ROTORUA
LAKES COUNCIL
Te Kaunihera o ngā Roto o Rotorua

ATTACHMENTS

Council Meeting
Under Separate Cover
Wednesday, 20 May 2026

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ROTORUA AIRPORT

Rotorua Regional Airport Ltd

Statement of Intent

For the period 1 July 2026 to 30 June 2029

DRAFT

Rotorua Airport Limited
837 Te Ngae Road, State Highway 30
PO Box 7221, Rotorua, New Zealand

Phone: 07 345 8808
Email: talk2us@rotorua-airport.co.nz
Visit: www.rotorua-airport.co.nz

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INTRODUCTION

This Statement of Intent (SOI) is prepared by the Board of Directors of Rotorua Regional Airport Ltd (RRA) in accordance with the requirements of Section 64(1) of the Local Government Act 2002. It represents the objectives, nature, and scope of activities to be undertaken and performance targets by which RRA will be measured. It covers the three (3) years of operations from 1 July 2026 to 30 June 2029. This SOI will also have primacy over any conflicts between RRA's constitution and the SOI unless a clause of the SOI breaches the Companies Act.

OWNERSHIP & GOVERNANCE

RRA is 100% owned by Rotorua Lakes Council (RLC) and operates as a Council Controlled Organisation (CCO). RRA has an independent skills-based Board of five Directors and a Chairperson, as well as an Independent Board Advisor.

	Appointment date:	Term length:
Mr Kevin Ward (Chairperson)	9 October 2023	3 years (9 October 2026)
Ms Danielle Auld (Director)	5 March 2020	extended to 6 October 2026
Mr Grant Lilly (Director)	26 August 2021	3 years (26 August 2027)
Mr Fred Cookson (Director)	13 April 2023	3 years (13 April 2026)
Mr Mark East (Director)	9 October 2023	3 years (9 October 2026)
Ms Marie Hosking (Director)	9 October 2023	renewed to 9 October 2028

The Board is responsible for ensuring RRA is managed in a financially responsible manner under sound governance principles and in accordance with the Local Government Act and the Companies Act.

The Board is mindful of succession planning and will work with RLC, as shareholder, to ensure an appropriate spread of skills and experience is maintained. The Board also supports and implements an annual Board Observer programme for developing future leaders or business owners, with one Observer being selected each 12 months.

The board will conduct an annual evaluation of its performance.

ABOUT US

RRA is situated on the northern edge of Rotorua on the eastern shores of Lake Rotorua. It is a regional airport which facilitates air connections for locals and manuhiri (visitors) alike, whatever their reason for travel, and essential links for civil defence and emergencies. With scheduled services to Auckland, Wellington and Christchurch RRA provides critical connectivity around New Zealand and beyond. RRA is also home to a number of aviation and tourism related businesses. As at 30 June 2025 RRA's land, buildings and assets were valued at $88.0m.

CURRENT OPERATING ENVIRONMENT

The domestic New Zealand aviation market continues to remain challenging. Airlines continue to face increased costs, skilled labour shortages and supply chain disruptions. Coupled with a downturn in demand, primarily in government and domestic leisure travel, airline profitability is a real challenge. In addition, Air New Zealand has an aging fleet which has caused reliability issues across the network. While Air New Zealand remains focused on solving these challenges, the poor reliability and reduced schedule continues to impact demand in Rotorua, particularly for business travellers.

While airports operate on a cost recovery revenue model, they are a part of the domestic aviation ecosystem and must remain mindful of their customers challenges when making cost and price setting decisions. RRA remains focused on closely managing costs and exploring new revenue opportunities, however it is the reduced airline capacity, and consequently reduced passenger numbers, which is putting upward pressure on landing fees on a per passenger basis. While RRA's per passenger landing fees are high compared to peer airports, RRA's total costs are low in comparison. The current operating environment is also putting downward pressure on carparking and some lease revenues, as these are passenger number driven.

RELATIONSHIP WITH SHAREHOLDER

The RRA Board and management team are committed to engaging with the company's shareholder, Rotorua Lakes Council, both formally and informally, in an open, collaborative and constructive manner. RRA sees itself as an enabler and is here to support the common goals it shares with RLC, Rotorua NZ and the Rotorua community to support growth and prosperity.

The Board aims to ensure that the Shareholder is informed of all major developments affecting the company, while at the same time recognising that commercial sensitivity may preclude certain information from being made public. Within this constraint, information is communicated to the Shareholder in the following ways:

- RRA Chief Executive, Chair and senior Council executives to meet on a regular basis.
- Quarterly reporting to RLC against the SOI's performance measures and financial forecasts.
- Asset Management Summary provided by 31 December each year.
- Delivery of signed and audited financial accounts by 1 October to RLC's Chief Financial Officer.
- Annual General Meeting (AGM) to be held within 6 months of the end of the financial year.
- Other ad-hoc reports and occasional briefings.

RLC recognises that RRA is an essential infrastructure asset for Rotorua and has a key role to play in the economic performance, growth and development of the region. As such, a separate Service Funding Agreement (SFA) was established to assist with the ongoing Airport capital development, infrastructure maintenance and operations. This was agreed as part of the Council's 2015 Long Term Plan (LTP) process and sits alongside and in support of this SOI.

RRA and RLC are committed to updating this SFA before the 2027 Long Term Plan to ensure it is fit for purpose and meets the needs of both organisations. The SFA will include a 20 year financial forecast, with a planned debt repayment schedule, that is updated each LTP cycle.

RELATIONSHIP WITH IWI

RRA is committed to strengthening its partnership with iwi by acknowledging the past and actively building a future grounded in Tikanga Māori and Mana Whenua.

RRA has a Memorandum of Understanding and meaningful relationship with Ngāti Uenukukōpako. Ngāti Uenukukōpako assert mana whenua over Rotokawa, which is where the airport is located. While recognising that other iwi and hapū are affected by the airport operations, RRA recognises Ngāti Uenukukōpako's deep ancestral connections to Rotokawa and the land underlying Rotorua Airport.

RRA also recognises and is committed to building and maintaining an ongoing relationship with Ngā Uri o Karamuramu, the descendants of the original owners of the land which is home to Rotorua Airport today.

OUR PURPOSE AND VISION

RRA's purpose is to be **"Rotorua's runway to a thriving future"**

and its vision is **"To be a uniquely Rotorua hub our community can be proud of".**

RRA's core business is to maintain a safe and efficient Airport operation in a commercially viable manner, whilst optimising the use of its assets to facilitate and grow tourism and trade, other commercial activity, and Airport profitability. This encompasses a wide range of activities from maintaining a Part 139 compliant aerodrome to financial sustainability and supporting the social, economic and cultural aspirations of Rotorua. RRA is responsible for the planning and management of ongoing capital development and maintenance of the Airport assets and infrastructure.

KEY PRIORITIES AND OBJECTIVES

The board and management have identified five key priorities for the airport to deliver on its vision:

- Excelling Today
- Ready for Tomorrow
- Quality Asset Management
- Stronger Together
- Be financially sustainable

Critical elements in delivering the vision and realising these priorities include:

- A continuous improvement culture that embraces best practice Safety Management System, compliance and aeronautical practices
- Future ready capability that seeks to adopt emerging aviation technologies and adapt with climate change
- Plan and maintain assets to a high standard including a mature asset management system with maintenance, renewals and clear future financial forecasting
- Deliver value from people, partnerships and customer experience and drive positive community outcomes
- Drive commercial success and reduce the financial reliance on RLC by unlocking under-utilised airport land and growing non-aeronautical revenue

RRA has identified the FY27 initiatives that will enable it to deliver on this vision and objectives. The high-level strategic plan outlining these initiatives can be found in **Appendix 1**.

At an operational level RRA is focussed on maintaining a safe operation and ensuring the surrounding airspace is free of obstacles, including trees and vegetation. To deliver this objective RRA works in collaboration with the Whakapoungakau 7 Māori Reservation Trusts (Reservation Trusts) in regard to the Kahikatea stand to the north of RRA and other neighbours.

As well as continuing to explore new airline and business partnerships, RRA will also seek, assess and, where appropriate implement, commercial opportunities to diversify RRA's revenue streams and deliver on its key priorities. RRA acknowledges that some initiatives may require RLC support. RRA is exploring the possibility of a Solar Array Project with RLC, RRA and airport tenants as the off-taker. If successful, this project will provide RRA with future energy security and revenue diversification.

The Board remains open to strategic land purchases that align with the Rotorua Airport Property and Investment Framework.

AIRPORT BUSINESS PARK

RRA has developed the masterplan for an airport business park that will support long-term prosperity for both the organisation and the wider Rotorua community. The business park will be delivered in stages and the commencement of Stage 1A is planned for 2026.

Over the last 3 years RRA has worked in partnership with Ngāti Uenukukōpako and key stakeholders to understand the broader Eastside context and define the objectives of the proposed business park to enhance outcomes for Eastside and Rotorua as a whole. RRA completed a thorough and robust business case to identify how the business park can be designed and delivered to support sustainable growth while managing risk and cost.

Stage 1A delivers the essential enabling works required to unlock the first sections within the Airport Park and is the minimal viable investment required to create a market-ready aviation precinct. Work to be undertaken includes earthworks, stormwater, core utilities and initial roading to create three development-ready sites and associated airside works including a connecting taxiway and stormwater and safety upgrades.

As part of the delivery of the business park, RRA will work with Ngāti Uenukukōpako and Ngā Uri o Karamuramu to lay the foundations for a development that not only supports RRA and Rotorua's growth aspirations, but also reflects the mauri (essence) of the whenua (land) and its people.

This initiative presents a significant opportunity to support the airport's financial capability, attract new aviation and aviation related businesses (as well as support the growth of existing ones), and further strengthen RRA's role as a key economic driver for the region.

CAPITAL EXPENDITURE

RLC transferred all Airport assets to RRA in February 2016. A programme of capital improvements has been established and is ongoing.

The capital improvements programme, which relates to operational assets and airport infrastructure, is updated on an annual basis and likely future spend is also identified in the 20-year forecast. This reflects the nature of RRA's business as an owner of significant infrastructure assets that must be maintained to meet its obligations under the Civil Aviation Act 2023 and the Civil Defence and Emergency Act 2002. All assets are well managed to ensure maximum life span and replacement as and when required.

The cost of aeronautical capital expenditure can be recovered through aerodrome charges levied to both regular passenger service operators and general aviation. There is an established framework in place to manage this process, subject to commercial assessment.

Capital expenditure is funded out of airport cashflow wherever possible. However, from time to time, there will be essential large scale capital expenditure requiring debt funding. Planned capital expenditure and likely required borrowing is included in the 20-year forecast (and the Statement(s) of Intent for the relevant time period). RRA will work on the basis that this borrowing, given it is critical to maintaining and operating a safe airport which is fit for purpose for Rotorua, is pre-approved and will be included in RLC's long term plan.

A total CAPEX budget for the three (3) year period of **$ TBC** has been allowed in financial forecasts as below. The CAPEX budget allows for the purchase, and upgrade, of Airfield Ground Lighting (AGL) assets which are currently owned and operated by Airways and which RRA must purchase.

	FY27	FY28	FY29
Buildings and Fitout	$TBC	$ TBC	$ TBC
Plant, Equipment & Vehicles	$ TBC	$ TBC	$ TBC
Infrastructure	$ TBC	$ TBC	$ TBC
TOTAL	**$ TBC**	**$ TBC**	**$ TBC**

RRA will from time to time, require additional funding for significant projects. Should RRA require additional debt funding to deliver a project, RRA will present a board approved business case to RLC to approve the increase in debt.

The board and management are mindful that we are in a period of changing technology which may alter the way the airport is required to operate over time. RRA continues to work closely with our aviation and other partners to stay well informed about developments. RRA will build required changes into the master plan and capital expenditure budgets to ensure RRA is prepared for the future.

PERFORMANCE MEASURES

The following table outlines RRA's anticipated financial performance for the three (3) year period ending 30 June 2029, and the performance measures it will be assessed against. These measures and forecasted performance are based on the following key assumptions:

- That Air New Zealand will continue to operate regular passenger services to Auckland, Wellington and Christchurch.
- No material external or internal economic shocks impacting business and aviation resulting from an un-forecast significant event.
- New Zealand GDP tracks to the current consensus of economic forecasts.
- The continuation of the RLC and BNZ Loan Facilities.
- No material movement in the fair value assessment of the airport land and buildings.
- Continuation and renewal of the Service Funding Agreement with RLC (SFA).
- RLC does not require a forecast Statement of Cashflows or forecast Statement of Financial Position in this SOI as the information below, and regular discussions with RLC, provide the shareholder with sufficient information.

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SOI – FY27-29

	FY19 Actuals (pre COVID)	FY25 Actuals	FY27	FY28	FY29
a. Aircraft					
Aircraft movements (note 1)	7,498	5,421	TBC	TBC	TBC
b. *Passengers*					
Domestic (note 1)	265,443	206,008	TBC	TBC	TBC
c. Financial					
Aeronautical Revenue (note 2)	*$1,660,351*	*$4,145,491*	TBC	TBC	TBC
Non-Aeronautical Revenue	*$1,270,064*	*$1,497,180*	TBC	TBC	TBC
Service Funding Agreement	*$2,563,020*	*$1,800,000*	TBC	TBC	TBC
Total Revenue	*$5,493,435*	*$7,474,291*	TBC	TBC	TBC
Operating expenses	*$1,202,333*	*$1,919,802*	TBC	TBC	TBC
Overheads	*$1,336,550*	*$2,223,344*	TBC	TBC	TBC
Interest	*$514,956*	*$364,945*	TBC	TBC	TBC
Total Expenses (excl Depreciation)	*$3,053,839*	*$4,508,091*	TBC	TBC	TBC
Net Surplus (before Depreciation)	*$2,439,595*	*$2,966,200*	TBC	TBC	TBC
Depreciation	*$2,219,905*	*$2,478,570*	TBC	TBC	TBC
Net Surplus / Loss (after Depreciation & before tax) (note 3)	*$219,690*	*$487,630*	TBC	TBC	TBC
Capital expenditure	-	$1,385,663	TBC	TBC	TBC
Shareholders' funds to total assets (note 4)	-		TBC	TBC	TBC
d. RRA Term Borrowings (with LGFA via RLC)					
As at 30 June (note 5)	$14,400,000	$11,150,000	$8,350,000	$6,950,000	$5,550,000
Airport Business Park Stage 1A	-	-	$2,000,000	$2,700,000	$2,700,000
Total Term Borrowings	$14,400,000	$11,150,000	$9,700,000	$9,650,000	$8,250,000
e. Aviation Compliance					
RRA has a current Part 139 Operating Certificate (note 6)			Yes	Yes	Yes
f. Legal Compliance					
5 year compliance calendar	Provided with quarterly reporting				
g. Asset Management					
High-level Asset Management Plan to RLC	By 31 December, each year				

Note 1: The following assumptions have been made in the forecasting of passenger numbers and flight movements, and consequen …

- Passe … ssumes Air NZ …

Note 2: Aerona …

Note 3: Due to … the financial foreca …

To be updated

Note 4: Total a … sent net equity of the s … currently no intention to …

Note 5: The de … 400,000, which was red … customised av … utilised and the balanc … LTP.

Note 6: The current Part 139 Operating Certificate is valid until 29th February 2029.

SIGNATORIES

Chairperson – Rotorua Regional Airport Ltd Kevin Ward	Chief Executive – Rotorua Regional Airport Ltd Nicole Brewer
Date: xx June 2026	Date: xx June 2026

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APPENDIX 1

The following workplan summarises RRA's priorities for its core business and strategic projects for FY27:

To be updated

Audit and Risk Committee

Type of Committee	Standing Committee
Subordinate to	Council
Legislative Basis	Schedule 7 s30 (1) (A), Local Government Act 2002 Committee delegated powers by the Council as per Schedule 7, s32, Local Government Act 2002
Purpose	The purpose of the Audit and Risk Committee is to: • monitor and report to the Council on: ○ The Council's external audit process and internal assurance. ○ The performance of Council's legal responsibilities (within the ambit of the Committee's delegated authority). ○ Existing corporate policies (including recommending new corporate policies to prohibit unethical, questionable or illegal activities). • provide a communication link between management, external auditors and Council. • support measures to improve management performance and internal controls. • support the professional independence, effectiveness and accountability of the Risk Management Framework.
Membership	Independent Member (Chair) Deputy Mayor Kai Fong (Deputy Chair) Mayor and all councillors Any external members will be appointed for an initial term of no more than three years that aligns with the triennial elections, after which they may be eligible for extension or reappointment. External membership contracts are to be reviewed and assessed no later than two months after each triennial election to allow for transition and continuity.
Quorum	6
Meeting frequency	Quarterly

Delegations	The Audit and Risk Committee will have responsibility and authority to: • Make recommendations to council on matters within the purpose of this committee. **External Audit** • Engage with Council's external auditors regarding the external audit work programme. • Review engagement letters and management reports. • Recommend to Council the terms and arrangements for the external audit programme. • Monitor management response to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented. **Internal Assurance** • In conjunction with the CE, agree the scope of the annual internal assurance programme. • Provide oversight and assurance to council on the effectiveness of financial policies. **Risk Management** • Review the effectiveness of the control environment established by management including computerised information systems controls and security. This also includes a reviewing/monitoring role of the documentation of all policies and procedures. • Review the effectiveness of the risk assessment/management policies and processes. • Engage with internal and external auditors on any specific one-off audit assignments. • Consider matters referred to the committee by the CE, Council or other Council committees. • Review the appropriateness of accounting policies adopted by Council. • Review Civil Defence hazard and preparedness policies and procedures.
Relevant Statutes	All the duties and responsibilities listed above must be carried out in accordance with the relevant legislation.
Limits to Delegations	Powers that cannot be delegated to committees a per the Local Government Act 2002 Schedule 7 s32

Audit and Risk Committee

Committee Name	Audit and Risk Committee
Committee Type	Standing Committee
Chair	Independent Chair
Legislative Basis	Schedule 7 s30 (1) (A), Local Government Act 2002 Committee delegated powers by the Council as per Schedule 7, s32, Local Government Act 2002
Membership	All Elected Members Deputy Chair is an Elected Member Independent Chair The Independent Chair will be appointed for an initial term of no more than three years that aligns with the triennial elections, after which the incumbent maybe eligible for extension or reappointment. The Independent Chair's contract is to be reviewed and assessed no later than two months after each triennial election to allow for transition and continuity.
Meeting Frequency	The Committee shall meet at least four (4) times per year, with additional meetings as required. One meeting will be aligned to the Annual Report and external audit process.
Quorum	7
Subordinate to	Council
Standing Items	• Enterprise risk overview • Health, safety and wellbeing • Treasury update
Purpose	The purpose of the Audit and Risk Committee is to: • Provide independent assurance and governance oversight of Council's: ○ Financial reporting and audit processes ○ Risk management framework ○ Major projects and programmes ○ Internal controls and assurance systems ○ Compliance with policies and legislation

	◦ Controls to safeguard the Councils financial and non-financial assets ◦ Health, safety and wellbeing governance ◦ Treasury, systems, reporting and compliance • Provide assurance that: ◦ Key risks to Council's objectives are identified and appropriately managed ◦ Effective systems of control and assurance are in place
Role	The Committee: • Provides governance-level oversight and assurance • Advises and makes recommendations to Council • Maintains a strategic and forward-looking perspective Supports measures and processes to improve management performance and internal controls The Committee: • Make recommendations to council on matters within the purpose of this committee.
Delegations	Financial Reporting and External Audit • Engage with the external auditors • Review annual financial statements • Consider key accounting policies, estimates, and judgements • Review external audit plans, engagement letters and management reports • Monitor management responses to audit findings • Recommend adoption of the Annual Report to Council • Recommend the terms and arrangements of external audit to Council
	Internal Audit and Assurance • Approve the internal assurance programme with the CE • Monitor delivery and key findings of the internal assurance and reviews • Approve the Council's internal audit charter • Review management responses and action progress • Maintain oversight of the overall assurance framework
	Risk Management • Monitor key enterprise risks and trends • Review strategic and emerging risks facing Council • Oversee and approve the risk management framework • Assess alignment with Council approved risk appetite • Seek assurance that risks are appropriately managed • Monitor CCO's risks • Monitor Business Continuity preparedness

	Major Projects and Programmes • Review framework and policies • Receive assurance reporting on major programmes • Focus on risk, controls, and delivery confidence • Seek assurance that governance arrangements are effective

	Compliance, Integrity and Internal Controls
	• Oversee and Monitor Corporate Policies Including but not limited to:
	  ○ Fraud and protected disclosures
	  ○ Conflicts of interest and sensitive expenditure
	  ○ Procurement
	  ○ Business continuity
	  ○ Delegations
	  ○ Legislative compliance
	• Legislative compliance attestation reporting
	  ○ Litigation Updates

	Health, Safety and Wellbeing • Receive governance-level reporting and update from the CE. • Monitor critical risks, incidents, and trends and any external reviews • Gain assurance that Council is meeting its statutory obligations
	Treasury • Review the Treasury Policy • Compliance with Treasury Policy limits • Compliance with LGFA/Bank covenants • Treasury Reporting, Debt, Investments, Forecasts • Rating Agency reports • Finance Strategy
	Controls to safeguard the Councils financial and non-financial assets • Councils Insurance arrangements and residual risk • Treasury Policy including Investments

Work Programme	The Committee operates under an annual work programme that:
	• Aligns with key risks and assurance priorities
	• Ensures statutory and audit responsibilities are met
	• Includes a mix of:
	  ○ Standing assurance items (each meeting)
	  ○ Scheduled items
	  ○ Risk and Major project deep dives

Meetings and Reporting	• Standing Orders may be suspended in some instances to allow members to speak on particular topics • Recommendations recorded in minutes and reported to Council

	• Matters requiring decision or escalation referred to Council
Review	The Committee will periodically review: • Its Terms of Reference • Its work programme • Its effectiveness