Board of Airline Representatives NZ
6 Leonard Isitt Drive, Auckland Airport
Auckland 2022

23 June 2023>

To: Glen Sowry
Chief Executive Officer
Queenstown Airport Company

By email: Glen.sowry@queenstownairport.co.nz
cc: todd.grace@queenstownairport.co.nz

Re: Draft Masterplan: Queenstown Airport Company

Kia ora Glenn

Thank you for the opportunity to submit to Draft Masterplan for Queenstown Airport Company (QAC). Thank you also for discussions with your team, and for discussions QAC has held with airline members of BARNZ as you have prepared the Draft Masterplan.

BARNZ understand that this Draft Masterplan will be developed to a Final Masterplan in the coming months, before being reported to shareholders before submission to the QAC Board. BARNZ makes comments in this submission mindful that there will be time, in the coming months, to explore issues and further develop the Masterplan. We would welcome the opportunity to discuss these issues with QAC, and as relevant, with Queenstown Lakes District Council (QLDC).

Tensions of growth

Throughout the Draft Masterplan, QAC makes clear the tensions that exist between a need to plan appropriately for growth of air services, and the difficulty of planning for growth of air services in a location where the ability to grow air services is constrained by community preference, and by noise boundaries in the district plan.

Noise boundaries are a pre-existing constraint for QAC. With QLDC as 75% shareholder, and regulator of the noise boundaries, both QAC and its owners understand the limitations of the existing boundaries. Neither QAC not QLDC wish to make changes to noise boundaries without community support.

The Draft Masterplan tells us that no change to the noise boundaries is sought for the next ten years. This means growth of air services at Queenstown Airport are at 'end of life'. In this scenario, airlines should only be asked to make very limited investment into aeronautical assets – as there cannot be a return on that investment.

Assumed growth is very modest

The Draft Masterplan assumes 'modest growth' of air services to Queenstown Airport to 2032. The assumed growth rate is 3.2% CAGR[1]. This is a particularly modest assumption – in the ten years to 2019 growth of air services to ZQN was10.1% CAGR. BARNZ asks for more detail on what mechanisms QAC plans to use to control growth of air services such that they do not exceed this parameter? If growth exceeds 3.2% CAGR, cessation of growth will occur even earlier than 2032.

ZQN has recently become a level three airport for slot management, which is appropriate for what is currently New Zealand's second busiest international airport. QAC has yet to establish a slot management consultation group. BARNZ encourages consultation with airlines and border agencies on slot parameters, and consequent requirements for airlines and agencies. Given constraints on growth, and in consultation with its community, QAC might consider making note of growth constraints in its published parameters, so airlines are aware of the limited opportunity for future growth when making network planning decisions.

Managing constraints by managing fleet

The Draft Masterplan notes that it will plan for modest growth described above and will manage pressures on its noise boundaries by *'actively managing aviation activity at the* airport'. It notes that quieter, larger aircraft are a significant part of achieving its strategy of operating inside noise boundaries for the next ten years.

It is true that aircraft such as the A321neo aircraft operated by Air New Zealand are larger and quieter, than earlier narrow body aircraft technology. However, it may not always be true that new technology is quieter. It is important to consider how much noise electric aircraft might generate, and the impact of use of these aircraft on noise parameters in combination with jet fleet. Early discussion of this issue would assist all stakeholders to consider both provision for, and impact of, electric fleet at ZQN.

Further, if QAC is only able to accept larger narrow body fleet as part of its activity management of aviation activity, it might consider including fleet type limitation in its slot parameter setting process. Airlines operating services to ZQN would prefer not to have any fleet limitation, especially as some airlines have smaller aircraft now operating Tasman services. However, the ability to plan with confidence is important, and if fleet constraints are proposed, it would assist airlines to know what these are proposed to be.

[1] Compound annual growth rate

Finally, if larger aircraft are encouraged using some mechanism, is QAC confident that passenger processing of those larger passenger loads can be accommodated within the reasonably modest changes in the terminal footprint?

We need to plan for the future beyond 2032

Airport assets are 50 to100-year investment assets – they are generational. Master planning guidelines published by the Airports Association of New Zealand indicate appropriate provision would consider a horizon *'as long as possible and usually at least 20 years'*[2]. At the point that this Draft Masterplan moves to a final version, reported to QLDC and ultimately considered for approval by QAC board, there will be some eight years remaining to 2032. This time horizon is very short, and in many ways assists QAC in avoiding discussion of the matters raised in this submission.

While proposals for a second taxiway and modest terminal expansion are useful additions to the aeronautical assets at QAC, the overwhelming issue of cessation of growth is not examined in detail in the Draft Masterplan. What is the future of Queenstown Airport? What is the view of the Queenstown community about air services, and the growth of these over time? How does QLDC as majority shareholder propose to address this, and manage the asset in this context? How might airlines plan for growth, or plan to end growth of air services to Queenstown Airport?

While these are challenging questions for QAC, for QLDC and for the Queenstown community, BARNZ members would welcome an open conversation about this with QAC and with QLDC so that all options for air services to the region can be considered and planned for. We are now in the horizon period for aircraft orders, which are made with a ten year horizon. If QAC does not intend to accommodate growth beyond (or before) 2032, this is a very important conversation to have.

What investment is required for electricity distribution and transmission assets?

The Draft Masterplan tells us that planning for and enabling decarbonisation of aviation is core to the QAC strategy. However, the only planning for decarbonisation of air services themselves is the allocation of space which the Draft Masterplan notes may accommodate hydrogen and comment that existing infrastructure will cope with sustainable aviation fuels (SAF). BARNZ expects that airports engaged in master planning in 2023 should investigate in more detail the electrical assets that serve airports, and load parameters.

While the Draft Masterplan makes comment on the commitments made by Air New Zealand, which are likely to require a hydrogen or electric energy source by 2030, the Draft Masterplan is silent on the current electricity assets available to serve QAC, whether they will require strengthening, and what Transpower is able to deliver to these assets in terms of load.

[2] https://www.nzairports.co.nz/assets/Files/public/Airport-Master-Planning-NZ-Airports-Feb-2017-FINAL2.pdf See section 5.2

The Draft Masterplan notes that the Queenstown community also seeks to decarbonise, adding to local electricity demand. BARNZ asks whether QAC is confident that it has sufficient ability to draw on electricity supply to serve aircraft battery charging? In the Final Masterplan, it would be useful to set out what (if any) investment distribution or transmission assets is required, and timeframes for this investment. Like airports, electricity assets are long life, and require significant planning to deliver or reinforce.

QAC as lifeline utility – emergency planning

The Draft Masterplan discusses the importance of Queenstown Airport as a lifeline utility, and the importance of Queenstown Airport during a national emergency. At time of writing, central government agencies are making preparation of a rupture of the alpine fault, as is now overdue to occur. In the event of an alpine fault rupture, it may be that Queenstown Airport terminals or runways are damaged and out of use.

For consideration in the Final Masterplan, BARNZ asks what planning QAC has in place for extended loss of use of the airport assets? This might include what discussion might be had with the National Emergency Management Agency (NEMA) to prepare for a time where Queenstown Airport might be inoperable. If that occurred at a peak season, the challenges of displaced persons in Queenstown and the surrounding areas would be significant, even assuming road access was possible to Dunedin or Christchurch.

Airlines operating to ZQN would welcome discussion on these issues. Recent flood events in Auckland have taught us that even a few days of inoperable airport assets leads to significant impacts for airlines, airports and travellers. Airlines would welcome detailed discussions on emergency planning both in support of the Final Masterplan, and over time.

We welcome further discussion

BARNZ acknowledges the challenges that QAC face in managing an asset which is reaching capacity. We would encourage conversation with QAC, QLDC, and the Queenstown community on approach to provision for air services. In time, airlines would be pleased to participate in discussions, as the community examines the benefits and consequences of air connections to what is – we agree – one of the most spectacular places in the world.

Ngā mihi -

Cath O'Brien
Executive Director
Board of Airline Representatives New Zealand