

## 2.16 Ruatoria Aerodrome Development Project

### Evaluation, Cover Sheet and Decision Form

<b>Project:</b>	<b>Ruatoria Aerodrome Development Project</b>	<b>FOR:</b>	<b>Approval</b>
<b>Applicant:</b>	Ruatoria Papa Rererangi Charitable Trust	<b>PDU ID:</b>	Commercial Information
<b>Application type:</b>	WM	<b>(A) Total Project Value:</b>	\$ Commercial Information Commercial Information
<b>Funding type:</b>	Grant	<b>(B) PGF Funding Sought:</b>	\$ Commercial Information
<b>Entity Type:</b>	<b>Registered Charitable Trust</b>	<b>(C) PGF Funding Recommended:</b>	\$100,000
<b>Region:</b>	Tairāwhiti	<b>(D) Applicant Contribution:</b>	\$ Commercial Information Commercial Information
<b>Tier:</b>	<b>3 - Infrastructure</b>	<b>(D/A) Co-contribution Rate:</b>	Comm % Note above in relation to co-funding and actual project cost.
<b>Sector:</b>	<b>Transport - Airports</b>		
<b>Application summary:</b>	<p>The applicant is seeking to upgrade the aerodrome at Ruatoria on land it owns (General Title). A feasibility study has been completed and submitted as part of this application that outlines the shortcomings of the existing facility and has broken down the upgrade into: Runway upgrade, Terminal Upgrade, Public Entrance, Governance/ Contingency.</p> <p>Commercial Information</p> <p>Commercial Information</p> <p>which would bring the Ruatoria aerodrome to a state where it can be registered on Aviation Information Publications (AIP) – generating district opportunities for tourism and economic activity by private aviation visitors as well as connectivity and resilience benefits. The AIP is a publication issued by CAA containing essential information for air navigation.</p> <p>This application is one of two aerodrome applications based in Tairawhiti being presented to SROs this month.</p> <p><b><i>[Please see full project description on Page 3]</i></b></p>		

**It is recommended that SROs:**

- a) **Approve** up to \$100,000 grant from the PGF fund towards the Ruatoria Aerodrome Development Project because:
- **Additionality** The project will increase the usage and value of the land and upgrade a valuable district asset capable of delivering benefits in tourism, connectivity (including by emergency services) and resilience.
  - **Regional support** The project has been discussed between the PDU, the applicant and Eastland Group (EG), and is part of an established regional plan to upgrade and establish regional air connectivity with a model of, right level/ right place. **Commercial Information**
  - **Governance and Management** The applicant is noting a project manager will be engaged. It should be a condition of funding that the PDU be satisfied with the project manager.
  - **Maori asset base** The project is located on general title land owned by the Trust. The project is seeking to increase the value of the land and generate a district asset. 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:

- The PDU signing off on a contractor list for the project (not yet received).
- A revised figure of up to \$100k which is to be focused on upgrading the runway.
- 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.
- Clarification from the applicant that the aerodrome does not require a resource consent for this phase of the upgrade/ development.
- Note: The funding recommended differs from that requested. **Commercial Information**  
As such, funding would be allocated to: Runway upgrade: \$**Commercial info** The additional funding of just under \$**Commercial info** would be allocated to management and governance with some project contingency.
- Note: Both MOT and DOC are supportive of this application.
- Note: The PDU has spoken with EG in relation to Tairāwhiti aerodromes. **Commercial Information**
- Discuss: **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 applicant is requesting funding for several project components that together provide the total project cost and request from the PGF. These include:

Runway upgrade: \$ <sup>Commercial Inform</sup>

Terminal upgrade: \$ <sup>Commercial Inform</sup>

Public entrance: \$ <sup>Commercial Inform</sup>

Governance: \$ <sup>Commercial Inform</sup>

Contingency: \$ <sup>Commercial Inform</sup>

Total: \$ <sup>Commercial Inform</sup>

### Commercial Information

The applicant has provided a breakdown of costs associated with the upgrade of the runway (below table). This total is \$ <sup>Commercial Inform</sup>. The applicant provides a further figure for <sup>Commercial Information</sup> however, this figure is for the upgrade of the runway and terminal. As such, the figure can reasonably be reduced if the only works completed relate to the upgrade of the runway. Noting these two points, the PDU recommends funding of up to \$100k to fund runway upgrade, and management and governance fees.

### Commercial Information

Description	unit	cost	total
Runway marker boards (estimate only)	24	<sup>Commerc</sup>	<sup>Commercial In</sup>
windsock (installed)	1	<sup>Commercial</sup>	<sup>Commercial In</sup>
windsock (lit) with PV panel *	1	<sup>Commercial</sup>	<sup>Commercial In</sup>
displaced threshold markers	2	<sup>Commerc</sup>	<sup>Commercial In</sup>
CAA signage (Māori)	5	<sup>Commerc</sup>	<sup>Commerc</sup>
No entry signs (Māori)	3	<sup>Comm</sup>	<sup>Commerc</sup>
fencing (2 km) - incl labour/materials	2000	<sup>Comm</sup>	<sup>Commercial Infor</sup>
runway repairs (pig rooting)	1	<sup>Commercial</sup>	<sup>Commercial In</sup>
remedy rough area west of 01	1	<sup>Commercial</sup>	<sup>Commercial In</sup>
weed control	1	<sup>Commercial</sup>	<sup>Commercial In</sup>
demolish & relocate super bin	1	<sup>Commercial</sup>	<sup>Commercial In</sup>
taxiway signage	5	<sup>Commerc</sup>	<sup>Commercial In</sup>
runway designation (01/28) signage	2	<sup>Commercial</sup>	<sup>Commercial In</sup>

regrassing	1	Commercial	Commercial In
gates (crash),	2	Commercial	Commercial In
metal all weather access road (trucks)	1	Commercial	Commercial In
re establish hard stand area (superbin)	1	Commercial	Commercial In
freight, labour & materials	1	Commercial	Commercial In
<b>Total (excl GST)</b>			\$ Commercial Info

The applicant has supplied a list of entities that are supportive of this application although the PDU notes there is no written evidence of this support. **Commercial Information**

[Redacted]

Organisations noted by the applicant as supportive of this application:

- **Commercial Information**
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

The Trust Deed has been assessed and it is noted investment management lies with the Trust.

18. **Commercial Information**

[Redacted]

Co-Funding Table.

*Note <span style="background-color: #cccccc;">Commercial Information</span>		
Co-Funder	Pledged/Confirmed/Cash/In-Kind	\$x,xxx,xxx
<span style="background-color: #cccccc;">Commercial Information</span>	<span style="background-color: #cccccc;">Commercial Information</span>	*\$ <span style="background-color: #cccccc;">Commercial Inform</span>
<span style="background-color: #cccccc;">Commercial Information</span>	<span style="background-color: #cccccc;">Commercial Information</span>	\$ <span style="background-color: #cccccc;">Commercial Inform</span>
<b>Total</b>		\$ <span style="background-color: #cccccc;">Commercial Inform</span>

**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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**Section B: Operational Assessment Criteria (Complete for EoIs 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 upgrading of the facility and ongoing employment opportunities are likely to be realised from its upgrade but the PDU acknowledges these are hard to quantify.  The project is an enabler for wider economic activity.	N/A <b>1</b> 2 3 4 5
➤ deliver community benefits?	The upgrading of the aerodrome will deliver an improved community asset. It will have benefits relating 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 <b>3</b> 4 5
➤ increase utilisation of and returns on Maori assets?	The aerodrome is located on general title land owned by the Trust. Its upgrade and continued use will improve the land's value.	N/A 1 2 <b>3</b> 4 5
➤ enhance the sustainability of natural assets?	N/ A	<b>N A</b> 1 2 3 4 5

➤ mitigate climate change effects, or assist with the lowering of emissions?	N/ A	<b>N A</b> 1 2 3 4 5
<b>Additionality</b>		
<b>Would the project:</b>		
➤ add value by building on what is already there, without duplicating effort?	The aerodrome has existed for over 40 years. The upgrade is required to bring it to a standard that will allow it to be registered on the AIP.	<b>N/A</b> 1 2 <b>3</b> 4 5
➤ be a catalyst for productivity potential in the region?	Working with the applicant, 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. The applicant also notes opportunities for ag/ hort with aerial topdressing. This has not been verified by the PDU.	<b>N/A</b> 1 2 <b>3</b> 4 5
<b>Connected to regional stakeholders and frameworks</b>		
<b>Does the project:</b>		
➤ 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.	<b>N/A</b> 1 2 <b>3</b> 4 5
➤ have the support of local governance groups (councils, iwi and hapu)?	Commercial Information	<b>N/A</b> 1 <b>2</b> 3 4 5
<b>Governance, risk and project execution</b>		
<b>Does the application show:</b>		
➤ robust project management and governance systems?	The applicant notes it has been managing the aerodrome for many years. It further notes it will contract a project manager to undertake the upgrade.	<b>N/A</b> 1 <b>2</b> 3 4 5
➤ plans for future ownership and operational management?	The applicant has made no reference to the sale of the asset. It has also noted it will forgo the use of the land for other purposes for a period of time post any upgrade.	<b>N/A</b> 1 2 <b>3</b> 4 5

<p>➤ how the project will be delivered and managed?</p>	<p>This requires additional work and will be a condition of funding.</p>	<p>N/A 1 2 3 4 5</p>
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Section C: Risk Management Evaluation			
Type of risk	Risk description	Mitigations	Risk Rating
<p><input checked="" type="checkbox"/> Project risk</p>	<p>Is the project feasible? Can it be delivered on time, on budget and to specification?</p>	<p>The applicant has noted it will procure a project manager. An agreed contractor list will be a condition of funding/deliverables.</p>	<p>Low/Medium/High</p>
<p><input checked="" type="checkbox"/> Operational risk</p>	<p>Will the project or asset operate to specification, to budget, and achieve the forecast revenue?</p>	<p>The asset will not require significant ongoing operational management. Maintenance will be required which will be managed by the Trust. It is noted currently <small>Commercial Information</small></p>	<p>Low/Medium/High</p>
<p><input checked="" type="checkbox"/> Force majeure/insurance risk</p>	<p>Have insurable risks been considered? Is the level of insurance adequate?</p>	<p>The scale and nature of the asset means insurance has not been deemed reasonable. Assets are limited with the single largest ongoing item the fencing.</p>	<p>Low/Medium/High</p>
<p><input checked="" type="checkbox"/> Macroeconomic risk</p>	<p>Has the impact of possible external economic changes been considered?</p>	<p>N/A</p>	<p>Low/Medium/High</p>

**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 Trust is solvent. Post funding the asset will be maintained by the applicant. The PDU notes the Trust has not provided a budget for ongoing opex although it is noted these costs are not significant. It</p> <p style="text-align: center;">Commercial Information</p>	<p>N/A <b>1</b> 2 3 4 5</p>									
<p>➤ How does the scale of the project compare to their overall business?</p>	<p>The project is not a significant size but the PDU notes the Trust has not supplied evidence of previous project delivery.</p> <p style="text-align: center;">Commercial Information</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"></td> <td style="width: 33%; text-align: center;">Commercial Information</td> <td style="width: 33%; text-align: center;">Commercial Information</td> </tr> <tr> <td>Total Assets</td> <td style="text-align: center;">\$ Commercial Informat</td> <td style="text-align: center;">\$ Commercial Inform</td> </tr> <tr> <td>Total Liabilities</td> <td style="text-align: center;">\$ Commercial Inform</td> <td style="text-align: center;">\$ Commercial Inform</td> </tr> </table>		Commercial Information	Commercial Information	Total Assets	\$ Commercial Informat	\$ Commercial Inform	Total Liabilities	\$ Commercial Inform	\$ Commercial Inform	<p>N/A <b>1</b> 2 3 4 5</p>
	Commercial Information	Commercial Information									
Total Assets	\$ Commercial Informat	\$ Commercial Inform									
Total Liabilities	\$ Commercial Inform	\$ Commercial Inform									
<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><b>N A</b> 1 2 3 4 5</p>									
<p>➤ What does the independent financial analysis/ business case indicate?</p>	<p>N/ A</p>	<p><b>N A</b> 1 2 3 4 5</p>									
<p>➤ Is the funding model requested appropriate? Is the PDU recommending a different model?</p>	<p>The PDU recommends a reduced amount of funding be approved.</p> <p style="text-align: center;">Commercial Information</p>	<p>N/A 1 <b>2</b> 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 <b>3</b> 4 5</p>									
<p>➤ Has the applicant provided evidence that their supply chain is secure?</p>	<p>N/ A</p>	<p><b>N A</b> 1 2 3 4 5</p>									



<b>Summary of funding and financial analysis:</b>	N/ A	<span style="background-color: red; color: white; padding: 2px;">N A</span> 1 2 3 4 5
<b>Funding arrangements</b>		
Noting the applicant has not supplied a record of project delivery, a simple milestone payment plan should be developed with payment supplied following the submission of an acceptable project manager and contractor. Two progress payments should be negotiated with a payment held back for completion and submission of the final report.		
<b>Proposed Term Sheet Summary (noting full term sheet will be developed post decision)</b>		
[Empty space for Proposed Term Sheet Summary]		

<b>Consultation from partner agencies undertaken or implications</b>
<p><b>DOC</b></p> <p>Please note that the Department of Conservation does not oppose this application however, if the applicant is planning to include or provide operations over public conservation, land aircraft landings (including hovering) on conservation land requires 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.</p> <p><b>MOT</b></p> <p>From an aviation perspective, the application makes a good case that aerodrome is valuable for medical emergencies and resilience – though it does not tie these benefits specifically to the current project. The area is certainly isolated, and road access is long and vulnerable to closure. <span style="background-color: grey; color: black;">Commercial Information</span></p> <p>The application also anticipates that the aerodrome will be used for tourist flights and by flight schools, but none have been consulted <span style="background-color: grey; color: black;">Commercial Information</span></p>

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Commercial Information

Commercial Information

Commercial Information

Although this is a small, non-commercial project, and would not be expected to have a full business case,

Commercial Information

However, this is an isolated region, and the aerodrome exists and may be underutilised due to its condition. At a reasonable cost, and with a clearer idea of its use, it may be worth supporting.

Commercial Information

### Conflicts of interest and T&Cs

DD has been completed. No issues required further attention.

There are currently no CoIs

Commercial Information

### 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.

<b>Supporting proposal:</b>	Yes
<b>Appendices:</b>	Yes – Application
<b>Author of paper:</b>	ELH. PDU Investment Team