



This flyer aims to answer your questions about the Te Anau Airport – Manapouri project. We received 275 questions from 30 people and many of them were the same or very similar. We considered this was the best way to answer them in a clear and concise manner. This meeting has been scheduled at 2pm to suit the Golden Age Club, which has generously given up its venue and meeting time for the purpose. No meeting time, either during the day or in the evening, is ever going to enable everyone to attend and we hope this flyer will inform those who can't attend today.

Questions were called for in writing so this could be prepared; however, as Te Anau Community Board Chairman Ron Egan has said, questions will also be taken from the floor today.

## **BACKGROUND**

There have been two airstrips in the Te Anau Basin for at least 30 years. The Waiau strip was owned by Southland District Council's predecessor, the Wallace County Council, and after 1989, Council assumed responsibility for it. The Manapouri strip, which was sealed, was privately owned by Mt Cook and then Air New Zealand until 2002, when the company offered it up for sale by public tender.

Discussions over the importance of the a sealed airstrip to the basin's economy had been held previously, but Air NZ gave interested parties only two weeks to put their tenders in so Council went ahead. Council's tender of \$401,000 was accepted by Air New Zealand.

Te Anau is the gateway to Fiordland and with increasing tourism and residential growth in the area at that time, Council had a responsibility for well-planned infrastructure. About 22 councils own airports throughout New Zealand.

Consolidation to one airport was always the focus of the Te Anau Community

Board and all lessees at the Waiau site were informed by letter in 2002 that the plan was to move to Manapouri.

## **THE PROJECT**

A development plan for the Te Anau Airport – Manapouri was put together by Astral Ltd and Zomac Planning Solutions in January 2004 and from that, discussions and planning began. The project was discussed in open meeting by the Board at meetings from 2004.

The District Plan had to be changed to allow development at the Manapouri site and so work began on that in 2004. The application was publicly notified and a consent hearing held, with only three submitters, Department of Conservation, Meridian Energy and a neighbouring landowner, opposed. Other submissions were received in support of the proposal. The change was approved.

Astral and Projenz then developed the proposal, which included market analysis and a draft business plan, and from there an activity management plan was written in 2006. An information circular, explaining the airport project

and funding implications for ratepayers, was sent out in April 2006.

All details, including cost and how that would be funded, were included in the 2006-2016 Long Term Council Community Plan. It was proposed the funding would come from the sale of the Waiau airstrip land, with a projected return of \$3 million, and a loan to be repaid by a \$101 Uniform Annual Charge over 40 years on all rateable properties in the basin. The draft LTCCP went out for public consultation and there were 32 submissions on the proposed development and funding.

Nine submitters were in favour of the proposal. Nineteen submitters were concerned about the proposed cost and funding. Seven other submitters were opposed to the development for a variety of reasons, including whether airlines would use the airport and airport operations should be left to private enterprise. Environmental concerns were also raised, along with suggestions the development should be funded from those benefiting from it, rather than ratepayers generally.

A public meeting to hear submissions on the LTCCP was held in Te Anau on 12 June 2006 and following that meeting, the Board recommended it borrow \$4 million from the internal Luxmore Subdivision Reserve for 25 years at no interest. That meant a UAC of \$61 per property. This is the cheapest method of funding possible considering there is no interest payable on the loan.

Council and the Board's decision to continue with the project was based around the submission process and a belief there was general acceptance for the \$7.1 million project. No poll was held as the submission process is considered full consultation and both the Board and Council believe that did not fail.

An extraordinary Community Board meeting was held on 13 September

2006 at 7pm to discuss the development further. At that open meeting a draft master plan for the airport was tabled.

Construction began in 2007, with the project managed by Projenz. The sealed runway was extended to allow planes up to the size of an ATR 72-seater to take off fully loaded, which will increase the potential for more landings. The crosswind runway was built to accommodate lighter aircraft and provide landing options in unfavourable weather conditions. This runway is fully operational and fit for its intended purpose. The stones that form part of the whole area's land mass are rolled into the soil and the grass cover is good.

The airport was opened in April 2008 within the \$7.1 million budget. The terminal building's architects had been instructed to make the building fit into the landscape as it would be the first thing visitors would see on arriving. Cost was kept down by using recycled bridge timber for the entrances. The terminal can also be hired out for other purposes. A problem with the ceiling in one section of the building is the responsibility and cost of the contractor and is being addressed. Projenz continued to manage the project after the opening until a manager was appointed. Over the whole project, it was paid \$780,285, 11% of the total cost.

Hangars were originally going to be built by Council over and above the \$7.1 million cost, but it was decided not to place this extra cost and risk on the ratepayer. So expressions of interest in building them were repeatedly called for, with the first from Te Anau company MGJV received in February 2008. The Board asked staff to start negotiating with this company in April 2008 and address issues the Board had identified. The Fiordland Aero Club did not apply for land at the airport until May 2008 after negotiations with MGJV were well advanced. A staff oversight meant a

letter was not sent to the club to inform it negotiations were already under way.

A lease agreement was negotiated with MGJV for two areas and another agreement was made with MGJV that meant it had first option to build hangars on some of the balance of the area.

Council in the agreement has reserved the right to make the final decision over hangars on those areas, when agreement between the parties cannot be reached and after full negotiations have taken place. Council has also reserved some non-serviced land for private use and non-commercial hangars.

All buildings at the airport are required to be of a uniform standard and design to fit in with the overall scheme for the airport and this includes the use of common walls to maximise the use of the land space available.

The first hangar is being built at the moment at no risk or cost to Council.

All parts of the airport, from the taxiways to the apron of the runway, have been built to design and approved. Those building/leasing hangars will have the responsibility/cost of earthworks to level the site to fit their desired purpose. Council cannot afford to nor was prepared to level land for possible use when no specific interest has been expressed in occupying the site. Ratepayers' money may have been wasted if the work did not fit with a party's proposal.

Council does not believe there are problems with any of the levels or gradients at the airport, except for a minor drainage issue at the intersection of the crosswind runway and taxiway.

Two fuel tanks are now in place and are full with different types of aviation gas. A delay with the supplier had meant the second tank was not in place when it should have been. The fuel tanks, water

tank and water pump are housed above ground to add flexibility to any further possible developments. They meet CAA requirements.

The airport has been certified by CAA and all OSH, Hazard Management and Process Management Plans are in place.

## **THE SITUATION NOW**

### ***Te Anau – Manapouri***

Under CAA mandate, the airport must have a CEO, manager and audit procedure in place. The cost of \$60,000 a year covers all of this and is good value for money. This will not increase because more planes start landing.

Marketing of the airport is well under way, with staff having spoken to Air New Zealand and other companies and a website is being developed. Pionair is flying to Te Anau every fortnight and other airlines are interested but it is wait-and-see because of world situation.

It is not possible to land large passenger jets without substantial investment. The planes the airport is rated for do not have the capacity to dump fuel.

The hangar area layout design was modified in 2008 to alleviate concerns after discussions with the aviation community. Maintenance on the runway and taxiway is basically resealing, and is part of programmed works for 2009-2010 (\$400,000) and 2014-2015 (\$143,402). This is good asset management and is required under local government regulation. Grass length is an operational issue and is mowed to a certain length as per the contract.

### ***Waiau***

The Waiau land could not be sold until all was ready at the new airport as it was not practical to close it. It was planned to subdivide and sell it off, which a valuer

believed would net the Council \$3 million. Unfortunately before that could happen, the world economy dived and that has caused several problems.

The fuel tanks are likely to be removed by the fuel company soon and the CAA status of the strip has been reduced to private use and parachuting.

Some of the lessees hold leases which will extend past closure date and that has resulted in much communication to deal with their individual circumstances. Where applicable these issues will be dealt with as part of the sale conditions and this is not considered to be an impediment to sale.

Council had written to the aero club in 2002 about the closure plan and negotiations have continued with the club for its transfer to the new site. The club has been offered generous terms to help with the transfer, and these include Council buying its building at Waiau at the valuation the club provided and also contracting the club to carry out mowing at Manapouri to give them operational funds to help with the funding for any shortfall for relocation. These terms were subject to the club moving to Manapouri.

The Community Board has been consistently of the view that a healthy vibrant aero club is an important part of a consolidated airport.

## **THE RATES INCREASE**

The economic downturn has seen projections for growth in all areas slowing down and the new airport will continue to be subject to a constantly changing environment, not only economically but also regulatory. External factors, such as CAA compliance, air safety concerns and employment legislation, have to be managed.

The above are part of the reason why the Te Anau Community Board has

proposed a rates increase for the airport. Originally, Te Anau ward ratepayers were to pay \$61 per property to repay the loan capital to the Luxmore reserve. However, that was assuming Waiau sold for \$3 million and the usage of the airport would cover operating costs. Three years ago, these were all highly probable.

Now the cost of bridging finance until the Waiau land is sold and the operating costs exceeding income mean the rate needs to go up to \$176.60. This is open for public consultation and submissions through the draft LTCCP 2009-2019, which will be released on 16 April.

The Board and the Council are open to other options of funding it and would welcome suggestions through the submission process. Council will consider any offer for purchasing the Manapouri airport, but it considers the airport is an important infrastructural asset for the basin and so a condition of sale would probably be that it remained open for public use. Council is also more than happy to talk to any potential investors in the airport.

The designation of the airport does not allow for non-aviation activities, such as residential or industrial uses, at the site.

All rates are listed on rating notices so all prospective landowners can obtain this information before purchase.

*The Board believes it has acted in a financially responsible way as the Ward now has an asset which must be maintained and paid for. Unfortunately the current situation has meant financial support for the airport is needed. It is still intended the airport will eventually cover its own operating costs. The rate will be reviewed on an annual basis and will always be open for consultation.*