



## **NZICPA Independent review**

### Terms of reference

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5 May 2026

## Purpose of the review

The purpose of this review is to provide an independent assessment of Whanganui District Council's investment in the New Zealand International Commercial Pilot Academy (NZICPA). The review will examine how and why council's financial exposure developed over time, including how a significant financial loss occurred, and identify the practical improvements and lessons council should apply to future major investments and council-controlled organisations.

The review will focus on the key decisions made over NZICPA's lifecycle, the governance arrangements in place, and the information and advice available to decision-makers at the time.

The review will set out a clear, well-evidenced chronology of key decision points and governance pathways, assess whether decision-making and oversight were sufficiently robust at those points, and identify what worked well, what fell short, the factors that contributed to those outcomes, and what can be strengthened in future.

The review is intended to support public confidence through clarity, transparency and fairness, and to provide findings that can be clearly explained to the community.

## Background

NZICPA was established in 2015 to deliver pilot training and associated economic benefits for Whanganui, including employment and increased utilisation of the Airport. Over time, council approved further investment as the academy sought to grow, stabilise its operations and respond to changing circumstances.

As the academy developed, council's role evolved from supporting an initial establishment phase to managing increasing financial exposure, with decisions taken at different points to sustain operations, respond to emerging risks and consider longer-term options for the investment.

The operating environment for NZICPA changed significantly following prolonged international border closures during the COVID-19 pandemic, which disrupted student enrolments and revenue for several years. While borders later reopened, recovery was uneven and NZICPA remained financially exposed. Council has since moved to wind down its ownership of NZICPA, with a significant net financial impact for council.

In this context, Council has determined that a retrospective independent review is necessary.

## Scope of the review

The scope of the review is limited to key decision points in NZICPA's lifecycle that increased council's financial exposure or risk.

### In scope

- Decisions that materially increased council's financial exposure (including capital injections, lending/guarantees, restructures, support packages and decisions to continue/exit).
- Who made key decisions, when, and through what governance pathway (council/committee /boards/management), including how roles, delegations and accountabilities operated in practice, whether reporting and escalation were fit for purpose, and whether the governance arrangements (including the WDC Holdings structure) supported effective oversight or created impediments.
- The quality and sufficiency of information, advice, options analysis, and risk management presented to decision-makers at the time.
- How major external events (including COVID-19 border closures and the CAA regulatory action) and other relevant external factors influenced decision-making, risk settings and council's exposure, to the extent relevant.

### Out of scope

- Audit of NZICPA's full operational performance beyond what is necessary to understand the key council decisions (the review is not a substitute for statutory audit);
- Conclusions about individual culpability or fault (unless matters of serious concern arise, in which case they should be identified and referred through appropriate channels);
- Revisiting political preferences of the time, it will assess decision quality, governance, controls and lessons.

For each key decision point, the reviewer will assess:

- What was decided, which governance body made the decision (e.g. council, committees, boards) and how the decision-making pathway worked in practice.
- What was known at the time (information, advice and assumptions relied on by decision-makers) and whether the decision was sufficiently informed.
- When the original commercial case was no longer supported, and which key assumptions or forecasts did not hold and the deliberate advice that was provided.
- Whether options and risks were properly tested, including whether safeguards, conditions, triggers, or exit pathways were identified and used.
- Whether governance, oversight and organisational capability were fit for purpose at that point (including roles, accountability, access to relevant skills and experience, reporting and escalation).
- What outcomes were intended at the time (including any public-value rationale), how those outcomes were communicated to decision-makers and the public, and the extent to which any changes in intended outcomes or rationale were explicitly identified, considered and reflected in subsequent advice and decisions.
- What worked well, what fell short and why, with a clear link to council's exposure and outcomes.

The review will consider external events outside council's control only where they materially influenced decision-making, risk settings or council's exposure at those points (including where their relevance changed over time).

## Review approach and methodology

The consultant is expected to propose an appropriate methodology, which may include targeted document review, interviews with key stakeholders and analysis of relevant material. The approach should be proportionate, evidence-based and defensible.

## Engaging with stakeholders

The consultant does not have statutory powers to compel evidence and will therefore rely on voluntary cooperation. Council expects stakeholders to participate constructively and in a timely way. The consultant should conduct engagement fairly and respectfully, and may offer reasonable participation options (for example, written input, interviews, and allowing support people) to support open and reliable evidence.

In undertaking the review, the consultant may engage with relevant stakeholders, including:

- current and former members of the NZICPA Board and the WDCHL Board;
- elected members and council committee members involved in decisions relating to NZICPA;
- current and former senior officers of Whanganui District Council and WDCHL who were involved in governance, oversight or the provision of advice in relation to NZICPA; and
- other parties with direct knowledge of NZICPA's governance, oversight and decision-making processes, where the consultant considers it appropriate.

## Independence and principles

The review will be conducted independently. The consultant will determine the analysis, findings and conclusions.

The review is not intended to apportion blame between individuals. It is a learning-focused process that will still provide public accountability through clear findings about decisions, governance and advice, and by identifying what should change. Where the review identifies matters that may warrant consideration under other formal processes, it should note them for referral through the appropriate channels.

## Conflicts of interest

The consultant must declare any actual, potential or perceived conflicts of interest before appointment and manage them in line with accepted professional standards. Any conflicts that cannot be appropriately managed must be disclosed to council.

## Process safeguards

### Council liaison

The council's Chief Executive will nominate a council liaison officer to coordinate access to information and support the review process.

### Draft report

The consultant will provide a near final-draft report to the Chief Executive prior to finalisation. The draft is provided to support readiness for the receipt and presentation of the final report.

The consultant retains full responsibility for the accuracy of the information used and presented in the report, and for all analysis, findings and conclusions. The consultant must ensure that any necessary legal review is completed prior to finalising the report.

The draft is not provided for verification, amendment or influence over the content of the report.

### Natural Justice - fairness and factual accuracy

To support fair and robust findings, the consultant should apply appropriate natural justice principles, including giving any person or entity who may be adversely commented on a reasonable opportunity to respond to relevant excerpts before the report is finalised.

Any such process must not compromise the consultant's independence, and responses should be summarised or referenced in the final report where material.

## Deliverables

The consultant will provide:

- a near final-draft report; and
- a final report setting out as a minimum:
  - an executive summary suitable for public release that includes a short chronology of key actions
  - a more detailed chronology of key decision points and governance pathways, presented as a clear, public-facing timeline in plain language (this may be included as an appendix)
  - a summary of council's financial exposure and how it changed over time (using adopted figures where possible)
  - findings on what worked well and what fell short (linked to evidence); and
  - practical recommendations for strengthening council's investment governance, CCO oversight and risk management.

The final report should be written in clear, plain language, with sufficient detail to support public understanding of the issues examined.

## Reporting and release

The final report will be provided to council in the first instance. Council's expectation is that the final report will then be made publicly available. If any information cannot be released, council will limit this to what is required by law and will note the reason for any redactions (for example, to protect personal privacy or confidential commercial information).

The report should be written in plain language and structured to support accurate public understanding (including clear explanations of what is in scope, key facts, findings and recommendations).

Following council's receipt of the final report, the key findings and learnings will be shared with the CCO & EG Committee to inform future CCO oversight and council's broader investment and governance frameworks.

Council may prepare supporting public communications (eg; a short summary, Q&A and response plan) after receiving the final report.

## Timeframe

The review is expected to be completed within 6-8 weeks of the consultant's appointment and include indicative milestones for commencement, interviews, near final-draft report delivery, final report delivery, and council consideration.

## Confidentiality and information use

Information provided for the purposes of the review will be used solely for this engagement. The consultant must comply with applicable confidentiality, privacy and information management requirements.

### *Abbreviations:*

**CCO** – Council-controlled organisation

**CCO & EG Committee** – Council-Controlled Organisation and Economic Growth Committee

**Council** – Whanganui District Council

**NZICPA** – New Zealand International Commercial Pilot Academy Limited

**WDCHL** – Whanganui District Council Holdings Limited