

1.5 Hokitika Airport Terminal Extension

Project:	Hokitika Airport Terminal Extension		FOR: Approval
Applicant:	Destination Westland Limited		Pipedrive ID: Commerc
Application type:	Main PGF	(A) Total Project Value:	\$ Commercial Information
Funding type:	Grant	(B) PGF Funding Sought:	\$ Commercial Information
Entity Type:	Local Authority	(C) PGF Funding Recommended:	\$1,241,723
Region:	West Coast	(D) Applicant Contribution:	\$ ^{Com}
Tier:	3 - Infrastructure	(D/A) Co-contribution Rate:	^{Com} %
Sector:	Transport - Airports		
Application Description:	<p>Destination Westland Limited, a Council Controlled Organisation, seeks funding to extend the passenger terminal building at the Hokitika Airport to be able to provide a fit for purpose facility for the current passenger numbers. The current terminal becomes congested during arrival and departure times. The terminal buildings are also too small for any value-added opportunities such as retail and hospitality.</p> <p>Destination Westland Limited currently operates two airport facilities namely the Hokitika Airport and Glacier Country Heliport in Franz Josef.</p> <p>The project is supported by independent feasibility studies undertaken by Commercial Information</p> <p>The project aligns with following sections of the PGF Position Paper on Airports:</p> <ul style="list-style-type: none"> • <i>The airport must fit with the relevant region’s economic development priorities (i.e.through inclusion in a regional economic development strategy or equivalent)</i> • <i>The airport investment should be identified as a priority for key sectors in the region</i> • <i>The investment should provide certainty about connection to market.</i> <p>Air New Zealand provides a daily service between Christchurch and Hokitika.</p>		

CAB-20-MIN-0197 Provincial Growth Fund: COVID-19 Response: Redeployment and Acceleration

Construction activity that will be underway within Commercial Information	Construction will be underway within Commercial Information , noting that the project is well scoped and requires no resource consent.	N/A 1 2 3 4 5
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A high degree of visibility to the community	The Hokitika Airport is the most significant airport for the West Coast. Investment into the Airport would signal the governments' support of the local tourism industry, which would be supported by the project.	N/A 1 2 3 4 5
Creates immediate jobs	The applicant expects that the Hokitika Airport Terminal Extension build would create ^{Comm} construction jobs. Post construction, the applicant expects ^{Com} jobs would be created permanently.	N/A 1 2 3 4 5

The PDU recommends that the IAP:

Agree to approve an up to \$1,241,723 grant from the PGF towards the Hokitika Airport Terminal Extension.

1. because:
 - a) The applicant expects that the project would create ^{Comm} immediate construction jobs.
 - b) Post construction, the applicant expects ^{Com} jobs would be created permanently.
 - c) The Hokitika Airport is a crucial piece of regional infrastructure and the project will have high visibility for the West Coast region.
 - d) This project aligns with the Position Paper on Airports

2. subject to:
 - a) Delivery of a detailed work plan, costings and agreed milestones.
 - b) Building consent being confirmed; and
 - c) Delivery of a signed contract **Commercial Information**;
 - d) Due diligence being completed to the PDU's satisfaction.

3. note:
 - a) MoT is not supportive of the project *"given the current uncertainty, and the likely greater competing needs"*
 - b) MSD is supportive of the project as is *"provides essential infrastructure upgrade to the West Coast"*;

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?	Post construction, the applicant expects ^{Com} jobs would be created permanently. During construction the applicant expects that the Hokitika Airport Terminal Extension build would create ^{Comme} construction jobs.	N/A 1 2 3 4 5
➤ deliver community benefits?	Efficient business travel links and capability are critical to the economic development of the region and an efficient, viable and capable airport will help to unlock the development potential of	N/A 1 2 3 4 5

	the region. Additionally, the project would provide confidence to the regions sector.	
➤ increase utilisation of and returns on Maori assets?	No direct links to the Maori assets are evident. However this project will indirectly support local Maori businesses through increased connectivity.	N/A 1 2 3 4 5
➤ enhance the sustainability of natural assets?	Not evident	N/A 1 2 3 4 5
➤ mitigate climate change effects, or assist with the lowering of emissions?	Not evident	N/A 1 2 3 4 5
Additionality		
Would the project:		
➤ add value by building on what is already there, without duplicating effort?	<p>The airport is already established as the most significant Airport on the West Coast.</p> <p>The current facilities are not fit for purpose as they are too small for the purpose of any value-added opportunities such as retail and hospitality.</p>	N/A 1 2 3 4 5
➤ be a catalyst for productivity potential in the region?	<p>This investment has clear links with the West Coast Tourism sector.</p> <p style="text-align: center;">Commercial Information</p> <p>However the PDU recognises the value of the project towards supporting the industry through the COVID-19 recovery.</p>	N/A 1 2 3 4 5

Section D: Funding and financial analysis

Please highlight number below

Does the application show:

Summary of funding and financial analysis:	<p>Crown funding is required as Destination Westland Limited does not have sufficient funding to undertake the project with a Net Profit of \$ ^{Commercial Inform} in the 2018 financial year.</p> <p>The ownership model of the airport, as a council owned</p>	N/A 1 2 3 4 5
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	<p>organisation, is such that its ability to generate revenue for strategic development is extremely limited.</p> <p>The PDU is confident in the applicant's ability to maintain the asset.</p>	
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Author of paper:	SC, Investment Analyst, AM, Investment Director, PDU Investment Team
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