

QLDC Council
26 February 2015

Report for Agenda Item 2

Department:

Finance

Draft Statement of Intent, Queenstown Airport Corporation 2015/16

Purpose

To receive and consider the draft Statement of Intent for Queenstown Airport Corporation (QAC) for the 2015/16 year in accordance with sections 64 and 65 of the Local Government Act 2002

Recommendation

That the Council:

- a. ***Receive the Draft Statement of Intent for 2015/16 for the Queenstown Airport Corporation and make any comments on the draft Statement of Intent be made to the QAC board by 30 April 2015.***

Prepared by:



Stewart Burns
Chief Financial Officer

12/02/2015

Reviewed and Authorised by:



Adam Feeley
Chief Executive

18/02/2015

Background

- 1 The QAC is a Council Controlled Trading Organisations (CCTO) as per Section 6 of the Local
- 2 Government Act 2002 (the Act). Section 64 of the Act requires all CCOs to have a Statement of Intent.
- 3 The Draft Statement of Intent for 2015/16 must be delivered to the shareholder (Council) before 1 March 2015.
- 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 2015.
- 5 The completed Statement of Intent must be delivered to Council by 30 June 2015.

Comment

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:
 - Objectives
 - Statements of the Boards approach to governance
 - Nature and scope of activities to be undertaken
 - Ratio of shareholders funds to total assets
 - Accounting Policies
 - Performance targets and measures by which the CCO will be judged
 - Estimates of the amount or proportion of Accumulated profits or Reserves that may be distributed
 - Kind of information to be provided to Council, including the content of the six monthly report
 - Procedures to follow for the CCO to purchase shares in any other venture

Financial Implications

9. There are no budget or cost implications resulting from the decision.

Local Government Act 2002 Purpose Provisions

10. The Queenstown Airport is a key infrastructural 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.

Consultation

11 The report provides a basis for communication between the company and the shareholder, and as such no wider consultation is required.

Attachments

A Queenstown Airport Corporation Statement of Intent.