

Before the Queenstown Lakes District Council

In the Matter of the Resource Management Act 1991

And

In the Matter of the Queenstown Lakes Proposed District Plan

Chapter 17 (Airport Mixed Use Zone)

**Evidence of Rachel Tregidga for
Queenstown Airport Corporation Limited
(Submitter 433 and Further Submitter
1340)**

Dated: 18 November 2016

QUE912172 5361652.1

lane neave.

Level 1, 2 Memorial Street

PO Box 701

Queenstown

Solicitor Acting: Rebecca Wolt

Phone: 03 409 0321

Fax: 03 409 0322

Email:

rebecca.wolt@laneneave.co.nz

INTRODUCTION

1. My name is Rachel Tregidga. I am the General Manager, Property of Queenstown Airport Corporation Limited (**QAC**) and am authorised to give evidence on its behalf.
2. I have held the position of General Manager Property at QAC since August 2015.
3. I hold a Bachelor of Arts, Bachelor of Commerce, and Diploma in Commerce from the University of Auckland. I have worked in the property field in New Zealand and the United Kingdom for 20 years.

SCOPE OF EVIDENCE

4. Mr Edgill, then the Acting Chief Executive of QAC, gave evidence for QAC in relation to hearing Stream 1B (Chapters 3, 4 and 6 of the Proposed District Plan), in which he:
 - (a) Provided an overview of QAC;
 - (b) Detailed the statutory framework within which QAC operates, and its 2016-2018 Statement of Intent;
 - (c) Described the history of Queenstown Airport;
 - (d) Described QAC's landholdings;
 - (e) Detailed QAC's current operations, projects and growth;
 - (f) Detailed QAC's economic contribution to the District;
 - (g) Briefly addressed QAC's role in managing Wanaka Airport on behalf of the Queenstown Lakes District Council (**QLDC**).
5. Much of Mr Edgill's evidence is relevant to this hearing, and I adopt it in that regard.
6. In addition, in this evidence I will:
 - (a) provide an update on QAC's most recent Statement of Intent,
 - (b) provide an update on QAC's growth and current projects;

- (c) comment on the range of activities anticipated to be undertaken at Queenstown Airport in the foreseeable future, and sought to be enabled by the Airport's zoning, including visitor accommodation;
- (d) comment, to the extent possible, on the range of activities anticipated to be undertaken at Wanaka Airport in the foreseeable future, and sought to be enabled by the Airport's zoning;
- (e) describe the nature and size of current tenancies at Wanaka Airport.

Statement of Intent

7. As a Council-Controlled Trading Organisation, QAC must prepare an annual Statement of Intent (**SOI**) which publicly states its strategic priorities for the next three years in accordance with section 64(1) of the Local Government Act 2002. The SOI takes shareholder comments into consideration and provides performance targets for organisational accountability.
8. QAC's decisions relating to the operation of the Airport must be made in accordance with its SOI, its constitution and relevant legislation (including the Resource Management Act).
9. Since Mr Edghill's evidence, QAC has approved the 2017 – 2019 SOI. Relevant points to note from this SOI include the following:
 - (a) QAC's long range forecasts predict that domestic passenger numbers will double and international passenger numbers will nearly triple by 2026. QAC is mindful that there is a need to manage this growth in line with community expectations.
 - (b) The need for investment and development of local infrastructure and tourism facilities to keep pace with this anticipated growth and maintain a quality visitor experience is a particular challenge which QAC is committed to working with the community to resolve.
 - (c) These challenges include pressure on the availability and affordability of visitor accommodation in peak periods, pressure and congestion on transport and roading networks, high demand on services, and a lack of affordable worker accommodation at a

suitable standard, all of which are impacting on visitors and locals and may eventually cap visitor demand.

- (d) QAC's new 30-year Master Plan will provide a roadmap to implement airport developments that continue to serve the local community and region and deliver a unique visitor experience, maximise asset values, generate sustainable growth in returns and value to our community and partners.
10. QAC's vision is *"to position [itself] as a "World Leading Tourism Airport", taking full advantage of the region's appeal as a leisure and visitor destination."*
 11. The success of QAC's vision is measured through three sets of objectives – *"People, Place and Performance, as seen through the perspectives of our four major stakeholder groups - Our Visitors, QAC, the Airport Community, and the Wider Community"*.
 12. The SOI sets out four strategies to achieve the vision and objectives, which are as follows:
 - (a) *"Aeronautical – making journeys safe, secure, efficient and rewarding for us all;*
 - (b) *Commercial – providing value to our visitors;*
 - (c) *Property – making the best use of our land;*
 - (d) *One Team – working together to deliver the best outcomes."*

Growth and Current Projects

Growth

13. The Airport welcomed a total of 1.74 million passengers in the 12 months ended October 2016, a 19% increase (281,000 passengers) on the previous year's passenger numbers.
14. Domestic passenger numbers grew strongly by 19.9% to 1,241,600. These figures include international passengers transiting through domestic ports.

15. International passenger traffic rose 17.7% to 497,236 with growth across all direct trans-Tasman routes – Sydney, Melbourne, Brisbane and Coolangatta – as a result of extra airline capacity and frequency.
16. Overall, commercial general aviation landings increased 4%, with strong growth (7%) in helicopter landings balanced by a slight decrease (1%) in fixed wing landings.
17. These numbers underpinned a strong financial performance. For the financial year ending June 2016, QAC returned a total annual dividend of \$6.3 million to its shareholders, of which QLDC (QAC's major shareholder) will receive 75.1% (\$4.7m), with Auckland Airport receiving the remaining 24.9%. This is the largest annual dividend recorded, and is a 21 per cent increase on the 2014-15 dividend. The payment to QLDC equates to approximately \$202 per rateable property in the District.

Evening Flights

18. The first after-dark domestic flight into Queenstown took place on 23 May 2016 (operated by Air New Zealand) and the first international service (operated by Jetstar) took place on 24 June 2016. These were both major milestones for New Zealand aviation and tourism, and marked a new era for Queenstown Airport.
19. After-dark flights enhance Queenstown Airport's potential as an international airport, provide better utilisation of infrastructure by doubling winter operational hours and allowing the spreading of peak loads, and create new employment opportunities.
20. Within a six-month period the airport community grew from 350 people to close to 500, as most of the 60-strong businesses moved to double shift operations.

Masterplan

21. QAC continues to focus on the long term master plan for the Airport. The masterplan takes a 30 year planning horizon, and will provide QAC with a roadmap to implement airport developments that continue to serve the local community and region and deliver a unique visitor experience,

maximise asset values, generate sustainable growth in returns and value to the community and QAC's partners.

22. The master planning process will provide guidance on requirements for future aeronautical operations and opportunities for commercial development.
23. QAC is working closely with key stakeholder groups in the development of the master plan and will seek input from the airport community as the plan takes shape.
24. QAC's goal is to provide a visitor experience that is sustainable, adaptable, affordable and memorable for many years to come. More specifically, QAC's guiding principles in this process are as follows:
 - (a) Sustainable – support a safe, commercially-focussed, environmentally conscious and community-orientated business;
 - (b) Adaptable – allow for staged growth and innovative solutions aligned to visitor and community needs;
 - (c) Affordable – recognise the economic challenges and opportunities associated with growth; and
 - (d) Memorable – provide QAC's visitors with an exceptional service experience representing the best of the region and a sense of place.
25. Of relevance to this hearing, the master plan process will address, at a high level, future development and design outcomes at the Airport, including the formulation of urban design principles for future development.
26. From the urban design principles, QAC will develop urban design guidelines which will inform and guide development within the Airport Zone. These guidelines will be cognisant of and address the Airport's location within Frankton and the mixed range of uses provided for on land around the Airport, and also the wider environment and its outstanding natural landscapes. They will also take account of and seek to address Queenstown Airport as the primary entry point into the District for many visitors.

27. I understand that Chapter 17 of the Proposed District Plan states that QAC will adopt best practice urban design and urban design led principles at Queenstown Airport, and requires QAC to prepare an urban design guideline for the Airport Zone which promotes a built form and character that maintains the Airport and its surrounds as an attractive gateway to the District. QAC supports and is committed to this requirement, and considers that good urban design is important to ensuring successful development within the Zone and the surrounding area.
28. The masterplan is still in its formative stages and these urban design matters will be addressed more fully in due course. QAC will consult on the masterplan with the airport community next year, and anticipates that the feedback received from this consultation will have a bearing on the urban design direction and final urban design principles and guidelines.

Noise Mitigation

29. QAC continues to implement its noise mitigation obligations under the Aerodrome Purposes Designation. By July 2016, the first tranche of QAC's Noise Mitigation Programme was offered to the 13 homeowners in the Air Noise Boundary (**ANB**) as the programme implemented mitigation works and other activities agreed with the Airport Noise Liaison Committee.
30. The next phase, expected to take 18-24 months, will include mechanical ventilation offers to an estimated 135 houses within the 2037 60 dB Ldn Noise Contour. The programme will then continue in scheduled phases for the next 20 years as the increased number of flights enabled by PC35 has the potential to increase the level aircraft noise experienced by a larger number of homes.

Other Matters

31. More generally, 2016 saw QAC improve operational efficiency by introducing eGates into the Customs areas. This reduced queues by increasing the processing rates for international arrivals from around 360 passengers per hour to 1,000 passengers per hour. Also, the introduction of evening flights and the extension of operating hours saw airlines move some existing services out of the peak periods into the new capacity (operating window) and place new capacity in the new operating window.

This resulted in an easing of the peak periods compared to the same periods in the previous year.

32. A series of safety and capacity improvements to QAC's parking and road network commenced in 2016 and will continue to be rolled out over the next year.
33. QAC continues to progress efforts to acquire the Lot 6 land adjacent to the airfield. An interim decision on the Lot 6 Notice of Requirement was issued by the Environment Court in December 2015, confirming the separation distance requirements between the runway and proposed heavy taxiway. The Environment Court requested an aeronautical study to show the operationalisation of the airfield including the proposed changes. This has now been provided to and accepted by CAA and a final Environment Court hearing on the NOR is likely to take place early next year.
34. The designation and acquisition of Lot 6 will be paramount to optimising airfield operations, allowing the optimum positioning of a parallel taxiway and relocation the General Aviation precinct away from scheduled operations.

Range of Activities Anticipated to be Undertaken At Queenstown Airport in the Foreseeable Future

35. Modern day airports are no longer simply transportation facilities. Today's airports are commercial enterprises and need to create additional revenue streams beyond traditional revenue sources (e.g. landing fees, gate leases, passenger service charges etc), for introducing alternative means to make profit, infrastructure investment, and for counter-cyclical business reasons.
36. Non-aeronautical activities are becoming more critical to airports meeting their facility modernisation and aeronautical expansion needs, along with being cost competitive in attracting and retaining airlines. In this regard, non-aeronautical revenue sources enable airports to both compete and better serve their traditional aviation functions.
37. As New Zealand's fourth busiest airport, the requirements and direction of Queenstown Airport is no different. In order to accommodate predicted growth in aircraft operations, including providing the necessary airside (e.g. apron, terminal, taxiways etc) and landside (e.g. car parking etc)

infrastructure, while remaining competitive, QAC seeks the ability to establish a broader range of activities than are currently enabled at the Airport. The activities QAC seeks to be enabled are consistent with the range and types of activities found at other New Zealand airports. These activities will cater for both airport visitors and workers, and will enable QAC to efficiently utilise its landholdings, while ensuring that direct aviation functions are not compromised in the long term.

38. A common offering at many of the world's international airports, but a more recent offering at New Zealand's larger airports, is airport related visitor accommodation.
39. In this regard, I note that a range of visitor accommodation options are now or will shortly be available at all of New Zealand's major international airports, namely Christchurch, Wellington and Auckland. These accommodations are typically located on or within a short walking distance from the main airport terminal, with the new hotel proposed at Wellington Airport to be fully integrated with the main terminal building.
40. Visitor accommodation at airports is generally short stay accommodation, and caters for the transiting or short stay visitor, as well as delayed passengers and overnighing airline crew, who may require accommodation at short notice and/or a short distance from the Airport terminal in order to catch late night/early morning flights.
41. The consideration of providing such accommodation at Queenstown Airport has come about relatively recently, as the Airport has increasingly been required or requested to accommodate a growing number of passengers who, as a result of delayed/diverted flights or personal travel itineraries, find that accommodation elsewhere is unavailable or unaffordable.
42. A notable example was the NZ Golf Open in March, earlier this year, where QAC accommodated approximately 50 passengers who were required to stay overnight at the terminal due to a lack of available affordable accommodation elsewhere in Queenstown.
43. Passengers forced to stay overnight at the terminal is becoming more frequent occurrence due to lack of available or affordable alternative

accommodation options, albeit the passengers are generally fewer in number than the NZ open example.

44. Additionally, a visitor accommodation offering at Queenstown Airport will bring the activities at the Airport into line with activities on offer at New Zealand's other major airports.
45. QAC therefore seeks the ability to establish purpose built accommodation at the Airport to accommodate transiting and short stay visitors. QAC is very mindful of its general approach to the establishment of noise sensitive activities on land in proximity to the Airport, and therefore seeks provision for visitor accommodation on a limited basis only, so as not to give rise to reverse sensitivity issues, while at the same time addressing an apparent accommodation shortage in Queenstown providing for transiting and short stay visitors' needs, and diversifying airport related activities at the Airport.
46. In this regard, QAC has read and generally accepts the acoustic report prepared by Marshall Day Acoustics in November 2014¹ which recommends that provision of visitor accommodation at Queenstown Airport be subject to a requirement to achieve an appropriate indoor noise level, that it provide no outdoor areas (e.g. balconies and/or patios etc), and that the duration of stay be limited.
47. In respect of the latter, QAC considers a maximum stay of three nights is appropriate, as it will cater for the long weekend traveller, or the standard weekend traveller who may face a delay resulting in an additional night's stay being required in Queenstown. A three night maximum stay is also necessary and appropriate to accommodate weekend visitors from Australia, who typically arrive and depart on late/early flights.
48. Additionally, a three night maximum stay is considered necessary in order for visitor accommodation to be commercially viable within the Airport Zone.
49. QAC considers that short stay accommodation of this nature is quite distinct from longer stay visitor accommodation, or residential accommodation, where visitors/residents typically spend more time at the

¹ 'Queenstown Airport Mixed Use Zone' Acoustical review of proposed District Plan provisions, 19 November 2014.

accommodation, and are therefore exposed to aircraft noise for a longer period. QAC therefore views it as a justifiable and confined exception to the general approach of prohibiting the establishment of noise sensitive activities within the Airport's noise boundaries.

Range of Activities Anticipated to be Undertaken At Wanaka Airport in the Foreseeable Future

50. As explained by Mr Edghill in his earlier evidence, QAC provides aeronautical and property expertise to QLDC in relation to the management of Wanaka Airport. This includes providing onsite airport staff, aeronautical advisory support, property management services, accounting and administration services, management input to the Airport's development, and fulfilling compliance obligations.
51. Wanaka Airport accommodates aircraft movements associated with scheduled general aviation and helicopter operations, and is a major facilitator of commercial helicopter operations within the District. It is a complementary and supplementary facility to Queenstown Airport.
52. Queenstown Lakes District Council is in the process of undertaking public consultation on the future governance of Wanaka Airport, with the preferred option being a long term lease to QAC. QAC considers it would be premature for it to comment on future activities of the Airport until a decision is made by QLDC and, if a long term lease option is approved, tenure is agreed between the parties.
53. However, in a Strategic Review of Wanaka Airport commissioned by QLDC and undertaken by Astral Consulting in 2015, the following activities were contemplated for near term growth:
 - (a) Hangar space for high value privately owned aircraft;
 - (b) Hangar and facility space for scientific operations such as NASA super pressure balloon launches;
 - (c) Operational offices and reception facilities for sport aviation activities;
 - (d) Hangars and bases for helicopter and general aviation, including flight training;

- (e) Ancillary services such as maintenance and repair of aircraft and components;
 - (f) Aircraft parking, in particular corporate jet overflow from Queenstown airport; and
 - (g) Charter air services such as winter ski flights.
54. Astral Consulting specifically recommended that scheduled services cannot be excluded and that provision for a modest terminal should be made.

Wanaka Tenancies

55. There are currently 30 leases at Wanaka Airport benefitting QLDC, ranging from approximately 200m² to 2,600m². The majority of the tenants hold ground leases.
56. The tenants can be grouped broadly into those owning private hangars, for the storage of private aircraft (either fixed wing or helicopters), and businesses owning hangar and office / workshop facilities – whom are primarily tourism based or maintenance businesses – the majority undertaking aviation activities.
57. The majority of the tenants have offices attached to their premises, in which they undertake commercial activities relating to the operation of their respective businesses or aviation activities.
58. A small number of tenants (approximately three) undertake minor retail activities as part of their tourism businesses – selling caps, t-shirts and similar small mementos – ancillary to their core business of operating tourism activities.
59. One tenant operates a commercial storage warehouse operation, storing ski clothing and gear and acting as a distribution location for Wanaka retail businesses, with office space being provided within the warehouse for this activity. The land area dedicated to this use is approximately 1,900 m².
60. Warbirds and Wheels fall within the proposed Airport Mixed Use Zone, but is on a separate freehold site, not owned by QLDC or managed by QAC. QAC understands that this operation houses a museum, a museum retail

area, café and kitchen (which together comprise approximately 255m²), and a small operational office (of around 100m²). The total land area of this site is approximately 5,200 m².

61. QAC understands that the section 42A reporting officer for the Airport Zone has recommended that cafes and other food and beverage facilities, retail activities and offices be limited to 100m² maximum gross floor area (**GFA**) for any individual tenancy, with a 1000 m² GFA maximum cumulative tenancy limit (i.e. maximum limit of all tenancies combined). QAC does not support this recommendation.
62. As noted above, a number of the existing airport related tenancies at Wanaka Airport comprise an office component, and some also have a retail component. Warbirds and Wheels contains a café which caters to users of and visitors to the Airport.
63. Due to QAC managing ground leases on behalf of QLDC (buildings are owned by tenants), QAC does not have a detailed schedule of building sizes and allocation of space to offices, but of the leases managed by QAC, it is estimated that of an estimated Gross Floor Area of 41,000m² over the buildings, approximately 2,700m² is allocated to office activities. In addition, the Warbirds and Wheels operation alone (within the zone but not owned by QLDC or managed with QAC) comprises approximately 355m² of café, retail and office space.
64. This allocation of office space within buildings already operating on site would indicate that the proposed limit of 1000 m² total GFA for such activities, as recommended by the reporting officer, is already well exceeded, and does not allow for any additional growth. QAC considers the 100 m² proposed maximum GFA limit for any individual tenancy is unduly restrictive, and may not enable genuine airport related activities (e.g. offices associated with airport based tourism offerings, such as skydiving or flightseeing for example) to establish at the Airport.
65. Accordingly, QAC considers that the proposed limits on tenancy size (individual and cumulative) are inadequate, and will unduly and unnecessarily constrain the potential growth and development of Wanaka Airport.

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