

**Full Council**

14 December 2023

**Report for Agenda Item | Rīpoata moto e Rāraki take [1]**

**Department: Corporate Services**

**Title | Taitara: 2024 Queenstown Airport Corporation Statement of Expectations**

**Purpose of the Report | Te Take mō te Pūroko**

---

The purpose of this report is to present the 2024 Queenstown Airport Corporation (QAC) Statement of Expectation (SOE) for Council approval and consider moving to a three yearly cycle to produce an SOE.

**Recommendation | Kā Tūtohuka**

---

That the Council:

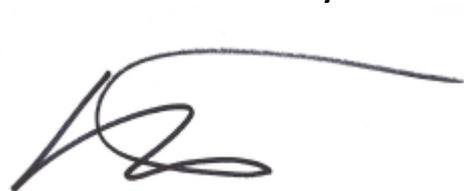
1. **Note** the contents of this report;
2. **Approve** the Queenstown Airport Corporation Statement of Expectation 2024;
3. **Authorise** the Mayor to sign the letter on behalf of Council; and
4. **Agree** to produce a Statement of Expectation three yearly in advance of the Long Term Plan process, the next SOE being in the 26/27 financial year.

**Prepared by:**



**Name:** Meaghan Miller  
**Title:** General Manager Corporate Services  
23 November 2023

**Reviewed and Authorised by:**



**Name:** Mike Theelen  
**Title:** Chief Executive  
27 November 2023

## Context | Horopaki

---

1. This report deals with agreeing the content of the SOE to deliver it to Queenstown Airport Corporation (QAC) in accordance with section 64B of the Local Government Act 2002 (LGA). An SOE is not mandatory.
2. Based on the relationship between the QAC and its majority shareholder, the statutory requirement to annually agree a Statement of Intent (SOI), the completion of the QAC Master Plan and the basis that an SOE is not mandatory, as outlined, this report recommends that an SOE only be produced in the financial year that leads into the adoption of a Long-Term Plan. This would see the next SOE being produced in the 2026/27 financial year.
3. At any time in intervening years the Council can decide to produce an SOE if required. The expectation will be that the proactive and regular engagement between QAC and the Council, the expectation to meet objectives will be reinforced in the SOI annually. As outlined the Council will then be in a position to publicly consider the draft SOI and then agree the SOI.

## Analysis and Advice | Tatāritaka me kā Tohutohu

---

### Statement of Expectations

4. Section 64B of the Local Government Act 2002 (LGA2002) provides that shareholders in a Council Controlled Organisation (CCO) may prepare a SOE.
5. A copy of the SOE is attached to this report as Attachment A.
6. **Option 1** Agree the SOE and move to a three yearly cycle.

#### *Advantages:*

- This SOE is an opportunity to review and set QAC objectives ahead of the LTP process.
- The letter is a tool that can be chosen to provide an opportunity to offer transparency on Council's expectations for the community.
- The SOE objectives will inform the LTP disclosure. Therefore, it would be appropriate to produce an SOE ahead of the LTP process.

#### *Disadvantages:*

- The SOE, although not mandatory may be perceived to be inadequate by some members of the public who consistently do not support elements of the SOE or SOI or an airport at Queenstown.
- There could be a perception that Council is not holding the QAC to account, however there will continue to be an annual process of considering the draft SOI before agreeing it.

7. **Option 2** Do not issue a SOE and continue to produce an SOE annually.

*Advantages:*

- This decision may be supported by some members of the public who do not support the premise of an airport at Queenstown.
- Producing and SOE annually may be perceived as holding the QAC to account, however this can be achieved through the annual consideration of the SOI.

*Disadvantages:*

- The Council will not have a clear record of its expectations for QAC leading into the 2024 LTP process or an opportunity to review and set objectives for the CCO.

8. This report recommends **Option 1** for addressing the matter because it will allow the Council, as the majority shareholder, to agree expectations for the SOI in advance of the LTP process.

### Consultation Process | Hātepe Matapaki

---

#### Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

9. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because it is not mandatory, but of high interest to some parties. The SOE is not subject to public consultation.

#### Māori Consultation | Iwi Rūnaka

10. This matter has not been consulted with iwi although the Council has set an expectation that QAC will build a relationship with Te Ao Marama and Aukaha as Tangata Whenua to ensure iwi values and issues are reflected in plans and initiatives and arrival and departure experience.

### Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

---

11. This matter relates to the financial risk category. It is associated with RISK10013 'Unexpected change in cost or funding' within the QLDC Risk Register. This risk has been assessed as having a moderate residual risk rating.
12. The approval of the recommended option will support the Council by allowing additional controls for this risk to be implemented. This will be achieved by ensuring there is a clear SOE leading into the SOI process, ensuring that QAC interactions and relationships are consistent with shareholder expectations and that there is a clear line of communications as outlined by the SOE, particularly in relation to the dividend and the gateways of the QAC Master Plan.

### Financial Implications | Kā Riteka ā-Pūtea

---

13. There are no financial implications arising from the decision sought by this report.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

---

14. The following Council policies, strategies and bylaws were considered:

- Local Government Act 2002
- Annual Plan 2022/23

15. The recommended option is consistent with the principles set out in the Act.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

---

16. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

17. The recommended option:

- Is consistent with the Council's plans and policies; and
- Would not significantly alter 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 | Kā Tāpirihaka

---

A	Draft Statement of Expectation
---	--------------------------------