

# Application for Funding Development Phase



## **About this form**

This form enables you to make an application for funding over \$100,000 from the Provincial Growth Fund for activities in the Development Phase of a project.

You will need to use the Express Form if your application is for an activity under \$100,000 or the Standard Form if your application is for an actual Project (i.e. delivery of an asset).

These forms are available on the [Provincial Growth Fund website](#)

## **Purpose of the Provincial Growth Fund**

The Provincial Growth Fund aims to lift productivity potential in the provinces. Its priorities are to enhance economic development opportunities, create sustainable jobs, enable Māori to reach their full potential, boost social inclusion and participation, build resilient communities, and help meet New Zealand's climate change targets.

## **Completing this form**

Please complete all sections fully and accurately. Square brackets and italics indicate guides.

Please see the PGF website, or contact your regional relationship manager, for further support.

## **Submitting your application**

All completed forms must be emailed to [PGF@mbie.govt.nz](mailto:PGF@mbie.govt.nz) with a clear subject heading.

If you are a Trust (or applying on behalf of a Trust), then you must provide a copy of your Trust Deed.

## **Next Steps**

Applications will be assessed for eligibility, as well as how well they will deliver on the aims of the Provincial Growth Fund. One of our team will be in contact regarding your application.

## **Funding Agreement**

The template funding agreements can be found on the [Provincial Growth Fund website](#)

## **Public disclosure**

The Provincial Development Unit is responsible for leading the Provincial Growth Fund's design, administration and monitoring its operation in consultation with other government agencies. In the interests of public transparency, successful applications may be published by the Provincial Development Unit (PDU).

Commercially sensitive and personal information will be redacted by reference to the provisions of the Official Information Act 1982. Please identify by highlighting any information in your application that you regard as commercially sensitive or as personal information for the purposes of the Privacy Act 1993.

**Part A: Key Details**

Please note that if the funding agreement will not be with the applicant (i.e. applying on behalf of another organisation), then please complete this application from the perspective of that organisation.

1. Proposal Title:

2. Please provide a very brief description of the project/activity:

Whanganui District Council Holdings Limited (WDCHL) requests an allocation of \$400,000 towards the cost of preparing a full business case to establish an Advanced Aviation Hub (AAH) in Whanganui. WDCHL is able to contribute \$ <sup>Commercial Information</sup> towards the full cost of <sup>Commercial Information</sup>. Tenders have been received after a targeted call for bids and we are currently undertaking the tender evaluation process.

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Given the significant projected global shortages for commercial pilots, flight cabin crew and aeronautical engineers, the proposed Whanganui AAH provides a unique opportunity for New Zealand, and the Manawatū-Whanganui region in particular, to build on its existing sectoral advantages.

Therefore, the aim of this project is to establish an advanced simulation centre to enable pilots to attain a type-rating on modern airliners.

This will complement the current commercial pilot training academy, the New Zealand International Commercial Pilot Academy (NZICPA) based at Whanganui's regional airport.

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This facility is accessible to all training pilots and ancillary careers (nationally and internationally), enabling them to progress their aviation knowledge and capabilities to the highest available qualifications.

The business case will prepare a full and thorough report covering:

- Development of an AAH business model including:
  - Optimal governance structure, management and development team
  - Training structure, student promotion and indicative programme outline
  - Indicative facility design concept and technical equipment requirements with estimated costs.
- Financial case:
  - Proposed funding strategy for Stage 1 of the project.
- Economic case:
  - Regional collaboration and analysis of the economic benefits for the region.
- Market analysis:
  - Confirmation that the project aligns with the objectives of the PGF.
- Concept for operating an AAH.
- Procurement plan for technical equipment.
- Building and infrastructure requirements.
- Aviation Engineering Training.
- The case for companion projects, for example and without limitation:
  - Provision of suitable student accommodation within Whanganui
  - Transport and pastoral care services.
- Socio-economic and cultural/iwi case:
  - Evidence of how the project aligns with Māori-based assets, culture and wellbeing aspirations
  - Identification of, and engagement strategy for, key stakeholders and interested parties.
- Risk analysis:
  - The business case will consider market demand and appropriate competitive response
  - Staffing
  - Identify any environmental considerations and potential impacts, and suggest mitigation strategies.
- Project management plan and associated costs

3. Please provide the details of the applicant organisation/entity for which funding is being requested:		
<b>Legal Name:</b>	Whanganui District Council Holdings Limited	
<b>Entity Type:</b>	Company	
<b>Registered Offices / Place of Business:</b>	101 Guyton Street, Whanganui, New Zealand	
<b>Identifying Number:</b>	Companies Office – 1195208	
<b>Organisation's Website:</b>	<a href="http://www.whanganui.govt.nz">www.whanganui.govt.nz</a>	
4. Please provide the contact details for a person as a key point of contact:		
<b>Contact Name and Role:</b>	Phillip Bedford: Chief Executive, New Zealand International Commercial Pilot Academy	
<b>Email Address:</b>	Privacy of natural persons	<b>Telephone:</b> Privacy of natural persons
5. Please describe the principal role or activity of the applicant organisation:		
WDCHL is a Council-Controlled Organisation responsible for managing and overseeing Whanganui District Council's commercial assets.		
6. This project will be based in the region of: <input type="text" value="Manawatu-Wanganui"/>		
Manawatū-Whanganui		
7. What type of funding is this application for: Grant <input type="text" value="Grant"/>		
8. What is the activity / funding start and end date? Would the business case be complete within a year?		
<b>Start Date:</b>	Commercial Information	<b>Completion Date:</b> Commercial Information
9. Has this project / activity been previously discussed with any part of Government? Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>		
- If <u>Yes</u> , please describe which part of government, and what the outcome of the discussions were.		
[The PDU will consult with other parts of Government as part of the assessment]		
10. Have you previously received any Government funding for this Project/Activity? Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>		
- If Yes, please list which part of the Government, when the funding was received, and how much under Q11.		
11. Please set out the proposed sources of funding for the Project:		
<b>Source of Funding:</b> <i>[please indicate where all other funding is sourced from, noting who the funder is]</i>	<b>\$ (excluding GST)</b>	<b>Status / Commentary</b> <i>[i.e. received / confirmed / in principle]</i>
Provincial Growth Fund Funding (through this application). WDCHL has received tenders and is currently evaluating the responses. We are pleased with the the quality of the tenders and have confidence in the quality of people proposed to undertake the work required. We appreciate being made aware recently of the requirement for a co-contribution to business case funding. The sum of \$ <sup>Commercial Inform</sup> proposed as a co-contribution by WDCHL reflects the level of funding we are able to make available.	\$400K PGF \$ <sup>Commercial</sup> WDCHL	This WDCHL request is for a grant of <sup>Comm</sup> % funding from the PGF for the business case investigation. Where the business case is successful in the project phase application, WDCHL will demonstrate its investment, along with other funders, to a minimum of <sup>Comm</sup> % of the total cost as per the PGF
PGF Application Form		
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		criteria.
Total:	\$ <small>Commercial Inform</small>	

**Part B: Project Description**

12. This application is: "a stand-alone activity"  or "in support of a wider project/programme"

13. Will additional funding likely be applied for in the future?

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Commercial Information

Commercial Information

Commercial Information

Commercial Information

14. What type of activity is this application for?

- Feasibility study
- Business case
- Report
- Creation of an action plan
- Research or surveys
- Workshops or consultation
- Capability building (Education / training)
- Other (please specify)

*[If other, please describe here]*

15. Please provide a detailed description of this activity for which funding is being applied:

*[Note: please describe what the funding is for, why it is required, what the project will do and how it links to other projects or activities. A description of the benefits is asked elsewhere.]*

The proposed Advanced Aviation Hub is a unique and exciting opportunity to establish a major regional initiative which provides substantial benefits nationally and internationally to aspiring aviation professionals.

The existence of the PGF fund allows the possibility of executing our existing strategy earlier than originally planned and increases our opportunity to establish this facility in a region identified for future growth opportunities. This is a significant opportunity for our region and market conditions support progressing the project at this time. As this training does not currently exist elsewhere in New Zealand, and we are not aware of plans for this to occur, our proposal will not divert economic benefits from other regions.

WDCHL is requesting funding for a detailed, designed business case to determine the viability of introducing New Zealand's first comprehensive advanced aviation training facility. Commercial Information

WDCHL owns an existing flight training operation, the New Zealand International Commercial Pilot Academy (NZICPA). This is a relatively new but already successful venture based at Whanganui Airport that provides quality commercial pilot training for students nationally and internationally.

Access to full motion simulation does not currently exist in New Zealand and our proposed project will mean this is available to other pilot training organisations.

Whanganui District Council owns a 50% share (as a joint venture partner with the Crown) in the Whanganui Airport. This asset is managed by WDCHL on their behalf. To further develop Whanganui's strong aviation history, WDCHL, with the full support of Whanganui District Council, has identified the development of an advanced aviation hub with full motion simulation training available, as a key economic driver for the Region. The Airport has significant infrastructure e.g. electrical power systems and IT connectivity, and available land area to support this development.

WDCHL's vision is to have a fully operational facility that will allow provision for the type-rating of commercial airline pilots on the Airbus A320, Boeing 737 and ATR aircraft types; **Commercial Information**

The business case will identify the initial investment in one full motion simulator for one of the above aircraft types and, with planned and forecast growth, examine the potential to provide simulators for all three aircraft types.

Training and education methods necessarily include simulation and this is likely to include the use of virtual reality.

**Commercial Information**

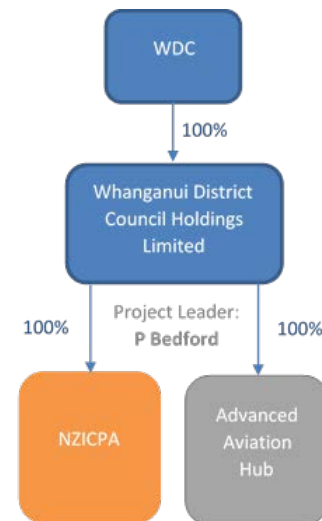
**Background**

WDCHL established professional pilot training at Whanganui Airport in 2015. An upgraded, purpose-built facility opened in Whanganui in September 2017. Our total investment to date has been \$ [redacted] and the facility is already contributing significantly to the growth of the Manawatū-Whanganui economy.

The proposed Advanced Aviation Hub would complement the investment made by WDCHL in the NZICPA, and the key project leader (Phillip Bedford, Chief Executive NZICPA) would oversee both operations.



Example of the technology currently in use in other countries.



Summary of the WDC/WDCHL structure

In 2018, Whanganui District Council, iwi and other key stakeholders attended workshops to assess Whanganui's economic strengths and community priorities, and strategically aligned these into an investment priority order. The forum's diverse perspectives and experiences culminated in a shared understanding of the key issues and challenges, along with strong agreement on those initiatives with the greatest potential for success. It provided a solid platform for robust, frank discussion and decision-making.

Organisations represented at the workshops were:

- Whanganui District Council
- Te Rūnanga O Tupoho
- Te Rūnanga O Tamaūpoko
- Whanganui Rural Community Board
- Whanganui District Holdings Ltd
- Whanganui and Partners (established in 2014 as a Council Controlled Organisation (CCO) to act as the economic development agency for the district).
- Whanganui Chamber of Commerce
- New Zealand International Commercial Pilot Academy

The consensus produced by these workshops was that the development of an advanced aviation hub, building on the existing investment made in NZICPA, was a key strategic economic priority for the district. The potential for creating jobs and linking to goals supporting young people to upskill, along with a unique value proposition, make this opportunity compelling.

With the growing reputation and success of the NZICPA facility, it can clearly be demonstrated that investment in this specialist area is feasible and low risk. This project has the support of, and aligns with the priorities and desired outcomes of, the Accelerate 25 Regional plan, a collaboration between the councils of the Manawatū-Whanganui region, iwi and the government, and the Provincial Growth Fund.

The respondents to the business case RFP were requested to specifically align the business case report to the outcomes articulated within the PGF requirements.

The NZICPA project was established at Whanganui Airport in late 2017, following completion of a purpose-built building. This business is operating successfully and is meeting the goals of Whanganui District Council, i.e. economic development, principally for the Whanganui region and the airport.

The proposed business case would explore the opportunity to leverage off NZICPA's strong market reputation, along with **Commercial Information**. The AAH would be strongly aligned to the NZICPA project, although not necessarily integrated. We wish the business case to consider this aspect further.

WDCHL is currently working on the provision of accommodation to house the students of NZICPA. The current available accommodation within Whanganui is close to full capacity. The provision of student-specific accommodation is now being actively investigated. The AAH would increase the need for development of accommodation which caters for the needs of these students. Our iwi partners have indicated they may be willing to invest in this opportunity.

This project aligns with the priority areas of the Whanganui Economic Development Strategy. Currently these are

- Business and sector development; Business, talent and investment attraction
- Education; Sharing our stories, communication and marketing
- Regional engagement
- Māori economy/Iwi relationships
- Infrastructure and Arts/Culture/Sport/Community Development.

These link to the aspirations of the Manawatū-Whanganui Accelerate25 Regional Economic Action Plan.

Whanganui and Partners, as the council-funded economic development agency for Whanganui, has initiatives that will support and align with this project.

A trade training hub in Whanganui is being investigated to coordinate the existing range of training opportunities.

### **Commercial Information**

. The business case would identify likely opportunities for collaboration and co-location.

**Next steps once the business case is complete**

Following successful completion of the business case the AAH would initiate the funding strategy for Stage 1 of the project. **Commercial Information**

**Stage 1**

We expect that the initial stage (Stage One) would be structured as follows:

	Estimated Cost (M)	Funding
Purpose-built building based at Whanganui Airport	\$ <b>Commercial In</b>	
Building infrastructure (fibre, power ,etc)	\$ <b>Commercial In</b>	
<b>Total</b>	\$ <b>Commercial In</b>	<b>TBC</b>

Simulator # 1 type to be confirmed)	\$ <b>Commercial Informa</b>	Debt	Can be leased
Associated technical equipment	\$ <b>Commerc</b>		
Training materials – developed and certified	\$ <b>Commercial In</b>		
<b>Total</b>	\$ <b>Commercial Information</b> <b>estimated</b>		

**Purpose-built Building**

WDCHL funded the building of the existing facility at Whanganui Airport and leases this to NZICPA.

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**Simulator #1**

A decision to purchase the initial simulator would be made in line with the business case recommendations. AAH would work with major simulator providers to develop a partnership or joint venture arrangement with them to see their assets deployed in New Zealand. NB this type of arrangement is commonly used in other countries.

The actual cost associated with any simulator technical equipment will depend upon any final arrangement negotiated, with the understanding that any shared ownership will reduce the capital cost required.

**Commercial Information**

**The Business Case**

Our RFP, a copy of which, dated 19 Sept 2018, is included with this application, was provided to a number of suitably qualified experts. We expect the business case to include: **RFP Withheld in Full Due to Commercial Sensitivity**

1. Specifications and suitability of available simulators.
2. Methodologies, including a comprehensive project plan and funding strategy.
3. Analysis of economic market and benefits to the region.
4. Procurement plan for technical equipment.
5. Complementary companion projects.
6. Socio-economic benefits.
7. Enhancement strategies for Māori-based assets.
8. Building and infrastructure requirements.
9. Risk profiling and management.
10. Estimated project cost.



16. How does this project demonstrate additionality within the region?

[Please cover:

- Why the project is not already underway.
- How the project provides a new asset and is not seeking maintenance funding.
- The benefit of Central Government funding (i.e. over alternative sources).
- Why this project will unlock the potential within the region.]

This application is for funding towards the procurement of professional services for the required research, planning, project mapping, project financial investment, economic impact, job creation and reporting that will produce a comprehensive business case for the AAH. This will complete WDCHL’s investigation into the viability of establishing New Zealand’s first advanced aviation hub that is **Commercial Information**

The Whanganui District Council (WDC) unanimously supported the recommendation of WDCHL to establish the NZICPA and agreed to the provision of a purpose-built building to house the operations and to provide for growth in student numbers.

It could be argued that this was an unusual investment for a council to make, however the decision reflected the WDC’s desire to make an investment in the future economic success of the district. The project also received support from the Whanganui community. The investment is well managed, with additional capital totalling \$ **Commercial Information** as of **Commercial Information**, being invested in additional aircraft. Due to the timing of the opportunity, the AAH, while complementary to the NZICPA, is not currently embedded within the WDC’s current Long-term Plan for the District.

As stated earlier, WDCHL sees this as a significant opportunity for our region. Current market conditions with a worldwide shortage of pilots, support progress earlier than initially planned on **Commercial Information**

The benefit of Central Government funding is that it would enable the project to commence at a time when the focus of WDCHL must be on sustainably growing the existing NZICPA. We are confident the benefits the AAH would contribute to the Manawatū-Whanganui economy make it an essential opportunity for investigation.

WDCHL’s initial high-level environmental analysis highlights that:

- The global demand for pilots is significantly higher than supply. Boeing projects circa 600,000 pilots will be required in the next 10 years.
- The demand for aeronautical engineers and flight cabin crew is equally high.
- The aviation eco system on and surrounding Whanganui Airport is well developed.
- New Zealand pilot training and ultimately licences gained in this country are highly regarded globally.
- **Commercial Information**
- The AAH will be located alongside NZICPA, supporting our existing regional airport facility.
- The draw of the facility will also drive contribute to accommodation demand in Whanganui for students, their families and instructors.
- The opportunity exists to partner with existing tourism product to create packages for domestic visitors which include flight simulation as an added drawcard to the region. These could be developed in conjunction with the region’s destination marketing teams.

	Average Duration of Course (days)	Number of Students per annum	Revenue per course	Annual revenue
Students	30	288	\$ <b>Commercial Inform</b>	\$ <b>Commercial Information</b>
Instructors		<b>Comin</b>		
Support Staff		<b>Com</b>		

This table is a high-level indication of our base assumptions.

- We appreciate the impact of the Marginal Propensity to Spend, and the impact that this will have on our local and regional economies. We have requested a full economic assessment to be provided as part of the business case.
- The facility will drive the training of associated services, and use the Universal College of Learning (UCOL) degree programme to offer specialist training for air ambulance and similar qualifications. The AAH will partner with other tertiary providers where specialist training aligns with aviation training e.g. flight nurse, helicopter crew, flight attendants and tourism. This will drive demand within the district and could assist with expansion of the existing tertiary offering.
- **Commercial Information** [REDACTED]
- As noted above, the business case will estimate the broader regional impacts in more detail. However, at a high level and using a relatively standard or mid-range Regional Impact Multiplier of 2.5 on final demand, the broader regional benefits are likely to be in the tens of millions of dollars per annum.

We believe the other benefits for the region would include:

- The accommodation industry and related services, such as catering and domestic services.
- The simulator rating courses are of relatively short duration, so students are likely to require apartment-style accommodation. Our experience with housing our existing students is that there is a shortage of suitable accommodation in Whanganui. Hence, the AAH is likely to require significant upfront construction of accommodation facilities in addition to the existing accommodation services.
- Our iwi partners have indicated a keen interest in investing in this area of the project.
- Facilities construction, namely the buildings and pads on which the simulator equipment would be placed, is straightforward engineering and construction that can be carried out by local firms.
- Local food and entertainment providers would benefit. Because of the short course duration, we would expect significant usage of cafes, restaurants and local entertainment. This may trigger a material uplift in the city's range and number of cafes and restaurants, which may in turn raise the attractiveness of the whole Whanganui experience for tourists in general.
- Ideally, we would like local contractors to be upskilled to be able to undertake day-to-day work on the relatively sophisticated equipment.
- There are benefits in leveraging effects on the current pilot academy. Being able to combine pilot training with simulator type ratings within the same organisation is likely to materially increase the attractiveness of our current pilot academy. The commercial pilot's licence courses are of much longer duration (typically 18 months), so the regional impacts of having more students passing through the longer courses are likely to be significant.
- Currently both New Zealand and international students need to travel to other countries to undertake further training.
- An aviation centre of excellence is a longer-term vision, with the AAH leading the way for the region to become a destination for other aviation related activities.

In summary, this initiative is unique for New Zealand. It has the aim to establish an advanced simulation centre to complement current aviation training.

The project seeks to bring training and education for other aviation disciplines to the Manawatū-Whanganui region. The accessibility and positive impact of this facility will not only benefit the region, but will also impact on national and international scales.

## 17. How is the project connected to regional (and sector) stakeholders and frameworks?

The Advanced Aviation Hub project has been identified as a key project for the community from specifically facilitated workshops with WDC, iwi and other key stakeholders.

Two workshop sessions were held with these stakeholders in May and June 2018. The support for the AAH was indicated by

- Whanganui District Council
- Iwi
- Whanganui District Council Holdings Limited
- New Zealand International Pilot Academy Limited
- Whanganui and Partners – Whanganui Economic Development Agency
- Accelerate25 – Manawatū-Whanganui growth implementation programme
- Local Members of Parliament

The project aligns with the following plans:

*Accelerate25*

Accelerate25 is Manawatū-Whanganui's regional growth implementation programme. Whanganui District Council is a key stakeholder in Accelerate25, along with business, iwi, regional and central government.

The Manawatū-Whanganui Economic Action Plan operationalises this programme. Developed by business leaders, iwi, communities, hapū and councils, in partnership with central government, the plan is about realising a short and long-term vision to increase job opportunities and quality of life in the region by connecting people, business and the environment.

Whanganui Leading Edge, WDC's vision for the Whanganui District, centres around five key outcomes.

- Community – a deeply united community.
- Connectivity – connected.
- Creativity – innovative and creative.
- Environment – safeguarding our place.
- Economy – works for everyone.

The AAH will contribute to the following strategic objectives within the Leading Edge Strategy, namely:

- Facilitate economic development initiatives in partnership with iwi, the business community and the education sector.
- Focus on efforts that will support population attraction and retention.

*Te Pae Tawhiti – Māori Economic Development Strategy*

Te Pae Tawhiti is a strategy for Māori economic development across the Manawatū-Whanganui region. The strategy outlines five key goals:

1. Oranga tangata (Human potential).
2. Oranga whānau (Successful whānau).
3. Oranga whenua (Thriving environment).
4. Oranga mauri (Flourishing mauri).
5. Oranga mō apōpō (Future wellbeing).

WDCHL has engaged with iwi and the project is aligned with proposed iwi aspirations and economic development.

It is complementary to iwi projects while making use of, and supporting, the commercial viability of the Whanganui Airport.

The project has significant potential to positively impact on:

- Training and education.
- Employment opportunities and career advancement.
- National and international recognition.
- Opportunities for accommodation provision including serviced accommodation, cleaning, catering, mechanical and technical support roles.

18 How will your project lift productivity potential in the regions?

*[We want to understand how your project will meet the primary objective of the fund: “to lift productivity potential in the regions”. Please provide a description of this and where relevant, please cover how your project contributes to the following outcomes:*

PGF Outcome	✓	How will the project positively or negatively impact this outcome in the region(s) identified?
1. Increase economic output	✓	Increased permanent jobs, business opportunities and expansion, regional development, training and education opportunities.
2. Enhance utilisation of and/or returns for Māori assets	✓	<ul style="list-style-type: none"> <li>• Iwi have indicated an interest in investing in the accommodation projects that will result from the AAH.</li> <li>• Potential for significant investment and development of land in the vicinity of the airport.</li> </ul>
3. Increase productivity and growth	✓	Grow the economy sustainably and resiliently through increased employment and career opportunities, business and regional development.
4. Increase local employment and wages (in general and for Māori)	✓	Education and employment – a diverse and comprehensive framework for building skills and capability.
5. Increase local employment, education and/or training opportunities for youth (in general and for Māori)	✓	<p>The number of Whanganui’s young people not engaged in work, education or training, or leaving Whanganui for work opportunities, has been identified as an issue to be addressed. As our current population ages, projects to support both the retention of, and attraction to, Whanganui of young people are even more important. The Advanced Aviation Hub will provide increased opportunities for training, education and employment.</p> <p>Additional support services will be required in terms of accommodation and associated services such as catering, cleaning etc., which will contribute to the creation of jobs.</p> <p>Regional tertiary education provider UCOL has a modern campus in downtown Whanganui and its current degree programme offers a number of options to train our young people in ancillary technical aspects of aviation. This will lead to improved employment outcomes and higher remuneration.</p>
6. Improve digital communications, within and/or between regions	✓	Whanganui was able to complete a build of the ultrafast broadband network throughout its urban area well ahead of most centres. Associated work to enable the wider community to build on the availability of fast fibre resulted in the Intelligent Communities Forum naming Whanganui as the world’s leading community of under 50,000 population. Our early fibre build continues to provide a significant advantage in the use of digital technology. This ability to use high-level digital technology is an advantage recognised in the proposed facility.
7. Improve resilience and sustainability of transport infrastructure, within and/or between regions	✓	<p>As the 50/50 joint venture owner of Whanganui Airport, WDC receives land rental on any buildings erected on the airport land.</p> <p>A key economic driver of the establishment of NZICPA was</p>

PROACTIVELY RELEASED

		<p>an increase in land rental and landing fees, which would supported the economic viability of the overall airport operations.          NZICPA now represents <sup>Comm</sup> % of the landing fees by volume at Whanganui Airport.          Further development will add further support to the airport viability and provide assurance to existing customers.</p> <p>The Whanganui community lost access to the national carrier with the unexpected exit of Air New Zealand from our airport several years ago. While Whanganui was able to attract Air Chathams as a replacement service, airport charges, landing fees and associated costs a key consideration for this company.</p> <p>There are a number of additional agricultural commercial users and providers of emergency ambulance services that are also keenly focused on the landing and airport charges.</p> <p>Retaining these existing services in our community is regarded as highly important, not only in terms of our economy but also our social wellbeing.</p>
8. Contribute to mitigating or adapting to climate change	✓	Use of a simulator for training greatly reduces the flying time required for certification, therefore decreasing the use of fossil fuels.
9. Increase the sustainable use of and benefit from natural assets	✓	Any resolution of future iwi negotiations around the ownership of the airport lands will benefit from any improved economic viability.
10. Enhance wellbeing, within and/or between regions	✓	This AAH simulator operation would be available to directly support any New Zealand-based flight training businesses. With the Massey University Flight Training operation less than one hour's drive from Whanganui, access to this level of technology would enable Massey to retain some of its students for longer, as currently they leave to study at overseas facilities.
Total number of outcomes project contributes to	10/10	

**Part C: Project Delivery**

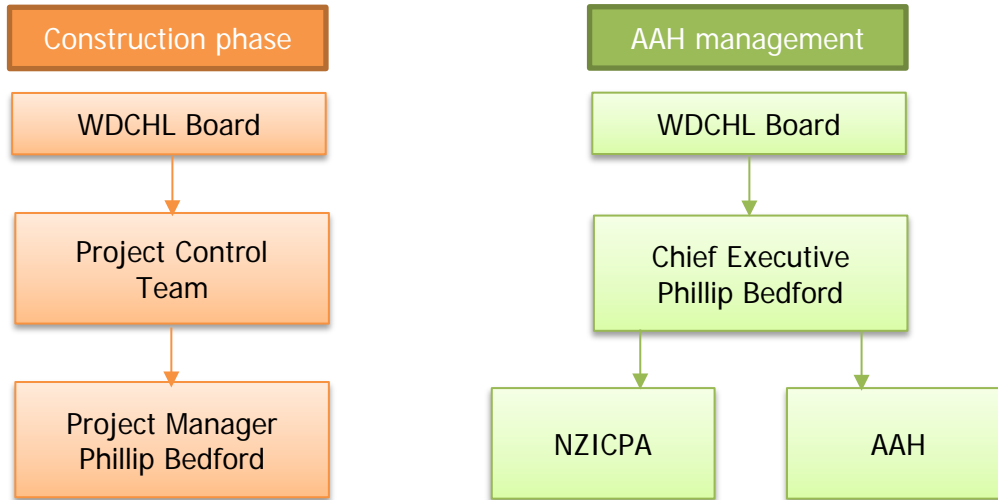
[Please note – this section refers to the actual activity associated with this application.]

19 Please provide an overview of the project management approach / plan for this activity.

[We would like you to demonstrate:

- How the activity will be managed from your organisation?

This project will be managed by the WDCHL Board under the following proposed management structure:



- What involvement is required by the Provincial Development Unit?

It is envisioned that the Provincial Development Unit will be involved in an advisory capacity as and when required.

- What other partners are required for successful delivery?

**Commercial Information**  
 [Redacted text]

- What project management practices will be in place?

Establishment of a Project Control Group.  
 Detailed project plan, timeline and associated budget.  
 Stakeholder engagement.  
 Milestone tracking and monthly reporting.  
 Risk management methodology.

- Who are the key personnel within the organisation relating to this project?

**Project Control Team**  
 WDCHL Board – Chair, Annette Main  
 NZICPA Board – Chair, Matthew Doyle

**Project Manager**  
 Phillip Bedford, Chief Executive Officer, NZICPA

- Please attach a copy of your health and safety policy that will apply for this project.]  
 WDC ,WDCHL and NZICPA all hold comprehensive Health and Safety and SMS systems. The existing NZICPA policy is attached .

20 Please provide us with a project plan, where possible please attach a schedule (i.e. Gantt chart):  
 [Please use the following table to describe the activities of the project. Please use as many lines as it takes to provide us with the appropriate detail]

#	Project Activity	Responsible:	Date / Period:
1	Request for Proposals responses received	Procurement Officer	Commercial Information
2	Engage contractor	Tenders Evaluation Team	Commercial Information
3	Completed business case	Successful Tenderer	Commercial Information
4			Click here to enter a date.
5			

a 21 Please provide a complete breakdown of the costs of the project:

[Note that figures in this table must align with other figures provided in Q11. Please use as many lines as it takes to provide us with the appropriate detail. If more suitable, please attach a budget spreadsheet to this application]

Cost Description:	\$ Commercial Informa (excluding GST)
Business Case	\$ Commercial Inform
<b>Total</b>	\$ Commercial Inform

b 22 Please provide a description of why Government funding is required to deliver this project?

[Specifically, please set out why the funding cannot be sourced from other sources (e.g. banks, investors)]

The PGF has provided the opportunity for WDCHL and ultimately the community, to advance this business case. WDCHL is able to provide <sup>Comme</sup> % funding towards the cost of the business case. The benefit of Central Government funding is that this would enable the project to commence and deliver the identified benefits in a shorter timeframe than would otherwise be possible.

Our region has been identified by the Government as a regional growth priority (Surge) area and this project provides an opportunity for:

- Increased use of the Māori asset base
- Enhanced opportunities for Māori
- Employment opportunities
- Business opportunities
- Economic growth
- Regional collaboration
- Lifting Manawatū-Whanganui’s economic profile as a desirable place to live and do business.

It will also benefit New Zealand as the only other aviation training facilities of this nature, at Ohakea Air Force Base and Air New Zealand, are accessible only to their employees.



23 What are the proposed deliverables if funding is approved?

*[Please use the following table, consider what deliverables there will be, when, and whether there are any payments associated with them and against what criteria payment should be made. If it is a single deliverable with single payment, please just use one line]*

#	Description	Payment criteria:	Invoice Value \$ (Exc. GST)	%	Invoice Date:
1	Business Case	Commercial Information	\$ Commercial Info		Commercial Information

24 Please provide an overview of the applicant’s relevant skills and experience for delivering a projects of this nature:

WDCHL has commercial oversight of the Whanganui Port and Airport operations, and has direct subsidiary ownership of GasNet and NZICPA assets. WDCHL directors and project leader Phillip Bedford have considerable business interests and experience and access to both WDC senior staff and external advisers. The WDCHL Board will fully support Phillip Bedford as the project leader.

Three of the current WDCHL directors managed the sale of an energy trading gas and electricity company with <sup>Commercial Info</sup> [redacted]. They undertook this project themselves, given the sensitive nature of the transaction. With consequent community effects in mind, they successfully negotiated the retention of staff in Whanganui for an extended period as part of the terms of the sale.

They also established NZICPA at Whanganui Airport at an establishment investment of \$ <sup>Commercial Information</sup> [redacted]

a 25 Please explain the Governance arrangements for this project:

The project will be governed, managed and delivered by those identified in the AAH Project Control Team and supported where necessary with specialist skills. The successful delivery of the NZICPA project demonstrates the WDCHL project team’s ability to deliver.

26 What procurement process has been undertaken (i.e. selection of a provider), or will be undertaken, and how that is managed.

The process for selecting a suitable consultant for the delivery of a full business case was via a Request for Proposal (RFP) procurement process with the services of WDC specialist staff. A private invitation for a Request for Proposals was released on Thursday 19 September 2018 via TenderLink with the tender closing date of Monday 8 October 2018.

Interested parties were asked to demonstrate the following key attributes:

1. An understanding of modern pilot, aeronautical engineering and flight attendant training methodologies and technologies.
2. A clear understanding of the New Zealand CAA regulatory frameworks governing the issue of a licence and type rating.
3. Experience/understanding of pilot license, type ratings and qualifications, technologies and aviation career progression pathways.
4. A clear understanding of the economic drivers associated with regional and/or national projects.
5. Previous experience in partnering agreements/negotiations.

The Tender Evaluation Team consisted of WDCHL Board representatives, an MBIE delegate, Chief Executive Officer (and Project Manager) of NZICPA, and in the interests of ensuring a transparent process, an appointed probity auditor.

The result of this evaluation is to award Contract 1828: Advanced Aviation Hub – Professional Services.

The proposed Contract is a GMC – Services contract.

Anticipated timetable:

	Date	Process	Method	Outcome
1	Commercial Information	RFP for Professional Services.	Closed tender via TenderLink at <a href="http://www.tenderlink.com/whanganui">www.tenderlink.com/whanganui</a>	Recommendation to award the contract.
2.	Commercial Information	Submission made to the PGF.	Application.	
3.	Commercial Information	Successful and unsuccessful Respondents notified of award of Contract.	In writing.	Unsuccessful Respondents are invited to request a debrief relating to their proposal. Pre-contract meeting arranged with successful applicant.
4.	Commercial Inform	Pre-contract - set up meeting with successful applicant.		Negotiate and finalise contract terms and conditions. Contract signed.
5.	Commercial Information	Anticipated Contract start date.		
6.	Commercial Information	Anticipated Contract completion	Delivery of completed AAH Business Case.	Submission made to the PGF.

	<b>Commercial Information</b> [Redacted]	date.		
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27 What risks are associated with the delivery of this activity?

#	Risk	Mitigation approach	Rating
1	Non-conforming tenders received through tender process	Conforming tenders received <b>Commercial Information</b> [Redacted]	n/a
2	Successful tenderer cannot perform the assignment	Management by timeline expectations and the quality of personnel involved	Low
3	Cost exceeds budgeted amount	Fixed quote received through tender process	n/a
x			

Funding is sought to undertake a business case which will outline the project's viability. A subsequent bid will be raised for funding contributions towards:

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

**Part D: Declarations**

- 28 Has this activity ever been declined Crown Funding in the past? Yes:  No:
- 29 Is the applicant or the contracting entity insolvent or subject to any insolvency action, administration or other legal proceedings? Yes:  No:
- 30 The contracting entity is compliant and will continue to comply with all applicable laws, regulations, rules and professional codes of conduct or practice including but not limited to health and safety and employment practices Yes:  No:
- 31 Is any individual involved in the application, the proposed contracting entity or the project, an undischarged bankrupt? Yes:  No:
- 32 Is any individual under investigation for, or has any individual been convicted of, any offence that has a bearing on the operation of the project? Yes:  No:
- 33 Are there any actual, potential or perceived conflicts of interest that the applicant or any of the key personnel have in relation to this project. Yes:  No:
- “In a small country like ours, conflicts of interest in our working lives are natural and unavoidable. The existence of a conflict of interest does not necessarily mean that someone has done something wrong, and it need not cause problems. It just needs to be identified and managed carefully...”
- <https://www.oag.govt.nz/2007/conflicts-public-entities>

If you answered “Yes” to any of the above, please provide a description below:

30 Our previous experience demonstrates our ability to comply with all aspects.

By completing the details below, the applicant makes the following declaration about its application for Provincial Growth Fund funding for the project (“application”):

- I have read, understand and agree to the Terms and Conditions of applying for Provincial Growth Fund funding which are attached as Appendix 1;
- The statements in the application are true and the information provided is complete and correct, and there have been no misleading statements or omissions of any relevant facts nor any misrepresentations made;
- I have secured all appropriate authorisations to submit the application, to make the statements and to provide the information in the application;
- I consent to this application being publically released if funding is approved. I have identified the commercially sensitive and personal information.
- The applicant warrants that it has no actual, potential or perceived conflict of interest (except any already declared in the application) in submitting the application, or entering into a contract to carry out the project. Where a conflict of interest arises during the application or assessment process, the applicant will report it immediately to the Provincial Development Unit by emailing [PGF@mbie.govt.nz](mailto:PGF@mbie.govt.nz); and
- I understand that the falsification of information, supplying misleading information, or the suppression of material information in this application, may result in the application being eliminated from the assessment process and may be grounds for termination of any contract awarded as a result of this application process.

**Full name:**

**Annette Kay Main**

**Title / position:**

**Chair, Whanganui District Council Holdings Ltd**

**Date:**

Commercial Information

Privacy of natural persons

**Signature:**

.....

## **Appendix 1 – Terms and Conditions of this Application**

### **General**

The terms and conditions are non-negotiable and do not require a response. Each applicant that submits a request for Provincial Growth Fund (“PGF”) funding (each an “application”) has confirmed by their signature on the application that these terms and conditions are accepted without reservation or variation.

The Provincial Growth Fund is a government initiative which is administered by the Provincial Development Unit, a unit within the Ministry of Business, Innovation and Employment. Any reference to the Provincial Development Unit in these terms and conditions, is a reference to MBIE on behalf of the Crown.

### **Reliance by Provincial Development Unit**

The Provincial Development Unit may rely upon all statements made by any applicant in an application and in correspondence or negotiations with the Provincial Development Unit or its representatives. If an application is approved for funding, any such statements may be included in the contract.

Each applicant must ensure all information provided to the Provincial Development Unit is complete and accurate. The Provincial Development Unit is under no obligation to check any application for errors, omissions, or inaccuracies. Each applicant will notify the Provincial Development Unit promptly upon becoming aware of any errors, omissions, or inaccuracies in its application or in any additional information provided by the applicant.

### **Ownership and intellectual property**

Ownership of the intellectual property rights in an application does not pass to the Provincial Development Unit. However, in submitting an application, each applicant grants the Provincial Development Unit a non-exclusive, transferable, perpetual licence to use and disclose its application for the purpose of assessing and decision making related to the PGF application process. Any hard copy application or documentation supplied by you to the Provincial Development Unit may not be returned to you.

By submitting an application, each applicant warrants that the provision of that information to the Provincial Development Unit, and the use of it by the Provincial Development Unit for the evaluation of the application and for any resulting negotiation, will not breach any third-party intellectual property rights.

### **Confidentiality**

The Provincial Development Unit is bound by the Official Information Act 1982 (“OIA”), the Privacy Act 1993, parliamentary and constitutional convention and any other obligations imposed by law. While the Provincial Development Unit intends to treat information in applications as confidential to ensure fairness for applicants during the assessment and decision making process, the information can be requested by third parties and the Provincial Development Unit must provide that information if required by law. If the Provincial Development Unit receives an OIA request that relates to information in this application, where possible, the Provincial Development Unit will consult with you and may ask you to confirm whether the information is considered by you to be confidential or still commercially sensitive, and if so, to explain why.

The Provincial Development Unit may disclose any application and any related documents or information provided by the applicant, to any person who is directly involved in the PGF application and assessment process on its behalf including the Independent Advisory Panel (“IAP”), officers, employees, consultants, contractors and professional advisors of the Provincial Development Unit or of any government agency. The disclosed information will only be used for the purpose of participating in the PGF application and assessment process, which will include carrying out due diligence. If an application is approved for funding, information provided in the application and any related documents may be used for the purpose of contracting.

In the interests of public transparency, if an application is approved for funding, the application (and any related documents) may be published by the Provincial Development Unit. Commercially sensitive and personal information will be redacted by reference to the provisions of the Official Information Act 1982.

### **Limitation of Advice**

Any advice given by the Provincial Development Unit, any other government agency, their officers, employees, advisers, other representatives, or the IAP about the content of your application does not commit the decision maker (it may be Senior Regional Officials, Ministers or Cabinet depending on the level of funding requested and the nature of the project) to make a decision about your application.

This limitation includes individual members of the IAP. The IAP’s recommendations and advice are made by the IAP in its formal sessions and any views expressed by individual members of the IAP outside of these do not commit the IAP to make any

recommendation.

**No contractual obligations created**

No contract or other legal obligations arise between the Provincial Development Unit and any applicant out of, or in relation to, the application and assessment process, until a formal written contract (if any) is signed by both the Provincial Development Unit and a successful applicant.

**No process contract**

The PGF application and assessment process does not legally oblige or otherwise commit the Provincial Development Unit to proceed with that process or to assess any particular applicant's application or enter into any negotiations or contractual arrangements with any applicant. For the avoidance of doubt, this application and assessment process does not give rise to a process contract.

**Costs and expenses**

The Provincial Development Unit is not responsible for any costs or expenses incurred by you in the preparation of an application.

**Exclusion of liability**

Neither the Provincial Development Unit or any other government agency, nor their officers, employees, advisers or other representatives, nor the IAP or its members will be liable (in contract or tort, including negligence, or otherwise) for any direct or indirect damage, expense, loss or cost (including legal costs) incurred or suffered by any applicant, its affiliates or other person in connection with this application and assessment process, including without limitation:

- a) the assessment process
- b) the preparation of any application
- c) any investigations of or by any applicant
- d) concluding any contract
- e) the acceptance or rejection of any application, or
- f) any information given or not given to any applicant(s).

By participating in this application and assessment process, each applicant waives any rights that it may have to make any claim against the Provincial Development Unit. To the extent that legal relations between the Provincial Development Unit and any applicant cannot be excluded as a matter of law, the liability of the Provincial Development Unit is limited to \$1.

Nothing contained or implied in or arising out of the PGF documentation or any other communications to any applicant shall be construed as legal, financial, or other advice of any kind.

**Inducements**

You must not directly or indirectly provide any form of inducement or reward to any IAP member, officer, employee, advisor, or other representative of the Provincial Development Unit or any other government agency in connection with this application and assessment process.

**Governing law and jurisdiction**

The PGF application and assessment process will be construed according to, and governed by, New Zealand law and you agree to submit to the exclusive jurisdiction of New Zealand courts in any dispute concerning your application.

**Public statements**

The Provincial Development Unit and any other government agency, or any relevant Minister, may make public in whole or in part this application form including the following information:

- the name of the applicant(s)
- the application title
- a high-level description of the proposed project/activity
- the total amount of funding and the period of time for which funding has been approved
- the region and/or sector to which the project relates

The Provincial Development Unit asks applicants not to release any media statement or other information relating to the submission or approval of any application to any public medium without prior agreement of the Provincial Development Unit.

## Appendix 2 - Operational criteria for all tiers of the Fund

### Link to Fund and government outcomes

- Demonstrate the ways in which the project will contribute to lifting the productivity potential of the region
- Demonstrate how the project contributes to the Fund's objectives of:
  - more permanent jobs
  - benefits to the community and different groups in the community
  - increased utilisation and returns for Māori from their asset base (where applicable)
  - sustainability of natural assets (e.g. water, soil integrity, the health and ecological functioning of natural habitats)
  - mitigating or adapting to climate change effects, including transitioning to a low emissions economy
- Clear evidence of public benefits (i.e. benefits other than increased profitability for the applicant)
- Are in a Government priority region or sector

### Additionality

- Project is not already underway, does not involve maintenance of core infrastructure or assets (except for rail and transport resilience initiatives), and does not cover activities the applicant is already funded for (funding could be considered to increase the scale of existing projects or re-start stalled projects)
- Demonstrated benefit of central Government investment or support
- Detail of any supporting third party funding (and any funding sought unsuccessfully)
- Acts as a catalyst to unlock a region's productivity potential
- Demonstrated links to other tiers of the Fund and related projects, to maximise value of Government investment

### Connected to regional stakeholders and frameworks

- Evidence of relevant regional and local support, either through existing regional development mechanisms, or through another relevant body such as a council, iwi or other representative group (or reasons for any lack of local support)
- Has been raised and discussed with the region's economic development governance group
- Alignment with, or support for the outcomes of, any relevant regional development plan, Māori development strategy or similar document (whether regional or national)
- Demonstrated improvement in regional connectedness (within and between regions)
- Leverage credible local and community input, funding, commercial and non-commercial partners
- Utilise existing local, regional or iwi/Māori governance mechanisms

### Governance, risk management and project execution

- Evidence of robust project governance, risk identification/management and decision-making systems and an implementation plan appropriate to the size, scale and nature of the project
- Future ownership options for capital projects, including responsibility for maintenance, further development, and other relevant matters
- Benefits and risks clearly identified and quantified, depending on the scale of the initiative
- Evidence of potential exit gates and stop/go points, and a clear exit strategy
- Clearly identifies whole of life costs (capital and operating)
- Dependencies with other related projects are identified
- Evidence of sustainability after conclusion of PGF funding
- Adequacy of asset management capability (for capital projects)
- Compliance with international obligations (where relevant)