



28 February 2024

## **CCHL comment on potential Central Otago airport development**

Christchurch City Holdings Limited today said it did not expect significant amounts of capital to be committed to further investigations into a new airport in Central Otago in the short-term.

Christchurch International Airport has been investigating the potential for a new airport near Tarras and holds some land in the area that would be needed for any future development.

CCHL acting Chief Executive, Paul Silk, said all CCHL subsidiary companies were operating under tighter capital constraints as the Group committed to lifting performance, improving dividend flows to Council, and paying down debt.

“In recent weeks, CCHL has actively engaged with the Board and Management of CIAL on the Central Otago project. We have been advised by the CIAL board that they have taken the decision to take further time to reflect on the status of this project, noting that the challenge of accommodating the future resilience, economic growth and infrastructure needs of this fast-growing region has not changed.

“We support this decision,” he said.

Paul Silk noted that while CIAL's landholding is of strategic value, the project's success is dependent on strong stakeholder alignment around the need for a new airport, including its role as an enabler of sustainable tourism as well as supporting population and economic growth.

He said it would also require confirmation that the significant co-investment required from national, regional and local stakeholders, both public and private, is accessible.

“We will continue to work alongside CIAL on all potential growth initiatives. We support CIAL's decision to take time to reflect on the significant amount of information gathered to date, and in the context of new information emerging at a national and regional level.

“This includes the region's strong desire to ensure transport infrastructure is aligned with a pivot toward sustainable tourism, together with the potential changes to infrastructure planning, funding and delivery frameworks signalled by the new government,” he said.

“As the majority shareholder, we appreciate there are a wide range of views on the Central Otago project. We support CIAL undertaking long-term strategic work on issues around regional tourism, economic growth and the future of sustainable aviation right across Te Waipounamu. This includes an expectation that they will continue to engage effectively with local communities,” he said.

“With substantial work now completed on the Central Otago site, we will focus our work with CIAL on other opportunities that exist to deliver the strong returns required to support the objectives of the wider CCHL Group, Council and Christchurch ratepayers.”

Kelly Hyde: [Kelly.hyde@cchl.co.nz](mailto:Kelly.hyde@cchl.co.nz)

No surprises email to Council dated 27 February 2024

**Subject:** NO SURPRISES: Central Otago Airport Project

Kia ora koutou

In recent weeks, CCHL has actively engaged with the Board and Management of CIAL on the Central Otago project. In particular, we have emphasised the capital constraints the CCHL Group is facing following Council's decision in December 2023.

On Monday, the CIAL Board made a decision to slow down any further work on the Central Otago project. That decision is confirmed in the **attached** letter CIAL have asked to be shared with Councillors.

In taking the time to reflect on the substantial work done to date - largely focused on proving the aeronautical viability of the land acquired in Tarras, along with potential changes to the national infrastructure planning, funding and delivery frameworks signalled by the new government - the CIAL Board has signalled that a more cautious approach is warranted.

Taking additional time will also enable further consideration of the emphasis on sustainable tourism that has been clearly expressed at a regional level in recent months.

CCHL supports the decision the CIAL Board has made to take more time to better understand the impact of material new information and context. As a result, we do not expect significant amounts of capital to be committed to further investigations into a new airport in Central Otago in the short-term.

While CIAL's landholding is of strategic value, it is our view that this project can only succeed if there is stronger stakeholder alignment around the need for a new airport as a key enabler of sustainable tourism. It will also require confirmation that the significant co-investment required from national, regional and local stakeholders, both public and private, is accessible.

Our oversight of this project and other significant capital projects within the Group seeks to ensure that the capital ratepayers have invested across our Group delivers appropriate risk-adjusted returns and meets the strategic objectives set by Council.

Ngā mihi  
Abby Foote  
CCHL Chair



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27 February 2024

Abby Foote  
Chair  
Christchurch City Holdings Limited

Via email: [Abby@Foote.co.nz](mailto:Abby@Foote.co.nz)

Dear Abby

## **CENTRAL OTAGO AIRPORT PROJECT**

Christchurch Airport is relentlessly focused on driving value for the city. That has been reflected in rising and stable dividends over time and the more than doubling of the value of the company over the last 10 years. Ōtautahi Christchurch is our engine room and operating our business to create value for Christchurch now and in the future is always our priority. We are also clear that the best way we can create the most value and maximise profitability in the immediate future is to focus on the visitor opportunities and growth that exist in Christchurch. With the new investments that have been made in civic infrastructure and accommodation we see significant opportunities to welcome more people to Christchurch, the gateway for the South Island.

Christchurch Airport understands the challenges that Christchurch City Council, like many other councils in New Zealand, is facing with rising costs and pressure on the rating base. The Council is in an unenviable position. Christchurch Airport understands why the Council wants us to focus on maximising and prioritising returns and we are well positioned to play our part.

### **Central Otago Discussion**

In the longer term, the problem of resilience, sustainable transport, and infrastructure capacity for Te Wai Pounamu the South Island, that our Central Otago project seeks to resolve will remain. The exploratory work we have done to date gives confidence that this opportunity with its core purpose being to facilitate sustainable aviation and protect long term dividend flows and value growth for Christchurch also remains. Along with the financial challenges the City faces, the change in government means a change in a number of key areas that interplay with the project such as the Government's repeal of the Resource Management Act, the development of the National Infrastructure Resilience Plan, Three Waters legislative repeal, the focus on sustainable growth in tourism and next steps on funding and financing for Local Government and the Tourism sector. Along with this we continue to listen and onboard the feedback from the local region, which, as expected, contains a range of views including understanding what the best regional solution may be.

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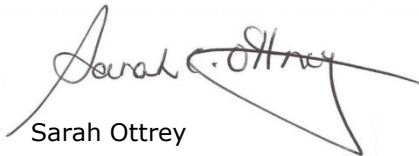
All these external moving parts support us taking further time to understand their impact and subsequently engage with local and national stakeholders.

In the meantime, the land held remains a strategic asset of Christchurch Airport and protects the long-term value that has been created in Christchurch Airport and the Christchurch visitor proposition.

We are committed to keeping CCHL and the Council well informed as our understanding of these external factors grows. We are and will remain the gateway to Te Wai Pounamu the South Island.

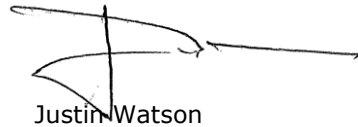
We would like to reiterate our standing offer to present to both the CCHL Board and Christchurch City Council at any time on this subject or any matter relating to the Airport.

Kind regards



Sarah Ottrey

Sarah Ottrey  
**Chair**



Justin Watson  
**Chief Executive**