

QLDC Council  
20 April 2017

Report for Agenda Item: 1

Department: Property & Infrastructure

Title: Wanaka Airport future governance and management model

**Purpose**

The purpose of this report is to seek approval of the Hearing Panel's recommendation following a special consultative procedure. The recommendation is to confirm Council's preferred option to enter into a long term lease to QAC for the Wanaka Airport.

**Public Excluded**

It is recommended that the Meredith Connell attachments to this report [Attachment E] are considered with the public excluded, in accordance with the Local Government Official Information and Meetings Act 1987, section 48(1) cl 7(2)(g), on the grounds that the withholding of the information is necessary to maintain legal professional privilege.

**Recommendation**

That Council:

1. **Note** the contents of this report;
2. **Agree** the future governance and management of the Wanaka Airport will be under a long term lease to QAC;
3. **Delegate** to the Mayor and Chief Executive the power to negotiate and execute the lease, and to engage with QAC to make any changes necessary to the QAC Statement of Intent to incorporate the Council's expectations of governance of Wanaka Airport.

Prepared by:



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10/04/2017

Reviewed and Authorised by:



Mike Theelen  
Chief Executive

10/04/2017

## Background

- 1 In November 2016 the Council commenced a Special Consultative Procedure with the community on the future governance and management of the Wanaka Airport.
- 2 The options consulted on were:
  - a. Continuing with the status quo (that is, Council retains control over Wanaka Airport but management is undertaken via a management contract with an external provider).
  - b. Continuing with the status quo, with enhanced planning and governance.
  - c. Entering into a lease and management agreement with QAC (**preferred option**).
  - d. Selling the Wanaka Airport assets to QAC.
  - e. Leasing or selling the Wanaka Airport assets to QAC as part of a realignment of district-wide air services, including Glenorchy aerodrome.
- 3 The Hearing Panel heard submissions on 13 February 2017. The original submissions received are Attachment A ([hyperlink below](#)), the submissions presented at the hearing are Attachment B ([hyperlink below](#)) and the minutes of the hearing are Attachment C.
- 4 The Hearing Panel recommends that the Council **adopt** the preferred option.

## Comment

- 5 The Hearing Panel recognised the significant community interest in this matter and in the history of the development of the airport from its inception, especially from recreational users of the airport.
- 6 The Hearing Panel recognised the strong desire to see ongoing cooperation and communication with the community on the future development and management of the airport under any new governance model.
- 7 A number of submitters raised concerns around the ongoing coordination of recreational activity and the potential increase in commercial activity under any governance model, but especially under a model that introduced an increased level of commercial practice into the airport's governance.
- 8 There was discussion around the timing and leadership of the creation of the airport strategic development plan and if this should occur before the governance model was determined.
- 9 There was discussion around fairness of rate setting (ground rents and landing fees) especially for recreational users.
- 10 On balance the Hearing Panel determined that QAC, under a long term lease arrangement with suitable incentives and control by Council, was best placed to lead the development plan in consultation with QLDC and the community.

- 11 The Hearing Panel makes that recommendation noting that strategic master plan for the airport will need to accommodate a range of community and commercial requirements including general aviation activities, recreation, education and engineering functions. It will also need to identify appropriate community engagement and communication programme.
- 12 The Hearing Panel was interested to understand how the Council could continue to ensure community engagement in the airport's development. Attachment E (public excluded) is a legal opinion on this topic for the Council's consideration.

## **Options**

- 13 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.

- 14 Option 1 Accept the Hearing Panel's recommendation

### *Advantages:*

- 15 Recognises the Hearing Panel is in the best position to consider all relevant information when making their recommendation having heard the submissions in person.
- 16 Progresses the decision in a timely manner that is in alignment with the consultation material and submissions.
- 17 Ensures that the strategic master planning process is led by an entity with specific airport expertise.

### *Disadvantages:*

- 18 None.

- 19 Option 2 Adopt one of the other options.

### *Advantages:*

- 20 Progresses the decision in a timely manner.

### *Disadvantages:*

- 21 Risks adopting a governance model that has not to date been preferred and may not have been given substantial consideration by the public during the special consultative procedure.

- Option 3 Reject the Hearing Panel's recommendation and seek further information and/or work.

### *Advantages:*

- 22 May enable any new significant issues (if raised by Councillors) to be considered and addressed before a final decision is made.

### *Disadvantages:*

- 23 Delays the decision process and introduction of a new governance model.
- 24 Wanaka Airport will continue under the existing model in the near term.
- 25 This report recommends that the Council adopt **Option 1** for addressing the matter because the Hearing Panel has taken into account all relevant information including the submissions received, both written and verbal.

### ***Significance and Engagement***

- 26 This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy because the Wanaka Airport is classified as a Strategic Asset.

### ***Risk***

- 27 This matter relates to the strategic risk SR1 'Current and future development needs of the community' as documented in the Council's risk register. The risk is classed as high. This is because of economic, social and reputational risks.
- 28 A key element of this risk is meeting the current and future needs of the community and providing for development that is consistent with the strategic direction of Council's Policies and Strategies. The main risk perceived by the Hearing Panel is the risk that the preferred option will result in a reduced level in munity engagement in the future direction of the airport.
- 29 The recommended option considered above mitigates the risk by recommending that the Mayor and Chief Executive be delegated to negotiate and execute the draft lease so as to include obligations relating to community engagement and communication. The recommendation also suggests that the Statement of Intent for QAC be amended so as to include specific expectations relating to the governance Wanaka Airport (Attachment D).

### **Financial Implications**

- 30 The financial implications will be known once the discussion of detailed terms of the arrangement between Council and QAC are undertaken. The expectation is that the Council's financial position will be no worse than its current position and over time will improve as a result of these arrangements.

### **Council Policies, Strategies and Bylaws**

- 31 The following Council policies, strategies and bylaws were considered:
  - Significance and Engagement Policy Nov 2014. The recommended option is consistent with the principles set out in the named policy because the community's positions have been heard through a consultation process that is proportionate to the significance of the issue.
- 32 This matter is not included in the Council's 10-Year Plan/Annual Plan however will be included in the 2018 update.

## Local Government Act 2002 Purpose Provisions

33 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 seeking the input from the community on the proposed Wanaka Airport future governance and management model;
- Is consistent with the Council's plans and policies.

## Consultation: Community Views and Preferences

34 The persons who are affected by or interested in this matter are the residents/ratepayers of wider Queenstown Lakes District community and those with specific interest in aeronautical and airport services across the district.

35 The Council has run a Special Consultative Procedure on this matter as set out below:

- a. Public notification of the matter and Council's preferred option opened for submissions on 8 October 2016 and closed on 25 November 2016
- b. Public meeting was held at the Wanaka Airport on 10 November 2016
- c. Public meeting was held in Wanaka on 10 November 2016
- d. Public Hearing of the matter on 13 February 2017

## Legal Considerations and Statutory Responsibilities

36 Council's legal advisors, Meredith Connell, have provided advice (attached) addressing different ways in which the lease model can include ongoing opportunities for community engagement and communication. It also addresses the Statement of Intent.

## Attachments

- A Submissions received during Special Consultative Procedure:  
<http://www.qldc.govt.nz/assets/Uploads/Your-Views/Wanaka-Airport-Governance/Wanaka-Airport-Governance-submissions-Redacted.pdf>
- B Submissions received during hearing:  
<http://www.qldc.govt.nz/assets/Uploads/Your-Views/Wanaka-Airport-Governance/1b.-Submissions-presented-at-the-Wanaka-Airport-Governance-Hearing.pdf>
- C Minutes of hearing
- D Draft SOI of Queenstown Airport Corporation
- E Legal Advice from Meredith Connell **[PUBLIC EXCLUDED]**