

2.17 Tairawhiti Air Capability

Evaluation, Cover Sheet and Decision Form

Project:	Tairawhiti Air Capability		FOR: Approval
Applicant:	Te Rimu Trust c/ o Eastland Group Limited		PDU ID: Commercial Information
Application type:	WM	(A) Total Project Value:	\$ Commercial Information
Funding type:	Grant	(B) PGF Funding Sought:	\$99,775
Entity Type:	Maori Land Trust	(C) PGF Funding Recommended:	Commercial Information
Region:	Tairāwhiti	(D) Applicant Contribution:	Commercial Information It is further noted that works have begun and these have been funded by the applicant (value not identified).
Tier:	3 - Infrastructure	(D/A) Co-contribution Rate:	Commercial Information
Sector:	Transport - Airports		
Application summary:	<p>Situated on Maori freehold land and seeking to improve its use, this project is seeking funding to complete the construction of the new Te Araroa aerodrome. The work will allow the aerodrome to reach the required standard to be registered on Aviation Information Publications (AIP) – generating district opportunities for tourism and economic activity by private aviation visitors. The AIP is a publication issued by CAA containing essential information for air navigation.</p> <p>Additionally, the new aerodrome will be a regional asset capable of assisting emergency and civil defence services as required. This point is noted by the Ministry of Transport (MOT), which is supportive of the project (more detail in project description).</p> <p>Commercial Information</p> <p><i>Please see full project description(Page 3)</i></p>		

It is recommended that: SROs:

Approve \$99,775 grant from the PGF fund towards Tairawhiti Air Capability because:

- **Additionality** - The project will increase the usage of the land and introduce a valuable district asset, capable of delivering benefits in tourism, connectivity (including by emergency services) and resilience. PGF funding is building on existing funding that has helped establish the development.
- **Regional support** - The project has been discussed between the PDU, the applicant and Eastland Group (EG), the asset arm of Eastland Community Trust, and is part of an established regional plan to upgrade and establish regional air connectivity with a model of, “right level/ right place”.

- **Governance and Management** - The development is a joint project between Te Rimu Trust and EG. The PDU has met with Te Rimu Trust. The Trust has a strong management group and a history of project delivery in the region. EG similarly has completed a number of infrastructure projects providing confidence in delivery.
- **Maori asset base** - The project is located on Maori free hold land with governance in place through Te Rimu Trust. The application aligns with the intent of the WM allocation; to increase the productivity of Maori owned land, and for smaller land owners to support remedial works which will be a stepping stone to further development - while applying PGF criteria.

Subject to:

- Confirmation from CAA that the improvements will result in the aerodrome being registered on Aviation Information Publications, and requirements to maintain this registration.
- Secured co-funding.
- Confirmation of any consents being in place.
- Confirmation from the applicant that access will be open to all users on an equal basis, noting that recreational and commercial users may well be charged at different rates.
- Confirmation from Gisborne Airport/ EG of the ongoing management framework.
- Due Diligence requirements regarding the Deed of Trust and Trustees to be reviewed.
- **Note:** Both MOT and DOC have provided Technical Advice. Both agencies are supportive of the project. DOC notes that if tourism activity is undertaken on DOC controlled land around the airstrip, a concession will have to be secured.
- **Note:** The PDU has spoken with EG in relation to Tairāwhiti aerodromes. Commercial Information
- **Note:** Commercial Information

Section A: Triage – Assessment against PGF eligibility criteria

Is the project:

➤ an illegal activity?	No
➤ located in the three main metropolitan areas?	No
➤ seeking investment in large scale infrastructure of social assets?	No
➤ three waters	No

Application description

The project is looking to establish an aerodrome in northern Tairawhiti based in Te Araroa.

As MOT notes:

The main use of the airport is likely to be recreational, but the aerodrome would also improve access for medical or emergency services, improve the community's access to professional services, and increase regional resilience. The location is genuinely isolated and road access is long and vulnerable to closure.

There is about 260 km of coast between the aerodromes at Opotiki and Gisborne. The road around the Cape, SH 35, is 334km. The two aerodromes are 100km apart in a straight line, or 141km by SH 2. The application says that it takes 40 minutes to fly between the aerodromes, and that either is a 2.5 hour drive from Te Araroa.

Community benefits resulting from the project include:

- Providing fixed wing access to help develop and support tourism related activity around the northern reaches of East Cape.
- Provide fixed wing access for emergency services, including during periods when road access is disabled following adverse weather events.

PGF funding will be used for a number of project components but with a focus on fencing the facility.

The funding is required for the following activities:

Te Araroa Aerodrome	Quantity	Rate	Cost
Runway marker boards	Commercial Info	Commercial Inform	Commercial Information
Windsock	Commercial In	Commercial Information	Commercial Information
CAA signage	Commercial In	Commercial In	Commercial Inform
Displaced threshold marker	Commercial I	Commercial Inform	Commercial Informa
Taxiway signage	Com ercia	Commercial Infor	Commercial Informa
Runway signage	Com ercia	Commercial Information	Commercial Information
Prepare AD plate for AIP	Commerc	Commercial Information	Commercial Informa
No entry sign	Com rda	Commercia	C mmercia I In or
Gates	Comm cia	Comme in	Commercial Informa
Container 20' secure storage	Co merc	Commercial Information	Commercial Information
Security fencing main road access	Commer a	Commercial In	Commercial Information
Fencing New Main Aera (m)	Commercial Information	Co cial I	Commercial Information
Project Management (external - onsite)	Commercial	Commercial In ation	Commercial Information
Legal / Insurance / CAA review	Commercia	Commercial Information	Commercial Information
			99,775

The PDU acknowledges the remote nature of Te Araroa and that such an asset would be a valuable addition. Additionally, the PDU has been working with Te Rimu Trust to look at investment opportunities in this area of Tairawhiti.

Commercial Information

The Trust deed has been supplied and the following clause is noted in relation to development of the land.

1.	Commercial Information
2.	

Co-Funding Table

Co-Funder	Pledged/Confirmed/Cash/In-Kind	\$x,xxx,xxx
Te Rimu Trust	Commercial Information	\$ Commercial
ECT/ EG	Commercial Information	\$ Commercial
Total		\$ Commercial

Overseas Investment Office

➤ Is the application being made by a non-New Zealand based legal entity? (Foreign investment laws may apply and the Overseas Investment Office consulted)	No
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PROACTIVELY RELEASED

Section B: Operational Assessment Criteria (Complete for Eols and Applications)**(Rate and comment – 1= poor, 5 = very good - Provide the number for this project, not subsequent phases)****Fund and government outcomes**

Please highlight number below

Would the project:

➤ create permanent jobs?	The project will not directly create significant ongoing employment. Employment will be seen in the development of the facility and ongoing employment opportunities are likely to be realised from its development but the PDU acknowledge these are hard to quantify. The project is an enabler for wider economic activity.	N/A 1 2 3 4 5
➤ deliver community benefits?	The development of the aerodrome will deliver a community asset. It will have benefits related to tourism and district resilience, especially in relation to connectivity following adverse weather events as road closure is an ongoing issue.	N/A 1 2 3 4 5
➤ increase utilisation of and returns on Maori assets?	The project is a collaboration between EG, the commercial arm of Eastland Community Trust and Te Rimu Trust. The project will develop Maori freehold land governed by the Trust, upgrading its use in the establishment of an aerodrome.	N/A 1 2 3 4 5
➤ enhance the sustainability of natural assets?		N A 1 2 3 4 5
➤ mitigate climate change effects, or assist with the lowering of emissions?		N A 1 2 3 4 5

Additionality**Would the project:**

➤ add value by building on what is already there, without duplicating effort?	Work has commenced and has been funded by the project partners EG and Te Rimu Trust. PGF funding is requested to complete the project, building on previous activity.	N/A 1 2 3 4 5
➤ be a catalyst for productivity potential in the region?	Working with the applicants, this project is part of an established plan to develop air connectivity in Tairāwhiti. The expanding tourism opportunities that are trending in the region will also benefit from this development. Commercial Information	N/A 1 2 3 4 5

Connected to regional stakeholders and frameworks		
Does the project:		
➤ align with regional priorities, such as frameworks, or regional plans?	As noted above the project is part of a regionally developed plan to expand air connectivity in Tairāwhiti, as well as strengthening its resilience.	N/A 1 2 3 4 5
➤ have the support of local governance groups (councils, iwi and hapu)?	<p>The project has support from the following regional stakeholders:</p> <ul style="list-style-type: none"> • Ngati Porou • ECT • EG/ Gisborne Airport • Commercial Information • Commercial Information • Commercial Information <p>It is noted that the application does not have written support from all these entities.</p>	N/A 1 2 3 4 5
Governance, risk and project execution		
Does the application show:		
➤ robust project management and governance systems?	Te Rimu Trust has a strong history of project delivery with equally strong governance. EG has been the PGF's project partner in the development of the Gisborne Airport terminal. That project is on schedule and budget providing further confidence in this project.	N/A 1 2 3 4 5
➤ plans for future ownership and operational management?	The land is owned by Te Rimu Trust. Future management plans will be developed and delivered by EG and Gisborne Airport.	N/A 1 2 3 4 5
➤ how the project will be delivered and managed?	<p>The project will be managed and delivered by the applicant. <small>Commercial In</small></p> <p>EG's work in delivering a number of significant infrastructure projects in the region provides confidence in delivery. Management plans are recommended as a Condition Precedent.</p>	N/A 1 2 3 4 5

Section C: Risk Management Evaluation			
Does this application demonstrate consideration of the following risks?			Yes
Type of risk	Risk description	Mitigations	Risk Rating
<input checked="" type="checkbox"/> Project risk	Is the project feasible? Can it be delivered on time, on budget and to specification?	The applicant has a good history of infrastructure delivery including an ongoing PGF project for the delivery of Gisborne Airport terminal.	Low/Medium/High
<input checked="" type="checkbox"/> Operational risk	Will the project or asset operate to specification, to budget, and achieve the forecast revenue?	The asset will not require significant ongoing operational management. Maintenance will be required which will be managed by the Trust. EG will manage any compliance issues required to get the facility registered on the AIP.	Low/Medium/High
<input checked="" type="checkbox"/> Force majeure/Insurance risk	Have insurable risks been considered? Is the level of insurance adequate?	The scale and value of the project means insurance is currently a necessity. Commercial Information [REDACTED]	Low/Medium/High
<input checked="" type="checkbox"/> Macroeconomic risk	Has the impact of possible external economic changes been considered?	N/ A	Low/Medium/High

Section D: Funding and financial analysis

Please highlight number below

Does the application show:

<p>➤ How strong is the financial position of the applicant organisation?</p>	<p>Te Rimu Trust is solvent, as is Eastland Group. Post funding the asset, the Te Araroa aerodrome will be maintained by the applicants. The maintenance is noted as ongoing mowing of the airstrip. There will be additional maintenance, including ongoing maintenance and upgrading of the fencing as required. If additional activity is undertaken, likely to be tourism focussed, this will need to be addressed at that time.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ How does the scale of the project compare to their overall business?</p>	<p>Commercial Information</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ Why is Crown funding being sought rather than commercially-available funding?</p>	<p>The project is not directly revenue generating and is unlikely to be in the mid to long term future.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ What does the independent financial analysis/ business case indicate?</p>	<p>N/A</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ Is the funding model requested appropriate? Is the PDU recommending a different model?</p>	<p>The level of funding is appropriate for this project and the PDU notes investment in Northern Tairāwhiti has been limited to the Tairāwhiti Roding programme which has elements of roading upgrades in northern Tairāwhiti. Tourism growth, connectivity and resilience will be realised and the funding request is not significant for the resulting benefits.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ Has the applicant provided evidence of market pull for this project?</p>	<p>Tourism is an opportunity flowing from this development but it is not likely to initially be significant. The value to the district of the asset, especially in the aftermath of adverse weather events will be significant and is noted as such by MOT.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ Has the applicant provided evidence that their supply chain is secure?</p>	<p>N/A</p>	<p>N/A 1 2 3 4 5</p>
<p>Summary of funding and financial analysis:</p>	<p>N/A</p>	<p>N/A 1 2 3 4 5</p>

Funding arrangements

It is proposed to fund EG [redacted] Commercial Information [redacted]. EG has proved to be a strong project partner in the development of Gisborne airport terminal, [redacted] Commercial Information [redacted]. Management of these funds has been monitored by the PDU as strong.

Consultation from partner agencies undertaken or implications

Ministry of Transport

From a transport perspective, the Ministry of Transport supports the proposal. The proposed aerodrome would fill a small gap in the network which, given the relatively low cost, could have a big pay-off. The main use of the airport is likely to be recreational, but the aerodrome would also improve access for medical or emergency services, improve the community's access to professional services, and increase regional resilience. The location is genuinely isolated and road access is long and vulnerable to closure.

As noted in the application, there is about 260 km of coast between the aerodromes at Opotiki and Gisborne. The road around the Cape, SH 35, is 334km. The two aerodromes are 100km apart in a straight line, or 141km by SH 2. The application says that it takes 40 minutes to fly between the aerodromes, and that either is a 2.5 hour drive from Te Araroa.

The earthworks are already complete. The requested funding will cover signage and other minor aerodrome requirements. Most of the cost (\$ [redacted] Commercial Informa [redacted]) is for fencing and gates. The main facility proposed is a 20' container for secure storage (\$ [redacted] Commercial Inform [redacted]) which see [redacted] a cost-effective option. We would expect competent management of the project by Eastland Group and Gisborne Airport.

There has been a significant local commitment of land and labour, which no doubt reflects the value the community sees in the project. [redacted] Commercial Information [redacted]

[redacted] However, the application notes that users will include commercial operators [redacted] Commercial Information [redacted]

It is hard to assess the economic value of the project [redacted] though some of the claims are certainly plausible. For example, the airport could be expected to lower the costs [redacted] Commercial Information [redacted], and there may well be potential for tourist flights. The lack of a thorough business case is understandable given the low cost of the development and its non-commercial intent.

As with all PGF requests, anticipated economic benefits are to some extent in tension with the claim that a grant is necessary. [Redacted] Commercial Information [Redacted]

DOC

Although it is not clear the nature of the tourism or other activities that may come from this project it should be noted that any aircraft landings (including hovering) on conservation land require a concession. Before a concession can be granted, it must be consistent with the policies in the relevant planning document (eg Conservation Management Strategy, Conservation Management Plan). Policies in our planning documents can often limit the places aircraft concessions may be granted, or limit the number of landings allowed at a place, or the number of operators. [Redacted] Commercial Information [Redacted]

Conflicts of interest and T&Cs

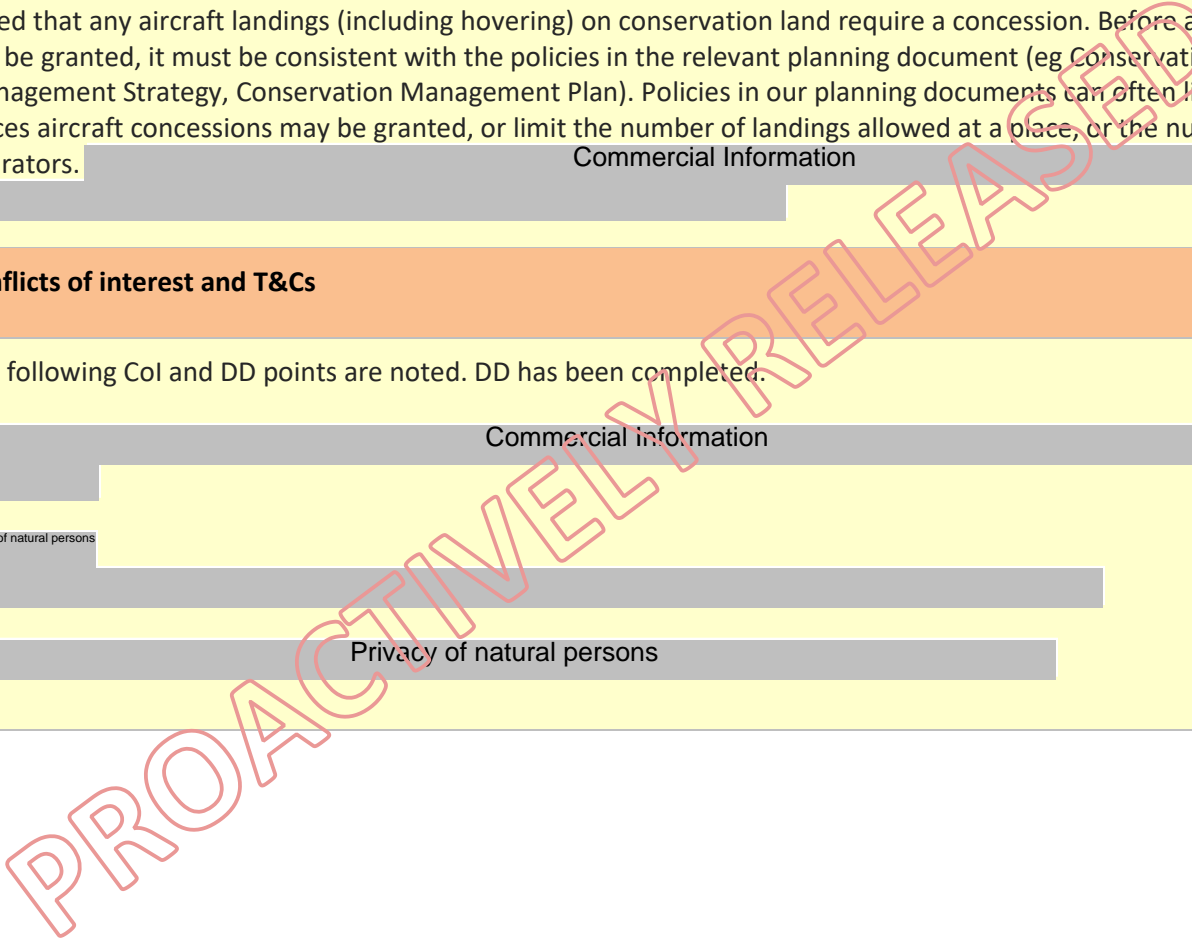
The following Col and DD points are noted. DD has been completed.

[Redacted] Commercial information [Redacted]

Privacy of natural persons

[Redacted]

[Redacted] Privacy of natural persons [Redacted]



Summary statement of Peer Review undertaken

The following Peer Review has taken place in connection with this application:

All applications are discussed between the Regions Team and Investment Team during the assessment process and prior to submission to SROs / IAP.

Consultation with the relevant partner agencies has occurred allowing them to provide any relevant technical advice with any feedback included verbatim within this application form.

In the development of this form:

- i. A peer review by an Investment Director has taken place and included the following to the satisfaction of the peer reviewer:
 - a. An evaluation against the PGF criteria;
 - b. Financial analysis;
 - c. A risk assessment, highlighting any relevant or key risks;
 - d. Conflicts of interest have been noted and accepted
 and the peer reviewer concurs with the recommendation proposed.
- ii. The Head of Investment has reviewed this recommendation.
- iii. This application has been reviewed by the PDU SLT.

Peer Review has been completed

Choose an item.

Supporting proposal:

Yes

Appendices:

Yes - Application

Author of paper:

ELH, PDU Investment Team