

INFRASTRUCTURE FOR A BETTER FUTURE

1. The following is an example of why implementation of many of the recommendations, principles and outcomes in this report will be critical to ensure a better outcome for infrastructure decisions in New Zealand.

The issue of Central Otago airports is a very good example of a situation where decision making is fragmented and lacks coordination.

- Queenstown Airport Corporation (QAC), with the backing of its' owners QLDC (75.01%) and Auckland International Airport (AIA) (24.99%) propose the redevelopment of Queenstown airport together with the redevelopment of Wanaka airport. This is called their Dual Airport Scenario.
- Christchurch International Airport Ltd (CIAL) (25% owned by government), propose to build a new airport at Tarras which is located in the Central Otago District Council area. This would compete with Queenstown and Wanaka.

(These airports are CCOs. These can make infrastructure decisions that can have significant widespread impacts on infrastructure beyond their own operation, but without reference or consideration of those impacts, even though they are effectively owned by the same ratepayers).

Government has stated that it sees no need to be involved in the airport matter. Yet everyone would agree that three airports within 100km of each other would make no sense.

The current approach is to let these corporations 'fight it out', going their own way with their own proposals and assuming the competitive market model will sort out what the Central Otago airport situation will ultimately look like.

This is a false construct. These companies were created to ensure independent commercially based decisionmaking for the benefit of ratepayers. This same company structure is now used as an excuse not to interfere because we can't interfere with the competitive model without coming to the attention of the Commerce Commission. Thus, a cooperative, coordinated, efficient answer to a regional problem isn't possible.

This is irrespective of the fact that many other infrastructure, (owned by the same ratepayers), will be significantly affected by the outcome. The effects on those pieces of infrastructure, heavily influenced by the airports, will have no input into the airport decision. This is because the airport decisions are made by the respective corporations that have no remit to consider those other infrastructure matters.

In this particular instance the airport decisions will have significant effects on the following, all matters that are external to the airports themselves, yet having important implications for much other regional infrastructure and national policy.

- Development patterns in the Wakatipu basin. The ability to create critical housing density versus a strung out linear development pattern. This in turn effects; -
 - Linear versus dense services infrastructure.
 - The need, or not, for increased roading infrastructure.
 - The economics of alternative transport modes eg. gondola
 - Ability to provide affordable housing options
 - Ability to provide a walkable/cyclable centre.
 - Reduction in the need for subdivision of rural land.

- The ability to create a sustainable city centre.
- Economic diversity through creation of a new business centre.
- Development options for Cromwell as a service centre for a new airport.
 - Reduction in need for housing in Cromwell to support a Queenstown airport.
 - Creation of a cohesive supply chain.
 - Creation of an internationally capable export port for pipfruit.
- Environmental
 - Ability to reduce environmental impacts of construction both for airports and more efficient dense city centre.
 - Avoidance of locking in for generations congested, strung out, inefficient local transport systems.
 - More fuel efficient flightpaths.
- Business
 - Avoidance of the need for duplication of businesses over a static customer base.
- Airport Safety
 - Ability to increase airport safety (while this would seem to be a matter for airport companies, in fact it is a CAA issue and there is little financial incentive for airport companies to be concerned with safety because the risk to their business is approximately 10% of the overall risk in financial terms).
- Emergency preparedness
 - If there is no airport in the Wakatipu basin then there needs to be an alternative air connectivity option should the area be isolated by an earthquake.
- Funding
 - The ability to develop Queenstown airport as a high density city centre would enable the realisation of over \$900m of funds for the QLDC. This money could fund much of the proposed regional infrastructure without debt. In addition, there would be a significant increase in ongoing rates, funds that can also be redirected.

In summary, a simplistic competitive model approach to the regional airport infrastructure will not allow consideration of any of these issues, all of which have serious implications for our ability to ensure a “Better Future”.

2. Spatial plans

The requirement for Councils to produce Spatial plans to guide development for a longer term outlook is good in theory. However, such plans need independent oversight and control because such plans are still subject to interference when Councils deliberately set incorrect parameters for the plan.

An example of this is the current QLDC Spatial Plan, where the possibility of relocating Queenstown airport, (a new airport at Tarras has already been proposed by CIAL), thus enabling the conversion of airport land in Queenstown for use for a high density city centre has been specifically excluded from consideration, despite the possibility that this option resolves numerous systemic infrastructure problems in the region.

