

Full Council

2 May 2024

Report for Agenda Item | Rīpoata moto e Rāraki take [4]

Department: Property & Infrastructure

Title | Taitara: Shotover Jet Licence and Concession Agreement Renewal

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to consider the renewal of the Shotover Jet Licence and Concession Agreement. This renewal for a further period of 5 years grants exclusive use rights to Shotover Jet within the Shotover River Concession Area.

Public Excluded | Ārai te Iwi Whānui

A minor redaction has been made to Attachment B. This redaction is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

Section and Grounds	Reason for this recommendation
7(2)(i) to enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	<i>Attachment B has a minor redaction with the amount paid by Shotover Jet to the Council for the Licence and Concession removed from the version attached to the public part of this report. This is to maintain the confidentiality of the agreement between Council and Shotover Jet and to protect the commercial position of both parties.</i>

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report; and
2. **Grant** the Shotover Jet Licence and Concession application for renewal for the maximum period being 1 April 2024 to 31 March 2029 (that is, a further 5 years).

Prepared by:



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20 March 2024

Reviewed and Authorised by:



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Title: General Manager – Property &
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2 April 2024

Context | Horopaki

1. In 2005, Queenstown Lakes District Council granted Shotover Jet Limited a Concession Agreement to operate a commercial jetboat operation on the Shotover River.
2. The final expiry of this Concession Agreement is 31 March 2029, corresponding with the end of the current 5-year renewal period being applied for.
3. The renewal provisions are such that if Shotover Jet wishes to renew the Agreement, then that is automatic subject to the conditions around its performance of the concession conditions. Council monitors Shotover Jet Limited's performance through the Harbour Master, who conducts enquiries of the company both in regard to the Agreement and in his role as a Maritime New Zealand Safety Auditor.
4. The Council is required to renew the Concession Agreement, provided clauses 3.3(a) and 3.3(b) of the concession have been met:

“3.3 (a) SJQ has complied with all material terms and provisions of this Concession and

3.3 (b) The Council is satisfied as a result of such an audit and detailed reviews as may be reasonably carried out by the Council in terms of this concession that SJQ has operated in the Business pursuant to and in accordance with a Code of Practice and Safe Operational Plan in accordance with Part 80 and approved by the Authorised Person as required by Part 80.”

5. These conditions have been met and this is outlined in the Harbour Master's report, attachment (C) - Shotover Jet Concession Rollover, Current Status Report.
6. It is worth noting that in the Harbour Master's report, there are references to Maritime Rules Part 82 made under the Maritime Transport Act 1994. Jonathan Drury, Maritime NZ General Manager Regulatory Operations South has confirmed that Shotover Jet are an exemplary operator and consistently comply with all relevant rules and regulations.
7. Part 82 are the current Rules that relate to Commercial Jet Boat Operations and supersede Part 80 that related to both Rafting and Jet boat operations.
8. Shotover Jet facilitate the permitting required by the public for the use of the concession area, during the Passive Use Concession periods (Wednesdays & Fridays 5.30pm – 10.00pm). QLDC Enforcement and Monitoring staff, alongside the Harbour Master, have assessed this permitting process on a regular basis and their assessment is that it is meeting the expectations of both the public and Shotover Jet.

Analysis and Advice | Tatāritaka me kā Tohutohu

9. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.

Option 1 – Renew Concession

Advantages:

- Consistent with the intent of the Agreement.

Disadvantages:

- Will be contrary to the intent of the Agreement.

Option 2 – Do Nothing

Advantages:

- None.

Disadvantages:

- The Concession Agreement will lapse resulting in negative financial implications for Shotover Jet and Council. Shotover jet may cease operations. Legal action could ensue.

10. This report recommends **Option 1** for addressing the matter because conditions 3.3(a) and 3.3(b) have been met. This will enable the continuation of a longstanding and iconic tourism activity.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

11. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2021 because Council is required to renew the Concession Agreement provided clauses 3.3(a) and 3.3(b) of the concession have been met.

12. There are no persons who are affected by or interested in this matter. This is the renewal of a commercial contract.

Māori Consultation | Iwi Rūnaka

13. The Council has not sought the specific views of iwi for this commercial agreement.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

14. This matter relates to the Financial risk category. It is associated with RISK10035 Ineffective business processes within the QLDC Risk Register. This risk has been assessed as having a low residual risk rating.

15. The approval of the recommended option will allow Council to avoid the risk. This will be achieved by the continued operation of the Shotover Jet entity within the conditions of the Concession Agreement.

Financial Implications | Kā Riteka ā-Pūtea

16. The granting of the further concession period will provide a continued revenue stream to the Council and therefore avoids costs being incurred by ratepayers. The Long Term Plan has anticipated that the concession will be renewed.

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

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

- Lakes District Waterways Authority (Shotover River) Empowering Act 1985.
- Shotover River Bylaw 2021.
- Shotover River Concession Area - Permit

18. The recommended option is consistent with the principles set out in the Lakes District Waterways Authority (Shotover River) Empowering Act 1985. The granting of the concession will support the continuation of an iconic tourist attraction. Shotover Jet is Queenstown's world famous jet boat experience, catering for over 4 million people since 1965. It is a leading New Zealand tourism attraction. Granting the application for renewal will 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.

Legal Considerations and Statutory Responsibilities | Ka Ture Whaiwhakaaro me kā Takohaka Waeture

19. Queenstown Lakes District Council has authority to administer and regulate this concession under the Lakes District Waterways Authority (Shotover River) Empowering Act 1985.

20. The Council is required to renew the agreement under the Concession Agreement provided clauses 3.3(a) and 3.3(b) of the concession have been met.

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

21. 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.

22. The recommended option:

- Can be implemented through current funding under the Long Term Plan and Annual Plan;
- 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	Renewal Letter from Shotover Jet
B	Shotover Jet Licence and Concession Agreement
C	Shotover Jet Concession - Current Status Report 2024