

# Council Report

## Te Rīpoata Kaunihera ā-rohe

QLDC IS COMMITTED TO VISION BEYOND 2050

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He Wāhi Tūhāhā. He Āmua Whakaohoho.

QLDC Council  
27 June 2019

### Report for Agenda Item | Rīpoata mot e Rāraki take: 3

**Department: Finance, Legal & Regulatory**

**Title | Taitara Statement of Intent, Queenstown Airport Corporation 2019/20**

#### **PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO**

The purpose of this report is to receive the Statement of Intent for Queenstown Airport Corporation (QAC) for the 2019/20 year in accordance with sections 64 and 65 of the Local Government Act 2002.

#### **RECOMMENDATION | NGĀ TŪTOHUNGA**

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That Council:

- 1. Receive** the Statement of Intent for 2019/20 for the Queenstown Airport Corporation.

Prepared by:



Stewart Burns  
GM Finance, Legal & Regulatory

11/06/2019

Reviewed and Authorised by:



Mike Theelen  
Chief Executive Officer

13/06/2019

## CONTEXT | HORPOAKI

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- 1 The 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.
- 3 The Draft Statement of Intent for 2019/20 must be delivered to the shareholder (Council) before 1 March 2019. This was considered by the Council at the 7 March, 2019 meeting.
- 4 QAC must consider any comments that are made by Council on the draft Statement of Intent within 2 months i.e. before 30 April 2019.
- 5 The completed Statement of Intent must be delivered to Council by 30 June 2019.
- 6 Section 6 of the Local Government Act 2002 (the Act) creates the following types of organisations for which Councils have governance responsibilities:
  - Council Organisations (CO) - organisations in which one or more local authorities controls any proportion of the voting rights or rights to appoint directors;
  - Council Controlled Organisations (CCO) – Council organisations in which one or more local authorities control 50% or more of the voting rights or have the rights to appoint 50% or more of the directors;
  - Council Controlled Trading Organisations (CCTO) - Council Controlled organisations which operate a trading undertaking with the intent of making a profit.
- 7 The QAC is a Council Controlled Trading Organisations (CCTO) as per Section 6 of the Local Government Act 2002 (the Act). Section 64 of the Act requires all CCOs to have a Statement of Intent (SOI).
- 8 Schedule 8 of the Act contains the process for adoption of the SOI, which is:
  - Draft SOI to be delivered to Council before 1 March each year
  - CCO must consider any comments on the SOI that are made by Council within 2 months i.e. before 30 April
  - Completed SOI delivered to Council by 30 June.
  - Council can, by resolution, compel the Board to amend the SOI by omitting or including any of the following:
    - i. Objectives
    - ii. Statements of the Boards approach to governance
    - iii. Nature and scope of activities to be undertaken

- iv. Ratio of shareholders funds to total assets
- v. Accounting Policies
- vi. Performance targets and measures by which the CCO will be judged
- vii. Estimates of the amount or proportion of Accumulated profits or Reserves that may be distributed
- viii. Kind of information to be provided to Council, including the content of the six monthly report
- ix. Procedures to follow for the CCO to purchase shares in any other venture

### CONSULTATION PROCESS | HĀTEPE MATAPAKI:

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#### > SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 9 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy.
- 10 The process outlined for an SOI under the Act is that the CCTO must consult with its owners (in this instance QLDC and Auckland Airport). This report signals the end to that formal process for this year. The Council has considered the draft SOI and has provided feedback as owner to the company.
- 11 In February, the Council provided some guidance to the QAC board around key matters that it wanted to see reflected in the SOI, and more particularly the company's commitment to working with the community on the strategic issues it needs to consider.
- 12 A workshop was convened on 9 April for Council to discuss the draft SOI with QAC representatives. Council provided feedback to QAC which has resulted in the amendments to the final version. A copy of that feedback is appended as Attachment C.
- 13 The main changes from the February draft SOI are as follows (page references are the tracked revisions version):
  - Page 5 - Situational Overview – redrafting of paragraphs 4 to 7
  - Page 6 - Situational Overview – redrafting of paragraphs 8 and 10
  - Page 7 - Introduction of new section “Forward Planning”
  - Page 14 - Updates to the Financial Forecast FY2019-2022 commentary
  - Page 15 - Updates to the Financial Forecast FY2019-2022 SOI Financial Forecast table
- 14 Two versions of the final Statement of Intent are provided; one with changes tracked from the original draft to provide clarity on what has changed.

## RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

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- 15 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.
- 16 The approval of the recommended option will support the Council by requiring formal dialogue and promoting strategic alignment between the Council and QAC.

## FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

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- 17 There any no operational and capital expenditure requirements or other budget or cost implications resulting from the decision.

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

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- 18 The following Council policies, strategies and bylaws were considered:
- 10 Year Plan 2018-28
- 19 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

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

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- 20 The Queenstown Airport is a key infrastructure asset for the district. As such, the Council's consideration of its 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

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A	Queenstown Airport Corporation Statement of Intent 2019-20 (Final)
B	Queenstown Airport Corporation Statement of Intent 2019-20 (Final – Changes Tracked)
C	Letter from QLDC to QAC Board dated 11 April 2019