

QLDC Council
25 February 2020

Report for Agenda Item | Rīpoata moto e Rāraki take: 1

Department: Corporate Services

Title | Taitara Statement of Intent Process

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

- 1 The purpose of this report is to:
 - a. Extend the timeframes set in Schedule 8 of the Local Government Act 2002 (LGA); and
 - b. Approve the Statement of Expectations in accordance with section 64B of the LGA.

RECOMMENDATION | NGĀ TŪTOHUNGA

- 2 That Council:
 1. **Note** the contents of this report.
 2. **Agree** to extend the timeframes for delivery of the draft Statement of Intent under Schedule 8, Clauses 1(2) of the LGA and the timeframe for the Board to consider comments on the draft Statement of Intent in Schedule 8, Clause (2) of the LGA by one calendar month.
 3. **Approve** the Statement of Expectations as recommended by the Steering Group [and attached to this report as Attachment A] and authorise staff to deliver it to Queenstown Airport Corporation.

Prepared by:



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19/02/2020

Reviewed and Authorised by:



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19/02/2020



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CONTEXT | HOROPAKI

- 3 This report deals with two matters. First, an extension to the timeframes under the Local Government Act 2002 (LGA) for delivery, consideration and finalising a Statement of Intent (SOI). Secondly, to agree the content of the Statement of Expectations (SOE) prepared by the Steering Group and deliver it to Queenstown Airport Corporation (QAC) in accordance with section 64B of the LGA.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

Timeframes

- 4 Clause 4 of Schedule 8 of the LGA provides that the shareholders of a council controlled organisation [‘CCO’] may, by written notice, extend a deadline specified in clause 1(2), 2 or 3 of Schedule 8 for a period or periods that do not exceed one calendar month in total.
- 5 This report proposes to extend the timeframes for delivery of the draft SOI (Clause 1(2)) and consideration of comments on the SOI by the Board (clause 2) by the maximum period of one month.
- 6 This report does not recommend extending the last deadline for delivery of the final SOI to Council. This date will remain as 1 July 2020.
- 7 Council has appointed a Steering Group to allow Councillors to work alongside QAC and ensure that the SOI to be adopted in 2020 meets the expectation of Councillors. The Steering Group will meet as required to consider outstanding issues around the SOI at the following key stages:
 - a. In advance of the preparation of a SOE to discuss key issues of focus for the 2020/21 SOI.
 - b. On receipt of the draft SOI from QAC before it is discussed with the full Council to ensure alignment with the SOE and incorporate any outcomes from the social impact assessment, economic impact assessment and the spatial plan work.
 - c. If required, on receipt of the final SOI.
- 8 The Steering Group does not have any decision-making function. Therefore, while the Steering Group will take time to work in a focussed environment on the preparation of the SOI, any decision-making function under the LGA sits with the full Council as a shareholder. The Steering Group will be in a position to make informed recommendations to the Council as a result of their focused work.
- 9 It is proposed that the time limits are extended to ensure that there is sufficient time within the statutory process/timeline to allow the Steering Group to meet and discuss matters as required and to allow for the Council meeting and QAC board meeting schedules.
- 10 As a result the following deadlines will apply:
 - a. Clause 1(2) – draft SOI to be delivered on or before 1 April 2020.

- b. Clause 2 – Board must consider comments on the draft SOI on or before 1 June 2020.
- c. Clause 3 – Final SOI to be delivered to Council on or before 1 July 2020.

Statement of Expectations

11 Section 64B of the LGA provides that shareholders in a CCO **may** prepare a SOE that:

- a. specifies how the organisation is to conduct its relationships with—
 - (i) shareholding local authorities; and
 - (ii) the communities of those local authorities, including any specified stakeholders within those communities; and
 - (iii) iwi, hapū, and other Māori organisations; and
- b. requires the organisation to act consistently with—
 - (i) the statutory obligations of the shareholding local authorities; and
 - (ii) the shareholders' obligations pursuant to agreements with third parties (including with iwi, hapū, or other Māori organisations).

12 It may also include other shareholder expectations such as expectation relating to community engagement and collaboration with shareholders in the delivery of services.

13 The preparation of a SOE is not mandatory. An option available to the Council is not to agree a Statement of Expectations as outlined in the options below.

14 The SOE is not a document that sets the Council's objectives for the company, nor is it an opportunity to significantly influence the strategic direction of the company. The statutory function of the SOE is to focus more on the company's relationships and general interactions with the public and the Council than strategic matters. However, the LGA does provide an opportunity for shareholders to include in their statement other expectations.

15 The Council has its objectives for QAC which it requires QAC to deliver on through the SOI. The SOI is an annual requirement and the SOE is the first formal engagement between the Council and its Company in this process. However, the SOE is not to be confused with the SOI. It is the latter that shapes the direction for the Company for the year it relates to rather than the SOE. The SOE should however, inform the first draft of the SOI which is prepared by QAC and delivered to the Council in March (or April if the proposed extension is approved).

16 In January, the Steering Group met to consider the key issues that the Council wanted to see addressed in the SOI for 2020. Following that meeting, the Councillors who are involved in the Steering Group have prepared a statement of expectations.

17 The purpose of this report is for the Council to agree the SOE promoted by the members who are part of the Steering Group with a view to presenting it to QAC. A copy of the proposed SOE is attached to this report as Attachment A.

Timeframes

18 Option 1 Extend the timeframes for the SOI process

Advantages:

19 The extension to the timeframes will ensure that there is sufficient time to complete all the steps required in the SOI process and enable the Steering Group to workshop and discuss matters as they arise.

20 The extended timeframe will enable QAC to have sufficient time to incorporate the matters identified in the SOE in their first draft of the SOI. This should result in a more streamlined SOI process.

21 The proposed extensions will still ensure that a final SOI is delivered to Council by 1 July 2020.

Disadvantages:

22 None.

23 Option 2 Do not extend timeframes for SOI process

Advantages:

24 The statement of intent will proceed in accordance with the statutory timeframes as anticipated by the community.

Disadvantages:

25 The draft Statement of intent will be less informed as QAC will not have sufficient time to take into account the content of Council's statement of expectations in the preparation of the draft. This will result in a more protracted SOI process which may require a lot of iterations of the SOI following receipt of the first draft in March.

Statement of Expectations

26 Option 3 Agree the statement of expectations and issue to QAC.

Advantages:

27 The SOE is the first opportunity in the annual SOI process for the Council as a shareholder of QAC to make clear its expectations for the company for the year.

28 The SOE has been prepared by the QLDC Councillors who are involved in the Steering Group for the airport and is considered to cover all the key matters addressed at the initial Steering Group meeting.

Disadvantages:

29 None

30 Option 4 Do not agree and issue a statement of expectations

Advantages:

- 31 To the extent that the SOE prepared by the members in the steering group does not reflect the expectations of all Councillors as shareholder, deciding not to issue a SOE will mean that the expectations are not miss-stated.

Disadvantages:

- 32 The Council will not have a clear record of its expectations for QAC leading into the 2020 SOI process.
- 33 QAC will not be guided by the Council's expectations in preparing its SOI.
- 34 This report recommends **Option 1 and 3** for addressing the matter because it will ensure that Council is best placed to complete the SOI process for 2020 in an efficient and effective manner.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 35 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because it is a procedural matter and cannot significantly impact the strategic direction of the CCO.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 36 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.
- 37 The approval of the recommended option will support the Council by allowing it to implement additional controls for this risk. This shall be achieved by ensuring there is a clear statement of Council's expectations leading into the statement of intent process and ensuring that QAC interactions and relationships are consistent with QLDC's expectations.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

- 38 None.

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

- 39 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way

that is most cost-effective for households and businesses by setting clear expectations for QAC;

- Can be implemented through current funding under the Ten Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

ATTACHMENTS | NGĀ TĀPIRIHANGA

A	Statement of Expectations
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