**Q1 The government’s overall vision for transport infrastructure is very broad.**

***“An effective, efficient, safe, secure, accessible and resilient transport system that supports growth of our country’s economy in order to deliver greater prosperity, security and opportunities for all New Zealanders.”***

**Are there some aspects in the vision you consider deserve more attention than others in order to improve investment certainty for your sector?**

NZ Airports can relate closely to the overall vision, in fact it is very closely aligned with our sector’s approach to doing business. The current quality of airport infrastructure is good and is expanding (notably at Auckland, Wellington, Christchurch and Queenstown) to meet growing demand for both tourism and trade. All NZ airports are providing a level of service to travellers that New Zealand can be proud of.

There is a need, however, to ensure this vision translates to the local level and balance is achieved between the sometimes conflicting objectives of sector stakeholders – for example the need for excellent airport road access vs other NZ Transport Agency criteria.

However airports, and associated transport infrastructure, particularly need continued protection from urban encroachment, reverse sensitivities such as noise, and the need for mitigation. Increased domestic and international air services (routes and capacity), are critical transport enablers for economic growth in New Zealand. In relation to international air services, optimal development requires an NZ Inc. approach in relation to the factors that impact on air services, for example the Government’s international air services policy, visa policy, and border agency processing capability. Recent research[[1]](#footnote-1) has also highlighted the lack of good data available in New Zealand which prevents many stakeholders and policy makers from having an accurate picture of the sector.

In addition, major aviation infrastructure is a long-lead investment, so for airports in NZ to be able to make the long-term investments in aviation transport infrastructure required to accommodate our tourism growth targets, they need certainty in terms of investment returns. The economic regulation of airports needs also to provide appropriate incentives to ensure the investment required to provide improving levels of service in a high-growth, technically dynamic, and fiercely competitive international environment, is made for the benefit of consumers.

Auckland Airport’s projected growth in particular needs to be accommodated in the Auckland spatial planning process, and in the comprehensive transport structure needed to connect ever-increasing passenger numbers and airport users with the rest of the region and the nation.

Access to the national air transport system may come under threat at some regional centres due to difficulties with the commercial funding model where airports have limited passenger volumes and lumpy maintenance and investment demands. In turn, continuing regional air links are important to the overall health of the main hubs and trunk routes.

**Q2 To what extent is current transport infrastructure a constraint upon your business activities?**

Transport infrastructure to and from airports must support access for passengers as well as access for freight. Auckland Airport is the second largest port in New Zealand by value ($12.5billion in international freight) yet current local transport, while improving, remains a constraint upon the business and the economy in terms of ease and certainty of access for staff, passengers and freight.

Auckland Airport currently lacks good linkages with Auckland’s CBD and connectivity to the state highway network e.g. Waterview.

In terms of national and regional aviation infrastructure, in the medium term there will be a need for the completion of the second runway which is currently in a construction hiatus while demand returns. This will alleviate aircraft demand on the main runway which is nearing constraints. Elements of the national air navigation system (away from the main trunk) have not been properly maintained or periodically replaced and will face escalating costs that airlines and other users will be unwilling or unable to pay.

Aviation capacity and connectivity can be delivered at no cost to the Government by further liberalising access to and from and within New Zealand for carriers with growth ambitions.

**Q3 What are the most significant transport infrastructure challenges in the next 20 years for your sector?**

Auckland Airport: Completing the second runway and establishing a clear pathway for the integration of the domestic and international terminals at Auckland Airport.Remaining a curfew free airport and reasonably unrestrained by surrounding development and reverse sensitivities. The ability to impact on the Coastal Marine Area may be an issue for AKL in the future.

Wellington Airport: the airport’s constrained site, including the very close residential areas with associated noise management requirements, represents a challenge as capacity is expected to double in the next 20 years and extensive land purchases are not anticipated in the airport’s Master Plan. Realignment of roads will be required to accommodate larger aircraft types. Over this period the airport also plans to establish runway extension reserves of 100 meters to the North and 500 meters to the South should regulatory or operational imperatives require it.

Christchurch Airport: it is vital to protect the airport from further encroachment by residential development to maintain the existing 24/7 operating capability and to provide further surety around the airport’s future development.

General: Establishing a more liberalised international air-service environment to help New Zealand overcome its relative disadvantage of scale and location.

There is a need to resolve aviation security and border agency issues around common departure terminals for domestic and international operations – combined terminals are an infrastructure option with considerable potential economic benefit.

Funding for airport and air navigation infrastructure at smaller centres – it is common in other countries for certain domestic air routes to be financially supported by Governments in recognition of the need for air access to other centres and key community services provided by aviation.

Transport infrastructure needs to recognise that airports attract both industrial and commercial developments. Airport business districts need to be part of infrastructure planning as they can provide a critical mass for efficient public transport systems.

There is a need for improved land transport access to many major New Zealand airports so the completion of broad, multi-modal transport systems to increase airport connectivity is warranted.

**Q4 What do you consider should be the government’s top transport infrastructure priorities in the short term (3 – 10 years) and long term (20 years) that would provide greater business certainty for you?**

It is important to our sector that the operational and regulatory environment is conducive to ensuring airports can achieve a satisfactory return, as this incentivises further investment. Investment however is “lumpy” and a return is only achieved over the long term. Regulation of airports under the Commerce Act intends to balance consumer interest with the need to incentivise investment. NZ Airports, with Auckland, Wellington and Christchurch Airports, is making every effort to ensure a balanced outcome is obtained from the current Commerce Commission process under which the Government’s intended ‘light-handed’ economic regulation of those airports will be finalised. The outcome of this process will be very influential for future long-term airport investment in infrastructure.

A more effective and viable multi-modal public transport system to and from Auckland airport and the Auckland Region.

Completion of State Highway 20, through Waterview, to improve airport connectivity.

Implementation of the Ngauranga to Wellington Airport sections of the Wellington Roads of National Significance, in particular the Basin Reserve, Mt Victoria and Wellington Road/Ruahine St sections.

Long term - accommodate airport growth in city-planning, improve transport connectivity to and from key airports, adopt a NZ Inc. approach between government and industry to increase air-links and optimise tourism promotional efforts.

**Q5 What can the sector you represent do to contribute towards meeting the current transport infrastructure challenges and future issues?**

Planning: All of New Zealand’s major airports undertake airport master planning, which is recognised industry best practice and typically looks forward 20 to 30 years. This practice will continue and will leave the sector well-placed to meet current and future infrastructure challenges. As a sector airports are also closely involved in local, regional and environmental planning, and are well-placed to contribute to spatial planning. Auckland Airport is working hard with local transport stakeholders to identify and protect a preferred route for a rapid transit corridor.

Funding airport investment: Airport companies are required to act commercially and are essentially self-funding and will continue to provide adequate funding to support airport transport infrastructure (except as mentioned below in relation to smaller centres). Planned and anticipated airport infrastructure development totals over $1 Billion.

Airport infrastructure is a commercial investment decision, funded by airports and recovered through airline fees. Airways NZ are integral part of airport operations and are funded along similar lines. Our sectors’ model therefore differs considerably from national infrastructure that is publicly funded with little to no direct economic return.

National air transport network: There is an unresolved difficulty for airports in smaller centres where lower passenger volumes combined with a dominant and regional airline group make reasonable returns on airport assets difficult to achieve. This threatens the sustainability of some regional airports and thus the national air transport network, notwithstanding that it is increasingly relied upon to service the health system (eg hospital transfers), local business community, tourism and (occasionally) disaster response.

Route and capacity development: Auckland and Christchurch (as the current long-haul airports) are working hard to increase air-links and capacity to NZ, with excellent recent results in China, US and Asia. Trans-Tasman airports are also aggressively exploring additional routes and capacity to Australian destinations. These efforts will continue.

**Q6 Are there any specific investment activities you are planning in the next 3-10 years that would contribute towards the transport vision?**

For Auckland Airport development of the second runway and associated terminal developments is important to meet the needs of the Auckland Region and maximise the efficiency of the airport and regional public transport infrastructure. Wellington requires development of a transport interchange, to increase capacity and improve efficiency of transfer of pax from all modes of ground transport (bus taxi shuttle private car, cycle, light rail and pedestrian) to and from the terminal.

All airports will continue their focus on developing new and enhanced air services both internationally and domestically.

**Q7 What are your expectations for this National Infrastructure Plan?**

The Plan should acknowledge the role airports have in planning, funding and providing critical infrastructure and the need for this to be coordinated with public funded infrastructure projects and related Government policies to provide an integrated approach.

The Plan needs to provide a clear pathway for all stakeholders to support, participate in, and deliver a reasoned and fact-based mandate for action and growth.

**Q8 Below are the desired trends for transport infrastructure to take us towards achieving the government’s overall vision for transport:**

**• better use of existing transport capacity**

**• more efficient freight supply chains**

**• a resilient and secure transport network**

**• easing of severe urban congestion**

**• more efficient vehicle fleets**

**• reductions in deaths and serious injuries**

**• more transport mode choices**

**• reductions in adverse environmental effects**

**Do you have any data that would assist us in tracking progress against these desired trends?**

As noted earlier, there are recognised data shortfalls in New Zealand aviation. In the near future there will be some additional information available from annual information disclosure under Part 4 of the Commerce Act relating to airport capacity and utilisation at Auckland Wellington and Christchurch, and the quality of facilities and services provided to travellers and airlines at those airports.

Many New Zealand airports have a current Master Plan outlining forward air transport projections (passengers and freight) and examining the land-use, transport system and airport infrastructure investments required to meet the projected demand.

Ad hoc economic impact studies have been completed for a number of airports in recent years, including most recently an assessment of the future contribution by Auckland Airport to the Auckland region and New Zealand economies[[2]](#footnote-2).

**Q9 General comments**

Airports make a significant contribution to transport infrastructure in New Zealand. They are commercially driven but need close integration with public funded infrastructure, the completion of which pre-empts demand.

It is important that the introduction of new regulation and potential issues this may cause are well understood, as the end results could impact on New Zealand’s airport infrastructure (and thus economic growth and prosperity)in the future.

The national air transport network is susceptible to underinvestment at smaller regional centres which often have difficulties achieving a fair return on investment. The effects of accumulated underinvestment are already in evidence at some locations.

1. ‘NZ Aviation Operational Environment: Selected Analysis’, Andrea Carboni and Aaron Schiff (COVEC), October 2011 [↑](#footnote-ref-1)
2. ‘Auckland Airport: An assessment of the future contribution by Auckland Airport to the Auckland Region and New Zealand Economies’, Market Economics, September 2010 <http://www.aucklandairport.co.nz/Corporate/NewsAndMedia/~/media/Files/Corporate/AIAL%20EIA%20Report%202021%20and%202031%20final%20291010.ashx> [↑](#footnote-ref-2)