# Draft National Infrastructure Plan Feedback

## The following feedback on the draft plan argues the need to include greater reference to Ports and Airports as key elements that should be considered alongside Road and Rail.

All physical exports to and from NZ either arrive or depart by either sea or air. Equally all international tourism is dependent on Ports and Airports. Other important economic contributors such as international students, which the government wants to increase for economic purposes, are reliant on Airports.

In planning road and rail infrastructure it is essential to also address how these interact with and complement Airports and Ports. Future developments at Ports and Airports will be reliant upon effective road and rail links to achieve the best outcomes and should be planned in tandem.

The draft plan does recognise the need to develop the Ports and Airports sectors in Section 7, on page 128, and this should take place before the draft plan is finalised. A failure to do this will mean that inadequate processes exist to properly evaluate Port and Airport related projects in the pipeline, both presently and in the future.

A good example of how rail, roading and airport infrastructure are being collectively planned and developed is the new West Syndney Airport being developed by the Commonwealth of Australia.

## The following comments relate to Airport Infrastructure Development in New Zealand

In 1948 the Great Britain. Civil Aviation Mission to New Zealand generated a report that detailed how both international and domestic airport infrastructure should be developed, and how it should be funded and operated.

In a subsequent process to involve both local and central government in airport development the Joint Venture Airport Scheme was established in 1953. The first joint venture formalised in 1955 was Christchurch Airport. The number of joint venture airports increased steadily over time and by 1973 a total of 24 airports across New Zealand were part of this scheme.

The joint venture scheme meant that the Crown and one or more local authorities became party to a Joint Venture Deed, and that both expenditure required to develop and operate the airport and revenue gained were equally attributed to the parties to the deed.

A strong element of the joint venture scheme has been that airports should be financially secure and able to generate the revenue necessary to support their development. For the year ending 31 March 1984 14 of the 24 joint venture airports were reported as being profitable while 10 of the smaller regional airports were still being subsidised by their central and local government owners.

In June 1985 the Government announced a new policy in Airports – A New Partnership whereby airport companies would be formed with combined central government and local government shareholding. The rationale behind this move being that such companies should operate on a fully commercial basis and be able to borrow to fund developments rather than rely upon their central and local government owners to fund development and leverage new business opportunities.

After amendments to the Airport Authorities Act 1966 in 1986 the first airport company, Auckland, was incorporated in 1988 and others followed. Under this new policy the number of joint venture airports reduced steadily over time. It remains in place with five regional airports contained within it.

In 1986 the Airport Authorities Act 1966 was amended to require that airports be operated or managed on a commercial basis. This provision was carried forward into the Civil Aviation Act 2023, which replaces the Airport Authorities Act 1986, unless the owners seek relief from this requirement.

In 1998 the government of the day altered the Airports – A New Partnership policy by moving away from full public ownership and listed Auckland Airport on the Australian and NZ share markets. It then sold its 50% shareholding in that airport. It subsequently also sold its 66% shareholding in Wellington Airport to Infratil via a trade sale.

The Central Government shareholding in both Palmerston North and Rotorua Airports was sold to a private party but subsequently purchased by the local council shareholders to reinstate 100% public ownership of these respective airports.

Other than Auckland and Wellington all major New Zealand airports remain in majority public ownership. Queenstown Airport is somewhat of an exception in that while 75.1% of the company is in local authority ownership the other 24.9% of the shareholding is held by Auckland Airport.

Central Government remains a significant shareholder in airports at Christchurch, Dunedin and Napier with one or more local government partners. It is a minor shareholder in Auckland Airport via ACC and the New Zealand Superannuation Fund, and consequently also has an indirect financial interest in Queenstown Airport.

Five regional airports currently remain within the joint venture airport scheme, and the Crown owns and operates Milford Sound Airport.

The Crown shareholding in Christchurch, Dunedin and Napier is equally held by the Minister of Finance and the Minister of State-Owned Enterprises. The Crown interest in the five joint venture airports is managed by the Minister of Transport, and investment at various airports over recent years via the Provincial Growth Fund and the Regional Development Fund has been the responsibility of the Minister for Regional Development.

The central government responsibility for airport infrastructure development and operations has thus been spread over four ministries and there is currently no overarching plan that addresses the requirements of NZ airport infrastructure going forward. This is where the National Infrastructure Plan could pay a key role in helping critical parties identify both future needs and opportunities, and the means to address them in conjunction with other related transport infrastructure means, such as road, rail and ports.

In the absence of a National Infrastructure Plan that includes airports as a distinct type of infrastructure it is challenging for the New Zealand Infrastructure Commission to be able to effectively advise on airport related projects in the pipeline, or those that would benefit New Zealand going forward.

For example, the current pipeline contained in the draft plan includes projects such as the potential relocation of Whangerei Airport and a terminal at Wellington Airport. The former is a joint venture airport equally owned and operated by the Crown and a local authority. The latter is a commercial company with a majority private ownership and a minority shareholding by the Wellington City Council. How does the national plan address such variation and both public and private interests?

Similarly, a government minister recently expressed concerns that Hamilton Airport was not intending to proceed with extending its single runway to the North. How can such concerns about the identified need for critical infrastructure be addressed by Central Government when it has no financial interest in the company that owns and operates Hamilton Airport, currently five local authorities?

The systems in place regarding NZ airports have centred on a user's pays and a commercial focus since the joint venture scheme was established form 1953 onwards and a company centred approach since 1985. From 1988 onwards ownership of airport infrastructure has been partially privatised but both central and local government financial interests have remained a key aspect, except for Auckland Airport. A freedom to pursue their own initiatives has seen significant developments with NZ currently serviced by six international airports.

What is needed is a section in the National Infrastructure Plan that addresses the unique aspects of airport development, and how this can best integrate with other forms of transport such as road and rail to achieve the economic and social outcomes of most benefit to New Zealand going forward.

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