

**QLDC Council
7 March 2019**

Report for Agenda Item 1

Department:

Finance Legal and Regulatory

Draft Statement of Intent, Queenstown Airport Corporation 2019/20

Purpose

To receive and consider the draft 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

That the Council:

1. **Note** the contents of this report; and
2. **Receive** the Draft Statement of Intent for 2019/20 for the Queenstown Airport Corporation and make any comments on the draft Statement of Intent be made to the QAC board by 30 April 2019.

Prepared by:



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19/02/2019

Reviewed and Authorised by:



Mike Theelen
Chief Executive
19/02/2019

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 2019/20 must be delivered to the shareholder (Council) before 1 March 2019.
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. In practice, the Statement of Intent is provided in early June to allow for its inclusion on the agenda for the June 2019 full Council meeting.

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 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 formal start to that process. The Council will now consider the draft SOI and will provide feedback as owner to the company. Earlier this month, 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. This is appended as Attachment B. Council will now have the opportunity to consider the proposed document and respond to QAC in detail.

Queenstown Airport Corporation Statement of Intent

12. The draft SOI submitted by QAC to Council on 19 February should be treated as a draft. The final version of the SOI will be submitted to Council for consideration by no later than 30 June 2019.

Attachments

- A. Queenstown Airport Corporation Statement of Intent (Draft)
- B. QLDC letter to QAC 11 February 2019