

SMALL TOWN WITH A BIG PROBLEM

Plans for airport development have exposed our splintered approach to infrastructure.

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The track to Roy's Peak starts just 5km from the centre of Wanaka and rewards hikers with such spectacular views its steep ascent and narrow ridges can be crowded with people.

The breathtaking scenery is perfect for capturing an iconic photograph to post on social media, but The Guardian in 2018 described those images as "the big fib at the heart of New Zealand's picture-perfect peaks" citing the 73,000 people walking the route that year – an average of 200 a day.

Wanaka Stakeholders Group chair Michael Ross sees the congestion on Roy's Peak as part of a bigger problem.

"It would be our contention that pre-Covid, Queenstown was already reaching a position of over tourism," he says.

"You just have to look at the traffic infrastructure in and around Queenstown, the numbers queuing up for any of the attractions. There have been various stories on the number of hikers walking up Mt Roy here in Wanaka who have to queue at the top of the mountain to get the photograph spot for their Instagram shot.

"If we were reaching that point pre-Covid at 2.3 million passenger movements, then surely much more than that is going to irrevocably affect the reason why people come here in the first place."

Lukas Stefanko's photo on Roy's Peak was shared thousands of times on Twitter and quoted by The Guardian. Lukas Stefanko's photo on Roy's Peak was shared thousands of times on Twitter and quoted by The Guardian.

Ross is referring to the numbers flying into and out of Queenstown, which grew 7% to 2.39 million in the year to December – each one-way passenger counts as one movement.

The figure is three times higher than 10 years earlier – when Auckland Airport invested \$27.7m for 24.9% of Queenstown Airport Corporation (QAC) – but still a long way short of the projected demand of six million by 2035 in Queenstown Lakes District Council's last 10-year plan, published in 2018.

HOW QAC SAW GROWTH PRE-COVID

Those demand projections are behind the council's proposal to expand Wanaka's sleepy airport into a second hub for passenger jets, prompting a significant outpouring of opposition from a large section of the community on the Wanaka side of the Crown Range.

They also indicate the rationale for a rival proposal from Christchurch International Airport to create a new jet-capable airport from 750ha of paddocks at Tarras, 30km away from Wanaka.

The Tarras plan is opposed by both Wanaka Stakeholders Group and Queenstown Airport.

Meanwhile, the opponents of development are labelled in some quarters as reactionaries who stand in the way of progress. One critic described them, off the record, as “old rich pricks who have been there forever”.

The three-way argy-bargy has set up Wanaka as a test case for tourism infrastructure investment – how many tourists are too many?; and how can strategic investment be carried out by two competing council-owned businesses under two separate resource consent processes, one in Queenstown Lakes and one in Central Otago?

NO GOING BACK

In a speech to the Tourism Industry Conference in November, new Tourism Minister Stuart Nash emphasised that Covid-19 had changed the game.

“Tourism in New Zealand will never return to how it was before Covid-19 dramatically affected us,” he said.

Congestion in national parks, degradation of natural attractions and stressed infrastructure were contributing to a poor visitor experience and a burden on small communities, said Nash.

“We must attract high-value and high-spending visitors who buy into our own vision of sustainability. We must therefore deliver high-quality visitor experiences and exceed our visitors’ expectations.”

Exactly what those sentiments mean for decisions on hundreds of millions of dollars’ worth of airport infrastructure investment is unclear.

However, the government already has a dog in this particular fight.

Christchurch Airport is 75% owned by Christchurch City Council and 25% by the government, via stakes held by the Ministers of Finance and State-Owned Enterprises.

On February 28, five months before its plans for Tarras were publicly announced, the airport’s senior management met Treasury officials to tell them about it. Finance Minister Grant Robertson and then SOE Minister Winston Peters were subsequently briefed on March 2.

The airport revealed the plan to the rest of the population on July 22, saying it had invested \$45 million buying land at Tarras for the purpose. Chief executive Malcolm Johns said at the time that Covid-19 would affect only the project’s timeframes.

“This is an opportunity for all South Islanders to work together on a once-in-a-lifetime opportunity to create a piece of vital infrastructure.”

SHAREHOLDER EXPECTATIONS

The airport’s project director Michael Singleton says any discussion with the government on further investment at Tarras is premature.

“We can’t get to that point until we determine what the level of capital is,” he says.

“The shareholders are happy with the approach we’re taking and the level of communications they receive from us.”

Once the project is fully evaluated, “if their expectations and our expectations are not met it’s unlikely the project would proceed at that time.”

Since its July announcement – a move it said was triggered by a media inquiry – Christchurch Airport has been keen to emphasise its consultation process with local residents.

Over in Queenstown, the consultation, or lack of it, is a major bone of contention.

In March 2018, the council signed a deal to lease Wanaka Airport to QAC for 100 years in exchange for an upfront payment of \$11.3m, plus \$3.2m for the purchase of assets.

The transaction followed QAC’s purchase in 2016 and 2017 of land totalling 150ha adjacent to Wanaka Airport, for which it paid \$12.3m, according to property records.

JUDICIAL REVIEW

Although there was consultation before the lease was signed, Wanaka Stakeholders Group argues it did not disclose the real nature of QAC’s plans for Wanaka Airport and therefore the lease amounted to an illegal transfer of control of a strategic asset, because QAC was subject to a strategic agreement with its part-owner Auckland Airport.

The group’s claims led to a judicial review of the council’s lease, heard at Queenstown High Court in September.

In its summary of submissions, the group said “The Upper Clutha communities were never consulted with clear or accurate information about the likely plan by QAC and some, at least, at QLDC before Wānaka Airport was sold and ‘leased’ to QAC.

“Redeveloping the airport at Wānaka into a jet capable airport is totally unnecessary, save theoretically, to accommodate the (pre-Covid) projected vast future influx of additional tourists attracted principally to Queenstown.”

What’s more, they argued the estimated \$400m development cost could not be justified unless the airport had hundreds of jet aircraft movements a week.

Sounds Air began scheduled flights between Christchurch and Wanaka in November

This argument was based on a report by former investment banker and current Wanaka resident Richard Somerville.

Although Somerville’s conclusions were criticised – QAC chief executive Colin Keel said they were “fundamentally flawed” and Queenstown mayor Jim Boulton said the \$400m cost estimate was exaggerated – Somerville is sticking to his guns.

“I wouldn’t change that report,” he says.

However, the issue is symptomatic of a wider problem.

“To me it requires leadership at a national level because these are important infrastructure assets. “I think it’s a clumsy approach by QLDC – there’s been not much thought about the wider implications of that [airport] activity.”

The need for significant airport development so close to the mountains is also not clear, he says.

For example, the jet-capable airport at Invercargill is a few kilometres closer to the tourism hotspot of Milford Sound than Queenstown and could be a viable option for tourism growth.

“It would spread the love a bit,” Somerville says.

Perhaps not surprisingly, Ross sees it the same way.

“We’ve got three jet-capable airports with capacity right now – Queenstown, Dunedin, and Invercargill – and with some collaboration it would do a great deal for our industry to spread that load around those regions more widely and to utilise that infrastructure.

“What Queenstown’s doing is saying ‘we want all the business’. It’s just corporate greed and dividends for their shareholders and presumably bonuses for the CEOs...

“As soon as we launched our judicial review proceedings the narrative from council changed from ‘oh, we’ve already consulted with the community’, to say ‘oh, we haven’t made a decision and we are going to consult’,” Ross says.

“What has been driving the agenda here, of course, is the power and influence that Auckland Airport has over the agenda for what happens down in Queenstown.”

Queenstown Airport was nearing capacity before Covid-19 struck Queenstown Airport was nearing capacity before Covid-19 struck.

At the time of writing, the court has yet to rule but whichever way the decision goes it may not be the end of the matter as either side could decide to appeal.

For now, Covid-19 has taken such a bite out of QAC’s passenger volume it is not expecting to hit capacity for several years.

QAC expects it could take 3-4 years to return to pre-Covid visitor levels.

In a revised statement of intent published in October, it said it would not apply to expand its noise boundaries or progress plans to develop Wanaka airport over the three year period to June 2023.

The commitment gives the debate some breathing room but the issues will not go away.

EARLY DAYS

Keel, the airport’s CEO, is making soothing noises about the community engagement.

“Our view will continue to be in step with the communities we serve, organic in nature and aligned with the community in a transparent way,” he says.

He scoffs at the Wanaka Stakeholders Group’s concern the pre-lease consultation was cover for a fait-accompli.

“Nothing could be further from the truth. We’ve been managing the [Wanaka] airport since 2009. That shows this is very organic in nature and not something that has just sprung up.

“We’re still at a very early stage in thinking about how Wanaka could – could – develop over time. It’s unfortunate that some could not acknowledge that.”

Still, it’s likely the growth agenda has had a good airing at the airport’s board table.

Former QAC director and ex Air New Zealand senior executive Norm Thompson says one of the main attractions of Queenstown, and Wanaka by extension, is its proximity to the area’s attractions.

“The first question to ask is ‘what does the customer want?’,” he says, while stressing his comments are personal views and not necessarily those of QAC.

“The customer wants convenience ... You land in an adventure area - you can be in a skifield within an hour.”

While the immediate pressure on QAC’s capacity has eased, “there will come a time when demand is going to justify strengthening [Wanaka Airport’s] runway for jet capability.”

WIDE BODY JETS

When that time comes, the way passengers are delivered will make a difference to the tourism experience, he says.

Air New Zealand operates its hub through Auckland Airport and would not seek to land wide-bodied long-haul aircraft at Tarras or Wanaka, he argues.

“The Wanaka people need to sit back and think about what they are wishing for.

“The development of Tarras is not going to help one iota. Imagine 1000 people arriving a day from Asia on airlines like [Singapore Airlines discount subsidiary] Scoot.”

Tarras is also within the northern boundaries of Central Otago District Council, whose population might have different priorities for airport development.

However, “with Wanaka and Queenstown, there is control in terms of capacity through the local council,” Thompson says.

Christchurch Airport’s Singleton says the idea of expanding at Tarras is not something the airport has come up with on its own.

As the issue of airport capacity at Queenstown became apparent, in 2018, “the airlines themselves said there are challenges and they would like someone to think about Central Otago,” he says.

“That’s what drove us there.”

However, “are we sitting here with a bunch of foreign carriers saying they want to land in Central Otago? The answer is no.”

It’s all about long-term planning, he says.

DOMESTIC CONNECTIONS

“The question we’re trying to solve here is whether this is the best solution for infrastructure in the lower South Island for the next 40 to 50 years and beyond.

“Central Otago is projected to have some of the highest growth in New Zealand. It’s important we don’t get obsessed with international tourism – it’s about connecting regions as well.”

That domestic demand is one reason why Invercargill is probably not the answer to capacity constraints in Otago and Queenstown Lakes, Singleton says.

As for suggestions Tarras is unsuitable for an airport because of its propensity for fog, Singleton says the concerns are unwarranted.

“Operationally, one of the first things you do with this, is do the work and make sure you’ve got terrain you can fly into,” he says.

“We’re continuing that work and it’s not throwing up anything that says it’s a challenge of that nature.”

Keel has his doubts, saying QAC considered the area itself.

“We didn’t think it stacked up on many levels,” he says, citing the weather and the winding roads on the only two routes to Queenstown via the Kawarau Gorge and the Crown Range.

Then there’s the cost of building on a greenfield site. “You’re talking \$1 billion plus,” Keel says. “You scratch your head.”

“I’d be thinking the Christchurch community would be wanting to have a conversation about that.”

And there’s the rub. Can the interests of ratepayers in Christchurch, or Wanaka, or Central Otago, be relied on to choose the best infrastructure development option?

If not, who will decide – and how?

“Good questions,” Singleton says, “and we’ve got a lot of time to answer them.”

ALPINE CITY

Transport and tourism are not even the only factors to consider.

Somerville notes the activities of an urban development group in Queenstown – FlightPlan 2050 – with a vision to shift the town’s airport completely and use the land to develop a new city centre.

“They’re saying Queenstown is a mess. It needs a heart and the logical place to centre an alpine city is where the airport is.”

The group sees the Tarras plan not as a threat but as a huge opportunity to release capital for development.

In an open letter, the group’s economist John Hilhorst has criticised Mayor Jim Boulton’s opposition to the idea.

“If [Christchurch Airport] could deliver a better airport solution for the region’s communities and allow the Queenstown Lakes district to release enormous value and opportunity from Frankton land locked up by the airport, then it behoves council to seriously consider this proposal using the lens of public good instead of the framework of private enterprise.”

QAC reckons it could take three to five years for airport visitor numbers to return to pre-Covid levels, so at least there is time to examine the competing ideas.

CHANGE HAPPENS

Ross, a former local authority CEO – whose group represents about 3500 members directly, as well as community associations in Hawea, Albert Town, Luggate and Mt Barker – understands the desire for development.

“I was on the original Queenstown promotion board way back in the day. I was there on the day a bottle of champagne was poured on the nose of the first whisper jet from Ansett to land in Queenstown.

“There was never, at that time, any thought about environmental constraints. We were just pushing volume, and Queenstown’s continued to do that.

“There was always talk about trying to make the economy more versatile but it was never a popular topic and it was easier to push tourism than IT programming or whatever.”

In the Covid crisis, Queenstown’s strength in tourism has turned into a weakness.

“To us it makes no sense to have new or multiple airports,” Ross says.

“Can you imagine the situation if we ended up with one at Queenstown, one at Wanaka, and one at Tarras? Just because the bloody-minded boards decided to do that? How ridiculous would that be?

“Places change. But if they are going to change things, make sure they consult with the community and do it properly.”