

**Attachment D – Section 32 Evaluation Report: Landscape, Rural Zone and  
Gibbston Character Zone**

## Section 32 Evaluation Report: Landscape, Rural Zone and Gibbston Character Zone

### 1. Strategic Context

Section 32(1)(a) of the Resource Management Act 1991 requires that a Section 32 evaluation report must examine the extent to which the proposed objectives are the most appropriate way to achieve the purpose of the Act.

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

#### **5 Purpose**

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

### 2. Regional Planning Documents

The Regional Policy Statement 1998 (RPS) is currently under review itself, and may be further advanced in that process by the time the District Plan Review is notified. Amendments to this evaluation may be required to accommodate that change. The District Plan (the Plan) must *give effect to* the operative RPS and must *have regard to* any proposed RPS.

The operative RPS contains a number of objectives and policies of relevance to this plan change, specifically Objectives 5.4.1 to 5.4.4 (Land) and related policies which, in broad terms promote the sustainable management of Otago's land resource by:

- Maintaining and enhancing the primary productive capacity and life supporting capacity of land resources;
- Avoid, remedy or mitigate degradation of Otago's natural and physical resources resulting from activities utilising the land resource;
- Protect outstanding natural features and landscapes from inappropriate subdivision, use and development.

Objective 9.4.3 (Built Environment) and related policies are relevant and seek to avoid remedy or mitigate the adverse effects of Otago's built environment on Otago's natural and physical resources, and promote the sustainable management of infrastructure.

The proposed plan change provisions are consistent with, and give effect to, the relevant operative RPS provisions.

### 3. Resource Management Issues

This review seeks to address a number of key issues (detailed below), whilst also strengthening the existing provisions by providing more targeted objectives and policies, making the Plan easier to understand and improving certainty to what activities are permitted in the zones and whether they require a resource consent.

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

- Wanaka Land Demands – Review of the Wanaka Structure Plan (2007)

- Plan Change 05b – Glenorchy Township Zone Boundary ‘The Bible Terrace’
- Plan Change 07 – Residential Flats
- Plan Change 09 – Farm Buildings on Outstanding Natural Features
- Plan Change 13 – Kiromoko
- Plan Change 14 – Makarora Rural Lifestyle Zone
- Plan Change 18 – Mt Cardrona
- Plan Change 20 – Wanaka Urban Boundary
- Plan Change 21 – Queenstown Urban Boundary
- Plan Change 24 – Community and Affordable Housing
- Plan Change 28 – Trails
- Plan Change 33 – Non-Residential Activities in the Residential, Rural Living and Township Zones
- Plan Change 48 – Signs
- Plan Change 49 – Earthworks
- Hawea Community Plan 2003
- Luggate Community Plan 2003
- Makarora Community Plan 2003
- Tomorrows Queenstown
- Wanaka 2020
- Rural General Zone Monitoring Report 2009
- Rural Living Zones Monitoring report 2009
- Informal Airports Research Report 2012
- QLDC Liquefaction Hazard 2013, prepared by Tonkin and Taylor Limited
- Otago regional Council Natural hazard reports
- Experience processing resource consents for activities in the Rural Residential and Rural Lifestyle zones
- ‘When is enough, enough? Dealing with cumulative effects under the Resource Management Act. A paper by Philip Milne for Horizons Regional Council. 2008
- Community consultation, Council workshops and a meeting of the Council’s Resource Management Focus Group
- Read Landscapes Limited ‘Report to Queenstown Lakes District Council on appropriate landscape classification boundaries within the District, with particular reference to Outstanding Natural Landscapes and Features’ 2014.
  - Peer review on the Wakatipu component by Ben Espie landscape planner
  - Peer review on the Wanaka/Upper Clutha component by Anne Steven landscape architect
- Read Landscapes Limited ‘Wakatipu Basin Residential Subdivision and Development: Landscape Character Assessment’ 2014.
- ‘High Level Review of Proposed District Plan Provisions – Landscape Issues’ Ben Espie Landscape Planner. 20 November 2014.
- National Policy Statement for Renewable Electricity Generation 2011.
- Ministry for the Environment. 2011. *National Policy Statement for Renewable Electricity Generation 2011: Implementation Guide*. Wellington: Ministry for the Environment.
- Otago Regional Council Regional Policy Statement 1998
- Kai Tahu ki Otago Natural Resource Management Plan, 2005
- Ngāi Tahu ki Murihiku Natural Resource and Environmental Iwi Management Plan 2008
- Relevant legislative changes enacted since the Plan became operative

The key issues are:

### **Issue 1: The management of the District’s landscapes**

#### **Introduction**

The District’s landscapes are of significant value to the people who live, work or visit the District, and need to be protected from inappropriate subdivision, development and use.

The existing provisions have been operative in the order of ten years. A number of plan changes have resolved issues that have arisen, whilst monitoring reports and decisions on resource consents have identified issues associated with the existing provisions.

The planning rules for managing subdivision and development in the Rural General Zone are unique compared to many other parts of rural New Zealand in that there is no minimum allotment size for landholdings in the Rural General Zone. What this does is prevent any 'development right' for residential subdivision and development, associated with a minimum landholding area, but requires proposals for subdivision and development to prove that the development would be acceptable in terms of effects on the landscape.

Whilst the existing provisions place emphasis on whether a proposal will be acceptable in terms of adverse effects on the landscape resource, on the other hand, the absence of a minimum allotment size does not establish clear parameters on the potential limit of the capacity of the landscape to absorb development.

When subdivision and development are proposed, the existing provisions require an appraisal of the development site to determine whether the landscape values are one of either an outstanding natural feature, outstanding natural landscape, visual amenity landscape or, other rural landscape. On this basis an assessment of the proposal is undertaken against a prescribed suite of 'assessment criteria'. All such activities generally fall into the class of a 'discretionary' resource consent, which, in broad terms means that the Council can assess any matters relevant to the application, and can decline applications.

The Council's Rural Monitoring Report 2009, examined the effectiveness of the existing operative provisions and reflected on the amount of residential subdivision and development that had been consented in the Rural General Zone.

The Monitoring Report had a particular focus on subdivision and development in the Wakatipu Basin, an area which has received a relatively large number of resource consent applications and approvals for subdivision and development. The Wakatipu Basin has also been subject to Private Plan changes to create rural lifestyle living and resort accommodation opportunities.

A key theme of the Monitoring Report was whether the existing provisions were managing the matter of cumulative effects of residential subdivision and development. Appendix 1 is a map of the Wakatipu Basin showing the approved building platforms and built houses at May 2014.

The Monitoring Report identified that the cumulative effects of development pressure within the Wakatipu Basin were not being effectively managed. The report identified a lack of connection between the objectives and policies of the landscape categories identified within the Plan and the assessment matters. The report suggested that these could more explicitly outline the desired landscape outcome, particularly for the areas subject to the 'Visual Amenity Landscapes' category' assessment criteria.

#### Wakatipu Basin

Other work associated with this review focusing on the Wakatipu Basin is a study by Read Landscapes Limited, titled 'Wakatipu Basin Residential Subdivision and Development: Landscape Character Assessment 2014'. The Read Landscapes study examined the landscape of the Wakatipu Basin and made recommendations on the options of future management of subdivision and development. Including, the worth of changing the planning rules to require a minimum allotment size in the Wakatipu Basin, areas within the Wakatipu Basin where the landscape has capacity for additional subdivision and development or has reached a threshold. The report also provided a critique of the existing assessment criteria provisions.

The findings of the Read Landscapes study suggested that the existing 'discretionary regime' is the best way to manage subdivision and development in the Wakatipu Basin, and the existing assessment criteria should be clarified, with the inclusion of performance standards to help assess the merits of subdivision and development.



The Read Landscapes study also concluded that the most appropriate way to encourage development to locate where it is appropriate from a landscape perspective is to rezone those locations to Rural Lifestyle, an existing zone already established in parts of the Wakatipu Basin. The Rural Lifestyle zone requires a site size of not less than one hectare with an average site size of two hectares over the area to be subdivided.

#### Proposed rezoning of identified areas of the Rural General zone in the Wakatipu Basin to Rural Lifestyle Zone

The Read Landscapes report identified the following locations as being capable of supporting rural lifestyle subdivision and development without substantial impact on the Wakatipu Basin landscape values:

- The 'Hawthorn Triangle' area
- The Fitzpatrick Basin
- Mooney Road area
- Alec Robins Road area
- An extension to the existing Rural Lifestyle zone at the Dalefield Road area

The reasons these areas are suitable for Rural Lifestyle zoning are set out in the Read Landscapes Limited report<sup>1</sup>. It is noted the areas are considered suitable entirely from a landscape management perspective on the wider Wakatipu Basin and no consideration has been given to other potential constraints such as natural hazards, roading or infrastructure.

#### District Wide Rural General Zone

A deficiency with the existing 'Visual Amenity Landscape' landscape provisions is that they anticipate the maintenance, if not the creation of, a specific type of landscape. However, much of the land subject to the provisions has a different landscape character. The landscape character of these areas, and the management of them with regard to subdivision and development do not benefit from the existing visual amenity landscape provisions.

Generally, the assessment criteria are regarded as complex and repetitive, particularly with regard to the matters relating to cumulative effects. In particular, the Visual Amenity Landscape criteria have a focus on maintaining and enhancing 'arcadian' and 'pastoral in the poetic sense'<sup>2</sup> landscape values. While these attributes may be present in some areas of the Wakatipu Basin, they do not represent the landscape character of the other areas, but must be applied to large parts of the District when assessing resource consent application for subdivision and development.

Much of the existing 'Visual Amenity landscape' of the Rural General Zone has a landscape character, typified by a rural working environment and larger landholdings. For instance, areas such as the Wanaka and Hawea Basins, Luggate and parts of the Crown Terrace are for the most part located within the visual amenity landscape but do not exhibit the characteristics of an 'arcadian' or 'pastoral in the poetic sense' visual amenity landscape.

#### Landscape Categories

As described above, all subdivision and development is subject to the assessment criteria which require an analysis of the development site to determine what landscape category applies. With the exception of a few areas where environment court rulings have determined the landscape classification, and these are contained in Appendix 8 (Landscape Categories) of the operative District Plan, most applications are subject to this process.

<sup>1</sup> Read Landscapes Limited 'Wakatipu Basin Residential Subdivision and Development: Landscape Character Assessment' 2014.

<sup>2</sup> QLDC Operative District Plan part 4.2.4. District Wide, Landscape, issues, Maintenance and enhancement of Visual Amenity landscapes.

Also refer to Read Landscapes Limited 'Report to Queenstown Lakes District Council on appropriate landscape classification boundaries within the District, with particular reference to Outstanding Natural Landscapes and Features' 2014. Ss 3.1.1 – 3.1.4

The existing process works, but is not efficient, it has and will continue to create uncertainties for the community and Council officers when providing advice on planning enquiries associated with this matter. Substantial components of resource consent decisions and Environment Court decisions have been dedicated to confirming the landscape classification of sites. The existing process does not constitute efficient resource management practice.

The central government has indicated making changes to Part 2 of the RMA (section 6, matters of national importance<sup>3</sup>, being '*the protection of specified outstanding natural features and landscapes from inappropriate subdivision, use and development*').

The addition of the word 'specified' is likely to require that landscapes are identified in order to qualify as being of national importance, and subject to the protection afforded to 'outstanding natural landscapes and features' under section 6 of the RMA.

Read Landscapes Limited has undertaken a study to categorise the outstanding natural landscapes and features of the district. The study was peer reviewed by two local landscape architects, familiar with the existing planning rules and experienced with landscape assessments in the district. The study, subsequent peer reviews and commentary has formed the basis of the identified outstanding natural features and landscapes.

The district contains landscapes of national significance that are internationally renowned. The identification and scheduling of the district's outstanding natural landscapes and features is a significant component of the management of the Districts landscapes.

### Objective and Policies

The operative district wide landscape chapter has one stated objective:

*Subdivision, use and development being undertaken in the District in a manner which avoids, remedies or mitigates adverse effects on landscape and visual amenity values.*

A review of decisions on notified resource consent applications indicates the District Wide Landscape and Rural General Zone objectives and policies are often overlooked. A reason may be that decision makers, having worked through a long and complex set of prescribed assessment criteria which seek to identify whether the actual and potential effects on the environment will be minor, see little merit in trawling through policy derived from an objective which seeks the same. While the objective and policy is the foundation of the provisions, it is considered the existing objective and related 43 (more or less) policies can be modified to offer added value.

The existing suite of objective and policies would benefit from clarification, consolidation and require linkage to the proposed strategic directions chapter.

## **Issue 2: The management of Farming Activities**

### Existing and anticipated farming activities (Reverse Sensitivity)

A range of activities are anticipated to occur in the rural areas that create odour, noise and dust, traffic generation and heavy vehicle traffic. Provided these effects do not constitute a genuine nuisance or health risk, they shall be accepted as anticipated components of rural activities.

It is acknowledged the Rural Zone is considered by many a desirable to live and to also undertake commercial activities. It is important to recognise the importance of farming activity to the District and protect the viability of farming.

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<sup>3</sup> Report of the Minister for the Environment's Resource Management Act 1991 Principles Technical Advisory Group. February 2012. <http://www.mfe.govt.nz/publications/rma/tag-rma-section6-7/tag-rma-section6-7.pdf>.

Ministry for the Environment. 2013. *Improving our resource management system. A discussion document*. Wellington: Ministry for the Environment. <http://www.mfe.govt.nz/publications/rma/improving-our-resource-management-system-discussion-document.pdf>

### Rural Amenity

Intensive farming activities have the potential to generate significant and sustained traffic generation, odour, noise, lighting and visual effects. The effects of more intensive farming, particularly a change in the intensity of pastoral farming practices has the potential for amenity effects on neighbouring residential neighbours and a reduction in rural amenity values where these effects are apparent from public roads and trails.

The operative provisions have standards relating to factory farming, with permitted standards for pig and poultry factory farming. In the Hawea and Luggate area there has been a relatively recent shift from traditional pastoral sheep farming to dairy farming supported by irrigation. The resultant visual changes to the landscape from the use of pivot and linear irrigators and the consistent lush pasture must be accepted as an anticipated change within the ambit of permitted farming activities<sup>4</sup>. The management of the take and use of ground and surface water and the discharge of contaminants to land and water are function of the Regional Council<sup>5</sup>.

Activities associated with more intensive farming such as dairy farming have the potential to create adverse effects on rural amenity associated with silage pits, milking buildings, large buildings for housing animals and stock travelling along roads.

These activities have the potential for noise, odour and visual amenity effects associated with the hours of operation of milking sheds, and the sustained and repetitive use and the location of plant and materials that generate noise and odour.

While farm buildings are anticipated in the rural areas, large buildings used for intensive farming and associated infrastructure can also have the potential for adverse effects on landscape values.

The management of the potential effects on rural amenity from intensive farming is an important resource management issue.

### Stock travelling on roads

Dairy cows being herded on roads have potential to damage the road carriageway and berms and have adverse effects on amenity values. At present it is understood that there is one dairy farm in the District where stock are required to cross the road, and an underpass was installed on Camphill Road to facilitate this<sup>6</sup>. Notwithstanding this, it is considered important to identify and provide provisions to manage dairy cows where there is potential for them to be herded on formed public roads.

### Contamination of riparian areas and waterways

Dairy farming constitutes a more intensive use of land with generally high numbers of stock located in relatively small areas, particularly when being break-fed or wintered and retained in a specific area and supplemented with food. The potential for dairy cows in these situations to damage riparian areas and contaminate water bodies is higher than traditional lower intensity farming of sheep and cattle.

Dairy farming falls within the ambit of permitted farming activities. However, it is a function of the territorial authority to *'achieve integrated management of the effects of the use, development, or protection of land and associated natural and physical resources of the district'* (S31(1)(a) RMA). It is necessary to manage the potential adverse effects associated with higher intensities of farming on water bodies and riparian areas where the stocking rates have a higher intensity than less intensive forms of farming.

### Farm Buildings

<sup>4</sup> The removal of indigenous vegetation which requires a resource consent and/or where earthworks resource consents are required is a different matter that is recognised as having potential for biodiversity and landscape effects, and is not an anticipated farming activity.

<sup>5</sup> Section 30(1)(e)-(f) RMA

<sup>6</sup> RM130038 J & J Cooper. Undertake earthworks and construct a stock underpass under Camphill Road. Processed on a non-notified basis. Granted 13 March 2013.

The existing provisions place significant emphasis on the protection of the landscape resource through the 'discretionary regime' resource consent process. The majority of resource consent applications for subdivision and development are processed on a notified basis.

A concession is made for buildings used for farming activity (with the exception of residential activity and residential buildings). Plan Change 9 'Farm Buildings on outstanding natural features' established rules which encourage farmers to locate farm buildings outside of outstanding natural features. It does so by requiring a restricted discretionary class of resource consent for the location of buildings in areas likely to have higher landscape values, and a controlled activity class of resource consent in other areas.

The Council have the ability to decline a restricted discretionary class of resource consent, while in the case of a controlled activity, the Council must grant the consent but can impose conditions relevant to the matters of control.

As stated in Plan Change 9, it is acknowledged that farmers play a very important role in the stewardship of the landscape and that farm buildings are an integral part of this function. The Council accepted at the time that where there is a landholding of over 100 hectares, certain requirements are met associated with the density of buildings, elevation, and the proposal is a genuine farm building, the building should be allowed as a controlled activity, subject to controls on external appearance, servicing and location.

Having reflected on the administration of the rule and in particular noted the difference in complexity, time, information requirements and costs for processing applications for farm buildings compared to non-farming buildings, the rule is effective in that it provides for farm buildings while protecting the landscape resource and visual amenity.

It is considered however, the administration of the rules has resulted in inefficiencies. The costs associated with even small scale, simple resource consents are not trivial. The deposit fee for a controlled activity consent is \$768.75, and Council planning officers time is currently recovered at a rate in the order of \$117.00 per hour, in addition to administration cost recovery and a \$100 deposit fee for monitoring, it is reasonable for an applicant to expect to pay in the order of \$650.00 - \$1500.00 inclusive of GST for a simple, controlled activity resource consent application for a farm building.

In the context of the costs of a relatively small farm building such as a hay, silage or implement shed. A kitset variety, without services could be in the order of \$8000 - \$15000 inclusive of GST plus construction costs. The ratio to costs of obtaining resource consent relative to the cost of the building could be in the order of 15%. While the protection of the landscape is a significant resource management issue, the administration of the District Plan and associated costs cannot be ignored. It is considered that in some cases the costs of resource consents relative to the cost of the building may be leaning toward a disproportionate balance.

It is considered that efficiencies can be made without a reduction in landscape and rural amenity. The existing standards generally provide for landscape protection, and with the addition of standards to control colour, bulk and location, farm buildings can be allowed as a permitted activity, subject to standards.

### **Issue 3: Effective and Efficient Resource Management**

The construction and alteration of buildings located within a building platform requires resource consent as a controlled activity. A controlled activity resource consent is generally considered to provide an acceptable balance between an applicant being certain consent would be granted, and the Council being able to ensure developments are undertaken in accordance the specified matters of control.

In the Rural General Zone, these include location, external appearance, access and servicing. Aspects of these matters of control are considered inefficient because the merits of whether a building is appropriate in that location have already been considered as part of the consent to identify a building platform.

In addition, site specific matters have been addressed and any mitigation considered appropriate or necessary will be attached to the approval associated with that building platform, these are generally registered on the site's computer freehold register in form of a consent notice (subdivision) or covenant (resource consent for residential activity/building platform).

Generally these conditions will set out controls on the bulk, height, and colour of buildings, servicing, and any landscaping requirements. A departure from these requirements would result in enforcement or the requirement to apply for resource consent for a variation to these conditions, which require a 'discretionary' class of resource consent.

Without undermining the emphasis on managing the visual effects of buildings, ensuring development is consistent with the conditions attached to the 'approval in principal', and the importance of protecting the districts landscape resource, it is considered standards can be introduced that enable the construction and alteration to buildings as a permitted activity subject to performance standards controlling colour and the bulk and location of buildings.

It is acknowledged that the Council would not have as much control over landscaping. It is also considered that the emphasis on any landscaping would be better dealt with at the time of subdivision, particularly where integrated landscaping affecting the entire area to be subdivided would be beneficial.

The adequacy of servicing can be assessed through the building consent process and applications would be subject to compliance checks with the District Plan and other conditions, as for all building consent applications.

#### **Issue 4: Commercial Activities**

There is a lack of specificity in the operative District Plan's objectives and policies relating to non-farming activities and non-residential activity. The maintenance of rural amenity values and a pattern of development consistent with the expectations of inhabitants is an important determinant of the character and amenity of the rural area.

In addition, the objectives and policies do not specifically recognise the desire for some commercial activities whether passive or recreational to locate within the Rural General Zone. It is acknowledged that in some cases these activities could enhance the experiences available within the district.

The acknowledgement that there is a place in the Rural Zone for some types of commercial activities, subject to intensity and scale is an important resource management issue.

#### **Issue 5: Managing the existing Ski Area Subzones**

The operative provisions recognise the importance of the skiing and tourism industry to the District and notwithstanding the location of ski fields amidst the District's Outstanding Natural Landscapes they provide significant concessions within the existing identified Ski Area Subzones, chiefly being that the landscape categories and assessment matters for development do not apply to skiing activities within the Ski Field Subzones. The provisions should reinforce the encouragement of ski area activities within these subzones.

The effectiveness and efficiency of the objectives and policies can be improved, however, there are not any significant matters identified in this zone that need changing.

#### **Issue 6: Managing the Gibbston Character Zone**

The purpose of the Gibbston Character Zone is to provide primarily for viticulture and commercial activities with an affiliation to viticulture within the confined space of the Gibbston Valley.

The zone is recognised as having a distinctive character and sense of place. The soils and microclimate within this area and the availability of water have enabled development for viticulture to the extent that this is an acclaimed wine producing area.

The zone has experienced residential subdivision and development. This creates the potential to degrade the distinctive character and create conflict with established and anticipated intensive viticulture activities.

The operative provisions provide concessions for activities with an affiliation to viticulture, and the landscape categories do not apply, notwithstanding the location of the zone in what is otherwise part of an outstanding natural landscape. There is concern that residential subdivision and development in the eastern part of the zone has diminished the soil resource for viticulture activities.

The on-going vitality of viticulture activities in the zone is an important resource management issue. The effectiveness and efficiency of the provisions can be improved, however, overall, there are not any significant issues identified in this zone.

Efficiencies similar to those identified in the Rural General zone where the construction of buildings within an approved platform could be introduced as a permitted activity.

#### **Issue 7: Miscellaneous and existing Provisions**

The operative provisions provide for a range of established activities. These matters remain valid and are not considered to be necessary to change. Where relevant, changes to phrasing are considered prudent to assist with clarity, and the layout of the proposed district plan. The effectiveness and efficiency of the provisions can be improved, however, overall, there are not any significant issues identified with the management of these activities.

There are also areas of the Rural General zone where resource consents have been completed, or longstanding activities have rendered the existing zoning and provisions no longer appropriate. These include area where an urban subdivision has been established or the land is located within the proposed urban growth boundary. In these cases a urban zone is likely to be more appropriate. The identification of these areas and specific provisions are identified in the residential s32 evaluation.

#### **4. Purpose and Options**

The purpose of the Landscape Chapter is to recognise the landscape as a significant resource to the District and to protect it from inappropriate subdivision and development.

The purpose of the Rural Zone is to provide for farming activities and manage the effects of other activities seeking to utilise the rural land resource.

The purpose of the Gibbston Character Zone is to provide for farming activities, specifically viticulture and affiliated commercial activities.

The Landscape provisions and Rural Zone have a direct relationship with each other because the majority of the District's landscape resource is located within the Rural Zone. The landscape categories and rules directly associated with the landscape categories are contained within the Rural Zone.

The landscape chapter, being a part of the District Plan's strategic direction section is a significant element of the management of activities in the district and where relevant, any activity in any zone, including future plan changes will be considered against the landscape chapter.

#### **Strategic Directions**

The following goals, objectives and policies from the Strategic Directions chapter of the draft Plan are relevant to this assessment:

*Goal 1: To develop a prosperous, resilient and equitable economy.*

*Objective 4: To recognise the potential for rural areas to diversify their land use beyond*

<i>the strong productive value of farming, provided a sensitive approach is taken to rural amenity, landscape character and healthy ecosystems.</i>	
<b>Goal 2: The strategic and integrated management of urban growth</b>	
<b>Objective 1:</b>	<i>To ensure urban development occurs in a logical manner:</i> <ul style="list-style-type: none"> <li><i>to promote a compact, well designed and integrated urban form;</i></li> <li><i>to manage the cost of Council infrastructure; and</i></li> <li><i>to protect the District's rural landscapes from sporadic and sprawling development.</i></li> </ul>
<b>Policy 1.1</b>	<i>Apply Urban Growth Boundaries (UGBs) around the urban areas in the Wakatipu Basin (including Jack's Point) and Wanaka.</i>
<b>Policy 1.2</b>	<i>Apply provisions that enable urban development within the UGBs and avoid urban development outside of the UGBs.</i>
...	
<b>Policy 1.4</b>	<i>Encourage a higher density of residential development in locations that have good access to public transport and centres.</i>
<b>Policy 1.5</b>	<i>Ensure Urban Growth Boundaries contain sufficient land, when measured district-wide, to accommodate 10 years of urban growth and prioritise areas to be developed within the boundary</i>
<b>Policy 1.6</b>	<i>Manage development within UGBs so that future urban growth opportunities are not compromised.</i>
<b>Policy 1.7</b>	<i>That further urban development of the District's small rural settlements be located within and immediately adjoining those settlements.</i>
<b>Objective 2</b>	<i>To manage development in areas affected by natural hazards.</i>
<b>Goal 4: The protection of our natural environment and ecosystems</b>	
<b>Objective 1</b>	<i>To promote development and activities that sustain or enhance the life-supporting capacity of air, water, soil and ecosystems.</i>
<b>Objective 2</b>	<i>To protect areas with significant Nature Conservation Values.</i>
<b>Policy 2.1</b>	<i>Identify areas of significant indigenous vegetation on the District Plan maps and ensure their protection.</i>
<b>Policy 2.2</b>	<i>Where adverse effects on nature conservation values cannot be avoided, remedied or mitigated, consider environmental compensation as an alternative.</i>
<b>Objective 3</b>	<i>To maintain or enhance the survival chances of rare, endangered, or vulnerable species of indigenous plant or animal communities.</i>
<b>Policy 3.1</b>	<i>That development does not adversely affect the survival chances of rare, endangered, or vulnerable species of indigenous plant or animal communities</i>
<b>Objective 4</b>	<i>To avoid Exotic vegetation with the potential to spread and naturalise.</i>
<b>Policy 4.1</b>	<i>That the planting of exotic vegetation with the potential to spread and naturalise is banned.</i>
<b>Objective 5</b>	<i>To preserve or enhance the natural character of the beds and margins of the District's lakes, rivers and wetlands.</i>
<b>Policy 5.1</b>	<i>That subdivision and / or development which may have adverse effects on the natural character and nature conservation values of the District's lakes, rivers, wetlands and their beds and margins be carefully managed so that life-supporting capacity and natural character is maintained or enhanced.</i>
<b>Objective 6</b>	<i>To maintain or enhance the water quality of our lakes and rivers.</i>
<b>Policy 6.1</b>	<i>That subdivision and / or development be designed so as to avoid adverse effects on the water quality of lakes and rivers in the District.</i>

Objective 7	To facilitate public access to the natural environment.
Policy 7.1	That opportunities to provide public access to the natural environment are sought at the time of plan change, subdivision or development.
Objective 8	To respond positively to Climate Change.
Policy 8.1	To concentrate development within existing urban areas, promoting higher density development that is more energy efficient and supports public transport, to limit increases in greenhouse gas emissions in the District.
Goal 5: Our distinctive landscapes are protected from inappropriate development.	
Objective 1	To protect the natural character of Outstanding Natural Landscapes and Outstanding Natural Features from subdivision, use and development.
Policy 1.1	Identify the district's Outstanding Natural Landscapes and Outstanding Natural Features on the district plan maps, and protect them from the adverse effects of subdivision and development.
Objective 2	To minimise the adverse landscape effects of subdivision, use or development in Rural Landscapes.
Policy 2.1	Identify the district's Rural Landscapes on the district plan maps, and minimise the effects of subdivision, use and development on these landscapes.
Objective 3	To direct new subdivision, use or development to occur in those areas which have potential to absorb change without detracting from landscape and visual amenity values.
Policy 3.1	Direct urban development to be within the UGBs of The Wakatipu Basin or Wanaka, or within the existing rural townships.
Objective 4	To recognise there is a finite capacity for residential activity in rural areas if the qualities of our landscape are to be maintained.
Policy 4.1	Give careful consideration to cumulative effects in terms of landscape character and environmental impact when considering residential activity in rural areas.
Policy 4.2	Provide for rural living opportunities in locations where the landscape character and visual amenity would not be degraded.
Objective 5	To recognise that agricultural land use is fundamental to the character of our landscapes.
Policy 5.1	Give preference to farming activity in rural areas except where it conflicts with significant nature conservation values.
Policy 5.2	Recognise that the retention of the character of rural areas is often dependent on the ongoing viability of farming and that evolving forms of agricultural land use which may change the landscape are anticipated.
Goal 7: Council will recognise the significance of the principles of the Treaty of Waitangi and the importance of its relationship with Ngai Tahu.	
Objective 1	To protect Ngai Tahu values, taonga and cultural sites and enable Ngai Tahu to express kaitiakitanga.

In general terms, and within the context of this review, these goals and objectives are met by:

- Protecting the landscape resource from inappropriate subdivision and development;
- Enabling anticipated farming activities in the Rural Zone and Gibbston Character Zone;
- Recognising the important role of tourism and the interrelationship with landscape and the Rural areas;
- Identifying and providing for Rural Lifestyle subdivision and development within the Wakatipu Basin where the landscape has capacity to absorb that development;
- Protecting amenity values in the Rural Zone and Gibbston Character Zone;
- Creating efficiencies in the administration of the District Plan and reducing costs for the community;



- Avoiding commercial activities that have the potential to undermine the amenity of the Rural Zone and Gibbston Character Zone and the role of commercial centres;
- Avoiding urban subdivision and development not located within the urban growth limits;

Determining the most appropriate methods to resolve the issues identified will enable the Plan to give effect to the Otago RPS, the relevant parts of the Strategic Directions chapter, and ultimately meet the purpose of the RMA.

As required by section 32(1)(b) RMA, the following section considers various broad options considered to address each issue, and makes recommendations as to the most appropriate course of action in each case.

## Broad options considered to address issues

### Issue 1: The management of the District's landscapes

Option 1: Retain the operative provisions

Option 2: Maintain the majority of the provisions with modification where necessary

Option 3: Comprehensive modification to the operative provisions (**Recommended**)

	Option 1: Status quo/ No change	Option 2: Amend operative provisions	Option 3: Comprehensive changes
<b>Costs</b>	<ul style="list-style-type: none"> <li>The objectives and policies do not give effect to Proposed Strategic Directions chapter.</li> <li>The integrity of the existing objective and policy framework has been weakened by subdivision at an urban density. The landscape resource is subject to potential degradation from further urban subdivision in the Rural General zone.</li> <li>It is recognised that the assessment criteria are overly complex, repetitive and would benefit from improvement.</li> <li>It is inefficient to continue with the case-by-case classification of landscape categories.</li> <li>Potential changes to the RMA may require landscapes to be specified to be able to recognised as landscapes of national importance under s6 of the RMA.</li> </ul>	<ul style="list-style-type: none"> <li>Costs associated with going through the District Plan Review process (but this is required by legislation).</li> <li>The identified deficiencies and absence of a connection with the strategic directions chapter would be likely to remain.</li> <li>Minor changes to provisions which are considered less than effective and inefficient would be unlikely to resolve the inefficiencies highlighted in the Rural Monitoring report 2009.</li> </ul>	<ul style="list-style-type: none"> <li>Costs associated with going through the District Plan Review process (but this is required by legislation).</li> <li>The changes will result in a perceived or actual loss of development potential.</li> </ul>

	<ul style="list-style-type: none"> <li>The issue of cumulative effects subdivision and development, particularly in the existing visual amenity landscape areas is not being adequately managed.</li> </ul>		
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Retains the established approach which parties are familiar with.</li> <li>Low cost for Council.</li> </ul>	<ul style="list-style-type: none"> <li>Retaining but improving the existing provisions may reduce some of the current ambiguity with the application of the existing rules.</li> <li>Council has already budgeted for a complete review of the District Plan so there are no significantly greater costs imposed upon the Council to undertake this process.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthens linkages with the proposed Strategic Directions chapter.</li> <li>Removes identified inefficiencies with the existing provisions.</li> <li>Identification of landscape categories will provide more certainty of the expectations of landscape management in certain areas.</li> <li>Manage identified issues and deficiencies such as cumulative effects and promotes more effective management of these issues.</li> <li>Recognises the relationship between the landscape resource and tourism based commercial and recreational activities.</li> <li>Removes lengthy District Plan text and provides opportunity for more concise statement of issues, objectives and policies.</li> <li>Identification of areas within the Wakatipu Basin with capacity for Rural Lifestyle development provides the opportunity for rural lifestyle living in targeted areas, potentially reducing the pressure for subdivision and development in the Wakatipu Basin Rural Zone.</li> <li>Maintaining the basis and structure of the existing assessment criteria but reducing</li> </ul>

			identified deficiencies will improve on the existing, without completely removing an established and scrutinised management regime.
<b>Ranking</b>	<b>3</b>	<b>2</b>	<b>1</b>

### **Issue 2: The management of Farming Activities**

Option 1: Retain the operative provisions

Option 2: Maintain the majority of the provisions with modification where necessary (**Recommended**)

Option 3: Comprehensive modification to the operative provisions

	<b>Option 1: Status quo/ No change</b>	<b>Option 2: Amend provisions where necessary</b>	<b>Option 3: Change the entire rules</b>
<b>Costs</b>	<u>Reverse Sensitivity</u> <ul style="list-style-type: none"> <li>The existing policy is not clear and could be more effective.</li> </ul> <u>Rural Amenity and Dairy Farming</u> <ul style="list-style-type: none"> <li>Potential for significant landscape and amenity effects if more intensive forms of farming and buildings are established.</li> </ul> <u>Farm Buildings</u> <ul style="list-style-type: none"> <li>Inefficient resource management practice for the Council.</li> <li>Cost to the community for applying for</li> </ul>	<u>Reverse Sensitivity</u> <ul style="list-style-type: none"> <li>None identified, the provisions exist but can be clarified and strengthened by policy.</li> </ul> <u>Rural Amenity and Dairy Farming</u> <ul style="list-style-type: none"> <li>Would place greater control on more intensive farming activities such as dairy farming.</li> </ul> <u>Farm Buildings</u> <ul style="list-style-type: none"> <li>Council has less control, has potential for buildings to be located in visually sensitive areas compared to the existing level of control.</li> </ul>	<u>Reverse Sensitivity</u> <ul style="list-style-type: none"> <li>High cost to the Council for amending relative to the changes necessary.</li> </ul> <u>Rural Amenity and Dairy Farming</u> <ul style="list-style-type: none"> <li>High cost to the Council for amending relative to the changes necessary.</li> </ul> <u>Farm Buildings</u> <ul style="list-style-type: none"> <li>High cost to the Council for amending relative to the changes necessary.</li> </ul>

	resource consents and variations for anticipated development activities.		
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Low cost for Council.</li> </ul>	<u>Reverse Sensitivity</u> <ul style="list-style-type: none"> <li>Provides clearer parameters for activities that may impinge on the viability of farming activities.</li> </ul> <u>Rural Amenity and Dairy Farming</u> <ul style="list-style-type: none"> <li>Provides control for more intensive form of farming such dairy farming which may not have been anticipated at the time existing provisions were formed.</li> </ul> <u>Farm Buildings</u> <ul style="list-style-type: none"> <li>Enables farm buildings for genuine larger scale farming activities with the safeguard of reasonably conservative standards, most of which are operative controls in the District Plan.</li> </ul>	<u>Reverse Sensitivity</u> <ul style="list-style-type: none"> <li>None identified</li> </ul> <u>Rural Amenity and Dairy Farming</u> <ul style="list-style-type: none"> <li>None identified</li> </ul> <u>Farm Buildings</u> <ul style="list-style-type: none"> <li>Could create standards that are easier to comprehend and administer.</li> </ul>
<b>Ranking</b>	<b>3</b>	<b>1</b>	<b>2</b>

### Issue 3: Effective and Efficient Resource Management

Option 1: Retain the operative provisions

Option 2: Maintain the majority of the provisions with modification where necessary (**Recommended**)

Option 3: Modification to all the operative provisions

<b>Option 1:</b>	<b>Option 2:</b>	<b>Option 3:</b>
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	Status quo/ No change	Amend Operative provisions	Comprehensive changes
<b>Costs</b>	<ul style="list-style-type: none"> <li>• Inefficient resource management practice for the Council.</li> <li>• Cost to the community for applying for resource consents and variations for anticipated development activities.</li> <li>• The deficiencies in the rule structure create inefficiencies and create unnecessary layers of complexity.</li> <li>• The existing rule phrasing and resultant administration divorces laypeople from the District Plan.</li> </ul>	<ul style="list-style-type: none"> <li>• The proposed 'permitted' range of colours is conservative.</li> <li>• Potential for visibility of buildings to increase, reduced control on landscaping on a site by site basis.</li> <li>• Short term inefficiency to the council where it would be likely to change internal processes to the review of servicing aspects via the building consent process.</li> <li>• Cost for Council to review the rules.</li> <li>• Reduced control by the Council to control development. (however the development is already allowed and subject to conditions on the underlying approval of the building platform).</li> </ul>	<ul style="list-style-type: none"> <li>• High cost to the Council relative to benefits from the changes compared to targeting identified issues.</li> <li>• Minor amendments to all provisions are addressed.</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Retains the established approach which parties are familiar with.</li> <li>• Retains a relatively high level of control for the Council to manage the effects of activities.</li> <li>• Low cost for Council.</li> </ul>	<ul style="list-style-type: none"> <li>• Provides the community the opportunity to develop to a permitted activity and avoid costs and time associated with the resource consent process.</li> <li>• Increased efficiency for the Council's district plan administration.</li> <li>• Provision for water and wastewater disposal are Building code requirements. Efficiencies to the Council and the applicant to remove this component from RMA reporting requirements.</li> <li>• Place emphasis on landscaping at the</li> </ul>	<ul style="list-style-type: none"> <li>• None identified.</li> </ul>

		subdivision, reduced burden on individual landowners for landscape design.	
<b>Ranking</b>	<b>3</b>	<b>1</b>	<b>2</b>

#### **Issue 4: Commercial Activities**

Option 1: Retain the operative provisions

Option 2: Maintain the majority of the provisions with modification where necessary (**Recommended**)

Option 3: Comprehensive modification to the operative provisions

	<b>Option 1: Status quo/ No change</b>	<b>Option 2: Maintain with modification where necessary</b>	<b>Option 3: Comprehensive modification</b>
<b>Costs</b>	<ul style="list-style-type: none"> <li>Existing policy does not distinguish between commercial activities that have genuine affiliation with the Rural Zone, nor do they appropriately justify why some commercial activities may be more appropriate than others.</li> </ul>	<ul style="list-style-type: none"> <li>Costs to the Council through the plan change.</li> </ul>	<ul style="list-style-type: none"> <li>High costs relative to the changes necessary.</li> </ul>

<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Low cost for Council.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthens existing policy and provides clearer parameters as to what type of commercial activity may be appropriate.</li> <li>• Identifies the importance of vitality of commercial centres.</li> <li>• Recognises the importance of commercial tourism and commercial recreation activities to the District.</li> <li>• Provides consistency with the proposed strategic direction.</li> </ul>	<ul style="list-style-type: none"> <li>• None identified.</li> </ul>
<b>Ranking</b>	<b>3</b>	<b>1</b>	<b>2</b>

#### **Issue 5: Managing the existing Ski Area Subzones**

Option 1: Retain the operative provisions

Option 2: Maintain the majority of the provisions with modification where necessary **(Recommended)**

Option 3: Comprehensive modification to the operative provisions

<b>Option 1: Status quo/ No change</b>	<b>Option 2: Minor modifications</b>	<b>Option 3: Comprehensive changes</b>
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<b>Costs</b>	<ul style="list-style-type: none"> <li>• The existing policy does not justify the concession available to activities in the ski field sub zone.</li> <li>• The existing policy does not recognise the benefits of tourism to the districts economy and wellbeing.</li> <li>• The existing policy is not consistent with the strategic directions.</li> </ul>	<ul style="list-style-type: none"> <li>• None identified</li> </ul>	<ul style="list-style-type: none"> <li>• Cost for Council</li> <li>• large and potentially significant impact on ski field operators relative to any benefits identified in the issues.</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• None identified</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthens existing policy and provides clearer parameters that enable skiing activities within the ski area subzones.</li> <li>• Encourages consolidation of ski area activities within the sub zones, this principle is already established in the operative District Plan.</li> <li>• Recognises the importance of commercial tourism and commercial recreation activities to the District.</li> <li>• Provides consistency with the proposed strategic direction.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for greater control on ski field activities, or conversely potential for more enabling activities.</li> </ul>
<b>Ranking</b>	<b>2</b>	<b>1</b>	<b>3</b>

#### **Issue 6: Managing the Gibbston Character Zone**

Option 1: Retain the operative provisions

Option 2: Maintain the majority of the provisions with modification where necessary **(Recommended)**

Option 3: Comprehensive modification to the operative provisions

	<b>Option 1: Status quo/ No change</b>	<b>Option 2: Minor modifications</b>	<b>Option 3: Comprehensive changes</b>
<b>Costs</b>	<ul style="list-style-type: none"> <li>The existing policy does not justify the concession available to winery activities.</li> <li>The existing policy is not consistent with the strategic directions.</li> </ul>	<ul style="list-style-type: none"> <li>None identified</li> </ul>	<ul style="list-style-type: none"> <li>Cost for Council</li> <li>Large and potentially significant impact on landowners and viticulture in the Gibbston Valley relative to any benefits identified in the issues.</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>None identified</li> </ul>	<ul style="list-style-type: none"> <li>Strengthens existing policy and provides clearer parameters that enable winery buildings and viticulture activities within the Gibbston Character Zone.</li> <li>Recognises the importance of viticulture, commercial tourism and commercial recreation activities to the District.</li> <li>Provides consistency with the proposed strategic direction.</li> </ul>	<ul style="list-style-type: none"> <li>Potential for greater control on residential activity.</li> </ul>
<b>Ranking</b>	<b>2</b>	<b>1</b>	<b>3</b>

### **Issue 7: Miscellaneous and existing Provisions**

Option 1: Retain the operative provisions

Option 2: Maintain the majority of the provisions with modification where necessary **(Recommended)**

Option 3: Comprehensive modification to the operative provisions

	<b>Option 1: Status quo/ No change</b>	<b>Option 2: Minor modifications</b>	<b>Option 3: Comprehensive changes</b>
<b>Costs</b>	<ul style="list-style-type: none"> <li>The existing policy does not justify the presence of the rule.</li> <li>The existing policy is not consistent with the strategic directions.</li> </ul>	<ul style="list-style-type: none"> <li>None identified</li> </ul>	<ul style="list-style-type: none"> <li>Cost for Council</li> <li>Large and potentially significant impact on landowners relative to any benefits identified in the issues.</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>None identified</li> </ul>	<ul style="list-style-type: none"> <li>Strengthens existing policy and provides clearer parameters to assist with the consideration of applications for resource consent for these activities.</li> <li>Provides tangible policy for the existing rules.</li> <li>Provides consistency with the proposed strategic direction.</li> </ul>	<ul style="list-style-type: none"> <li>Potential for greater control identified activities.</li> </ul>
<b>Ranking</b>	<b>2</b>	<b>1</b>	<b>3</b>

## 5. Scale and Significance Evaluation

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

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

## 6. Evaluation of proposed Objectives Section 32 (1) (a)

<i><b>Proposed Objective</b></i>	<i><b>Appropriateness</b></i>
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<p><b>Objective 5.3.1 (Landscape) Objective 1</b></p> <p><b>The District contains and values Outstanding Natural Features, Outstanding Natural Landscapes, and Rural Landscapes that require protection from inappropriate subdivision and development.</b></p>	<p>Confirms the importance of the landscape resource to the District.</p> <p>Recognises the importance of landscape to iwi.</p> <p>Recognises cultural and geological elements contribute to landscape values</p> <p>Establishes a basis for policy to identify landscape categories and for them to be identified on the planning maps.</p> <p>Establishes a basis for subdivision and development proposals to be assessed against the applicable assessment criteria.</p> <p>Recognises the interrelationship between the location of urban growth boundaries and the landscape resource, with regard to future proposals for plan changes.</p> <p>Discourages the establishment of urban subdivision by way resource consent within the rural zones.</p> <p>Recognises the importance of pastoral farming on large landholdings is an important determinant of landscape character.</p> <p>Consistent with Goal 5 (all objectives) of the draft Strategic Directions chapter.</p> <p>Consistent with Goal 2 (objective 1) of the draft Strategic Directions chapter.</p> <p>Gives effect to RPS objective s 4.4.1, 4.4.2, 4.4.3 and 4.4.5 (Manawhenua).</p> <p>Gives effect to RPS objective 5.4.3 and policies 5.5.1 and 5.5.6 (Land).</p> <p>Gives effect to RPS objective 9.4.1 and 9.4.3 and policy 9.5.4 (Built Environment).</p>
<p><b>Objective 5.3.2 (Landscape) Objective 2</b></p> <p><b>Avoid incremental adverse changes in landscape character through the cumulative effects of subdivision and development which result in the loss of valued qualities and characteristics.</b></p>	<p>Identifies the matter of cumulative effects of subdivision and development, in particular the amount of resource consents granted previously within the Rural Zones and, that the Rural Zones have a finite capacity for subdivision and development if the District's landscape quality is to be maintained.</p> <p>Whilst it is acknowledged that the Rural areas have established rural lifestyle development, a substantial amount of subdivision and development has been approved in these areas and the landscape values of these areas are</p>

	<p>vulnerable to degradation from further subdivision and development. It is realised that rural lifestyle development has a finite capacity if the District's distinctive rural landscape values are to be sustained.</p> <p>It is anticipated that the landscape is dynamic and will change. However, land use changes associated with productive farming activities can be very different to land use changes, patterns of planting and infrastructure activities that result from residential subdivision and development. While a proposal on its own may not likely to have adverse visual effects, or represent a significant adverse change in landscape character, at some point, if not already reached in some parts of the District, a threshold will be reached where any further residential subdivision and development in a location will have significant adverse effects on the valued character of the landscape.</p> <p>The objective focuses on maintaining landscape character.</p> <p>The culmination of multiple rural lifestyle subdivision and development activity will have the potential to change the character of the landscape to the point that the landscape values will diminish. This is a significant issue for the District's landscapes.</p> <p>Consistent with Goal 5 of the draft Strategic Directions chapter, and in particular Objective 4.</p> <p>Gives effect to RPS objective s 4.4.1, 4.4.2, 4.4.3 and 4.4.5 (Manawhenua).</p> <p>Gives effect to RPS objective 5.4.3 and policies 5.5.1 and 5.5.6 (Land).</p> <p>Gives effect to RPS objective 9.4.1 and 9.4.3 and policy 9.5.4 (Built Environment).</p>
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<p><b>5.3.3 (Landscape) Objective 3</b></p> <p><b>Protect, maintain and enhance the district's Outstanding Natural Features (ONF)</b></p>	<p>Establishes the importance of the Districts outstanding natural features category, that they are a matter of national importance under section 6(b) of the RMA.</p> <p>Establishes a basis for the policy of the management of subdivision and development of outstanding natural features.</p> <p>Consistent with Goal 5 of the draft Strategic Directions chapter.</p> <p>Gives effect to RPS objective s 4.4.1, 4.4.2, 4.4.3 and 4.4.5 (Manawhenua).</p> <p>Gives effect to RPS objective 5.4.3 and policies 5.5.1 and 5.5.6 (Land).</p> <p>Gives effect to RPS objective 9.4.1 and 9.4.3 and policy 9.5.4 (Built Environment).</p>
<p><b>5.3.4 (Landscape) Objective 4</b></p> <p><b>Protect, maintain and enhance the District's Outstanding Natural Landscapes (ONL)</b></p>	<p>Establishes the importance of the Districts outstanding natural landscape category, that they are a matter of national importance under section 6(b) of the RMA.</p> <p>Establishes a basis for the policy of the management of subdivision and development of outstanding natural landscapes.</p> <p>Consistent with Goal 5 of the draft Strategic Directions chapter.</p> <p>Gives effect to RPS objective s 4.4.1, 4.4.2, 4.4.3 and 4.4.5 (Manawhenua).</p> <p>Gives effect to RPS objective 5.4.3 and policies 5.5.1 and 5.5.6 (Land).</p> <p>Gives effect to RPS objective 9.4.1 and 9.4.3 and policy 9.5.4 (Built Environment).</p>

<p><b>5.3.5 (Landscape) Objective 5</b></p> <p><b>Ensure subdivision and development does not alter the valued landscape character and diminish visual amenity values of the Rural Landscapes (RLC)</b></p>	<p>Establishes the importance of the District's rural landscape category in terms of section 7 of the RMA.</p> <p>Establishes a basis for the policy of the management of subdivision and development of rural landscapes.</p> <p>Consistent with Goal 5 of the draft Strategic Directions chapter.</p> <p>Consistent with Goal 1 (objective 4) of the draft Strategic Directions chapter.</p> <p>Gives effect to RPS objective s 4.4.1, 4.4.2, 4.4.3 and 4.4.5 (Manawhenua).</p> <p>Gives effect to RPS objective 5.4.2 and policies 5.5.1 and 5.5.2 (Land).</p> <p>Gives effect to RPS objective 9.4.1 and 9.4.3 and policy 9.5.4 (Built Environment).</p>
<p><b>5.3.6 (Landscape) Objective 6</b></p> <p><b>Protect, maintain and enhance the landscape values of the lakes and rivers and their margins from the effects of structures and activities.</b></p>	<p>Recognises the importance of the District's lakes and rivers and their contribution to the landscape resource.</p> <p>The lakes and rivers both on their own and, when viewed as part of the distinctive landscapes are a significant element to the national and international identity of the District and provide for a wide range of amenity and recreational opportunities. They are nationally and internationally recognised as part of the reasons for the District's importance as a visitor destination, as well as one of the reasons for residents to belong to the area. Managing the landscape and recreational values on the surface of lakes and rivers is an important district plan function.</p> <p>The landscape values of the surface of lakes and rivers are a matter of national importance under section 6(b) of the RMA.</p> <p>Establishes a basis for the policy of the management of activities, subdivision and development which has the potential to affect the landscape values of the surface of lakes and rivers.</p> <p>Consistent with Goal 5 of the draft Strategic Directions chapter.</p> <p>Gives effect to RPS objective s 4.4.1, 4.4.2, 4.4.3 and 4.4.5 (Manawhenua).</p>



	<p>Gives effect to RPS objective 6.4.4 , 6.4.5, 6.4.8 and policies 6.5.1 and 5.5.9 (Water).</p> <p>Gives effect to RPS objective 9.4.1 and 9.4.3 and policy 9.5.4 (Built Environment).</p>
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<p><b>5.3.7 (Landscape) Objective 7</b></p> <p><b>Recognise and protect indigenous biodiversity where it contributes to the visual quality and distinctiveness of the District's landscapes.</b></p>	<p>Indigenous vegetation also contributes to the quality of the District's landscapes. Whilst much of the original vegetation has been modified the colour and texture of indigenous vegetation within these landforms contribute to the distinctive identity of the District's landscapes.</p> <p>Recognises the importance indigenous biodiversity contributes to the District's distinctive landscapes.</p> <p>Establishes a basis for policy to manage the effects on landscape associated with indigenous vegetation clearance, and the opportunity for subdivision and development which constitutes a change in land use from traditional pastoral farming to consider opportunities for indigenous biodiversity protection or restoration.</p> <p>Consistent with Goals 4 and 5 of the draft Strategic Directions chapter.</p> <p>Gives effect to RPS objective s 4.4.1, 4.4.2, 4.4.3 and 4.4.5 (Manawhenua).</p> <p>Gives effect to RPS objective 10.4.3 and policies 10.5.1 and 10.5.2 (Biota).</p> <p>Gives effect to RPS objective 9.4.1 and 9.4.3 and policy 9.5.4 (Built Environment).</p>
<p><b>5.3.8 (Landscape) Objective 8</b></p> <p><b>Recognise the dependence of tourism on the District's landscapes.</b></p>	<p>The District relies, in large part for its social and economic well being on the quality of the landscape, open spaces and environmental image.</p> <p>Acknowledges the existence of established skiing activities within established locations identified as sub-zones and their location amidst the District's outstanding natural landscapes.</p> <p>Acknowledges the established viticulture and related activities within the Gibbston Character Zone.</p> <p>Acknowledges that tourism related activities are part of the District's identity, the economic contribution they make and establishes a policy basis to consider the distinction between these activities and residential orientated subdivision and development.</p> <p>Consistent with Goals 1, 4 and 5 of the draft Strategic Directions chapter.</p> <p>Gives effect to RPS objective 5.4.1 (Land) and policy 5.5.4 (Land).</p>

<p><b>13.3.1 (Rural Zone) Objective 1</b></p> <p><b>Enable farming activities while protecting, maintaining and enhancing landscape, ecosystem, nature conservation and rural amenity values.</b></p>	<p>Sets direction for permitting farming activities within the Rural Zone on the basis landscape, nature conservation and rural amenity values will be protected.</p> <p>Consistent with Goals 1, 4 and 5 of the draft Strategic Directions chapter.</p> <p>Gives effect to RPS objective 5.4.1, 5.4.2, 5.4.3 and policies 5.5.2, 5.5.3, 5.5.6 (Land)</p> <p>Gives effect to RPS objective 9.4.1 and 9.4.3 and policy 9.5.4 (Built Environment)</p> <p>Gives effect to RPS objective 10.4.1, 10.4.3 and policy 10.5.2 (Biota)</p>
<p><b>13.3.2 (Rural Zone) Objective 2</b></p> <p><b>Sustain the life supporting capacity of soils.</b></p>	<p>Identifies the economic importance of farming activities and protecting the soil resource for current and future productive use.</p> <p>Recognises the importance of preventing the spread of wilding species and siltation and erosion from earthworks activities.</p> <p>Consistent with Goals 1, 4 and 5 of the draft Strategic Directions chapter.</p> <p>Gives effect to RPS objective 5.4.1, 5.4.2, and policies 5.5.2, 5.5.3, 5.5.6 (Land)</p> <p>Gives effect to RPS objective 9.4.1 and 9.4.3 and policy 9.5.4 (Built Environment)</p>
<p><b>13.3.3 (Rural Zone) Objective 3</b></p> <p><b>Manage situations where sensitive activities conflict with existing and anticipated activities in the Rural Zone.</b></p>	<p>Recognises the existence of established rural activities and that activities such as residential development seeking to locate amidst established rural activities have an expectation to not hinder these activities, providing the rural activity is being undertaken within reasonable limits. For instance, with particular regard to aspects such as odour, noise, lighting and traffic generation.</p> <p>Consistent with goal 5 and objective 5 of the draft strategic directions chapter.</p> <p>Give effect to RPS objective 5.4.1 and policies 5.5.3 and 5.5.4. (Land)</p>
<p><b>13.3.4 (Rural Zone) Objective 4</b></p> <p><b>Recognise for and provide opportunities for mineral extraction providing the location, scale and effects would not degrade amenity, water, landscape and indigenous biodiversity values.</b></p>	<p>The mineral resources of the District are important commercially. Mineral extraction, including gravel extraction and earthworks, has the potential to cause significant adverse effects on the environment.</p> <p>The management of mineral extraction is an important issue for the District.</p>

	<p>Consistent with Goals 1, 4 and 5 of the draft Strategic Directions chapter.</p> <p>Gives effect to RPS objective 5.4.5 and policy 5.5.8.</p>
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<p><b>13.3.5 (Rural Zone) Objective 5</b></p> <p><b>Encourage the future growth, development and consolidation of existing Ski Areas within identified Sub Zones, while avoiding, remedying or mitigating adverse effects on the environment.</b></p>	<p>Identifies the existence of skiing activities within established ski area sub-zones. Encourages the consolidation of skiing activities and infrastructure within these areas.</p> <p>Consistent with Goals 1, 4 and 5 of the draft Strategic Directions chapter.</p> <p>Gives effect to RPS objective 9.4.1 and 9.4.3 and policy 9.5.4 (Built Environment)</p> <p>Gives effect to RPS objective 5.4.1 and 5.5.4 (Land)</p>
<p><b>13.3.6 (Rural Zone) Objective 6</b></p> <p><b>Separate existing airports from noise sensitive activities.</b></p>	<p>Acknowledges existing provisions relating to avoiding conflict between established airports and noise sensitive activities, or activates that have potential to hinder the efficient operation of Queenstown and Wanaka airports.</p> <p>Consistent with Goals 1, 4 and 5 of the Strategic Directions chapter.</p> <p>Gives effect to RPS objective 5.4.1 and 5.5.4 (Land)</p>
<p><b>13.3.7 (Rural Zone) Objective 7</b></p> <p><b>Avoid subdivision and development in areas that are identified as being unsuitable for development.</b></p>	<p>Acknowledges an established policy for existing provisions that avoid development within identified building restriction areas.</p> <p>Also establishes the ability to apply district wide policy that may restrict the ability for subdivision and development in the Rural Zone. For instance, natural hazards, landscape, noise, hazardous substances, national Environmental Standard for contaminated land.</p> <p>Consistent with Goals 1, 4 and 5 of the Strategic Directions chapter.</p> <p>Gives effect to RPS objective s 4.4.1, 4.4.2, 4.4.3 and 4.4.5 (Manawhenua).</p> <p>Gives effect to RPS objective 5.4.2 and policies 5.5.1 and 5.5.2 (Land).</p> <p>Gives effect to RPS objective 9.4.1 and 9.4.3 and policy 9.5.4 (Built Environment).</p> <p>Gives effect to RPS objective 9.4.1 and 9.4.3</p> <p>Gives effect to RPS policy 9.5.4</p>
<p><b>13.3.8 (Rural Zone) Objective 8</b></p> <p><b>Ensure commercial activities do not degrade landscape values, rural amenity, or impinge on farming activities.</b></p>	<p>Establishes that the location, scale and intensity of commercial activities can affect rural amenity, constrain established rural activities and compromise the vitality of zones where commercial activities are anticipated.</p> <p>Consistent with Goals 1, 4 and 5 of the Strategic</p>

	<p>Directions chapter.</p> <p>Gives effects to RPS objective 5.4.1, 5.4.3 and policy 5.5.2, 5.5.3 and 5.5.4 (Land)</p> <p>Gives effect to RPS objective 9.4.3 and policy 9.5.4 (Built Environment)</p>
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<p><b>13.3.9 (Rural Zone) Objective 9</b></p> <p><b>Manage the location, scale and intensity of informal airports.</b></p>	<p>Refer to separate section 32 evaluation for informal airports</p>
<p><b>13.3.10 (Rural Zone) Objective 10</b></p> <p><b>Protect, maintain and enhance the surface of lakes and rivers and their margins.</b></p>	<p>The surfaces of lakes and rivers have high nature conservation, recreational and passive recreational amenity values. Controls over water-based activities are necessary to manage:</p> <ul style="list-style-type: none"> <li>• Adverse effects on water quality, visual amenity, recreational and passive amenity values</li> <li>• Safety and congestion associated with commercial boating operations</li> <li>• Structures and mooring lines</li> <li>• Managing effects from recreational boating activities.</li> </ul> <p>Consistent with Goals 1, 4 and 5 of the Strategic Directions chapter.</p> <p>Gives effect to RPS objective 5.4.3 and policies 5.5.1, 5.5.5 and 5.5.6 (Land).</p> <p>Gives effect to RPS objective 6.4.4, 6.4.5, 6.4.7 and 6.4.8, and policies 6.5.1, 6.5.7, 6.5.9 and 6.5.10.</p>
<p><b>14.3.1 (Gibbston Character Zone) Objective 1</b></p> <p><b>Protect the economic viability, character and landscape value of the Gibbston Character Zone by enabling viticulture activities and controlling adverse effects resulting from inappropriate activities locating in the Zone.</b></p>	<p>Sets direction for permitting farming activities, with an emphasis on viticulture, affiliated winery building and farm buildings on the basis landscape, nature conservation and rural amenity values will be protected.</p> <p>Consistent with Goals 1, 4 and 5 of the Strategic Directions chapter.</p> <p>Gives effect to RPS objective s 4.4.1, 4.4.2, 4.4.3 and 4.4.5 (Manawhenua).</p> <p>Gives effect to RPS objective 5.4.2 and policies 5.5.1 and 5.5.2 (Land).</p> <p>Gives effect to RPS objective 9.4.1 and 9.4.3 and policy 9.5.4 (Built Environment).</p>
<p><b>14.3.2 (Gibbston Character Zone) Objective 2</b></p> <p><b>Sustain the life supporting capacity of soils</b></p>	<p>Identifies the economic importance of farming activities and protecting the soil resource for current and future productive use.</p> <p>Acknowledges the finite area of the Gibbston Character Zone.</p> <p>Recognises the importance of managing the spread of wilding species and siltation and erosion from earthworks activities.</p>

	<p>Consistent with Goals 1, 4 and 5 of the Strategic Directions chapter.</p> <p>Gives effect to RPS objective s 4.4.1, 4.4.2, 4.4.3 and 4.4.5 (Manawhenua).</p> <p>Gives effect to RPS objective 5.4.2 and policies 5.5.1 and 5.5.2 (Land).</p> <p>Gives effect to RPS objective 9.4.1 and 9.4.3 and policy 9.5.4 (Built Environment).</p>
<p><b>14.3.3 (Gibbston Character Zone) Objective 3</b></p> <p><b>Safeguard the life supporting capacity of water through the integrated management of the effects of activities.</b></p>	<p>Existing operative objective that recognises the importance of the water resource to viticulture in the Gibbston Valley.</p> <p>Consistent with Goals 1, 4 and 5 of the draft Strategic Directions chapter.</p> <p>Gives effect to RPS objective s 4.4.1, 4.4.2, 4.4.3 and 4.4.5 (Manawhenua).</p> <p>Gives effect to RPS objective 5.4.1 and policy and 5.5.5 (Land)</p> <p>Gives effect to RPS objective 6.4.2, 6.4.3 and policies 6.5.2, 6.5.4 and 6.5.5.</p>
<p><b>14.3.4 (Gibbston Character Zone) Objective 4</b></p> <p><b>Encourage land management practices that recognise and accord with the environmental sensitivity and amenity values of the Gibbston Character Zone.</b></p>	<p>Existing operative objective that recognises the importance of the water resource to viticulture in the Gibbston Valley.</p> <p>Consistent with Goals 1, 4 and 5 of the Strategic Directions chapter.</p> <p>Gives effect to RPS objectives 5.4.1, 5.4.2 and policies 5.5.2, 5.5.4 and 5.5.5 (Land)</p> <p>Gives effect RPS Objectives 10.4.1, 10.4.2, 10.4.3 and policies 10.5.2, 10.5.3 and 10.5.4.</p>

The above objectives are considered to be the most appropriate methods of achieving the purpose of the Act, as they identify and give direction as to the how the specific issues that pertain to the management of activities in the Rural zones, and any activities that have the potential to affect the District's landscape resource are addressed.

## 7. Evaluation of the proposed provisions Section 32 (1) (b)

The following tables consider whether the proposed provisions are the most appropriate way to achieve the relevant objectives. In doing so, it considers the costs and benefits of the proposed provisions and whether they are effective and efficient. For the purposes of this evaluation the proposed provisions are grouped by the resource management issue.



(Also refer to the Table detailing broad options considered in Section 4, above)

**Issue 1: The management of the District's landscapes**

- 5.3.1 (Landscape) Objective 1 – The District contains and values Outstanding Natural Features, Outstanding Natural Landscapes, and Rural Landscapes that require protection from inappropriate subdivision and development.**
- 5.3.2 (Landscape) Objective 2 – Avoid incremental adverse changes in landscape character through the cumulative effects of subdivision and development which result in the loss of valued qualities and characteristics.**
- 5.3.3 (Landscape) Objective 3 – Protect, maintain and enhance the district's Outstanding Natural Features (ONF)**
- 5.3.4 (Landscape) Objective 4 – Protect, maintain and enhance the District's Outstanding Natural Landscapes (ONL)**
- 5.3.5 (Landscape) Objective 5 – Ensure subdivision and development does not alter the valued landscape character and diminish visual amenity values of the Rural Landscapes (RLC).**
- 5.3.6 (Landscape) Objective 6 – Protect, maintain and enhance the landscape values of the lakes and rivers and their margins from the effects of structures and activities.**
- 5.3.7 (Landscape) Objective 7 – Recognise and protect indigenous biodiversity where it contributes to the visual quality and distinctiveness of the District's landscapes.**
- 5.3.8 (Landscape) Objective 8 – Recognise the dependence of tourism on the District's landscapes.**
- 13.3.1 (Rural Zone) Objective 1 – Enable farming activities while protecting, maintaining and enhancing landscape, ecosystem, nature conservation and rural amenity values.**
- 13.3.1 (Rural Zone) Objective 4 – Recognise for and provide opportunities for mineral extraction providing the location, scale and effects would not degrade amenity, water, landscape and indigenous biodiversity values.**
- 13.3.1 (Rural Zone) Objective 5 – Encourage the future growth, development and consolidation of existing Ski Areas within identified Sub Zones, while avoiding, remedying or mitigating adverse effects on the environment.**
- 13.3.1 (Rural Zone) Objective 7 – Avoid subdivision and development in areas that are identified as being unsuitable for development.**
- 13.3.1 (Rural Zone) Objective 8 – Ensure commercial activities do not degrade landscape values, rural amenity, or impinge on farming activities.**

**14.3.1 (Gibbston Character Zone) Objective 1 – Protect the economic viability, character and landscape value of the Gibbston Character Zone by enabling viticulture activities and controlling adverse effects resulting from inappropriate activities locating in the Zone.**

**14.3.2 (Gibbston Character Zone) Objective 4 – Encourage land management practices that recognise and accord with the environmental sensitivity and amenity values of the Gibbston Character Zone.**

**Summary of proposed provisions that give effect to these objectives:**

*Landscape policies:*

- Provide policies to identify on the District Plan maps the outstanding natural landscapes and outstanding natural features that are of national importance pursuant to Part 2 of the RMA.
- The operative District Plan's landscape objective and multiple supporting policies are replaced by fit for purpose specific objectives and policies that give effect to the proposed strategic direction chapter.
- Policy that requires the assessment criteria are applied and the utilisation of existing operative provisions in Part 1.5.3.iii of the District Plan which set out why resource consents are required as part of the management of the District's landscapes.
- Emphasis on managing potential cumulative effects of subdivision and development
- Clearer hierarchy where protection is necessary and where development could be located, or expected to locate, ONF, ONL and RLC landscapes.
- New policy for lakes and rivers and Indigenous biodiversity where landscape is relevant. The existing operative district wide chapters for Lakes and rivers and Natural Environment are removed from the proposed district plan text.
- New policies on recognition of tourism and the relationship with landscape.

*Assessment Criteria*

- The structure of the existing assessment criteria has been retained. Ambiguous and confusing statements centred around 'visual amenity values' have been removed and the two separate aspects of 'landscape character' and 'visual amenity' are emphasised.
- The emphasis on assessing the effects on landscape character means that the assessment criteria do not attempt to create or promote a type of landscape, rather, they enable consideration of the effects of the subdivision and development on the character of the landscape as it exists. This has been identified as a deficiency with the existing 'visual amenity landscape' (VAL) assessment criteria.

*Landscape related rules:*

- Subdivision and development in outstanding natural features and outstanding natural landscapes is a non-complying activity.
- Subdivision and development in the rural landscape classification are a discretionary activity.
- No minimum area associated with subdivision or residential density has been retained.
- Farm buildings: permitted largely based on existing operative standards that would require resource consent as a controlled activity.
- Subdivision and development: construction within building platforms and alterations up to 30% of existing buildings outside are a permitted activity.

Operative provisions require resource as a controlled activity for buildings within a building platform and as a discretionary activity for buildings outside a building platform.

- Jetties in the Frankton Arm are a restricted discretionary activity and the landscape assessment criteria do not apply (no landscape assessment) there are a range of performance standards based on the Jetties and moorings policy and if these are not complied with the proposed jetty would be non-complying class of resource consent.

#### *Rural Policies*

- Generally based around providing for farming while managing effects on landscape, amenity and nature conservation values.

#### *Zoning Changes*

- Identification of five areas in the Wakatipu Basin with capacity from a landscape perspective to absorb residential subdivision and development to the Rural Lifestyle Zone density constituting a minimum site size of 2 hectares average and individual sites to one hectare.

#### *Landscape classifications*

- Identification on the District Plan maps of the following landscape classifications:
  - Outstanding natural features (ONF)
  - Outstanding natural landscapes (ONL)
  - Rural Landscapes Classification (RLC)
- The proposed landscape classifications remove the following existing landscape categories:
  - Operative District Plan Outstanding natural landscapes Wakatipu Basin: Proposed Outstanding Natural Landscapes
  - Operative District Plan Visual Amenity landscape and Other Rural Landscape: Proposed Rural Landscape Classification

<b><i>Proposed provisions</i></b>	<b><i>Costs</i></b>	<b><i>Benefits</i></b>	<b><i>Effectiveness &amp; Efficiency</i></b>
<b>Policies:</b>  <i>Landscape</i>  All Policies	<b><i>Environmental</i></b> <ul style="list-style-type: none"> <li>• Will allow more subdivision and development within the areas identified as suitable for Rural Lifestyle zoning.</li> </ul> <b><i>Economic</i></b>	<b><i>Environmental</i></b> <ul style="list-style-type: none"> <li>• Enhances the protection of the District's landscape resource for present and future generations.</li> </ul> <b><i>Economic</i></b>	<ul style="list-style-type: none"> <li>• The provisions are based on the existing structure of the operative provisions. The changes will improve the effectiveness at managing the districts landscape resource while creating efficiencies</li> </ul>

<p><i>Rural Zone</i></p> <p>13.3.1.1 to 13.3.1.6</p> <p>13.3.4.1 to 13.3.4.4</p> <p>13.3.5.1 to 13.3.5.3</p> <p>13.3.7.1, 13.3.7.2</p> <p>13.3.8.2 to 13.3.8.5</p> <p><i>Gibbston Character Zone</i></p> <p>14.3.1.1, 14.3.1.3, 14.3.1.5, 14.3.1.6, 14.3.1.7, 14.3.1.8.</p> <p>14.34.4</p> <p><b>Rules:</b></p> <p><i>Landscape</i></p> <p>5.4.1</p> <p><i>Rural Zone</i></p> <p>13.4.</p> <p>13.4.2.1</p> <p>13.4.2.5 to 13.4.2.10</p> <p>13.4.2.14 to 13.4.2.25</p>	<ul style="list-style-type: none"> <li>• Potential cost for persons who may have been intending to undertake development for the purposes of developing for profit in locations identified on the planning maps as ONL or ONF, or in the Rural Landscapes where the cumulative effects policy could reduce the probability for subdivision and development being granted (these activities may have been likely to have been considered unacceptable in any case).</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>• None identified</li> </ul>	<ul style="list-style-type: none"> <li>• Protecting the landscape resource will ensure Queenstown Lakes District remains a desirable place to live and visit. Maintaining tourism and the desirability of Queenstown Lakes District as a destination.</li> <li>• Landscape classifications identified on the District Plan maps will save costs for applicants who currently require an assessment on a case by case basis to determine the landscape classification.</li> <li>• Clearer and certain District Plan provisions will reduce costs for Council, applicants and litigants associated with resource consent decisions based on clear and specific policy and assessment criteria.</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>• More certainty and safeguards will provide for people's wellbeing by protecting the landscape resource.</li> </ul>	<p>in the administration of the landscape criteria.</p> <ul style="list-style-type: none"> <li>• The provisions will be effective at managing the landscape resource to be consistent with the Otago Regional Policy Statement and the proposed strategic directions chapter.</li> <li>• The proposed provisions will provide more certainty and guidance for persons contemplating subdivision and development and locating farm buildings. The provisions will improve efficiency by identifying the landscape categories on the District Plan maps.</li> <li>• The provisions will create efficiencies by clearly setting out areas where subdivision and development is not likely to be appropriate and the assessment criteria and policies will provide clearer direction on where subdivision is likely to be appropriate.</li> </ul>
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13.4.2.29 to 13.4.2.31			
13.4.2.32 to 13.4.2.38			
13.4.2.42 to 13.4.2.48			
13.4.2.55 to 13.4.2.58			
13.4.2.61 to 13.4.2.65			
13.4.2.67, 13.4.2.68			
13.4.2.70 to 13.4.2.74			
<i>Gibbston Character Zone</i>			
14.4.2.1, 14.4.2.5 to 14.4.2.26.			
14.4.2.28 to 14.4.2.29.			
<i>Assessment Criteria</i>			
Rural Zone 13.6			
Gibbston Character Zone 14.6			
<b><i>Alternative options considered less appropriate to achieve the relevant objectives and policies:</i></b>			

<p><i>Option 1: impose a minimum site density standard to control subdivision and/or residential development.</i></p>	<ul style="list-style-type: none"> <li>• <i>The operative Rural General Zone provisions are focused on the management of the landscape resource. No minimum area is identified and, consequently there is no perceived or actual development right to establish residential activity or buildings.</i></li> <li>• <i>Imposing a minimum density standard could be considered an effective tool to help manage the potential adverse effects of subdivision and development and in particular the cumulative effects of residential development.</i></li> <li>• <i>Typically, a minimum density standard is imposed in rural areas to protect the soil resource and productive potential of rural land. Minimum density standards also provide a degree of certainty for inhabitants and neighbours with respect to amenity, and can provide parameters with regard to servicing and infrastructure limitations.</i></li> <li>• <i>In the context of these matters, imposing a minimum area requirement on rural land primarily to manage the impact of residential/commercial development on the landscape could be criticised as being selected arbitrarily. The District's landscape character varies and what may be considered appropriate in one area will not suit others.</i></li> <li>• <i>While the 'no minimum area, but applications are subject to assessment against the landscape provisions' may be a difficult concept for the uninitiated to comprehend, it is considered the most appropriate method to manage the effects of subdivision and development on the landscape. Furthermore, the proposed provisions will provide significant enhancements in terms of effectiveness and efficiencies.</i></li> </ul>
<p><b><u>Issue 2: The management of Farming Activities</u></b></p> <p><b>5.3.1 (Landscape) Objective 1 – The District contains and values Outstanding Natural Features, Outstanding Natural Landscapes, and Rural Landscapes that require protection from inappropriate subdivision and development.</b></p> <p><b>5.3.3 (Landscape) Objective 3 – Protect, maintain and enhance the district's Outstanding Natural Features (ONF).</b></p> <p><b>5.3.4 (Landscape) Objective 4 – Protect, maintain and enhance the District's Outstanding Natural Landscapes (ONL).</b></p> <p><b>5.3.5 (Landscape) Objective 5 – Ensure subdivision and development does not alter the valued landscape character and diminish visual amenity values of the Rural Landscapes (RLC).</b></p> <p><b>5.3.7 (Landscape) Objective 7 – Recognise and protect indigenous biodiversity where it contributes to the visual quality and distinctiveness of the District's landscapes.</b></p>	

**5.3.8 (Landscape) Objective 8 – Recognise the dependence of tourism on the District's landscapes.**

**13.3.1 (Rural Zone) Objective 1 – Enable farming activities while protecting, maintaining and enhancing landscape, ecosystem, nature conservation and rural amenity values.**

**13.3.2 (Rural Zone) Objective 2 - Sustain the life supporting capacity of soils.**

**13.3.3 (Rural Zone) Objective 3 – Manage situations where sensitive activities conflict with existing and anticipated activities in the Rural Zone.**

**13.3.1 (Rural Zone) Objective 8 – Ensure commercial activities do not degrade landscape values, rural amenity, or impinge on farming activities.**

Summary of proposed provisions that give effect to these objectives:

- Recognise and encourage farming activities;
- Farm buildings a permitted activity (subject to standards) in the ONL and RLC locations;
- Protect farming from activities that may seek to establish in the rural zone and constrain farming such as residential or commercial activity;
- Allow as a permitted activity the construction of farm buildings subject to controls on colour, location, size and height;
- Providing an exemption for small scale roadside side stalls so they do not require a resource consent;
- The introduction of standards to control the potential effects of dairy farming on rural amenity, roads and water bodies.

<b><i>Proposed provisions</i></b>	<b><i>Costs</i></b>	<b><i>Benefits</i></b>	<b><i>Effectiveness &amp; Efficiency</i></b>
<p><b>Policies:</b></p> <p><i>Landscape</i></p> <p>5.3.1.1, 5.3.1.2, 5.3.1.5, 5.3.1.8, 5.3.1.10, 5.3.1.11.</p> <p>5.3.3.1, 5.3.3.2</p> <p>5.3.4.1 to 5.3.4.3</p>	<p><b><i>Environmental</i></b></p> <ul style="list-style-type: none"> <li>• Council will lose a degree of control with respect to farm buildings that comply with the standards and would not require a resource consent.</li> </ul> <p><b><i>Economic</i></b></p> <ul style="list-style-type: none"> <li>• Has potential to impose costs on dairy farm operators by requiring buildings and related infrastructure are located away from boundaries and ensuring stock do not contaminate water bodies.</li> <li>• Dairy farm operators will require that</li> </ul>	<p><b><i>Environmental</i></b></p> <ul style="list-style-type: none"> <li>• Provides safeguards for rural amenity values, formed roads and water bodies by imposing controls on dairy farming, recognising it is a more intensive type of farming than traditional sheep or beef farming.</li> </ul> <p><b><i>Economic</i></b></p> <ul style="list-style-type: none"> <li>• Allowing farm buildings as a permitted activity provides the opportunity for farmers to establish small to medium scale buildings</li> </ul>	<p><b><i>Dairy Farming</i></b></p> <ul style="list-style-type: none"> <li>• The provisions will provide effective management of more intensive types of farming such as dairy farming, without unduly constraining permitted farming activities.</li> <li>• The provisions are not expected to create a high number of resource consents.</li> <li>• The introduction of a prohibited activity rule to ensure intensive dairy</li> </ul>

<p>5.3.5.1 to 5.3.5.3</p> <p>5.3.6.1</p> <p>5.3.7.1</p> <p>5.3.8.1, 5.3.8.2</p> <p><i>Rural Zone</i></p> <p>13.3.1.1 to 13.3.1.8</p> <p>13.3.2.1 to 13.3.2.3</p> <p>13.3.3.1 to 13.3.3.2</p> <p><b>Rules:</b></p> <p><i>Landscape</i></p> <p>5.4.1</p> <p><i>Rural Zone</i></p> <p>All Rules</p> <p>(Also refer to the miscellaneous and existing operative provisions to be retained (Issue 7))</p>	<p>stock do not directly contaminate water bodies by entering water bodies and margins.</p> <ul style="list-style-type: none"> <li>There may be the need to undertake fencing or exclude stock from certain areas to ensure compliance with the rule.</li> </ul> <p><b>Social &amp; Cultural</b></p>	<p>without the need to obtain a resource consent.</p> <ul style="list-style-type: none"> <li>Provides safeguards for preventing the damage of stock to the Council's roads.</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>Maintains rural amenity values.</li> <li>Confirms farming as the anticipated and dominant activity in the Rural Zone. Provides certainty, economic wellbeing for farming operations, particularly large landholdings.</li> </ul>	<p>farming operations do not allow stock to contaminate water bodies by directly standing or travelling through water bodies or margins is considered effective at achieving integrated management of the effects of the use, development, or protection of land and associated natural and physical resources of the District (S31(1)(a) RMA).</p> <ul style="list-style-type: none"> <li>The class of prohibited activity is efficient in that the Council would not support any resource consent application made to contaminate water bodies to allow intensive dairy farming stock to stand or travel through water bodies.</li> </ul> <p><i>Farm Buildings</i></p> <ul style="list-style-type: none"> <li>The provisions will create efficiencies for farmers, particularly where small scale buildings are proposed where the costs of obtaining resource may be high relative to the value of the work. The permitted standards are subject to conservative criteria based on the existing standards for farm buildings and will provide effective management in the context of the landscape management provisions.</li> </ul>
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**Alternative options considered less appropriate to achieve the relevant objectives and policies:**

*Option 1: Require resource consents for intensive dairy farming to allow the Council to have a higher degree of control on landscape and rural amenity values.*

- *Potential for conflict and ‘doubling up’ with functions of the Otago Regional Council, particularly with the use and management of other resources to support intensive dairy farming (ground and surface water takes and use) and management of potential adverse effects of intensive dairy farming (discharge of contaminants to ground or water bodies) s30 RMA.*
- *The changes to the landscape from irrigation include linear and pivot irrigators and a change in the year-round colour of improved pasture. These aspects could be regarded as an adverse effect on the landscape, however activities such as horticulture and viticulture also fit within the District Plan definition of ‘Farming Activity’ and the establishment of these activities would have an impact on the existing landscape. The proposed controls are intended to control the potential adverse effects from intensive dairy farming on rural amenity and roads, and to prevent stock from contaminating water bodies and their margins by directly standing in or traveling through water bodies.*
- *Pivot and linear irrigators are not buildings and are not subject to the rules of the District plan <http://www.qldc.govt.nz/assets/Uploads/Planning/QLDC-Practice-Note-1-Centre-Pivot-and-Linear-Irrigators.pdf>*

*Option 2: Make farm buildings permitted irrespective of location or size of the respective landholding.*

- *The District relies upon the landscape as a significant resource for its economic, cultural and social wellbeing. It is recognised that farming activities are a key determinant of rural character and, farm buildings are an integral component of farming. Notwithstanding this, removing controls on farm buildings, particularly the potential for larger scale buildings within the outstanding natural landscapes or on outstanding natural features would not provide effective management of the landscape resource.*
- *The proposed criteria provide as a permitted activity for modest sized farm buildings on what are likely to be genuine farming operations on larger landholdings at least 100ha in area, with a density of not more than one building per 25ha. There are higher numbers of rural-residential subdivision and development on smaller landholdings and*

	<i>the effect of the sprawl of these buildings should be contained. It would not be appropriate to accept accessory buildings that support rural residential lifestyle activities as farm buildings for the purposes of this rule.</i>
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<p><b><u>Issue 3: Effective and Efficient Resource Management</u></b></p> <p><b>5.3.1 (Landscape) Objective 1 - Our distinctive landscapes are protected from inappropriate subdivision and development.</b></p> <p><b>13.3.1 (Rural Zone) Objective 1 - To enable farming activities while protecting, maintaining and enhancing landscape, nature conservation and rural amenity values.</b></p> <p><b>14.3.1 (Gibbston Character Zone) Objective 1 - To protect the character and landscape value of the Gibbston Character Zone by enabling viticulture activities and controlling adverse effects resulting from inappropriate activities locating in the Zone.</b></p> <p>Summary of proposed provisions that give effect to these objectives:</p> <ul style="list-style-type: none"> <li>• Replacing the existing controlled activity resource consent requirement to build, reclad, repaint and alter buildings within a building platform with a permitted activity rule allowing these activities. Also includes allowing alterations to buildings located outside platforms, subject to a maximum area being altered.</li> <li>• Permitted activities for farm buildings, buildings located within approved building platforms and alterations to buildings outside of an approved building platform, subject to controls on colour, height, coverage and location.</li> <li>• Permits farm buildings where they previously required resource consent as a controlled activity, subject to controls on location, size, height and colour.</li> </ul>			
<b><i>Proposed provisions</i></b>	<b><i>Costs</i></b>	<b><i>Benefits</i></b>	<b><i>Effectiveness &amp; Efficiency</i></b>

<p><b>Policies:</b></p> <p><i>Landscape</i></p> <p>5.3.1.1, 5.3.1.2, 5.3.1.5, 5.3.1.10, 5.3.3.1, 5.3.3.2, 5.3.4.1, 5.3.4.2, 5.3.4.3, 5.3.5.1, 5.3.6.1</p> <p><i>Rural Zone</i></p> <p>13.3.1.1, 13.3.1.2, 13.3.1.3, 13.3.1.4, 13.3.1.5.</p> <p><i>Gibbston Character Zone</i></p> <p>14.3.1.1, 14.3.1.4, 14.3.1.5, 14.3.1.7, 14.3.1.8</p> <p><b>Rules:</b></p> <p><i>Landscape</i></p> <p>5.4.1</p> <p><i>Rural Zone</i></p> <p>13.4.1, 13.4.2.3, 13.4.2.7, 13.4.2.8,</p>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>Council will not have the same level of control over aspects associated with the development such as 'nature conservation values', landscape plans and control on the 'external appearance' of buildings, only the colour to control the degree of visual prominence. However development would still be subject to any controls or obligations required by the subdivision consent or approval for the building platform.</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>Potential for higher costs with subdivision that previously as any mitigation required for landscaping would be focused at this stage, as opposed to leaving it for individual future allotment owners.</li> <li>Potential for higher administration costs for Council to review permitted development as part of the building consent where previously this was recovered from the resource consent.</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>Potential for adverse effects due to the reduction of control.</li> </ul>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>Permitting a range of reasonably conservative colours (16% LRV pre-finished steel, 20% LRV all other surfaces) will encourage applicants to utilise colours within this range to avoid applying for resource consent. Utilising these colours would result in less prominent buildings than the status quo which may accept a building within the QLDC's generic guidelines of 36%, but still open to scrutiny depending on the location and sensitivity of the landscape.</li> <li>More emphasis for landscaping requirements to be at the time of subdivision. This would promote more integrated landscaping that would be responsive to the sensitivity of the surrounding landscape and whether any mitigation is required.</li> <li>Any more conservative controls imposed on a site by a subdivision consent notice will still apply, thus ensuring location specific landscaping requirements are provided for.</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>Reduced costs for applicants through resource consents and monitoring fees.</li> <li>Reduced cost for the Council through District Plan administration, including the requirement for development engineering staff to prepare RMA style reports on servicing.</li> </ul>	<ul style="list-style-type: none"> <li>The proposed provisions will replace the need for a resource consent by permitting buildings within a range of controls to ensure that anticipated development would maintain landscape values. The provisions are effective at managing the effects of buildings on the landscape resource.</li> <li>The ability to build as a permitted activity significantly increases efficiency while permitted activities will be effective at achieving objectives and policies to maintain landscape values.</li> </ul>
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13.4.2.33, 13.4.2.34, 13.4.2.43, 13.4.2.44, 13.4.2.45, 13.4.2.46, 13.4.2.47, 13.4.2.48.  <i>Gibbston Character Zone</i>  14.4.2.5, 14.4.2.10, 14.4.2.19, 14.4.2.20, 14.4.2.21 to 14.4.2.26.		<ul style="list-style-type: none"> <li>• Removal of the potential for a 'double up' of processing where the existing controlled activity, matters of control for servicing (water supply, wastewater and stormwater) can be considered via the building consent application.</li> <li>• Less delays in the overall build time and cost and more certainty for prospective development.</li> </ul> <p><b><i>Social &amp; Cultural</i></b></p> <ul style="list-style-type: none"> <li>• More certainty for people when they undertake anticipated development and small scale alterations to houses.</li> <li>• Emphasis on landscaping applied at the time of subdivision to mitigate the effects of infrastructure and future buildings. More certainty for future landowners with regard to landscaping expectations when they build.</li> </ul>	
<p><b><i>Alternative options considered less appropriate to achieve the relevant objectives and policies:</i></b></p>			
Option 1: Make buildings permitted with no controls on colour or maximum scale of buildings.		<ul style="list-style-type: none"> <li>• Would not control the effects of buildings while managing the landscape resource.</li> </ul>	

#### **Issue 4: Commercial Activities**

**5.3.1 (Landscape) Objective 1 – The District contains and values Outstanding Natural Features, Outstanding Natural Landscapes, and Rural Landscapes that require protection from inappropriate subdivision and development.**

**5.3.2 (Landscape) Objective 2 – Avoid incremental adverse changes in landscape character through the cumulative effects of**

subdivision and development which result in the loss of valued qualities and characteristics.

**5.3.3 (Landscape) Objective 3 – Protect, maintain and enhance the district’s Outstanding Natural Features (ONF).**

**5.3.4 (Landscape) Objective 4 – Protect, maintain and enhance the District’s Outstanding Natural Landscapes (ONL).**

**5.3.5 (Landscape) Objective 5 - Ensure subdivision and development does not alter the valued landscape character and diminish visual amenity values of the Rural Landscapes (RLC).**

**5.3.6 (Landscape) Objective 6 - Protect, maintain and enhance the landscape values of the lakes and rivers and their margins from the effects of structures and activities.**

**5.3.8 (Landscape) Objective 8 - Recognise the dependence of tourism on the District’s landscapes.**

**13.3.1 (Rural Zone) Objective 1 – Enable farming activities while protecting, maintaining and enhancing landscape, nature conservation and rural amenity values.**

**13.3.2 (Rural Zone) Objective 2 – Sustain the life supporting capacity of soils.**

**13.3.3 (Rural Zone) Objective 3 – Manage situations where sensitive activities conflict with existing and anticipated activities in the Rural Zone.**

**13.3.4 (Rural Zone) Objective 4 - Recognise for and provide opportunities for mineral extraction providing the location, scale and effects would not degrade amenity, water, landscape and indigenous biodiversity values.**

**13.3.5 (Rural Zone) Objective 5 - Encourage the future growth, development and consolidation of existing Ski Areas within identified Sub Zones, while avoiding, remedying or mitigating adverse effects on the environment.**

**13.3.8 (Rural Zone) Objective 8 - Ensure commercial activities do not degrade landscape values, rural amenity, or impinge on farming activities.**

**13.3.9 (Rural Zone) Objective 9 - Manage the location, scale and intensity of informal airports.**

**13.3.10 (Rural Zone) Objective 10 - Protect, maintain and enhance the surface of lakes and rivers and their margins.**

**14.3.1 (Gibbston Character Zone) Objective 1 – Protect the economic viability, character and landscape value of the Gibbston Character Zone by enabling viticulture activities and controlling adverse effects resulting from inappropriate activities locating in the Zone.**

**14.3.2 (Gibbston Character Zone) - Sustain the life supporting capacity of soils.**

Summary of proposed provisions that give effect to these objectives:

- Policy that acknowledges the dependence of some commercial activities on the landscape resource and rural amenity values;
- Policy that recognises commercial activities within the rural zones can impinge on farming activities and reduce the vitality of commercial centres;
- Retention of the majority of the existing rules relating to commercial activities in the Rural Zone;
- Increasing the permitted standard for land based outdoor commercial recreation activities from five to ten persons in any one group (rule 13.4.2.49);
- Clarification of the existing rules relating to retain sales;
- Changing the existing permitted standard for 'other activities' to allow home occupation based commercial activities up to 150m<sup>2</sup>;
- Non-complying activity status for industrial activities in the Rural Zone;
- Forestry activities in the ONL and ONF a non-complying activity;
- Enabling the use of informal airports as a permitted activity, subject to standards.

<b><i>Proposed provisions</i></b>	<b><i>Costs</i></b>	<b><i>Benefits</i></b>	<b><i>Effectiveness &amp; Efficiency</i></b>
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<p><b>Policies:</b></p> <p><i>Landscape</i></p> <p>5.3.1.1 to 5.3.1.4, 5.3.1.7 to 5.3.1.12.</p> <p>5.3.2.1 to 5.3.6.3</p> <p>5.3.8.1 to 5.3.8.3</p> <p><i>Rural Zone</i></p> <p>13.3.2.2, 13.3.2.3, 13.3.3.1, 13.3.3.2, 13.4.3.1 to 13.3.4.4.</p> <p>13.3.5.1 to 13.3.5.3. 13.3.6.1 to 13.3.6.3. 13.3.8.1 to 13.3.8.5.</p> <p>13.3.10.1, 13.3.10.3, 13.3.10.6, 13.3.10.8, 13.3.10.9.</p> <p><i>Gibbston Character Zone</i></p> <p>14.3.1.3, 14.3.1.4, 14.3.1.6</p>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• Potential for larger range of permitted effects for home occupation activities</li> <li>• Increasing outdoor recreation activities from 5 to 10 will have a potential for higher adverse effects.</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Potential costs for commercial or industrial operators seeking to locate in the Rural Zone</li> </ul> <p><b>Social and Cultural</b></p> <ul style="list-style-type: none"> <li>• Potential for recreational users to be affected by larger groups of outdoor commercial recreation activities.</li> <li>• Potential for amenity effects from larger range of home occupation based activities.</li> </ul>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• Provides control to assess the effects of industrial activities.</li> <li>• Provides clearer parameters around what may constitute suitable commercial activities in the Rural Zones.</li> <li>• Provides more appropriate basis to encourage commercial activities to locate in the zone where that activity is likely to be most appropriate and recognises commercial and tourism activities that have a genuine affiliation with the landscape resource and farming activities.</li> <li>• Suitable controls are in place for activities based on the scale and intensity of the activity.</li> <li>• Provides control to manage the effects of activities on the districts outstanding natural landscapes and features as required by Part 2 of the RMA.</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• More certainty for commercial operators seeking to locate in the Rural Zones.</li> <li>• Enables small scale outdoor commercial operators to establish without the requirement to apply for a resource consent.</li> </ul>	<ul style="list-style-type: none"> <li>• The provisions would provide effective control for activities that may have an adverse impact, while enabling activities that would have a low impact such as home occupation and outdoor commercial recreation activities.</li> <li>• The provisions introduce efficiencies in enabling persons to provide for small scale, low impact commercial activities while clarifying the operative provisions relating to commercial activities.</li> </ul>
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<p><b>Rules:</b></p> <p><i>Landscape</i></p> <p>5.4.1</p> <p><i>Rural Zone</i></p> <p>13.4.2.13 to 13.4.2.22</p> <p>(Table 5) – Commercial Activities. 13.4.2.49 to 13.4.2.52</p> <p><i>Gibbston Character Zone</i></p> <p>14.4.2.10 to 14.4.2.15, 14.4.2.25, 14.4.2.26.</p>		<p><b><i>Social and Cultural</i></b></p> <ul style="list-style-type: none"> <li>• Provides for a range of small scale outdoor recreation opportunities without the need to obtain resource consent.</li> <li>• Enables people to meet their needs on their own properties as part of home occupations activities, where these activities would have a low environmental impact.</li> </ul>	
<p><b><i>Alternative options considered less appropriate to achieve the relevant objectives and policies:</i></b></p>			
<p><i>Option 1: Make all commercial activities require a resource consent</i></p>	<ul style="list-style-type: none"> <li>• <i>Would be an unnecessary level of control on small commercial activities that are appropriate in the Rural Zones and have limited environmental impacts..</i></li> </ul>		



### **Issue 5: Managing the existing Ski Area Subzones**

#### **5.3.8 (Landscape) Objective 8 - Recognise the dependence of tourism on the District's landscapes.**

#### **13.3.5 (Rural Zone) Objective 5 – Encourage the future growth, development and consolidation of existing Ski Areas within identified Sub Zones, while avoiding, remedying or mitigating adverse effects on the environment.**

Summary of proposed provisions that give effect to these objectives:

- Policy recognising the importance of skiing activities and their consolidation within the ski area subzones;
- Retention of operative rules allowed the construction of buildings as a controlled activity;
- A rule requiring a non-complying activity resource consent for ski area activities not located within the ski area sub zones;
- Specific policy for established vehicle testing activity at Waiorau Snow Farm area.

<b><i>Proposed provisions</i></b>	<b><i>Costs</i></b>	<b><i>Benefits</i></b>	<b><i>Effectiveness &amp; Efficiency</i></b>
<b>Policies:</b>  <i>Landscape</i>  5.3.8.1, 5.3.8.3  <i>Rural Zone</i>  13.3.5.1 to 13.3.5.3  <b>Rules:</b>  <i>Landscape</i>  5.4.1	<b><i>Environmental</i></b> <ul style="list-style-type: none"> <li>• None identified</li> </ul> <b><i>Economic</i></b> <ul style="list-style-type: none"> <li>• None identified</li> </ul> <b><i>Social &amp; Cultural</i></b> <ul style="list-style-type: none"> <li>• None identified</li> </ul>	<b><i>Environmental</i></b> <ul style="list-style-type: none"> <li>• Non identified</li> </ul> <b><i>Economic</i></b> <ul style="list-style-type: none"> <li>• Retains existing ski field and vehicle testing activities</li> </ul> <b><i>Social &amp; Cultural</i></b> <ul style="list-style-type: none"> <li>• Retains the ongoing activities that provide for peoples well-being</li> </ul>	<p>The proposed provisions will assist with the identification of specific activities within the Rural Zone that make an important contribution to the district's economy and provide a recreational resource. The provisions will be effective in that they provide certainty to ski area activities within the sub zone areas while retaining control on the effects of activities.</p> <p>The provisions are enabling and maintain efficiencies to the ski field operators and established vehicle testing facilities.</p>

<p><i>Rural Zone</i></p> <p>13.4.2.18, 13.4.2.19</p> <p>13.4.2.55 - 13.4.2.59</p>			
<p><b>Alternative options considered less appropriate to achieve the relevant objectives and policies:</b></p>			
<p><i>Option 1: More control on the adverse effects of building and activities in sensitive landscapes. Make buildings and ski area activities a restricted discretionary activity.</i></p>	<ul style="list-style-type: none"> <li><i>The existing provisions are enabling and more control on the scale and intensity of activities could be considered necessary. A review of the resource granted for ski area activities does not indicate, to date, there is a valid reason to change the provisions to make ski area activity buildings a class of resource consent that could result in a development being declined.</i></li> </ul>		

#### **Issue 6: Managing the Gibbston Character Zone**

**5.3.1 (Landscape) Objective 1 – The District contains and values Outstanding Natural Features, Outstanding Natural Landscapes, and Rural Landscapes that require protection from inappropriate subdivision and development.**

**5.3.2 (Landscape) Objective 2 – Avoid incremental adverse changes in landscape character through the cumulative effects of subdivision and development which result in the loss of valued qualities and characteristics.**

**5.3.8 (Landscape) Objective 8 – Recognise the dependence of tourism on the District's landscapes.**

**14.3.1 (Gibbston Character Zone) Objective 1 – Protect the economic viability, character and landscape value of the Gibbston Character Zone by enabling viticulture activities and controlling adverse effects resulting from inappropriate activities locating in the Zone.**

**14.3.2 (Gibbston Character Zone) Objective 2 – Sustain the life supporting capacity of soils.**

**14.3.3 (Gibbston Character Zone) Objective 3 – Safeguard the life supporting capacity of water through the integrated management of the effects of activities.**

**14.3.4 (Gibbston Character Zone) Objective 4 – Encourage land management practices that recognise and accord with the environmental sensitivity and amenity values of the Gibbston Character Zone.**

Summary of proposed provisions that give effect to these objectives:

- Retention of the majority of existing provisions including
  - Further enabling the construction and use of winery buildings by making them a controlled up to 500m<sup>2</sup>, currently this is a restricted discretionary activity for the construction of any building;
  - Industrial activities associated with wineries and underground cellars a permitted activity, up to 300m<sup>2</sup>;
  - Retention of the existing policies of the Gibbston Character Zone;
  - Recognition of the Gibbston Character Zone in the landscape policy and confirmation that the landscape categorisations do not apply;
  - Retention of the assessment criteria for buildings, subject to modifications to reduce repetition and clarification;
- Refer to separate resource management issues for matters relating to effective and efficient resource management, commercial activities, informal airports and landscape for provisions affected by these issues.

<b><i>Proposed provisions</i></b>	<b><i>Costs</i></b>	<b><i>Benefits</i></b>	<b><i>Effectiveness &amp; Efficiency</i></b>
<b>Policies:</b>  <i>Landscape</i>  5.3.1.8, 5.3.2.3. 5.3.2.4. 5.3.9.2.  <i>Gibbston Character Zone</i>  14.3.1.1 to 14.3.4.5.	<b><i>Environmental</i></b> <ul style="list-style-type: none"> <li>• None identified</li> </ul> <b><i>Economic</i></b> <ul style="list-style-type: none"> <li>• None identified</li> </ul> <b><i>Social &amp; Cultural</i></b> <ul style="list-style-type: none"> <li>• None identified</li> </ul>	<b><i>Environmental</i></b> <ul style="list-style-type: none"> <li>• Retains emphasis on managing water and soil resource. Controlling effects of activities that may impinge on viticulture.</li> </ul> <b><i>Economic</i></b> <ul style="list-style-type: none"> <li>• Retains importance of viticulture and winery buildings and the contribution these make to the District.</li> </ul> <b><i>Social &amp; Cultural</i></b>	<ul style="list-style-type: none"> <li>• The proposed provisions will be effective at providing for viticulture as the predominant activity, maintain amenity and controlling non-viticulture activities.</li> <li>• The provisions will not create inefficiencies for viticulture activities, or any established residential or commercial activities. The proposed phrasing will encourage efficient administration of the provisions.</li> </ul>

<b>Rules:</b>  <i>Landscape</i>  5.4.1  <i>Gibbston Character Zone</i>  All rules.		<ul style="list-style-type: none"> <li>Provides for peoples welling being who rely on the resources and established infrastructure and buildings as part of the districts wine making.</li> </ul>	
<b><i>Alternative options considered less appropriate to achieve the relevant objectives and policies:</i></b>			
<i>Option 1: Remove the existing zone, rezone to Rural Zone and apply the landscape categories.</i>	<ul style="list-style-type: none"> <li><i>Viticulture fits under the ambit of farming activity and the main concession for new activities is that winery buildings are a restricted discretionary activity. The existing Rural Zone rules could control better control the effects of subdivision and development in this location.</i></li> </ul>		

#### **Issue 7: Miscellaneous and existing Provisions**

**5.3.5 (Landscape) Objective 8 – Recognise the contribution tourism infrastructure makes to the economic and recreational values of the District, and acknowledge the dependence of tourism on the District’s landscapes.**

**13.3.4 (Rural Zone) Objective 4 – Recognise for and provide opportunities for mineral extraction providing the location, scale and effects would not degrade amenity, water, landscape and indigenous biodiversity values.**

**13.3.6 (Rural Zone) Objective 6 – Separate noise sensitive activities from existing airports.**

**13.3.7 (Rural Zone) Objective 7 – Avoid subdivision and development in areas that are identified as being unsuitable for development.**

Summary of proposed provisions that give effect to these objectives:

- Proposed inclusion of policy to recognise and the provide for a range of established rules.
- Existing status for the following activities substantially retained with minor modifications to phrasing or the matters of control:
  - Domestic livestock (Rule 13.4.2.11)

<ul style="list-style-type: none"> <li>○ Residential Flat (Rule 13.4.2.12)</li> <li>○ Retail sales of farm and garden produce grown or produced on the site (Rule 13.4.2.14) including a exemption for small scale roadside stalls</li> <li>○ Commercial activities ancillary to and on the same site as recreational activities (Rule 13.4.2.15)</li> <li>○ Cafes and restaurants located in a winery complex within a vineyard (Rule 13.4.2.17)</li> <li>○ Forestry activities (Rule 13.4.2.21 and 13.4.2.1)</li> <li>○ Visitor accommodation (Rule 13.4.2.20)</li> <li>○ Small hydro power generation systems (Rule 13.4.2.27 and 13.4.2.1)</li> <li>○ Restrictions on activities adjacent to airports (Rule 13.4.2.28 and 13.4.2.29)</li> <li>○ Mining activities (Rule 13.4.2.30 to 13.4.2.321)</li> <li>○ Bulk and location of buildings (Rule 13.4.2.33 to 13.4.2.35, 13.4.2.45, 13.4.2.47)</li> <li>○ Factory Farming (Rule 13.4.2.41)</li> <li>○ Structures within road boundaries (Rule 13.4.2.42)</li> <li>○ Retail sales associated produce grown or reared on site (Rule 13.4.2.52)</li> <li>○ All activities relating to Closeburn Station</li> </ul>			
<b><i>Proposed provisions</i></b>	<b><i>Costs</i></b>	<b><i>Benefits</i></b>	<b><i>Effectiveness &amp; Efficiency</i></b>
<b>Policies:</b>  <i>Landscape</i>  5.3.9.1, 5.3.9.2  <i>Rural Zone</i>  13.3.4.1 to 13.3.4.4  13.3.6.1 to 13.3.6.3  13.3.7.1 to 13.3.7.2	<b><i>Environmental</i></b> <ul style="list-style-type: none"> <li>• None identified</li> </ul> <b><i>Economic</i></b> <ul style="list-style-type: none"> <li>• None identified</li> </ul> <b><i>Social &amp; Cultural</i></b> <ul style="list-style-type: none"> <li>• None identified</li> </ul>	<b><i>Environmental</i></b> <ul style="list-style-type: none"> <li>• Operative provisions provide control for managing potential effects on the environment.</li> </ul> <b><i>Economic</i></b> <ul style="list-style-type: none"> <li>• None identified.</li> </ul> <b><i>Social &amp; Cultural</i></b> <ul style="list-style-type: none"> <li>• Provide certainty to the nature and scale of development.</li> </ul>	<ul style="list-style-type: none"> <li>• These provisions have not been identified as being necessary to change.</li> <li>• These provisions are considered to provide an effective degree or permissiveness or control. They are not considered to create unnecessary inefficiencies.</li> </ul>

<b>Rules:</b>  <i>Rural Zone</i>  Refer to the summary above.			
<b><i>Alternative options considered less appropriate to achieve the relevant objectives and policies:</i></b>			
Option 1: none identified.			

## **8. Efficiency and effectiveness of the provisions**

The above provisions are drafted to specifically address the resource management issues identified with the current provisions, and to enhance those provisions that already function well. A number of areas of the existing chapter have been removed to aid the readability of the Plan by keeping the provisions at a minimum, whilst still retaining adequate protection for the resource.

By simplifying the objectives, policies and rules (the provisions), the subject matter becomes easier to understand for users of the Plan both as applicant and administrator (processing planner). Removal of technical or confusing words and phrases also encourages correct use and interpretation. With easier understanding, the provisions create a more efficient consent process by reducing the number of consents required and by expediting the processing of those consents.

## **9. The risk of not acting**

There is the opportunity to rollover many of the existing provisions. This may also be improved by some minor amendments to the provisions in response to the resource management issues raised. Neither of these approaches reflect the current changing nature of the RMA with its drive to simplify and streamline. The District Plan is a forward planning mechanism and the opportunity to make bold changes in order to make a more noticeable difference. Not taking the more compact approach to this section and others, will not advance the usefulness of the District Plan in pursuit of its function in the sustainable management of natural and physical resources.

## **ATTACHMENT 1**



## Otago Regional Policy Statement 1998 Assessment

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

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

### Section 5: Land

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

#### *Objective 5.4.1*

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

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

#### *Objective 5.4.2*

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

#### *Policy 5.5.3*

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

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

#### *Policy 5.5.4*

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

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

### Section 9: Built Environment

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

Objective 9.4.1 seeks:

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

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

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

Objective 9.4.2 reads:

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

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

Objective 9.4.3 reads:

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

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

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

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

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

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

The relevant parts of policy 9.5.3 are:

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

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

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

The relevant parts of policy 9.5.4 are:

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

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

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

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

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

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

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

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

## **ATTACHMENT 2**



# Queenstown Airport Corporation Limited

## **Statement of Intent**

**2015-2017**

**27 May 2014**

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## Queenstown Airport Business

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

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

## Mission, Vision Statement, Goals, and Objectives

### Mission Statement

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

### Vision Statement

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

### Goals

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

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

### Objectives

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

## Corporate Governance

The QAC Board and management are committed to ensuring the Company meets best practice governance principles and maintains the highest ethical standards.

The Board of Directors is appointed by the Shareholders to govern and direct QAC's activities. The Board is the overall final body responsible for all decision-making within the Company. It is accountable to its Shareholders for the financial and non-financial performance of the Company.

The Board works collaboratively with its Shareholders to ensure a "no surprises" relationship. As part of that relationship, Shareholder representatives are invited to attend board meetings as observers.

## Role of the Board

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

- Approving Strategic plans, budgets and the SOI
- Corporate policies, including, financial and dividend policies, and delegated authorities
- Assessment of business opportunities and business risks
- Internal control and assurance systems
- Compliance with relevant law
- Monitoring financial performance and achievement of the strategic initiatives and SOI objectives
- Integrity of management information systems
- Appointment and monitoring of the performance and remuneration of the Chief Executive Officer (CEO)
- Reporting to Shareholders

## Code of Conduct

The Board has adopted a code of conduct based on the New Zealand Institute of Directors' *Code of Practice for Directors*. The purpose of the code is to clarify how the Board of Directors shall define and deal with:

- The role and fundamental obligations of the Board
- Independence and conflict of interest, including conflict with management
- Board procedures, including the role of the Chairman and interaction with the CEO
- Reliance on information and independent advice
- Confidentiality of company information
- Board and Director performance review and development



## Regulatory Framework

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

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

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

QAC's business is subject to regulatory control under the Airport Authorities Act 1966 and complies with the disclosure requirements of a *specified airport company* pursuant to the Airport Authorities (Airport Companies Information Disclosure) Regulations.

The Airport Authorities Act 1966 (section 4(3)) states that the Airport "...*must be operated or managed as a commercial undertaking.*"

The company's governance is also covered by the Companies Act 1993.

QAC's aeronautical operations are governed by the Civil Aviation Act 1990 and Civil Aviation Rules Part 139.

## The Statement of Intent Process

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

## Shareholders

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

## Leveraging value from the strategic alliance with Auckland International Airport Limited

AIAL's investment in QAC included an undertaking between the two companies to work together to grow QAC's business returns and increase passenger numbers. Financial and passenger growth targets were set which have been exceeded.

The current focus for the Strategic Alliance is less on financial and passenger output measures and more on inputs. Particularly, inputs involving a sharing of AIAL intellectual property and general airport expertise. For example, during the 2013 calendar year, members of AIAL's Property Team have assisted QAC with its retail lease plans. QAC has benefitted from AIAL's input on IT systems, risk management systems and processes, carpark equipment, its noise mitigation programme, and trans Tasman route development.

The value of having a sounding board for airport business issues should not be underestimated. On top of this in the coming 18 months, AIAL will specifically provide QAC with:

- Support in finalising the retail offerings within the terminal
- Input on airport trends and operating efficiencies
- Peer review of the Risk Management project outcomes
- Peer review of capital plans – quantum and timings - as they link to the airport's Master Plan
- Support in the roll out of the noise mitigation programme (PC35) to ensure QAC is seen as proactive socially responsible, and professional in implementing its PC35 obligation
- Training and/or mentoring support for personnel
- Support with procurement, including insurance
- Targeted route development for direct scheduled services including joint promotion of Queenstown and the Southern Lakes Region

AIAL will continue its own route development into markets, such as China and Indonesia, that can not support direct flights to Queenstown due to aircraft size. However, promotions will feature Queenstown and promote passengers travelling through AIAL to Queenstown on domestic carriers.

## Reporting to Shareholders

The Company has adopted 30 June as its balance date. Within two months of the end of the first half of each financial year, Directors will deliver an interim report to Shareholders consisting of:

- Un-audited half-yearly financial statements
- Directors' Report

Within three months of the end of each financial year, Directors will deliver to Shareholders an Annual Report which will consist of:

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

## Goals, Objectives, Key Initiatives, and Measures

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

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

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

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

## Measures

### Financial

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

### Operational

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The major infrastructure projects planned for the forecast period are:

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

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

## EVENING FLIGHTS

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

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

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

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

- Widening of the runway to 45m (from the current 30m)
- A comprehensive aeronautical lighting package (runway, taxiway, approach and off-airport lights)
- A customised crew selection and training package
- Employing the full capability of the existing RNP AR technology
- Changes to on-board flight procedures to reduce pilot workload on final approach
- Individual airline applications and approvals

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Queenstown Airport Liaison Committee**

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

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

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

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

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

## Measures

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

## Financial Forecast 2015-17

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

Notes

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

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

## Passenger Forecast 2015-17

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

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



## Dividend Policy

The Board will declare dividends according to the following policy:

- A base dividend payment from normalised Net Profit After Tax (NPAT) of \$2 million each year 50 percent payable by 31 January. The balance of the base payment will be paid after year end accounts are finalised with an additional 50 percent of normalised NPAT that exceeds \$2 million.
- In the event that the normalised NPAT is forecasted to be less than \$3 million then the Board will reconsider a dividend payment and will apply prudent governance prior to declaring any dividend.

The Board will consider any request from the Shareholders for further dividend payments and will apply prudent governance when considering such requests.

Prior to declaring a dividend the Board will consult with the Shareholders, and seek advice where necessary, to ensure that the tax consequences for each Shareholder are managed.

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

## Commercial Value

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

## Capital Subscription

No new shares in the company will be issued without the consent of Shareholders.

The company is confident it can fund its capital growth plans from internal sources (cashflow and/or debt) during the forecast period 2015-2017. The Board will assess this position annually as part of the SOI process.

## Investment in Other Entities

The Company must consult with the Shareholders prior to any investment being made in another entity.

## Non-commercial Services

QAC receives a fee from QLDC for the management of Wanaka Airport. This includes the cost of an onsite airport Manager, providing accounting and administration services, management input to the airport's development, and compliance obligations to CAA and Airways.

QAC also manages the Glenorchy Aerodrome on behalf of QLDC, including ground maintenance.

QAC leases land to QLDC that forms part of the Frankton Golf Course for \$25,000 pa. The market rental value for the land has been assessed at \$86,500 pa (Seager and Partners, February 2010). The alternative airport-related use for the land could include long-term parking.

## Audit

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

## Accounting Policies

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

## Corporate Directory

<b>Location:</b>	Queenstown Airport Corporation Airport Administration, Queenstown Airport Sir Henry Wigley Drive Frankton Queenstown 9300	
<b>Mailing address:</b>	PO Box 2641 Queenstown 9349 NEW ZEALAND	
<b>DDI:</b>	03 450 9031	
<b>Fax:</b>	03 442 3515	
<b>Email:</b>	admin@queenstownairport.co.nz	
<b>Website:</b>	www.queenstownairport.co.nz	
<b>Shareholders</b>	Queenstown Lakes District Council (75.01%) Auckland Airport Holdings (No2) Limited (24.99%)	
<b>Directors</b>	John Gilks (Chairman) Alison Gerry James Hadley Grant Lilly Richard Tweedie	
<b>Senior Management</b>	Chief Executive Officer Chief Financial Officer GM Operations GM Property	Scott Paterson – <a href="mailto:Scott@queenstownairport.co.nz">Scott@queenstownairport.co.nz</a> Mark Edghill – <a href="mailto:Marke@queenstownairport.co.nz">Marke@queenstownairport.co.nz</a> Mark Harrington – <a href="mailto:Mark@queenstownairport.co.nz">Mark@queenstownairport.co.nz</a> Sean Thompson – <a href="mailto:Sean@queenstownairport.co.nz">Sean@queenstownairport.co.nz</a>
<b>Senior persons per Civil Aviation Rules, part 139</b>	Chief Executive Officer GM Operations Manager Rescue Fire	Scott Paterson Mark Harrington Bill Wrigley

## Abbreviations

AIAL	Auckland International Airport Limited
AVSEC	Aviation Security Service
CAA	Civil Aviation Authority of New Zealand
CASA	Civil Aviation Safety Authority (Australia)
CEO	Chief Executive Officer
CCTO	Council Controlled Trading Organisation
CHC	Christchurch Airport
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
F&B	Food and Beverage
FIDS	Flight Information Display Screens
FY	Financial Year – 1 July to 30 June
GA	General Aviation
IATA	International Air Transport Association
MPI	Ministry of Primary Industries
NPAT	Net Profit After Tax
PC35	Queenstown Lakes District Council Plan Change 35 relating to Airport Noise boundaries.
QAC	Queenstown Airport Corporation, the company that owns and operates Queenstown Airport
QLDC	Queenstown Lakes District Council
QRC	Queenstown Resort College
RMA	Resource Management Act
RPL	Remarkables Park Limited
RTO	Regional Tourism Organisation
SOI	Statement of Intent
ZQN	Queenstown Aerodrome including airfield and terminal

## **ATTACHMENT 3**



# Queenstown Airport: Mixed Used Zone Economic Assessment

Date: November 2014

Document reference: QAC 006.14 Queenstown Airport Mixed Use Economic Assessment

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#### Disclaimer

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## Executive Summary

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

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

### Current economic contribution

QAC interacts with the local economy through its purchases; in the year ending 30<sup>th</sup> June 2014 the airport incurred operational spending of around \$4.5m<sup>1</sup>. The analysis suggests that the direct activity taking place at the airport and in the wider airport environs is around \$88.0m (in gross output terms), with associated employment being in the order of 520 employees<sup>2</sup> and working proprietors. As expected, a substantial share of the activity taking place in the airport environs is either directly related to delivering/supporting air transport or providing some sort of service directly to the tourism industry and tourists. Based on the available figures the airport facilitates between \$392m and \$423m worth of tourist spending in the Queenstown Lakes District economy. In addition to this, outbound business travel facilitated by the airport is put at \$8.6m.

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

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

<sup>1</sup> The airport's spending profile is discussed in Section 2.1.1.

<sup>2</sup> A breakdown of the employment structure is presented in Section 2.1.2.

## Outlook

New Zealand's tourism sector is showing ongoing growth and in the year to September 2014 there were 2.8m visitor arrivals – 5 per cent higher than the same time in 2013. The Queenstown Lakes District will continue to capture a large share of the New Zealand tourism market. QAC is expecting strong passenger growth and is projecting growth of 3.3 per cent in the medium term<sup>3</sup> and around 3.1 in the longer term taking annual passenger numbers to 1.78m by 2025 and 2.57m by 2037. Based on MBIE tourism forecasts and passenger number growth rates, total tourism spending is projected to increase by between 3.4 per cent and 3.9 per cent per annum. This is expected to take the total tourism spending facilitated by the airport to between \$1.1bn and \$1.4bn.

## Potential Activities

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

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

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

## Potential Effects and Net Additional Effects

To estimate the potential economic value of the activity that could be undertaken within the airport environs, a potential (example) development was defined<sup>4</sup>. This development is based on the type of activity provided for in the Queenstown Airport Mixed Use zone as well as the potential area available for development (excluding operational airside areas). This was translated into economic activity using standard economic ratios (output per employee and space per employee).

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

<sup>3</sup> For the next 10 years

<sup>4</sup> The components of the example development are described in Section 3.1.

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

For the purpose of this assessment we assume that uncertainty translates into a delay/deferral of the investment decision (to develop). Such a delay can be viewed as a cost (or a benefit) to the economy because the economic effects are deferred to some point in the future. The difference between the 'delayed' and 'un-delayed' scenarios can be viewed as the opportunity cost associated with certainty (or uncertainty). We used a scenario approach to estimate the value of different development timeframes (delays) and express the results in Net Present Value (NPV) terms. The analysis suggests that the opportunity cost of the uncertainty varies based on the length of the delay as well as when the development is expected to occur. The following table shows the NPV of the opportunity cost of different scenarios<sup>56</sup>.

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

The above shows that the uncertainty can affect the investment decisions and delays will have an economic effect. Simplifying the above in to a single indicator suggest that the economic value<sup>7</sup> of one year's delay is \$53.4m and 780 jobs<sup>8</sup>. In other words, this indicator shows the opportunity cost associated with pushing development timeframes out by one year and excludes the effects associated with time-value of money (i.e. inflation and discounting).

## Costs and Benefits

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

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

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

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

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

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

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

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

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

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

## Key terms

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

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

# 1 Introduction

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

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

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

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

## 1.1 Project aim

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

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

## 1.2 Approach

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

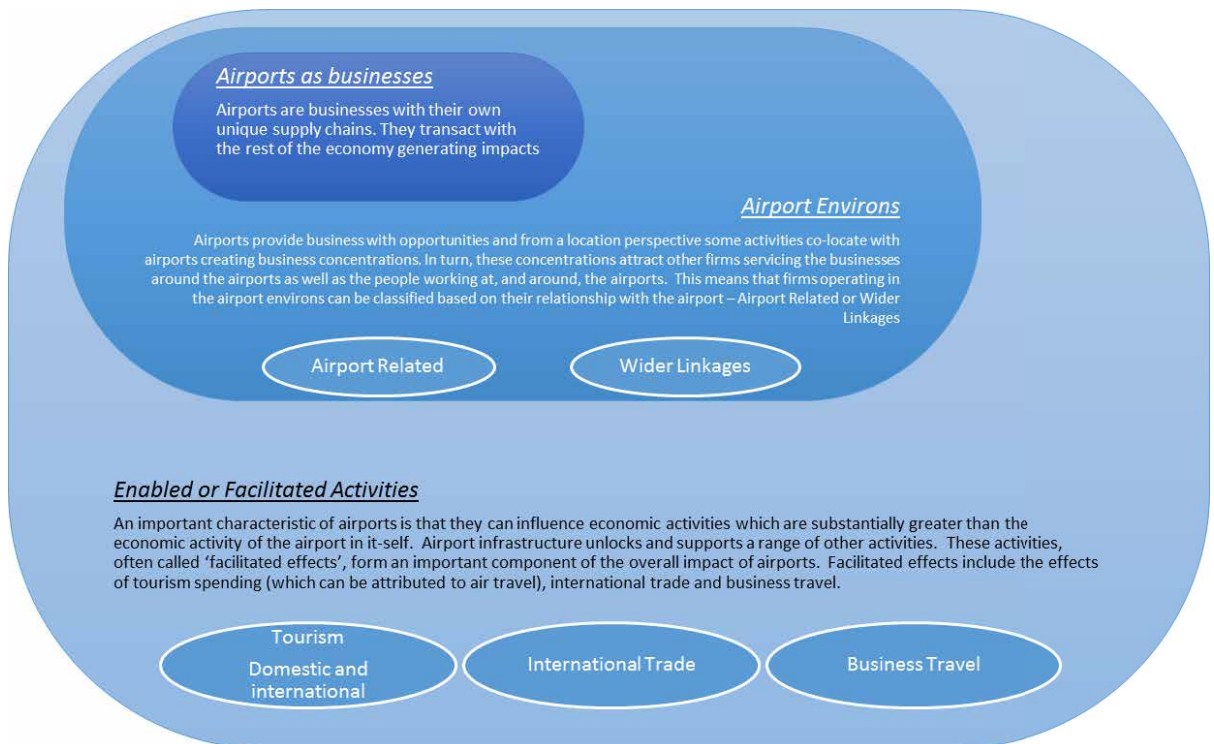
**Table 1-1: Categories**

<b>Airport as a Business</b>
Airports are businesses with their own unique supply chains. They transact with the rest of the economy generating impacts
<b>Airport Related Business</b>
This category includes businesses groups that are directly related to QAC's: <ul style="list-style-type: none"> <li>Businesses which are located at the airport to service the airport, airport users and associated businesses. These activities include the airport itself, airlines, general aviation, businesses servicing the airlines with fuel, catering, aircraft maintenance and so forth. These businesses are generally located within or near the airport, and together are identifiable as an area of commercial activity.</li> <li>All other businesses which are <u>indirectly</u> affected by the activities of the above businesses (via supply chains). All industries directly and indirectly associated with the airport provide employment and pay wages. This household income is then spent on the consumption of goods and services generating additional economic impacts.</li> </ul>
<b>Facilitated related activities</b>
In addition to the effects of its own supply chains, the airport facilitates economic connection in the wider economy. These connections manifest via: <ul style="list-style-type: none"> <li><b>International tourism.</b> International visitors enter New Zealand and spend on all aspects of the travel and leisure sector. However, in the QAC case, some international tourists arrive via direct flights and other tourist arrive via a connecting flight or some other transport mode<sup>9</sup>.</li> <li><b>New Zealanders travelling overseas.</b> New Zealanders travelling from this country have a mixed impact; some expenditure is directed into the regional economy through the purchase of air travel services, and contributing to expenditure by the airline industry. However, in travelling internationally travellers 'export' some of their spending to overseas economies, and it is lost to the regional (and national) economy<sup>10</sup>.</li> <li><b>Domestic visitors to the region.</b> While in the region, visitors from elsewhere in New Zealand purchase goods and services from the travel and leisure sector, supporting local businesses. Their impact is measured using the amount spent while in the region, whether on leisure or business visit, and how this money flows through the economy.</li> <li><b>Domestic travellers from the region.</b> The District's residents use air transport for business or leisure purposes. While their spending takes place outside the region, they contribute to the district's economy through travel agency commissions. Again, identifying the contribution to the economy, it is assumed that if there were no air services available that the travel would still occur, but by other modes.</li> <li><b>Business Travellers.</b> Business travellers have two effects, the first being a tourist effect. The second relates to the outbound business travellers; workers who travel by air for business reasons leave through the airport to generate sales or purchases, or otherwise improve the operation of their business. A rational business would only invest in travel if they expected a positive return on the travel 'investment'. The rate of return sought is dependent on variables such as the industry within which the firm operates, the firm's risk profile and the type of opportunity involved.</li> </ul>

<sup>9</sup> Tourist not moving through the airport are excluded from the assessment.

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



**Figure 1-1: Economic Roles of an Airport**

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

### ***Economic Model***

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

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

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

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

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

#### **‘With’ and ‘without’ Considerations**

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

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

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

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

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

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

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

## 1.3 Information sources, limitations and caveats

Various sources were consulted during this study including:

- International Visitor Survey (IVS),
- Domestic Tourism Survey (DTS),
- Forecasts of Regional Tourism Activity in New Zealand (different forecasts, spanning different years),
- Statistics New Zealand datasets:
  - Business Demography Survey (BDS),
  - Tourism Satellite Accounts (TSA),
  - National Accounts,
  - Annual Enterprise Survey (AES).
- Information supplied to M.E as part of another study<sup>11</sup>,
- Passenger forecasts and movements as presented in the Queenstown Airport Master Plan,
- Tourism forecasts as developed by the Ministry of Business, Innovation and Employment,

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<sup>11</sup> Based on information supplied by QAC to New Zealand Airports Association.

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

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

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

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

## 1.4 Report Structure

The rest of the report is structured as follows:

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

## 2 Current Contribution

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

Estimates put the Queenstown Lakes District economy at around \$1.4bn<sup>12</sup> in June 2012 of which around 35 per cent is contributed by tourist activity. According to SNZ, the region provides work to 17,180 employees and 3,440 working proprietors. This puts the total employment in the district at 20,260 in 2013. The labour force is employed by over 6,460 firms. Between 2000 and 2013, the district's total employment (employees and working proprietors, called Modified Employee Counts or MECs) has grown at 4.8 per cent per year (CAGR<sup>13</sup>). Working proprietors and the number of firms grew by 7.6 per cent and 6.4 per cent respectively.

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

### 2.1 QAC's role and contribution

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

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

Each role is explored below.

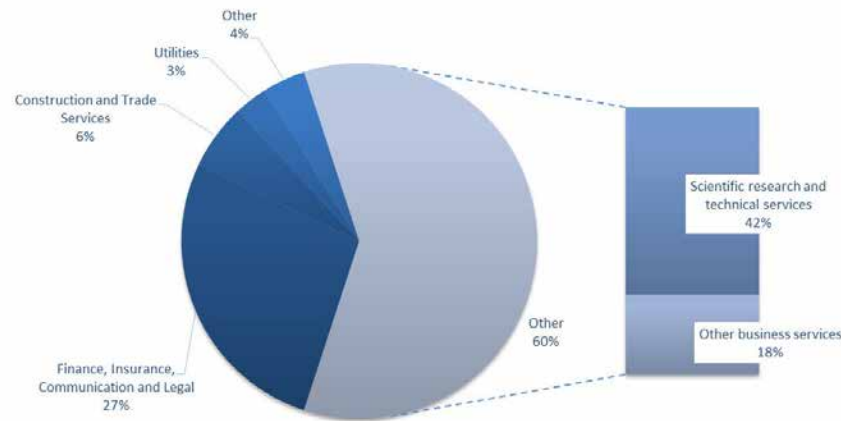
<sup>12</sup> Review of the District Plan Business Zones Capacity and Development of Zoning Hierarchy (Report to Queenstown Lakes District; 15 November 2013).

<sup>13</sup> Compound Annual Growth Rate (CAGR)

### 2.1.1 The airport as business unit

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

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



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

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

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

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

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

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

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

### 2.1.2 Airport Environs

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

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

In addition to the above, some firms locate in the airport environs because the location is a business area. This means that not all firms located close to an airport are related to, or reliant upon, the airport. A number of studies into New Zealand's airports highlight the economic role of airport environs. Table 2-1 shows the activities which can be found at the Queenstown Airport. The tables also shows the relationship between the activity and the airport<sup>14</sup> and is based on work undertaken for the New Zealand Airports Association<sup>15</sup>.

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

- Other motor vehicle and transport equipment rental and hiring,

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

<sup>15</sup> M.E undertook this study in 2013.



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

**Table 2-1: Activities in Airport Environs**

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

Appendix 2 contains a description of each activity.

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

<sup>16</sup> N.e.c. – not elsewhere classified

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

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

**Table 2-2: Activity in the Wider Airport Environs**

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

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

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

### 2.1.3 Connections

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

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

### 2.1.3.1 Facilitated Tourist Spending

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

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

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

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

Source: MBIE

Total tourist spending in the district is put at around \$1.5bn with international spending accounting for 65 per cent of this. Over the last five years<sup>17</sup>, this share has averaged 63.5 per

<sup>17</sup> This period includes the recession and the latest share is inclusive of the global recovery.

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

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

#### Low and High Estimates

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

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

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

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

#### 2.1.3.2 Business Travel and Agent's Commission

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

These effects are generated by:

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

Table 2-4: Spending Profile

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

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

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

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

## 2.2 Economic Contribution

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

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

**Table 2-5: Current Contributions (Total)**

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

Queenstown Airport delivers an important service to the Queenstown Lakes District economy and community. As a business, the airport's spending flows through the economy sustaining additional economic activity of around \$5m. Seventy two per cent of this is felt within the Queenstown Lakes District economy. This level of economic activity supports around 77 jobs<sup>18</sup> with 67 per cent of these jobs in the local economy.

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

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

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

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

Queenstown Lakes District Council's research<sup>19</sup> indicates that more than an third of the local economy is based on tourism and that around half of all employment is related to the tourism. It is important to realise that this does not include the tourism activities' inputs (supply chains). For example, a tourism-based enterprise may use accounting or marketing activities as part of its inputs.

## 2.3 Concluding Remarks

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

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

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<sup>19</sup> QLDC Review of District Plan Business Zones Capacity and Development of Zoning Hierarchy. 2013

## 3 Potential Activities and Effects

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

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

### 3.1 Outlook

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

It is important to view the proposed changes in the context of the strong passenger growth. Since 2000, the number of passengers moving through the airport has grown from 413,750<sup>20,21</sup> to over 1.2m<sup>22</sup> by 2013. This equates to compound growth of over 8.5% (annual growth). More recently the airport has been recording record passenger movements and the three trans-Tasman routes (Brisbane, Sydney and Melbourne) growth at 28 per cent (year on year) has been observed. Passenger numbers on the Brisbane route grew by 57 per cent. On the domestic front, the Auckland-Queenstown route grew at 5 per cent in the last year. General aviation activity is also experiencing strong growth; between 2012/13 and 2013/14 this category grew at over 7 per cent.

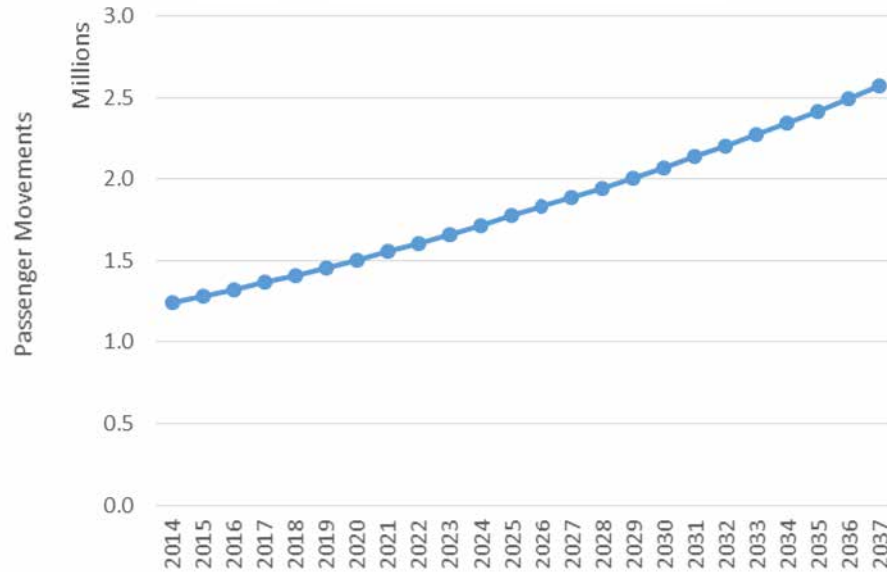
The strong performance builds on the District's unique natural amenity and improvements in the tourism products being offered. Applying the Airport's passenger growth projections as well as MBIE's tourism growth projections provide an indication of the future outlook for passenger movements through the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

<sup>20</sup> Scheduled passengers; excludes 113,250 General Aviation Passengers

<sup>21</sup> Airport Master Plan 2023. Queenstown Airport. July 2008.

<sup>22</sup> Queenstown Airport Annual Review 2013.



**Figure 3-1: Projected Passenger Growth**

Source: Based on QAC information

Passenger growth is projected to continue to grow, expanding at around 3.3 per cent in the medium term<sup>23</sup> before slowing down to around 3.1 per cent. This growth translates into passenger movements of around 1.78m by 2025 and 2.57m by 2037. The growth in the passenger movements will have an associated impact on the local economy by way of the tourism spending that is injected into the District. Based on MBIE tourism forecasts and passenger number growth rates, total tourism spending is projected to increase by between 3.4 per cent and 3.9 per cent per annum. This will increase total tourism spending facilitated by the airport to between \$1.1bn and \$1.4bn (by 2037). This means that the share of total tourism spending that is facilitated by the airport is likely to increase over time<sup>24</sup> because the facilitated spending is projected to increase at between 3.75 per cent and 4.3 per cent.

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

### 3.1.1 Potential tourism effects

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

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

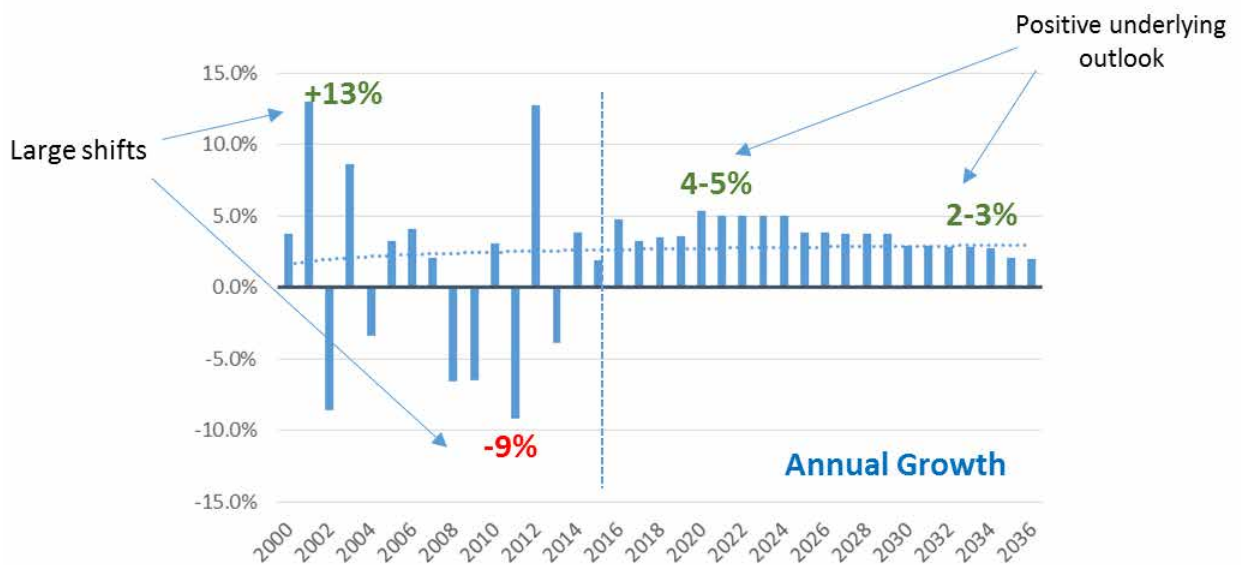
<sup>23</sup> For the next 10 years

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

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

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

**Figure 3-2: Projected Growth in Tourism Expenditure**



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

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

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

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

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

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

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

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

## 3.2 Potential Activities

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

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

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

In addition, it can be expected that QAC’s revenues (and flow on costs) will also increase. Firms interacting with, and supplying, QAC will see an increase in the demand for their services. Using the 2013/14 financial statements as a starting point and applying the passenger growth rates to the expenditure levels provides an indication of the likely future expenditure of the airport. If the relationship between passenger numbers and direct costs hold (i.e. is a linear relationship) then by 2025 the airport’s operating expenditure is projected to be in the order of \$6.5m and \$9.4m by 2037. It is important to note that some costs are fixed and do not change relative to the level of activity and some costs are variable<sup>25</sup>. These expenditure estimates are subject to refinements that will need to consider how any investment is funded i.e. debt vs equity funding.

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

Table 3-1 provides an indication of the space allocated to different activities and the potential economic value associated with those activities. These estimates have been derived by using a wide range of assumptions, particularly the area used and the employment density (m<sup>2</sup> per employee). Next the Queenstown Lakes District MRIO was used to estimate the potential gross output (an indicator of the size of the economic activity).

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<sup>25</sup> Depreciation, and salaries and wages, are other costs to consider.

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

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

**Table 3-1: Airport Mixed Use Zone Potential Activities**

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

One of the potential activities that would be permissible under the proposed provisions is visitor accommodation – a departure from the operative plan. The notional development as included in this assessment is for a medium size development with 34 rooms (80 beds). According to Statistics New Zealand there are 115 accommodation establishments in Queenstown<sup>26</sup> with 2.8m stay units available per year. Over 40 per cent of the capacity is provided by hotels (34 establishments). This means that the notional development will add 1.1% to available hotel capacity and 0.4% to overall capacity – a small addition to overall capacity. To put this in context, between 2001 and 2013, the average growth in capacity<sup>27</sup> (capacity = stay units x number of nights) was over 65,000 additional stay unit-nights per year. The example development used here will provide around 12,410 stay unit nights. That is less than one fifth (20%) of the annual growth delivered over the decade or so. Visitor

<sup>26</sup> This is the Queenstown Lakes District area.

<sup>27</sup> This relates to the Queenstown RTO area.

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

### 3.3 Flow-on Economic effects

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

- Value Added \$53.4m<sup>28</sup>
- Employment (MECs) 780.

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

#### 3.3.1 Opportunity costs

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

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

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

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<sup>28</sup> In 2007 terms

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

The uncertainty is reflected in a delay (or deferral) of the investment decision (to develop). If the outcome of investment decision was certain (un-delayed) then the benefits would be felt as soon as the investment has been completed. The difference between a 'delayed' and an 'un-delayed' scenarios can be viewed as the opportunity cost associated with certainty (or uncertainty). Using tools associated with the time value of money (discounting and net present value analysis) enables us to put a value on certainty<sup>2930</sup>. Two dimensions are used in setting the scenarios – firstly the point in time when the decision is expected to occur (the development date) and secondly the delay in when the investment decision is first made (i.e. the go-decision) and when regulatory and planning approval is received. The following combinations were modelled:

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

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

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

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

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

**Table 3-2: Opportunity Cost of Uncertainty**

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

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

### 3.4 Non-monetary Costs and Benefits

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

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

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



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

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

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

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

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

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

### 3.5 Conclusion

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

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

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

viewed as an opportunity cost. The opportunity cost of certainty (more specifically uncertainty) is a delay in when a development takes place and is inclusive of the flow on effects. The analysis suggests that the opportunity cost (total economic impact) of not providing the certainty varies between \$41.8m<sup>32</sup> and \$172.0m<sup>33</sup>. This value is the difference between baseline situation (no delay) and a delayed development and reflect the 'value' that is lost to the economy if development is delayed. Having a stable and certain planning environment with clear indications of the permissible activities will provide a cost and time efficient environment within which to respond to growth pressures.

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

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

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

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

## Appendices

## Appendix 1: IO modelling and limitations

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

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

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

The following indicators are used to measure economic impact:

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

## Appendix 2: Description of Activities (Formal ANZSIC Sectors)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Appendix 3: Explanation of Categories

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



#### Appendix 4: Direct and Indirect Contribution

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

## **ATTACHMENT 4**

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

**19 November 2014**



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

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## **1.0 INTRODUCTION**

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

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

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

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

## **2.0 CURRENT NOISE PROVISIONS**

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

### **2.1 Activity Status**

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

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

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

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

### **2.2 General Noise Limits**

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

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

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

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

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

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

## **2.3 Construction Noise**

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

## **2.4 Exclusions**

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

# **3.0 RECOMMENDATIONS**

## **3.1 Visitor Accommodation**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **3.2 General Noise Limits**

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

The proposed text revisions for the rule are provided below:



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

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

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

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

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

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

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

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

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

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

#### **4.0 CONCLUSION**

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

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

## APPENDIX A GLOSSARY OF TERMINOLOGY

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

## APPENDIX B: EXISTING QUEENSTOWN AIRPORT MIXED-USE ZONE RULES

## QUEENSTOWN AIRPORT MIXED-USE ZONE - RULES

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

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

**6.2.2 District Rules**

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

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

**6.2.3 Activities****6.2.3.1 Permitted Activities**

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

**6.2.3.2 Controlled Activities**

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

**6.2.3.3 Discretionary Activities**

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

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

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

**6.2.3.4 Non-Complying Activities**

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

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

## QUEENSTOWN AIRPORT MIXED-USE ZONE - RULES

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

### 6.2.3.5 Prohibited Activities

The following shall be **prohibited**:

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

### 6.2.4 Non-Notification of Applications

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

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

- Visual Amenity
- Landscaping

### 6.2.5 Standards

#### 6.2.5.1 Site Standards

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



## QUEENSTOWN AIRPORT MIXED-USE ZONE - RULES

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

### 6.2.5.2 Zone Standards

#### i Building Height

Maximum building height - 9 m

#### ii Glare

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

#### iii Retail Sales

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

#### iv Noise

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

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

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

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

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

#### v Industrial Activities

- There shall be no processing of natural materials.

### 6.2.6 Resource Consents - Assessment Matters – Airport Mixed Use Zone

#### 6.2.6.1 General

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

## QUEENSTOWN AIRPORT MIXED-USE ZONE - RULES

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

### 6.2.6.2 Assessment Matters

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

#### i Non Complying Activity – Conference Facilities

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

#### ii Building Coverage

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

#### iii Setback from Zone Boundaries

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

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

#### iv Landscaped Areas

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

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

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

## **ATTACHMENT 5**



CCL Ref: 14027-Attachment 5-TA

26 November 2014

Queenstown Lakes District Council / Queenstown Airport Corporation

***By e-mail only***



A. PO Box 29623, Christchurch, 8540  
P. 03 377 7010  
E. office@carriageway.co.nz

Dear Sirs

## **Review of Queenstown Airport Mixed Use Zone**

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

### ***Background***

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

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

### ***Proposed Provisions***

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

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

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

### ***Current Land Zoning***

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



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

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

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

### ***Proposed Permitted Land Uses***

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

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

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

#### ***Visitor Accommodation***

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

#### ***Commercial and Industrial Activities***

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



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

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

#### *Conference Facilities*

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

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

#### *Office Accommodation / Land Transport Facilities*

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

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

#### *Retail*

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

#### *Summary*

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



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

### **Summary**

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

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

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

Kind regards

**Carriageway Consulting Limited**

Andy Carr

**Traffic Engineer | Director**

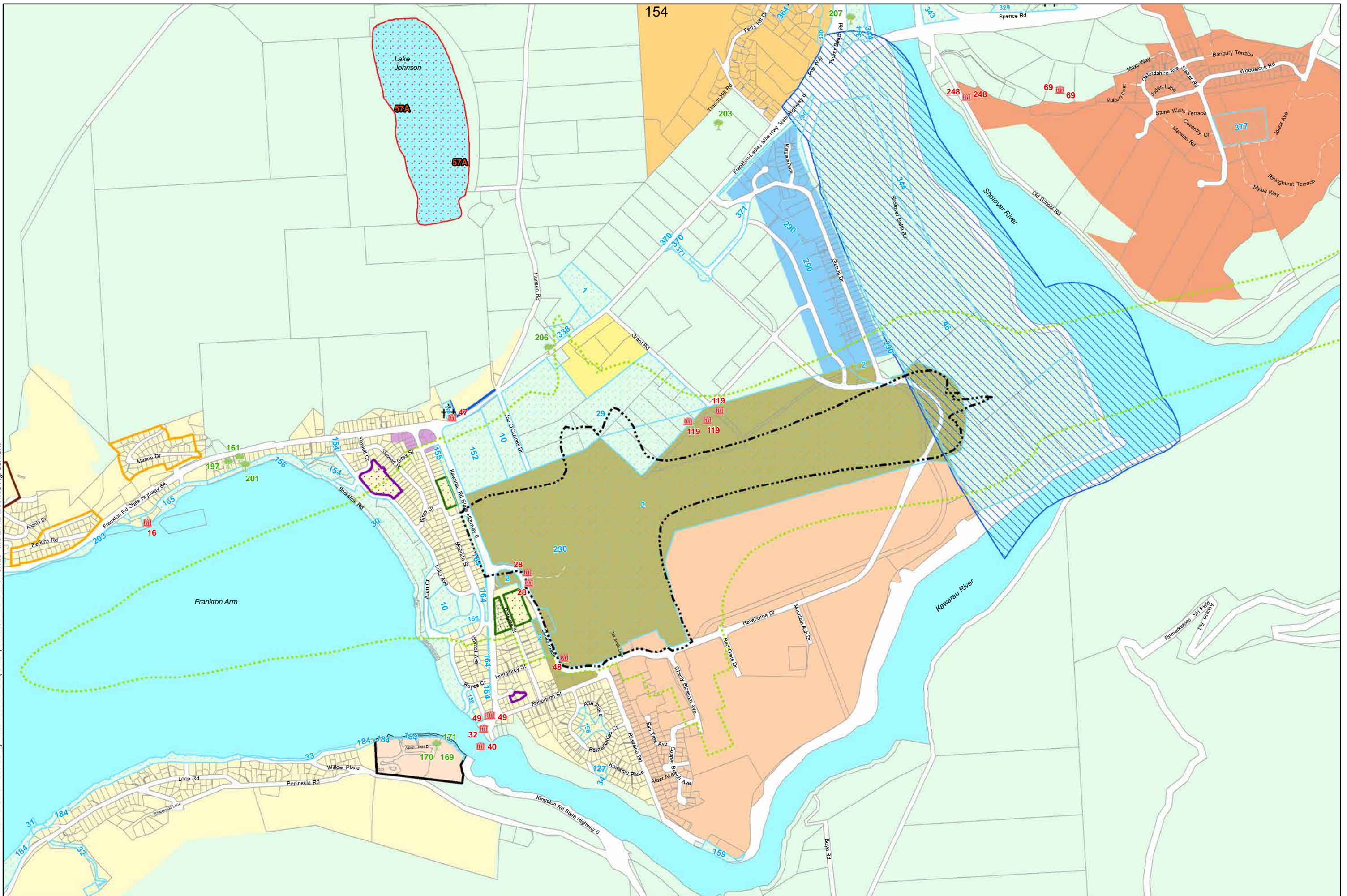
Mobile 027 561 1967

Email [andy.carr@carriageway.co.nz](mailto:andy.carr@carriageway.co.nz)



## **ATTACHMENT 6**



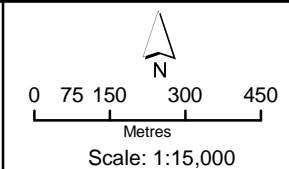


**Queenstown Lakes District Council**  
District Plan Maps

## Draft District Plan Zone Map

### Proposed Queenstown Airport Mixed Use Zone Extension

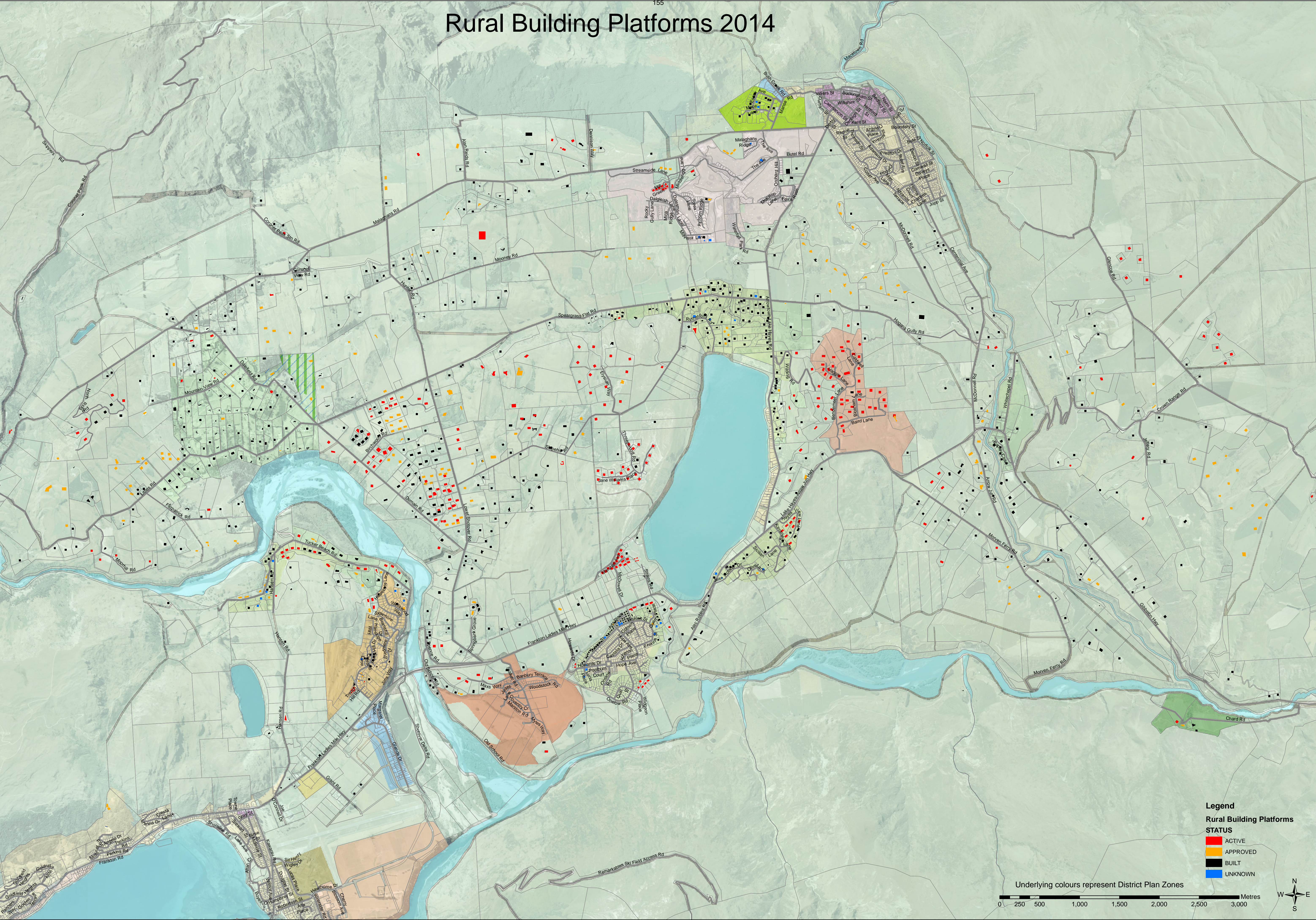
Map Date: October 2014



Maps created by QLDC GIS Department



# Rural Building Platforms 2014



**Legend**  
Rural Building Platforms  
**STATUS**

- ACTIVE
- APPROVED
- BUILT
- UNKNOWN

Underlying colours represent District Plan Zones

0 250 500 1,000 1,500 2,000 2,500 3,000 Metres

N  
W  
E  
S