Application for Funding

PROVINCIAL GROWTH FUND

This application form will help the officials administering the Fund to make a decision on your proposal, so please provide as much detail as you are able to, as appropriate to the size and complexity of your proposal. If information required in this form is missing, officials will contact you to ask for that, which will add time to your application process.

Proposal Name	Gisborne Airport Terminal Redevelopment
Applicants and contact details	**Eastland Group Limited** Alice Pettigrew Business Development Manager Privacy of natural persons
Summary of project *Include an overview of:* • *The proposal for which funding is sought* • *The amount of funding being sought* • *Details of all contributors to the proposal and engaged stakeholders* • *What the proposal is seeking to achieve* • *A summary of other sections of the business case*	Eastland Community Trust (ECT) along with Eastland Group are seeking a funding contribution towards the redevelopment of the Gisborne Airport terminal building and supporting infrastructure. Gisborne Airport is owned by the Gisborne District Council (GDC). They have a long term lease and management agreement with Eastland Group, who have full management control of the airport and surrounding land area. Gisborne Airport Limited (100% subsidiary of Eastland Group) is the designated Airport Authority for the region. As Eastland Community Trust's primary commercial arm, Eastland Group is tasked with delivering strong financial returns to the Trust, for the ultimate benefit of the whole community. It's also our responsibility to maintain and develop our key energy and port assets, along with products and services to support regional economic activity. Gisborne is the world's easternmost city, New Zealand's 15th largest, and one of the country's most isolated. Driving times are around three hours to Napier, Tauranga or Rotorua, meaning efficient air travel is vital for a vibrant economy. Air travel is increasingly the preferred mode of transport to and from the Tairāwhiti region and, as such, the airport is a key gateway for visitor arrivals. The airport terminal is the starting point of a visitor's experience and their initial perception of who we are, so it is essential that the terminal provides best in class ease of access, service and facilities In 2016, Air New Zealand (Air NZ) altered the aircraft services into Gisborne. The 50-seater Q300 aircraft now service both the Auckland and Wellington sectors. The scheduling of these aircraft results in two Q300s simultaneously arriving / departing over three peak times (on average) each day. This has a flow-on effect to the terminal building infrastructure and capacity, with congestion at peak times now a real concern. The existing building is a mix of construction dating back to the early 1960s, with the most recent addition made in 1999. It does not meet

current earthquake standards and in no way reflects the unique character of our region. The building quality issues along with operational requirements and peak congestion are driving the need for the investment. In addition there is significant community engagement and interest around providing a facility that represents the region as part of the regional marketing campaign being led by Activate Tairawhiti, funded by the ECT with Air NZ's support, and in particular in having such a facility in place in support of the regions 2019 Sestercentennial Te Ha celebrations.

Eastland Group have been working with Air NZ and have jointly developed key design principles and an Air NZ user requirements statement. This includes forecasted passenger growth, potential fleet changes, passenger screening facility, and separate arrival / departure gates. This information is the basis for growth scenarios, concept design information and peak throughput in the terminal.

Along with Air NZ, Eastland Group have been working closely with hapu and iwi. Privacy of natural persons

We have now incorporated the feedback from these key stakeholders along with GDC and ECT. Working with Commercial Information (supported by local firm Commercial Information) we have largely completed designs for a new terminal which allows for future growth, a vastly improved customer experience and incorporates a regional and cultural theme throughout the building, drawing on Tairāwhiti's unique and distinct attributes.

Eastland Group's original business case for a new terminal in 2016 was based on a high level QS estimate of early designs (in order to get an idea of what a new terminal would cost based on increased floor area and basic construction, elements). This estimate came in at Commercial Information. Based on forecasted rentals, landing fee revenue and other associated revenue streams Eastland Group was only able to achieve a commercial return on Commercial Information ECT, recognising the importance of the airport terminal as a gateway to our region and key transport link, agreed to fund Commercial Information.

Subsequent to the original business case, Eastland Group and Commercial Information developed designs that reflected a unique cultural and regional theme (using carved wood, natural materials where practical and other local artists design features), along with supporting infrastructure development required to accompany the terminal development (roading and services). This detailed and largely completed set of drawings has been assessed by a QS and a detailed costing has resulted in a development cost of Commercial Information.

Based on the existing funding committed, we are seeking a contribution from Government Commercial Information of $5.5million. The project is currently spade ready. Geotechnical investigations, designs and consultation with key stakeholders have been completed for the building. All that is now required is confirmation of funding (to date the project has been funded by Commercial Information), building consent and procurement of a suitable contractor to complete the required works.

Costs and Benefits of the Project

What is the total cost of the project	Commercial Inform	
What is your (the applicant's) financial contribution?	Commercial I Commercial (Commercial I Eastland + Commercial ECT)	
What Government funding is being sought	$5.5m	
Breakdown of other funders *Specify contributor and contribution (including central government, regional, private trust etc)*	*Contributor*	*Amount ($)*
Benefits of the project *Identify and, if possible, quantify the economic benefits from the project. In particular, highlight public benefits (i.e. benefits other than increase profitability of the applicant)*	• The new airport terminal will be large enough to accommodate forecasted increased passenger numbers through the airport. • The terminal will reflect the unique cultural aspects of Tairāwhiti, closely linking with the region's Navigations themed tourist initiative, and the October 2019 250th Te Ha celebrations. • The design incorporates elements that are unique to the Rongowhakaata iwi and Ngai Tawhiri hapu. The Gisborne Airport resides on their rohe. • The new building will be compliant with current earthquake regulations Commercial Information . • The new terminal will facilitate fast and efficient movement of visitors into and out of the region, providing them with an enjoyable and memorable arrival and departure experience. • Providing an airport facility that the people of Tairāwhiti can be proud of, which allows for the growth of the region and its people into the future. • attract better commercial offerings such as scenic flights, tour operators, support the Aviation Museum as a genuine visitor attraction, but also allow other operators such as Commercial Information to present a better offer to their market • Provide fit-for-purpose display and information facilities to promote the region's products, tourism operators and how to access their products and services (tourist operators will lift the quality of their commercial products and extend their trading season) • Serve as a catalyst for new business opportunities into region. eg Commercial Information will be able to direct their clients and associates through a unique terminal which offers a vastly improved customer experience.	

Contribution to the Fund's Objectives/Additionality

What are the key objectives of the proposal? *Include information about how the proposal will meet these objectives*	• To provide Tairāwhiti with a fit for purpose and culturally unique gateway to our region. • Allow space for current and future demand. • Replace the existing terminal structure with one that is compliant with earthquake code, recognising the buildings status as an Importance level 3 facility (NBS).
What is the existing situation? *In relation to each of the objectives*	The existing building is a mix of construction dating back to the early 1960s, with the most recent addition made in 1999. It does not meet current earthquake standards and in no way reflects the unique character of our region. With changes in the size of aircraft servicing Gisborne the terminal is not large enough to accommodate increasing passenger numbers. We are now hosting two Q300 aircraft simultaneously (Wellington and Auckland sectors) at least three times per day. This causes congestion problems in the terminal, exacerbated by having only one arrivals and departures gate for access to and from the airside apron.
What is the business need of the project? *The gap between the current and future state*	The current terminal building is no longer fit for purpose: • it is too small to deal with increasing passengers numbers • does not reflect the unique heritage and cultural aspects of the region • is not compliant with modern earthquake requirements and leaks. • does not encourage visitors to return to our region The proposed new terminal building will: • be able to accommodate current and future passenger numbers • reflect the unique heritage and culture of the region • will be rated as an importance level 3 under earthquake code (100% of NBS). • will offer a unique experience to visitors to our region, encouraging them to return.

How does the project contribute to the Fund's outcomes? *i.e. Maori development, environmental sustainability, employment outcomes, increased productivity*	The terminal upgrade project has been identified as a key component in helping build the region's tourism reputation, capacity and capability. As the region promotes its navigational history and its significance as the birth place of the nation, a well presented and culturally relevant airport terminal will be central to ensuring the success of the wider nationally significant story being told. The increased tourism and visitor numbers which will flow from this initiative will lead to the following tangible outcomes for the region which directly align with those of the Provincial Growth Fund; • Increase employment in tourism and visitor related industries. • Increased investment in the region. • Significant benefit to the travelling public of the East Coast region. • Build and develop on the local cultural heritage of the lands surround the airport. We have been working closely on this with Rongowhakaata and Ngai Tawhiri, bringing their history into the design themes of the new building, along with a landscaping plan to link the Waikanae stream along to their Marae.
Does your proposal support any other proposals, including any that have recently been funded, are being considered for funding, or may soon apply for funding? *Explain the relationship between this and other proposals*	The proposal directly aligns with the government funding associated with the development of Gisborne's Inner Harbour Precinct and the redevelopment of the Cook Monument site and Te Ha celebrations. The aim of the project is to have the redevelopment substantially complete before `Commercial Information` Sestercentennial Te Ha celebrations. The 250th anniversary commemorations will acknowledge the first formal meetings between Māori and Europeans on and off the coast of Tairāwhiti in October 1769 and celebrate the voyaging traditions of both cultures. The airport will be the gateway to the region through which visitors from around the world will arrive. Having a terminal that aligns with the other significant projects underway will significantly enhance the visitor experience.

Regional Connections

What regions are covered by your proposal? *Identify what region/s the proposal will benefit and how it will do this*	The proposal will benefit Tairāwhiti and northern Hawkes Bay for the reasons outlined previously.

What local support does your proposal have? *Have you discussed your proposal with local stakeholders (e.g. council, iwi/Māori groups, regional governance groups)?* *Did they support it? If not, why not?*	The rebuild of the of the Gisborne Airport terminal will be co-funded by: • Eastland Group Ltd • Eastland Community Trust The rebuild is supported by: • Gisborne District Council • Rongowhakaata Iwi Trust • Ngati Porou • Gisborne Chamber of Commerce • Activate Tairāwhiti
Are you using local governance processes? *i.e. existing local, regional and/or iwi/Māori governance processes*	Eastland Group has been leading this project to date, with support from the Gisborne District Council and Eastland Community Trust. Cultural input has been provided by representatives of local iwi Rongowhakaata along with Ngai Tawhiri.

Governance and Management

What are the key milestones and outputs for the project?	The key milestone for the project is achieving practical completion of the terminal building before Commercial Information when the Te Ha Sestercentennial celebrations are scheduled to commence. In order to meet this deadline the project needs to commence Commercial Information. A project programme is attached to this application.
How will the project be managed and governed?	The project will be managed by Eastland Group, who lease Gisborne Airport from the Gisborne District Council. Eastland Group specialises in regional infrastructure: ports, electricity distribution and transmission networks, and electricity generation. The Eastland group of companies include Eastland Port, Gisborne Airport and Eastland Network – the electricity network for Gisborne, Wairoa and the East Coast – as well as Eastland Generation, which produces electricity from hydro, diesel and geothermal plants. Due to the nature of the infrastructure-intensive assets Eastland Group manages, it has developed extensive project management experience. The company has managed port upgrades of circa Commercial Information over the last ten

years and is also currently completing a [Commercial Information] green fields geothermal development in Kawarau.

While the project will be managed by Eastland Group, it is expected that a governance group will be set up for the project made up of representatives of key funding agencies and stakeholders. The Eastland Group project manager will report on a monthly basis to this group over the delivery period of the project.

Outline the risks of this project *(Including mitigations)*	A detailed risk register will be developed as part of the project documentation once funding is confirmed, however the high level project risks at this stage are:

Risk	Mitigation Measures
Meeting [Commercial Information] Deadline	Detailed programme developed with staging required and key milestone dates. Use of negotiated contract rather than open tender to ensure early start.
Poor Ground Conditions	Extensive geotechnical testing undertaken on site.
Staging of Construction Impacting Airport Operations/Programme/Cost	Detailed designs of staging programme completed. Project manager based on site to oversee staging works and liaise with key stakeholders. Peer review will be completed by WIAL (Wellington International Airport Limited)
Cost Over-run	QS Estimate of cost to complete finalised. Scope well defined and documented Detailed design drawings Early contractor engagement in process.

Outline the procurement process	Commercial Information

If your proposal is funded, what happens once the funding is spent? *Is your proposal sustainable once funding from the Provincial Growth Fund ends?*	The funding application is solely for the purpose of funding the construction of the new airport terminal. Ongoing operational costs with be covered by Gisborne Airport, no further government funding is required.

Project Operating Budget

Project name- Gisborne Airport Terminal					
	Year 1	Year 2	Year ...	...	Total
Expenditure					
Capital expenditure	Commercial Information	Commercial Information			Commercial Information
TOTAL	Commercial Information	Commercial Information			Commercial Information
Operating expenditure					
TOTAL					
Co-funding secured, source					
Commerc	Commercial Information	Commercial Information			Commercial Information
Commercial Information	Commercial Information				
TOTAL	Commercial Information	Commercial Information			Commercial Information
Capital funding required	Com	Commercial Information			Commercial Information
Operating funding required					
Funding shortfall (if any)					