

**QLDC Council
26 August 2019****Report for Agenda Item | Rīpoata moto e Rāraki take: 1****Department: Finance, Legal & Regulatory****Title | Taitara Statement of Intent Modifications, Queenstown Airport Corporation 2019/20****PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO**

The purpose of this report is to receive amendments to the Statement of Intent for Queenstown Airport Corporation (QAC) for the 2019/20 year and to reinforce Council's commitment to undertake independent Social and Economic Impact Assessments, a Sustainability Review and alignment of airport growth in the development of a district-wide Spatial Plan.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

- 1. Receive** the modified Statement of Intent for 2020 - 2022 for the Queenstown Airport Corporation.
- 2. Agree** the completed Statement of Intent in accordance with section 65 of the Local Government Act 2002.
- 3. Note** the Council's undertaking that until such time as an Economic Impact Assessment, Social Impact Assessment and QAC Sustainability Review have been undertaken, Council will not consider or accept any change to Queenstown Airport Air Noise boundaries OR the development of commercial services at Wānaka Airport.

Prepared by:

Stewart Burns
GM Finance, Legal & Regulatory

21/08/2019

Reviewed and Authorised by:

Mike Theelen
Chief Executive Officer

21/08/2019

- 1 QAC is a Council Controlled Trading Organisation (CCTO) as per Section 6 of the Local Government Act 2002 (the Act).
- 2 Section 64 of the Act requires all CCOs to have a Statement of Intent (SOI) that complies with the requirements of Schedule 8.
- 3 The Draft Statement of Intent for 2019/20 must be delivered to the shareholders before 1 March 2019. QAC delivered the draft to its Shareholders and the SOI was received by the Council at the 7 March 2019 meeting. At a subsequent workshop, Councillors considered the SOI and feedback was provided to QAC.
- 4 QAC was required to consider the feedback provided and deliver a completed SOI to the shareholders by 30 June 2019. A completed SOI was delivered to the shareholders.
- 5 At its meeting of 27 June 2019 Council was asked to receive the completed SOI for 2019/20 to ensure that QAC could meet its obligation under the Act noting that the SOI can be modified once received.
- 6 The Council resolved the following on the 27 June 2019:
 - 1. Receive the Statement of Intent for 2019/20 for the Queenstown Airport Corporation subject to:**
 - a. The Council drawing to QAC's attention that it remains concerned at the content of the Statement of Intent that addresses the future development of Queenstown and Wānaka Airports, notwithstanding the current masterplan processes underway; and**
 - b. The Council seeking further discussions between QAC and Council to seek further changes to the 2019/20 Statement of Intent to better reflect its and the community's concerns and expected directions.**
- 7 The Act sets out a process for modifications to be made to an SOI before it is agreed by a local authority. The Act provides that the board of a CCTO may modify its statement of intent at any time. It must give notice of the proposed modifications and give the shareholders time to provide comments and consider these comments.
- 8 Following the meeting of the 27 June 2019, as directed, QLDC Chief Executive Mike Theelen commenced engagement with the QAC to recommend modifications to the SOI. Councillors were invited to workshop with the QAC to comment on the modifications. At this workshop, the Councillors had an opportunity to voice their views again, on behalf of the community, to QAC.
- 9 Further to this, and in response to community concerns raised about the future development of the district's two airports, Mayor Jim Boulton delivered a statement at the Full Council Meeting of 8 August 2019.

10 The statement confirmed the following work will now be undertaken:

- Alignment of airports' demand forecasts with growth forecasts developed for the district-wide Spatial Plan being developed in conjunction with Central Government.
- Economic Impact Assessment in relation to the economic effect of the airports and their contribution to the economic wellbeing of the district and region.
- Social Impact Assessments to understand the social impact of further development of the airports in the context of social licence.

11 The assessments will be independently undertaken and the scope of the studies will be objectively defined by independent experts. It is hoped this work can be completed prior to year's end and will involve wide community and stakeholder consultation.

12 This body of work has been discussed with the QAC, which has undertaken to support the assessments in full.

13 As the recommendation reflects, Council will not consider or accept any change to Queenstown Airport Air Noise boundaries OR the development of commercial services at Wānaka Airport until this work is complete and impacts are reflected in long term planning.

14 This statement clarified Council's express objective to protect social licence and signalled clearly that Council was listening to the community. The Council's commitment to listening to all voices and all stakeholders to inform the QACs long-term planning work has now been reflected in the SOI (P.7).

15 The modified SOI, taking into account the Council's feedback, was considered by the QAC Board on 20 August 2019 and the amended version is now before the Council for receipt and its agreement. Both the original SOI and the amended version are attached.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

16 Option 1 Receive the SOI and agree it in accordance with section 65 of the Act.

Advantages:

- a. The SOI reflects the objectives of the Council and QAC has committed to acting in accordance with those objectives.
- b. Agreeing the SOI will enable the company to proceed with the work that is required with the full support of the Council as its majority shareholder.
- c. Enables the Council and QAC to focus on the Economic Impact Assessment, Social Impact Assessment and QAC Sustainability Review to inform the future direction of the Airport.

Disadvantages:

- a. If the Council considers the SOI reflects its objectives and in particular acknowledges Council's objective to preserve social licence then there may be no real disadvantages.

17 Option 2 Receive the SOI but not agree and resolve to continue further dialogue with the company on the wording of the SOI.

Advantages:

- a. Provides Council with an opportunity to continue discussions with the QAC board to seek further modifications either by the Board or as directed by the Shareholders.

Disadvantages:

- a. The adopted SOI will not reflect the views of the majority shareholder and the Board's ability to implement it will be compromised until a final version is agreed.

18 This report recommends **option one** for addressing the matter because it enables QAC to continue with its operation with a clear direction from the Council in terms of its objectives reflected in an SOI that has the support of the majority shareholder.

- [CONSULTATION PROCESS | HĀTEPE MATAPAKI:](#)

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

19 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy. Both the master planning processes underway and the proposed Economic Impact Assessment and Social Impact Assessment will involve consultation and engagement with stakeholders and the wider community. To reiterate, both parties have committed to no changes to Queenstown Airport noise boundaries or Wānaka Airport until these processes have been completed and the impacts reflected in long-term airport planning.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

20 This matter relates to the Financial risk category. It is associated with RISK00037 Lack of Alignment - Key relationships within the QLDC Risk Register. This risk has been assessed as having a moderate inherent risk rating. See Financial Implications below.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

21 Notably the amended SOI now contains acknowledgement from the QAC that the Council's objectives may have financial and operational consequences and this is acknowledged as a risk in the SOI (P.7).

22 The Council is seeking a Request for Proposal for the delivery of an EIA and SIA which will have unbudgeted financial implications.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

23 The following Council policies, strategies and bylaws were considered:

- 10 Year Plan 2018-28

24 The recommended option is consistent with the principles set out in the named policy/policies. This matter is included in the Ten Year Plan/Annual Plan

LEGAL CONSIDERATIONS AND STATUTORY RESPONSIBILITIES | KA TURE WHAIWHAKAARO, ME KĀ TAKOHAKA WAETURE

25 The process followed by the Council and QAC to date is consistent with the requirements of the Act. The process resulted in an SOI being implemented by QAC but with a commitment to work with Council to make modifications to the SOI.

26 The QAC Board can modify the SOI through:

- a. Proposing SOI modifications to its shareholders.
- b. QAC engaged its shareholders by way of seeking further comment.
- c. QAC provided a modified SOI to its shareholders, which will replace any earlier version of the SOI.

27 On receipt of a modified SOI, the Council can either agree the SOI or require the SOI to be further modified if it does not agree.

28 The purpose of this report is to determine this final step.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

29 The Queenstown Airport is a key infrastructure asset for the district. As such, the Council's consideration of amendments to the Statement of Intent is appropriate and within the ambit of section 10 which requires Councils to meet the current and future needs of communities for good-quality local infrastructure in the most cost-effective way for households and businesses.

ATTACHMENTS | NGĀ TĀPIRIHANGA

A	Queenstown Airport Corporation Statement of Intent 2019-20 (27 June 2019)
B	Queenstown Airport Corporation Statement of Intent 2019-20 (Final)