. A great deal of work and analysis has gone into the preparation of this draft Master Plan and we'd like to thank those who have contributed to date.

You can provide feedback in a variety of ways and we encourage you to participate in the consultation process.

Adrienne Young-Cooper
Chair

Glen Sowry
CEO

May 2023

MISSION, VISION & STRATEGIC PILLARS

MISSION

VISION

STRATEGIC PILLARS

Why we exist

**PROUDLY CONNECTING
OUR HOME
WITH NEW ZEALAND
AND THE WORLD**

Where we want to be

**AN INNOVATIVE
AIRPORT
THAT PEOPLE LOVE TO
TRAVEL THROUGH, AND THE
COMMUNITY TAKES PRIDE IN**



EXPERIENCE

Exceed expectations
at every touch point



RESILIENCE

Strong and capable



COMMUNITY

Respect for people
and place

HOW WE FLY

DO THE
RIGHT
THING

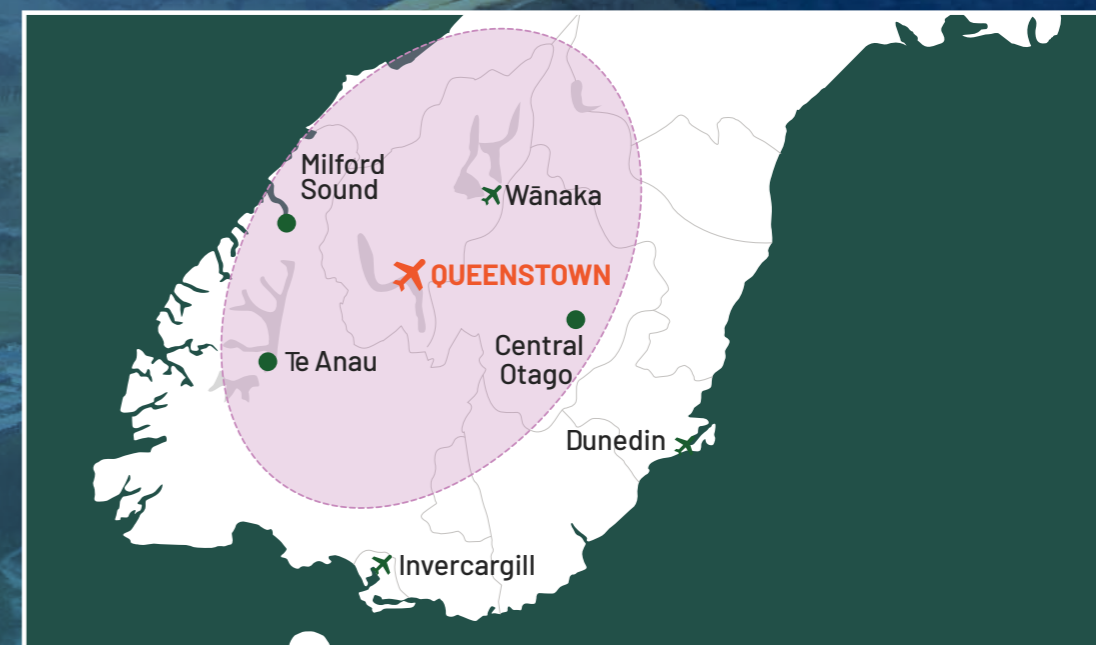
REMARKABLE
EVERY DAY

we
get
it **DONE**

ZQN SNAPSHOT



OUR CONNECTIONS



Queenstown Airport's catchment

TIMELINE

**STRATEGIC PLAN
2022**

**DRAFT MASTER
PLAN MAY 2023**

**FINAL MASTER PLAN
DECEMBER 2023**

**DETAILED DEVELOPMENT
PLANS 2024***

We will use the approved Master Plan to create a more detailed Terminal Development Plan. By continuing to build our relationships with iwi, we will work to reflect Kāi Tahu values and narratives in the terminal precinct, and to support restoring Kāi Tahu values, as outlined in the QLDC Spatial Plan.

*includes terminal, airside and landside precinct planning

COMMUNITY PERSPECTIVES

Early in the development of this draft Master Plan, we held four pre-engagement workshops to canvass what is important to the communities we serve and what improvements they would like to see at Queenstown Airport. These workshops were held in Queenstown, Wānaka and Cromwell in late September and October 2022 and were independently facilitated.

A broad cross-section of representatives from the region's communities attended and were given four questions to stimulate discussion:

1. **What do you think we should consider in our Master Plan to help us realise our vision** of “An innovative airport that people love to travel through, and the community takes pride in”?
2. **Growth and ZQN's noise boundaries** – your thoughts on managing growth and our commitment to operate within our noise boundaries for the next 10 years.
3. **Transport at ZQN includes public transport, walking, cycling, car parking, shuttles, coaches and rental cars** – what is important to you and how would you like to see the airport manage these activities?
4. **Our terminal** – what would you like to see as our terminal is upgraded and modernised?

Participants also had the opportunity to raise any other points not covered by these questions and were invited to email us if they subsequently wanted to add further comments.

The focus in the sessions was on capturing a full range of opinions, not on reaching an agreed group position.

Independently facilitated workshops were also held for QAC staff to ensure our team had an opportunity to contribute as the draft Master Plan was being prepared. All employees were invited, and these sessions were well attended, with enthusiastic discussion of the same four questions.

- Analysis of the responses of the focus groups revealed eight consistent themes:
- improve the ease of getting to and from the airport
- improve the management of vehicle parking
- improve access to and the flow through the airport site and terminal
- maximise the airport's connection with the landscape and environment
- be an airport that the community is proud of and has a sense of ownership of
- focus on an excellent customer experience
- a renewed community conversation about the factors that affect growth, addressing what the community is comfortable with and what is needed
- noise management.

This feedback provides an initial indication of factors the wider community considers important in the development of Queenstown Airport and informed the development of this draft Master Plan.

QAC is committed to positive engagement with iwi and hapū. QAC's majority shareholder, the Queenstown Lakes District Council, has established partnerships with both Aukaha and Ngāi Tahu ki Murihiku (Te Ao Marama), who work on behalf of iwi to work with relevant territorial local authorities. We have begun discussions with a goal to building relationships with these organisations as we work to respect the whakapapa of Kāi Tahu as part of our master planning and cultural heritage initiatives. QAC will ensure that iwi values and issues are reflected in plans and initiatives.

QAC will undertake an extensive formal consultation process on this draft, which will provide all key stakeholders with the opportunity to have input into the final Master Plan. This will include a structured community engagement process conducted in partnership with QLDC.

A summary of feedback on the draft Master Plan will be provided to shareholders and available publicly on our website.

Feedback will be considered and incorporated into the final Master Plan.

QUALITY OF LIFE SURVEY

The Queenstown Lakes District Council recently published the results of its latest Quality of Life survey.

An airport with regular scheduled national and international flights ranked No. 2 on the list of top 10 positive impacts of tourism, behind network of cycling and walking trails.

The top negative impacts of tourism related to traffic and parking pressures.

Demographic statistics of interest to us include:

- **more than 50%** of residents were born somewhere other than New Zealand
- **19%** have lived here less than two years, and a further **19%** between two and four years
- **8%** of the district's population lives in Frankton.



WHAT INFRASTRUCTURE DO WE NEED TO CONSIDER?



AVIATION

- Runways
- Taxiways
- Apron
- Runway End Safety Area (RESA)
- Boundary fencing & security
- Airfield & apron lighting
- General aviation / corporate jet operations & facilities
- Aircraft maintenance
- Airport Emergency Service (AES)
- Air Traffic Control
- Airlines & ground handlers
- Cargo operations
- Aviation refuelling & charging
- Airline catering
- Aircraft engineering
- Snow clearing, de-icing
- Utilities
- Provision for decarbonisation of aviation



TERMINAL & FORECOURT

- Customer Facilities & Services**
- Check-in area
- Safety & security
- Departure gates
- Airline lounges
- Arrivals hall
- Baggage carousels
- Toilets
- Lockers
- Trolleys
- Rental car counters
- Technology – Flight information displays
- Information desk
- First aid areas
- Family facilities
- Cultural spaces
- Retail
- Food & beverage
- ATMs and currency exchange
- Renewable energy supply
- Passenger Facilitation**
- Passport control (Customs)
- Biosecurity (MPI)
- Security screening & airfield security (Avsec)
- Police

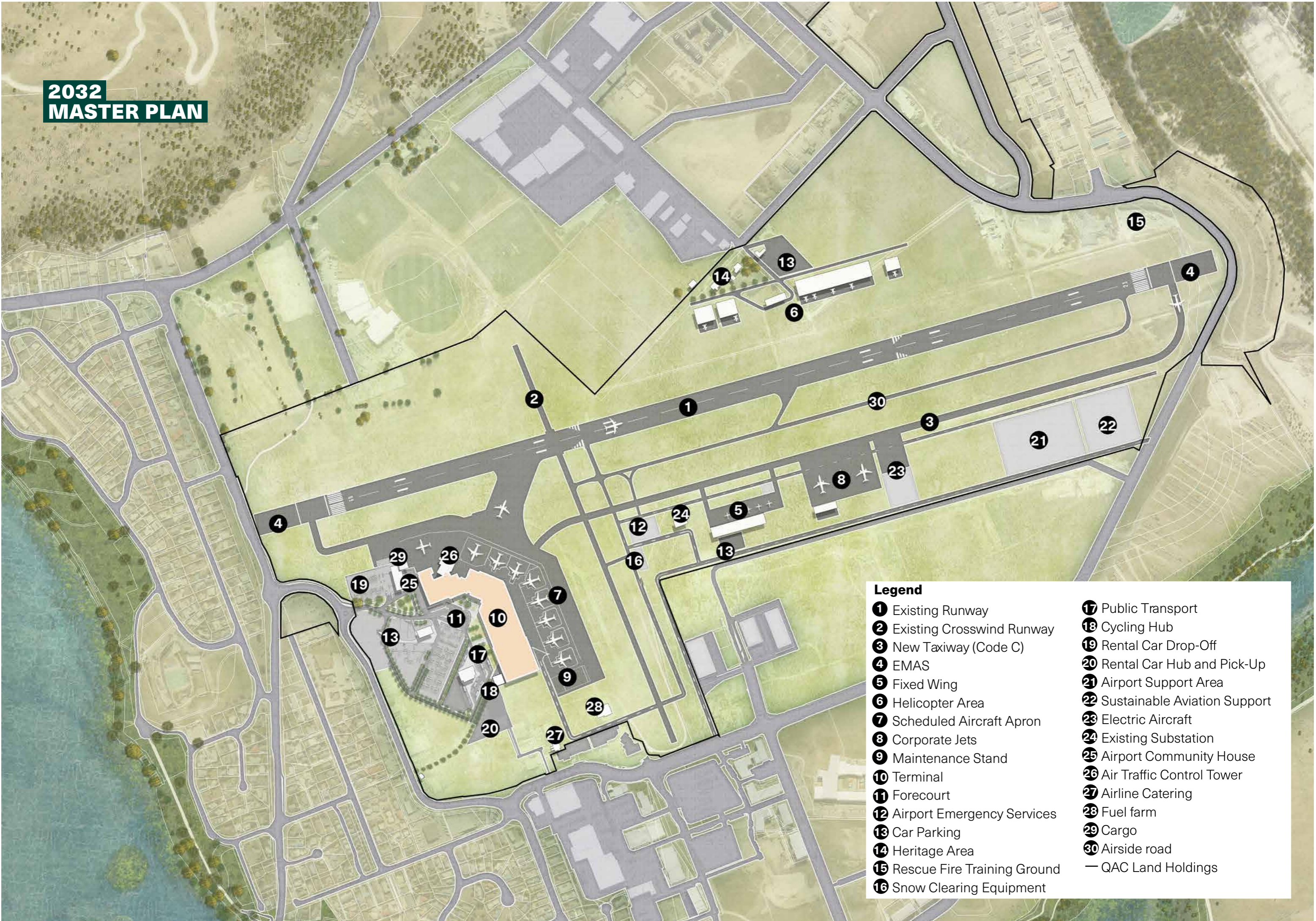


LAND TRANSPORT

- All active travel
- Public transport
- Car parking
- Rental cars
- Taxis
- Coaches
- Shuttles and other land transport services and activities
- Landscaping
- Inclusive & accessible public amenity spaces
- EV charging
- Roading & walkways

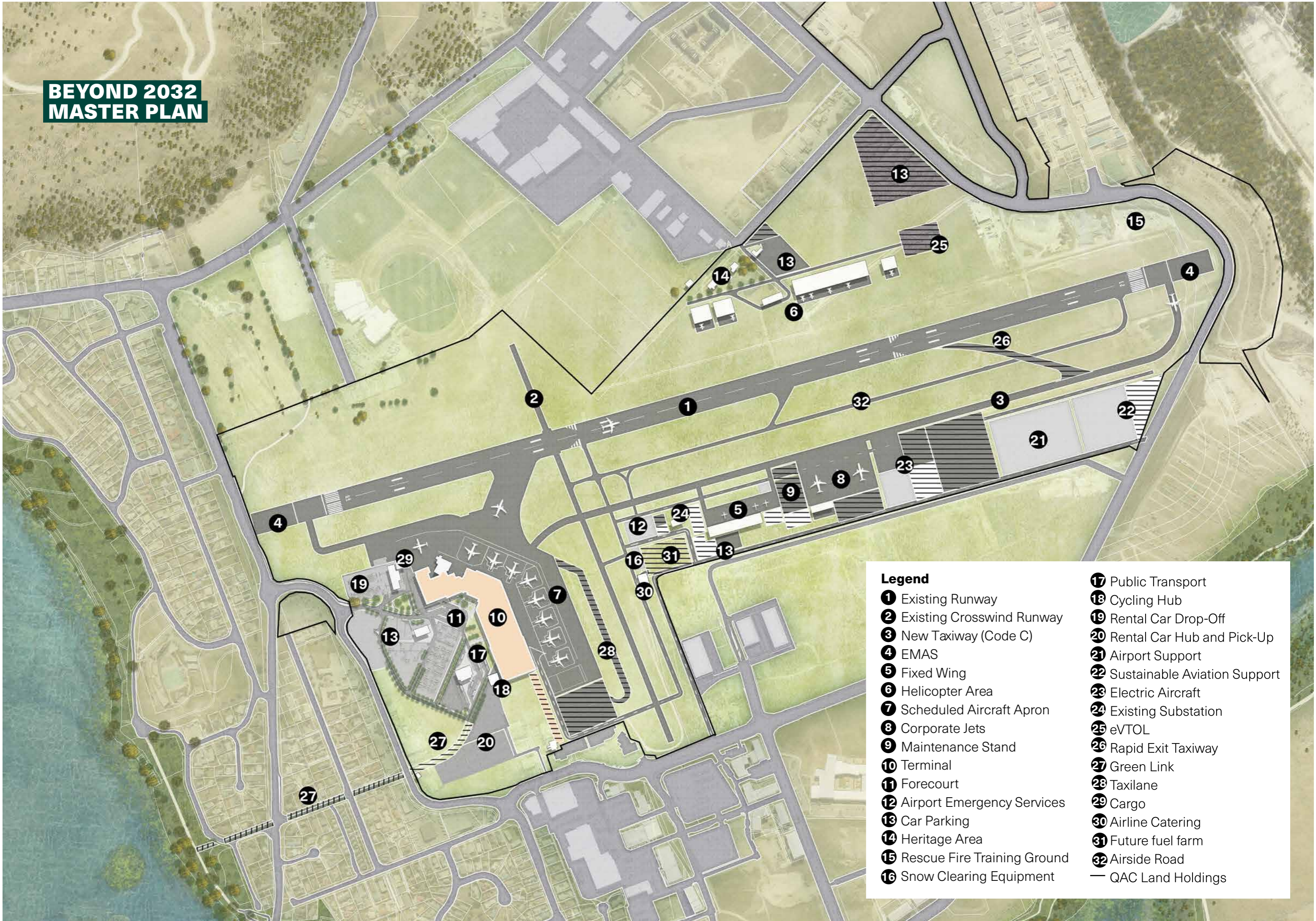


2032 MASTER PLAN



- Legend**
- 1 Existing Runway
 - 2 Existing Crosswind Runway
 - 3 New Taxiway (Code C)
 - 4 EMAS
 - 5 Fixed Wing
 - 6 Helicopter Area
 - 7 Scheduled Aircraft Apron
 - 8 Corporate Jets
 - 9 Maintenance Stand
 - 10 Terminal
 - 11 Forecourt
 - 12 Airport Emergency Services
 - 13 Car Parking
 - 14 Heritage Area
 - 15 Rescue Fire Training Ground
 - 16 Snow Clearing Equipment
 - 17 Public Transport
 - 18 Cycling Hub
 - 19 Rental Car Drop-Off
 - 20 Rental Car Hub and Pick-Up
 - 21 Airport Support Area
 - 22 Sustainable Aviation Support
 - 23 Electric Aircraft
 - 24 Existing Substation
 - 25 Airport Community House
 - 26 Air Traffic Control Tower
 - 27 Airline Catering
 - 28 Fuel farm
 - 29 Cargo
 - 30 Airside road
 - QAC Land Holdings

BEYOND 2032 MASTER PLAN



- Legend**
- | | |
|--------------------------------|---------------------------------|
| 1 Existing Runway | 17 Public Transport |
| 2 Existing Crosswind Runway | 18 Cycling Hub |
| 3 New Taxiway (Code C) | 19 Rental Car Drop-Off |
| 4 EMAS | 20 Rental Car Hub and Pick-Up |
| 5 Fixed Wing | 21 Airport Support |
| 6 Helicopter Area | 22 Sustainable Aviation Support |
| 7 Scheduled Aircraft Apron | 23 Electric Aircraft |
| 8 Corporate Jets | 24 Existing Substation |
| 9 Maintenance Stand | 25 eVTOL |
| 10 Terminal | 26 Rapid Exit Taxiway |
| 11 Forecourt | 27 Green Link |
| 12 Airport Emergency Services | 28 Taxilane |
| 13 Car Parking | 29 Cargo |
| 14 Heritage Area | 30 Airline Catering |
| 15 Rescue Fire Training Ground | 31 Future fuel farm |
| 16 Snow Clearing Equipment | 32 Airside Road |
| | — QAC Land Holdings |

APPROACH TO PRECINCT PLANNING

LAND-USE PRIORITIES

In developing this draft Master Plan, we have prioritised the use of our land as follows:



PRIORITY 1

AVIATION

Facilitating aviation requirements over the long term, including airfield and apron facilities to serve aircraft and passenger movements directly associated with aviation activities.



PRIORITY 2

TERMINAL & FORECOURT

Optimising passenger and community experience and commercial returns for the terminal building and forecourt.



PRIORITY 3

LAND TRANSPORT CONNECTIVITY

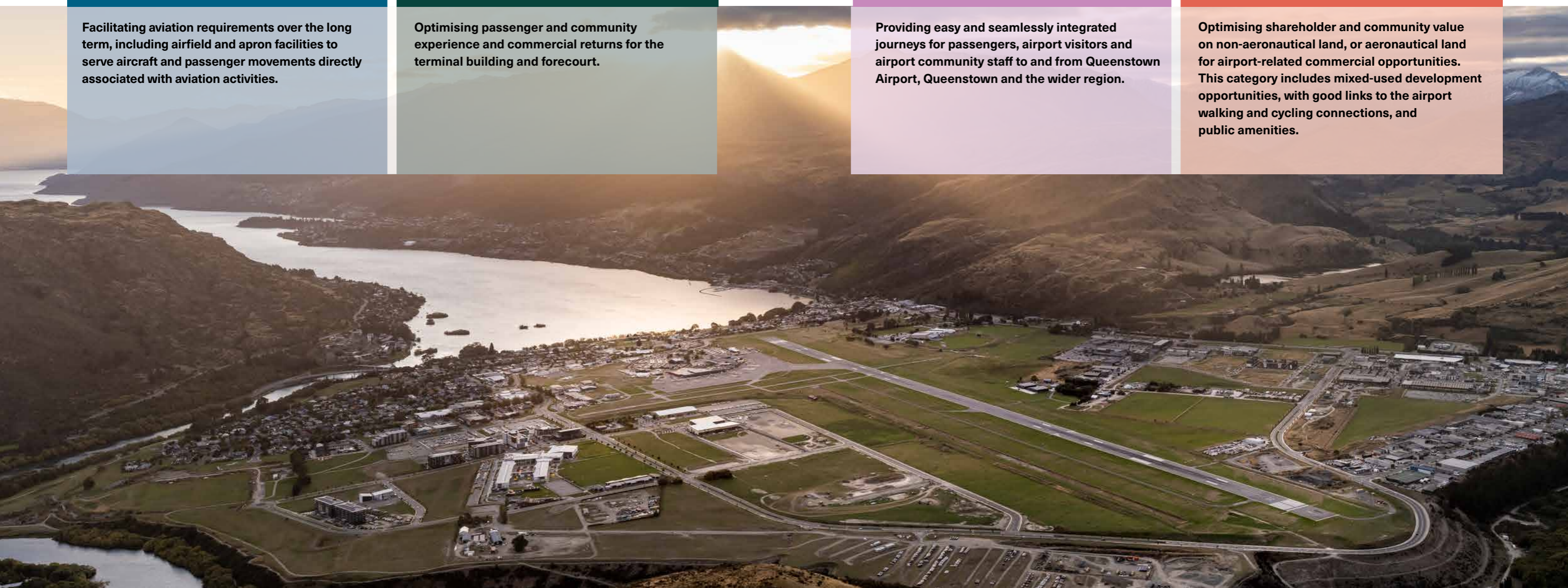
Providing easy and seamlessly integrated journeys for passengers, airport visitors and airport community staff to and from Queenstown Airport, Queenstown and the wider region.



PRIORITY 4

NON-AERONAUTICAL DEVELOPMENT

Optimising shareholder and community value on non-aeronautical land, or aeronautical land for airport-related commercial opportunities. This category includes mixed-used development opportunities, with good links to the airport walking and cycling connections, and public amenities.



ZQN – AN AIRPORT FOR THE FUTURE



RUNWAY SAFETY UPGRADES

Queenstown Airport plans to build an engineered materials arresting system (EMAS) at each end of the runway, which would assist an aircraft to decelerate and stop safely in the unlikely event of a runway overrun. ZQN will be the first airport in Australasia to install an EMAS. This new technology has been successfully implemented at major airports in North America and Europe. It is particularly well suited to operational environments such as ours and we are confident it will increase safety at Queenstown Airport.



PARALLEL TAXIWAY

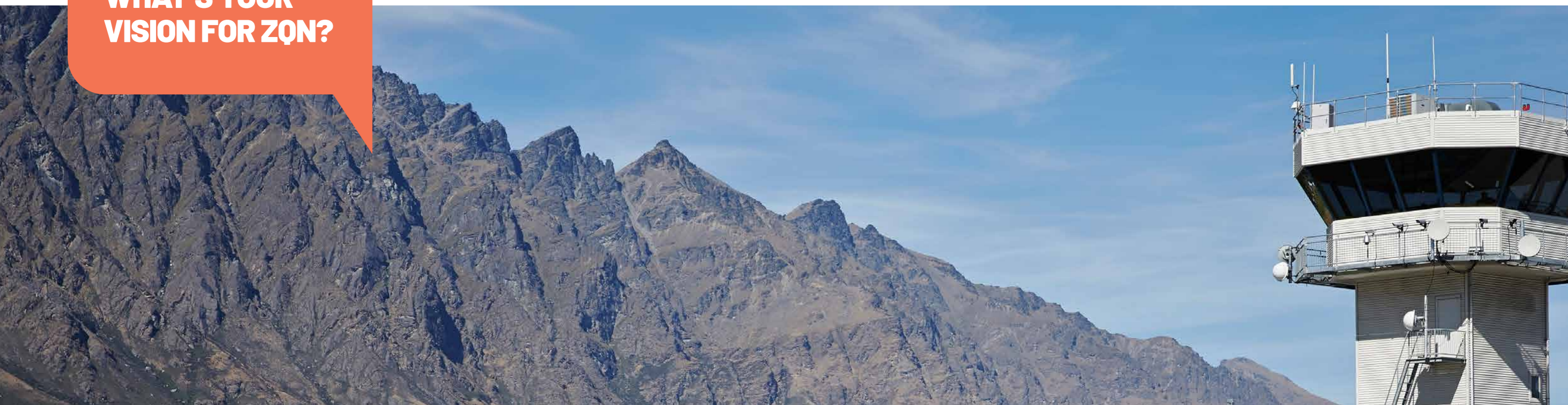
A parallel taxiway is proposed to improve operational efficiency and capacity on the existing runway and airfield. It will also enhance safety and sustainability, as it will reduce the length of time pilots are asked to fly a holding pattern while waiting to land. It will also reduce ground delays and, in the event of an emergency response, it could act as an additional runway for light aircraft.



AIRCRAFT PARKING STANDS

The plan allows room for extra aircraft parking stands and expansion of the apron. We believe one additional parking stand will be required by 2032 to increase operational efficiency and flexibility. We are also proposing to create a dedicated stand for aircraft maintenance and resilience, which Queenstown Airport does not have at present.

WHAT'S YOUR VISION FOR ZQN?



CREATING NEW AVIATION PRECINCTS

Creating precincts for specific activities and relocating general aviation operators will improve operational efficiency and protect space for emerging technologies.

**TELL US WHAT
YOU THINK**



NORTHERN AVIATION PRECINCT

A new Northern Aviation Precinct for helicopter operations is proposed to consolidate operations. Moving helicopters to this location will improve airspace and operational efficiencies and enable modest terminal expansion. One advantage of this will be to move noise away from the main Frankton residential area.



SOUTHERN AVIATION PRECINCT

The acquisition of land south of the main runway (Lot 6) allows Queenstown Airport the opportunity to provide vital core airport infrastructure in a more efficient manner, as well as providing space for future and rapidly emerging aviation technologies and alternative fuel supply. Fixed-wing operators will be moved to this precinct.



SUSTAINABLE AVIATION

We will plan for and enable emerging technologies for sustainable aviation with adaptability to cater for sustainable aviation fuels (SAF), electric and hydrogen aircraft in the future.



A TERMINAL THE COMMUNITY TAKES PRIDE IN



The Queenstown Airport terminal has developed in stages over several decades as the district has grown. As part of our long-term planning, we have an opportunity to create better passenger flow and land transport connections, as well as to increase the building's seismic strength and resilience, deliver operational and environmental benefits, and improve the customer experience.



EXTENDING & MODERNISING THE TERMINAL

Much of the existing terminal infrastructure will remain. Some areas will be refurbished, while others will be seismically strengthened, altered to create more adaptable spaces, or rebuilt. To allow this work to happen and to ensure smooth passenger flow, a terminal extension to the south towards Tex Smith Lane is included in this plan.

We'll take the opportunity when upgrading the terminal to incorporate new energy-saving initiatives and design a space that reflects all that is special and unique in our region.

We will seek guidance from iwi and work to reflect Kāi Tahu values and narratives in the terminal precinct, showcasing the richness of the region's culture.

GREEN LINK

To enhance active travel options to and from the airport, we propose a green link that will be a high-quality pathway for pedestrians and cyclists, separated from vehicles. The first phase of the link will feature native planting and landscaping and be a travel corridor to join the local cycle trail network via a new cycle hub where passengers can park, assemble, disassemble, or rent a bicycle.

Beyond 2032, the green link could connect Queenstown Airport to the proposed ferry jetty at Frankton, capitalising on the views of Lake Whakatipu and the Remarkables. By providing the link, we will encourage people to make the most of the outdoor experience in Queenstown.

LAND TRANSPORT & ACCESSIBILITY

We will provide airport users with choice to meet individual transport needs, while promoting a shift from private vehicles to other modes of transport. To encourage people to make more sustainable choices, we are providing connections to existing active and public transport networks and giving them prime positions in front of the terminal.

We aspire to be the world's most cycle-friendly airport.

WHAT DO
YOU LOVE?
WHAT SHOULD
WE KEEP?



OTHER INITIATIVES



HERITAGE PRESERVATION

We recognise the historical significance of Arranmore Farm (formerly McBride's Farm), including the former smithy, dairy, woolshed, and mature trees that date back to the 19th century. Preservation of these important heritage assets and buildings is an important factor in our planning and infrastructure development.



NON-AERONAUTICAL LAND DEVELOPMENT

We will develop our non-aeronautical land assets to promote economic diversification for the Queenstown Lakes region, as well as diversifying QAC's revenue streams to support ongoing financial stability.



DECARBONISATION ROADMAP

We have developed a Decarbonisation Roadmap and set science-based targets to achieve net-zero for the airport's operational emissions by 2040. Planning for and enabling the decarbonisation of air travel is a priority in this draft Master Plan. Core to our planning is to significantly improve the sustainability and environmental efficiency of our terminal and our operations.

Beyond developing robust infrastructure for aviation, we need to make plans for other assets and projects.



ECONOMIC IMPACT

Queenstown Airport, as a significant infrastructure asset majority-owned by the Queenstown Lakes District, makes important contributions to the local and national economy.

The services the airport provides to travellers are the most immediate and direct contributions. These services are used by both local residents and visitors to the region.

In providing these services, the airport buys goods and services from other providers. These are described as 'indirect contributions'.

QAC engaged the New Zealand Institute of Economic Research (NZIER) to prepare an independent, authoritative and data-driven analysis to understand Queenstown Airport's current and potential contribution to the local and regional economies and to the New Zealand economy as a whole. A particular focus was on the economic impact of delivering the proposed outcomes of the Master Plan over the 10 years to 2032.

These outputs tell us the overall economic impact of the airport and its operations:

- across three geographical areas – Queenstown Lakes District, the rest of Otago and New Zealand
- covering the economic variables of GDP, household expenditure and employment in each area
- including output from four tourism sectors (domestic, international, tourism spending and international flights), as well as the accommodation, food and other transport industries.

NZIER'S RESEARCH TELLS US THAT BY 2032 WE WILL:



- ✓ **have an impact on Queenstown Lakes District's GDP of +6.5%** (as against 2022 baseline); that's about the equivalent of all building construction in Queenstown today



- ✓ **create approximately 120 extra jobs** in the Queenstown Lakes District and 260 extra jobs in the Otago region each year

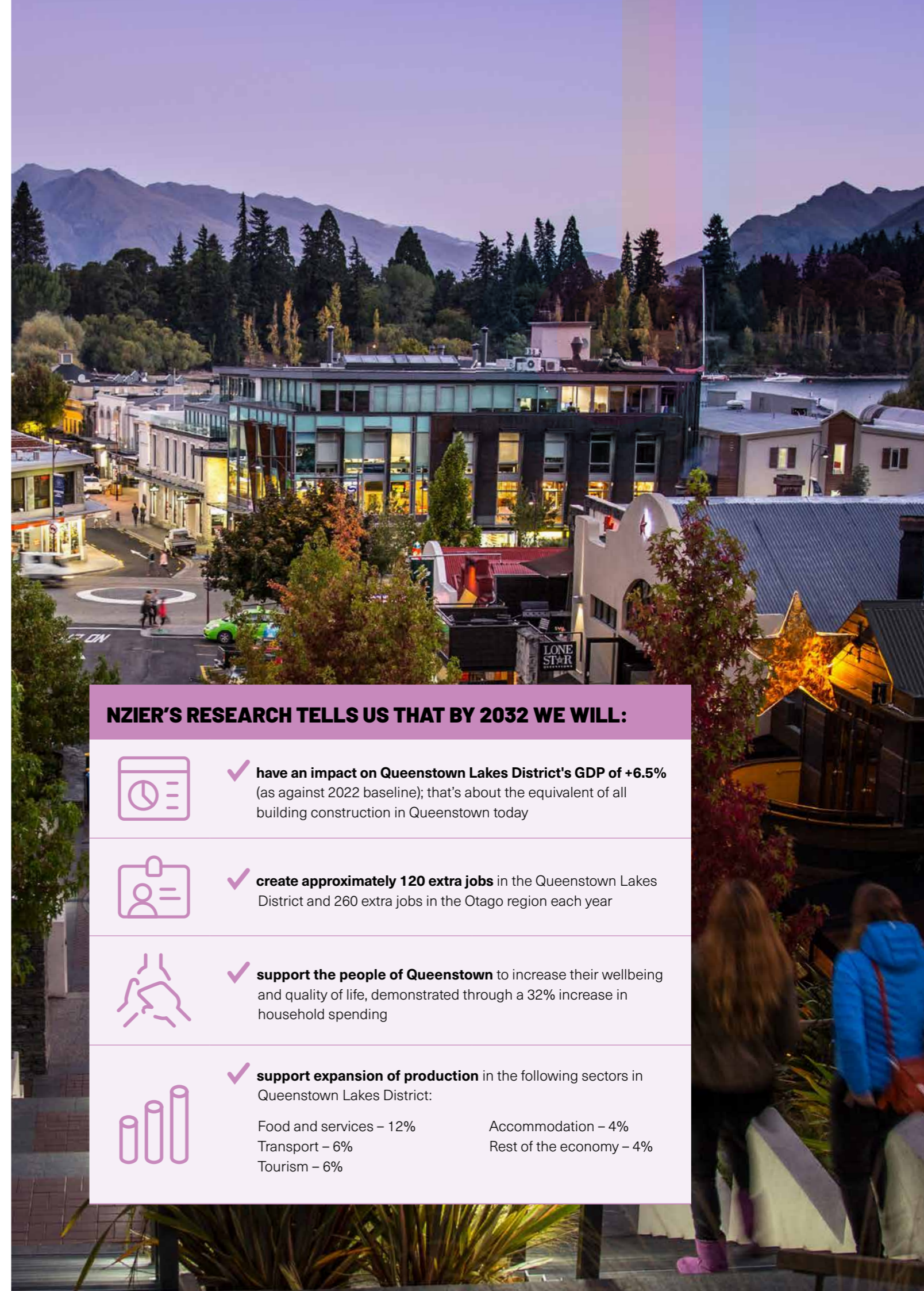


- ✓ **support the people of Queenstown** to increase their wellbeing and quality of life, demonstrated through a 32% increase in household spending



- ✓ **support expansion of production** in the following sectors in Queenstown Lakes District:

Food and services – 12%	Accommodation – 4%
Transport – 6%	Rest of the economy – 4%
Tourism – 6%	



SUSTAINABILITY

It is a privilege to call this remarkable place home. We are dedicated guardians, committed to preserving and protecting our region alongside the community for the benefit of generations to come. Sustainability guides the way we think, the decisions we make and the way we do business.

Embedding sustainability and resilience across our business and across the airport is a significant focus of our draft Master Plan. It will provide the pathway to develop a more sustainable, resilient and adaptable airport with net-zero emission operations.

Our immediate focus up to 2032 is reducing emissions within our control on the ground, while preparing for the innovative fuel and engine technologies that will enable the decarbonisation of aviation.

New and emerging digital technologies offer ways to improve operational efficiencies and enhance customer journeys. We will plan for, enable and adopt these technologies as appropriate.

QUEENSTOWN AIRPORT'S TRANSITION TO NET-ZERO

Our Sustainability Strategy and Decarbonisation Roadmap detail our emission-reduction targets, with clear strategies outlining how we will be a sustainable infrastructure and service provider. Our approach to net-zero aviation prioritises the elimination of emission sources, only using offsets as a last resort. To achieve these targets, we will:

- reduce Category 1-6 emissions as measured and reported in accordance with ISO 14064-2018
- decarbonise our airfield through the provision of electric infrastructure for aircraft and ground service equipment
- advocate for policy and regulatory change, both as an organisation and through aviation sector bodies
- reserve space for changing infrastructure service requirements as airlines and operators adopt new clean-energy technologies, including hydrogen, sustainable aviation fuel (SAF) and ground power for aircraft recharging
- support the decarbonisation of land transport, including provision of electric vehicle charging infrastructure for passengers and commercial transport operators, improving the range and access to public and active transport services and enhanced connections with the wider transport network.

To enhance our resilience, we will report annually on our climate risks and opportunities, as aligned with external reporting board (XRB) guidance, starting in 2023. Climate-related financial disclosures are a useful tool for identifying and quantifying the risks and opportunities posed by climate change and direct organisational mitigation efforts. These will be important considerations in our planning.

We are also developing sustainable construction and development guidelines that will set minimum standards for renovations of existing facilities and all new construction. The guidelines will include the consideration of low embodied carbon materials, and healthy indoor environments designed to highlight connections to nature.

AIRCRAFT EMISSIONS

In the coming years there will be an incremental annual increase in aviation-related emissions as passenger and aircraft activity grows. While QAC is not directly responsible for aircraft emissions, we recognise that the decarbonisation of air travel is where the greatest opportunities lie.

Planning for and enabling the decarbonisation of aviation is embedded in our Sustainability Strategy and this draft Master Plan. We will support and encourage airline partners in their pursuit of carbon-reduction objectives and technologies. Further information about this can be found in the Future of Aviation section.

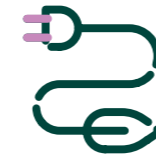


ZQN'S RUNWAY TO NET-ZERO

We've set some ambitious targets to achieve net-zero carbon emissions by 2040 at ZQN.

We recognise the biggest impact we can have, is to plan for and enable the decarbonisation of air travel. Our planning will anticipate and allow for the infrastructure required to achieve this.

Reducing our operational emissions is our immediate priority. We've prioritised three key areas of focus which contribute significantly to our emissions: Energy, Waste and Transport.



ENERGY

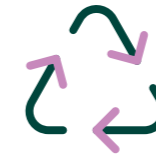
Improve energy efficiency across the airport.

Committed to using only renewable energy.

Electrify our airfield.

Provide EV charging facilities.

Phase out and replace infrastructure that relies on diesel or CFCs to operate.



WASTE

Go single-use cup free by 2023.

Support tenants to reduce waste to landfill.

Improve our waste management facilities.

Expand our composting programme.

Include recycling and waste management requirements in procurement policies and service contracts.



TRANSPORT

Facilitate and enhance active and public transport connectivity to and from the airport.

Support active and public transport for staff commuting.

Offset flights and have preferred suppliers for company travel.

Transition company vehicle fleet to electric vehicles.

OUR GOALS



CARBON NEUTRAL
by 2023



60% ABSOLUTE EMISSIONS REDUCTION
by 2030*



NET-ZERO EMISSIONS
by 2040 or earlier

*From our baseline year of 2019

FUTURE OF AVIATION

In November 2021, at the 26th United Nations Climate Change Conference of the Parties (COP26), the international aviation community declared an ambition to achieve net-zero emissions by 2050. This has triggered a significant effort to transform operations to make zero-emission aviation possible.

Queenstown Airport fully supports the ambition of the international aviation community to eliminate carbon emissions and intends to be a local leader.

The introduction of new technologies will enable the decarbonisation of aviation, changing the way people fly, the way they travel to and from the airport, and the way goods are transported. While these technologies are still emerging, this draft Master Plan provides a flexible framework to adapt to and adopt new technology quickly.

Airlines have begun the transition to net-zero. They're adopting a multipronged approach to achieve this:

- Sustainable Aviation Fuel (SAF)
- Hydrogen and electric aircraft development
- Advanced air mobility utilising eVTOLs (vertical take-off and landing)

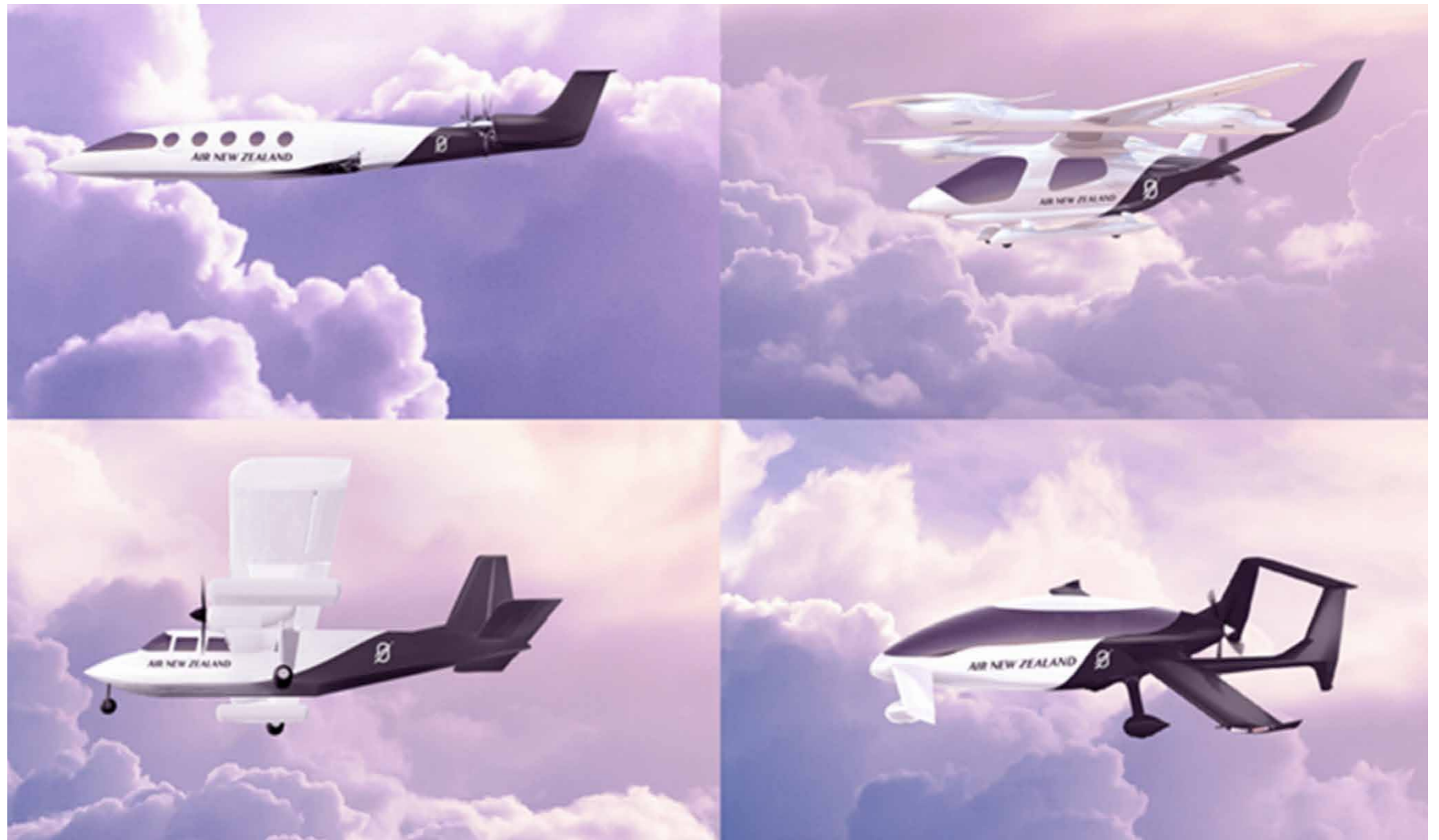


Figure 7

© Air New Zealand, from <https://www.airnewzealand.co.nz/press-release-2022-air-new-zealand-announces-mission-next-gen-aircraft-partners>

KEY MASTER PLAN CONSIDERATIONS

AERONAUTICAL PROJECTIONS

SCHEDULED AIRCRAFT MOVEMENTS & PASSENGER MOVEMENTS

The key assumptions that underpin our projections are that trans-Tasman – our only direct international connections – and domestic scheduled services will be operating for the period of the Master Plan, that demand for travel to and from Queenstown Airport remains strong, and that the airport will operate within its existing noise boundaries up to at least 2032. All aircraft movements at Queenstown Airport, including general aviation movements, are included in our annual noise compliance report.

PASSENGER NUMBERS EXPLAINED

Airports report passengers and aircrafts as movements. Passenger movements count both arrivals and departures. That is, one passenger is counted as two movements – their arrival and then their departure. This means that the actual number of visitors or residents arriving into the region via the airport is approximately half the number of passengers. Domestic passenger numbers include international visitors travelling on domestic flights.

Aircraft and passenger projections are a critical part of master planning and enable planners to ensure infrastructure is appropriately sized. Projections are subject to variation, particularly in a post-COVID environment. Care has been taken to account for all the factors that could affect our projections, both upwards and downwards.



The Queenstown Lakes District and Queenstown Airport experienced strong growth between 2012 and 2019. This was followed by the global travel restrictions associated with the COVID pandemic. Demand for air travel started to return in 2022 and is now back to pre-COVID levels, which peaked at 18,000 aircraft movements and 2.4 million passenger movements.

We are actively managing demand and expect growth rates over the coming years to be more modest than experienced before 2020. We are planning for up to 1.6 million arriving passengers (3.2 million passenger movements) by 2032.

The introduction of larger, quieter and more fuel-efficient aircraft enables incrementally higher numbers of passengers per aircraft while we continue to operate within our noise boundaries.

International passengers are expected to account for about a third of passengers flying to and from Queenstown, as is the case today.

The draft Master Plan identifies areas that will not be developed in the short to medium term but have been protected for planning purposes beyond 2032. We have not made any assumptions about passenger volumes, aircraft movements or aircraft fleet composition in these later years. However, as a long-term infrastructure provider, we need to ensure we provide scope and adaptability for the future.

PLANNING EFFICIENT & SUSTAINABLE INFRASTRUCTURE

Aircraft schedules and passenger numbers have been analysed to determine infrastructure requirements to deliver an exceptional experience for passengers and staff in a safe and efficient airport. Thought has been given to the importance of adaptable and sustainable spaces that function well and reflect our unique home.

During this process we considered:

- rolling-hour aircraft movement forecasts to inform the runway requirements and taxiway options, noting that the largest planes to operate at Queenstown are, and will continue to be, narrow-body Code C aircraft
- rolling-hour passenger forecasts to determine the optimal footprint for the terminal and forecourt precinct, as well as any landside infrastructure
- aircraft stands utilisation to determine the number of scheduled aircraft stands required in the future
- daily aircraft movements to understand and plan for seasonal variation
- general aviation, including helicopter, fixed-wing aircraft and corporate jet movements.

WHAT ARE ROLLING-HOUR FORECASTS?

A rolling hour is a sum of the preceding 60 minutes of activity. For example, the rolling sum at 14:25 includes everything after 13:25 and on or before 14:25. To move forward 5 minutes from 14:25, we roll our start time to 13:30 and our end time to 14:30.

Rolling hours are used because they can show the peaks in usage better than summing over a clock hour.

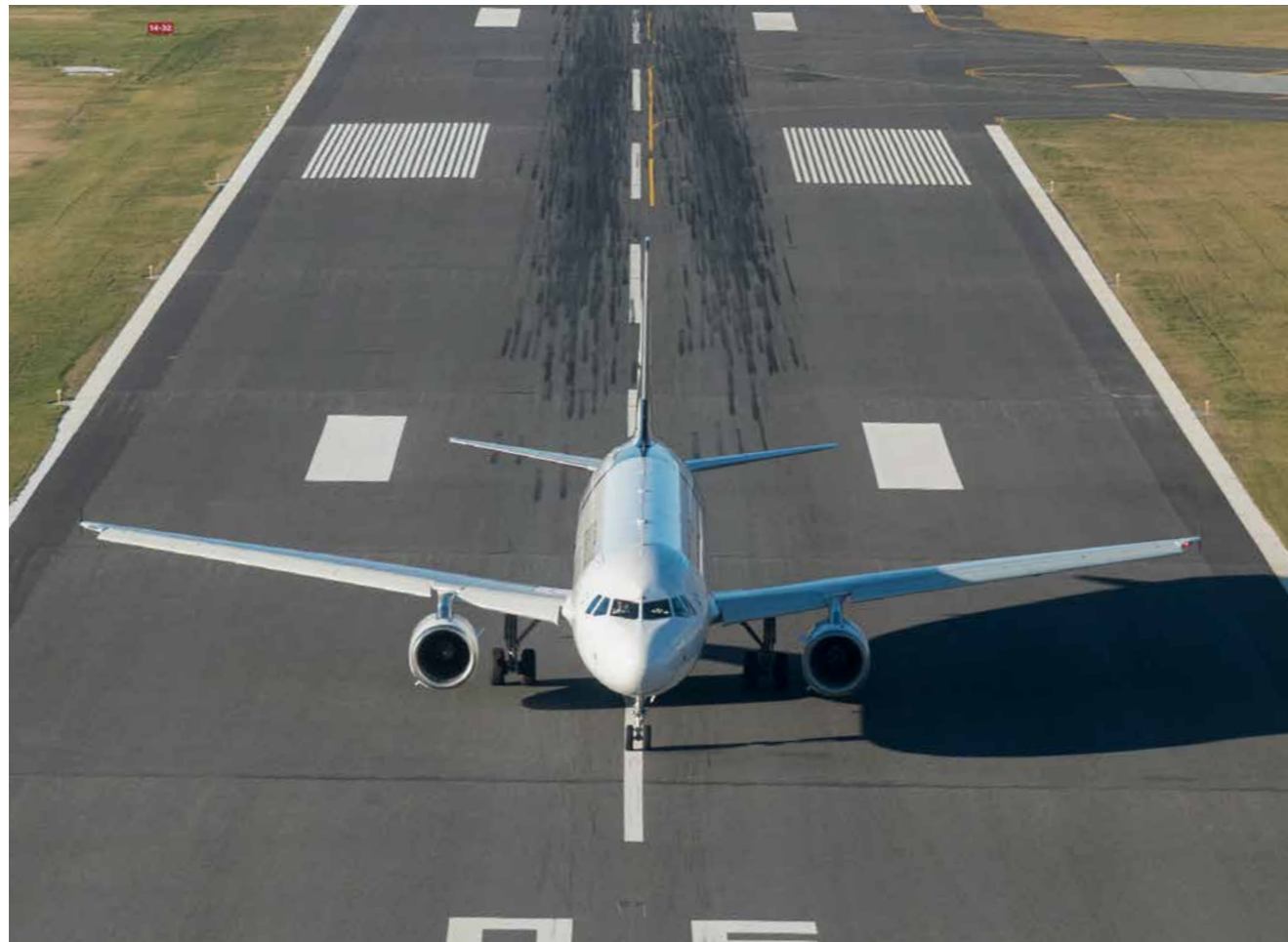
For example, imagine in a quiet terminal where a surge of passengers arrives about 14:00. On the clock hour, it should show half the passengers arriving 13:00 to 14:00, and half in 14:00 to 15:00, hiding the surge pattern. However, on the rolling hour at 14:30, we would include 13:30-14:30 and capture all these passengers, better representing the spike we would see inside the terminal.

RUNWAY CAPACITY

Analysis of the forecast aircraft schedule was used to determine the infrastructure requirements for the runways and taxiways.

This analysis shows that the vast majority of aircraft movements can be accommodated on the runway without the need for additional supporting taxiway infrastructure. However, a parallel taxiway would

increase operational efficiency of the airfield, reduce delays and congestion, support better management of airspace near the airport, and provide extra capacity in peak periods. This would have several benefits, including smoother peak-hour operations and lower aircraft emissions.



STAND REQUIREMENTS

There are eight scheduled aircraft stands at Queenstown Airport, which is sufficient for current aircraft numbers. However, these can come under pressure in a dynamic operating environment linked to a wider network where issues such as local weather, national weather disruptions, and airline network issues caused by technical or operational disruptions come into play.

Analysis shows nine operational stands will be required in 2032.

It is also proposed that a maintenance stand be provided at Queenstown Airport to accommodate aircraft repairs or maintenance. This would be provided in the Southern Aviation Precinct in the future, but in the shorter term it could be located adjacent to the active scheduled aircraft stands and serve a dual purpose of resilience and maintenance.

Space has been preserved for a total of 12 stands if required beyond 2032.

SLOT MANAGEMENT

QAC has recently introduced an enhanced 'slot coordination' system, which manages the availability of the runway for aircraft landing and departing, as well as the use of aircraft stands on the apron, where passengers board and disembark, and aircraft are loaded.

Carefully controlling the slots allocated to airlines means QAC can actively manage peaks, so we are not building infrastructure that would be used for only very short periods of a day.

This must be balanced with passengers' preferences for time of travel, and airlines' ability to serve many different routes while working around the constraints at the airports they are flying to and from.

GENERAL AVIATION OUTLOOK

General aviation consists of fixed-wing aircraft, helicopters, corporate jets, search and rescue operations, and itinerant flights.

In 2022, there were 35,222 general aviation movements, compared with 42,924 movements in the 2018 peak. For the purposes of planning infrastructure and noise modelling, projections for general aviation activity have been based on the highest movements experienced in 2018.

About two-thirds of these movements were helicopters, and one-third were fixed-wing planes. The main driver of the general aviation business is tourism, with flightseeing to Milford Sound particularly significant.

No flight training activity is based at Queenstown Airport, and there is minimal agricultural activity.

General aviation at Queenstown Airport currently has four fixed-wing operators and six helicopter operators, and no increase in the number of operators is anticipated in the period covered by the Master Plan.

The mix of fixed-wing and helicopter activity at Queenstown Airport is also expected to remain similar to now.



Image source: Glenorchy Air

FINANCIAL STRATEGY & FUNDING IMPLICATIONS

As a Council Controlled Trading Organisation, we seek to deliver shareholder value in a manner that recognises the need of the company to be profitable, return a financial dividend to its shareholders, invest for the future and support community wellbeing.

In preparing the draft Master Plan, we applied core financial and funding principles. We will:

Ensure we are making the best use of our assets

We are seeking a commercial return on all investments, including investment in aeronautical infrastructure, which will be recovered through well-established aeronautical pricing principles.

We set aeronautical pricing for the use of the airport and associated services and facilities. This is in accordance with the Airport Authorities Act 1966 and in consultation with our airline customers and general aviation operators.

Pay a dividend to shareholders

We intend to pay dividends over the period, while ensuring there is sufficient capacity to enable the required investment in aeronautical and other assets. Dividends will be set to adhere to our policy and will be paid at an appropriate and sustainable level.

Manage debt at a prudent level

The availability of funding is integral to our future development; we need to ensure that we live within our means. Funding for the delivery of the Master Plan will come from a mix of working capital and debt. We will not be seeking a financial contribution from our shareholders to finance the Master Plan.

While we remain focused on keeping debt at a manageable level over the course of the Master Plan, we will take on an increased level of debt at certain periods. We will utilise a mix of debt products, including corporate banking and debt capital markets, to ensure we can continue to secure borrowing on competitive terms. We will align our funding with our Sustainability Strategy, which is expected to result in the introduction of sustainability-linked debt products.

Stage development

In addition, over the course of the 2032 Master Plan and in line with our Strategic Plan, we intend to take a staged approach to development to ensure that the economic outlook will support the incremental investment. Each stage of development will be subject to stage gates and approvals of capital spend by the board of directors.





**RESILIENT
SUSTAINABLE
INNOVATIVE
ADAPTABLE
THRIVING**

TELL US WHAT YOU THINK

WE'D LOVE TO HEAR:



What you think of our plan



What opportunities you see



Any concerns you have



Any questions you'd like answered

HOW TO GET INVOLVED:

Find out more at
www.queenstownairport.co.nz/MasterPlan

Submit your feedback at
letstalk.qldc.govt.nz/zqn-draft-master-plan



Scan here to see a short video showing our vision for ZQN

