



## MEDIA RELEASE

Issued By Waikato Regional Airport Limited, trading as Hamilton International Airport

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## **HAMILTON AIRPORT RUNWAY APPROVED TO 3000M**

Hamilton International Airport (“HIA”) has achieved a major milestone in its history with the announcement today that the airport has secured approvals and recommendations to extend the runway to just short of 3000m.

While there is no immediate timetable, the option to extend the runway has now been approved for the next 15 years.

Independent commissioners conducted the plan change and designation hearing at Waipa District Council chambers over three days in March and May and the hearing was concluded on May 30th.

The runway designation and plan change have been the culmination of a detailed master planning exercise based on long term planning out to 2030.

The approvals and recommendations allow for an extended runway, taxiways, extended apron, associated air noise boundaries changes, and also includes land designations at both ends of the runway for the protection of runway lights and navigation aids to allow the implementation of instrument landing system high intensity lighting - in support of long haul wide body services.

In time, Hamilton airport’s vision is to become a low cost secondary airport gateway into New Zealand.

Chief Executive Chris Doak says Hamilton Airport’s competitive advantage now is that it has the ability to extend the runway for long haul international connection for the central North Island. He says this allows Hamilton to become a low cost secondary airport gateway in and out of New Zealand in the future.

“There are clear parallels to the secondary airport models developed in other parts of the world including Gold Coast, Avalon, and Stansted airport in the UK”, says Mr Doak.

“Gold Coast’s approach to the Queensland market is particularly relevant given they have established a business case for secondary connection directly with Asia, even given their proximity to Brisbane airport just one hour up the road. It is clear that airlines require different airport sizes and locations to meet their needs. We believe Hamilton will be able to offer an airport that is very attractive to many international carriers in the future with an extended runway”, says Mr Doak.

“These are long term goals and this is not going to happen tomorrow. There is still significant activity required to complete the business case and capital funding models. Approvals will allow the airport to begin to identify suitable partners to help make this project successful. It represents a major milestone in the airport’s history of development”, he says.

Mr Doak says the next step for the airport is to examine and review all the conditions around the approvals and recommendations from the independent commissioners.

Airport Chairman John Birch says the approvals and recommendations by the independent commissioners are extremely positive news for the airport.

“We certainly hoped these decisions and recommendations would come out as they have. We are particularly pleased to have a 15 year approval window. With this part of the consultation and planning process completed the airport can now plan for the future with some certainty,” he says.

Mr Birch says the airport now has the option to extend the runway when the time is right.

“We think there is enormous value to the region in securing the ability to extend the runway at the appropriate time. Ultimately the timing of any extension will be driven by commercial fundamentals and the robustness of the business case,” he says.

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## QUESTIONS AND ANSWERS

### Background

Significant work has been completed on master planning exercises involving:

- aeronautical asset planning,
- aircraft capability studies,
- land use studies and land designations,
- economic benefit studies,
- freight movement studies,
- market reviews and assessments,
- airport and airline relationship building, and
- tourism development

as building blocks in the development of applications for resource consent approvals to extend the runway at Hamilton airport.

Why did the airport apply for the runway extension approvals?

Airlines are unlikely to commit to commencing new services without the appropriate consents for infrastructure (i.e. runway length) in place. Aviation is a long-term growth industry and airports need to have approvals in place well in advance of market trends to ensure they are “market ready” when the relevant opportunities arise.

Historically, the airport embarked on a strategy to position the airport as a low cost secondary airport encompassing three key objectives:

1. a new low cost domestic and international terminal,
2. a commercial property park based at the airport, and
3. a runway extension to allow direct connection to Asia (and beyond).

With consents now in place, the airport has gained approvals for all three.

Why does the airport want to extend the runway in the future?

The airport has taken advice from independent airport planners to assess the long term demand requirements of the region. A series of scenarios were run to assess the regional demand for capacity out to 2030. Based on this work aeronautical design parameters were agreed and a decision was made to seek to secure the option to extend in the future.

What does the runway extension approval mean?

This approval means that the airport can now move to develop the long term business case for its investment, and attracting the necessary capital and airline capacity to enable it to occur. Ultimately any investment will be a Shareholder decision – based on the benefits to the region and Shareholder of the investment.

What will the runway extension look like when it occurs?

The airport 2030 master plan design is attached below. It outlines the key items reserved in the plan covering an extension to the main runway to 2984m, additional taxiways, larger apron areas, realignment of the grass runways, runway lights and navigational aids, general aviation requirements, and the demarcation points between the aeronautical areas and Titanium Park – the commercial property park development bordering the aeronautical precinct.

What has been done about containing airport noise?

Noise Boundary adjustments have been proposed by the airport, in conjunction with the flight projections. Overall, the District Plan allowances for aircraft noise have been reduced in line with the airport's proposals. A Community Liaison Group is already in place to best manage outcomes on behalf of the local community, the airport, and its users. This is now a requirement under the Waipa District Plan.

While approvals have been secured, when will the actual runway investment be made?

There are no plans to build the runway today. This requires a commercial viable business case. However, design and cost studies, including geotechnical research, have been completed. This has allowed the airport to assess the risks associated with the project and better define costs.

How much will the runway extension cost and how will you fund it?

The estimates for the runway extension itself are between \$22M and \$25M depending on options. It may also be possible to stage this investment to suit once a target market is confirmed. In airport terms this is a relatively low cost of build, and comes as a result of the flat land already owned by the airport.

In terms of funding, the business case for the project is yet to be completed. However, the consent approval now positions the airport to be able to talk to future potential partners including airlines and other airports to attract the necessary investment and capacity for the business case.

In the future, funding options will be presented to the Shareholders by the Board. Funding can be secured from many sources including new or existing Shareholder capital, airport debt serviced by funds from new services. There is also significant potential for airport and/or airline partnerships to occur to take this project forward.

What markets does the airport think will be future links for the central North Island?

Focusing on the Trans-Tasman, given the current runway length, WRAL can currently only operate to a limited number of airports on the East Coast of Australia. WRAL seeks to increase its market connection and lessen its reliance on the volatile trans-Tasman market, and to be in a position to provide for future growth trends and demands.

The specific objective of the runway approval is to enable the runway to be extended to accommodate wide-body jet aircraft and long-haul flights that open up new markets beyond the Tasman, particularly to Asia and the ability to have unrestricted passengers and freight into all of Australia.

Options include:

- International routes that do not have an oversupply of capacity or new routes not serviced from Auckland.
- International airlines not flying into Auckland Airport and see WRAL as an opportunity to enter into a market with lower levels of competition.
- Scheduled international wide-bodied aircraft flights to WRAL. Wide-bodied aircraft include aircraft such as the Boeing 777 and 787 and the Airbus A330 and A350. These aircraft could be flown to WRAL long-haul (directly from Asia or the US west coast) or short-haul from Australia (as occurs with Emirates flights to New Zealand).
- Scheduled international dedicated cargo flights to WRAL. This may involve aircraft such as the Boeing 767 with a potential market being the large equine Trans-Tasman airfreight market (approx. 5000 horse movements p.a.)
- Enabling potential future unrestricted flights to more distant airports in Australia.
- Unscheduled cargo flights and passenger charter flights - both long-haul and wide-bodied short-haul flights.

Does the market really exist?

The Waikato/Central North Island currently has a large market share of travelling Chinese – a potential target market for future services. According to the Centre for Asia Pacific Aviation, there has been a large increase in low cost carrier growth in Asia – being the highest growth area in aviation in the World. Asian based carriers have very significant forward orders of WRAL's target aircraft types.

- This market is projected to be the world's fastest growing market as the middle class population increases with discretionary spending available for travel on low cost long haul flights.
- The continued liberalisation of open skies in both Asia and China is progressing. It has been estimated that the current low cost carrier capacity share will increase from approximately 17.6% to over 30% within the next in five years. This is one target growth segment for Hamilton.

Auckland will continue to provide aggressive competition for long-haul international flights and it is vital for HIA to position itself uniquely in the international aviation and tourism market and offer a competitive offering as a secondary airport.

- Auckland Airport handles approximately 70% of all international visitors, 75% of all New Zealanders flying internationally and 80% of all exported international airfreight.

Currently, the only two airports in New Zealand capable of handling direct flights to Asia and the US are Christchurch International Airport and Auckland Airport.

- This means that the New Zealand economy, and especially the North Island economy, will be increasingly exposed to a natural disaster closing down Auckland Airport. Current failover airport Ohakea has limitations that mean it does not have passenger handling facilities to enable the passengers to be processed. This has resulted in passengers having to remain in the aircraft for extended periods of time until either Christchurch or Auckland Airports have reopened.
- The following quote from the 2009 Auckland Regional Council Civil Defence Emergency Management plan outlines the risk: "Auckland International Airport is a major international air link and gateway for overseas and local visitors (some 8 million passenger movements through the airport each year). Shut-down or disruption of airport operations would result in disruption of travel plans for some 21,000 passengers each day, resulting in stretched accommodation facilities if shut-down persisted".

In the future, Hamilton Airport can provide a low cost secondary entry point into New Zealand for targeted segment of airlines, travellers, and freight operators while significantly reducing New Zealand's exposure to natural disasters than could close down Auckland airport, the primary entry point into New Zealand. This model is seen in many countries around the world. There is a significant benefit to reduce risk in New Zealand by having a viable secondary port of arrival alternative - to service the North Island in the event on a disaster or as an alternate port for closures.

What value will the runway investment bring to the region?

The Airport wishes to protect its ability to respond to future demand by opening up capability for new markets other than the traditional (and restricted) Australian ports to cater for future regional demands for international passenger and freight. This will also protect the region from the volatility of a restricted trans-Tasman market.

The future economic benefit will be dependant on the number of passenger / freight flights. A Waikato University study has previously valued the airport's current international flights to Australia as contributing \$40M per annum to the regional economy.

The benefits the runway extension provide for:

- Provides existing aircraft with a much improved flight distance (i.e. B737-800 flying Perth and Darwin, B767-300 to Japan and Singapore and a B787 to the West Coast of the US.)
- Will broaden the aviation market that Hamilton Airport can attract.
- Provides an economic benefit to the surrounding region and will generate both direct and indirect employment.
- Will provide an increase in the micro economic activity at the airport (retail, rental cars, car parking etc)
- Will provide an increase in the number of flights and destinations serviced.
- Will further develop the value of the Airport asset.

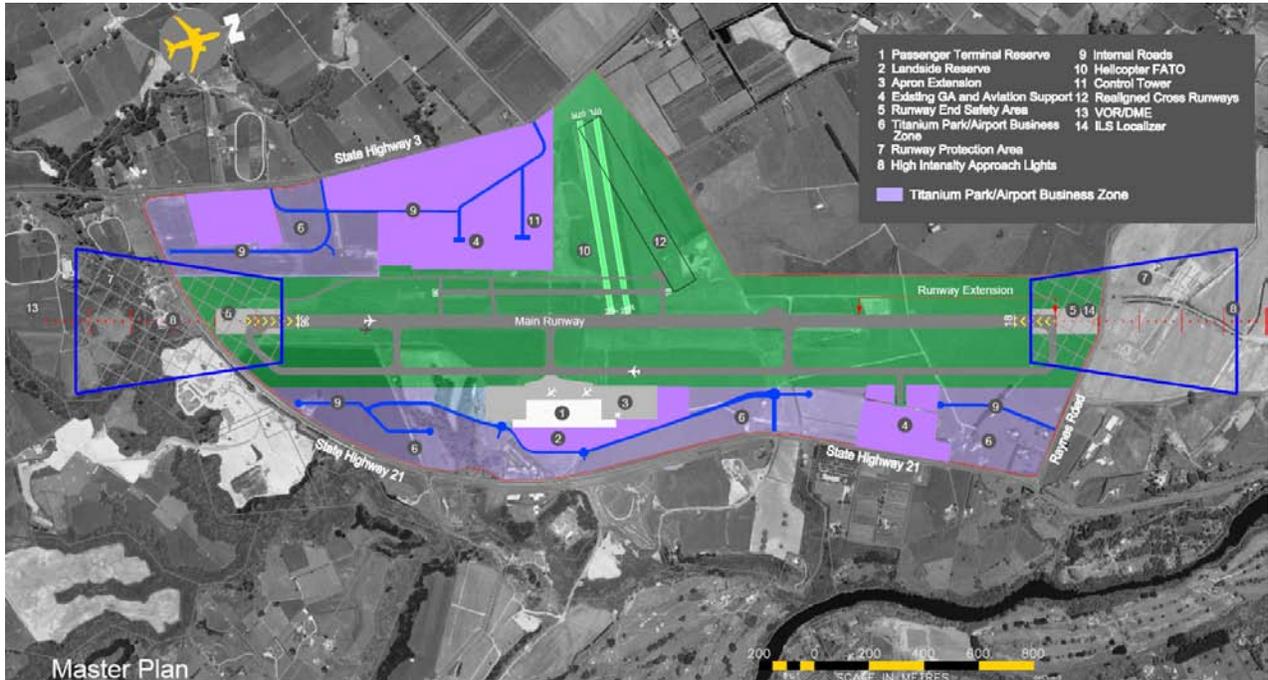
When will a new airline operate on an extended runway?

Aviation is a long-term growth industry and airports need to have approvals in place well in advance of market trends to ensure they are 'market ready' if the relevant opportunities arise.

To date presentations have been made to airlines in both Australia and Asia. In order to further progress opportunities in attracting long-haul international airlines (low cost or otherwise) the airport needs to be able to demonstrate that it has planning approvals to extend the runway. This

will give a clear indication to prospective Boards that planning approvals are in place – giving the region the credibility to further advance discussions. It is expected to take some time to secure the right partner(s) for this project.

## THE AIRPORT MASTERPLAN



## **ABOUT HAMILTON INTERNATIONAL AIRPORT**

- 1920 HIA was first used by aircraft in the 1920s, when the site was first used by aircraft landing for pageants and gymkhanas.
- 1935 The “flying paddock” was required by RNZAF for aircraft maintenance base during World War II
- 1946 Rukuhia Aerodrome (Hamilton Airport) was once again a civilian airfield.
- 1948 National Airways Corporation had first flight to Paraparaumu.
- 1950's Scheduled domestic passenger services commenced
- 1989 The incorporated Company ‘Waikato Regional Airport Limited’ was formed when the Crown sold to five local authorities, being Hamilton City Council and Waikato, Waipa, Matamata Piako and Otorohanga District Councils.
- 1995 Kiwi International Air commenced international services to Australia. Freedom Air commenced international services to Australia.
- 1996 Kiwi International Air cancelled international services from Hamilton. Remaining government shares were bought by local regional councils.
- 1998 Runway extended from 1706m to 1960m.
- 1999 K2000 commenced international services to Australia and in 2000 K2000 ceased international services to Australia.
- 2001 Airport secured land at northern end of runway, and extended the runway seal to 2200m.
- 2007 Opening of the upgraded domestic and international terminal. The terminal redevelopment completed in 2007/08 earned Hamilton International Airport several national design awards.
- 2008 Air New Zealand took over Freedom Air’s international operations.
- 2009 Air New Zealand cancelled international flights to Australia. Pacific Blue commenced international flights to Australia. Titanium Park commercial and industrial property park gained consent approval. Waikato Regional Airport Limited was incorporated 20 years ago on the 1st of November 1989.
- 2009/10 Airport re-established Hamilton & Waikato Tourism entity with a view to spawning an independent RTO in 2011.
- 2011 The airport gains approvals for a future runway extension to just short of 3000m to enable future direct flights to Asia and unrestricted passengers and freight to Australia giving the option to become a low cost secondary airport entry point into New Zealand for passengers and freight. A coordinated inter-regional tourism organization (RTO) is spawned by the airport into its own company, jointly funding by seven city and district councils.

Waikato Regional Airport Limited (WRAL) trading as Hamilton International Airport is a key asset for the central North Island and Waikato regions and is a critical hub in the regions transport infrastructure. Hamilton International Airport has a catchment area of approximately 800,000 people, and currently the fourth-longest commercial runway in the country (2,195m sealed runway).

Hamilton International Airport is owned by five local shareholder authorities – Hamilton City Council and the Waipa, Waikato, Matamata-Piako and Otorohanga District Councils. The airport is a Council Controlled Organisation run by an independent commercial Board of Directors.

For most of the last 15 years the airport has been the 4th largest international airport in New Zealand by international passenger numbers. The airport is also the third busiest in NZ (after Auckland and Ardmore) in terms of total aircraft movements. Activities associated with the airport account for about 830 full time employees.

Up until June 2011 the Airport has lead Hamilton & Waikato Tourism regional tourism organization, with the RTO being spawned into an independent organization in July this year.

The airport is strategically located on the corner of a triangle of transport routes connecting Auckland, Hamilton and the Port of Tauranga, being State Highways 3, 21 and 1. It is also near the western main trunk railway line, although not currently connected to it. This gives it a strategic road access within the golden triangle of Hamilton, Auckland and Tauranga, which is the main growth region in New Zealand. In addition, a considerable percentage of New Zealand's international airfreight is currently trucked past the airport on the three state highways.

Titanium Park is a significant industrial commercial park situated on land immediately surrounding the airport's aeronautical asset - ideally suited to increase in aeronautical activity. The rezoned land has been specifically zoned cater for increased airport business. Titanium Park will benefit from any investment in runway. It would open market connection between the central North Island and Asia directly requiring an increase in service providers surrounding the airport. Any future extension will enhance the Airport's future role in the region.

The airport is also the subject of a Major Regional Initiatives Project by the Ministry of Economic Development to develop an aviation business cluster. This cluster is now well-established and includes aircraft manufacturing, maintenance and flight training. As a result the region has become nationally recognized as a centre for pilot training, with CTC Aviation which has been operating since 2004, predicted to inject \$95 million into the local economy over the next 10 years (Source: CTC Press Release).

NZ Trade and Enterprise have recently estimated the overall Waikato regions aviation-related revenue at about \$297 million a year (NZTE Aviation Report 2010).

Hamilton Airport Website:

[http://www.hamiltonairport.co.nz/page/hamair\\_5.php](http://www.hamiltonairport.co.nz/page/hamair_5.php)

Hamilton Waikato Tourism:

<http://www.hamiltonwaikato.com/>

Titanium Park – Hamilton Airport

<http://www.titaniumpark.co.nz/>

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