

QLDC Council

29 June 2023

Report for Agenda Item | Rīpoata moto e Rāraki take [2]

Department: Corporate Services

Title | Taitara : Queenstown Airport Corporation Statement of Intent

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to agree the Queenstown Airport Corporation (QAC) Statement of Intent (SOI) year ending 30 June 2024 (Attachment A).

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report;
2. **Note** the QAC is a Council Controlled Trading Organisation (CCTO) as per Section 6 of the Local Government Act 2002 (the Act) and must therefore comply with Section 64 of the Act that requires all CCOs to have a Statement of Intent that meets with the requirements of Schedule 8. This is a statutory requirement; and
3. **Agree** under Section 65 (2) of the Act the Queenstown Airport Statement of Intent year ending 30 June 2024.

Prepared by:



Name: Meaghan Miller
Title: General Manager, Corporate Services
8 June 2023

Reviewed and Authorised by:



Name: Mike Theelen
Title: Chief Executive
8 June 2023

Context | Horopaki

1. The Queenstown Airport Corporation Limited (QAC) is a Council Controlled Trading Organisation (CCTO) as per Section 6 of the Local Government Act 2002 (the Act). As such, an SOI (Attachment A) must be prepared by the board of directors of QAC for its shareholders in accordance with Section 64(1) of the Act.
2. The SOI is a public and legally required document. It is agreed annually (in accordance with the Office of the Auditor General's best practice guidelines on the governance and accountability of Council-Controlled Organisations (Part 7) in consultation with shareholders. A CCTO must produce an SOI annually which must cover a three-year timeframe. This SOI, year ending June 2024 covers the period from 1 July 2023 to 30 June 2026.
3. The QAC Statement of Expectation was approved by Council on 9 February 2023. Council received the Draft Statement of Intent on 28 February 2023 and the Mayor provided further agreed comment which was received by the Board on 12 April 2023.
4. In response to the further comment from the Council, the Board adopted a number of changes highlighted in a cover letter (Attachment B).

In summary:

- Added more detail in relation to QAC owned Wānaka-based land holdings and the current status of those land holdings and any current land use intent (page 21 of the SOI).
- There is a strong community and Council focus on moving towards explicit and highly defined emission disclosures, including assessment around risk and opportunities and strong and credible reduction. There is more context in the cover letter from the Chair.
- Added more context to the Sustainability introduction on page 13 of the SOI and highlighted the existing section in the SOI on Climate related risk reporting on page 14. It is also now included as a KPI which will be reported against in the annual Statement of Service Performance (see page 31).

Analysis and Advice | Tatāritaka me kā Tohutohu

5. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.
6. Option 1 Agree the SOI

Advantages:

- The Council will have an input into Queenstown Airport's SOI for the current financial year.

Disadvantages:

- None identified.

7. Option 2 Do not agree the SOI

Advantages:

- None identified.

Disadvantages:

- Queenstown Airport company will adopt the SOI without any prior sanction from the Council, its majority shareholder.

8. This report recommends **Option one** for addressing the matter because it is the Council's statutory role under the Local Government Act 2002 to review and provide feedback to QAC on the SOI, including (if Council deems appropriate) by agreeing with the contents of the SOI. Reviewing and agreeing the SOI also aligns Council's monitoring of QAC in line with the guidance for governance and accountability issued by the Office of the Auditor General.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

9. This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy because the decision is to agree the SOI. Council's statutory role under the *Local Government Act 2002* is to review and provide feedback to QAC on the SOI, including (if Council deems appropriate) by agreeing with the contents of the SOI. Reviewing and agreeing the SOI also aligns Council's monitoring of QAC in line with the guidance for governance and accountability issued by the Office of the Auditor General, as referenced earlier.
10. As outlined in Section 64 of the Act, this is a public process between shareholders and council-controlled organisations. The process is not subject to public consultation, but it is acknowledged that the future of this critical public asset is of wide public interest.

Māori Consultation | Iwi Rūnaka

11. The Council has not specifically undertaken iwi consultation on this matter as outlined above but notes that the SOI reflects QAC's partnership approach to iwi.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

12. This matter relates to the financial risk category. It is associated with RISK00020 within the QLDC Risk Register in relation to unexpected financial change and lack of alignment. This risk in relation to the recommendation has been assessed as having a moderate inherent risk rating.

Financial Implications | Kā Riteka ā-Pūtea

13. Notably, QAC has reinstated the payment of dividends to the Council, post COVID-19. Dividends are used to offset debt.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

14. The following Council policies, strategies and bylaws were considered:

- Ten Year Plan 2021-31
- Annual Plan 2022/23

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

15. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

16. QAC is a Council Controlled Trading Organisation (CCTO) as per Section 6 of the Local Government Act 2002 and must therefore comply with Section 64 of the Act that requires all CCOs to have a Statement of Intent that meets with the requirements of Part 1 (Adoption of Statement of Intent) and Part 2 (Content of Statement of Intent) and Part 3 (Additional Content) of Schedule 8.

Attachments | Kā Tāpirihaka

A	QAC SOI for the year ending June 2024
B	Covering letter from Chair of QAC Board of Directors