



Planning Central Lakes' prosperous and sustainable future.

Analysis of Alternative Airport Scenarios



FlightPlan2050
May 2020

Executive Summary

This report evaluates the social and economic impacts of alternative development scenarios proposed for Queenstown Airport Corporation.

This report is a broad-ranging assessment evaluating seven airport scenarios. It analyses each scenario against 25 criteria to assess its impact on social and economic well-being.¹

The evaluation resolves in favour of relocating Queenstown Airport to a new site in the Cromwell-Tarras valley, combined with the development of a high-density urban campus on Frankton Flats. This strategy would result in QAC having no debt, more robust long-term profits, a healthier balance sheet and owning physical assets that offer more capacity, value and safety.

More profound are the positive effects made possible by the development of Frankton Flats as the region's primary high-density urban campus. A comprehensive and high-density urban campus is seen as an essential element to enable the diversification of the district's economy beyond the current focus on tourism and construction.

The concentration of commercial, retail, residential, educational, recreational and other activities improves access for the community. In addition, the concentration of ratepayer-funded infrastructure would make it more efficient and less expensive for ratepayers.

The densification of Frankton Flats, which lies in the centre of Wakatipu's existing road network, would better enable public and active transport. The concentration of population would also reduce further urban sprawl in the Wakatipu, protecting its outstanding landscape and reducing road congestion and road expenditure.

The sale of the airport's Frankton land would fund all the investment needed to relocate the airport, including establishing fixed-wing General Aviation at Kingston Aerodrome or Queenstown Hill. This investment would be enabled by rezoning the airport land from predominantly rural general to high-density residential and commercial, increasing its value from \$35 m² to over \$1,000 m², enough to provide over \$1.2 billion² to pay the cost of relocation.

As Chris Luxon – then CEO of Air New Zealand – said, it was time to have "a bigger, bolder, braver conversation about creating a new Central Otago airport that could support Queenstown or Wānaka, but from a different location from where those airports exist today".³

Contributors

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We provide this work and report pro bono hoping that it will inform and stimulate serious discussion of alternative opportunities for the Queenstown Lakes region. The authors have no business or financial vested interests in the scenarios analysed. They are residents who have lived and worked in the region for many decades.

¹ [Section 10, LGA 2002](#)

² See Chapter One of PART C: QUEENSTOWN AIRPORT – FACTS AND FIGURES

³ Air NZ AGM of shareholders, 2018

Summary of Findings

This table summarizes the multi-factor evaluations.

The green column of Scenario Six highlights this study’s conclusion that relocating Queenstown Airport to enable the development of Frankton Flats unequivocally offers the best outcomes.

Assessment criteria for social and economic impacts	Scenario One Status quo ZON ANB capped	Scenario Two ZON ANBs expanded	Scenario Three Dual airports ANBs expanded Jets in Wānaka	Scenario Four New airport plus ZON in Frankton	Scenario Five Dual airports ANBs capped No jets Wānaka	Scenario Six Develop Frankton and relocate airport	Scenario Seven Dual airports Then close ZON All to Wanaka
2.1 Alpine City	-2	-2	-2	-2	-2	2	-2
2.2 Frankton	-1	-2	-2	-2	-1	2	-2
2.3 Wakatipu	-2	-2	-2	-2	-2	2	-2
2.4 Communities	-1	-2	-2	-1	0	2	-2
2.5 Transport network	-2	-2	-2	-2	-2	1	-2
2.6 Economic growth	-1	-1	-2	1	-1	2	-2
2.7 Local business	-1	-1	-2	0	-1	1	-2
2.8 Auxiliary business	-1	-1	-2	1	-2	2	-2
2.9 Queenstown Airport Corporation	1	0	-1	-2	-1	2	1
2.10 Operational safety	-1	-2	-2	2	-1	2	-2 2
2.11 Airlines	-1	-1	-1	2	-1	2	-1
2.12 General Aviation	2	-1	-1	2	2	0	1
2.13 Council and ratepayers	-1	-2	-2	-2	-2	2	-2 -1
2.14 Environment	-1	-2	-2	0	-1	2	-2 -1
2.15 Tourism	0	-2	-2	1	-1	1	-2
2.16 Resource use	-2	-2	-2	-2	-2	2	-2 -1
2.17 Resilience to change	-1	-2	-2	-2	-2	1	-2
2.18 Housing affordability	-2	-2	-2	-2	-2	1	-2
2.19 Region	0	0	1	2	1	2	0
2.20 Wānaka	0	0	-2	1	2	1	-2
2.21 Central Otago	0	0	0	1	0	1	0
2.22 Cohesive supply chain	0	0	0	1	0	2	-2
2.23 Tourist travellers	-2	-1	0	1	-1	1	-2
2.24 Equity (fairness)	-1	-2	-2	0	-1	2	-2
2.25 Emergency preparedness	2	2	2	2	2	1	2 -1
Passed?	No (-18)	No (-30)	No (-34)	No (-4)	No (-19)	YES (+39)	No (-30)

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Possible future scenarios – post Covid-19

Scenario One	Scenario Two	Scenario Three	Scenario Four	Scenario Five	Scenario Six	Scenario Seven
<p>Status quo</p> <p>“Gradual growth of Queenstown Airport to meet demand, limited to the current agreed maximum noise boundaries.</p> <p>No change to current noise boundaries at Queenstown Airport</p> <p>No scheduled air services at Wānaka Airport”</p>	<p>Expanded noise boundaries at Queenstown Airport</p> <p>“Expansion of Queenstown Airport noise boundaries, allowing for an increase in the number and frequency of flights during the operating hours (6am to 10pm). This would allow the Airport to ‘better’ meet projected demand.</p> <p>No scheduled services at Wānaka Airport.”</p>	<p>Dual airport: scheduled air services in Queenstown and Wānaka</p> <p>“Expansion of Queenstown Airport noise boundaries and Wānaka Airport redeveloped to allow for scheduled domestic services of twin-engine turbo props and narrow-body jets.</p> <p>Scheduled commercial flights would be coordinated between Queenstown and Wānaka airports – to be determined by airlines.”</p>	<p>New international airport</p> <p>“Development of a new airport in an alternative location.</p> <p>Queenstown Airport operates as status quo until new airport is built – then reverts to general aviation only.</p> <p>No scheduled services at Wānaka Airport.</p> <p>Maximum number of scheduled aircraft movements is not known but would likely be higher than the maximum proposed under Scenario Three.</p> <p>General aviation would be split across the three airports.”</p>	<p>Limited dual airport: scheduled air services in Queenstown within existing air noise boundaries and domestic, non-jet services in Wānaka</p> <p>Limit growth of Queenstown Airport to within the current agreed maximum noise boundaries.</p> <p>Limited development of Wānaka Airport that enables scheduled, domestic services of twin-engine turbo props only.</p> <p>Scheduled commercial flights would be coordinated between Queenstown and Wānaka Airports – to be determined by airlines.</p>	<p>Development of Frankton as a major urban centre with relocation of Queenstown Airport to new greenfield site</p> <p>Development of a new airport in the Cromwell-Tarras valley.</p> <p>Queenstown Airport operates within ANBs until new airport is built.</p> <p>Then airport land rezoned for high density commercial and residential to enable urban densification. Land sold to fund new airport.</p> <p>Frankton developed as an Alpine City with Smart City, sustainable and environmental focus.</p> <p>A vertical take-off and landing (VTOL) hub integrated with a land transport hub in Frankton.</p> <p>Fixed-wing general aviation relocated to Kingston Aerodrome or Queenstown Hill.</p>	<p>Dual airport followed by closure of Queenstown Airport and transfer of all scheduled domestic and international flights to Wānaka</p> <p>Development of both Queenstown and Wānaka Airports for scheduled services.</p> <p>Wānaka Airport, town and district grow to accommodate greater proportion of tourists.</p> <p>Natural development and capacity limits at Queenstown Airport have Wānaka Airport grow larger than Queenstown.</p> <p>The multi-billion-dollar value of rezoned Frankton Flats land, plus demand for development options in Queenstown, create pressure to sell the Queenstown Airport land.</p> <p>All domestic and international scheduled commercial flights at Wānaka Airport.</p>

Notes to Scenarios

The scenarios One to Four are those chosen by MartinJenkins for its social and economic impact assessments⁴. We mirror these here to ensure a consistent assessment and evaluation.

To these, we have added three more:

Scenario Five

Public feedback to QAC's 2018 formal consultation on Air Noise Boundaries (ANB) resoundingly rejected their expansion. There is also strong push-back in Wānaka to the introduction of scheduled jet services into Wānaka Airport. Scenario Five accommodates both these positions.

Scenario Six

Scenario Six proposes the urban densification of Frankton Flats to have it develop as the principal town/city centre for the region. The relocation of Queenstown Airport to a new greenfield site in the Cromwell-Tarras valley would be a necessary consequence. Several groups and communities have advocated this combination in recent months and over past decades.

Scenario Seven

We expect that few if any, would at this time select Scenario Seven as a preferred outcome. We include it in the list of options in recognition that this could become a natural consequence of a dual airport strategy once Wānaka Airport is fully operational.

A compelling case for this may, in time, eventuate from the combination of:

1. Growing population pressure in the Wakatipu,

2. Increasing public concern regarding the adverse impacts of jet-aircraft noise,
3. The potential for QAC and its shareholders to recover \$1.2 billion from its Frankton landholding,
4. The improved profitability QAC would likely gain from the reduction of capital and operational expenditures to a single location, and because
5. Wānaka Airport would not have the operational limits, safety concerns or land constraints that limit growth at Queenstown Airport.

While Scenario Seven may eventuate, it would only do so from the failure of the current decision process to provide a sustainable strategy for the long term.

⁴ [Consultation Documents](#), MartinJenkins, Feb 2020

Chapter One

Methodology

1.1 Scenarios assessed

We have assessed seven possible future scenarios. In addition to the four chosen by MartinJenkins, we have identified three more. These additional three already have been considered and advocated for several decades.

1.2 Principles

Our assessment approach has incorporated the following fundamental principles:

- Give equal regard to the views of all the district's communities, without preference or favour.
- Recognise the diversity of the communities within this district and region.
- Consider the interests of future as well as current communities.
- Prioritise prudent stewardship and the efficient and effective use of the region's resources – its natural, social and cultural capitals.
- Prioritise a sustainable development approach.

These principles mirror local authorities' requirements as set out in Section 14 of the Local Government Act 2002⁵.

⁵ [Section 14\(1\), LGA 2002](#)

1.3 Multi-stakeholder approach

We take a broad view that comprehensively includes all the district's resources and communities to understand the total effects.

To achieve this, we evaluate the effects across twenty-five stakeholders and issues. These range from different communities and industry sectors to planning and operational goals. They include:

- | | |
|-----------------------------------|---------------------------|
| 1. Alpine City | 2. Frankton |
| 3. Wakatipu | 4. Communities |
| 5. Transport network | 6. Economic growth |
| 7. Local business | 8. Auxiliary business |
| 9. Queenstown Airport Corporation | 10. Operational safety |
| 11. Airlines | 12. General Aviation |
| 13. Council and ratepayers | 14. Environment |
| 15. Tourism | 16. Resource use |
| 17. Resilience to change | 18. Housing affordability |
| 19. Region | 20. Wānaka |
| 21. Central Otago | 22. Cohesive supply chain |
| 23. Travellers | 24. Equity |
| 25. Emergency preparedness | |

1.4 Well-being criterion

We used the criterion of *well-being* to assess the scenarios. This approach is distinct from other measures often used, such as the MartinJenkins social and economic impact assessment, which focused primarily on the impacts on GDP per capita.

The well-being criterion aligns directly with the purpose of Council. The Local Government Act 2002 (LGA) requires local authorities "to promote the social, economic, environmental, and cultural *well-being* of communities in the present and for the future."⁶

⁶ [Section 10\(1\)\(b\), LGA 2002](#)

SOLGM, the national membership organisation for local government professionals, has developed a framework and range of metrics specifically targeting the assessment of these four well-beings⁷. We have used this framework and descriptors to support the evaluations made.

1.5 Combined impacts

This report has assessed the combined effects of social and economic impacts on the four well-beings set out in the LGA.

Social and economic well-being are profoundly interconnected. The challenges of accommodation costs in the Lakes District, an economic factor, directly affect social well-being. A holistic approach that considers the combined effects, in our view, enables a more robust evaluation.

1.6 Communities

Our study encompasses the communities of the Queenstown Lakes District together with the adjacent Cromwell-Tarras valley.

This focus aligns the scope of our work with that of the *Spatial Plan for the Queenstown Lakes District*⁸. The inclusion of the Cromwell area recognises its interconnected role with the communities within the Queenstown Lakes District.

Our assessment encompasses all communities with existing relationships with the Lakes District, including current tourists and those who will visit within the district's communities.

1.7 Time frame

We have considered impacts over an extended timeframe because the decision between these seven scenarios will have substantial long-term consequences.

⁷ *Community Well-beings*, SOLGM

⁸ *Spatial Plan*, QLDC,

We note that the Local Government Act places equal weight on the well-being of communities in the future as it does on those of the present.

1.8 Population Growth

We have assumed continuing growth in the district's population at a rate greater than most other districts. QLDC population growth projections suggest a doubling of the normally resident population from 2018 to 2048 at a growth rate of 2.1% per annum.

We consider the high quality of the district's outstanding natural environment will continue to attract visitors and new residents to the region over the long term despite the short-term reduction likely to result from Covid-19. Visitor numbers may become controlled or limited as part of destination management strategies and, in the longer term, through price and policy impacts resulting from emissions and climate change. However, growth in the resident population is less easily restricted as this flows from domestic and international migration.

We expect the district's resident population will someday exceed current-day Nelson or Dunedin.

1.9 Focus on systemic effects

Our assessments have given more weight to systemic effects. By **systemic**, we mean those pervasive and or persistent effects.

For example:

- A concentrated population centre would *systemically* increase the viability and effectiveness of public transport while
- A dispersed population would *systemically* increase reliance on private vehicles and road and parking infrastructure.

In this way, we weighted long-term optimisation ahead of current or short-term preferences. Also, we have prioritised systemic impacts across large communities over specific impacts on small interest groups.

Chapter Two

Evaluating effects

Our assessment takes a broad view that includes all the district's resources and communities. This chapter considers the effects on twenty-five stakeholders and issues — ranging from different communities and industry sectors to planning and operational goals.

2.1 Alpine City

Create the heart for our region

2.1.1 A place to live

Population projections published by QLDC in December 2018 forecast a doubling of residents within the district over the 30 years from 2018 to 2048.⁹ It is reasonable to assume that this region's population will continue to grow well beyond that time.

If we extrapolate the possible growth beyond 2048 using the 2.1% average annual rate from QLDC's projections, then within 75 years, the number of people living permanently resident within the Wakatipu Ward would reach 130,000.¹⁰ This population would be twice the current-day population of Nelson and more than the current-day population of Tauranga or Dunedin.

When forecasting the future, there are many uncertainties, particularly over an extended timeframe like 75 years. Nevertheless, we expect that the district will remain highly desirable as a place to live and will continue to attract both domestic and international migration. We consider the growth in resident – as opposed to

⁹ [QLDC's population projections, QLDC 2018.](#)

¹⁰ [QLDC's population projections, QLDC 2018.](#)

visitor – population to be an exogenous variable. That is, a variable over which the district has little or no control and one not directly coupled with tourism and the growth or change in visitor numbers.

This presumption of substantial ongoing growth in the district's resident population underpins our assessment of the various airport scenarios. Crucially, it raises the questions of where these people might live and what form of urban development would best serve the district.

The *GROW WELL | WHAIORA - Spatial Plan for the Queenstown Lakes*,¹¹ a combined undertaking of QLDC, Central Government and Kāi Tahu, aims to address these questions but is still in the preliminary stage of work.

Our independent analysis has found in favour of developing a concentrated urban Centre ahead of what the spatial plan refers to as distributed centres or developments.

Queenstown Lakes District will need a significant urban centre within the district to meet the needs of these future people. Without such a centre, the many city-sized resources needed would be fragmented and dispersed, built among residential developments and strung along arterial transport routes within the basin. This dispersal would create substantial, permanent inefficiencies and costs with enduring adverse environmental impacts.

A flourishing city would need an integrated mix of cultural, recreational, retail, commercial and educational amenities – all within walkable distance to create a vital and cohesive community in the heart of the Wakatipu.

Integrating high-density residential within this urban centre would:

- Keep the centre vibrant,
- Enable low impact transport options,

¹¹ [Grow Well / Whaiora, QLDC 2020](#)

- Enable the most resource-efficient construction,
- Increase the range of accommodation options,
- Improve capacity to build more affordable accommodation, and
- Create more energy-efficient and sustainable communities.

2.1.2 A central urban campus

A comprehensive, central urban campus or CBD is essential if the district is to diversify its economy beyond the current focus on tourism and construction.

Any non-tourism business looking for a home has plenty of options in the towns and cities of New Zealand. Queenstown will need to offer a functional, liveable, compact, and attractive urban campus or CBD to attract them.

A priority for most would be an integrated and cohesive business services network. A unique natural environment with tourism centric businesses, while a nice-to-have, is not enough.



FRANKTON FLATS OFFERS A TREMENDOUS OPPORTUNITY FOR A FULLY INTEGRATED, HIGH-DENSITY SMART CITY
DAVID JERRAM AND GILLIAN MACLEOD

Designing a ‘Smart City’¹² focused on sustainable practice, environmental values and internal cohesion would leverage the district’s outstanding environment. It would attract high-value enterprises aligned with these values.



ARTIST IMPRESSIONS

¹² Smart Cities integrate technology across all systems to improve service and increase efficiencies.

2.1.3 Why Frankton Flats?

The Frankton Flats location offers a unique opportunity for this district to establish such a centre.

Frankton is at the very heart of the Wakatipu Basin and the best place in the district to create a city centre. Frankton is:

- **At the centre** of the Wakatipu’s already developed transport network.
 - It is the natural hub of the public and active transport networks.
 - Is integrated with State Highway 6, which connects to the north and south.
 - A ring road is already in place.
 - High-density development on flat land would enable short distance and low impact transport options within this ring.
- **Naturally contained**, which promotes density and the avoidance of sprawl.
- **Large enough**. Removing the airport creates enough area in Frankton to accommodate a city centre larger than Nelson.
- **The hub** of most of the district’s infrastructure networks, from power and communications to waterworks and sewerage.
- **Most cost-effective construction**. Flat, stable central land.
- **Sunny**. Frankton Flats enjoys some of the most prolonged sunshine hours in the Wakatipu Basin.
- **Already has civic, recreational and community facilities**, including Queenstown Events Centre, sports fields, Wakatipu High School, primary and pre-school, library, medical facilities, and retail.

- **Less prone to seismic hazards** such as liquefaction, mass movement, landslide, or tsunami relative to most other areas of the Wakatipu Basin, including most existing urban areas.¹³
- **Outstanding vistas**. With the Remarkables mountain backdrop to the south, mountain ridges all around and the natural borders of lake and rivers, there would be few locations in the world that could promise a more beautiful alpine city setting.

2.1.4 The Spatial plan

“Frankton recognised as the central hub of the Basin and has potential for the highest densities” was a key theme from Wakatipu workshops of the Queenstown Lakes Spatial Plan.¹⁴

However, two-thirds of the community involved in the workshop process chose the ‘Connected Settlements’ option for development rather than ‘Main Centre’.

¹³ *Seismic Hazard in Queenstown Lakes District, Aug 2015*

¹⁴ *Early insights summary, Queenstown Lakes Spatial Plan, June 2020*



QUEENSTOWN SPATIAL PLAN WORKSHOPS EXCLUDED QUEENSTOWN AIRPORT FROM DISCUSSION AND DID NOT INCLUDE THE AIRPORT OR ANBs ON THE MAP RESOURCES. FAILURE TO DO SO UNDERMINES MEANINGFUL INTERPRETATION OF PUBLIC FEEDBACK.

SOURCE: GROW WELL, QLDC AND PROPOSED NOISE CHANGES, QAC

Caution is needed to avoid placing too much weight on these results. Among other concerns, we note:

- The option to develop Frankton Flats as this central hub was not allowed to be discussed at the workshops¹⁵. As Frankton without the airport was not an option, it could not be “preferred”.
- Queenstown Airport exists in Frankton, but it was not shown on the maps. Most people, including the authors, would not choose to live directly beside the airport. That leaves little option for the Wakatipu Basin other than connected settlements or dispersed development.

¹⁵ Experience at Remarkables Primary School and Memorial Centre workshops.

- Within the workshops, the need for residential development was the primary impetus for new development,
- Council had not informed the community of its housing capacity assessment study, which clearly shows that there is enough supply for housing within current urban boundaries for the next 27 years.
- There was no information on how each option could resolve the district’s affordable housing problem. Three decades’ experience shows the market and new developments fail to provide for this sector within the Wakatipu.
- There was no information or education for participants regarding the necessary and integrated commercial, business, cultural, and health development needs of the community. Or how these might best interlink with each residential development option.
- Nor was there information regarding the long-term sustainability, environmental impacts or different levels of resource use between the options.

Such information would be necessary to enable the community to make an informed decision about the appropriate development option.

Where dispersed villages with tight boundaries have been useful, such as in Germany, no town is further than a short drive from a major centre with comprehensive CBD and other amenities. Invercargill and Dunedin are too distant to fulfil this role for the Queenstown Lakes District.

With the district’s high projected growth of permanent residents, as opposed to tourist visitors, we believe the decision to not plan for a comprehensive urban centre would be a significant failing.

2.1.5 Conclusion

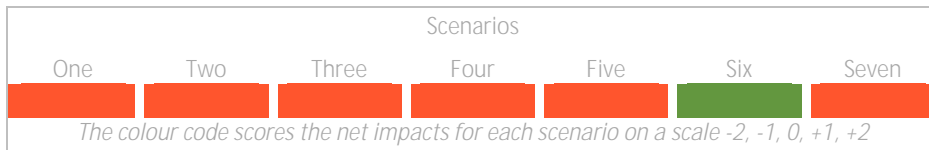
Our analysis identifies Frankton Flats as the only viable location within the district for a substantial and cohesive CBD. Establishing and designing Frankton as a Smart

City, explicitly founded on sustainable environment values, is perhaps the most effective strategic action the district could take to diversify its economy.

Choosing to leave the airport in Frankton would frustrate the potential to attract or develop a more diversified economy and entrench tourism’s dominance.

Scenario Six, the relocation of Queenstown Airport to the Cromwell-Tarras valley, is the only strategy that could deliver the potential of an Alpine City for future generations.

1. Alpine City



2.2 Frankton

Create a vibrant and liveable community

Shaping Our Futures consultation with the Frankton community identified that its residents aspire to a peaceful, connected, and vibrant community¹⁶.

2.2.1 Restricted development options

Frankton residents gain little hope to realise their aspirations from the \$840,000 draft *Frankton Master Plan (2048)*¹⁷ developed for QLDC by Boffa Miskell.

The continued presence of the airport was a Council precondition of Boffa Miskell’s design process.

¹⁶ *Shaping Our Future – Frankton community forum*, Sept 2018

¹⁷ *Frankton Master Plan*, QLDC, July 2019

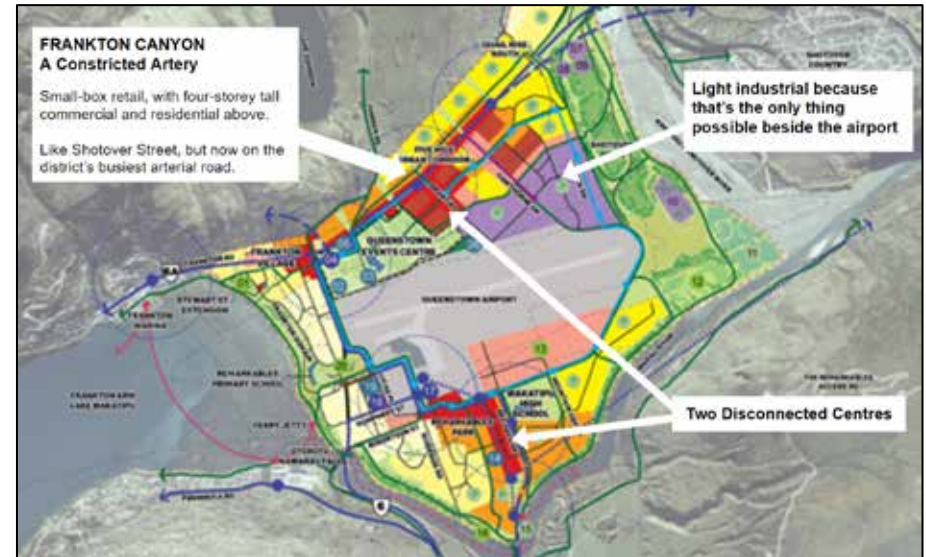
Queenstown Airport uses New Zealand Standard NZS6805 to guide to manage the effects of aircraft noise around the airport¹⁸. QAC seeks *no* development of new activities sensitive to aircraft noise (ASAN) unless the District Plan already permits it.



AIR NOISE BOUNDARIES LIMIT THE LOCATION AND TYPE OF DEVELOPMENT PERMITTED ON FRANKTON FLATS
SOURCE: PROPOSED NOISE CHANGES SUMMARY, QAC 2018

Air Noise Boundary restrictions

The impact of this precondition was not just the large block of airport land bisecting Frankton Flats from east to west. The airport’s current Outer Control and proposed 55 dB L_{dn} air noise boundaries (ANB) also constricted BoffaMiskell’s design options. These extend beyond the airport’s perimeter fence, restricting development across more than 80% of the Flats.



FRANKTON MASTER PLAN CONCENTRATES SMALL-BOX HIGH-DENSITY RETAIL ONTO FIVE MILE
SOURCE: SCUTTLEBUTT, JULY 2019

ASAN include residential activity, visitor accommodation, community activity, childcare facilities, schools, and specific areas of hospitals. So, BoffaMiskell was obliged to push all such development outside the ANBs.

These limitations and restrictions on the land available and land uses permissible near the airport resulted in severe constriction for BoffaMiskell. The inevitable consequence was their choice to reinforce the existing split into two separate halves – Five Mile to the north and Remarkables Park to the south.

¹⁸ *Queenstown Airport Proposed Noise Changes, QAC, July 2018*

Split centres lack integration

With the airport straddling the land between them, these centres lack cohesion or connection, despite their relative proximity. They are barely a stone's throw from each other across flat, accessible land. However, the growing jet airport would mean these retail and commercial centres would always remain a car's drive apart.

Bottleneck on State Highway 6

ANB constrictions on activities sensitive to aircraft noise have also forced the Boffa Miskell plan to squeeze most future commercial and retail onto the State Highway 6 at Five Mile. This section of highway is and will continue to be the busiest arterial vein in the whole region. Nevertheless, the airport at Frankton forces BoffaMiskell to clog it with small-box retail lining both sides of the road and with commercial services and residential stacked four storeys high over the top.

Their proposed "Urban Corridor" would surely be one of the most compromised and ill-advised urban developments. The decades-long logjam of Queenstown Bay's Shotover Street and 30 years of failed efforts to find a free-flowing traffic bypass give forewarning of the frustrations and costs of this proposal. Frustrations and inefficiencies would magnify onto the busiest arterial road in the region.

Worker concentration

The Boffa Miskell master plan also crams a 200-metre-wide, kilometre-long strip of four-storey high-density residential into the narrow flat land directly north of the Five Mile state highway.

While this has always been the coldest and shadiest area of Frankton, Boffa Miskell was obliged to keep residential development outside the airport's Outer Control or future 55 dB L_{dn} air noise boundary.

This area and its position beside an arterial route and jet airport would be functional but not broadly appealing. It would be unlikely to attract a diverse range of high-density residential that includes condominiums and other high-quality apartments for permanent residents. Instead, it would likely target worker accommodation.

Associated negative urban planning considerations would include traffic congestion and noise, neighbourhood air pollution, difficulty accessing public green and open space, and difficulty creating healthy, integrated communities.

2.2.2 Compromised outdoors

The Boffa Miskell plan shows outdoor recreation amenities on the Shotover delta and lakefront reserve. While this makes good sense regarding land use and proximity to population centres, there are no noise mitigation options available for the outdoors.

These areas fit within the 60 dB L_{dn} and proposed 65 dB L_{dn} air noise boundaries. Continued airport expansion would seriously compromise the value of this open space amenity. Several airport scenarios would have extended periods of jet operations at less than four-minute intervals. There is no ability to mitigate the intrusive impacts of aircraft noise in the outdoor environment.

2.2.3 Master plan insights

The BoffaMiskell master plan is tremendously helpful for the visual insight it provides.

Even with the best efforts of urban design professionals, their master plan makes clear that retaining the airport in Frankton would result in an enormous failure of potential. It would:

- Entrench significant problems into the region's transport network,
- Undermine efforts to increase sustainability, and
- Prevent any effort to develop a cohesive CBD – necessary to attract and support a more diversified business economy.

The Boffa Miskell master plan makes it clear that keeping the airport in Frankton would not achieve the liveable, peaceful, connected and vibrant community Frankton residents aspire to.

2.2.4 Conclusion

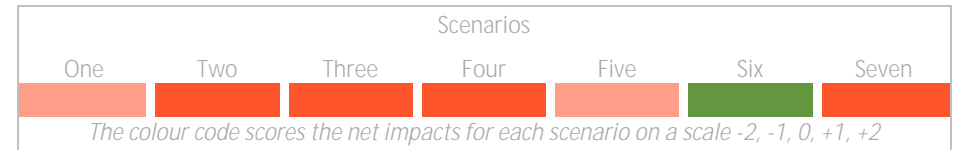
Those scenarios that would retain Queenstown Airport in Frankton would commit Frankton Flats to remain an industrial zone with some version of Boffa Miskell’s disjoint, incoherent and inefficient urban structure – a place to drive to and from.

While Scenario Seven suggests the airport would eventually relocate, this would be so delayed as to have forced development onto the Five Mile “Urban Corridor” and thwarted the opportunity of a more cohesive plan.

In contrast, Scenario Six would provide the opportunity to develop Frankton Flats into an outstanding alpine city. With vision and purpose, it could be designed as a Smart City, embracing technology to promote healthier and more environmentally sustainable outcomes.

The Vision of Frankton¹⁹ presented by urban designers David Jerram and Gillian Macleod gives some insight into what Frankton could become. Such a vision has the potential to deliver the aspirations of the Frankton community.

2. Frankton



¹⁹ See Chapter Five of PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH, June 2020

2.3 Wakatipu

Retain rural character and reduce the urban spread

The open rural landscape of the Wakatipu Basin contributes to the unique environment that is the primary resource of this district.

Each airport scenario would impact the Wakatipu differently, but the most significant differential is, without question, whether Queenstown Airport was relocated away from Frankton.

2.3.1 Impacts of development spread in the Wakatipu

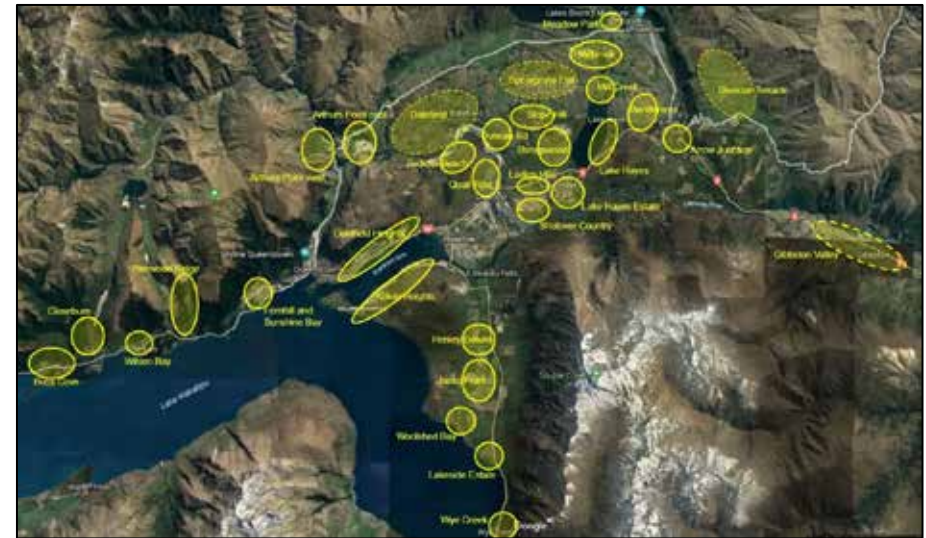
Retaining Queenstown Airport in Frankton would force future residential development to spread throughout the Wakatipu Basin and beyond to Gibbston, Kingston, Glenorchy and Cromwell. The impacts of this would be far-reaching and systemic.

Such a spread population would:

- Use more construction resources per dwelling and per person.
- Require a more extensive and thinner web of infrastructure services, including sewerage, wastewater, potable water, stormwater, pumping stations, and power supply,
- Increase private vehicle demand on the roading infrastructure, with attendant traffic congestion, increased road construction, maintenance costs and impacts on climate change,
- Reduce the viability of public transport, and
- Reduce proximity and accessibility of community, sports and cultural centres.

All these increased construction and maintenance costs burden ratepayers and diminishes long-term sustainability.

Patchwork housing developments throughout the Wakatipu would also diminish the quality of the landscape and the productive potential of the land. At the same time, increased jet aircraft noise would further reduce environment values and liveability for all.



FRAGMENTED RESIDENTIAL DEVELOPMENTS ARE SPREAD THROUGHOUT THE WAKATIPU
SOURCE: FLIGHTPLAN2050

2.3.2 Effects of limited development spread in the Wakatipu

Scenario Six would use QAC's Frankton land to create a cohesive, high-density urban centre. This scenario would ensure the district could accommodate the many thousands who will seek to migrate to it – well beyond the current three-decade planning horizon.

Early densification would ensure that such continued population growth would not destroy the outstanding qualities which make the region attractive. It would localise residents close to active and public transport and community facilities.

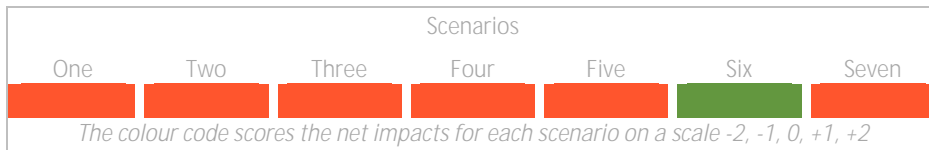
As well as creating a vibrant, peaceful and liveable community that would become the living, sporting and cultural heart of our district, it would:

- Reduce development pressure across the Basin,
- Reduce congestion of roads throughout the Basin,
- Retain the open, rural and outstanding character of the natural environment within the Wakatipu, and
- Reduce the negative impacts of jet-aircraft noise within the Wakatipu Basin.

2.3.3 Conclusion

Concentrating high-density residential and commercial development on Frankton Flats would be the best way to retain the special character and outstanding natural landscape of the Wakatipu Basin.

3. Wakatipu



2.4 Communities

Develop our community heart

Queenstown Bay remains a focus for tourists visiting this region, but it is no longer the centre for the Wakatipu community. Over the past decade, retail, sporting, educational and other amenities at Five Mile and Remarkables Park have made Frankton the principal hub for Wakatipu residents.

The same decade has seen scheduled jet flights at Queenstown Airport grow threefold. The introduction of jet aircraft has substantially increased both the frequency and intrusive loudness of aircraft noise. These levels now significantly impact people and degrade their outdoor and home environments. This effect directly undermines the quality of life of the substantial local community living within its noise boundaries.

2.4.1 Missing local centre

As previously noted, The Boffa Miskell master plan for Frankton would squeeze most new development onto the district’s most vital arterial route. The airport land straddles the Flats, and its air noise boundaries further increase restrictions on activities sensitive to aircraft noise. These restrictions leave no ability to develop an integrated, connected community.

The two centres of Five Mile and Remarkables Park might meet some of the community’s functional needs but would not become its home.

The continuing lack of a liveable, local town centre and CBD would erode the district’s sense of community and undermine its cultural and social well-being. It would force new developments to spread throughout the basin, with none having the commercial, recreational, civic, or educational mix needed to support a cohesive community.

2.4.2 Lost social licence

It is no surprise the Wakatipu community has been overwhelmed by tourism. Tourism Industry Aotearoa’s ‘mood of the nation’ survey found that 76% of Queenstown residents think there is too much pressure from tourism²⁰.

The location of Queenstown Airport in the very centre of the residents’ town – fuelled by cheap flights and its increasing role as the region’s hub – has been a major contributor to these negative perceptions.

2.4.3 Increase diversity

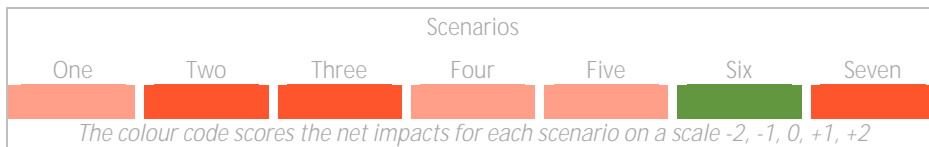
A thriving urban centre and CBD on Frankton Flats would provide a mix of residential, commercial and community amenities all within easy walking distance. Based on Smart City and strong environmental design principles, it would provide attractive living options not currently available in the region’s typically spread suburban developments.

Such diversity would enhance the vitality and stability of the district’s communities.

2.4.4 Conclusion

Relocation of the airport is the only scenario that would provide a unique opportunity to design a vibrant and liveable alpine city on Frankton Flats. A liveable city that would become the community heart of the district, a major population centre and magnet for high-value, non-tourism enterprises.

4. Communities



²⁰ *Mood of the Nation, March 2019*

2.5 Transport network

Reduce congestion and increase public transport

Which airport scenario would best integrate the district’s transport network, be most effective and cost the least? Our focus looked at the Wakatipu, Wānaka and the connecting state highways, including Crown Range.

2.5.1 The Wakatipu

In the Wakatipu, congestion has become a substantial problem, and roading remains the most significant single expense in the QLDC budget. Council rates fund all local roads.

Public and active transport

There have been efforts to stimulate more public transport, with subsidised buses and trials with ferries. Nevertheless, congestion remains a growing problem.

Investment in cycleways promotes active transport. However, the substantial distances separating the Wakatipu’s residential developments from key amenities will impede progress.

Public and active transport is best optimised by having intensive urban settings that cluster business and community facilities have fewer node centres and shorter travel distances. A dispersed population dramatically reduces the potential for public transport, as do thinly distributed, multinodal retail, community and commercial facilities.



A CENTRAL CBD AT FRANKTON FLATS WOULD CREATE A HUB FOR PUBLIC TRANSPORT
SOURCE: FLIGHTPLAN2050

New mixed-use developments, such as that proposed by the Council for the northern side of Ladies Mile, only reduce their residents' vehicle use by 5%-8%²¹. Furthermore, by distributing commercial activity across multiple small centres, they would reduce the effectiveness of public transport compared with keeping most non-residential facilities in a single location.

In contrast, the densification of Frankton Flats, with the development of a comprehensive local CBD and the broad range of facilities already there, would substantially increase the effectiveness of public transport and reduce the growth of private vehicles on the road network.

²¹ NZTA, Dunedin Office

Bridge congestion and expense

The Council's proposed development for the northern side of Ladies Mile would add congestion pressure onto Shotover Bridge and onto the Five-Mile arterial route.

The broad and flood-prone Shotover River would be prohibitively expensive for any new or second bridge. The road networks also limit a second bridge's possible placement and potential usefulness.

Connecting the population centres of Lake Hayes Estate, Shotover Country and northern Ladies Mile to the commercial areas of Frankton will become increasingly challenging with no apparent solutions. Already, the morning commuter traffic is typically backed up bumper-to-bumper through to Lakes Hayes each day.

The Frankton Master Plan prepared by BoffaMiskell would concentrate high-intensity retail and four-storey commercial and residential onto State Highway 6 at Five Mile, further compounding this problem.

In contrast, the Kawarau River to the south of Frankton is narrow and not prone to flood action. Existing road networks would easily allow a second bridge that would be immediately effective in dissipating congestion at build costs substantially less than would be needed to cross the Shotover. A separate foot and cycle bridge could also be easily introduced onto this section of the Kawarau River.

Concentrating development and population growth in Frankton and the expansion of Jacks Point, Henley Downs and Woolshed Bay offer the best structural option to enable high participation in active and public transport.

Distributed development promotes demand for roads

The Wakatipu currently has 32 separate residential developments spread throughout the Basin²², none having the commercial, recreational, civic, or educational mix needed for a cohesive community. Queenstown Airport's continued presence in Frankton Flats would force all future residential development to spread

²² See Chapter Two of PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH, June 2020.

throughout the Wakatipu Basin and to ever more distant options, such as Kingston, Gibbston Valley and Cromwell.

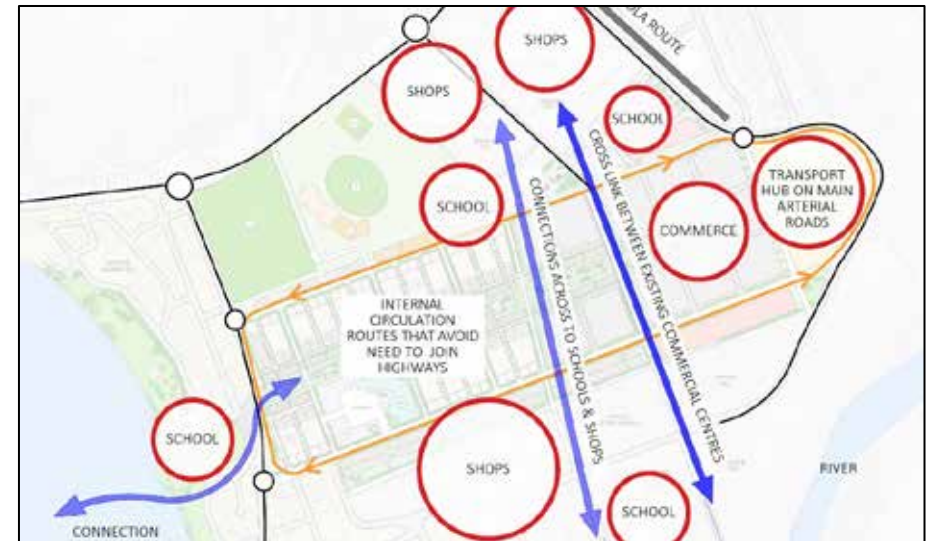
Development that spreads and disperses residential and commercial centres would commit more people into private vehicles and onto roads to get to school, work, shopping, sport, and recreation. The spread population would increase reliance on cars, congestion of the district's roads, time wasted and pollution created in travel.

It would also commit Council to more ratepayer-funded capital and maintenance expenditure on Wakatipu roads.

Densification reduces demand for roads

Tens of thousands of residents in a large, connected, and liveable community at the heart of Wakatipu would remove all those vehicles from the district's roads. It would also reduce the need for many to own cars, or multiple cars per household, thereby reducing their living costs.

Within a one-kilometre radius, Frankton residents would have a complete range of facilities, from schools and hospital to sports, recreation, work, and commerce. This would reduce their reliance on vehicles and increase the use of active and public transport.



INTEGRATED CBD ON FRANKTON FLATS MAXIMISES ACTIVE AND PUBLIC TRANSPORT WITHIN THE RING ROAD
SOURCE: DAVID JERRAM AND GILLIAN MACLEOD

Such concentration of community and commercial amenities within the centre of the district would improve the effectiveness of the public transport network for everyone in the Basin – increasing efficiencies and reducing costs.

Conclusion

To relocate Queenstown Airport to the Cromwell-Tarras valley, Option Six would be the best outcome for Wakatipu transport.

2.5.2 Crown Range Road

Crown Range Road is the fastest link between Queenstown and Wānaka and draws much of the traffic between these centres. It is also one of the most challenging in the district and expensive to maintain. As a Special Purpose Road, the government part-funds its maintenance.

As a narrow winding road with limited opportunities to pass, it quickly becomes a bottleneck as speeds drop to the slowest driver.

A single airport in Queenstown would continue to grow demand on Crown Range Road from travellers destined for Wānaka.

A dual airport strategy would likely reduce some of the demand on this road.

Relocation of Queenstown Airport to the Cromwell-Tarras valley would altogether remove airport-related demand for traffic on the Crown Range Road. Removing this traffic would avoid already evident congestion concerns, and it would reduce the need for capital expenditure on upgrades and reduce the projected maintenance costs. Much of which would fall to local ratepayers.

2.5.3 Kawarau Gorge (SH6)

The central government funds all construction and maintenance of the Kawarau Gorge road. It has been regularly upgraded over many years, with increased width, passing lanes and safety barriers. Over the long term, there is considerable opportunity to straighten and widen the road and shorten it if a tunnel were considered.

The relative impact of each airport scenario on the travel volumes for SH6 is not immediately apparent.

Retaining the existing air noise boundaries at Queenstown Airport²³ might temper the number travelling to and from the airport to access Central Otago. However, it might also cause an increase in traffic volume through the gorge from an increase in road transport to Queenstown.

While the dual airport scenarios would likely reduce traffic growth on the Crown Range Road, it is unclear what effect they would have on SH6 through Kawarau Gorge.

²³ We note that existing technologies already in use by some airlines can reduce jet-aircraft noise by 75%. So, the existing ANBs could potentially permit four-times more aircraft movements than QAC have acknowledged to date.

In the past decade, Queenstown Airport has become a regional, rather than a destination airport. Figures released by QAC indicate that only 43% of passengers remain within the Wakatipu²⁴, with many travelling on to Wānaka and Central Otago. If so, then there will likely be little change in the number of people travelling through the Kawarau Gorge.

Even if relocation meant that more people travelled through the Gorge from the Wakatipu to a Cromwell-Tarras airport, this would not necessarily increase traffic volumes.

Currently, those landing at Queenstown Airport use private or hired vehicles to get to Wānaka or Central Otago. Their dispersed destinations mean Airport bus services do not suit.

In contrast, an Airport Express bus service would make perfect sense if the airport were in the Cromwell-Tarras valley. Then Wānaka, Queenstown and the airport become primary nodes. With more people per vehicle and professional drivers, the traffic volume and driving safety through Kawarau Gorge could well improve.

Significantly, SH6 is well maintained and better suited to higher traffic volumes than Crown Range or the local roads of Wānaka and Wakatipu. Also of note, it is fully funded by Central Government – not local ratepayers.

2.5.4 Wānaka

The dual airport scenario would impact road use in and around Wānaka by increasing the number of visitors – on the principle that “if you build it, they will come.” If the dual airport investment evolved into Scenario Seven, there would be a substantial increase in demand on Wānaka’s local roads.

A Cromwell-Tarras valley airport would mitigate the potential for increased demand in Wānaka relative to the dual airport scenario. It would also transfer road demand

²⁴ Data provided by QAC during its official consultation on expanding the Queenstown air noise boundaries.

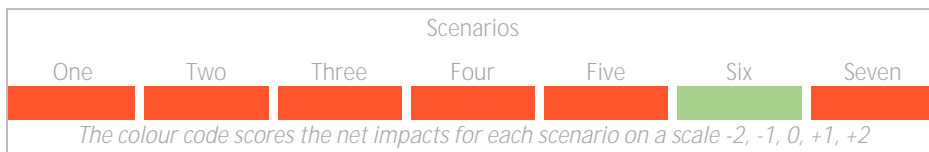
off the locally funded Crown Range Road onto the central government-funded State Highway 6. This highway is more straight, flat, and constructed to accommodate higher traffic volume. An Airport Express bus service would become significantly more viable on this road than over the Crown Range and reduce the number of private and rental vehicles used.

2.5.5 Conclusion

Scenario Six, relocation of Queenstown Airport, is the best option for the district’s transport network. It would:

- Substantially increase the viability of public transport in the Wakatipu,
- Reduce Wakatipu congestion,
- Increase active transportation,
- Reduce the roading capital and maintenance costs borne by ratepayers,
- Reduce demand on the Crown Range road,
- Concentrate airport traffic onto the state highways, which are better suited to high volumes and are funded by the central government, and might
- Reduce the number of tourist-driven rental vehicles using the Kawarau Gorge and Crown Range roads, as visitors become better served by an Airport Express bus service.

5. Transport network



2.6 Economic growth

Increase community well-being, now and in the future

Recovery from the Covid-19 induced economic collapse is the district’s number one focus. The crisis has, however, triggered many calls for an economic reset.

2.6.1 Failure of current economic paradigm

The Queenstown Lakes District’s economy has exemplified the adverse economic outcomes that inspire calls for change. Our analysis shows that the local economy has delivered poorly for its community.²⁵

- Queenstown Lakes’ “average” income for workers is \$55,082. This average is less than Northland’s \$55,318 or the West Coast’s \$56,758 – two regions often identified as New Zealand’s poorest.
- Queenstown Lakes’ productivity (GDP created per worker) is \$102,039. This productivity is less than Northland’s and 10% lower than West Coast’s \$113,620. Queenstown Lakes workers produce, on average, 23% less revenue per day than those in Auckland.
- Queenstown Lakes’ “mean income” was 15% lower than the mean for NZ in 2018.
- Even these figures overstate the reality for many locals, as a significant income disparity characterises the district’s economy. Many of its highest earners derive significant income from investments and businesses outside the region.
- Queenstown Lakes’ economy (GDP) grew at 4.6% in 2018. However, the district’s population grew by 5.7% and employment by 7.1%. So, the district’s GDP growth was more people working longer for less each. Even

²⁵ For more detail and sources, see Chapter Nine of PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH, June 2020.

as it channelled more money to business owners and landlords, it produced a negative return for the workforce.

- Even as they earn less, the living costs for Queenstown Lakes' workers exceed those of Northland or the West Coast. Average Queenstown rents of \$650 per week far exceed the West Coast's \$260 and Northland's \$380.
- The district's principal resource, its outstanding environment, has been degraded with increased jet-aircraft noise and sprawling development even as the livelihoods of its workforce have deteriorated.
- Congestion overwhelms community investment in road upgrades, yet the underlying paradigm of spreading urban development remains.

These adverse economic outcomes for most working people in the district have persisted even while the district's aggregate GDP growth outperformed most regions of New Zealand.

This outcome of increasing wealth for the top 1% while reducing the living standards of the workforce invalidates past economic mantras of "trickle-down benefits", "a rising tide lifts all ships", or "what is good for business is good for all."

The low productivity and low wages cause harm to the district's communities. Workers are forced to crowd into flats, often sharing rooms and hot bunking to reduce accommodation costs. The itinerant workforce often has little or no commitment to the local community—high staff turnover resulting from incomes insufficient for them to settle in the district. A profile now so entrenched that it is accepted as normal.

The impacts of growth also harm the district's environment. While devastating for its economic impact, the absence of jet flights has triggered recognition of a resource degraded, the expansive outdoors of the Wakatipu Basin that thousands have loved.

The enforced pause from Covid-19 has given a chance to reflect. Many have called for an economic reset.

2.6.2 A new economic paradigm.

The enforced break from the relentless pressure of business-as-usual gives a chance to see that the structure for new economic thinking already exists in New Zealand.

The Central Government and local Council's economic goals have already changed:

- *From* exponential profit and GDP growth *to* an increase in well-being.
- *From* increased private incomes *to* increased community well-being.
- *From* financial gain *to* social, cultural, environmental and economic well-being.
- *From* individuals today *to* both present and future communities.

This new framework is already established in New Zealand law.

The Government delivered its first Well Being Budget at the national level in May 2019. This budget builds on a Living Standards Framework developed by Treasury under the previous government, which recognises four economic capitals, being:

- Natural – all aspects of the natural environment,
- Social – the norms, rules and institutions that influence how people interact,
- Human – the capabilities and capacities of people, and
- Financial and Physical – financial and human-made assets.

At a local Council level, a parallel framework was put in place with the Local Government Act 2002 amendment in May 2019. This amendment substantially changed the purpose of local authorities.

Instead of being directed to:

“meet the current and future needs of communities for good-quality local infrastructure.”²⁶

The Act now directs Council to:

“promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.”²⁷

Within this legal clause, the well-beings each have equal weight. All communities are equally important. The future has the same weight as the present.

The new law is a radical change in the role of the Council, and it requires a substantial change in thinking. A first step would be to develop a range of well-being indicators for the district. The council could use these to identify gaps and measure its performance.

Treasury, for example, has developed a comprehensive “Dashboard” to measure performance against the Living Standards Framework.²⁸

This new thinking, required by law, must frame the Council's goals for the airport it owns.²⁹

2.6.3 Economic targets

These broader perspectives of well-being are now the goal of economics in New Zealand. Economic growth now must equate to a growth in the well-being of present and future communities across all four elements: social, economic, cultural and environmental.

Promoting communities' well-being is Council's job.³⁰

Instead of assessing the airport scenarios from the perspective of enabling “good quality infrastructure” to “meet the current and future needs” of its communities,

²⁶ Section 10 (b) of the LGA before 14 May 2019

²⁷ Section 10 (b) of the LGA 2002

²⁸ [Measuring wellbeing](https://www.treasury.govt.nz), Treasury.govt.nz

²⁹ Controlling 75.01% shareholding.

³⁰ All the other 469 pages of the Act are about the “how”.

as was the case previously, Council must assess them on how they would best promote the communities' four well-beings.

Because of this significant, legally mandated change in Council's purpose, there is now no presumption that the Council must facilitate the expansion of Queenstown Airport or enable its continued growth to meet the rising demand of airlines.

If the expansion of the airport might reduce the four well-beings of its communities, either in the present or in the future, then it is Council's job to restrict that expansion.

2.6.4 Economic assessment framework

To assess which airport scenario offers the best economic outcome, Council will need a new assessment framework.

Treasury has developed the comprehensive Living Standards Framework to guide decision making and assess economic progress at the national level. We are not aware that Council has developed or is using a similar well-being framework with which it could assess the economic value of the different airport scenarios.

Nevertheless, such a framework is required. It is no longer legally valid to default to GDP type measures of gross revenue, money spent or business growth. Four decades of evidence show these do not equate with the economic well-being of communities, nor do they give any measure of communities' social, cultural and environmental well-being.

2.6.5 Well-being outcomes

The development of a comprehensive framework to measure the four well-beings is beyond the scope of this report. Instead, we identify some potential outcomes that would enhance well-being, which would be influenced differently by the different airport scenarios.

- **Diversify the economy** for multiple benefits, including increased resilience, raised productivity, and lowering resource impact.

- **Improve productivity** to raise worker incomes by reducing high-volume, low-value visitors favouring those who stay longer.
- **Strengthen economic resilience** to better protect businesses, workers and the communities they form.
- **Strengthen communities** by increasing ease of access to community facilities.
- **Reduce the energy and resource-use** footprint per person.
- **Expand public and active transport** to reduce emissions and road congestion while increasing access and connectivity.
- **Improve and protect the environment** because it is the foundation of the district's value and community.
- **Enable an increase in quality high-density accommodation** options to both decrease environmental impacts and improve affordability.
- **Reduce urban sprawl** and development that degrades the outstanding landscape and increases dependence on vehicle use.
- **Increase the efficiency and lower the cost of ratepayer-funded infrastructure** to both improve the environment and reduce the tax burden.
- **Distribute benefit to more people and businesses**, including auxiliary businesses servicing the airport and travellers and those in the region.
- **Reduce and mitigate the adverse effects of excessive growth** in visitor numbers and distribute the benefits more widely.

This list is far from complete. Nevertheless, it helps guide policy to promote well-being.

2.6.4 Well-being scenarios

Where the focus of economic growth is to promote the social, economic, cultural and environmental well-beings of the district's communities, the impact of the different airport scenarios becomes clear.

All the scenarios that retain Queenstown Airport in Frankton would work counter to and further undermine many of the well-beings identified above.

The scenario of capping Queenstown Airport air noise boundaries (ANBs) might reduce the rate of visitor growth and possibly increase their length of stay and the value of spend. It would, however, continue to drive visitors directly into the tourism hotspot of Queenstown, to the detriment of improving productivity, social licence, or developing the economies of other areas within the region.

Crucially, it would prevent the development of the comprehensive CBD that would be necessary to attract a range of new non-tourism businesses to the district.

The economic impact of the dual airport strategies would energise many of the wrong economic drivers that would counter the outcomes listed above. It would amplify the negative impacts on well-being by unnecessarily extending them across most communities in the district.

2.6.5 Conclusion

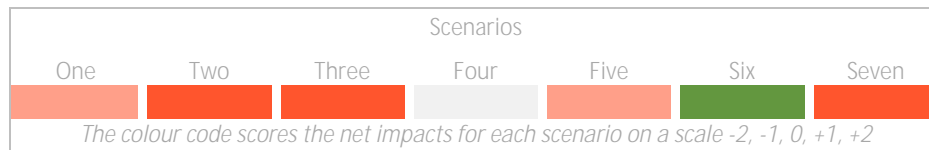
The strategy to relocate the airport to a single greenfield site in the Cromwell-Tarras valley offers the best opportunity to increase the well-being of the district's communities. It would:

- Create a central CBD in the Wakatipu that would:
 - Attract new, non-tourism businesses to help diversify the economy,
 - Improve infrastructure efficiencies to reduce long-term resource impacts and expenditures,

- Take the pressure off current trends of high-volume and low-value visitors, offering better opportunities to increase tourism sector productivity across the region,
- Protect and enhance the district’s principal resource, its environment,
- Increase affordable living options for residents, both within Frankton and by increasing employment elsewhere in the region,
- Centralise the supply chain to the Cromwell area, creating efficiencies,
- Distribute economic opportunity more broadly throughout the region.
- Respect future generations by protecting what is important and enabling new opportunities from an airport without the constraints of geography, safety or urban encroachment.

More detail of our economic analysis can be found in Chapter Nine of PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH, June 2020.

6. Economic Growth



2.7 Local businesses

Reduce variability, increase sustainability and resilience

Some Queenstown businesses consider it essential that Queenstown Airport remains in Frankton. They argue that tourists would not come if their hotels or attractions were further from the airport. They are concerned that moving the airport to 60 minutes³¹ from Queenstown Bay would cause the collapse of the region’s economy.

These concerns may have had merit decades ago when Queenstown was a small and eclectic adventure town at the bottom of the world. However, much has changed.

Queenstown is now one of world tourism’s hotspots.³² While this is beneficial in providing strong visitor demand, it also presents a threat. Over-tourism has overwhelmed many once-favourite destinations. The resulting high volumes and low margins undermine business return and what made the places special. For example, after a decade of strong tourism growth, the Greek party islands and Iceland have faced a substantial decline in visitor numbers resulting from over-tourism in recent years.

With nearly half of the total visitors arriving through Queenstown Airport,³³ the different airport scenarios present a unique and powerful tool to control growth. The choice made will structurally influence the future growth profile of tourism, the value proposition for tourism businesses, and the impacts tourism has on the district’s communities and environment.

³¹ The google map in Chapter Six of PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH shows driving time from Queenstown Bay to a central location in the Cromwell-Tarras valley to be 59 minutes (74 km).

³² Covid-19 may have paused global tourism, but the forces driving it remain. Two-thirds of Queenstown Chamber of Commerce members think visitor numbers will be back to February 2019 levels within three years (Crux, 24 April 2020)

³³ QAC and QLDC figures vary and no evidence is provided, so this is best considered an estimate.

The long-term post-Covid-19 challenge for our local tourism companies is not how to attract more tourists. The real challenges once the immediate business crisis is over are:

1. **Managing visitor numbers.** Over-tourism degrades visitor experience and places stress on the host community, reducing tourism’s social licence and the value for visitors,
2. **Protecting the environment.** The district’s outstanding natural landscape is its core attraction for visitors,
3. **Improving productivity.** Tourism must support the livelihoods of its workforce, and
4. **Building resilience.** Stabilising visitor demand and enabling economic diversity.

2.7.1 Managing visitor numbers

The social licence of tourism in this district has been under threat. And with this, the capacity of the host community to be welcoming and positive towards visitors.

Business should not ignore the 92.5% of 1,507 submissions that opposed the expansion of Queenstown Airport noise boundaries.³⁴ It should not overlook the strong pushback from Wānaka, with 3,300 members of Wānaka Stakeholders Group opposed to jet services at Wānaka Airport. It should not ignore the 76% of Queenstownners surveyed by Tourism Industry Aotearoa who believe there is too much pressure from tourism.³⁵

QAC’s demand-led growth projections predict faster growth visitor numbers than the community or environment could reasonably absorb, if it could absorb more at all.

³⁴ *Summary of Public Consultation Outcomes*, Mitchell Daysh, Oct 2018

³⁵ *Mood of the Nation*, March 2019

The adverse effects of the airport’s growth are compounded by its location in the middle of what has fast become the recreational and commercial centre for the local community. Many in the host community have come to resent the substantial increase in intrusive aircraft noise, the pressure of airport-related traffic and the feeling of being crowded out of their environment.

Expansion of Queenstown Airport’s ANB would cause more visitor growth, exacerbating community concerns and the threats of over-tourism on the environment and business. The dual airport scenarios would further accelerate visitor growth and extend these same adverse impacts onto a second community.

Relocating the airport to the Cromwell-Tarras valley would remove the three most significant concerns: intrusive jet-aircraft noise within highly populated areas, heavy airport-related traffic within the local town centres, and Wānaka opposition jet-aircraft.

There has been no formal consultation of the Cromwell-Tarras valley residents, and their views are unknown. It is time they were.

2.7.2 Protecting the environment

The fundamental element that makes this region attractive to visitors is its natural environment.

Queenstown Lakes District is not Las Vegas, nor would it want to be. It is not adventure, party or razzmatazz that underpins the district’s tourism industry. It is the stunning landscapes and beautiful environment.

Degradation of the district’s environment, more than anything else, is the local industry’s biggest threat. Alienating its communities is the second biggest threat.

The expansion of Queenstown Airport and the dual airport scenarios would inexorably degrade the district’s unique environment. The intrusive, adverse impacts of jet aircraft would be harmful to tourists and the host community.

Relocation of the airport would not stop jet-aircraft noise. Nevertheless, it would move it away from the unique environments the tourism industry relies on and away from the largest population centres. Of the five viable sites our research has identified, some have fewer than 100 dwellings within a 12km radius so that aircraft noise would cause substantially less harm.

Additional to the airport's relocation, the development of Frankton Flats into a "smart" alpine city based on sustainable principles would align with and enrich the district's environmental lodestone.

2.7.3 Improving productivity

Increasing the value per visitor has long been the strategic goal of the local tourism industry. However, our research has shown the opposite outcome, that productivity per worker in Queenstown Lakes has been decreasing.³⁶

Improving productivity is key to improving wages and the living standards of the tourism sector's large workforce. Local business resistance to raising the minimum wage emphasises its structural dependence on a cheap, undervalued workforce.

The solution to improving productivity has always been the same – focus on quality, not volume.

In both regards, the Queenstown and dual airport scenarios would run counter to raising productivity.

- Locating airports directly within both the district's tourism hotspots would promote higher visitor numbers, emphasising volume ahead of quality, and
- The quality of visitor experience would be directly undermined by either the Queenstown or dual airport scenarios, with increasing jet-aircraft noise degrading the environment tourists come to experience.

³⁶ See Chapter Nine of PART C: QUEENSTOWN AIRPORT – FACTS AND FIGURES, June 2020

2.7.4 Building resilience

Covid-19 has been a wake-up call that shows how heavily the region's economy relies on tourism and on an underpaid workforce of temporary visa-holders. Improving business resilience within the tourism sector is necessary, but so too is promoting a more diversified economy.

Variability of demand

Many tourism businesses operate on slim margins and short cashflow buffers, despite often substantial investment. In these conditions, variability of market demand is a problem.

The most common response to changing demand has been to adjust staff costs. This impact on employment is regularly absorbed and hidden within the mobile workforce. It keeps wages low, at or near the minimum wage. Such uncertain jobs and low wages undermine community well-being.

Queenstown Airport's location in Frankton exacerbates the variability of demand. Its immediate proximity encourages low-cost, high-volume tourism of short duration. Exemplified by the weekend ski trip from Melbourne or Auckland – cheap flights with discounted accommodation and ski passes.

Such tourism is vulnerable to rapid changes in consumer confidence, economic cycles, destination weather and seasonal conditions.

When tourists make more effort to visit, they are likely to plan and book earlier, stay longer and pay more for higher-value experiences.

Diversifying the economy

Years of discussion to diversify the district's economy has had little effect. A fundamental cause of this is the lack of commercial density for anything other than tourism.

Past suggestions of a knowledge economy – a university and innovation hub spawning high-tech and other high value-added businesses – align well with the

region's outstanding natural environment. In Sir Paul Callaghan's words, Queenstown Lakes could be a place "where talent wants to live".³⁷

While knowledge enterprises need good air connectivity, they do not seek to co-locate directly adjacent to an airport. We do not, for example, see the tech sector in Auckland co-locate with Auckland Airport.

Urban density is crucial to knowledge industries, but such density is lacking in the Queenstown Lakes District. A structural change is therefore needed. The district must develop a centre with the substance and character such enterprises need to attract knowledge industries. However, the Queenstown Lakes region currently has no such plans.

Retaining Queenstown Airport in Frankton would inhibit the diversification to knowledge industries. It would limit the ability to develop any significant enterprise concentration while also making the centre a less pleasant place to live and work.

2.7.4 Conclusion

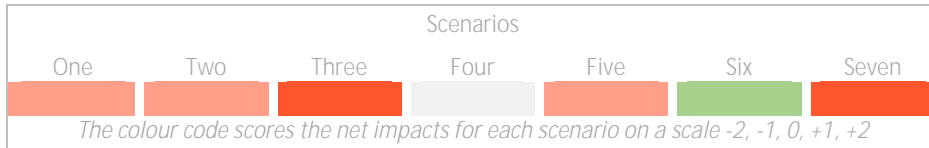
As the region's tourism industry matures, the ambition of business should be for sustainable success in tourism and diversification of its economy. Applicable goals would include strengthening the community, protecting the environment, raising productivity and building resilience.

The scenarios that would retain Queenstown Airport within Frankton would undermine these goals. The dual airport scenarios would undermine them further.

Only Scenario Six, the relocation of Queenstown Airport to the Cromwell-Tarras valley combined with the development of an alpine city on Frankton Flats, aligns with the ambition of sustainable success.

³⁷ *StrategyNZ: Mapping our Future, Mar 2011*

7. Local business



2.8 Auxiliary business

Support these high productivity businesses

Queenstown Airport Corporation itself employs only about 70 staff. However, many more businesses and people are directly affected by its decisions.

These include air traffic controllers, immigration and customs staff, people working in the airport’s shops and cafes, airline ticketing, and vehicle rental services. More people work for off-site support businesses, from maintenance to food supply, and the many aviation companies using the airport, from Air New Zealand to Over the Top.

OAC reports that 80 businesses employ some 1,000 staff across Queenstown and Wānaka Airports³⁸. These numbers are likely to understate the companies and people who derive significant revenue and incomes from the district’s air travel sector.

All these ancillary businesses and staff rely on the airport. How would each of the different airport scenarios affect them?

2.8.1 Dual airport impacts on ancillary businesses

The dual airport scenarios would hurt all these businesses. Either:

- They would suffer increased costs, or
- Their market access would be diminished.

Companies would face higher capital costs to retain access to the whole market across both Queenstown and Wānaka Airports. Such costs would include, for example, two leases instead of one and two shop fitouts instead of one.

³⁸ [OAC Annual Report, 2019](#)

Such businesses would also face higher operational costs. For example, they would need two teams of staff, two phone connections, two power bills, and additional costs of managing their employees and services in separate locations, plus more expensive logistics and admin costs.

Typically, when a business chooses to open a second location, it does so to access new or additional markets. However, their additional costs would not improve market access for all these businesses. In this case, they would face increased expenses only because QAC chose to split their market into two.

Now consider those businesses that instead chose to focus on just one of the airports. Their potential market size would be smaller, even though their lease and other costs would remain unchanged.

Either way, all the ancillary businesses supporting and working within the air-travel sector would be worse off. With increased costs or a smaller market share, they would be less profitable than if the airport operated from a single, central site.

When a business is less profitable, it cannot afford to pay its workers as much or employ as many.

The dual airport scenarios would structurally undermine the productivity of the whole air-transport sector of this region. More than one hundred businesses and the people they employ would be made worse off, and this disadvantage would be baked into the system forever.

That, however, might not worry QAC. The Corporation is primarily a landlord. It charges others to lease its land, whether for aircraft on the runway, shops in the terminal, or vehicles in the car parks.

If the airport shops and other ancillary businesses operate in both airports, then QAC would get two lease payments from each business instead of one. The additional lease costs faced by these businesses would transfer to the bottom-line profit of QAC.

2.8.2 Single jet airport in Frankton

Some of the most expensive land in New Zealand surrounds Queenstown Airport. The tight physical limits on available land at Frankton drive up business costs.

Businesses that must locate near the airport will inevitably incur high land and lease costs. They also find it increasingly challenging to pay staff enough to retain them within the district.

2.8.3 Relocation to the Cromwell-Tarras valley

The idea of relocating business and staff from Frankton to the Cromwell-Tarras valley is unquestionably daunting. Perhaps the shock and sudden stoppage caused by Covid-19 makes it less so.

This hiatus enables the consideration of fundamental changes that could structurally improve business. Particularly changes that could increase business capacity, profitability, and staff's wages and livelihoods. In this context, the potential to relocate businesses to the Cromwell-Tarras valley presents many positives.

These include:

- Avoiding the increased costs or reduced market share of a dual airport strategy,
- Avoiding the limits to potential business growth if jet services were limited to Queenstown Airport only,
- More available land, cheaper lease costs and lower mortgages,
- Lower cost structures that would enable higher wages for staff,
- More affordable accommodation options for their workers, meaning better livelihoods and higher retention, and
- Simplified and concentrated supply chains.

A substantial move such as this would not be without costs. But these would, for the most part, be one-off.

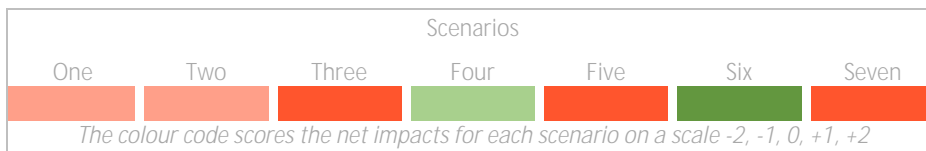
Once completed, the move would enable all these businesses to be more profitable. And this would be a positive structural change that would continue to boost productivity, add value and support higher wages in the regional economy.

2.8.4 Conclusion

The analysis summarised above clarifies the impact of the various airport scenarios on the businesses and people working within the air transport sector. It shows:

- A single jet airport in Frankton would entrench higher business costs and poorer livelihoods for staff.
- The dual airport scenarios would structurally entrench lower profitability across this entire sector.
- A single central site in the Cromwell-Tarras valley would systemically raise profitability and productivity for the sector. It would enable higher wages while also improving housing affordability options and livelihoods for all staff.

8. Auxiliary businesses



2.9 Queenstown Airport Corporation

Less debt, more profit, better facilities and better product

Queenstown Airport Corporation is a Council Controlled Trading Organisation under the Local Government Act 2002³⁹. This designation is because Council owns more than half of the company’s shares, making it the majority and controlling owner.⁴⁰

The LGA gives the Council complete control over the Corporation’s strategic objectives and the nature and scope of its activities.⁴¹ So it is entirely Council’s prerogative to determine the mission and strategic direction for QAC.

Council’s responsibility is to ensure that QAC’s objectives, and the nature and scope of its activities, align with the purpose of the Council. Therefore, QAC must “promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.”⁴²

Within this legal framework, we see that QAC is not a business pursuing its own independent goals. It is not a private or listed company or even a State-Owned Enterprise. The mission of such companies is to maximise their return to shareholders while being as profitable and efficient as possible.

By law, QAC’s mission instead is to pursue the strategic objectives agreed by its shareholders. QAC is required to do this “in accordance with sound business practice.”⁴³ However, this requirement does not mean it must grow profit or equity value for its shareholders unless the council explicitly directs it.

Therefore, any determination of which scenario would be best for QAC comes down to the one that would be best to meet its majority shareholder’s objectives.

³⁹ Section 6 (1) of the LGA 2002

⁴⁰ QLDC owns 75.01% of QAC. AIAL owns the other 24.99%.

⁴¹ This ownership control is exercised through QAC’s Statement of Intent.

⁴² Section 10 (1)(b) of the LGA 2002

⁴³ Section 59 (1) of the LGA 2002

Being the controlling shareholder, it is Council's job to ensure QAC is aligned with Council's objectives and manages the airports in a manner that:

- Promotes the social, economic, environmental, and cultural well-being of communities in the present and for the future, and
- Achieves sound business practice.

The question of which scenario would best promote the communities' four well-beings is the subject of this entire report, so we will not separately analyse it here.

This section will focus primarily on which scenario would best achieve sound business practice for QAC.

2.9.1 Covid-19 impact

Covid-19 has had a dramatic effect on Queenstown Airport Corporation. It has seen its current revenue collapse from an annual \$50 million.

This crisis raises many questions. Will QAC be cash positive this year or the next? Will its reduced enterprise value cause any breach of borrowing covenants? Can it afford to complete its purchase of Lot 6 from Remarkables Park Limited? Will it need bailout money from Council to shore up its balance sheet?

QAC has undertaken to safeguard its core capability⁴⁴, and it will take some years for it to recover. But the Covid-19 crisis will only be a short-to-medium term setback.

Two-thirds of Queenstown Chamber of Commerce members think visitor numbers will be back to February 2019 levels within three years.⁴⁵ According to Jarden's detailed analysis, Auckland International Airport will recover to pre-Covid-19

⁴⁴ *Statement of Intent 2021*

⁴⁵ *CruX, 24 April 2020*

passenger levels by Full-Year 2024.⁴⁶ Boston Consulting Groups' analysis suggests an 18-month timeframe for airline recovery.⁴⁷

Within four or five years the number of visitors and flights will return to current levels. The need for airport expansion and its attendant issues will again be pressing.

QAC, the Council and the community have an opportunity now to investigate and work through the options thoroughly. The goal should not just focus on what is suitable for the company. As before, the goal must be how future development of the airports could best promote the communities' well-being.

2.9.2 Financial analysis

We have completed a comprehensive financial study comparing the scenarios. These are detailed in Chapter One of PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH, June 2020. Key points from this analysis are:

1. The new capital investment needed for Queenstown Airport or dual airport scenarios is equivalent to that required for a new greenfield airport. The cost difference is not material.
2. For all scenarios that retain Queenstown Airport in Frankton, the investment would need to be funded by either debt or new equity.
 - a. Debt interest must be serviced by net operating profit. This EBITDA is limited, and interest costs diminish potential dividend distributions.
 - b. New equity would require additional investment from Council, or Council's ownership would dilute, and it would have less control.

⁴⁶ *AIA Equity Research, Jarden, 29 April 2020*

⁴⁷ *Post-Covid Flight Plan, BCG, 31 Mar 2020*

- c. The need for new investment was why the then board of QAC sold 24.99% shareholding to AIAL for \$27.7 million in 2010.⁴⁸
3. QAC's landholding in Frankton, if rezoned to high-density residential or commercial, has an estimated value of \$1.2 billion (2019 prices).⁴⁹
 - a. QAC took possession of an additional 15.3 hectares from Remarkables Park Limited on 2 November 2019, for a price yet to be determined. The price is likely in the range of \$120 million to \$188 million. It will add to QAC's existing debt of \$67.3 million⁵⁰ and the land QAC could sell if it relocated the airport.
 - b. Farmland in Otago is *1/465 th* the price of high-density land in Frankton: priced in the range \$1.60 to \$2.70 per square metre⁵¹, while bare land in Frankton sells for \$800 to \$1,200 per square metre.
 - c. Our analysis of specific sites shows the potential to secure a landholding ten times the size of Queenstown Airport for \$50 million, including an allowance for \$30 million in legal costs for the resource consent process.
4. The money from selling Frankton land would mean QAC would have no debt. A single central airport would earn higher profits and have a much healthier balance sheet with fewer costs.
5. The financial choice for QAC is to either:
 - a. Use debt or new equity to fund incremental growth of the Queenstown or dual airport scenarios, or

- b. Relocate to a new Cromwell-Tarras valley site, with no debt, more reliable profits and possibly as much as \$200 million surplus capital returned to shareholders.⁵²

2.9.3 Queenstown Airport limits

QAC identifies the limit on the expansion of Queenstown Airport in its *Queenstown Airport Master Plan Options* report. Under the heading 'What's the right number?' the master plan forecasts airline demand for 7.1 million passenger movements by 2045.⁵³ However, it states: "we believe about 5 million passenger movements per year is more sustainable for Queenstown Airport."⁵⁴

While QAC offers no reasoning for this judgement call, it is easy to see that Queenstown Airport would remain constrained by:

- The operational limits and safety issues of its restricted runway and RESA⁵⁵ lengths, geography, topography, challenging weather and busy airspace,
- The physical limits of land available at Frankton Flats,
- Urban encroachment from the growing centres of Five Mile and Remarkables Park,
- Resistance to air noise boundary expansion proposed to include Kelvin Peninsula, Goldfield Heights, Shotover Country and Lakes Hayes Estate, an additional 4,000 properties.
- Aircraft noise that causes environmental degradation in the Wakatipu Basin, and
- Noise, congestion and growth further undermine social licence.

⁴⁸ [QAC Annual Report, June 2010](#)

⁴⁹ See 'The Price of Land' analysis in Chapter One of PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH, June 2020.

⁵⁰ [QAC Annual Report, June 2019](#)

⁵¹ [Interest.co.nz](#), Average prices from farm sales March-May 2019

⁵² See the financial analysis in Chapter One of PART C: QUEENSTOWN AIRPORT – FACTS AND FIGURES, June 2020

⁵³ Based on [Aviardo Passenger Demand Forecasting Report 2018](#), QAC

⁵⁴ [Queenstown Airport Master Plan Options](#), Aug 2017.

⁵⁵ Runway End Safety Area

These limits to expansion at Queenstown Airport appear to drive QAC's decision to develop Wānaka Airport.

2.9.4 Alternative strategies not considered

QAC's dual airport strategy did not stem from the logic that two jet-capable airports within a 70km drive would better serve the district. Instead, it is a case of dealing with overflow from a constrained airport at Frankton.

QAC locked onto the dual airport strategy without serious consideration of alternatives. It is over 25 years since the last of three major studies⁵⁶ investigating alternative sites for the airport. The evidence suggests that QAC consulted none of these in its recent strategic planning.

QAC has confirmed that the 12-page brochure *Queenstown Airport Siting Study – April 2017*,⁵⁷ published on 13 June 2019, constituted the complete analysis and process applied to investigating alternative sites.⁵⁸ This confirmation suggests the statements made in its public consultation document *Queenstown Airport Master Plan Options*⁵⁹ significantly misrepresent the level of work done or consideration given to its analysis of alternative strategies.

As the controlling shareholder, Council should expect more. The Covid-19 induced pause in airline demand gives Council and QAC time to thoroughly investigate the alternatives before irretrievably committing the region to any airport scenario.

2.9.5 Assets fit for purpose

2.9.5.1 Queenstown Airport alone scenarios would be suboptimal

Queenstown Airport alone would always be sub-optimal. Its operational limits of the short runway, minimal emergency runoff zones, challenging topography, severe

weather, wind shear and busy airspace all combine to compromise the safe operation.

Airlines' mitigation, such as extra pilot training, reduced wind limits, and reduced payload on take-off, restrict their operation and add to their costs. The relatively high safety risks of the airport create reputational risk for the region in the event of a severe accident.

Together with specific concerns expressed by the Civil Aviation Authority, these issues are detailed in Chapter Ten of PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH, June 2020.

2.9.5.2 Dual airport scenarios result in suboptimal assets

The dual airport scenarios would result in two suboptimal airports. They would systemically result in QAC having lower quality infrastructure and facilities at Queenstown and Wānaka Airports than would otherwise be achieved at a single site.

Whether it was to upgrade the bathrooms or install new technologies to assist aircraft, most expenditures would be site-specific. Providing these across both sites would mean double the cost.

However, if QAC installed a new facility or technology at just one of the airports, it would benefit only those using that airport. Therefore, the investment affects a smaller market, reducing the benefit and return on that investment.

Either way, doubling the installation cost for two airports or providing improvements to just part of the market reduces the return on investment. The inevitable consequence would be that improvements would be fewer, later, and of a lower order than if there was only one airport.

⁵⁶ [1987, 1988, and 1995](#)

⁵⁷ [Queenstown Airport Siting Study, QAC, June 2019](#)

⁵⁸ [LGOIMA response, 21 Nov 2019](#)

⁵⁹ [Queenstown Airport Master Plan Options, QAC, 2018](#)

2.9.5.3 Dual airport scenarios result in suboptimal product

The dual airport scenarios would lock in a product and service structure that would give less value for QAC's clients – the airlines and the retail and business tenants – than could be achieved from a single site.

Airlines would be disadvantaged by the need to operate in two locations instead of one. They would face additional on-ground costs. The schedules and destinations they could offer at each airport would be less comprehensive than if run from a single location.

Retail and all other tenants of QAC would also be disadvantaged. They would face additional costs to operate at both airports, or they would be limited to a smaller market at just one airport.

2.9.5.4 New central airport scenario (Six)

A Cromwell-Tarras valley location would provide the least physically constrained airport with the least obstructed flight paths, least challenging weather and least cluttered skies.

Focus on a single site, and a \$1.2 billion construction fund would ensure the best infrastructure and facilities.

The location, facilities, and centralised market would provide the best product for QAC's client airlines and tenants.

The centralised, single location would reduce QAC's costs and streamline its supply lines.

2.9.6 Conclusion

From our analysis, it has been difficult to understand why the board of QAC staunchly resist even investigating the option of a new central location.

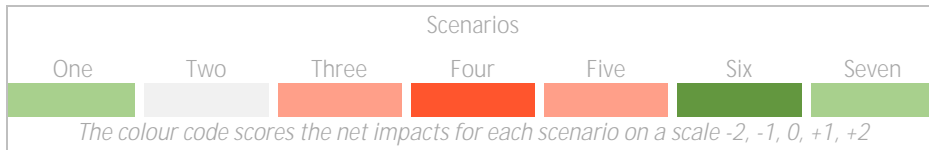
Our comprehensive assessment has found that relocation of Queenstown Airport to the Cromwell-Tarras valley could enable QAC to:

1. Avoid debt, generate more reliable profits and have a much healthier balance sheet,
2. Provide much better facilities and a centralised market that would be a better product for its clients,
3. Contribute to healthier and more sustainable communities in Queenstown, Wānaka and Central Otago,
4. Contribute to improving the Wakatipu environment that is the draw for visitors, and
5. Avoid the growing push-back, conflict and loss of social licence with the Queenstown and Wānaka communities.

In contrast, we found the alternative scenarios would:

1. Increase QAC's debt, reduce its profitability and create balance sheets with lower equity,
2. Develop less optimal facilities, a split market and have a product less suitable for its airline clients and one that undermines the potential profitability of its tenant clients,
3. Reduce the health of its host communities with jet-aircraft noise and congestion within Frankton, the local's urban centre,
4. Further degrade the outstanding environment that is the foundation of the district's value, and
5. Aggravate host community concerns, elevate pushback and reduce social licence.

9. Queenstown Airport Corporation



2.10 Operational safety

Relocation would increase safety

The limitations of Queenstown Airport are well understood by those close to commercial jet operations, such as the pilots. The Civil Aviation Authority explicitly identify them in its annual reports.⁶⁰ They increase risk and compromise safety.

2.10.1 Risk factors

A combination of many factors conspires to make Queenstown Airport one of the most challenging airports globally that operates scheduled jet services.

These include:

- Mountainous terrain,
- Variable alpine weather,
- Winter icing,
- Crosswinds and wind-shear in the confluence of three valleys,
- Short runway,
- Minimal runway end safety areas (RESA) zones,
- Steep drops off both ends of the runway, and
- Constricted busy airspace with a high volume of General Aviation.

Retired Civil Aviation Authority inspector and pilot Colin Glasgow testified in court as an expert witness that Queenstown Airport had a “Category X” rating in CAA and airline operator circles – the highest rank according to degrees of difficulty⁶¹. The increasing concerns held by CAA for operations at ZQN are evidenced in its annual

⁶⁰ See Chapter Ten of PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH, June 2020.

⁶¹ [Mountain Scene](#), March 2012

reports, as we detail in the *Airport Safety* section in PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH, June 2020

2.10.2 Limited mitigation possible

There may be potential for minor improvements in safety at Queenstown Airport through, for example, new technologies. Nevertheless, the fundamental issues that challenge safe operation cannot be changed or mitigated, as they stem primarily from the physical environment.

The continued growth of commercial and GA flights would add to already constricted airspace and further undermine safety.

Commercial jet pilots flying into Queenstown Airport require additional specialised training. They must also complete a minimum number of flights in the co-pilot’s seat before they can captain a flight into Queenstown.

Some airlines prescribe additional operational limits at Queenstown Airport for their jets. These include reduced wind maximum for crosswind and tailwind limits. Also, some airlines must reduce take-off payloads by as much as 5,200kg (equivalent to 52 passengers).

2.10.3 Conclusion

Each of the scenarios that retain Queenstown Airport would lock in a less safe airport. The risk of a severe accident increases the longer the airport is used and the busier it gets.

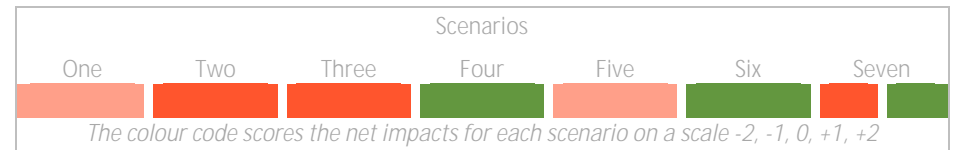
In contrast, relocating the airport to a new greenfield site in the Cromwell-Tarras valley would enable the establishment of a much safer airport. The broad, open valley would provide unobstructed, straight flight paths, more stable weather and wind direction, full-length runway and RESA zones, and uncluttered skies.

Public expectations for passenger safety and security while flying are increasing. Due to the sometimes-rough flying conditions, the number of frightening experiences that many passengers into Queenstown have experienced would

become much less frequent. There would also be fewer flights needing to ‘go around’ or to divert to other airports when unable to land safely at Queenstown Airport.

The opportunity to relocate the airport from a fundamentally precarious location to an inherently safe one deserves serious consideration.

10. Operational safety



2.11 Airlines

Improved safety and better facilities

It makes no sense for an airline to operate from two airports when just one site could service the region.

2.11.1 Airline costs.

For the airlines, duplication would increase cost and complexity. Many duplication expenses are evident, such as the check-in facilities and employment of staff teams at two locations rather than one. The site-specific training costs for staff and pilots and the more complicated supply lines are less apparent. Logistics, scheduling and route planning would all become more complex and expensive.

2.11.2 Schedule options for clients

Operating from two airports in the same region would reduce the service frequency and destinations available from each site compared with having the full schedule operating from a single, central location. Thus, the timing choice and convenience of flights for each airline's passengers would be compromised.

2.11.3 Airport infrastructure and capability

The dual airport scenarios would reduce the quality of airport facilities at each site compared with a single, central location.

Dividing QAC's investment across two locations would be less effective than focusing on one facility. Whether repairs to the runway or installing advanced technologies to allow aircraft to land in difficult conditions, QAC would always face a compromise. Should it invest and upgrade in both locations with twice the cost, or just one and have the investment apply to only a portion of total flights?

These split locations would inevitably result in delayed or less effective investment than if QAC focused on one central airport.

2.11.4 Airline risk

Queenstown Airport is recognised as one of the world's least safe⁶² for scheduled jet services, giving it a high-risk profile for airlines.

Constrained by geography, topography, weather and runway length, there is little opportunity to mitigate this risk for the airline effectively.

The scenarios that retain Queenstown Airport perpetuate this risk for airlines and QAC and Queenstown's reputational risk.

In contrast, a new central location in the Cromwell-Tarras valley would remove the high risk attached to Queenstown Airport. The concentration of QAC's investment into a single, central site would ensure earlier navigational and technological infrastructure upgrades that increase safety.



FIVE VIABLE AND SAFE AIRPORT SITES HAVE BEEN IDENTIFIED IN THE CROMWELL-TARRAS VALLEY
SOURCE: GOOGLE EARTH

The five potential sites in the Cromwell-Tarras valley identified in our research offer unimpeded, safe landing and take-off with a considerably reduced risk for airlines.

⁶² See Chapter Ten of PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH, June 2020.

The improvements in fundamental safety that would come with a Cromwell-Tarras valley site would be a relief for and valued by airlines. Pilots have long expressed concerns about flying into ZQN at night.⁶³ The CAA has consistently singled out Queenstown Airport in its past ten Annual Reports, expressing concerns regarding its safety⁶⁴.

2.11.5 The airline’s voice

In its submission to QAC’s proposed noise boundaries, Air New Zealand specifically advocated⁶⁵ for a new regional airport.

“Air New Zealand does not consider increases to noise limits at QAC, even combined with investment into Wānaka Airport, will ultimately be sufficient to sustainably grow visitor arrivals and the associated economic health of central Otago. While QAC has made some initial evaluations of new airport locations in its Master Plan Options, Air New Zealand considers that options for a central Otago terminal justify further investigation.

We believe consideration should be given to the establishment of an airport that can cater for the future growth of all domestic and international travel to Otago, as well as the appropriate transport solutions to disperse those visitors to all central Otago communities.”

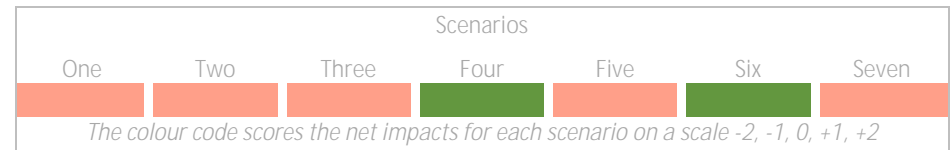
Scenario Six would be the preferred outcome for airlines.

2.11.6 Conclusion

Scenario Six, the relocation of Queenstown Airport to the Cromwell-Tarras valley, is unequivocally the best option for the airlines that operate scheduled services to this region.

It would be more cost-effective, enable the best schedule options for passengers, provide the best airport infrastructure and capability, and substantially reduce the risk profile they currently face when flying to and from this region.

11. Airlines



⁶³ [The Herald](#), Nov 2015

⁶⁴ See Chapter Ten of PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH, June 2020 for details and sources.

⁶⁵ [Air NZ](#), Aug 2018

2.12 General Aviation

Protect an iconic industry

General Aviation (GA) is an iconic business sector of the Lakes District. We recognise that GA must continue to flourish within the region.

General Aviation includes smaller fixed-wing aircraft, helicopters, aero clubs and private jets. It operates from bases in Queenstown, Wānaka, Glenorchy and Kingston. GA currently contributes 43,000 aircraft movements at Queenstown Airport, with this expected to grow to approximately 49,000 by 2040⁶⁶.

2.12.1 Helicopters

All the airport scenarios would retain helicopter operations based on Frankton Flats.

In Scenario Six, the urban design of Frankton Flats would include a transport hub. The hub would integrate surface transport with a vertical take-off and landing (VTOL) zone. The logical place for this hub would be at the eastern end of the current airport runway, where the Shotover and Kawarau Rivers would provide natural flight corridors.

As well as helicopters, this VTOL zone would facilitate electric-powered VTOL aircraft such as those developed by Zephyr Airworks in conjunction with Air New Zealand.⁶⁷ These are new technology, low noise and low emission aircraft designed to provide taxi or scheduled services for 160 kilometres. They would, therefore, be suitable transport options for those seeking a faster link to Wānaka or an airport in the Cromwell-Tarras valley.

Scenario Six could present the best opportunity for this sector, first, through the integration of VTOL with a dedicated transport hub. Secondly, with the additional

⁶⁶ [QAC Proposed Noise Changes, June 2018](#)

⁶⁷ [Air NZ, 18 Oct 2018](#)

custom from those willing to pay to fly to the new airport in the Cromwell-Tarras valley.

2.12.2 Private jets

Queenstown Airport handles about 250 private jet landings annually, a market expected to grow. While this market contributes the largest per capita aircraft emissions that exacerbate climate change, it is also of high value to the local economy.

The private jet market usually prefers for the jet to remain parked at the airport. There is currently limited space at Queenstown Airport for this, though QAC's master plans show potential to extend private jet parking onto the recently purchased Lot 6.

Scenario One, retaining current air noise boundaries, allows accommodation for only a few private jets. This limitation would require jets to fly to other airports, such as Christchurch, for temporary parking.

The dual airport scenarios would have the capacity between Queenstown and Wānaka to accommodate private jets.

Scenario Six would, however, provide the largest capacity to accommodate private jets and their associated concierge and support businesses in one place. A large landholding would also facilitate additional service potential, such as businesses providing leases of short-term hanger facilities.

The Cromwell-Tarras valley location would not inconvenience the extreme-high-net-worth owners of private jets. They would use helicopters, or the new electric drones, to access their final destinations.

2.12.3 Queenstown fixed-wing General Aviation

The ability to operate from the centre of Frankton is a substantial advantage for fixed-wing GA.

All except Scenario Six would retain Queenstown Airport in Frankton, which would seem the optimum outcome for fixed-wing GA businesses. However, our analysis has shown that this is not so clear cut.

The scenarios that retain Queenstown Airport in Frankton also present a threat to the future of fixed-wing GA at Queenstown Airport.

QAC has been negotiating to close the crosswind runway used by fixed-wing GA. Such closure would force all these aircraft to use the main, east-west runway.

The combination of fixed-wing GA and large commercial jets using the same runway may become incompatible as traffic grows. As proposed by Scenarios Two and Three, the forecast expansion of scheduled jet services would result in commercial jets movements at less than four-minute intervals during extended peak periods. It is difficult to imagine that small, slow aircraft would be allowed to clog up the runway and flight path during these busy times.

As jet aircraft numbers grow, fixed-wing GA might first have their hours of operation restricted. Then their operations might be squeezed out of Queenstown Airport, as happened to the Wakatipu Aero Club when QAC summarily cancelled its lease in August 2015⁶⁸.

Even in the absence of any increase in the Queenstown ANBs, the growth in the number of jet flights could crowd out fixed-wing GA. The ANBs place a limit on the accumulated aircraft noise over a year. However, new jets will be much quieter, meaning many more flights would be possible within the existing noise boundaries.

Already deployed technologies have enabled the reduction of aircraft noise by 75%. Such engines and airframes will fly into Queenstown in the coming decades. These quieter jets would allow *four times* the number of flights to operate within the existing ANBs.

⁶⁸ [Stuff](#), Sept 2015

Such numbers of jets would be incompatible with GA fixed-wing operations using the same runway.

With these potential future threats to fixed-wing GA at Queenstown Airport for any of the scenarios that retain Queenstown Airport, it is worth considering the potential of Scenario Six.

Scenario Six includes a financial commitment to develop an airfield specifically for the fixed-wing GA businesses in Wakatipu. This investment would be part of the total budget for Queenstown Airport's relocation, and the sale of rezoned Frankton land would make funds available.

While beyond the scope of this current work, at least two locations warrant further investigation for Wakatipu's fixed-wing GA.

1. Kingston aerodrome: With consent and a sealed runway already in place, this new home of the Wakatipu Aero Club is 30 minutes from Frankton.
2. Queenstown Hill: While this has been deemed unsuitable for a large, jet-capable airport, it might be able to accommodate an airfield suitable for fixed-wind General Aviation.

2.12.4 Wānaka General Aviation

GA operators at Wānaka Airport could become crowded out by either Scenarios Three or Five. These would see Wānaka Airport become the default regional hub, as greater urban density and public pressure restrict Queenstown Airport's expansion.

While Wānaka has room for a second parallel runway that would allow continued operation of fixed-wing GA, full expansion of scheduled jet services would increasingly become incompatible with the other programmes and activities that makes this airport special.

Wānaka Airport offers unique potential. It is close to an international resort and has wide-open, uncrowded airspace. This combination makes it a perfect base for research, such as NASA's balloon programme and Air NZ's collaboration with Zephyr

Airworks.⁶⁹ It also makes it great for hosting major events such as Warbirds over Wānaka.

Whatever the assurances given, they could quickly come undone under the pressure of commercial operation.

The commercialisation of QAC's business at Wānaka Airport also threatens GA operators. QAC would seek to maximise the return on its asset and increase rents. These extra costs would reduce profitability for GA businesses.

Add to this the prospect that Wānaka could become the region's principal airport if Queenstown Airport were closed. A compelling case for this might eventuate from the combination of:

1. Growing population pressure in the Wakatipu,
2. Increasing public concern in the Wakatipu regarding the adverse impacts of jet-aircraft noise on residential developments directly adjacent to the airport and along the take-off and landing flight paths,
3. The potential for QAC and its shareholders to recover \$1.2 billion from its Frankton landholding,
4. The improved profitability QAC would likely gain from the reduction of capital and operational expenditures to a single location and because
5. Wānaka Airport would not have the operational limits, safety concerns or land constraints that limit growth at Queenstown Airport.

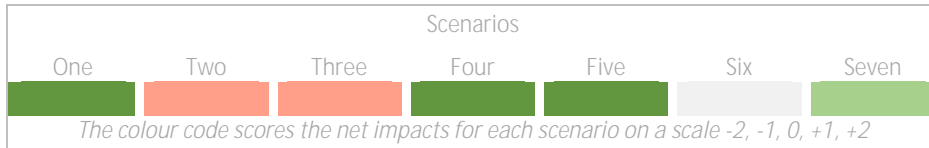
2.12.5 Conclusion

The different sectors and locations of General Aviation are differently affected by the alternative airport scenarios.

- For helicopter businesses and private jets, the differences between scenarios are of little consequence.
- At Wānaka Airport, the dual airport scenarios have the potential for significant adverse outcomes for all GA. At best, this would be through increased lease costs. At worst, future expansion could crowd out research operations and significant events that give the airport its exceptional quality. Wānaka operators would likely prefer the scenarios of a single jet airport in Frankton or the relocated airport in the Cromwell-Tarras valley.
- The different potential outcomes for fixed-wing GA businesses at Queenstown Airport are more uncertain.
 - At first blush, the scenarios that would retain Queenstown Airport in Frankton look the best.
 - Nevertheless, a longer-term threat would remain that expanded jet operations could eventually crowd out fixed-wing GA. Hours of operation could be restricted. Later, GA could be banned. Considering this threat, Scenario Six presents an opportunity, with funding, to invest early in securing a new base for the long term.

⁶⁹ [Air NZ, Oct 2018](#)

12. General Aviation



2.13 Council and ratepayers

Improved airport dividends, much higher rates revenue, and reduced costs of ratepayer-funded infrastructure

Council's two jobs are to enable local democratic decision-making and promote its communities' well-being⁷⁰. Rates paid by property owners, fees charged for services, debt and return on investments fund Council's work.

Much is made of the Queenstown Airport Corporation's financial dividends to Council. However, these arguments fall far short of a full accounting, even before the impact of Covid-19.

2.13.1 Comparative financial outcomes for QAC

Our financial analysis concludes that relocation, together with the urban densification of Frankton Flats, could deliver a debt-free, superior and unconstrained airport. This outcome would be made possible through the \$1.2 billion raised from the sale of Frankton land.⁷¹

Each of the other scenarios gives limited access to the money needed for their capital investment requirements. They would rely on debt serviced by operating revenues or new equity capital provided by Council or other investors.

Relocation of Queenstown Airport would also provide the most potential for additional new revenue streams for QAC. These would come through the Corporation securing a large new greenfield site. A more extensive landholding would be possible because Rural General zoned land in Otago costs less than one *four-hundredth* per square metre than land in Frankton.

⁷⁰ Section 10, LGA 2002

⁷¹ See Chapter One of PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH, June 2020.

With a more extensive landholding, QAC could earn additional income from the development or lease of land to the many businesses adjacent to it⁷².

The \$1.2 billion investment capital, the ability to focus investment on just one instead of two sites and the potential for additional revenue options make relocation the most profitable and resilient option for QAC. It would provide the most significant and most sustainable dividend earning potential for Council.

In its 2019 Annual Report⁷³, QAC declared a \$6.2 million dividend to Council, noting this equated to \$237 per rateable property. Covid-19 has vaporised future dividends, but they were likely already lost to debt servicing under several proposed scenarios.

In addition to more significant and more robust dividends, relocation would give shareholders the potential of capital distribution. The costs of relocation would be of equivalent size to the costs of developing the dual airports. Our research suggests that this would likely be less than the \$1.2 billion value of rezoned Frankton land.

2.13.2 Revenue from rates

Focus on QAC's dividend payments has deflected attention from the fact Council would get immensely more revenue from the airport land in Frankton if the airport land were rezoned to high-density residential and commercial.

Even though it sits in the middle of Frankton Flats, offering the most central and best flat land for construction in the district, Queenstown Airport is mostly zoned Rural General. With this zoning, it returns just \$456,282 in rates revenue to the council⁷⁴.

⁷² A detailed financial analysis is provided in Chapter One of PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH, June 2020.

⁷³ QAC Annual Report, June 2019

⁷⁴ LGOIMA request, QLDC, Feb 2020

If rezoned to high-density residential, it would have a total land value of \$1.2 billion. At that value, QLDC's annual rate charge would be **\$16,570,400**. Even as vacant, undeveloped land.⁷⁵

Future construction on this land would more than double its value, and this would further increase the annual rates Council would charge.

Rezoning the airport's Frankton land to high-density residential would give the Council three times more revenue than it currently receives from QAC. And this would be in addition to a continuing dividend from QAC and its relocated airport.

This opportunity for a substantial increase in annual rates revenue for Council is not possible with any of the other scenarios that would retain the airport in Frankton.

2.13.3 Ongoing infrastructure savings

The airport in Frankton forces future development to spread across the Wakatipu Basin, spreading Council's roading and infrastructure in an inefficient and costly web.

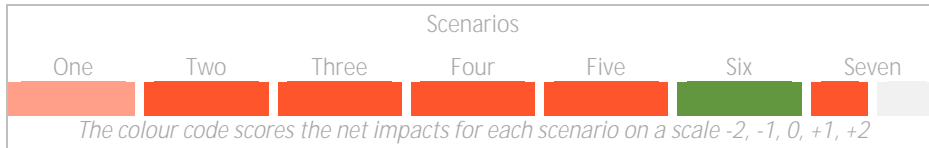
Frankton Flats is the most central and efficient place to locate sewerage and other infrastructure. Relocating the airport to allow high-density development of an alpine city offers enormous long-term efficiency and financial savings, both for capital costs and ongoing operational costs.

2.13.4 Conclusion

Relocation of Queenstown Airport urban densification of Frankton Flats would provide enormously more financial benefit for QLDC and ratepayers than any other scenario.

⁷⁵ A detailed analysis of rateable value is provided in Chapter Eight of Part C: Queenstown Airport, the right approach, June 2020.

13. Council and ratepayers



2.14 Environment

Strengthening our most important asset

The natural environment is the foundation and lodestone⁷⁶ of Queenstown and Wānaka’s value for business and people.

The quality of its environment underpins the region’s long-term potential – for success or failure.

2.14.1 Aircraft noise

Noise has an enormous impact on both the quality of the environment and the people in it. The greatness of this mountainous region depends as much on sound as a movie depends on its soundtrack. A film’s soundtrack engages emotion.

QAC ignored the essential importance of sound during its consultation on the expansion of the ANBs. Its siting study⁷⁷ to support a dual airport strategy claimed "sharing" the sound effects into both Queenstown and Wānaka as a "benefit".

It is clear from the 92.5% rejection of QAC’s noise boundary proposal⁷⁸ that aircraft noise is heavily intrusive – not just irritation at backyard BBQs.

It negatively impacts the daily life of 44,100 people⁷⁹ within a 12km radius of Queenstown Airport – including Gibbston Valley, Wye Creek, Closeburn and Arrowtown.

⁷⁶ A lodestone is a naturally magnetised piece of mineral, important in early navigation as a compass to find direction. The environment’s central importance to everything of value in this district offers an authoritative guide on what should be most supported and protected.

⁷⁷ [Queenstown Airport Siting Study, April 2017](#)

⁷⁸ [Summary of Public Consultation Outcomes, Mitchell Daysh, Oct 2018](#)

⁷⁹ [Average daily population 2018, Queenstown Lakes District Population Projections, QLDC](#)

Keeping Queenstown Airport to the current ANBs would limit the expansion of jet-aircraft noise but not resolve or mitigate its adverse sound impacts on the community and visitors.



JET-AIRCRAFT NOISE HAS AN EXTENSIVE DIRECT IMPACT ON SIGNIFICANT POPULATION CENTRES
SOURCE: INFORMATION FROM QAC AND MITCHELL DAYSH, BY FLIGHTPLAN2050

A similar radius around Wānaka Airport includes 20,270 people⁸⁰ in Hawea, Luggate, Albert Town and Wānaka.

Our research identified five potential locations within the Cromwell-Tarras valley, several with fewer than 100 dwellings within a 12km radius.

The dual airport strategies of Scenarios Three and Five would extend noise degradation to include 41,000 residents and up to 62,000 visitors in both of New Zealand's most outstanding resort destinations.

Only Scenario Six, the relocation of Queenstown Airport, could provide a net benefit, where the noise would impact far fewer people.

⁸⁰ Average daily population 2018, Queenstown Lakes District Population Projections, QLDC

2.14.2 Outstanding natural landscape

Retaining Queenstown Airport in Frankton would significantly degrade Wakatipu's outstanding natural landscape by forcing new residential and commercial development to spread further and more thinly across the Basin.⁸¹

These significant adverse and permanent impacts would result from all scenarios that retain Queenstown Airport in Frankton.

2.14.3 Climate change

Climate change provides a challenging and uncertain future for this district, with its economic dependence on tourism and international travel.

Relocation of Queenstown Airport to the Cromwell-Tarras valley would offer the most effective mitigation of climate change.

Aircraft emissions

Due to more open topography and simple approaches, aircraft flight times would be reduced by about five minutes. Secondly, together with a longer runway and less extreme weather, these two factors would see fewer weather-related delays or cancellations, significantly reducing flight time and average emissions per passenger.

Vehicle emissions

Public and active transport in the Wakatipu would be more viable with the densification of Frankton Flats as a cohesive CBD, reducing dependence on multiple-vehicle ownership per household.

QAC's traveller destination data is insufficient to determine each scenario's net change in road travel. Nevertheless, the Cromwell-Tarras option is the most suited for the use of Airport Express bus services. As well as transporting many more

⁸¹ For detailed analysis, see Chapter Two of "PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH", June 2020

people per vehicle, these could more quickly become electric, thereby converting 82% of their power to renewable energy sources, reducing vehicle emissions.

Construction emissions

High-density residential apartments and condominiums within the Frankton Flats CBD development would substantially reduce the material and energy needed for construction than housing the same population in separate dwellings spread throughout the Basin.

The concentration of infrastructure such as power, sewerage and water services in Frankton Flats would use fewer resources in both construction and operation than expanding these networks throughout the Basin.

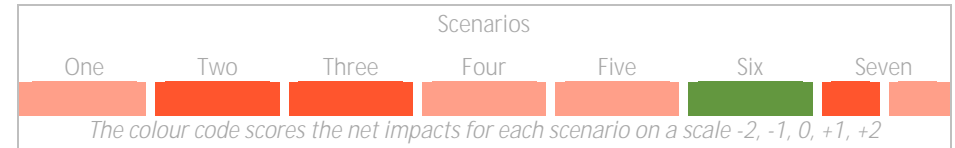
Conclusion

Our research has shown that the single Queenstown or dual airport options would perpetuate exactly the wrong systemic forces that exacerbate climate change.

These scenarios would promote short-stay tourism, urban sprawl, less efficient infrastructure, and private vehicle use.

The adverse environmental impacts of aircraft noise, residential and commercial sprawl, and greenhouse emissions are each amplified by all but one of the airport scenarios. Only relocation of Queenstown Airport offers the opportunity to reduce environmental harm.

14. Environment



2.15 Tourism

Higher productivity and sustainable value

Tourism has become the largest sector of the New Zealand economy and the principal earner of foreign exchange. However, “the recent pace and scale of visitor growth has effectively outstripped the capacity of our system to respond in some areas”.⁸²

Over the short term, Covid-19 will have a massive negative impact on tourism. It will also increase uncertainty, with its potential to affect trends in medium and longer-term tourism demand.

Nevertheless, the fundamental drivers of tourism demand for visitors to New Zealand – the growing middle class through Asia and India, retiring boomers in western countries and youth mobility – will continue to build back visitor numbers.

2.15.1 Distribute rather than concentrate

Beyond the Covid horizon, the government tourism strategy’s aim to better distribute the impacts and benefits of tourism remains a sound approach.

Recent years have seen enormous visitor pressure on specific tourism hotspots, resulting in significant environmental degradation and pushback from overwhelmed local communities.

We could learn from this experience to better plan and structure the tourism offering within the Queenstown Lakes District to better mitigate its adverse effects. The shock of Covid-19 offers a pause and a chance to recalibrate. How could the region better gain the economic value tourism offers while reducing its damaging environmental and social impacts?

⁸² [NZ-Aotearoa Government Tourism Strategy](#), Ministry of Business, Innovation & Employment and the Department of Conservation, May 2019

2.15.2 Ease hotspots

Experience has already shown that the airport in Frankton systemically supports the growth of high-volume tourism directly into the hotspot of Queenstown. Its immediate proximity also encourages short-stay visitors. These effects drive the local industry to high volume and low-value tourism, increasing negative environmental, social, and climate change impacts.



WALKERS LINE UP FOR PHOTOS ON MOUNT ROY – ONE OF MANY LOCAL INDICATORS OF OVER-TOURISM
SOURCE: REDDIT

Over the past ten years, the airport’s transition from being a destination to becoming a regional hub amplifies pressure on the already hotspot of Queenstown.

Recent experience has seen visitors overrun many of the district’s local attractions, with significant adverse effects. These have challenged the social licence of tourism within the Queenstown and Wānaka communities, as documented by Tourism Industry Aotearoa (TIA) in its *Mood of the Nation* report.⁸³

⁸³ [Mood of the Nation](#), Tourism Industry Aotearoa, Mar 2019

2.15.3 Tourism productivity

However important tourism is for employment and earning foreign exchange, it is also one of the lowest productivity sectors of the economy, with revenue generated per worker just 80% of the New Zealand average.⁸⁴

Low productivity means the economic benefit from tourism is modest. That over-tourism can externalise many of its costs to the environment and local communities, reducing its modest benefits.

This low productivity makes it essential to optimise the industry's infrastructure to enable the highest value return while mitigating as much as possible the externalised costs.

Our analysis concludes that the dual airport scenarios would achieve the exact opposite. The dual airport strategy would fail tourism by:

- Entrenching two suboptimal airports,
- Aggravating the over-tourism of known hotspots,
- Systemically increasing the overhead and operational costs of all businesses associated with the airports and visitor arrivals,
- Undermining the value of the district's primary resource, the outstanding natural environment, and
- Undermining the industry's social licence within its two hundred virtual host communities.

2.15.4 Destination management

The concerns of over-tourism and the need for destination management are well understood. Stanley Plog first published his bell curve in 1967. Professor Richard

Butler published his Tourism Area Life Cycle Model in 1980. Both analyse the initial growth, maturation and decline of tourist demand for any destination.

A disconnect between the different interests of key stakeholders in a destination is a cause of the eventual decline.

In general, most businesses seek growth in numbers and can manage these within their business. If numbers grow too much for a restaurant or hotel owner, they simply open a second or third. This duplication enables continued growth for the specific business and increased profit for the owners.

However, the destination and its host community cannot absorb increased numbers indefinitely. There are thresholds where the environment becomes degraded, where the experience loses authenticity, where crowding becomes a problem and where the host community become overwhelmed. These, in turn, undermine the value of the experience for visitors.

The community pushback on air noise boundaries and jet aircraft in Wānaka suggest Queenstown Lakes District has crossed some of these thresholds.

It is Council's role on behalf of its community to take control of this balance between the growth of visitor numbers and protecting the district's communities and environment.

With 30% to 50% of visitors arriving by air,⁸⁵ the strategy adopted for the Council owned airport that provides one of the most effective tools to influence visitor numbers structurally.

2.15.5 Opportunity for reset

While devastating for local tourism businesses, the current hiatus gives an opportunity to take stock and re-think the communities' goals and aspirations.

⁸⁴ See Chapter Nine of PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH, June 2020.

⁸⁵ QAC's Chief Executive Colin Keel told the Kelvin Peninsula Community Association's meeting in August 2018 that 50% of the district's visitors arrive through the airport. At other meetings, both QAC and QLDC have used a figure of 30%.

The dual airport strategies proposed in Scenarios Three and Five would counter any mitigation of the industry's negative pressures on local communities. Landing visitors directly into New Zealand's two premier resorts when both already exhibit signs of being overwhelmed would duplicate these adverse effects rather than relieve them.

Cheap flights directly into Queenstown and Wānaka would further promote quantity over quality without enhancing our local and regional communities and the tourist economy.

In contrast, a new greenfield airport in Central Otago would reduce the pressure on these resorts and improve the distribution to the Central Otago-wide attractions.

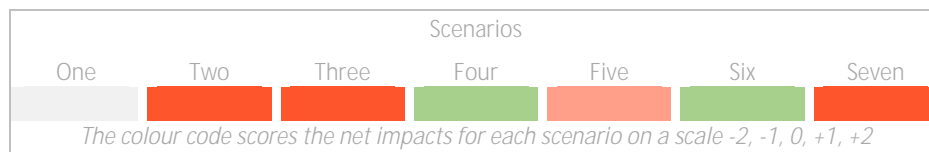
We note that Chamonix (France) and Whistler (Canada) are 1:30 hrs and 2:30 hrs from their feeder airports, typical of many international resorts.

Relocation of the airport to within one hour of Queenstown and Wānaka would not deter tourism. Instead, we suggest it would protect their environments and communities from the airports' many adverse effects and enhance their appeal as attractive destinations.

2.15.5 Conclusion

Our research and analysis found that the relocation of Queenstown Airport to the Cromwell-Tarras valley would be the best option to develop a more stable and sustainable tourism industry structurally. One that would grow and distribute its value while reducing and mitigating its harmful impacts.

15. Tourism



2.16 Resource use

Enhances our environment and our people

The land, sky, lakes and rivers combine to make Queenstown Lakes District a region of outstanding natural beauty. It is this environment that has attracted a talented and diverse community. Together, the landscape and the people are this region's principal resources and assets.

2.16.1 Council's responsibility

As its guiding principles, the law requires Council to:

- *“Ensure prudent stewardship and the efficient and effective use of its resources,*
- *Promote the social, economic, and cultural well-being of people and communities,*
- *Maintain and enhance the quality of the environment, and*
- *Meet the reasonably foreseeable needs of future generations.”⁸⁶*

We have used these principles to guide our analysis of the impact of each scenario on the region's resources.

2.16.2 Restore outstanding environment

Noise and pollution from jet aircraft negatively impact both the environment and the experience of those within it. Public campaigns worldwide are drawing attention to these impacts, with international research showing pollution in both global and local environments.

⁸⁶ [Section 14\(1\)\(g\) and \(h\), LGA 2002](#)

The strong push-back from Wānaka's community to scheduled jet services and Queenstown's expansion of the ANB gives insight into the depth of the concerns of both host communities.

The two scenarios proposing a dual airport strategy would, in effect, duplicate the negative impacts on two communities rather than one. It would ensure these adverse impacts undermine the region's two most outstanding environments and affect the most people possible.

QAC's Airport Siting Study claimed that sharing these negative impacts would be a strength of the dual airport strategy!⁸⁷ This assertion is wrong; it would double, not diminish, the damage done.

Relocation of Queenstown Airport to a single site – one more remote from population and in an area with less dramatic environmental value – would better "*maintain and enhance the quality of the environment*".

2.16.3 Opportunity cost

Opportunity cost identifies the loss of other alternatives after a choice is made. It is a powerful tool used to test the quality of a decision.

Whether or not Frankton flats can be developed as the district's primary urban centre is the essential difference between the scenario's relative opportunity costs.

The two options are:

1. **Queenstown Airport remains in Frankton.**
 - a The opportunity cost would be *high*,
 - b The district would lose the multiple benefits of a comprehensive CBD within the Wakatipu Basin, and

⁸⁷ [Queenstown Airport Siting Study](#), p10, April 2017

- c This option generated an annual financial return to the Council of only \$237 per rateable property.⁸⁸

2. Develop a high-density CBD in Frankton

- a The opportunity cost would be *low*, as excellent air connectivity options remain available,
- b There would be little, if any, loss of travel benefit with the new airport established in the Cromwell-Tarras valley, and the sale of Frankton land would cover its construction costs,
- c The alternative airport location has a lower financial and opportunity costs, and
- d This option generates an annual financial return to the Council of at least \$872 per rateable property.⁸⁹

Quantifying the Opportunity Cost

Some of the opportunity costs can be easily quantified. QAC currently pay rates of \$456,282 on its Frankton land, most of which is zoned Rural General. However, if rezoned to High-Density Residential, that same land would incur rates of \$16,570,400 each year. Even as bare land.

Because rateable value is made up of both land value and the value of improvements, the annual rate revenue would increase as the land became developed.⁹⁰

⁸⁸ [QAC Annual Report](#), June 2019. The impact of Covid-19 will likely reduce this return to zero for the medium term.

⁸⁹ This is rates revenue. It is based on the airport's Frankton land being rezoned equivalent to high-density residential and applying the current rate differential for that zone. Even as bare land, this would amount to \$16.6 million per annum. It would be sustained even with the Covid-19 crisis.

⁹⁰ A detailed analysis of rateable value is provided in Chapter Eight of Part C: Queenstown Airport, the right approach, June 2020.

Furthermore, the airport would not be lost but simply moved. So, the profit dividend it could pay each year to Council would remain. Moreover, it would likely be larger, as building the relocated airport would be fully funded from the sale of Frankton land. Removing the debt financing costs from the 2019 end-of-year accounts would raise QAC’s net profit from \$16.59 million to \$18.215 million.

Also, we estimate the relocation costs would be less than the sale value of the Frankton land. So, Council could expect a one-off capital distribution from QAC, possibly of some \$200,000,000.⁹¹

In QAC’s 2019 Annual Accounts, the Chair and Chief Executive’s report equated the \$6.2 million dividends it paid Council to \$237 per rateable property in the district⁹².

However, with the airport relocated and the land rezoned, Council could receive the \$6.2 million profit and \$16.6 million in rates, totalling \$22.8 million. That is three times more than Council received from QAC in 2019, equating to \$872 per rateable property in the district.

The actual opportunity costs are much greater. The above figures do not include:

1. Long-term efficiency savings possible from the concentration of rates-funded infrastructure,
2. Improved public and active transport networks and reduced expenditure on roading,
3. Benefits from increased cohesion of services and enterprise that could attract new businesses,
4. Benefits that would come from a more diversified economy,
5. More affordable accommodation options and cohesive community, and

⁹¹ Several “seat of the pants” guesses of the cost of building a new airport have been quoted in media. Our financial analysis is available in Chapter One of PART C: QUEENSTOWN AIRPORT – FACTS AND FIGURES, June 2020.

⁹² QAC Annual Report, June 2019

6. Benefits from the protection and enhancement of the environment, the Wakatipu landscape and its open spaces.

2.16.4 Conclusion

Each scenario that would retain Queenstown Airport in Frankton would increasingly degrade Wakatipu’s unique natural environment, Queenstown Lake’s principal resource.

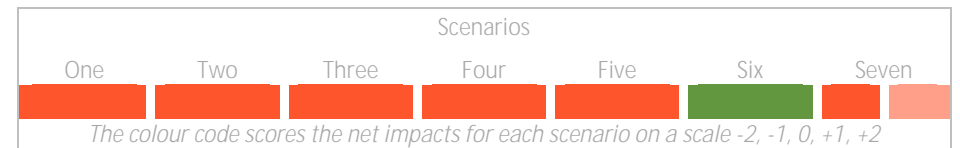
They would also force the spread of urbanisation across the Wakatipu Basin, with all its attendant inefficiencies and adverse impacts.

Only Scenario Six, which includes urban densification of Frankton Flats, offers an alternative to these concerns. It would allow the most efficient use of all the district’s resources while having minor harmful impacts on the environment and community.

Relocation to the Cromwell-Tarras valley would substantially reduce net adverse effects on the region’s resources while enhancing the capacity and economy of Central Otago, reducing the resource pressure on hotspots and developing opportunities for underused resources in the region.

Our research and analysis suggest that Scenario Six would ensure Council fulfils its responsibilities for the “prudent stewardship and effective and efficient use of its resources” more than if QAC pursued any of the other scenarios.

16. Resource use



2.17 Resilience to change

Avoid creating stranded assets in times of change

The future of air travel is uncertain. Covid-19 has seen an unprecedented reduction in international air travel and the collapse of visitor numbers to Queenstown Lakes District. What effect will this and future pandemics have on long term trends? How will climate change mitigation affect global travel?

2.17.1 Covid-19 demand recovery

At a Queenstown Chamber of Commerce Zoom session during the Covid-19 Lockdown,⁹³ 76% of 480 participants expected visitor numbers would return to pre-Covid-19 levels within three years.

These estimates mirror the analysis published by Jarden, an investment and wealth management company, in their comprehensive analysis⁹⁴ of Auckland International Airport Limited. This projected AIAL would be back to pre-Covid-19 passenger levels by FY2024.

Such a 3-4-year dip would emulate the Global Financial Crisis of 2008. In the twelve years following the GFC, passenger movements at Queenstown Airport nearly trebled, with year-on-year growth approaching 20%.

Notwithstanding the bleakness of the current situation and the difficulties many will experience over the next few years, the Covid-19 crisis will likely set back the airport demand projections by only four or five years.

The slowdown gives some respite from the intense pressure driving expansion plans for Queenstown Airport. Nevertheless, given the long planning and investment

timelines, it does not reduce the urgency or timeliness of current work investigating and progressing the options.

2.17.2 Demand forecasts

QAC based its projections of future demand on advice from global experts.⁹⁵ World population growth, retiring first-world baby boomers, and the growing middle class in China and India give strength to their forecast of ongoing exponential growth, averaging 4.44% per annum. Notably, this is only a quarter of the annual growth experienced over the past decade.

However, these projections do not consider the potential effects of global concern regarding Climate Change. Such impacts could be through a drop in consumer demand or government response, whether regulatory or market-based.

Sweden's nascent flight shaming movement has already seen Umeå Airport numbers decrease by 5% in the past year.⁹⁶ Tipping points in consumer demand are unpredictable in both timing and size. Nevertheless, history shows that such change can be sudden and substantial.

The Guardian (UK) has adopted an editorial policy to focus its travel section on local destinations. It now excludes stories of distant attractions that could promote air travel. The Greta Thunberg effect, Extinction Rebellion movement, and others could all significantly change international tourism travel behaviour and dynamics, as could change in the price and supply of fuel, which experts say could be more severe than Covid-19.

The three decades of exponential growth in passenger demand published by QAC have not included any downside risk potential.

⁹³ [Crux](#), 24 April 2020

⁹⁴ [AIA Equity Research](#), Jarden, 29 April 2020

⁹⁵ [Queenstown Airport: Master Plan Options](#), Aug 2017

⁹⁶ [The Barents Observer](#), 13 Jan 2020

2.17.3 Resilience to changes in demand

Decreasing demand

Of the future airport scenarios, the ones that could adapt best to reduced demand are those that would:

- Have the least debt,
- Have the least opportunity costs.

Only one scenario, the relocation of Queenstown Airport to the Cromwell-Tarras valley, could be achieved without debt. Of the other scenarios, those planning more significant investments would accrue more debt, with the dual airports needing the most.

All the scenarios that retain Queenstown Airport in Frankton would incur high opportunity costs. A decrease in travel demand would reduce the benefits of having the airport, which would amplify the cost of the lost opportunity – the chance to have developed a comprehensive CBD in Frankton when needed.

Managing demand

QAC’s demand forecast projected an increase in airline demand from 2.2 million passenger movements in 2018 to 7.1 million by 2045.⁹⁷ Along with these projections, the Master Plan also notes:

“It also raises questions, such as how much more volume do we want to accommodate, regardless of demand, and can our wider community and infrastructure accommodate this growth?”

This concern recognises that *demand* is not an absolute but a function of four variables: consumers’ desire matched with their ability and *willingness* to pay a given *price*.

⁹⁷ [Queenstown Airport Master Plan Options, QAC, Aug 2017](#)

The constriction of airport capacity and increase in landing fees would be a normal market response available to Council and QAC to manage the growth in visitor numbers to levels that best promote the communities’ four well-beings.

Such a strategy would offer the highest profit potential for QAC, with less investment and other expenditure required together with higher revenues from monopoly protected prices.

Increasing demand

If airline demand were to continue to increase beyond 2045 at a similar rate as projected, the relocated site in the Cromwell-Tarras valley would be the most suited of the seven scenarios to absorb the growth with the least negative social, economic and environmental impacts across all communities.

2.17.4 Conclusion

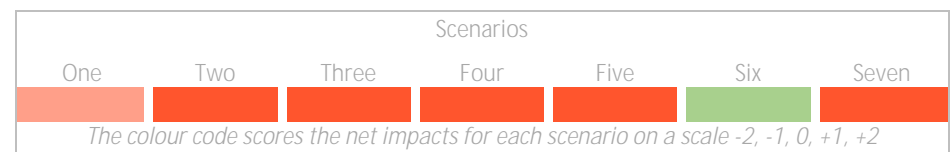
A planning horizon of 35 or more years should factor in the increased risks and uncertainties the world currently faces.

While there has to date been little consumer or government response to climate change, it presents significant challenges that will at some point take priority.

The Covid-19 experience has shaken many certainties and demonstrated that dramatic change could occur at any time.

Scenario Six, the relocation of Queenstown Airport to the Cromwell-Tarras valley, would be the most resilient to either an increase or decrease in the projected demand for air travel.

17. Resilience to change



2.18 Housing affordability

Everyone with a home they can afford

The Queenstown Lakes District has among the least affordable accommodation in New Zealand. These high accommodation costs reduce the region's liveability for wage and salaried staff and the ability of businesses to retain staff.

While the Covid-19 induced recession will likely provide some respite through a decrease in demand, the underlying factors that drive property prices will remain.

Most airport scenarios offer no solution to this crucial concern. The dual airport options would likely aggravate the problem by facilitating even higher growth directly into the two tourist hotspots where land, construction and accommodation are already the most expensive.

2.18.1 Intensification

A key strategy to achieve more affordable housing options is intensification. Several new developments, such as Auckland's Wynyard Quarter, show that densification can provide excellent accommodation that adds vitality to the heart of a city while adding greater convenience and improved lifestyles for the inhabitants.

Relocating Queenstown Airport and the consequent release of Frankton Flats would allow for creating an alpine city using Smart⁹⁸ design based on environmentally sustainability principles. Within its already existing ring road, Frankton Flats provides the only place within the Wakatipu with the space for a substantial and internally cohesive CBD – one that would have all the amenities and facilities people need within walking distance.

Apartment and condominium living would suit our diverse international community, high workforce mobility, frequent travellers and accessible outdoor spaces.

⁹⁸ A Smart City integrates technology to optimize efficiency and services.

Intensification would gain economies in construction and enable the lowest cost-per-unit for ratepayer-funded infrastructure. It would ensure that both construction and operation would consume the least resource per person, greatly reducing the inhabitants' environmental footprints.

Those living within Frankton Flats would have easy access to all the commercial, cultural, recreational, and educational amenities needed for a cohesive community, reducing vehicle dependency with its environmental and economic costs.

Scenario Six is the only option to offer these benefits. In all other scenarios, densification options would be more limited without the convenience, variety, civil, environmental and economic benefits.

2.18.2 Work where accommodation is affordable

Relocation of the airport would improve housing affordability in other ways.

The Wakatipu Basin is geographically confined with a finite supply of land. Growing demand will ensure its property prices continue to outstrip the rest of New Zealand outside central Auckland.

Wānaka has more space to expand but its property prices also rank among the highest in New Zealand.

By attracting many of the ancillary, service, support and supply chain businesses to relocate with the airport to the Cromwell-Tarras valley, it would provide their workforce with a wider range of accommodation options – in towns such as Cromwell, Luggate, Pisa Moorings and Tarras. These locations will likely remain more affordable relative to the Wakatipu or Wānaka.

Lower accommodation costs would give people significantly more disposable income, enabling better livelihoods and increased workforce stability.

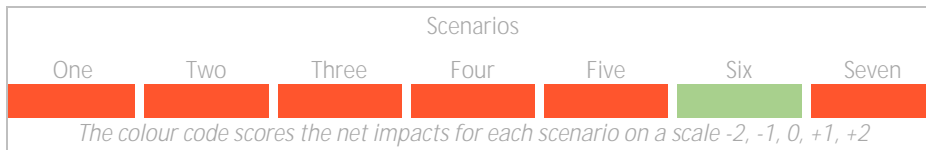
We acknowledge that moving a business from the Wakatipu to a new base in the Cromwell-Tarras valley has a cost. Nevertheless, the long-term economies for both the business and workforce would be substantial.

2.18.3 Conclusion

Of all the scenarios, only the relocation of Queenstown Airport, together with the development of an alpine city on Frankton Flats, would substantially improve access to affordable housing within the Wakatipu.

In addition to enhancing affordability within the Wakatipu, this option would provide excellent opportunities for employment elsewhere in the region where accommodation and property values are more affordable.

18. Housing affordability



2.19 Region

Stimulate the region while protecting the hotspots

The *Government Tourism Strategy*⁹⁹ seeks to “support thriving and sustainable regions”. Air New Zealand argued in its submission to QAC¹⁰⁰ for a new regional airport to provide “infrastructure which serves tourism and delivers GDP growth [but] does not either starve or crowd out local communities”.

2.19.1 Distribute benefit

Notwithstanding the substantial impact of Covid-19 that has caused a sharp downturn in tourism in the short term, the strategy of distributing the economic value of tourism and its attendant negative impacts more widely through the regions remains sound.

The Otago region is also growing new industry and enterprise that deserves support. More central access to a regional airport would better serve the region’s needs – from wine growing and pip fruit to cycleways, construction to supply logistics, economic activity and population growth.

Growing the airport solely in Queenstown would do little to support the broader region. Congested traffic around Frankton Flats, plus rising costs for both parking and supply-chain logistics as pressure mounts on Frankton commercial land, all contrive to reduce the convenience of Queenstown Airport for the businesses and people in the broader region.

A more centrally located airport would better resolve these issues.

Relocation of Queenstown Airport to a more central site within the region would add employment and business opportunities associated with the airport more

⁹⁹ *New Zealand – Aotearoa Government Tourism Strategy*, May 2019

¹⁰⁰ *Air NZ*, Aug 2018

broadly to the region, support and stimulate more enterprise, and disperse more visitors into the regions.

2.19.2 Relieve pressure

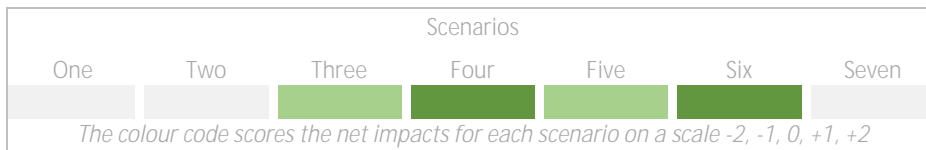
Those scenarios that retain Queenstown Airport or promote a dual airport strategy would continue to focus all future growth and tourism directly into the existing hotspots of Queenstown and Wānaka, reducing the value potential to the broader region. They would encourage the excessive and unsustainable growth of recent years in Queenstown and Wānaka communities.

A more central airport in the Cromwell-Tarras valley would relieve these pressures.

2.19.3 Conclusion

Scenario Six offers the best opportunity to structurally adapt, in a positive way, the district’s infrastructure to diminish and mitigate the negative impacts of high-volume tourism while simultaneously distributing its value more effectively to include the wider region.

19. Region



2.20 Wānaka

Retain the distinctive character of Wānaka

The Wānaka community has spoken strongly – through consultation processes, the Wānaka Stakeholders Group and the 2019 local government elections – against the development of jet capability at Wānaka Airport. These actions represent grave concerns regarding the adverse effects of jet aircraft.

2.20.1 Valued character

From this, we see the community places a high value on its distinctive character, including being less intense and tourist-focused than Queenstown.

The community also values the unique character of Wānaka Airport. One that:

- Enables a wide range of businesses supporting General Aviation,
- Can host unique events such as War Birds, and
- Enables research operations, such as NASA’s balloon project.

2.20.2 Conundrum

Wānaka Stakeholders Group advocates for domestic flights only and for these to be limited to turbo-prop aircraft. This position creates a problematic tension between accepting some increase in service to add convenience while still wanting to limit aircraft noise and manage growth.

While Scenario Five provides this option, it would be difficult to enforce such limits practically, and limits could be altered in the future. Once enough investment is in place to enable scheduled domestic flights, it becomes difficult to stop incremental expansion, as found in Queenstown.

2.20.3 Unreasonable threat

Both Scenario Three and Five also risk the potential of Scenario Seven, which would ultimately have Queenstown Airport closed and all scheduled flights destined for Wānaka.

This possibility – that Wānaka would become the regional airport – is a reasonable concern for the Wānaka community.

Scenario Three's proposed investment of \$300 to \$400 million into the development of Wānaka Airport would likely create enough runway and other infrastructure to make it a viable alternative to Queenstown.



QAC PAID \$11.3 MILLION FOR WANAKA AIRPORT LEASE OF 65HA (RED). BEFORE THAT, IT HAD PAID \$12.3 MILLION TO BUY 150HA OF LAND ADJACENT TO THE AIRPORT (YELLOW). THAT'S A 64% LARGER LANDHOLDING THAN QAC HAS IN FRANKTON.

SOURCE: MEMORANDUM OF LEASE, PROPERTY GURU AND QAC ANNUAL REPORT

Being located further from urban centres than is Queenstown Airport, with ample land and fewer topographical challenges for flights, seeking the expansion of Wānaka Airport could be QAC's easiest next step.

At that stage, the potential to release land value of several billion dollars from the rezoning and sale of its Frankton land, plus the consolidation of operating costs into a single location, would make this an attractive strategy for QAC and Council.



VISUALISATION OF POTENTIAL DEVELOPMENT AT WĀNAKA AIRPORT FOR THE DUAL AIRPORT SCENARIO
SOURCE: ANIMATION RESEARCH AND WĀNAKA STAKEHOLDERS GROUP

Scenarios Four and Six would avoid the need to develop Wānaka Airport for scheduled jet services. These scenarios would eliminate the risk of expanding the airport beyond the level the Wānaka community would accept. These Scenarios would retain and enhance the opportunity for Wānaka Airport to develop its niche character.

2.20.4 Possible compromise

A new airport located in the Cromwell-Tarras valley would increase the convenience for Wānaka communities. Travelling to the airport would be quicker and easier than Queenstown Airport. It would ensure the Wānaka community gets access to the full flight schedule of times and destinations, not the partial timetable resulting from a dual airport scenario.

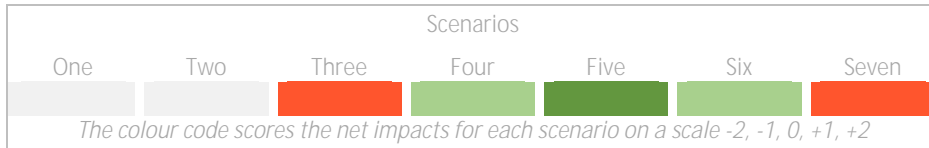
A Cromwell-Tarras valley site, while making them closer to a large airport than some might prefer, would at least keep the airport at arm's length so that Wānaka could retain its special character.

Scenario Six would also wholly remove any threat of Wānaka Airport becoming jet capable or possibly the region's main airport.

2.20.5 Conclusion

Realising the potential threat QAC’s investment at Wānaka Airport would create and the mitigation Scenario Six would offer, it may be that the Wānaka community could accept Scenario Six as a good compromise.

20. Wanaka



2.21 Central Otago

Create an effective service economy

While Central Otago sits outside the QLDC district, the inclusion of Cromwell in the current spatial planning process highlights this area’s essential and interconnected role within the district. Our independent research has identified five viable sites within the Cromwell-Tarras valley¹⁰¹, some with fewer than 100 houses within a 12-kilometre radius.

Nevertheless, Central Otago has been left out of the public debate regarding airports in the region, making it difficult for us to gauge the communities’ response to the possible future scenarios.

2.21.1 Central voice needed

We are concerned that MartinJenkins’ social and economic impact assessment did not include focus group research in the Cromwell area despite having a new airport option as one of its possible future scenarios.

As with all communities, those of Central Otago will have a range of views on the benefits or otherwise of locating a new regional airport somewhere in the Cromwell-Tarras valley.

Many residents may welcome increased economic activity that would build on Cromwell’s existing role as a service and supply hub for the region. But equally, many might reject the proposal.

These ideas need testing with proper community engagement, which we recommend as an obvious next step.

¹⁰¹ See Chapter Six of PART C: QUEENSTOWN AIRPORT, THE RIGHT APPROACH, June 2020

2.21.2 Building on success

Central Otago is experiencing growth as a more affordable home base than Queenstown or Wānaka and as a central hub for the region’s service, wine, and construction industries. This growth will continue in the long term.

Scenario Six, which would relocate Queenstown Airport into the Cromwell-Tarras valley, would provide natural synergy with these existing businesses, thereby helping to develop a robust and healthy economy. A new airport would, for example, offer a vital transport option for pip-fruit exports from the Cromwell-Alexandra area.

The economic productivity of such businesses is typically higher than tourism, leading to higher average wages. Also, the growing workforce would have more affordable accommodation options than are available in Queenstown or Wānaka. With higher average incomes and lower costs, this would offer an excellent lifestyle within an easy commute to workplaces. It would, therefore, improve the economic and social well-being of those working in these communities or those who relocate from the Wakatipu compared with their situation resulting from other scenarios.

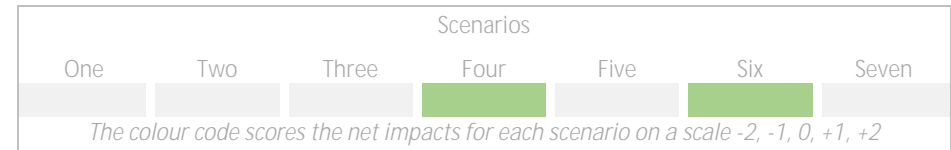
2.21.3 Conclusion

A regional airport located ten or more kilometres from any township in the Cromwell-Tarras valley would stimulate regional growth. Such growth could provide a welcome increase in opportunities for Central Otago communities, adding to their economic and social vitality and resilience.

Equally, some may see it as an unacceptable imposition and reject the increased potential growth and associated noise.

The Central Otago community must be consulted.

21. Central Otago



2.22 Cohesive supply chain

Reinforce natural efficiencies

Cromwell has been booming, thanks mainly to its centrality as the service and logistics hub of the region and more affordable real estate.

Cromwell is less than an hour’s drive to Queenstown, Wānaka and Alexandra. It sits at the axis of the region’s state highway network, connecting to Christchurch, Dunedin and Invercargill. It has ample flat land for commercial use, at prices much less than Queenstown or Wānaka and a range of accommodation options more affordable than in Queenstown or Wānaka. Its lake and mountains provide an attractive hinterland.

It makes economic sense to build on these natural advantages, and doing so would help develop a coherent and efficient supply network for the region.

The dual airport scenarios would run counter to this natural efficiency. They would diffuse the supply network and increase the logistical costs of servicing the airports.

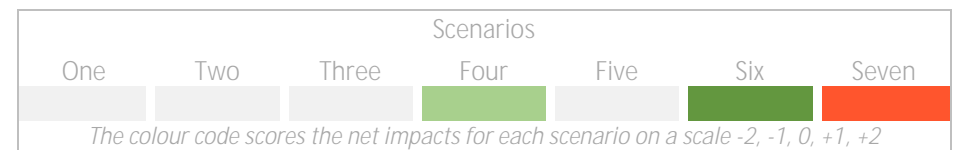
Prominent among the resulting inefficiencies would be effects on rental vehicle fleets. The dual airport scenarios would require two offices, two staff teams and two vehicle fleets, and large parking lots in areas with some of the nation’s most expensive land. It would create vehicle relocation costs to maintain a balance between the fleets. It would force support businesses, such as carwash, automotive and maintenance, to also double their operations. These would all vie for space in cramped and expensive industrial zones, with many workers struggling to afford to live nearby.

Usually, when a business chooses to open a second location, it does so to access new and additional markets. However, for all the companies servicing the dual airports, their extra costs of operating from two locations would not come with a commensurate increase in market size.

A single airport in the Cromwell-Tarras valley would have all passengers concentrated as a single market, leading to higher efficiencies and lower costs for the businesses that service them and their workers.

Only Scenario Six, the relocation of Queenstown Airport to the Cromwell-Tarras valley, would build on and accelerate the value of Cromwell as a natural, cohesive supply chain that would be the most effective and efficient for the region.

22. Cohesive supply chain



2.23 Tourists and other travellers

Enhanced connectivity and meeting expectations

Tourist travellers make up the majority of those using the airport, and they would generally prefer an airport to be close to their destination. Nevertheless, visitors to this region also have high expectations of what they will find here. For most, the outstanding qualities of the Queenstown Lakes District environment underpin their reason for visiting.

To understand the impact on tourist travellers, we first need to know their final destinations. However, we also need to consider how well the destination meets their expectations.

2.23.1 Proximity to destination

With its threefold growth in passenger movements over the past decade, Queenstown Airport has changed from a destination to a regional hub. Many people use the airport to transit to final destinations outside of the Wakatipu.

Better data is needed

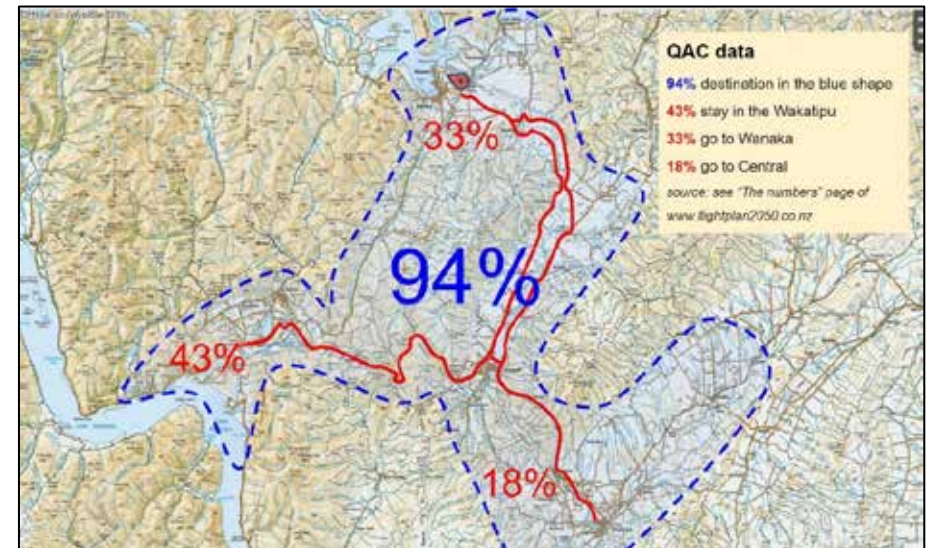
It has proved difficult to obtain reliable data on airport users. During QAC's formal consultation on the expansion of the Air Noise Boundaries (ANB), it published online a written breakdown of international and domestic travellers according to their final destinations. This data¹⁰² showed that 57% of Queenstown Airport passengers were destined not for the Wakatipu, but other locations in our region, mainly to Wānaka and Central Otago.

At other times, however, QAC has suggested different numbers. For example, at meetings in Wānaka, QAC executives have verbally stated that about 15-20% of passengers transit Queenstown Airport en route to or from Wānaka.

¹⁰² [Data provided by QAC](#) during its official consultation on expanding the Queenstown air noise boundaries.

Yet more disparities exist in other data provided orally by Colin Keel, QAC's Chief Executive. Mr Keel told the Kelvin Peninsula Community Association's meeting in August 2018 that 50% of the district's visitors arrive through the airport. At other meetings, both QAC and QLDC have used a figure of 30%.

These discrepancies remain despite multiple requests for QAC to provide the evidence on which they are based. Their silence suggests to us that QAC have no reliable or robust knowledge of either the travellers' final destinations or what proportion of visitors to the district travel by air versus by road. The numbers QAC offers are most likely unsubstantiated best guesses.



DESTINATION CATCHMENT FOR TRAVELLERS USING QUEENSTOWN AIRPORT
SOURCE: QAC DATA ANALYSED BY FLIGHPLAN2050

We recommend commissioning a robust study of passenger destinations to inform strategic decisions regarding QAC better.

The absence of reliable information makes it difficult to determine the effects on travellers of each airport scenario.

Is Central more central for most users?

If, indeed, 51%¹⁰³ of airport users are destined for the Wānaka and Central Otago regions, as QAC's written dataset suggests, then an airport in the Cromwell-Tarras valley would offer more convenience to most travellers.

Relative convenience

Cost and convenience are other considerations. Those travelling from Wānaka and Cromwell to the current airport need to use private or rental vehicles. There is also parking availability and costs in congested Frankton, vehicle mileage costs and the traffic volume on roads. Travellers often have a family member collect or drive them to the airport, adding more cost, time, inconvenience and doubling the road use for the trip.

If the airport were in the Cromwell-Tarras valley, then an Airport Express bus service would make more sense than it does with the airport in Frankton. It could add to convenience, lower parking costs, and reduce road use.

We note that it is normal for tourists to travel an hour from an airport to their alpine destination. Chamonix (France) and Whistler (Canada) are 1:30 hrs and 2:30 hrs from their feeder airports, typical of many international resorts.

For those seeking rental vehicles and camper vans, a location away from the congested roads of Frankton would be beneficial.

Proximity effects on resilience

The most significant difference between the scenarios would be the effect on visitors seeking short-stay and weekend getaways. This market, however, is sensitive to economic and weather conditions and is often the target of discount specials.

These make this market more variable and unpredictable, factors that undermine economic stability in the district. So the advantage to this market of the airport in

¹⁰³ Of the 57% not destined for Wakatipu, the data showed 6% travelled to the south.

Frankton, or of the dual airport scenario, would run counter to the district's goal is for a more sustainable and resilient economy.

Frequent travellers

There is a small group of locals who travel frequently, whether for business or recreation¹⁰⁴. It has been argued that Queenstown Airport must stay in Frankton to best facilitate their lifestyle choice, or their need for connectivity. For this, we offer four perspectives:

- The active facilitation of such frequent-flying lifestyles directly contradicts the Council's formal declaration of a Climate Emergency. Research shows that a small number of frequent flyers contribute nearly two-thirds of global aircraft emissions¹⁰⁵.
- The substantial economic efficiencies and public benefits from a thriving CBD, enhanced public transport and reduced development sprawl within the Wakatipu strongly outweigh the small private benefits to a low number who prefer to be a few minutes closer to an airport.
- The significant and continual negative impacts of jet aircraft noise on many strongly outweigh the minor and occasional inconvenience to a few.
- The low importance that frequent flyers generally give to being close to an airport could be inferred from Auckland, where there is no evidence that they established their homes in South Auckland to be near the airport.

The Local Government Act requires Council to consider the views of *all* the district's communities, without weight or priority to one group ahead of another. The Act also requires the council to act following principles of prudent stewardship, efficient

¹⁰⁴ We acknowledge that this descriptor fits each of the authors of this report.

¹⁰⁵ Reported research from [USA](#) and [UK](#)

use of its resources, and the need to maintain and enhance the quality of the environment¹⁰⁶.

For these reasons, our assessment places low importance on the needs of frequent flyers relative to the broader public good.

Conclusion re proximity

Overall, the analysis is inconclusive regarding which airport scenario would be the most convenient for most travellers and how much this would matter. The loss to some is a benefit to others.

2.23.2 Destination expectations

The unique natural environment of the Queenstown Lakes District is the foundation of the district’s value for visitors – as it is for most residents. While Queenstown has attracted tourists as the Adventure Capital of the world, and more recently as Party Central, it is the exceptional environment that is the district’s lodestone.

Visitors who make an effort to travel to this district have high expectations of the quality of its environment. The considerable growth in jet-aircraft noise within the Wakatipu Basin over the past decade has significantly diminished this experience for them.

Whether from the golf courses, the trails, Skyline’s viewing platform, or any other outdoor vantage or activity, visitors’ experience has been negatively impacted by this intrusive, industrial-level noise that has come to pervade the environment.

Retaining Queenstown Airport in Frankton would drive new development to sprawl across the Basin’s outstanding landscapes, further eroding the environmental qualities valued by visitors, undermining public transport, and increasing traffic congestion.

¹⁰⁶ Section 14, LGA 2002

2.23.3 Conclusion

In the balance between travel convenience and the quality of visitor experience, there is a tipping point, where the negative impacts of an airport on travellers’ destination experience exceed the value for both visitors and the host community of having it close.

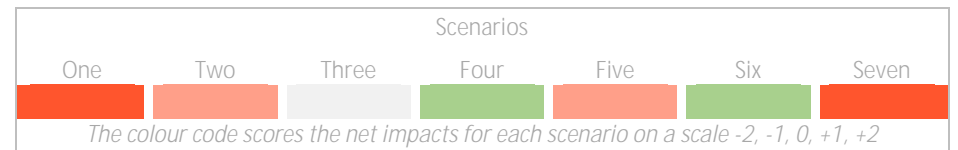
Many have argued that such a point has already passed. The silent skies brought on by Covid-19 gave a rare opportunity for many to notice what had been lost.

The dual airport scenarios would deliver travellers closer to their destinations. A win for traveller convenience. But the retention of Queenstown Airport in Frankton would permanently and increasingly undermine the very qualities that make Queenstown and the Wakatipu attractive destinations for travellers.

There is also a concern, from the several thousand strong Wānaka Stakeholders Group, that the noise and growth impacts of scheduled jet services would undermine the destination value for travellers to Wānaka.

It may seem counter-intuitive, but our analysis concludes that travellers would be best served – even those destined for the Wakatipu – by relocating Queenstown Airport to the Cromwell-Tarras valley.

23. Tourist travellers



2.24 Equity (fairness)

The fairest deal for all

Equity embodies the notion of fairness. In this context, it is the idea that benefits and costs are distributed fairly across communities.

2.24.1 Council process and outcomes must be equitable

Enabling and facilitating equitable outcomes is a core purpose of local government.

The Local Government Act 2002 stipulates that the purpose of the Council is to promote the well-being of all its communities – not just individuals, businesses, shareholders or specific sectors. Furthermore, the council must enable democratic decision-making on behalf of and for the benefit of its communities.¹⁰⁷

The Act's guiding principles¹⁰⁸ require attention to the diversity and interests of the communities within its district or region. It requires that the impacts on community well-being must consider with equal weight each of the social, cultural, environmental and economic perspectives. Furthermore, it includes in equal measure the interests of future communities.

Past notions such as “What is good for business is good for all” are no longer acceptable defaults. Undue influence of the business sector is also unacceptable. It is Council's job to enable local democratic decision making by communities.¹⁰⁹

The current question of which airport scenario to adopt is perhaps the most significant strategic decision to be made in this district for a generation, making it essential that the broad interests of the community are all considered. Capture by big business or model-based airline demand is not acceptable under the Local Government Act.

¹⁰⁷ Sections 3 and 10, LGA 2002

¹⁰⁸ Section 14, LGA 2002

¹⁰⁹ Section 10 (1)(a), LGA 2002

2.24.2 Equity framework used in this analysis

We have incorporated this imperative of equity within the analysis of each of the criteria assessed in this study.

For each scenario, we have analysed:

- Who would gain the benefit, and who would bear the burden?
In principle, it is not fair or desirable that one person or group should gain at another's expense.
- The relative impact of the benefit and costs and whether they affect smaller or larger groups.
In principle, we rate an impact on a larger group than if it occurred across a smaller group.
- The degree of capacity and agency of those involved and affected.
In principle, we place greater weight on the impacts affecting those who have less capacity to adapt to negative impacts than we give to those with high capacity. We seek to balance the influence of those who have less agency with those who can normally exert a strong influence.

2.24.3 Equity outcomes

Each of the scenarios that would retain Queenstown Airport in Frankton would cause sustained negative impacts across large community sectors for the foreseeable future. Most of these people affected would have little capacity to mitigate their costs.

The dual airport scenarios would extend these sustained negative impacts to a second large community. Wānaka's community also would have little capacity to mitigate their costs.

Future generations would also bear increased costs of spread infrastructure and the absence of a CBD that might otherwise have supported a diversified economy and more affordable livelihoods.

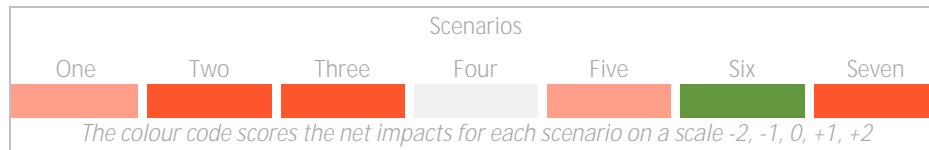
Analysis of the district’s economic performance shows that what has been good for business has not been particularly good for the many working people. The district’s wages, productivity and livelihoods have underperformed compared with some of the poorest regions of New Zealand.

2.24.4 Conclusion

The relocation of Queenstown Airport to the Cromwell-Tarras valley offers the most significant benefit across all the four well-beings. It would also ensure the most equitable distribution of benefits across all the region’s communities.

Relocation would also offer the lowest negative impacts, and these would also have the most equitable distribution, with fewer suffering unfairly from benefits derived by others.

24. Equity (fairness)



2.25 Emergency preparedness

Ensure evacuation capacity for visitors

The Christchurch and Kaikoura earthquakes have heightened awareness of natural hazards in our region. Research indicates we are overdue for a catastrophic quake along the Alpine Fault.

As a major resort, Queenstown must retain the capacity to evacuate people en masse when such an event occurs.

A severe earthquake would likely close State Highway 6 at both the Kawarau Gorge and between Wye Creek and Kingston, and the Crown Range Road is also vulnerable. Therefore, air transport must be a cornerstone of the district’s emergency preparedness.

Queenstown Airport currently fulfils this essential role and is registered as a Lifeline Utility in the Civil Defence Emergency Management Act 2002¹¹⁰, which means it must ensure that it can function during and after an emergency¹¹¹.

Nevertheless, this requirement for a runway during times of emergency, and the current designation of ZQN as a Lifeline Utility, are not obstacles to the relocation of Queenstown Airport.

Our research and analysis have confirmed that the Ladies Mile stretch of State Highway 6 could readily fulfil this role within the Wakatipu Basin.

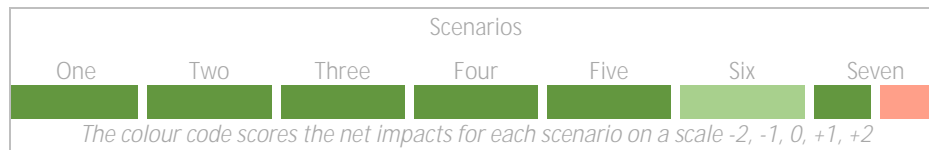
¹¹⁰ Part A, (5) of schedule 1, CDEMA 2002

¹¹¹ Section 60, CDEMA 2002



BOTH THE RNZAF C-130 HERCULES AND RAAF (AUST) C-17 GLOBEMASTER III COULD LAND ON A SLIGHTLY MODIFIED LADIES MILE ROAD

25. Emergency preparedness



2.26 Summary Table

This table summarizes the multi-factor evaluations.

Assessment criteria for social and economic impacts	Scenario One Status quo ZQN ANB capped	Scenario Two ZQN ANBs expanded	Scenario Three Dual airports ANBs expanded Jets in Wānaka	Scenario Four New airport plus ZQN in Frankton	Scenario Five Dual airports ANBs capped No jets Wānaka	Scenario Six Develop Frankton and relocate airport	Scenario Seven Dual airports Then close ZQN All to Wanaka
2.1 Alpine City	Red	Red	Red	Red	Red	Green	Red
2.2 Frankton	Red	Red	Red	Red	Red	Green	Red
2.3 Wakatipu	Red	Red	Red	Red	Red	Green	Red
2.4 Communities	Red	Red	Red	Red	White	Green	Red
2.5 Transport network	Red	Red	Red	Red	Red	Light Green	Red
2.6 Economic growth	Red	Red	Red	Light Green	Red	Green	Red
2.7 Local business	Red	Red	Red	White	Red	Light Green	Red
2.8 Auxiliary business	Red	Red	Red	Light Green	Red	Green	Red
2.9 Queenstown Airport Corporation	Light Green	White	Red	Red	Red	Green	Light Green
2.10 Operational safety	Red	Red	Red	Green	Red	Green	Red
2.11 Airlines	Red	Red	Red	Green	Red	Green	Red
2.12 General Aviation	Green	Red	Red	Green	Green	White	Light Green
2.13 Council and ratepayers	Red	Red	Red	Red	Red	Green	Red
2.14 Environment	Red	Red	Red	White	Red	Green	Red
2.15 Tourism	White	Red	Red	Light Green	Red	Light Green	Red
2.16 Resource use	Red	Red	Red	Red	Red	Green	Red
2.17 Resilience to change	Red	Red	Red	Red	Red	Light Green	Red
2.18 Housing affordability	Red	Red	Red	Red	Red	Light Green	Red
2.19 Region	White	White	Light Green	Green	Light Green	Green	White
2.20 Wānaka	White	White	Red	Light Green	Green	Light Green	Red
2.21 Central Otago	White	White	White	Light Green	White	Light Green	White
2.22 Cohesive supply chain	White	White	White	Light Green	White	Green	Red
2.23 Tourist travellers	Red	Red	White	Light Green	Red	Light Green	Red
2.24 Equity (fairness)	Red	Red	Red	White	Red	Green	Red
2.25 Emergency preparedness	Green	Green	Green	Green	Green	Light Green	Red
Passed?	No	No	No	No	No	YES	No

Chapter Three

Review of scenarios

3.1 Scenario One

Scenario One proposes the status quo. Queenstown Airport operates within the existing ANBs and no scheduled services at Wānaka Airport.

Benefits	Disadvantages
<ul style="list-style-type: none"> • Least investment cost. • Strong profit potential for QAC. • Convenient for Wakatipu-resident frequent fliers. • May mitigate excessive rate of growth in visitor numbers in Queenstown, though new aircraft noise reduction technologies could already enable four-times more aircraft movements within existing ANBs than currently acknowledged. • Retains helicopter and other VTOL operations at Frankton. • Retains fixed-wing GA at Frankton. • Retains access to runway for Civil Defence. 	<ul style="list-style-type: none"> • Lost opportunity for a cohesive and substantial CBD for the region. • Remains difficult to diversify local economy. • Continuing adverse effects of Jet-aircraft noise in the Wakatipu. • Densification of Frankton is severely restricted. • Substantial opportunity cost, including: <ul style="list-style-type: none"> ○ Loss of \$16.6 million rates annually from the airport land in Frankton, ○ Reduced viability of public transport because development becomes more distributed, ○ Reduced efficiencies for infrastructure, as it is spread more widely, and ○ Increased roading costs as population and commercial development is dispersed. • Degradation of Wakatipu environment from jet-aircraft noise. • Degradation of outstanding natural landscape from spreading urban development. • Airlines (Air NZ) have signalled need for central regional airport.
Comments	
<ul style="list-style-type: none"> • Quieter jet-aircraft technologies already available could allow growth from ~2.5 million passenger movements up to ~10 million passenger movements within the existing ANBs at Queenstown Airport. • Some mitigation of growth in visitor numbers. Some see this as a benefit (usually local communities) while some see it as a disadvantage (usually high-volume businesses). 	

3.2 Scenario Two

Scenario Two proposes expanded ANBs at Queenstown Airport.

Benefits	Disadvantages
<ul style="list-style-type: none"> • Investment could be incremental. • Some profit potential for QAC. • Convenient for Wakatipu-resident frequent fliers. • Retains helicopter and other VTOL operations at Frankton. • Retains fixed-wing GA at Frankton, but its long-term future is uncertain. • Retains access to runway for Civil Defence. 	<ul style="list-style-type: none"> • Lost opportunity for a cohesive and substantial CBD for the region. • More difficult to diversify local economy. • Increased debt-funded investment required. • Significant increase of adverse effects of Jet-aircraft noise in the Wakatipu. • Densification of Frankton becomes more limited with increased development restrictions on private properties and land acquisition by QAC. • Development restrictions extend over significantly more private properties either side of Frankton Arm, Shotover Country and Lake Hayes Estate. • Substantial opportunity cost, including: <ul style="list-style-type: none"> ○ Loss of \$16.6 million rates annually from the airport land in Frankton, ○ Reduced viability of public transport because development becomes more distributed, ○ Reduced efficiencies for infrastructure, as it is spread more widely, and ○ Increased roading costs, as population and commercial development is dispersed. • Accelerated degradation of Wakatipu environment from jet-aircraft noise. • Degradation of outstanding natural landscape from spreading urban development. • Airlines (Air NZ) have signalled need for central regional airport.
Comments	
<ul style="list-style-type: none"> • Quieter jet-aircraft technologies already available could allow growth from the current ~2.3 million passenger movements up to ~10 million passenger movements within the ANBs proposed for Queenstown Airport during QAC's noise consultation in July-August 2018. • No mitigation of growth in visitor numbers. Some see this as a benefit (usually high-volume businesses) while some see it as a disadvantage (usually local communities). 	

3.3 Scenario Three

Scenario Three proposes the expansion of Queenstown Airport ANBs plus scheduled commercial services of turboprop and jet-aircraft at Wānaka Airport.

Benefits	Disadvantages
<ul style="list-style-type: none"> • Convenient for Wakatipu-resident frequent fliers. • New convenience for Wānaka-resident frequent fliers. • Retains helicopter and other VTOL operations at Frankton. • Retains fixed-wing GA at Frankton, but its long-term future is uncertain. • Retains access to runway for Civil Defence. 	<ul style="list-style-type: none"> • Lost opportunity for a cohesive and substantial CBD for the region. • More difficult to diversify local economy. • A high level of debt-funded investment required. • Debt-servicing costs reduce certainty of QAC profits. • A high level of up-front investment required for the initial upgrades to Wānaka Airport. • Significant increase of adverse effects of Jet-aircraft noise in the Wakatipu. • Significant new adverse effects of Jet-aircraft noise in the Wānaka district. • Significant increase in visitors to Wānaka impacts negatively on its valued character. • Potential threat to the unique capacity of Wānaka Airport to support research and events. • All auxiliary business significantly disadvantaged by reduced market if operating at only one airport, or increased costs if they operate at both. • Densification of Frankton becomes more limited with increased development restrictions on private properties and land acquisition by QAC. • Development restrictions extend over significantly more private properties either side of Frankton Arm, Shotover Country and Lake Hayes Estate. • Substantial opportunity cost, including: <ul style="list-style-type: none"> ○ Loss of \$16.6 million rates annually from the airport land in Frankton, ○ Reduced viability of public transport because development becomes more distributed, ○ Reduced efficiencies for infrastructure, as it is spread more widely, and ○ Increased roading costs, as population and commercial development is dispersed. • Accelerated degradation of Wakatipu environment from jet-aircraft noise and of outstanding natural landscape from spreading urban development. • Airlines (Air NZ) have signalled need for central regional airport.
Comments	
<ul style="list-style-type: none"> • Quieter jet-aircraft technologies already available could allow growth from ~2.5 million passenger movements up to ~10 million passenger movements within existing ANBs at Queenstown Airport. • Accelerated potential for growth in visitor numbers to both Queenstown and Wānaka. Some see this as a benefit (usually high-volume businesses) while some see it as a disadvantage (usually local communities). 	

3.4 Scenario Four

Scenario Four proposes the development of a new, regional airport for all scheduled jet-aircraft services. Existing airports are retained for General Aviation.

Benefits	Disadvantages
<ul style="list-style-type: none"> • Access to existing runway for Civil Defence. • Retains helicopter and other VTOL operations at Frankton. • Retains fixed-wing GA at Frankton. • Significant decrease of adverse effects of Jet-aircraft noise in the Wakatipu. • Reduces demand of short-stay visitors that increase demand variability. • Reduces potential of over-tourism in Queenstown. • Better distributes the costs and benefits of tourism to the region. • Retains access to runway for Civil Defence. 	<ul style="list-style-type: none"> • Lost opportunity for a cohesive and substantial CBD for the region. • More difficult to diversify local economy. • An exceedingly high level of debt-funded investment required. • An exceedingly high level of up-front investment required for the new airport. • Significant new adverse effects of Jet-aircraft noise in the new district. • Reduced convenience for Wakatipu-resident frequent fliers. • Densification of Frankton remains limited with Queenstown Airport still in place. • Substantial opportunity cost, including: <ul style="list-style-type: none"> ○ Loss of \$16.6 million rates annually from the airport land in Frankton, ○ Reduced viability of public transport because development becomes more distributed, ○ Reduced efficiencies for infrastructure, as it is spread more widely, and ○ Increased roading costs as population and commercial development is dispersed. • Degradation of Wakatipu outstanding natural landscape from spreading urban development.
Comments	
<ul style="list-style-type: none"> • Potential for growth in visitor numbers to Wānaka. Some see this as a benefit (usually high-volume businesses) while some see it as a disadvantage (usually local communities). • Potential to mitigate growth in visitor numbers to Queenstown. Some see this as a benefit (usually local communities) while some see it as a disadvantage (usually high-volume businesses). 	

3.5 Scenario Five

Scenario Five proposes Queenstown Airport is restricted to existing ANBs and scheduled turboprop services without jet-aircraft to Wānaka Airport.

Benefits	Disadvantages
<ul style="list-style-type: none"> • Moderate investment cost. • Profit potential for QAC remains good. • Access to existing runway for Civil Defence. • Convenient for Wakatipu-resident frequent fliers. • New convenience for Wanaka-resident frequent fliers. • Mitigates excessive rate of growth in visitor numbers in Queenstown. • Retains helicopter and other VTOL operations at Frankton. • Retains fixed-wing GA at Frankton. 	<ul style="list-style-type: none"> • Lost opportunity for a cohesive and substantial CBD for the region. • Remains difficult to diversify local economy. • Debt-funded investment required. • Some up-front investment required for the initial upgrades to Wānaka Airport. • Some increase of adverse effects of Jet-aircraft noise in the Wakatipu. • Some new adverse effects of aircraft noise in the Wānaka district. • All auxiliary business disadvantaged by reduced market if operating at only one airport, or increased costs if they operate at both. • Densification of Frankton is limited. • Substantial opportunity cost, including: <ul style="list-style-type: none"> ○ Loss of \$16.6 million rates annually from the airport land in Frankton, ○ Reduced viability of public transport because development becomes more distributed, ○ Reduced efficiencies for infrastructure, as it is spread more widely, and ○ Increased roading costs, as population and commercial development is dispersed. • Degradation of Wakatipu environment from jet-aircraft noise and of outstanding natural landscape from spreading urban development. • Airlines (Air NZ) have signalled need for central regional airport.
Comments	
<ul style="list-style-type: none"> • potential for growth in visitor numbers to both Queenstown and Wānaka. Some see this as a benefit (usually high-volume businesses) while some see it as a disadvantage (usually local communities). 	

3.6 Scenario Six

Scenario Six proposes the relocation of Queenstown Airport to the Cromwell-Tarras valley, the development of a cohesive regional CBD on Frankton Flats, retaining VTOL and helicopter operations in Frankton and the relocation of Wakatipu’s fixed-wing GA to Kingston or Queenstown Hill. All funded by the sale of the airport’s Frankton land after it is rezoned as high-density commercial and residential.

Benefits	Disadvantages
<ul style="list-style-type: none"> • Enables development of a cohesive regional CBD on Frankton Flats, which: <ul style="list-style-type: none"> ○ Concentrates commercial, residential, educational, recreation and other activities, ○ Helps diversify the district’s economy by better supporting non-tourism sectors, ○ Concentrates ratepayer-funded infrastructure, making it less expensive and more efficient, ○ Promotes public transport by Intensifying and centralising urban development, ○ Reduces urban sprawl in the Wakatipu, <ul style="list-style-type: none"> ∞ Protecting its outstanding landscape, and ∞ Reducing road congestion and expenditure, • Sale of Frankton land provides \$1.2 billion. These funds cover: <ul style="list-style-type: none"> ○ All new investment needed, and ○ Potential capital distribution to shareholders. • QAC has the most robust profits and healthiest balance sheet of all options. • QAC has higher quality facilities than any other option. • Provides the most safe and reliable option for all scheduled commercial services. • All auxiliary businesses can access entire market from single location. • Preferred option for Airlines. • Enhances the district’s greatest assets, the Wakatipu and Wānaka environments. • Council annual revenue increases by at least \$16.6 million from rezoned Frankton land. • Access to dual-purpose road/runway for Civil Defence, • Mitigates excessive rate of growth in visitor numbers in Queenstown. • Retains helicopter and other VTOL operations at Frankton. • Preferred operational outcomes for airlines (as signalled by Air NZ) • Improves structure and efficiency of district supply chain. • Relieves pressure on tourist hotspots and better distributes opportunity to the region. • Provides increased economic development opportunity across the region. 	<ul style="list-style-type: none"> • Reduced convenient for Wakatipu-resident frequent fliers. • Relocation of fixed-wing GA to Kingston Aerodrome or Queenstown Hill
Comments	
<ul style="list-style-type: none"> • Potential for growth in visitor numbers to both Queenstown and Wānaka. Some see this as a benefit (usually businesses) while some see it as a disadvantage (usually local communities). 	

3.7 Scenario Seven

Seven proposes the dual airport strategy of Scenario Three, followed by the closure of Queenstown Airport with the transfer of all services to Wānaka Airport. The airport's Frankton land would then be rezoned and sold.

Benefits	Disadvantages
<ul style="list-style-type: none"> • Moderate investment cost. • Profit potential for QAC remains good. • QAC and shareholders recover capital value of \$1.2 billion (in 2019 dollars) • Convenient for Wakatipu-resident frequent fliers for many decades, but this would eventually be lost. • New convenience for Wanaka-resident frequent fliers. • Mitigates excessive rate of growth in visitor numbers in Queenstown. • Retains helicopter and other VTOL operations at Frankton. • Retains fixed-wing GA at Frankton for many decades. • Access to dual-purpose road/runway for Civil Defence. 	<ul style="list-style-type: none"> • Lost opportunity for a cohesive and substantial CBD for the region. • More difficult to diversify local economy. • A high level of debt-funded investment required until the eventual sale of Frankton land. • Debt-servicing costs reduce certainty of QAC profits.\ until the eventual sale of Frankton land. • A high level of up-front investment required for the initial upgrades to Wānaka Airport. • Significant increase of adverse effects of Jet-aircraft noise in the Wakatipu. • Significant new adverse effects of Jet-aircraft noise in the Wānaka district until eventually Queenstown Airport was closed. • Significant increase in visitors to Wānaka impacts negatively on its valued character. • Threat to the unique capacity of Wānaka Airport to support research and events. • All auxiliary business significantly disadvantaged by reduced market if operating at only one airport, or increased costs if they operate at both. Then further costs as they consolidate in Wānaka. • Densification of Frankton becomes more limited with increased development restrictions on private properties and land acquisition by QAC. • Development restrictions extend over significantly more private properties either side of Frankton Arm, Shotover Country and Lake Hayes Estate. • Substantial opportunity cost, including: <ul style="list-style-type: none"> ○ Loss of \$16.6 million rates annually from the airport land in Frankton for many decades, ○ Reduced viability of public transport because development becomes more distributed, ○ Reduced efficiencies for infrastructure, as it is spread more widely, and ○ Increased roading costs, as population and commercial development is dispersed. • Accelerated degradation of Wakatipu environment from jet-aircraft noise for many decades and permanently for outstanding natural landscape from spreading urban development. • Eventual development of Frankton Flats lacks cohesion. • General Aviation may eventually be moved from Frankton.
Comments	
<ul style="list-style-type: none"> • potential for growth in visitor numbers to both Queenstown and Wānaka. Some see this as a benefit (usually high-volume businesses) while some see it as a disadvantage (usually local communities). 	

Chapter Four

Conclusion

Profound, widespread, systemic, and enduring benefits

Our evaluation has considered seven airport scenarios using 25 criteria. Each criterion has assessed impacts on the well-being of communities, interest groups, sectors and factors. The conclusion is unequivocal.

The social, economic, environmental, and cultural well-being of the region's communities would be best served by Scenario Six.

Scenario Six has two key elements.

1. The creation of an integrated and cohesive town on Frankton Flats.
enabled by
2. The relocation of Queenstown Airport to the Cromwell-Tarras valley.

Scenario Six provides:

- **Significantly better outcomes for QAC** that would have less debt, more profit, more robust balance sheet, better product and superior assets,
- **Higher revenues for Council** from the rezoning of Frankton land, adding \$16.6 million to Council's annual revenue, and more reliable dividends from QAC,

- **Long-term systemic savings** from reducing ratepayer-funded infrastructure costs and increasing their efficiencies by concentrating population growth on Frankton Flats,
- **Enhancement of the region's outstanding natural environment** by reducing the urban sprawl across the Wakatipu and transferring jet-aircraft noise away from the areas that draw most visitors and concentrate the greatest population, and
- **Capacity to development a cohesive high-density CBD** that could better attract and retain non-tourism enterprise to the region, helping to diversify its economy.

Alignment with the Spatial Plan

The outcomes of Scenario Six resonate strongly with the five key focuses of the Spatial Plan and its guiding principles.

Key focuses of the Spatial Plan

1. Diversification of our economy,
2. Making public transport, walking and cycling everyone's first travel choice,
3. Well-designed communities that meet our everyday needs,
4. Sustainable tourism, and
5. Consolidated growth with more housing choice.

Guiding principles of the Spatial Plan

- Resilience,
- Climate change,
- Sustainability,
- Environmental protection, and
- The four well-beings (social, cultural, economic, environmental).

Council responsibility

Council has a legal responsibility under the Local Government Act 2002 (LGA) to manage its resources prudently.

Scenario Six provides tremendous financial upside for Council. It would significantly promote community well-being through improved housing affordability, better local transport outcomes, an improved environment, and a more cohesive community within the district.

The findings of this report should compel Council to seriously investigate the relocation of Queenstown Airport to the Cromwell-Tarras valley.