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1 December 2021

Tasman Bays Heritage Trust  
Board of Trustees  
Attn: Chairperson Olivia Hall  
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Tēnā koe Olivia

### **TASMAN BAYS HERITAGE TRUST - STATEMENT OF EXPECTATIONS**

This Letter of Expectation is intended to inform the Tasman Bays Heritage Trust Board of the councils' high-level strategic direction and performance expectations in advance of your preparation of the Statement of Intent (SOI) 2022/23. In clarifying our expectations early, we expect that the passage through to acceptance by both Councils will be more efficient and effective.

The councils are expecting active and regular reporting to the Joint Committee on the development of the final business case for their proposed investment in the new Archive Research and Collections facility. The trust should note that each council will follow its own funding approval process. The final business case should include confirmation of other sources of funding (including funding for cost escalations and overruns).

### **Statement of Intent 2022/23**

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 an SOI covering more than the statutory minimum requirements. To be effective, your SOI should tell the performance story of the Organisation, providing a clear and succinct understanding of the Organisation's purpose, the goods and 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. The Local Government Act 2002 set out 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 people assigned are Andrew White and Mike Drummond. They are available to your team to assist 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. This should include the organisations' response to COVID-19 and the related vaccination programme.
- 1.6 Details of the impact of COVID-19 on the Organisation and what mitigations are in place.
- 1.7 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.
- 1.8 Capital expenditure and asset management intentions should be included.
- 1.9 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.
- 1.10 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).
- 1.11 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.
- 1.12 The main aspects of the SOI performance story are:

- Strategic context
  - Specifying and presentation of the outcomes framework. SMART measures are preferable in showing performance; and
  - Main measures and targets, outcomes and objectives
  - Linking the strategy outputs performance together.
- 1.13 **Risk management** - the councils would like to understand better in the SOI how the boards are considering and managing risks, including natural hazards and climate change.
- 1.14 **Sustainability** – the councils would like to understand better in the SOI how the boards are addressing sustainability including carbon emissions and waste minimisation.
- 1.15 **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.
- 1.15.1 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.
  - 1.15.2 However, as owners and key funders, it is still appropriate to set out expectations of Health and Safety management in CCOs.
  - 1.15.3 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.
- 1.16 **Relationships** – specify how the organisation intends to conduct its relationships with;
- 1.16.1 Its shareholding local Authorities; and
  - 1.16.2 The Tasman and Nelson Communities, including parties considered as stakeholders within those communities; and
  - 1.16.3 Iwi and other Maori organisations.
- 1.17 **Governance performance** - in order to aid the councils when making decisions on director/trustee remuneration and appointments, the boards should undertake a regular evaluation of their own performance.
- 1.17.1 The councils expect these reviews to be carried out at least once every eighteen months.
  - 1.17.2 A skills mix analysis is to be part of the regular board reviews and recommendations for director re-appointments

- 1.17.3 The chairs of the boards should reference this evaluation when making recommendations on the re-appointment or recruitment of new board members.

There are no specific expectations to be included in the Trust's SOI.

**Important Dates 2022**

We will notify you of the committee meeting dates for 2022 when they have been confirmed, to assist you with your planning.

If you have any queries, please contact Andrew White on (03) 545 8729 / [andrew.white@ncc.govt.nz](mailto:andrew.white@ncc.govt.nz) in the first instance.

Ngā mihi



Rachel Reese  
**Mayor of Nelson**  
**Te Koromatua o Whakatū**



Tim King  
**Mayor of Tasman**  
**Te Koromatua o te tai o Aorere**

cc Lucinda Blackley-Jimson, CEO, Nelson Provincial Museum