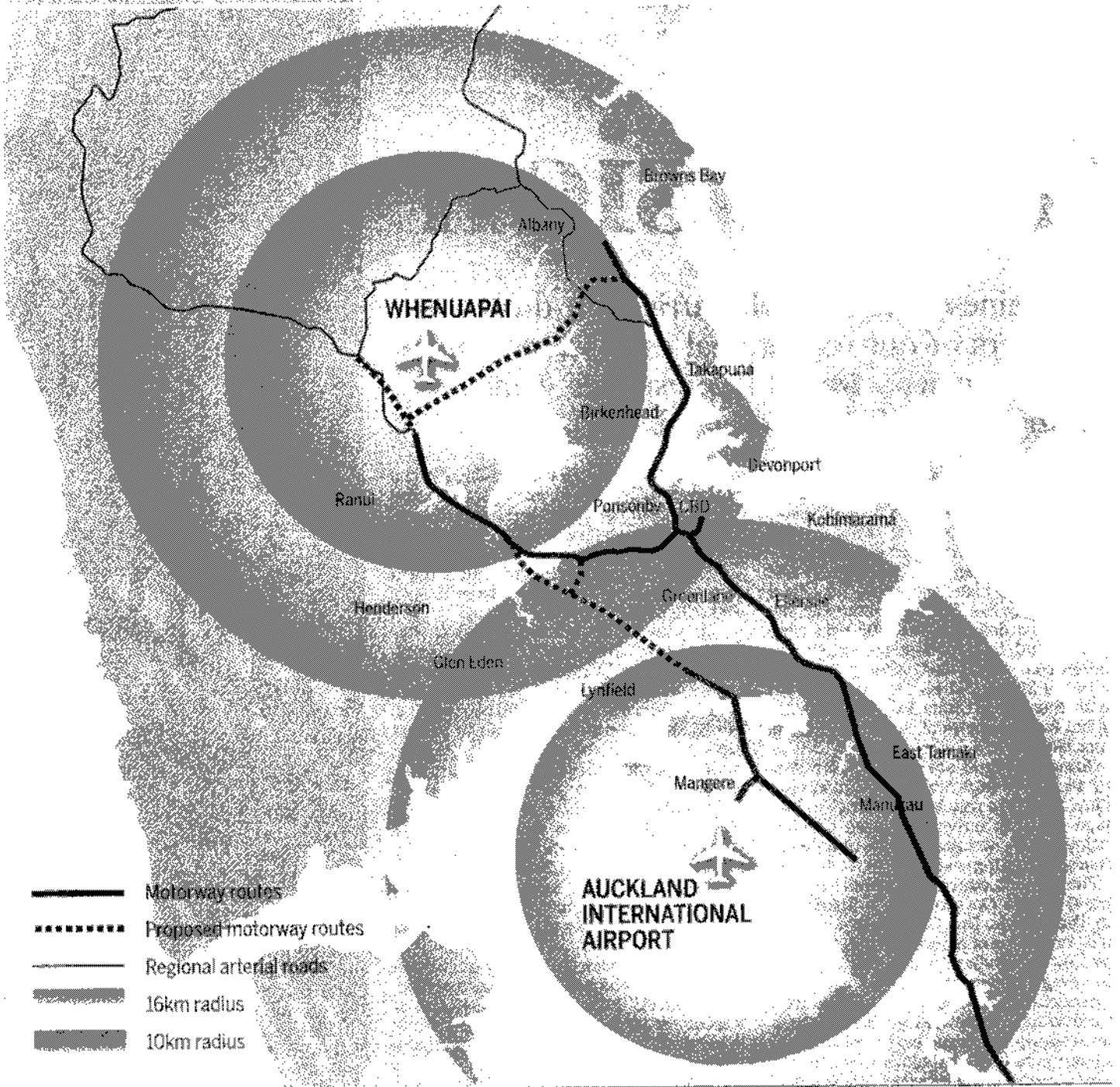


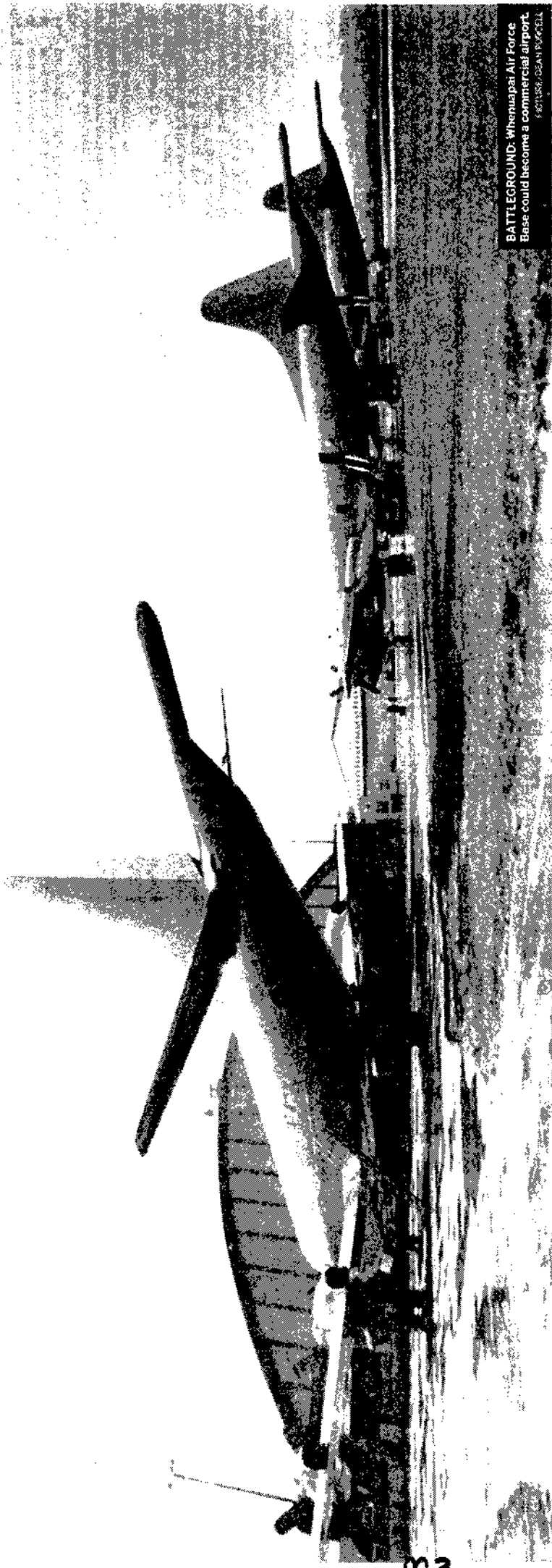
All is fare in the power struggle for Whenuapai

3

Cheap flights are the lure in the heavyweight battle over the future of Whenuapai. **Geoff Cumming** looks at the claims and counter-claims of an increasingly turbulent issue for the Government

AIRPORT CATCHMENT AREAS





BATTLEGROUND: Whenuapai Air Force Base could become a commercial airport.

PHOTO: DEAN FUGATE

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YOU DON'T have to be the head of a Glasgow crime syndicate to get to Paris on a few gold coins — you simply go to Prestwick airport and fly Ryanair. The low-cost airline will transport canny Scots to Paris from Glasgow's secondary airport for as low as \$8.

Unsurprisingly the fares come with as many hidden strings as the budget deals of New Zealand airlines, and the price, if you want to go tomorrow and at a reasonable hour, is much higher.

But Ryanair is one of numerous overseas airlines expanding the horizons of low-cost flights by basing themselves at secondary airports near big cities.

The owners of Prestwick — Infratil — plan a similar future for Whenuapai, the World War II-vintage base of the Royal New Zealand Air Force, northwest of Auckland. Once the Air Force is despatched to Ohakea, or preferably beforehand, budget travellers could be whisked from Whenuapai to the Gold Coast, or Invercargill, on no-frills airlines such as Virgin Blue, Origin Pacific or Qantas offshoot Jetstar.

The Waitakere City Council-backed proposal is very enticingly packaged: most tantalisingly, that it could undercut the fat cats of Mangere — Auckland Airport and Air New Zealand — to give passengers a better deal.

How much lower fares can go in the small New Zealand market is a moot point, but Virgin offshoot Pacific Blue sees room for price cuts on domestic and Pacific routes where competition now is limited.

Infratil, a specialist in utilities like ports and airports, cites Ryanair's success in Europe and the increased numbers it has brought to Glasgow Prestwick. The company's viewpoint is that the market for air travel is as large as airlines make it. It depends on the cost and availability of services, rather than being a function of the size or wealth of the local population.

Whenuapai has another standout attraction: convenience. Peak-hour congestion makes it easier to reach than Mangere for half a million Aucklanders, it is claimed. And low-cost airports offer quicker turn-around, with less time spent in the terminal waiting to board.

For Waitakere Mayor Bob Harvey, a civilian airport would offset the \$235 million economic cost of the Air Force withdrawal, expected at the end of the decade. Potentially, the flow-on benefits for North Shore and Waitakere businesses are far greater.

It also satisfies those who argue that the

region will rue the day it carves up the airport for alternative uses. Where would we find land for another airport should Mangere reach capacity (or be incapacitated), or if an Air Force presence near our largest population centre once again seemed desirable?

But before rushing for the check-in, best look out for obstacles on the runway. The most obvious is the opposition of several hundred homeowners across the water at Greenhithe, who fear their peace and property values would be disturbed by the noise of up to 70 take-offs a day. The well-organised residents will fight resource consent for a civilian airport as far as the Environment Court.

The proposal may not even reach that stage. Opponents range from edgy locals to the national carrier, Air NZ, 80 per cent Government-owned.

Air NZ's nerves raise the question: could the Government's stake in the airline cloud its judgment on Whenuapai?

The proposal has soured relations between Harvey and his Manukau counterpart, Sir Barry Curtis, with Waitakere officials taking potshots at Auckland Airport's monopolistic practices.

It has created unlikely bedfellows — Auckland Airport supporting North Shore locals worried by noise; the National MP for Helensville, John Key, opposing free enterprise; Air NZ opposing airport competitiveness. Airline chiefs have traded insults freely.

Turbulence has peaked around a Government decision, expected before Christmas, declaring the airport land up for grabs — giving Infratil and Waitakere, in the absence of any alternatives, clearance to develop their proposal.

When a Ministry of Economic Development report on the issue went to Cabinet last month, Air NZ chief executive Ralph Norris declared that the national carrier would not use Whenuapai.

Norris made the points that landing at

Whenuapai would be inconvenient for domestic passengers transferring to international flights at Mangere, and that Air NZ would have to duplicate passenger facilities at Whenuapai.

These are valid, but he also threw in red herrings: that international airlines would be unable to fly to Whenuapai in anything bigger than a 737 [Infratil isn't expecting jumbos] and the spectre of Auckland Airport increasing fees to maintain returns from a smaller customer base. And he fanned suspicion that the proposal swung on "some sort of discount or sweetheart deal" at taxpayers' expense.

Harvey and Waitakere chief executive, Harry O'Rourke, responded with an attack on the airline's commercial nous and Norris' "stupid" comments. O'Rourke accused the airline and Auckland Airport of wanting to "continue to milk the public of Auckland to maximum effect".

Norris' criticism does fly in the face of the usual airline stance of welcoming competition to prevent airports overcharging. But the airline's real concern is the threat of increased competition from low-cost carriers.

It is only three years since it needed an \$885 million Government bail-out to stave off bankruptcy after the collapse of its Ansett subsidiary. Analysts say its spectacular recovery came largely by reconfiguring domestic and trans-tasman services as low cost, while maintaining the full-service front. But the experience has left it acutely sensitive to how quickly things can nosedive, particularly now that its merger with Qantas has been ruled out.

Air NZ's nerves raise the question: could the Government's stake in the airline cloud its judgment on Whenuapai?

Economic Development Minister, Jim Anderton, says no, the Government does not interfere in the operational affairs of Air NZ and makes a clear distinction between the public policy issues surrounding Whenuapai and its airline shareholding. Once the decision is made, he says, "the chips will fall where they may".

"Air NZ has the logical problem that someone getting off a plane from Christchurch at Mangere wouldn't want to travel to the North Shore to catch a flight to Fiji." But, he adds, the intended use of the airport "won't be anything like Mangere".

Anderton is tetchy with media speculation that he vigorously supports the

Continued on B5

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second airport and that the Government is set to approve it.

"People have got a bit carried away by the timing of this decision, which is just dealing with national interest considerations [as a forerunner to disposal under the Public Works Act]. The decision won't be like they think. There's no one decision, there's a series of them."

Anderton acknowledges that his ministry's report includes evaluation of the proposal's viability and traffic impacts. But that does not rule out alternative uses, he says. The civil airport proposal takes up less than half the 311ha site. The land's underlying zoning for lifestyle blocks may change; it could become an industrial park.

"Everyone is talking about one possible use, but there could be others — from universities to racetracks. You pay your money and take your chances."

On the issue of viability, Auckland Airport is raising most doubts. Its balance sheet envied by overseas operators, the airport company says it can meet demand for decades to come. Current investments include a second departure pier for 747s and new baggage screening facilities to meet international security requirements.

But it is sitting tight on its major trump — a second runway, for which it has resource consent, to be built "as and when

demand is sufficient". Tony Gollin, the airport's general manager of corporate planning, says the second runway would be ideal for domestic and short-haul services by low-cost airlines. But he denies Whenuapai threatens the second runway plans.

So why in the airport company's annual report did chairman Wayne Boyd devote more space to Whenuapai than any other issue? "All we are saying is don't screw up. Don't do the wrong thing for the wrong reasons," says Gollin.

Critics, including airlines, accuse the airport company of running too tight a ship — deferring capacity improvements until the strain starts to tell. Complaints about landing charges led to a Commerce Commission finding in 2002 that the airport was extracting about \$4 million a year in monopoly profits from airlines.

Christchurch-based Pacific Blue's inability to strike a deal to use the domestic terminal is cited as evidence of the airport's cosy relationship with Air NZ. However, Pacific Blue is accused of using the Whenuapai threat to extract a better deal from Auckland.

Publicly, Pacific Blue says the main barrier to competing with Air NZ at Mangere is lack of space at the domestic terminal, where Air NZ and Qantas are ensconced.

"It's difficult to see how you could fit a sensible commercial schedule for a Pacific Blue 737-800 into that terminal, particularly

with both airbridges in regular use by Qantas," says Pacific Blue chief executive Tony Marks.

Cheap and cheerful airports offer a point of difference for low-cost carriers and Pacific Blue was quick to support the Whenuapai proposal. But Marks says it's too early to go further.

"All we are saying is that an airport which has facilities suited to low-cost operations would stand a reasonable chance of making a return on its assets."

With its North Shore-Rodney-Waitakere population catchment and Auckland's traffic problems, the airline believes that Whenuapai is viable. But on the congestion issue, things get even foggier.

The main approach routes to Whenuapai — the Northwestern Motorway and Upper Harbour Drive — are as jammed at peak hour as the feeders to Mangere. Infratil's answers — rail and ferries — seem unlikely. Auckland Airport's solution for Mangere is equally limited: complete the motorway network.

Against this backdrop of fractious aviation industry and local politics, Infratil appears as a white knight, saving Waitakere jobs as the Air Force takes flight and challenging the monopolists across the Manukau.

The publicly-listed infrastructure specialist has made its name with astute investments in ports, airports and electric-

ity companies. But, says executive Tim Brown, it has no presence in Auckland.

Its aims at Whenuapai appear modest: domestic routes using small turbo-prop aircraft and as far as the Australian eastern seaboard and Samoa with medium-size jets.

Brown says it is willing to invest \$60 million initially, to replace the runway and improve facilities. "We're looking for a reasonable return in the long term," says Brown. "It will take quite a few years before it justifies the expense."

But the joint venture's proposal to lease, at a discount, services from Defence and run a joint military-civil airport until the airport proves commercially viable has pro-

vided ammunition for opponents crying "sweetheart deal".

Anderton rules out the Crown retaining a surplus asset. Waitakere City appears the most likely buyer if it's sold under the Public Works Act, but the Crown will demand an unimpeachable price. The Government was castigated for selling Paraparaumu Airport too cheaply after excess land was used for housing, and has nearby Hobsonville as a reminder of what can go wrong when it tries to stimulate regional development.

There is another apparent diversion. Two years on from the decision to concentrate the Air Force at Ohakea, no building work has been done on new facilities. The

timeframe for the move remains five years, while Defence critics continue to question the wisdom of the decision. No one at Whenuapai expects to move before 2010.

Infratil wants to begin civil operations in 2007, gradually building up services as the Air Force withdraws. It cites experience of running a joint civil-military airport at Glasgow Prestwick.

The proposal points out the savings to Defence of sharing costs with civil operations and leasing excess services. It would also remove some of the resource consent barriers when the Air Force is gone.

The white knight could be as canny as the Scots in negotiating the first hurdle.



UP FOR GRABS: Infratil's Tim Brown and Waitakere mayor Bob Harvey are keen to develop the RNZAF base.

PICTURE / DEAN PURCELL

THE PROS AND CONS OF A SECOND AIRPORT

THE UPSTART

WHENUAPAI — indicative use under Infratil:

- 463,000 passengers in year one, rising to 2 million by year 10.
- 7800 aircraft movements in year one, rising to 52,000 by year 10.
- Expected profit: \$6 million-\$10 million a year.

"The partners intend to focus on low-cost passenger services that would operate on a short-haul basis. Passengers will be attracted by the low cost of services and will not mind the simple airport facilities.

"The civil operations will be complementary, rather than competitive, with those at Auckland Airport, which derives the majority of its economic value from long-haul services and network carriers and non-aeronautical property development.

"The level of passengers forecast is not sizeable enough to impact on the continued success of the airport at Mangere.

"On an average day there would be 20 jet take-offs and 50 turbo-prop take-offs, about three times the present level of activity.

"Residents will have their views taken into account by a regulatory authority in determining the airport sound envelope, times and frequency of use. Eighty per cent of take-offs will be to the west over sparsely-populated areas.

"Airport operations would provide about 410 jobs with another 760 spin-off jobs, adding about \$90 million to the local economy. "Waitakere City Council has the right to take up a 33 per cent shareholding. If the proposal fails, then the site will revert to the Crown."

Source: Infratil submission to Defence Force review of Whenuapai options.

THE INCUMBENT

AUCKLAND AIRPORT:

- 10.7 million passengers a year.
- 154,000 aircraft movements.
- 2004 profit: \$94 million.

"The Waitakere-Infratil proposal . . . provides a solution to a problem that does not exist. The best estimate of airport demand in the Auckland region in 2050 is 30 million passenger movements, well within the capability of a two-runway airport. This allows for New Zealanders to increase the propensity to travel by more than 200 per cent and for visitor travel to increase by more than 400 per cent.

"Traffic congestion will be eased with the completion of the motorway system.

"Developing Whenuapai would bring wasteful duplication of facilities, including Customs and Immigration. The costs associated with new border control facilities would be passed on to airlines, affecting the viability of a low-cost service.

"There is only space for a handful of players in the low-cost aviation market. Emerging evidence suggests that there is a sort of winner-take-all dynamic developing in that market.

"If there was a Pacific Blue service to Whenuapai, for example, operations may be viable in the short to medium term, but in the longer term it is doubtful whether Pacific Blue, Qantas and Air New Zealand could all flourish.

"The proposal amounts to seeking of an exclusive right to develop a commercial airport on a trial basis using the Crown's asset, by preserving the right to walk away if the venture does not succeed commercially."

Source: Auckland Airport submissions to Defence review.

AUCKLAND: INSATIABLE CITY

A HERALD SERIES

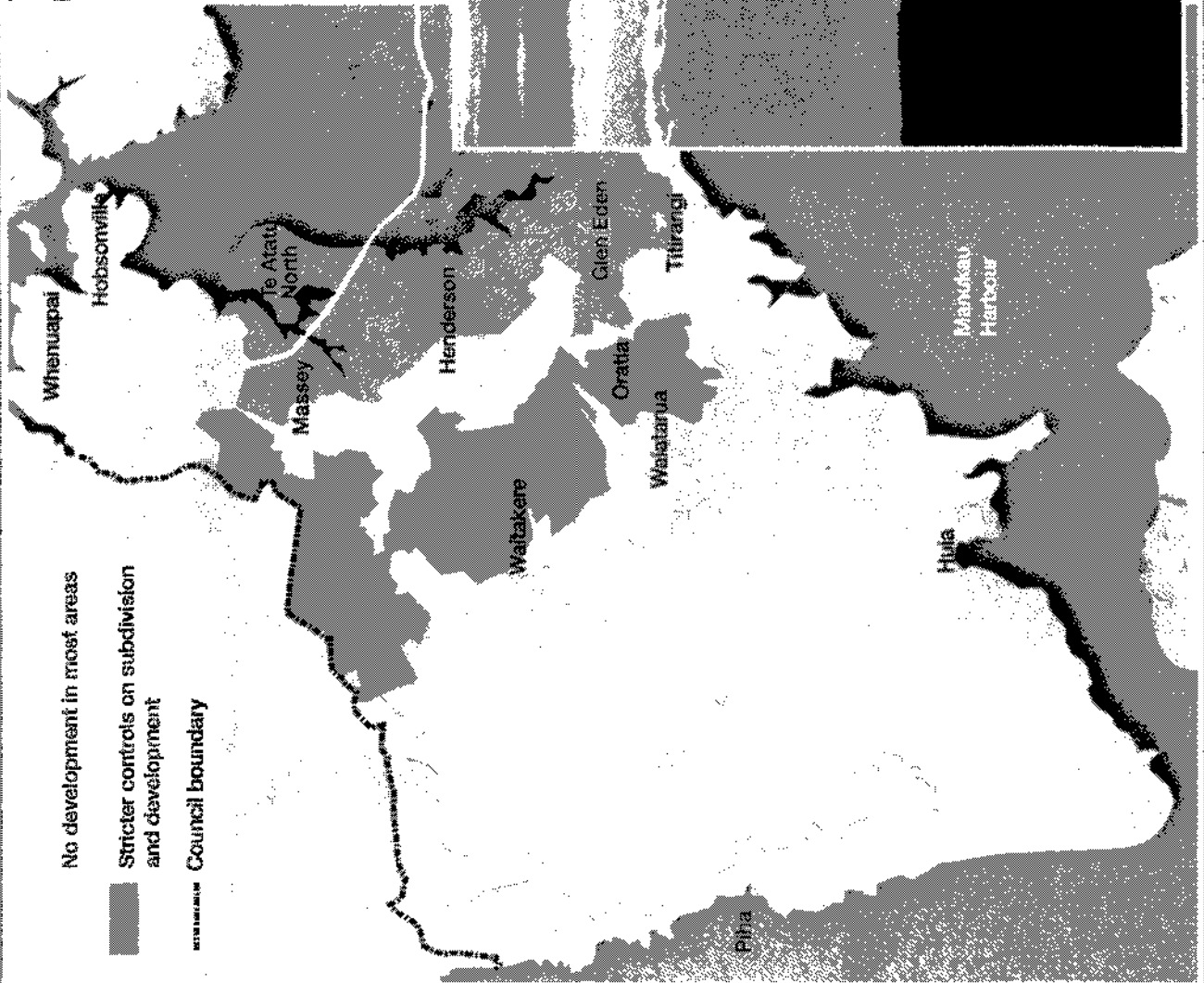
Ranges fuel Waitakere debate

Waitakere City's residents are braced for a flurry of planning consultation over the holiday period

by Anne Baston



>> Waitakere wars



What the row is about

- Environmentalists fear that the Waitakere Ranges are being slowly destroyed by ordinary suburban development - or "death by a thousand cuts" as the Commissioner for the Environment, Morgan Williams, memorably described the process in 2000.
- To stop this, councillors are working on a new law which would make it harder to subdivide land in the ranges and foothills. Landowners will have to show their subdivision does not damage the protected area.
- The new rules will not affect 600 lots already subdivided but are likely to cover any further subdivision applications.
- Waitakere City Council is asking residents for their opinions between now and February. If feedback is supportive, a draft bill will be in Parliament by March next year. It could become law by late 2005.
- Most councillors support the plan but others are fighting a rearguard action to stop or at least delay it.



So nervous is the Waitakere City Council over a plan to impose tougher controls on subdivision in the Waitakere Ranges, it is paying a consultant to give advice on whether it has consulted properly.

The caution is probably justified. Any council seeking feedback on its most contentious issue between now and February is certain to face accusations it consulted residents when council business was the last thing on their minds.

Waitakere Ranges Protection Society (WRPS) chairman John Edgar calls relying on a consultant to analyse residents' feedback an "out-clause".

"There's been a huge amount of information on this but people don't read it," he says.

Mr Edgar is a long-time fighter for stronger conservation of the ranges and surrounding foothills. On the opposing side are landowners, set on defending private property rights.

While this argument has been raging for more than a decade, the final battle appears to have begun.

The plan is to get a bill, declaring 18,000ha of regional parkland, a heritage protection area with strict rules on development and subdivision.

Supporters have a tight timeline. Their best chance of success is to get the bill before Parliament while a Labour-led Government is still in power. That is, before next year's general election.

So consultation with residents has to be finished by early February and a draft bill in the House by March. After select committee hearings, the bill could be law by next year.

A gripe by opponents is that no-one has sighted a draft version of the bill, yet questionnaires are being sent to residents with a deadline for return of February 4.

This is the third "phase" of consultation by the council, yet the draft bill was supposed to be available by phase two, earlier this year.

"It should have been out a long time ago," says Waitakere resident and ARC councillor Paul Walbran.

Mr Walbran, along with fellow Waitakere ARC councillor Sandra Coney, is a supporter of legislation.

Also cheering from the sidelines are three local Labour MPs, including Conservation Minister and Te Atatu resident Chris Carter, and newly elected Auckland Regional Council chairman Mike Lee.

Long-time mayor Bob Harvey is also in the supporters' camp but he wants a trade-off: if there is to be less development in the West near the ranges, then the city must be allowed to bust through the urban limits to the north.

Waitakere City is the second-fastest growing city in the Auckland region after Manukau, with a population set to rise to a high of 882,743 by 2046, up from 178,220 in 2001.

It is second only to Manukau on the list of cities running out of land for housing, with between 16 and 25

another 144 lots to be subdivided but WRPS and some Swanson landowners have challenged the council's decision in the Environment Court.

If the structure plan is upheld, Mr Healy will be able to cut off one section. That would cost around \$40,000 and might be worth around \$200,000.

He accuses WRPS and other opponents of the structure plan of

giant kauri, waterfall, 250km of walking track and surf beaches at Pihia, Karekare and Whatipu.

About 12,000ha of land leading into the ranges is privately owned, including parts of Titirangi, Heardson Valley, Laingholm, Oratia, Swanson and Waitanara.

The district plan lays down the rules for subdivision. In the core, bushy areas, lots must be at least 4aa but in areas like Titirangi and Laingholm smaller lots may be allowed.

At present, 600 lots are in separate title in the foothills area, according to Mr Edgar. Under any new law, those will remain.

"People who already have a property right, a land title now, that will not be taken away," he said. "What we are trying to stop is the creation of more titles."

But Steve Healy and other landowners don't buy that argument.

"We already have a very comprehensive district plan full of regulations and hoops and loops you have to jump through," he said.

A 50-something father of four with a 4ha block in Swanson, Mr Healy has served on the local school board and chairs a group fighting over subdivision rules in Swanson.

Swanson is a microcosm of the Waitakere Ranges debate. A "structure plan" was approved by Waitakere City Council, allowing

another 144 lots to be subdivided but WRPS and some Swanson landowners have challenged the council's decision in the Environment Court.

If the structure plan is upheld, Mr Healy will be able to cut off one section. That would cost around \$40,000 and might be worth around \$200,000.

He accuses WRPS and other opponents of the structure plan of

'We will make sure that the foothills and ranges are sacrosanct but we have to be able to expand.'

Bob Harvey, Waitakere City mayor

"scaremongering", accusing those who want to subdivide of behaving like "greedy developers".

"Very few have bought in recently with a view to making a quick buck," he said.

"We love living here, we don't want roofs crowding the skyline but you can't look after a 4ha block forever."

While debate over the ranges will intensify over the next couple of months, Mr Harvey is busy putting his case for Waitakere's expansion in the north.

By all accounts, preliminary discussions last week between the Waitakere mayor and the ARC got just a little heated.

"We are embarking on a programme to preserve the foothills and ranges from inappropriate development but we have to go somewhere," Harvey says.

"We are saying this is not a trade-off, we will make sure that the foothills and ranges are sacrosanct but we have to be able to expand."

This week the Herald examines Auckland's urban sprawl in a four-part series.

What's the problem? Auckland's population could almost double to 2.3 million in the next 40 years. Planners say the city can't keep expanding and could run out of room for new housing in less than 15 years.

What's the answer? The planners want Aucklanders to live on smaller sections and move to apartments to stop the urban sprawl.

Problem solved then? Not even close. Many Aucklanders don't like the new rules. Developers are pushing into the countryside as fast as ever.

TOMORROW The future shape of Auckland - an interview with the man who has to find the answers.

MONDAY: Part 1 - Papakura

WEDNESDAY: Part 3 - Flat Bush

TUESDAY: Part 2 - Rodney

CONTACT US: What do you think about Auckland's growing pains?

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years of "household capacity" left. The ranges cover around 30,000ha of western-most Waitakere, supply about 27 per cent of Auckland's drinking water and are home to a

number of threatened species, including Hochstetter's frog, a long-tailed bat and a native mistletoe.

They are one of the most-visited wilderness areas in the country, with

