

COVER SHEET

1. Chatham Islands Airport Upgrade Business Case PGF Express Application	For: Approval
Background & context:	Recommendation:
<p>Applicant Organisation:</p> <ul style="list-style-type: none"> Chatham Islands Airport Limited (CIAL) <p>Location:</p> <ul style="list-style-type: none"> Chatham Islands <p>Proposal:</p> <ul style="list-style-type: none"> Business case and soil sample testing for the proposed lengthening and strengthening of the Chatham Islands airport runway. <p>Funding Sought:</p> <ul style="list-style-type: none"> Total project value: \$Comm PGF Funding: \$98,000 <p>Background: This express application is further to an original EoI, spear-headed by the Minister of DIA, Hon Tracey Martin, for \$Com to fund the engineering design costs for a proposed upgrade to the Chatham Islands airport runway.</p> <p>Following consultation between the applicant and the PDU Regional Lead it was agreed that CIAL Commercial Information submit this funding request for a business case and soil sample testing.</p> <p>This course of action is considered a prudent first step and will inform a future application for funding to the PGF.</p> <p>The airport upgrade, comprising a lengthening and strengthening of the airport runway, is considered by the applicant to be a critical priority for the Chatham Islands for compliance, economic development and social purposes.</p>	<p>We recommend that the SROs:</p> <p>a) Discuss the express application received from Chatham Islands Airport for \$98k to fund a business case (\$Co) and soil sample testing (Co).</p> <p>b) Note the original EoI from the applicant for \$Com will be placed on hold until the findings of the proposed business case and testing are known.</p> <p>c) Note the application has been assessed by the PDU and it is considered that there is strong alignment with the criteria of the PGF, particularly in respect to:- productivity uplift, economic benefit, additionality, alignment with regional priorities and community benefit.</p> <p>d) Note the airport upgrade is strongly supported by the four primary stakeholders on the Chatham Islands including local Council and iwi and to date significant local investment has already been made into this project.</p> <p>e) Support the recommendation to Approve \$98,000 from the PGF to fund a business case and undertake soil sample testing for the proposed lengthening and strengthening of the Chatham Islands airport subject to the following conditions being met to the satisfaction of the Head of the PDU:</p>

		i) Privacy of [redacted] to be engaged to complete the business case per their proposal presented with this application.
PGF criteria that this proposal supports:		
PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
Link with fund and government outcomes		
Creates permanent jobs	<ul style="list-style-type: none"> It is considered that the project is likely to create permanent jobs. Business case will inform this item. 	✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> It is considered that the project will provide significant social benefit. Business case will inform this item. 	✓✓✓✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> It is considered that the project will contribute to some extent in this area. Business case will inform this item. 	✓✓
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> It is considered that the project will contribute in some manner as a secondary benefit. Business case will inform this item. 	✓✓
Mitigation of climate change effects	<ul style="list-style-type: none"> N/A 	
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> Proposed upgrade of the airport will enhance the existing asset. 	✓✓✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> Upgraded airport will facilitate access for larger planes which in turn will assist export businesses from the Chathams, in particular the seafood industry. Business case will inform this item further. 	✓✓✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> Airport upgrade is identified as a critical priority for the Chathams. 	✓✓✓✓✓
Support from local governance	<ul style="list-style-type: none"> Supported by the four primary stakeholders of 	✓✓✓✓✓

groups (inc. Councils, Iwi/Hapu)	the Chatham Islands: C I Council, C I Enterprise Trust, Hokotehi Moriori Trust and Ngati Mutunga o Wharekauri Iwi Trust.								
Governance, risk management and project execution									
Robust project management and governance systems	<ul style="list-style-type: none"> Minimal required at this stage other than to contract Privacy of [redacted] who will provide project management expertise. 	✓✓✓✓✓							
Risk management approach	<ul style="list-style-type: none"> Satisfactory for the subject proposal. 	✓✓✓							
Future ownership / operational management	<ul style="list-style-type: none"> No change proposed. 	✓✓✓							
The purpose of this briefing is to consider recommending PGP funds to the Chatham Islands Airport Feasibility									
<p>Risks Issues: <i>Cost blowout</i> – The applicant has limited resources to accommodate a cost blowout for this project. Mitigated by the estimate provided by Commercial [redacted] which is within budget and considered can be relied upon.</p> <p>Eligibility points of note:</p> <ul style="list-style-type: none"> <i>Due diligence</i>:- Given the identity of the applicant minimal due diligence is required which is to be to the satisfaction of the Head of PDU Investment team. <i>Conflict(s) of interest</i>:- Based on the information provided no conflict of interest is evident noting that full due diligence will inform this item further. <i>Illegal Activity</i>:- Based on the application information provided there is no indication that the applicant or project has been involved in, or associated with illegal activity. <i>Alignment with Regional development plans</i>:- Well aligned with regional priorities. <i>Commercial funding availability</i>:- Given the nature of the project access to commercial funding is not considered a feasible option. 									
Consultation undertaken or implications:									
Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	
<p>Supporting proposal: Yes</p> <p>Appendices: Yes - Applications and supporting estimates attached as annexes</p> <p>Sponsor(s): N/A</p> <p>Manager/Author of paper: SE, Investment Team</p>									