

Whenuapai Airport

- a new growth engine for the region

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The planned withdrawal of the Air Force from Whenuapai over the next five years creates an exciting opportunity to run commercial flights from the existing airport, stimulate growth and investment in the north west of the Auckland region and help ease Auckland's growing traffic congestion. Waitakere City believes it just makes sense to use the existing airport assets creating economic growth which will more than replace the \$250 million annual economic loss which the New Zealand Institute of Economic Research estimates will result from the Air Force withdrawal.

It has signed an agreement with respected airport investor and operator Infratil, a publicly listed company, which will put up all of the capital necessary to upgrade the existing facilities for a commercial operation. The concept is attracting wide interest and support as a potential growth engine for the north west area of the greater Auckland region.

It would underpin the Auckland region's growth strategy by upgrading infrastructure to meet future needs in the fastest growing area of the region, stimulating economic activity and bringing new services to the many businesses and tourist ventures in the west and north and significant benefits to the region as a whole.

Location

About half the people in the Auckland region would find it more convenient to travel to and from Whenuapai than Mangere (see map on page two).

A new motorway linking the northern and north western motorways will pass close to the airport and there is potential to link with nearby rail and with future upper harbour ferry services.

Fast growing businesses in the north and west, including tourism and accommodation ventures in the area would gain significant value from the availability of passenger and airfreight services close by.

Flexibility, competition

The airline business is changing fast. The benefits of competition and choice are now widely accepted by both the airlines, commuters, individuals and businesses want to be free to choose the airline and the airport that best suits their needs.

Whenuapai can become a satellite airport for Auckland, with profitable, responsive new age airlines offering domestic and Australian/Pacific flights.

There are obvious benefits in having a

choice of airports in the region, for civil defence and adverse weather situations.

Why destroy valuable assets which can deliver so much?

The New Zealand Defence Force is currently consulting on the future use of Whenuapai. Should it remain as an airport, or should the runways and buildings be destroyed so the land can be used for housing, lifestyle blocks, industry or other development?

Waitakere City Council believes developing a commercial airport will create far more economic value for the region than using the land for real estate development.

Because the land was taken under the Public Works Act there is no guarantee that any selected real estate development, especially one which falls outside the existing District Scheme, could actually proceed, whereas an airport has existing use advantages.

However, where is the sense in destroying a valuable asset, with such potential to contribute to the region? If other options are chosen, the Auckland region will have lost its only chance for an affordable, satellite airport located where it can add most value.

Wider regional benefits

Mangere, selected as an ideal site for an Auckland airport in the early 1960's, is now suffering from congestion and planning to build a second runway. Forty years on, Auckland needs to be looking forward to secure the infrastructure that will cope with massive growth and changing markets over the next 50 years.

Despite continual improvements to the roads and public transport, congestion is likely to remain a problem. Many commuters in the north and west would prefer to travel to Whenuapai than add to congestion on central Auckland roads and already congested motorway systems.

Some 60% of Waitakere residents leave Waitakere for employment. Some 50% of North Shore residents leave the Shore every day for the same reason. Many of them meet at spaghetti junction in rush hour – a situation which could be greatly improved by encouraging business growth and job growth on the Shore and in Waitakere.

The issue is not about whether Mangere can cope with growth, or what is best for the company that operates it, but about what is best for the whole region over the next 50 years, and whether choice and flexibility are worth having.

Economic growth

Airports stimulate economic growth in the areas where they are located. They connect existing businesses, enhance their efficiency and encourage new ones to start. Airports bring tourists and improved accessibility stimulates growth in tourism, accommodation and service businesses.

A study by the New Zealand Institute of Economic Research estimates the northwest of the Auckland region will suffer an economic loss of \$250 million a year as a result of the Air Force withdrawing from Whenuapai.

A report by Business and Economic Research Limited says a commercial airport as envisaged by Waitakere City Council and Infratil could initially create over 2000 jobs in the Auckland region, with additional spending by inbound visitors generating up to \$58 million of regional GDP. These benefits would be greater on a national basis and could at least double within 10 years. In addition, increased business activity in the northwest as a result of establishing a commercial airport would provide a major stimulus to the economy and job market says the report.

Commercial aviation at Whenuapai will supercharge the northwest business sectors of Waitakere City, North Shore City and Rodney District, with flow on benefits to the rest of the Auckland region. Whenuapai airport would be much more than a piece of transport infrastructure. It will be the heart of an energised, fast growing, internationally connected business centre, providing many local and regional benefits.

An expert team with funding all arranged

Infratil Ltd has studied the Whenuapai airport plan and is prepared to invest all of the capital needed to develop it. Ratepayers are not being required to put up any capital for the project at all.

Infratil will upgrade the runways, buildings and other facilities, and manage a commercial airport (See detailed article on Infratil on page four). Waitakere has negotiated valuable options with Infratil concerning a commercial airport, which it is prepared to share with other cities in the region.

You can state your views

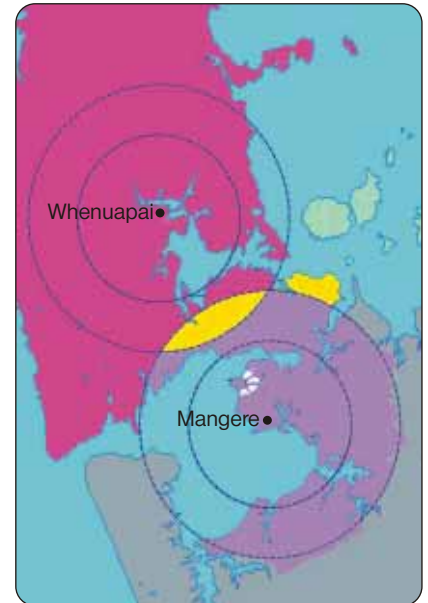
You can state your views on the Whenuapai airport project to Waitakere City Council or directly to the New Zealand Defence Force.

Submissions close on December 19. See Page 5.

Whenuapai has to remain an airport



Bryan Mogridge chairs Waitakere City's mayoral taskforce on Whenuapai Airport.



Half the region's population lives closer to Whenuapai than to Mangere.

WHENUAPAI AIRPORT - A NEW GROWTH ENGINE FOR THE REGION

"Debate over the future use of Whenuapai is only starting to focus on the economic loss to the region when the Air Force leaves. There is an urgent need to mitigate that damage while at the same time building an asset of long-term value.

To think of the airport only in terms of air movements is wrong. Airports function as hubs for economic growth. Most receive less than a third of their revenue from take-offs and landings; the balance comes from ancillary activities. Their very presence stimulates economic growth.

Whenuapai would never be anywhere near as large as Auckland International, perhaps 10 to 15% of its size, but it would be more conveniently located for half the region's population. It would be complementary to Auckland International. A little competition could be beneficial, too.

An Institute of Economic Research report says the Air Force departure will cause an economic loss to the

Auckland region of \$250 million a year, of which \$230 million will be centred in Waitakere City. A total of 1650 jobs will go and 826 families associated with the airbase are likely to leave the area.

That sort of loss anywhere should trigger significant concern. Within a young city such as Waitakere it represents a major setback. The loss must be reduced by ensuring that the airbase is replaced with other sources of economic stimulation.

Just adding houses to the site would do nothing for Waitakere or the Auckland region.

The location of Whenuapai, in the centre of the northwestern growth region (the country's fastest-growing area), provides a valuable opportunity to build something that stimulates growth and balances Auckland's transport bottlenecks.

We have an opportunity as Air Force use winds down to test its viability as a commercial operation, with the goal of building up those activities to minimise the damage from the Air Force move to Ohakea.

Waitakere City has talked to the Government, done extensive research and negotiated with commercial partners

willing to fund the development. It has selected Infracore to form a joint venture to develop the airport without the city having to take any commercial risk.

Waitakere City has made every effort to pass all commercial risk to Infracore, and will receive upside value should the investment be successful. The joint venture has merit, of course, only if the city gets the opportunity to develop the airport.

Where to from here?

The land is owned by the Government, taken under the Public Works Act, and it needs to declare it surplus. Then the Government can follow one of two exit paths.

The faster is to use the Airport Authorities Act, which could see Waitakere City become an airport authority as soon as declared. Or, it could use the Public Works Act, which could take many years. This act allows all Government departments to register an interest in buying the land for such things as housing, schools or prisons. If there is no ongoing Government interest, Waitakere City has significant rights of purchase, which it will use to effect its vision of a commercial airport."



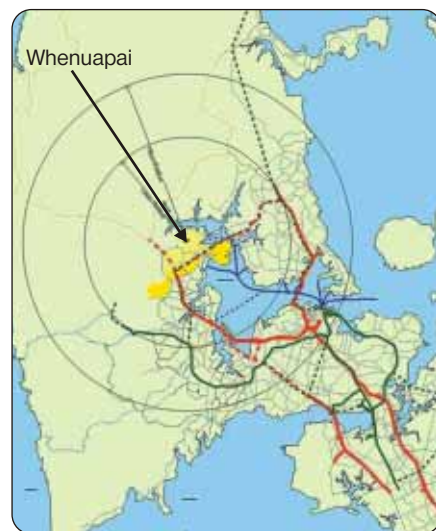
Existing assets create opportunity to benefit region



Whenuapai Airport already has two concrete runways in good condition, the main runway at 2031 metres long being a similar length to Wellington's. This makes the existing facilities, which include a precision approach system, suitable for planes such as Airbus 320's and Boeing 737's, but not for longer, long-haul jets. Planes such as 737's could service Brisbane, Sydney and Wellington, with smaller turbo-prop aircraft servicing centres like Whangarei and Rotorua. There are 311 hectares of land at Whenuapai, very close to the new motorway linking the northern and north-western motorways and with the potential for rail and ferry links.

Key Benefits of a Commercial Airport at Whenuapai

- Mitigates negative impacts on local economy and jobs of Air Force leaving
- Creates opportunity to cluster business activities around airport
- Gives greater flexibility to the Auckland region, helps reduce roading congestion and cost
- Major advantage to local businesses travelling and air freighting
- Potential boost to tourism and accommodation in north and west of Auckland
- More convenient location than Mangere for half the region's population
- Opportunity to make use of existing assets and air space rights to develop commercial airport for tiny fraction of normal development costs.



Whenuapai is at the heart of the fastest growing area of the Auckland region. Commercial use of the airport will better connect businesses in nearby Waitakere City, North Shore City and Rodney District, boosting economic and tourism growth and creating jobs.



It makes good business sense

Many medium size to large businesses in Waitakere and North Shore particularly, support the idea of a commercial airport and the economic activity that goes with it. Here are excerpts from letters received.

“We have been trying for nine months to see if we could land a private charter twin plane at either Hobsonville or Whenuapai airbase on a weekly basis to land one tonne of live seafood from the South Island and off shore islands of New Zealand.

The traffic problems in Auckland over the past two years, have made the logistics of the business questionable. We once could have assured customers of a one hour delivery across Auckland, this is now impossible between 7.00-9.30am and 2.30-7.00pm, so that leaves a small window of five hours. We have been using Ardmore Airport, but it is a two hour drive across town to Whenuapai.

Everything is right for Whenuapai re motorways, planes flying in, out of the way of the international approaches. To rip up a runway that costs millions to put down would be gross waste, just for housing. The airport approaches are over water at the best of times or over rural or commercial zoning, so there are good safety issues.”

“In 1982 I moved the head office of my company from Miramar, Wellington to the Albany Industrial Centre. As my company had many international connections I had real concern that the isolation from the nearest airport could handicap our operations. Over the years the increasing traffic congestion on the Auckland Airport feeder system has resulted in this concern becoming a reality of a serious nature.

The travel time to Whenuapai from Albany is about five minutes. The establishment of a commercial air link from Whenuapai would be a major benefit to all businesses in the Albany Basin and would undoubtedly receive whole-hearted support.

Last week I forwarded to you a proposal which described how a significant tourist industry might be established for Waitakere City, based around a tourist hub centred at Hobsonville. As I mentioned in my proposal, the air gateway into this operation would be via Whenuapai Airport, consequently the retention of the airport and its development would be a critical

requirement for the success of a sustainable tourist based venture.”

“I am very supportive of the idea to retain Whenuapai airbase as an airport. Auckland does need and will need another airport, for either the domestic airport, which would free up Mangere for international and divert a lot of the traffic on a daily basis, or as a mixture of domestic and the no frills airlines who could use the facilities there.

This would also delay Mangere having to develop extra runways and facilities, until they are needed, because of the reduction in air traffic. Plus Auckland being the largest city in size and population, in the country, should have more than one major airport, because sure enough if the city keeps growing the way it is the current facilities will not be big enough or be able to cope. As the airport is there and it is operating as an airport it should remain, because it would be almost impossible to gain resource consent to build another one, let alone finding the land area large enough or flat enough to use as an airport.

So don't be put off by these short sighted people who have their own little agendas behind their reasons or these nimby types who live in the vicinity, I think you are on the right track and your vision for the area is the right one.”

“I am absolutely sold on the idea of planning to use Whenuapai as a commercial airbase. I'm sure you know this but - 1) it will develop business and infrastructure around the airport which is badly needed in Waitakere (rates, income, jobs - yippeel). 2) It already takes longer to get from the north west to the airport, than to get to Wellington. This is appalling. And that's not going to improve in the next 20 years. There is no way that motorways across Auckland are ever going to effectively and efficiently service the North Shore/upper west Auckland area - better motorways will attract more traffic. 3) This needs to be sold as a combined Waitakere, North Shore/Whangaparoa solution - this will help us all. 4) It's already zoned, it's ready, and we're all used to the noise (hardly any really!). 5) What an appalling

waste to use it for housing - that can be achieved along the northwest/Westgate/Kumeu route - listed in the District Plan.”

“I have lived on the North Shore all my life and for the past 20 years have built up several very successful businesses in the electronics industry.

Airports are unfortunately one of those things that most people use and want the convenience of being close to, but few want to live close to. I suspect, therefore, that the largest number of people who would like to see Whenuapai closed will be those that live close by.

I'm writing to you, because I think there is a large number of people who would like to see Whenuapai remain as a viable airfield, but their feelings possibly aren't strong enough for them to be vocal about it. Added to this number is possibly an even larger group of people who are not even aware of the potential advantages to them of maintaining Whenuapai as an operational airfield. These advantages could affect them directly as in catching a flight or more likely indirectly.

You only need to look at every other major city in the world and I can't think of one that relies on one airport.

With the predicted population growth in the Auckland region, the push for greater economic output and the huge annual increase in global air transport, Auckland will eventually require a second airport (as opposed to a second runway). If Whenuapai were to close and it was subsequently found that a second airport was required, probably the first most viable location would be as far away as Hamilton. For people on the North Shore, this is just too far away. There is no land anywhere else and the cost of duplicating what already exists and is paid for at Whenuapai would I am sure be beyond the Auckland region's ability to pay.”



Fast facts

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| Year commercial operations ceased at Whenuapai: | 1966 |
| People employed at Whenuapai: | 1420 |
| Number of years before the Air Force fully departs: | 5 |
| Size of land of base: | 311 hectares |
| Kinds of aircraft using Whenuapai: | Hercules, naval helicopters, Air Force 727's, Fokker |
| Number of takes offs and landings a year at present: | 22,000 |
| Noise levels: | Commercial aircraft are quieter than military aircraft and fewer flights are envisaged initially |
| How does the city recognise the airbase: | "Countryside living" |
| What is the underlying zoning of land: | Through the District Plan |
| Number of people living within 16km of Whenuapai: | 453,000 |
| Number of people living within 16km of Mangere: | 442,000 |
| Proportion of Waitakere residents who work outside the city: | 60% |
| Who is providing the development capital? | Infratil |



Infratil -

Waitakere's commercial partner in airport project

While Waitakere City Council wants a successful commercial operation developed at Whenuapai Airport, the Council does not have airport expertise and does not want ratepayers to bear any financial cost or risk. The Council has therefore entered into a commercial agreement with Infratil.

Under this agreement Infratil will undertake the commercial development with Waitakere City Council having the right to share in any future profits and having the right to appoint two of six directors.

Infratil is listed on the Stock Exchange and has approximately 20,000 New Zealand share and bondholders. It has a market capitalisation of \$650 million and controls over \$2,000 million of assets, mainly in the fields of renewable electricity generation and airports.

Infratil has major investments in Wellington and Glasgow Prestwick international airports, TrustPower, Energy Developments, and the Port of Tauranga.

More importantly than capital, Infratil also has extensive airport expertise and experience, and a long track record of working with New Zealand local authorities and community bodies. In addition to the current ownership of Wellington and Glasgow Prestwick international airports, Infratil's management has experience in acquisition, ownership, management and operation at several Australian and European airports. Infratil has been a co-investor with councils at Palmerston North, Tauranga, New Plymouth, Wellington and Christchurch as well as several community trusts.

Wellington is regarded as one of the world's most efficient airports. The ability to keep costs down while encouraging

services and maximising value from passenger services will be important in making Whenuapai a viable commercial airport. At Glasgow Prestwick, Infratil has the experience of operating a commercial airport with a significant military presence, as the RAF is a tenant and user of that airport.

Wellington's situation in a highly built-up area means that Infratil is very familiar with the priority of an airport getting on well with its neighbours. Under Infratil's ownership Wellington Airport has come to be well regarded within its immediate community.

Infratil's credentials as Waitakere City's partner are financial strength, New Zealand ownership, transparency, world-class airport expertise, a proven ability to work with community bodies, and an understanding of and sympathy with community interests.

An approach to developing Whenuapai

Whenuapai's runway is about the same length as Wellington's.

It could not, therefore accommodate large, long haul aircraft to Asia or North America. However, it is envisaged that Whenuapai could service regional airports, Wellington, Christchurch and east coast Australia. Various airlines have already expressed interest.

Projects indicate that Whenuapai could end up handling about on sixth of the volume handled by Mangere.

The number of flights per year initially will be less than the Airforce currently does and commercial operations will be quieter than military operations.

One scenario is that commercial operations could develop over the next five years as the Air Force winds down its operations.

You can read more comments about Whenuapai on the Infratil website www.infratil.com



Questions and answers on Whenuapai

How long has Whenuapai been an airport?

Conversion of land in Whenuapai to an airport began in 1938. The concrete runways were constructed during World War 2. In 1945 it opened to civilian air traffic, and remained Auckland's premier airport until 1965, when Mangere opened. Commercial activities ceased in 1966.

How many flights are there currently?

Data from Airways Corporation show that in 2002 Whenuapai handled more than 22,000 aircraft movements (This compares with 147,000 movements at Mangere). This existing level of air traffic at Whenuapai is similar to that at provincial airports such as Gisborne, Napier and New Plymouth.

Who owns the land?

The Crown acquired the land in 1938 by a Proclamation by the Governor General under the Public Works Act 1928. However the airbase land is wholly contained within the area of jurisdiction of Waitakere City Council.

When will the Air Force leave?

On 9 December 2002 the Crown signalled that it would downsize New Zealand Defence Force operations at Whenuapai and vacate the base over the next one to five years.

Will there be good access to an airport in Whenuapai?

Yes. Transit New Zealand is already building a new motorway (State Highway 18) that will link the Northern and North-Western Motorway. A full interchange will be installed at Brigham's Creek Road, less than 2

kilometres from the airport. Rail already passes close to the west of the airport and ferry links are future options.

Would a second airport at Whenuapai reduce traffic congestion?

Passenger numbers at Auckland International Airport have grown at 4% per annum since 1995. At this rate of increase in the future there will be double the current passenger numbers by 2020. With stimulation to the air market by budget airlines and new entrants, this rate of increase is expected to be higher. Already there are 7,500 employees and 24,000 passengers visiting Mangere every day. Many of these are coming from areas to the north of the region, and are contributing to congestion on the Auckland isthmus.

Whenuapai has been promoted as an issue of regional significance-recently North Shore expressed its interest why then is Waitakere City Council the main driver and backer of this study?

Firstly the land contained within Whenuapai Airbase is entirely within the jurisdiction of the Waitakere City Council, secondly because the closure of the base affects the society and economy of Waitakere City most directly and thirdly because the Council has a commercial agreement with Infratil to make the concept of a commercial airport a reality.

Is this the Council's decision to make?

Waitakere City Council acknowledges that the Crown owns the land and is going through a process to determine its future. However, Waitakere City Council has an

obligation to ensure that the long-term interests of the City and its citizens are taken into account. The Council believes the airport option creates the best economic use for the land, and has taken the prudent commercial step of putting arrangements in place that enable a commercial airport to be developed, if this option is selected by the New Zealand Defence Force.

What are the other options?

The other options put forward by the New Zealand Defence Force involve using the land for some sort of residential or industrial development, or for public works/urban development.

Because the land was taken under the Public Works Act, there is a complex and time consuming process to go through first, including offering the land back to the original owners. In the end, the land can only be used for uses approved by Waitakere City Council in its District Scheme.

Is the Council exposed to investing money in the development of a commercial airport?

No, Council's agreement with Infratil means that Infratil meets the development costs.

What experience does Infratil have in managing second airports in major cities around the world?

Infratil has existing investments in Wellington and Glasgow Prestwick airports and has managed for other companies the acquisitions of Perth, Darwin, Alice Springs, Dusseldorf, Hamburg and Bristol airports.

For further information

A copy of the Ministry of Defence's media statement on Whenuapai is available on www.beehive.govt.nz

A copy of the discussion document on Whenuapai, issued by the New Zealand

Defence Force, is available online at www.nzdf.mil.nz. Further information is also available from the websites of Waitakere City Council, Enterprise Waitakere and Infratil.

Submissions close December 19.

Send your submission to Waitakere City Council, Private Bag 93109, Henderson, Waitakere City, www.waitakere.govt.nz or direct to New Zealand Defence Force, RNZAF Base, Whenuapai, Auckland.



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