

12 August 2013

Inquiry into the Services Sector
New Zealand Productivity Commission
PO Box 8036
The Terrace
Wellington 6143

Dear Sir/Madam

The Christchurch Airport would like to thank the Productivity Commission for the opportunity to submit on first interim report for the inquiry into *Boosting productivity in the services sector*. Rather than answering each of the questions outlined in the report we have provided a brief summary below.

We support the findings outlined in the report, especially the importance of the service sector in the New Zealand economy, the importance of transport, tourism and education for New Zealand exports and need for services to enable strong international competition. However, we believe that the land use planning regulations that Christchurch Airport operates under are less than optimal.

Christchurch Airport is a gateway to services sectors in the South Island. The Christchurch Airport enables the efficient delivery of New Zealand services to international markets and provides critical infrastructure to reduce spatial transaction costs for New Zealand exporters. In 2012-13, the airport was used by over 5.5 million passengers and is used by over 85 per cent of international visitors to the South Island.

The airport industry is a competitive and dynamic market. The Christchurch Airport faces competition from Auckland, Sydney, Brisbane and Melbourne for long haul services and competition from a variety of South Island airports for the trans-tasman and domestic services.

In Christchurch Airport's case, commercial and industrial development can provide a key competitive differentiator and can help anchor long haul wide bodied services which provide the opportunities for increased productivity in both the services sector and the export of freight.

Also, as increased frequency of services into Christchurch Airport becomes underpinned by the industrial and commercial development in the surrounding area, increased promotion of Christchurch as a destination will feed into the redevelopment of services within the Christchurch CBD.

While industrial and commercial activity can locate anywhere on the edges of the city, there are advantages to locating it around the airport. There are significant infrastructure efficiencies from co-locating industrial and commercial development with core airport activities. In order to remain competitive, an airport requires high quality reliable access. However, if that infrastructure only serves an airport's core needs, it is likely to be under-utilised. By co-locating industrial and commercial development with an airport, a region can minimise its infrastructure investment requirement and maximise the value of high quality infrastructure (and more to the point, enable the development of such infrastructure). This co-locating industrial and commercial development with core airport activities minimises the negative impacts associated with New Zealand's lack of scale and dispersed population.

Since 1985, the key land use provisions of the Christchurch Airport Master Plan have been progressively incorporated into city planning documents. The operable Christchurch City Plan, first drafted 20 years ago, provides a list of activities which are deemed permissible within the Special Purpose Airport Zone (SPAZ).

The provisions of the designation enable Christchurch Airport to carry out activities for "airport purposes". Underlying this designation sits the City's SPAZ that allows for a wide range of activities as long as they are ancillary to the operation of the airport.

While the operative City Plan may have been appropriate for the airport when it was first drafted, the industry has fundamentally changed over the last 20 years. The list of activities allowed under the designation and the Christchurch City Plan is significantly more restrictive than the Christchurch Airport Master Plan's, which includes a range of commercial and industrial activities wider than those ancillary to the operation of the airport. Therefore, urgent attention is needed to relax land planning restrictions contained in the operative City Plan to cater for the current and future demands of an airport and to take advantage of the opportunities available to significantly boost efficiency, growth and innovation.

We believe that the topic of planning restrictions should be included in your topics for in depth analysis as changes have the potential to significantly impact on New Zealand's overall productivity performance.

Again, thank you for the opportunity to provide feedback to your inquiry. We look forward to reading the second interim report detailing the policy recommendations to lift productivity in the services sector. If there is any further information please do not hesitate to contact me.

Regards



Rhys Boswell

General Manager, Strategy and Sustainability