

QLDC Council
29 October 2020

Report for Agenda Item | Rīpoata moto e Rāraki take : 2

Department: Corporate Services

Title | Taitara Queenstown Airport Corporation Statement of Intent

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

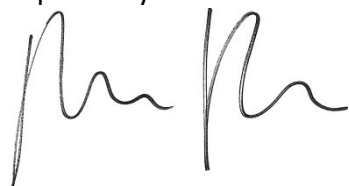
The purpose of this report is to agree a modified Statement of Intent ('SOI') from Queenstown Airport Corporation ('QAC') in accordance with section 65 of the Local Government Act 2002.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Note** the QAC is a Council Controlled Trading Organisation (CCTO) as per Section 6 of the Local Government Act 2002 (the Act) and must therefore comply with Section 64 of the Act that requires all CCOs to have a Statement of Intent that meets with the requirements of Schedule 8. This is a statutory requirement.
2. **Note** that QLDC resolved to agree the SOI (Year ending June 2021) on 12 April 2020 on confirming an expectation as shareholder that QAC would provide a modified SOI to Council using the process set out in clause 5 of Schedule 8 of the Act to be agreed at today's meeting (29 October 2020).
3. **Note** the significant impact of COVID-19 continues to impact the company and its ability to forecast a relevant three-year SOI.
4. **Agree** the modified SOI (Year ending June 2021).
5. **Agree** that the QLDC QAC Steering Committee will continue to liaise as required to consider key issues prior to the SOI (Year ending 30 June 2022) being presented to full Council in March 2021.

Prepared by:

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14/10/2020

Reviewed and Authorised by:

Mike Theelen
Chief Executive

14/10/2020

CONTEXT | HOROPAKI

- 1 The QLDC resolved to agree the Queenstown Airport Corporation Statement of Intent (Year ending June 2021) on 12 April 2020 based on the expectation that QAC would provide a modified SOI (clause 5 of Schedule 8, Local Government Act) to be agreed at the meeting on 29 October 2020.
- 2 The agreed SOI in April 2020 was a pre-COVID statement and of significant note, was prepared and consulted on with the Council pre-COVID and the closure of the country's borders on 19 March, 2020. In order to enable the QAC to meet its statutory obligations and to enable the QAC a six month window to reforecast in the context of COVID, Council took a pragmatic view to accept the statement in April as a 'point in time' to enable QAC to produce a modified SOI in October 2020.
- 3 The modified SOI reflects QAC's overarching mission to safeguard its core capability to operate vital airport infrastructure for a district and a country facing recovery.
- 4 The annually reviewed SOI (Year ending June 2021) covers the period from 1 July 2020 to 30 June 2023 because the document must contain three yearly forecasting.
- 5 In April 2020 the Council acknowledged that the current SOI had positively introduced changes to reflect the Statement of Expectations approved by Council on 25 February 2020, again before COVID-19. Council has subsequently indicated that in addition to financial re-forecasting, it was seeking surety on behalf of the community through the addition of several definitive statements that have been reflected in the modified SOI.
- 6 As detailed in April 2020, the QAC has developed four key pandemic business priorities which are outlined at the beginning of the current and modified SOI they are:
 - a. *Keep our people healthy, safe and connected with appropriate work arrangements*
 - b. *Keep our communications coordinated, responsive and timely and across multiple channels*
 - c. *Keep the airports operational and resilient*
 - d. *Keep the business financially stable and support our airport community where possible and preserve our ability to recover.*
- 7 The modified SOI continues to reflect that recovery is anticipated to be a matter of years not months. Indeed, it forecasts recovery to be beyond the three year period of the SOI.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 8 Option 1 That Council agree the modified QAC SOI 2020/21.

Advantages:

- 9 The current SOI is no longer relevant. By receiving the modified document a more accurate SOI will then form a matter of record and a foundation for the development of the next SOI.
- 10 Public interest in this process will be better and more meaningfully served through a modified SOI that reflects the true impact of COVID-19.

Disadvantages:

- 11 The modified SOI must still reflect the uncertainty of COVID-19.

Option 2 That Council does not agree the modified QAC SOI 2020/21.

Advantages:

- 12 A perception that it may be positive that the reference for the next SOI will be the current pre-COVID 'point in time' SOI.
- 13 The additional time would enable the QAC to more accurately reflect financial forecasting in the next SOI (Year ending 2022)

Disadvantages:

- 14 No attempt to modify the document delivers a false record and irrelevant financial forecasting.
- 15 Critical QAC organisational resources and board member activity that have been focussed on sustaining the immediate business would have been unnecessarily diverted to deliver a modified SOI.
- 16 This report recommends **Option 1** for addressing the matter due to enable a platform for recovery.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 17 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy because the decision is to agree a modified SOI to enable QAC to build on its key business objectives with a more relevant framework.
- 18 As outlined in Section 64 of the Act, this is a public process between shareholders and council-controlled organisations. The process is not subject to public consultation but it is acknowledged that the future of this critical public asset will be of wide public interest.

> MĀORI CONSULTATION | IWI RŪNANGA

- 19 The Council has not specifically undertaken iwi consultation on this matter as outlined above.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

20 This matter relates to the financial risk category. It is associated with RISK00020 and RISK00037 within the QLDC Risk Register in relation to unexpected financial change and lack of alignment. This risk in relation to the recommendation has been assessed as having a moderate inherent risk rating.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

21 The recommended decision has no financial implications but signals a significant financial QAC reforecasting which will impact QLDC ratepayers and residents.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

22 The following Council policies, strategies and bylaws were considered:

- 10 Year Plan 2018-28
- Annual Plan 2020/21

23 The recommended option is consistent with the principles set out in the named policy/policies.

24 This matter is included in the Ten Year Plan/Annual Plan

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

25 The QAC operates key infrastructure assets for the district. As such, the recommendation to agree a modified SOI based on the impact of COVID-19 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.

ATTACHMENTS | NGĀ TĀPIRIHANGA

A	QAC modified SOI Year Ending June 30 2021
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