

**QLDC Council  
9 March 2017**

**Report for Agenda Item 1**

***Department:***

**Finance & Regulatory**

**Draft Statement of Intent, Queenstown Airport Corporation 2017/18**

**Purpose**

To receive and consider the draft Statement of Intent for Queenstown Airport Corporation (QAC) for the 2017/18 year in accordance with sections 64 and 65 of the Local Government Act 2002

**Recommendation**

That the Council:

1. **Note** the contents of this report; and
2. **Receive** the Draft Statement of Intent for 2017/18 for the Queenstown Airport Corporation and make any comments on the draft Statement of Intent to the QAC Board by 30 April 2017.

Prepared by:



Stewart Burns  
General Manager,  
Finance and Regulatory  
21/02/2017

Reviewed and Authorised by:



Mike Theelen  
Chief Executive  
21/02/2017

**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 2017/18 must be delivered to the shareholder (Council) before 1 March 2017.

- 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 2017.
- 5 The draft SOI submitted by QAC to Council on 21 February should be treated as a draft. The final version of the Statement of Intent must be delivered to Council by no later than 30 June 2017.

### **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 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.

## **Attachments [Presented separately]**

A Queenstown Airport Corporation Statement of Intent (Draft).