

18 December 2020

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Tēnā koe Olivia

STATEMENT OF EXPECTATIONS

This Statement of Expectations is intended to inform the Tasman Bays Heritage Trust (TBHT) Board of the Councils' high level strategic direction and performance expectations in advance of your preparation of the Statement of Intent (SOI) 2021/22. In clarifying our expectations early, we expect that the passage through to acceptance by both Councils will be more efficient and effective.

Statement of Intent 2021/22

The Tasman District and Nelson City Councils expect that all their Council Controlled Organisations (CCOs) will treat the SOI as more than a strict compliance document and will aim for best practice. This will entail a SOI covering more than the statutory minimum requirements. To be effective, your SOI should tell the performance story of the Trust, providing a clear and succinct understanding of the Trust's purpose, the services it delivers and what success looks like. In line with the Local Government Act 2002, the Councils are particularly interested in efficiency and effectiveness.

The SOIs must meet the requirements set out in the Local Government Act. As you know, the Local Government Act 2002 Amendment Act 2019 made a number of changes to the LGA that impact on CCOs. There is a replacement Schedule 8 in the LGA, which more clearly sets out the requirements for SOIs, differentiating between matters to be covered in all SOIs and those that are specific to trading and non-trading CCOs.

Both Councils wish to support the Trust in delivering a good SOI. We have assigned a senior manager to each CCO to assist. In your case, the person assigned is the Group Manager Community Services at Nelson City Council (Mark Preston-Thomas until 5 February 2021, then Andrew White from 9 February onwards) who is available to assist your team throughout the process.

The general expectations for all CCOs are as follows:

General expectations applicable to TBHT to be included in the SOI

- 1.1 SOIs/SOCI must include a complete set of summary prospective financial statements for at least three years (preferably five years) i.e. Statement of Comprehensive Income, Statement of Financial Position and cash flow statement.
- 1.2 SOIs/SOCI should disclose measures like Earnings before interest and tax (EBIT) and Earnings before interest, tax, depreciation and amortisation (EBITDA) and balance sheet ratios where applicable i.e. CCTOs.
- 1.3 SOIs must fully comply with Schedule 8 of the Local Government Act. This is to ensure a consistent approach across all CCOs.
- 1.4 In the Public Records Act 2005, a local authority includes a (council-controlled) organisation. As such, the requirements of this Act and its related mandatory Information and Records Management Standard - July 2016 applies for the management, retention, and disposal of records.
- 1.5 Compliance with legislation and reporting on Health and Safety matters must be given due emphasis.
- 1.6 Where the councils make a financial contribution to the operational costs of the organisation, the CCO should show how it intends to increase non-council revenue streams.
- 1.7 Capital expenditure and asset management intentions should be included.
- 1.8 CCOs should use the same information for both managing the business and reporting through to the councils/shareholders, i.e. the information used for setting targets and reporting against them for the SOI should overlap and be a subset of the information used for internal reporting.
- 1.9 SOIs and other CCO reports should be in a plain style, concise, relevant, accessible and focused on meeting the needs of the shareholding councils and the public they represent. The use of graphs, tables and charts is expected to convey both financial and non-financial information along with trends (past, current and future numbers).
- 1.10 To be effective the SOI must disclose the performance story for the CCO, providing a clear and succinct understanding of the CCO purpose, the goods and services it delivers and what success looks like. Providing a clear message to the boards on these requirements and other expectations will assist in ongoing improvements in the SOI and reporting.
- 1.11 The main aspects of the SOI performance story are:
 - Strategic context
 - Specifying and presentation of the outcomes framework
 - Main measures and targets, outcomes and objectives
 - Linking the strategy outputs performance together.

- 1.12 Risk management: shareholders would like to understand better in the SOI how the boards are considering and managing risks, including natural hazards and climate change.
- 1.13 Sustainability – the councils would like to understand better in the SOI how the boards are addressing sustainability including carbon emissions and waste minimisation.
- 1.14 Health and safety - given the requirements of the Health and Safety at Work Act 2015 (the Act), it is appropriate for the councils to set out their expectations in relation to Health and Safety in the CCOs.
 - 1.14.1 Under Section 44 (3) of the Act elected members do not have a duty to exercise due diligence to ensure that any council-controlled organisation complies with its duties or obligations under the Act unless that member is also an officer of that council-controlled organisation.
 - 1.14.2 However, as owners and key funders, it is still appropriate to set out expectations of Health and Safety management in CCOs.
 - 1.14.3 The councils expect the boards of the jointly held CCOs to set appropriate Health and Safety strategy and policy, understand the nature of risks/hazards within the business, monitor performance and activities to ensure risk is being managed and review Health and Safety systems and performance.
- 1.15 Governance performance - in order to aid the councils when making decisions on director/trustee remuneration and appointments, the boards should undertake regular evaluation of their own performance.
 - 1.15.1 The councils expect these reviews to be carried out at least once every eighteen months.
 - 1.15.2 The chairs of the boards should reference this evaluation when making recommendations on the re-appointment or recruitment of board members.
- 1.16 The councils require that CCOs, before making a decision that may significantly affect land or a body of water, must take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga. This is a provision in the LGA.
- 1.17 The shareholders request that all CCOs include in their SOIs how they are intending to respond to the challenges of COVID-19 including the likely economic downturn.

Specific expectations to be included in the SOI

- 1.18 Asks that the Trust set out its plans regarding the project to build a new Archive Research and Collections (ARC) facility for the Nelson Provincial Museum, in particular regarding funding opportunities, timelines and project management; and

- 1.19 Asks that the Trust outline how it will respond to the effects of COVID-19 including:
- Impacts on visitor numbers and budgets; and
 - How the Nelson Provincial Museum's activities contribute to and align with regional recovery efforts; and
- 1.20 Asks that the Trust sets out its succession plan for Trustees noting that four Trustees are due to complete their term in November 2021.

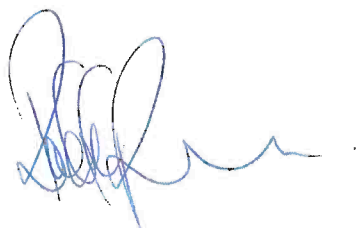
Important Dates 2021

We will notify you of the committee meeting dates for 2021 when they have been confirmed, to assist you with your planning.

Council officers will be in touch with you to finalise the loan agreements, which were referred to as a specific expectation in our advice letter to TBHT dated 30 January 2020.

If you have any queries, please contact Mark Preston-Thomas on (03) 546 0421 / mark.preston-thomas@ncc.govt.nz in the first instance.

Nāku noa, nā



Rachel Reese
Mayor of Nelson



Tim King
Mayor of Tasman

cc Lucinda Blackley-Jimson, CEO, Nelson Provincial Museum