

15 August 2001

File Ref R133-A03

Susan Brown
Commerce Commission
P O Box 2351
Wellington

Dear Ms Brown

Submission to Report on "Price Control Study of Airfield Activities at Auckland, Wellington & Christchurch International Airports"

The Auckland Regional Council is concerned to make a submission on that aspect of the above report which makes reference to the provision for a second runway. In the report, the Commerce Commission has indicated that it may be more appropriate for the Auckland International Airport Company to sell the land which it has bought over many years and now holds to ultimately develop a second runway when it is finally needed.

The Auckland Regional Council (ARC) considers this to be a completely unrealistic position for the Commission to adopt. The Auckland International Airport is of major significance to both the country as a whole, and to the Auckland region. The Airport:

- is the gateway to New Zealand;
- is the arrival or departure point for 88% of international visitors;
- handles nearly 80% of New Zealand's international air freight and
- is the focal point for trunk route domestic services.

The sale of land long held for the expansion would have dire consequences for the optimal development and use of the Airport. The land provides for the future development of key public infrastructure of regional and national significance. It is essential that the Airport Company can continue to protect its longer term development opportunities for the maximum benefit of the country. Ownership of the land gives the Airport Company, the region, and the country that assurance. Sale of the land and proliferation into multi ownership will introduce major uncertainty as to whether the land can ever be repurchased and the second runway built. It is likely to result in the development of urban uses on the land which will foreclose forever the proposal to develop a second runway.

The Resource Management Act promotes the sustainable management of natural and physical resources. Sustainable management means managing the use, development, and protection of physical resources, which includes Airports, in a way and at a rate which enables people and communities to provide for their health and safety. The RMA further requires that the reasonable foreseeable needs of future generations are met, and that the adverse effects of activities on the environment are avoided, remedied or mitigated. Designation of land for the second runway and continued ownership of that land is quite consistent with the above.

In terms of the Auckland Regional Policy Statement, one of the strategic principles is that provision be made to enable the safe and efficient operation of existing and future infrastructure which is necessary for the social and economic wellbeing of the region's people. The planning controls, which are in the Manukau City District Plan for the Airport, give full affect to this strategic principle. They keep open the option to build a second runway in the foreseeable future. The Airport Company, Manukau City Council, the ARC and local residents have all accepted that there is a need for provisions in the District Plan for the protection and planning of the future second runway.

Withdrawal of these provisions and the disposal of the subject land would require, in the immediate future, the whole process of defining planning controls for the Airport to begin again. This would result in extensive litigation all over again for no real apparent benefit. It would be stressful and expensive to the community who have been involved for the last seven years finalising controls for the future management of the Airport. It would be nonsensical to go through an identical planning process when the first stage of the second runway could be required in 10 years.

If the land was sold and subsequently could not be repurchased, it is quite possible that constraints could be placed on the operations of the existing runway. As use of the existing runway increases to its maximum use, the immediate surrounding environment will be much noisier and there is the risk that these greatly increased noise levels would be considered unacceptable. The consequence of a reverse sensitivity situation developing could see constraints being imposed on the use of the existing runway. The Airport Company's current land holdings, which include the second runway, provide a vital buffer for noise from the existing runway. The urbanisation of the buffer land would not provide for the safe and efficient operation of the Airport as required by the Auckland Regional Policy Statement.

In summary, the ARC does not support the suggestion of the Commerce Commission that it may be more appropriate for AIAL to sell the land it is holding for the second runway. This would have major consequences for the long term use and development of the Airport and for Auckland and New Zealand. These consequences would be of strategic significance in that what the Commerce Commission proposes:

- is short sighted and does not take the longer view which is necessary for the planning and development of major infrastructure such as the Airport.
- will result in uncertainty when certainty is required to plan and develop the second runway for the Airport.
- unnecessarily forecloses on the plans for a second runway by requiring the land to be put back into private ownership.

- fails to recognise the importance of the Airport as an infrastructure of major regional significance and national importance.
- does not secure the future second runway and provide for the optimal, long term use of the Airport for the benefit of the Auckland Region and New Zealand.
- constrains the long term potential of the Airport which will ultimately have consequences on the economy of the Auckland Region.

Would you please register the ARC's interest in this matter and advise of any further developments.

Yours sincerely

Jo Brosnahan
Chief Executive