

18 November 2021

Request for Official Information responded to under the Local Government and Official Information and Meetings Act 1987 (LGOIMA) (the Act) – reference: 2021-117

I refer to your information request we received on 18 October 2021 for information regarding the following:

After the withdrawal of Air NZ - Council made a \$500, 000 loan to Air Chathams to encourage it to keep operating and improve the airport's viability.

Could you please provide information about these loans to a private aviation company? Specifically, what was the purpose of the loans, were they properly authorised and by whom, are they secured over assets, why were ratepayers not informed about them, and is there an intention to recall the \$500,000 loan in view of the precarious future of the airport?

Council response regarding your request

Kāpiti Coast Airport is significant to our community and our district's economy. The ability for people to fly to and from Kāpiti strengthens business, family and visitor connections and supports a strong visitor economy. (An economic evaluation undertaken in June 2018 estimates the net economic benefit of the Airport to Kāpiti residents to be around \$4.3 million per year, with savings in travel time and costs identified as the biggest contributors to this figure.)

Since Air New Zealand's decision to withdraw air services from Kāpiti in March 2018, we have been very open about Council's support for Air Chathams. Our community fought hard to get Air Chathams to operate here, and we are equally committed to doing what we can to support them to stay for the benefit of everyone in our district.

Dealing with the impacts of COVID-19 has been extremely challenging for the airline sector. Following the first national lockdown in 2020, the government stepped in to provide Air New Zealand with support, including loans. At that time, similar support was not forthcoming for regional airlines which is why the three district councils that have Air Chathams operating in their regions stepped in to help the airline to restore their flight operations (Whanganui District Council, Whakatane District Council and Kāpiti Coast District Council). A joint support package was agreed which saw our Council make a \$500,000 loan facility available to Air Chathams over a five-year term, using the strength of our balance sheet to borrow at a low rate, at minimal cost to ratepayers.

The decision to make this loan facility available to Air Chathams was agreed by Council at a confidential Council meeting in May 2020 as part of Council's ongoing commitment to doing what we can to support the airline to operate sustainably in our district. Council did not disclose the loan amount at the time as discussions were commercial in confidence. Council did not require security as a condition of the loan facility. Council has no intention, at this time, of calling in the loan.

Details of the loan are disclosed in the Council's Annual Report. This is due to be published on our website soon. You will find the report on the following page when it becomes available:

[Annual reports - Kāpiti Coast District Council \(kapiticoast.govt.nz\)](https://www.kapiticoast.govt.nz/annual-reports)

Yours sincerely



Tim Power
Chief Legal Advisor