

**QLDC Council**

**30 June 2016**

**Report for Agenda Item: 5**

**Department:**  
**Finance and Regulatory**

**Statement of Intent, Queenstown Airport Corporation 2016/17**

**Purpose**

To receive the Statement of Intent for Queenstown Airport Corporation (QAC) for the 2016/17 year in accordance with sections 64 and 65 of the Local Government Act 2002

**Recommendation**

That the Council:

1. ***Receive the Statement of Intent for 2016/17 for the Queenstown Airport Corporation.***

Prepared by:



Stewart Burns  
General Manager  
Finance and Regulatory

17/06/2016

Reviewed and Authorised by:



Mike Theelen  
Chief Executive

17/06/2016

**Background**

- 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 2016/17 must be delivered to the shareholder (Council) before 1 March 2016. This was considered by the Council at the 24 March, 2016 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 2016.
- 5 The completed Statement of Intent must be delivered to Council by 30 June 2016.

## **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 CCTOs 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 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.

## **Consultation**

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

## **Queenstown Airport Corporation Statement of Intent**

12. The Statement of Intent is one of QAC's key strategic documents. The content forms a summary of its 10-year Strategic Plan and its annual Operating Plan.
13. As noted in the covering report submitted with the draft Statement of Intent in March, more detailed timing and measures for specific projects and three years of financial forecasts have been updated in the final Statement of Intent. This follows the finalisation of Queenstown Airport's Strategic Plan and annual Operating Plan which was completed in May and signed off by its Board of Directors.
14. Two versions of the final Statement of Intent are provided; the final version and one with changes tracked from the original draft to provide clarity on what has changed.

## **Attachments**

- A Queenstown Airport Corporation Statement of Intent 2016-17 (Final, tracked and untracked)