

**Westport Airport seawall**

<b>Reason for this briefing</b>	To seek your agreement that the Westport Airport seawall is in scope of the Provincial Growth Fund.
<b>Action required</b>	Discuss the contents of this briefing on 25 March 2019, and advise whether an application should be prepared to seek funding for the Crown's share of the Westport Airport seawall rebuild from the Provincial Growth Fund.
<b>Deadline</b>	25 March 2019.
<b>Reason for deadline</b>	To allow you to discuss this proposal at the Regional Economic Development Ministers' meeting on 25 March 2019.

**Contact for telephone discussion (if required)**

<b>Name</b>	<b>Position</b>	<b>Telephone</b>	<b>First contact</b>
Ngaire Best	Manager, Governance and Commercial	Privacy of natural persons	✓
Privacy of natural persons	Adviser, Governance and Commercial	Privacy of natural persons	
Nick Brown	Deputy Chief Executive, Governance and Engagement	Privacy of natural persons	

**MINISTERS' COMMENTS:**

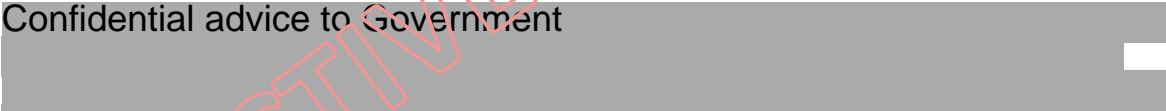
<b>Date:</b>	21 March 2019	<b>Briefing number:</b>	OC190263
<b>Attention:</b>	Hon Phil Twyford, Minister of Transport  Hon Grant Robertson, Minister of Finance  Hon David Parker, Minister of Economic Development  Hon Shane Jones, Minister of Regional Economic Development	<b>Security level:</b>	Budget-Sensitive

**This briefing may contain legal advice and be legally privileged. It should not be disclosed on an information request or as part of a pro-active release of information, without further legal advice.**

## Purpose of report


1. This briefing:
  - 1.1. provides you with an overview of the issues facing Westport Airport, including the need for a repair of its seawall and the consequences of not repairing it
  - 1.2. seeks your agreement that the Westport Airport seawall project is in scope of the Provincial Growth Fund (PGF) and, therefore, are willing to consider a PGF application for this project.

## Background

2. The Crown is a 50 percent owner of five regional airports: Taupō, Whangarei, Westport, Whakatāne and Whanganui. These Joint Venture (JV) arrangements are governed by a deed and date back to the 1960s.
3. The Minister of Transport, is responsible on behalf of the Crown for these JV Airports and the Ministry manages this arrangement on his behalf.
4. The Ministry of Transport (the Ministry) administers a five year multi-year appropriation (2018/19 to 2022/23) of \$<sup>Commercial Information</sup> (\$<sup>Commercial Information</sup> per year) to manage the Crown's interests.
5. Confidential advice to Government  
  
Failure to adhere to these deeds could result in the Crown being subject to litigation, which has occurred in the past.

## Westport Airport Seawall

### Background

6. Westport Airport (the Airport) is situated on the coast line and has suffered significant erosion damage for a number of years putting the safety and ongoing operation of the airport at risk. In 2011, a seawall was built in order to protect the runway clearway and comply with Part 139 Civil Aviation Regulations (the regulation at the time was to maintain a 75 metre clearway on each side of the runway, this has since been reduced to 70 metres). In the following years the Airport has suffered further erosion damage and as a result of the recent Cyclone Fehi (in 2018) 300 metres of the approximately 700 metre seawall collapsed leaving only a 70 metre clearway on one side of the runway.
7. In December 2018, the Civil Aviation Authority issued a 'major finding' on the Airports certification relating to the recent significant erosion of aerodrome land. This was later revoked, however, the finding was a significant and serious breach of obligations to comply with Civil Aviation rules, and was revoked on the condition that a clear action plan was submitted to the Civil Aviation Authority to rectify the problem within an acceptable timeframe. This plan included the Airport erecting another temporary debris exclusion fence to protect its clearway and runway until the seawall can be built.
8. Commercial Information  


## Commercial Information

### 9. Free and frank opinions

Any delay in rebuilding the seawall may change their view.

10. The Ministry prepared a budget bid for consideration in Budget 19 for the seawall project and the Crown's other obligations under the JV Airport deeds.

11. It is our understanding that the Minister of Finance would like RED Minister's to consider whether the seawall project can be funded from the PGF.

### *Alignment to the Provincial Growth Fund*

### 12. Free and frank opinions

13. Notwithstanding this, we believe that not repairing the seawall would result in a decrease in activities that the PGF is designed to improve and therefore, this project should be considered.

14. This project is necessary in order to maintain regional air connectivity to and from the Buller District and as co-owners of the Airport the Buller District Council are supportive of this initiative. The Buller District Council will be contributing half of the costs associated with the seawall repair, the Crown as the co-owner of the Airport is required to contribute the other half (as per the contractual arrangements currently in place).

15. If a PGF application was submitted we would be seeking the Crown's share of the seawall repair (\$<sup>Commercial Information</sup>).

16. While the project will not increase regional economic development or productivity in the short-term, it will ensure that these things will not decline and will support opportunities for future growth. It is also a crucial infrastructure asset for New Zealand (as a designated life-line utility airport under the Civil Defence and Emergency Management Act 2002) and an enabler for the Buller District.

17. It is clear that without the rebuild of the seawall, **Commercial Information**  
This would result in a decline in:

17.1. regional economic development/output

17.2. productivity and growth

17.3. access to jobs, healthcare, education and other opportunities

17.4. national and regional resilience

17.5. access through transport links

17.6. wellbeing both within the Buller District and wider through limited access.

- 18. In addition, this project is needed because, as a result of climate change and ongoing coastal erosion, the existing seawall has been extensively damaged. This is a major issue across the entire Buller District.

Legal professional privilege

19. **Legal professional privilege**

20.

*Other implications*

21. Free and frank opinions

22. Should RED Ministers not agree to consider a PGF application for the Crown's share of the Airport's seawall repair, there are three options with regard to the Airport:

22.1. the repair of the seawall be included in **Commercial Information** (as per the **Commercial Information** ) or

the Minister of Transport:

22.2. **Commercial Information**

22.3.

23. Free and frank opinions

### Regional Air Connectivity

- 24. The Ministry is currently undertaking a piece of policy work around regional air connectivity, which will consider whether government should have a role in supporting regional airports infrastructure and/or air services.
- 25. This may have flow on effects to the JV structure in the future, however, regardless of the wider policy work currently being considered, the Crown has a contractual liability with the JV Airports and is required to continue to meet these obligations Confidential advice to Government

[Redacted]

### Next Steps

- 26. Should RED Ministers agree that the Airport seawall project fits within the scope of the PGF and are willing to consider a PGF application on this project, the Ministry will prepare this for urgent consideration.

27. **Commercial Information**

28. [Redacted]

29. [Redacted]

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**Recommendations**

30. The recommendations are that you:

- (a) **agree** that the Westport Airport seawall project is in scope of the Provincial Growth Fund and, therefore, you are willing to consider an out of cycle Provincial Growth Fund application for this project Yes/No
- (b) **note** the consequences of not funding the Westport Airport seawall.

Ngairi Best  
**Manager, Governance and Commercial**

**Hon Phil Twyford, Minister of Transport**

**Hon Grant Robertson, Minister of Finance**

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Date

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Date

**Hon David Parker, Minister of Economic Development**

**Hon Shane Jones, Minister of Regional Economic Development**

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Date

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Date