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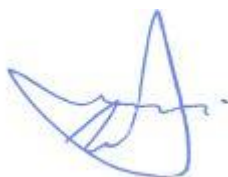
1. Foreword

I have pleasure, on behalf of Bay Venues Limited (BVL), in introducing our Statement of Intent for the 2021/2022 to 2023/2024 period.

As Tauranga City Council's largest Council Controlled Organisation (CCO), BVL play a major role in contributing to the wellbeing of Tauranga City. We are the kaitiaki of community facilities. Our facilities and the experiences we provide, enhance the quality of life for the residents and visitors of Tauranga City.

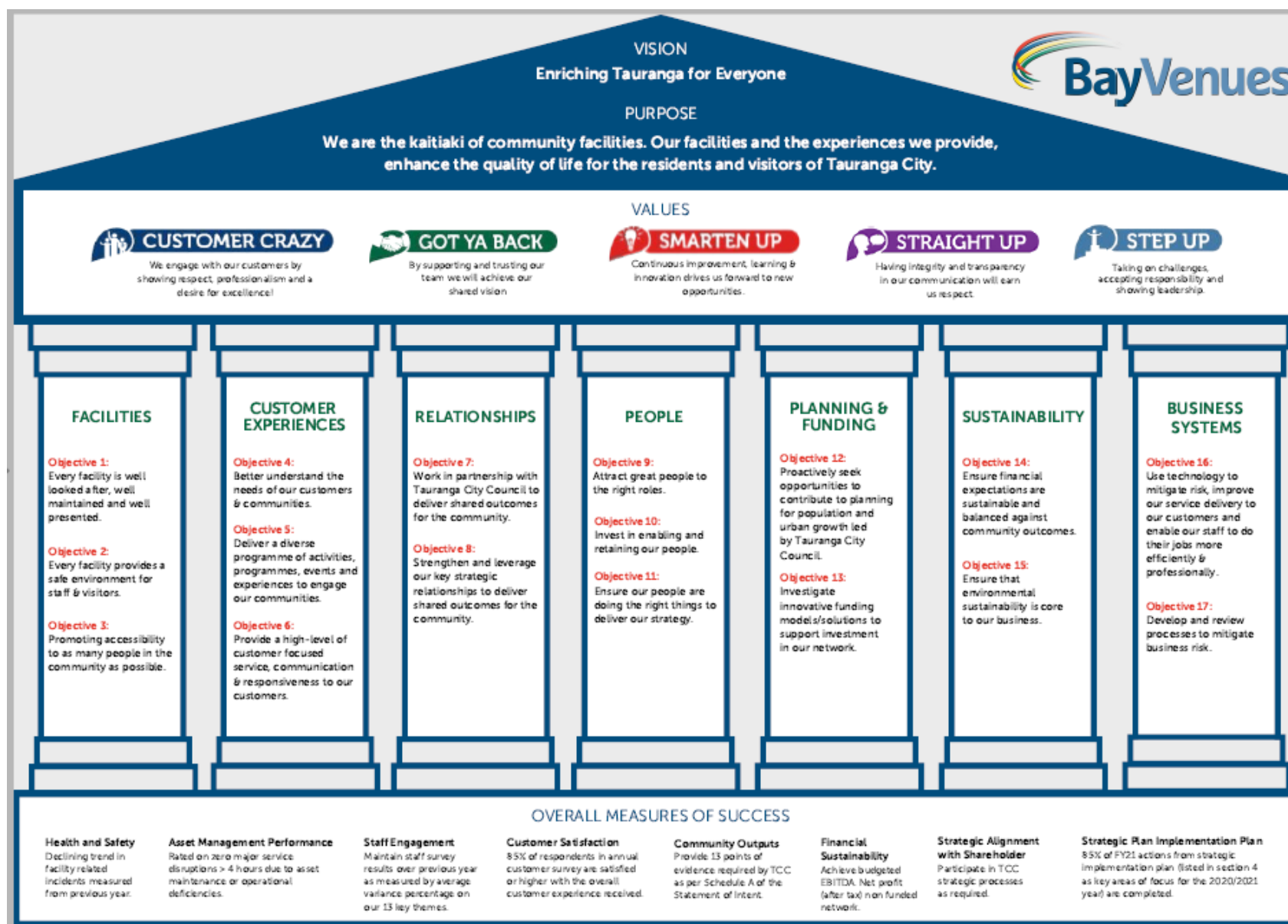
This statement is presented in accordance with the requirement of Section 64 (i) of the Local Government Act 2002 and incorporates the expectations of Tauranga City Council as outlined in the revised Enduring Statement of Expectations adopted in December 2018 along with the annual Letter of Expectations received on 16th December 2020. It outlines BVL's objectives, nature and scope of activities undertaken, and the performance targets by which we will be measured for the year 1 July 2021 to 30 June 2022.

As I write this, I am reflecting on the immense changes the organisation has faced over the last 12 months which were foreshadowed in the previous SOI. Our previous SOI required significant revision following the emergence of COVID 19 on the New Zealand landscape in March 2020 which resulted in the closure of our entire network for 8 weeks in 2020. Since that time, we have refocused to ensure that the organisation was well placed to navigate through the challenging year ahead. I am proud to report that BVL as an organisation has not only survived the challenges of the COVID and widespread facility closures but has thrived. We are now in a stronger position both in terms of our financial outlook and our community outcomes, than we have been in prior years. We are well positioned to build on this strong foundation and look forward to moving ahead with direction and support from Council to enable us to continue doing what we do best - caring for our community facilities and enhancing the quality of life for the people who use them.



Michael Smith
Chairman
Bay Venues Limited

2. Strategic Vision and Objectives



3. Nature and Scope of Activities

BVL's core business is venue ownership and management of facilities and the operation of venue-based businesses, programmes and services.

BVL is also in the business of providing event services and hosting and operating events within its venues.

Assets under BVL management are worth approximately \$125 million.

BVL employs over 355 full time, fixed term, part-time, and casual staff. This equates to 181 full time equivalent staff (FTE).

We welcomed nearly 1.8 million visitors to our facilities in the 2019/2020 year in spite of an eight-week shutdown during the COVID-19 pandemic. This was down from 2.1 million visitors the previous year. We will continue to work hard to welcome both members of our community and visitors to our facilities during the 2021/2022 year.

BVL owns and/or manages twenty-four facilities comprising five aquatic facilities, a Stadium and ancillary buildings at Baypark, one large contemporary multi-purpose recreation and event centre, two indoor sports recreation facilities, three community centres, two community share facilities, eight community halls and a high performance sports training centre.

Aquatic Facilities (5)	Community Halls & Centres (11)	Indoor Sports Facilities (5)	Other (3)
Baywave	Arataki Community Centre	Trustpower Arena	Trustpower Stadium
Mount Hot Pools	Elizabeth St Community Centre	QEYC & Memorial Hall	University of Waikato Adams Centre for High Performance
Greerton Pool	Papamoa Community Centre	Mount Sports Centre	Pavilions
Memorial Pool	Papamoa Sports & Rec Centre	Aquinas Action Centre	
Otumoetai Pool	Bethlehem Hall	Merivale Action Centre	
	Matua Hall		
	Greerton Hall		
	Welcome Bay Hall		
	Tauriko Hall		
	Waipuna Park Pavilion		
	Cliff Rd Building		

Aquatic Facilities

Baywave

This is an aquatic and leisure centre, recognized regionally as providing a variety of recreational & leisure, competition, aquatic education, exercise, health & wellbeing activities. The pool complex also boasts a new Aqua Play Station which has three water slides, water guns, a tipping water bucket and lots of water fountains. The configuration of the lap pool also accommodates synchronised swimming, water polo and underwater hockey as well as regional and national aquatic events. The venue is home to a number of water-based sporting clubs/squads.

A number of secondary business units operate within the complex which are complimentary to the overall purpose of the facility:

- Learn to Swim (including water safety lessons)
- Clubfit (health & fitness club)
- Café
- Merchandise

We have also recently completed constructing a 4-bed massage suite within the facility to compliment the health, fitness and recreation offerings hosted at Baywave.

Mount Hot Pools

An iconic and unique hot saltwater facility and world-class tourist attraction, providing rest, relaxation and rejuvenation/rehabilitation for a broad range of visitors. The Mount Hot Pools also provides a number of physical therapy options for the general public including massage therapy, aqua walking and aquarobics.

Greerton Aquatic & Leisure Centre

An aquatic and leisure centre, providing a variety of fun, safe, well-maintained aquatic and therapy activities for the general public (primarily local). The 18m hydrotherapy pool is popular for rehab and senior adults. Aquatic Evolution Tauranga are anchor tenants of the facility. Other activities which complement the centre include:

- Learn to Swim (including water safety lessons)
- Aqua aerobics
- Clubfit (health & fitness club)

Memorial Pool

An outdoor seasonal facility with a lap and learners pool, BBQ facilities and green space, providing a safe, clean, maintained environment for families and recreational swimmers to enjoy during the summer months.

Otumoetai Pool

Otumoetai Pool provides a safe, clean, well-maintained facility servicing the local community, in particular the neighbouring College during school hours and the anchor tenants, Evolution Aquatics Tauranga who are high-users of the facility.

Indoor Sports and Events Facilities

Trustpower Stadium Lounge

The Stadium Lounge is a self-contained venue adjoined to the Baypark Stadium offering a secure and private environment to host public and private functions. Suitable for meetings, conferences, gala dinners, school balls, private functions, weddings and small to medium sized trade shows, this venue can comfortably accommodate up to 500 people for dinner or 900 for performances. For major stadium events, this facility offers the client added flexibility for hosting corporate hospitality or pre and post event activities.

Trustpower Arena

This is a versatile multi-purpose venue with the ability to host any type of event – from community and national sporting fixtures through to trade shows, conferences, gala dinners, corporate hospitality and concerts. The Trustpower Arena is the key sporting venue for indoor sports such as basketball, volleyball, futsal and premier netball. The facility also provides a range of pay for play sports leagues and programmes that service the community. Within the facility is a licensed café providing quality food and beverage service.

Aquinas Action Centre (Community Share Facility)

Situated on the grounds of Aquinas College, the facility features a single court gymnasium suitable for hosting sport, recreational and cultural activities outside of agreed school access hours.

Merivale Action Centre (Community Share Facility)

This facility is located on the grounds of Merivale Primary, it features a single court gymnasium suitable for hosting sporting / recreational groups and community activities.

Mt Maunganui Sports Centre

Located at Blake Park, this facility features a single court gymnasium suitable for hosting sporting and recreational groups, community activities and minor events. The facility is also home to Tauranga City Basketball office.

Queen Elizabeth Youth Centre (including Memorial Hall)

Located at Memorial Park, this facility provides the City with a multi-court venue suitable for hosting sporting & recreational groups, cultural and community activities. The venue also hosts a variety of regional and national tournament and events. Pay for play sports leagues and centre-run programmes are also provided at this venue.

Community Halls & Centres

Arataki Community Centre

This venue provides a high quality, versatile indoor space of varying sizes and flooring as well as equipment, to enable community groups to host their activities. During the weekdays, PlayTime hosts an OSCAR programme at the facility.

Bethlehem Hall

This venue is primarily used for local community groups to host a variety of activities. Private functions also use this venue.

Cliff Road Building

This building is not owned by BVL, rather we manage the bookings, repairs and maintenance on behalf of Council. It provides a space for hire and is home to No Compromise Fitness.

Elizabeth St Community & Arts Centre

This building is not owned by BVL, rather we manage the bookings, repairs and maintenance on behalf of Council. This is a facility for community groups to host a variety of activities. It also provides space for individuals to host private functions.

Greerton Hall

This is a facility for local community groups to host a variety of activities. It also provides space for individuals to host private functions. Greerton Hall is also used as office space for Greerton Village Mainstreet.

Matua Hall

This venue provides space for local community groups and individuals to host a variety of activities and private functions. During the weekdays, PlayTime hosts an OSCAR programme at the facility.

Papamoa Community Centre (at the Library)

This building is not owned by BVL, rather we manage the bookings, repairs and maintenance on behalf of Council. The venue provides a high quality, versatile indoor space of varying sizes and flooring as well as equipment, to enable community groups to host their activities. During the weekdays, PlayTime hosts an OSCAR programme at the facility. The venue also provides visitors with useful information including activities and services available in the community.

Papamoa Sports & Recreation Centre

Located at Gordon Spratt Reserve, this indoor facility has rooms of varying sizes as well as a range of equipment, to enable community groups to host their activities. There is also a commercial kitchen and licensed bar for groups, businesses and individuals to host functions. During the weekdays, PlayTime hosts an OSCAR programme at the facility.

Tauriko Hall

This hall provides space for local community groups to host a variety of activities and provides a venue for individuals to host private functions. During the weekdays, Schools' Out hosts an OSCAR programme at the facility.

Waipuna Park Pavilion

This building is not owned by BVL, rather we manage the bookings, repairs and maintenance on behalf of Council. This pavilion is for the users of Waipuna Park to utilise for registrations, after match functions and meetings at no charge. Other community groups can also utilise the facility to host their activities.

Welcome Bay Hall

These venues provide space within the local community for community groups to host a variety of activities. They also provide space for individuals to host private functions.

Other

Trustpower Stadium, Baypark

This is Tauranga City's only significant outdoor stadium. It has the capacity for crowds of up to 18,000 people inclusive of seated and corporate hosting areas. It features a 480 metre oval clay speedway track and a turf area (inside the track) which fits field sports codes such as rugby or football. The primary activity is Speedway race meetings (15-17 per annum). Trustpower Stadium is also a venue for other events and activities suited to outdoor spaces (Jetboats, drifting and outdoor concerts etc.)

Corporate boxes and a Premium Lounge are also available for businesses to utilise for hosting, functions or meetings.

University of Waikato Adams Centre for High Performance

Based at Blake Park opposite Bay Oval, the UoW Adams Centre for High Performance is a world-class facility of over 2,500 m² of state-of-the-art facilities including a 652m² gym, plunge pools, physiotherapy, massage and rehabilitation rooms, a sport science laboratory with performance testing, research and acclimatisation facilities, meeting rooms, board and conference rooms along with an athletes lounge and kitchen. It caters for a wide range of athletes, high performance organisations, sports science research and athlete medical support services. Current tenants of the Centre include NZ Rugby, BOP Rugby, Body in Motion High Performance Sports and the University of Waikato.

Pavilions, Baypark

Three Pavilions are located on the Baypark site – Pavilion One is the home of Impact Gymsport Academy. The second Pavilion is currently used for storage. The third Pavilion is home of BayStation.

Businesses

BVL operates a number of venue-based businesses including:

Bay Events

This business unit is primarily responsible for attracting events to BVL facilities. Venue hire, corporate hospitality, signage, corporate boxes, outdoor space hire and event support make up the products and services offered by Bay Events.

Clubfit

This is made up of two gyms located at Baywave and Greerton Aquatics Centre. Clubfit provides support and fitness programming to members who have access to mid to high level quality equipment.

Bay Catering

This business unit primarily provides catering services at venues managed by BVL as well as some off-site catering at other venues and events. Bay Catering also operates food and beverage outlets throughout the Trustpower Baypark venue as well as the cafes at Trustpower Arena and Baywave.

Bay Catering is also an approved supplier as part of the Free and Healthy School Lunches for schools within Bay of Plenty and currently delivers nutritious prepared lunches to eight schools in Tauranga and Whakatane, providing around 4,000 lunches per week to tamariki across the region.

Bay Audio Visual

A sound, lighting and audio-visual equipment and support business unit that provides services primarily at the Trustpower Arena, Trustpower Stadium Lounge, Trustpower Stadium and some external off-site events and venues.

BayStation

BayStation is located at Baypark and is home to Drift Karts Paintball, Lasertag and Blokarting.

BaySwim

Bay Venues delivers a quality Learn to Swim programme catering for all ages at Baywave and Greerton Aquatic and Leisure Centres.

In addition, BaySwim also provides Water Safety Education for primary school groups as part of our funded Water Safety NZ's 'Water Safety for Life' programme.

Sports Leagues

BVL organises sports leagues both at the Trustpower Arena and Queen Elizabeth Youth Centre for indoor netball, fastnet, football, and turbo touch.

Community Centre-Run Programmes

BVL runs a number of community focused programmes across the network for pre-schoolers, children, youth and adults including the popular Tumble Time, Funky Fundays, Oddball, coaching clinics, sports days, birthday parties, social badminton and more.

Speedway

Trustpower Baypark is regarded as one of the best equipped Speedway venues in New Zealand with a fast, wide clay track, a large well serviced pit area, and seating capacity of up to 15,000. A Promoter is contracted to promote and operate Speedway events at Baypark.

Merchandise

BVL operates small retail outlets at its aquatics facilities selling swimming apparel and associated products.

4. Key Areas of focus for the 2021/2022 year

The key focus areas for FY22 outlined in this section are derived from the following strategic guidance:

1. Enduring Letter of Expectations (attached as schedule 1)
2. Annual Letter of Expectations (attached as schedule 2)
3. Schedule of outcomes and outputs (attached as schedule 3)

Each year Council provides BVL with an operating grant to facilitate the delivery of specific outcomes. The outcomes expected of BVL include business related outputs which apply across all facilities and community related outputs which apply only to the facilities and activities that are considered to have a community focus (the funded network).

These expectations and outputs can be summarised as:

Business Outputs	Community Outputs
Health and Safety	Ensuring accessibility for all
Asset Management	Meeting community needs
Renewals	Maintaining levels of service
Providing a range of programmes and services	

In FY22 as in prior years, we will continue to focus on the delivery of these outputs. These specific expectations, along with the actions and activities that are required to deliver them and the evidence to be provided, are detailed in schedule 3. In addition to the Business As Usual (BAU) activity, to deliver on the outputs in schedule 3, we are also committed to the following key focus areas in FY22.

Strategic Pillar 1	Facilities
Objective 1	Every facility is well looked after, well maintained and well presented.
	<ul style="list-style-type: none">• Implementation of renewals programme across all of our facilities in alignment with TCC timeframes to ensure all facilities are well maintained and well presented.
Objective 2	Every facility provides a safe environment for staff and visitors
	<ul style="list-style-type: none">• Investigate and implement if appropriate, Safe365 as an occupational health and safety assessment and monitoring tool.
Objective 3	Promoting accessibility to as many people in the community as possible
	<ul style="list-style-type: none">• Audit major facilities within our network to establish the level of physical accessibility.• Review user fees and charges and ensure they are transparent, and changes communicated effectively to all users of the funded network and the wider community.• Continue to work with targeted communities and groups to identify opportunities to reduce barriers to encourage participation across diverse social and economic demographic communities.

Strategic Pillar 2	Customer Experiences
Objective 4	Better understand the needs of our customers and communities
	<ul style="list-style-type: none"> Collect user information across the network of facilities to build a profile of users at each site and use this information to drive the development of specific programmes and activities. Survey the wider community i.e. non-users of the facilities, to identify and understand opportunities available to BVL to provide new programmes or activities to increase utilisation and respond to community needs. Continue roll out of phased Digital Transformation Strategy to improve our understanding of our customers and recognise their interactions across all our facilities and services.
Objective 5	Deliver a diverse programme of activities, programmes, events and experiences to engage our communities
	<ul style="list-style-type: none"> Deliver programmes and activities whose content and price will cater for our diverse Tauranga communities including different life- stages and demographics to encourage participation. Review industry trends and seek out new opportunities to increase utilisation of facilities within the network.
Objective 6	Provide a high level of customer focussed service, communication and responsiveness to our customers
	<ul style="list-style-type: none"> Implement the digital customer sentiment tool (replacement for annual survey) to provide real-time monitoring of customer satisfaction and feedback.
Strategic Pillar 3	Building Strategic Partnerships and Relationships to achieve shared outcomes
Objective 7	Work in Partnership with Council to deliver shared outcomes for the community
	<ul style="list-style-type: none"> Actively participate in Tauranga City Council's City Futures Project. Actively participate in the creation of an Events Strategy for Tauranga City. Support Council with the implementation of the approved recommendations from the Strategic Review and the 2019 Pedersen review to working towards a Tauranga City Council Group and branding when promoting any activity, service or facility receiving council funding.
Objective 8	Strengthen and leverage our key strategic relationships to deliver shared outcomes for the community
	<ul style="list-style-type: none"> Build relationship between TCC executive and governance structures and BVL by meeting quarterly to set the scene for ongoing collaboration. Build relationship with mana whenua as the kaitiaki of the land upon which our community facilities are located.
Strategic Pillar 4	Enabling People
Objective 9	Attract great people to the right roles
	<ul style="list-style-type: none"> Review the Remuneration Strategy and continue to progress towards its full implementation.

Objective 10	Invest in enabling and retaining our people
<ul style="list-style-type: none"> Continue to invest in targeted training and development including capability and career pathway mapping. Develop and implement a suitable reward and recognition for high performance and behaviours that align with our values and culture. Continue investment in our systems and processes through the next phases of the Digital Transformation Strategy to provide the right tools to our staff to do their jobs effectively. Demonstrate a commitment towards measuring, developing and improving organisational culture and staff well-being. 	
Objective 11	Ensure our people are doing the right things to deliver our strategy
<ul style="list-style-type: none"> Undertake an organisational review to ensure we have the scale and capacity and have allocated our resources appropriately to deliver our strategic objectives. Develop a cultural awareness training programme for BVL staff to improve their knowledge and understanding of tikanga Maori. 	
Strategic Pillar 5	Planning and Funding future facilities
Objective 12	Proactively seek opportunities to contribute to planning for population and urban growth led by TCC
<ul style="list-style-type: none"> Work with Council to progress the Community Facilities Investment Plan through the LTP. 	
Objective 13	Investigate innovative funding models to support investment in our network
<ul style="list-style-type: none"> Investigate alternative organisation structures to successfully apply for external grant funding to progress programme and facility opportunities. Investigate options around a methodology to report on the empirical evidence on the social and environmental impact that BVL facilities and programmes have on the community. 	
Strategic Pillar 6	Ensure Sustainability
Objective 14	Ensure financial expectations are sustainable and balanced against community outcomes
<ul style="list-style-type: none"> Identify and prioritise opportunities to support/grow sustainable revenue streams without impacting on community outcomes. 	
Objective 15	Ensure that environmental sustainability is core to our business
<ul style="list-style-type: none"> Resource and support organisational wide initiatives to achieve KPIs around reduction in waste and achieving energy efficiencies aligning with Climate Change Response (Zero Carbon) Amendment Act 2019 legislation. 	
Strategic Pillar 7	Business Systems
Objective 16	Use technology to mitigate risk, improve customer service and enable staff to do their jobs more efficiently and professionally
<ul style="list-style-type: none"> Implement our Digital Transformation Strategy and FY22 Roadmap 	
Objective 17	Develop and review processes to mitigate business risk
<ul style="list-style-type: none"> Develop Crisis Management Plans aligned to top organisational risks. Commitment to continual improvement to business systems to mitigate organisational risks and create efficiencies. 	

5. Performance Measures

a. Balanced Scorecard

Activity	Target	Weighting
Health and Safety	Declining trend in facility related incidents measured from previous year.	10%
Asset Management Performance	Rated on zero major service disruptions > 4 hours due to asset maintenance or operational deficiencies	10%
Staff Engagement	Improve staff survey results over previous year as measured by average variance percentage across all key themes surveyed.	10%
Customer Satisfaction	85% of respondents in customer survey(s) are satisfied or higher with the overall customer experience received.	20%
Community Outputs	Provide 13 points of evidence required by TCC as per Schedule 3 (Attached).	20%
Financial Sustainability	Achieve Budgeted EBITDA	10%
	Non-funded network achieves positive result at NPBT (net profit before tax) level to help subsidise the funded network	10%
Strategic Plan Implementation Plan	85% of FY22 actions from strategic implementation plan (listed in section 4 as key areas of focus for the 2021/2022 year) are completed.	10%

b. Financial

As in previous years, the financial table will be provided once operational budgeting process has been completed in May 2021 prior to finalisation of Statement of Intent.

Bay Venues has provided at an executive briefing to Council on 23rd November 2020 budget information relating to the operating grant, capex and renewals through the LTP Submission.

c. Reporting

BVL is committed to considering Council's strategic priorities and objectives. BVL will endeavour to respond promptly and appropriately on issues raised by Council.

BVL will provide Council with the following information:

i. Statement of Intent (SOI)

Provide Council with a draft SOI by 1 March 2021 and a final SOI by 30 July 2021

ii. Annual Report

Provide an Annual Report to Council within two months after the end of the financial year. This will comply with section 68 of the Local Government Act 2002 and include the following:

- a. Board report including summary of the financial results, a report of the operations, a comparison of performance in relation to objectives and any recommendation as to dividend;
- b. Audited financial statements for the financial year in respect of the Company, and;
- c. The Auditor's report on:
 - i. Those financial statements; and
 - ii. The performance targets and other measures by which performance has been judged in relation to the objectives.
- d. The audited financial statements shall consist of:
 - i. Statement of Financial Position; and
 - ii. Statement of Comprehensive Income; and
 - iii. Statement of Movements in Equity; and
 - iv. Statement of Cashflows; and
 - v. Disclosure of Related Party Transactions; and
 - vi. Notes to the Financial Statements; and
 - vii. Such other statements as may be necessary to fairly reflect the financial position of the Company and its subsidiaries, the resources available to the Company and its subsidiaries and the financial results of the operations of the Company and its subsidiaries.

The annual report is to be presented in the format prescribed by TCC to enable consolidation into the Group.

iii. Half-Year Report

Within two months after the end of the first six months of each financial year, BVL will provide Council with a report of performance against the SOI including the following unaudited financial statements:

- a. Statement of Comprehensive Income;
- b. Statement of Financial Position;
- c. Report on non-financial KPI's year to date;
- d. A commentary on performance year to date;
- e. A commentary on expected performance for the next 6 months.

iv. Quarterly Meetings

The Board of BVL will meet with representatives of the TCC governance body quarterly in a confidential, informal workshop setting to discuss and review issues of common interest.

v. Half Yearly Governance to Governance Meeting

The Board of BVL will meet with the full Tauranga City Council Commission every six months in a confidential, informal session to discuss and review any issues of common interest.

vi. Half Yearly Commission Chair & CEO to Chair & CEO Meeting

The Commission Chair and CEO of TCC will meet with the BVL Chair and CEO every six months, three months before or after the Governance to Governance meeting, to discuss and review any issues of common interest.

vii. No Surprises

Notwithstanding the reporting requirements the Board will operate on a 'no' surprises' basis to ensure that TCC is appraised as soon as is practicable, of any event or the possibility of an adverse effect of an economic social or political nature.

6. The Board's Approach to the Governance of BVL

The Directors of BVL are responsible for the stewardship and future well-being of the organisation. Directors exercise leadership, enterprise, integrity and judgement in directing the organisation so as to provide assurance of its continuing and lasting prosperity and effectiveness.

In discharging their responsibilities, Directors have a duty to act in the best interest of BVL as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations. Directors' first duty and loyalty must be to the legal entity defined in the BVL Constitution consistent with 1.3.1 of the Companies Act.

More detailed obligations in relation to both the Directors obligations to BVL and TCC's obligations to BVL are outlined in the Enduring Statement of Expectations (ESE).

7. Board Performance Reviews

A Board led bi-annual review will be undertaken in February 2022 by an independent entity, with results reported to Council. This review will be conducted within the Institute of Directors (IoD) "Better Boards" programme providing comparative data to prior reviews by IoD.

The report will provide assessment on the Board's performance within:

- Chair and Individual Director effectiveness.
- Board policies and procedures/effectiveness.
- Overall Board effectiveness, dynamics and connectivity to Stakeholder and Community.

8. Ratio of Consolidated Funds

In November 2014 Council resolved that an appropriate starting debt equity ratio of 20:80 is appropriate for BVL but the ratio may change up to 25:75. This ratio is calculated as: Debt to Equity Ratio = Total Debt / Total Equity.

9. Estimate of Commercial Value

The Board estimate that the commercial value of the TCC's investment in BVL is represented by the net assets of BVL. This value is calculated from total assets less liabilities.

10. Accounting Policies & Other Compliance

Financial statements will be prepared in accordance with generally accepted accounting practice (GAAP), NZ International Financial Reporting Standards, Companies Act 1993, Local Government Act 2002 and Financial Reporting Act 1993.

11. Dividend Policy

Any retained surpluses over \$250,000 (nett after depreciation and interest) must be approved by Council unless otherwise agreed or prevented due to legal requirements.

Council may decide to reinvest part or all of the surplus into BVL if BVL establishes a compelling investment proposal and/or using such option to retire debt

In determining funds that are 'surplus', Council will consider the operating result against budget including the accounting surplus, the underlying cash surplus, and surpluses generated from particular activities.

12. Procedures for Acquisition of Other interests

Pursuant to the Constitution, BVL will only invest in the shares of a new or existing company or organisation with the prior approval of Council. Where the Board consider the size of the acquisition warrants it, they will have due diligence carried out prior to any binding agreement being made.

13. Other Matters Agreed as Between the Directorate and the Shareholders

BVL shall enter into where necessary, such agreements with TCC giving effect to any restrictions, requirements and obligations required by TCC.

14. Transactions between Related Parties

Transactions between TCC and BVL will be conducted on a commercial basis (fair and reasonable) and if appropriate contestable basis.

Other related party transactions will be on a commercial basis and in accordance with BVL's procurement policy.

15. Compensation from Local Authority

Compensation for any services provided to the Council has been agreed as per the revised Enduring Statement of Expectations and the Letter of Expectations.

Council provide BVL with an operating grant of \$2.887m, which increases annually with CPI. Council's operating grant to BVL helps deliver:

- Business related outputs, which apply across all facilities
- Community related outputs which apply only to the facilities and activities that are considered to have a community focus (the funded network).

The outputs expected of BVL are detailed in section 4 of the ESE.

In return for the operating grant, the Schedule of Outcomes and Outputs detailed in, schedule 3, provides further details of the actions and activities to be completed along with the evidence to be provided.

Schedule 1 – Ensuring Statement of Expectations



Enduring Statement of Expectations for Bay Venues Ltd

1. Introduction

This document applies to Bay Venues Ltd (BVL) as a council-controlled organisation (CCO) of Tauranga City Council (TCC). It is designed to help the BVL Board operate efficiently in its role and to clarify its responsibilities. It outlines the shareholder's enduring expectations of the BVL Board in relation to matters which are unlikely to change from year to year, such as the role and purpose of the Board, governance and funding principles.

This lead document is intended to complement the Letter of Expectation (LOE), which outlines specific annual expectations of BVL, and is reflected in the Statement of Intent (SOI).

It should be read with due consideration to all relevant TCC Policies and Plans, as well as all relevant legislation and amendments, including:

- [Companies Act 1993](#)
- [Local Government Act 2002](#), including [section 4](#) referring to the Treaty of Waitangi
- [Health and Safety at Work Act 2015](#)
- [Resource Management Act \(1991\)](#) and all relevant amendments.

The document will be updated periodically as processes, policies and shareholder's expectations change. It is available on Tauranga City Council's website.

2. Interpretation

Throughout this document, the term 'the Council' or 'Council' is intended to mean the governance body of Tauranga City Council. Council management and staff are specifically referenced where intended.

In the case of any doubt regarding the interpretation of any aspect of this document, BVL should consult with Council's CCO Manager in the first instance.

3. The purpose of BVL

3.1. BVL as a CCO

BVL was established as a CCO entity as per [Section 6\(1\) of the Local Government Act 2002](#) (LGA), with Tauranga City Council as 100% shareholder.

As a CCO, BVL is required to operate in a financially prudent manner and is intended to produce an operating surplus (adjusted for depreciation funding and renewals grants paid by TCC).

BVL's purpose as a whole is to provide a service to the community on behalf of Council rather than to operate a business for profit (which would make it a council-controlled trading organisation (CCTO)).

It is recognised that BVL as an organisation consists of numerous different facilities and activities, which have differing degrees of commercial and community focus.

It is expected that the operating surplus (adjusted for depreciation funding and renewals grants paid by TCC) generated by the more commercially focused activities in the BVL network will go some way towards offsetting the potential deficit generated by the community activities.

3.2. Purpose of BVL

BVL exists to care for and optimise community facilities to create value for Tauranga City and enhance the quality of life of its people, now and into the future.

Consistent with the [Funding Needs Analysis](#) for the Parks and Recreation activity in Council's Revenue and Financing Policy (*Appendix B*), the purpose of BVL is to provide, on behalf of Tauranga City Council, recreation amenities for the use and enjoyment of residents and visitors.

3.3. Strategic setting

Council is committed to enhancing community wellbeing and increasing the quality of life for Tauranga residents, in order to provide a higher standard of living for all.

BVL's strategic direction shall be set with due consideration to Council's aspirations and strategic drivers. Council's key strategic drivers are:

- Accessibility for all
- More people, more active, more often
- Community responsiveness and identity
- Customer engagement, and satisfaction
- Safe and well-maintained facilities
- Maintain levels of service
- Managing growth within existing facilities and provide input into TCC's strategies for managing city wide growth.

See schedule of outcomes in BVL's annual Letter of Expectations for further clarity on key outcomes.

4. Principles of the Enduring Statement of Expectations

4.1 Expected Outputs from BVL

Council's operating grant to BVL helps deliver:

- Business related outputs, which apply across all facilities
- Community related outputs which apply only to the facilities and activities that are considered to have a community focus.

Business Outputs	Community Outputs
Health and Safety	Ensuring accessibility for all
Asset management	Meeting community needs
Renewals	Maintaining levels of service
Providing a range of programmes and services	

The community outputs only apply to the Funded Facility Networks listed in Table 1 below, which include four 'Network Types' – Aquatics, Community Centres, Community Halls and Community Courts .

Table 1 – Funded and Non-Funded Facilities and Activities, as related to ESE principles

Business Outputs Apply	
Community Outputs Apply	
Funded Networks	Non-Funded Networks
Community Aquatic Network <ul style="list-style-type: none"> • Baywave pool • Greerton pool • Otumoetai pool • Memorial pool Community Centre Network <ul style="list-style-type: none"> • Arataki Community Centre • Papamoa Community Centre • Papamoa Sport and Recreation Centre Community Hall Network <ul style="list-style-type: none"> • Greerton Hall • Bethlehem Hall • Tauriko Hall • Welcome Bay Hall • Matua Hall • Waipuna Pavilion • Elizabeth Community Centre • The Cliff Road Building Community Indoor Sports Network <ul style="list-style-type: none"> • Queen Elizabeth Youth Centre (and Memorial Hall) • Mount Sports Centre • Merivale Action Centre • Aquinas Action Centre • ASB Arena - 6 court 	Aquatic Network <ul style="list-style-type: none"> • Mount Hotpools Programmes Network <ul style="list-style-type: none"> • BaySwim • BayKids OSCAR programmes • Sports Leagues and Centre Run Programmes • Little Splashes Childcare Indoor Sports Network <ul style="list-style-type: none"> • The UOW Adams Centre of High Performance • Baypark Arena - 3 Court • Clubfit Events Network <ul style="list-style-type: none"> • Baypark Arena Suites • Baypark Stadium, Lounge, Pavilions & Fields at Baypark • Bay Catering • Bay AV • Bay Events • BayStation

4.1.1 Council's expectations of BVL's community outputs

Maintaining and enhancing accessibility for all is the predominant strategic driver of the ESE and can be achieved through the two core deliverables described below:

(a) Maintaining and enhancing community access

BVL is expected to maintain and enhance community access and ensure awareness of, and the ability to be responsive to changing community needs. In order to contribute to a vibrant city BVL will provide accessible opportunities for our diverse population to participate in activities that; encourages them to be more physically active, fosters increased well-being and positive experiences, and promotes and encourages community cohesion and identity within our Community Facilities.

(b) Maintaining levels of service

BVL is expected to maintain the levels of service currently provided across the network of Facilities.

BVL is expected to achieve this by monitoring the following areas to ensure existing infrastructure is fit for purpose now and in the future:

- high levels of community and customer satisfaction,
- that all BVL facilities are safe, welcoming, and well looked after, and
- that the management of the facilities is conducted in line with best practice.

4.1.2 Council's expectations of BVL's business outputs

In general, BVL is expected to operate its business in an effective and efficient manner. This means:

- Providing key services which deliver value to the customer/ratepayer.
- Managing and investing in assets in a way that maintains and enhances them into the future.
- Operating in an entrepreneurial manner, i.e. results-focused, demonstrating proactive leadership and a preparedness to take sensible levels of risk relative to the nature of the entity).
- Operating in a manner which does not fiscally disadvantage the Council.
- Generating an ongoing decrease (when calculated on a per user basis) in the overall ratepayer contribution to the BVL funded network.
- Reporting to Council in a timely and transparent manner that ensures no surprises.

In addition to these general expectations, Council has more specific expectations of BVL in relation to the following business outputs:

(a) Health and Safety

- All facilities across both the funded and non-funded network are operated in a safe environment for all workers, contractors, visitors and users at all times.
- A health and safety management system is implemented that has effective processes to manage health and safety and maintain a high safety standard in the workplace.

(b) Asset management

- An effective Asset Management Plan (AMP) is in place to ensure that assets are managed and maintained to a high level.
- The AMP identifies effective process to ensure all repairs, maintenance and renewals are well planned and resourced appropriately and budgets are approved and adhered to.
- All Asset information is entered accurately and maintained in the Accela Asset Management System.
- All new major capital projects are completed on time and within budget.

(c) Programmes and services

- An appropriate and diverse range of activities, programmes, events and experiences is provided throughout the funded and non-funded network to respond to community needs.
- Programmes and activities are innovative, reflect local community needs, and respond to national and international trends in sport, recreation/leisure and aquatic industries.
- Programmes and activities cater for our diverse Tauranga communities including different life-stages and demographics to encourage participation.

(d) Planning for recreation and leisure facilities to cater for a growing City

- Council will provide opportunities for BVL to actively contribute their expertise and knowledge of the sport, recreation, leisure and aquatics industries in planning for population and urban growth led by TCC.

5. Relationship with Council

5.1. No surprises approach

BVL must be mindful that Council is accountable to a wider audience and that the affairs of BVL, positive and negative, can impact on Council. It is expected that BVL will keep Council advised of any issues that may generate public interest - this is referred to as the 'no surprises' approach.

A failure to keep Council informed on significant issues at appropriate times will be viewed as a governance failure.

Council expects BVL to:

- Present a unified front on issues that affect both Council and BVL. Where BVL and Council have divergent opinions on an issue, the expectation is that both parties will work together to find common ground before the issue enters the public arena.
- Be aware that the Council has interests that are wider than those of BVL.
- Be cognisant of wider Council policy issues as part of their decision-making.
- Be aware of the potential implications of BVL-specific issues on the Council and/or its balance sheet.
- Be cognisant of demand for accountability and transparency placed on councillors from residents and ratepayers of Tauranga.
- Ensure that Council is informed in a timely manner of any issue that may generate significant public interest, as it unfolds. Likewise, Council commits to ensuring issues relating to BVL are communicated with BVL staff and governance (as appropriate) in a timely manner and before issues enter the public arena.

5.2. Specific principles of good governance

The following principles are required for a strong governance relationship between Council and BVL:

- i. **Leadership** – Council is responsible for clearly and proactively setting strategic direction for the City and communicating how BVL is expected to give effect and contribute to these strategic aspirations via the Letter of Expectation and other mechanisms. While BVL should show leadership in their area of expertise, this must be consistent with Council expectations and obligations.
- ii. **Community focus** – BVL directors must ensure they behave in a manner that is consistent with having a community focus and require the same from their executives. This requires them to be cognisant that the facilities are ultimately owned by Council and to ensure opportunities are provided for facility users to engage with BVL.
- iii. **Empowerment** – BVL directors must be empowered to fulfil their statutory, constitutional, LOE and SOI responsibilities. If they are unnecessarily constrained, they cannot fulfil their obligations and are unable to ‘add value’.
- iv. **Compliance** – BVL directors must be aware of their duty to comply with legislative obligations, including but not limited to the Companies Act (1993), the Local Government Act (2002), the Health & Safety at Work Act (2015) and the Resource Management Act (1991) and all relevant amendments.
- v. **Accountability** – BVL directors are accountable for meeting the objectives of its shareholders (Council) as specified in the SOI, being a good employer, and exhibiting a sense of social and environmental responsibility. Their decision making must recognise and reflect that Council is held to account by the public for its use of ratepayer funding and for their stewardship of Council owned assets.
- vi. **Transparency** – Transparency requires a high level of visibility to ensure that funding has been used for intended public-good outcomes. This is particularly important for CCOs undertaking a mix of commercial and publicly funded activities.
- vii. **Trust** – Productive relationships also require a culture of cooperation and trust. The ‘no surprises’ approach is a critical part of this, and ensures that BVL and the Council keep each other informed before matters are in the public arena.

5.3. Reporting and communication obligations

Engagement with Council means more than regular reporting – it means two-way dialogue and a commitment to considering Council’s strategic priorities and objectives and responding promptly and appropriately on issues raised by Council.

Council’s expectations around regular reporting include:

- Quarterly governance meetings between the BVL Board and Council to assess progress against financial and non-financial targets.
- Regular meetings with operational management/staff at least quarterly.
- Other meetings as required to meet financial and non-financial reporting obligations under the Local Government Act, Securities Act and any other relevant legislation or regulation.
- Other meetings as required to ensure the ‘no surprises’ approach is effective.

6. Roles and responsibilities

6.1. Role of the Council

The role of the Council as shareholder is to set expectations and monitor the performance of its CCOs under the relevant legislation. Performance is monitored against the SOI and Long Term Plan (LTP) measures and targets.

However, the Council has further obligations to ensure the prudent and transparent use of public money and the protection of public assets managed and/or owned by BVL. These obligations can require a level of scrutiny beyond a relatively high-level SOI and retrospective performance monitoring.

In practice, Council’s responsibilities include:

- Appointing and removing BVL directors (including chair and deputy chair).
- Approving the medium to long-term strategic direction for BVL.
- Developing the short-term annual priorities through the LOE.
- Commenting on the content of draft SOIs to ensure Council’s expectations are reflected
- Approving the SOI.
- Receiving half-yearly and annual reports.
- Monitoring Board performance and taking remedial steps when necessary.
- Developing and communicating the Council’s strategies and plans.
- Consulting with the BVL Board as issues arise.
- Making decisions as shareholder.
- Ensuring collaborative and transparent working relationships with BVL.
- Ensuring the prudent use of public money.
- Protecting public assets managed and owned by BVL.
- Setting policy relating to BVL governance.
- Ensuring BVL does not make decisions that could have significant adverse implications for future Council funding.

6.2 Role of the BVL Board

Under the LGA 2002, the role of a director of a CCO is to assist the organisation to meet its objectives and any other requirements in its SOI. The principal objectives of a CCO are also specified in the Act. These are to achieve the objectives of its shareholders as specified in the SOI, to be a good employer, and to exhibit a sense of social and environmental responsibility.

In practice, the Board's responsibilities include:

- Ensuring the SOI reflects Council's expectations and obligations.
- Providing Council with a draft SOI by 1 March and the final SOI by 30 June each year.
- Providing a half-yearly report to Council within two months of first half of the financial year.
- Providing an audited Annual Report to Council within three months of the end of the financial year.
- Ensuring the Annual Report is made available to the public on the BVL website, with a hard copy available to any member of the public upon request.
- Acting in accordance with the BVL constitution.
- Complying with the Companies Act obligations, including acting with honesty, good faith and in the best interests of the company, and exercising care, diligence and skill.
- Managing risk and keeping Council informed of significant risks and the approach to managing them.
- Preparing business cases for the acquisition of, change to, or de-acquisition of, an asset.
- Preparing business cases for any new initiative or project, or for changes to levels of service.
- Providing robust business cases to Council including, where appropriate, rigorous independent analysis and expert advice.
- Ensuring Council is provided with all necessary information in a timely manner to ensure Council planning processes can be completed.
- Oversight of BVL's operations.
- Appointment, evaluation and if necessary employment or termination of its CEO.
- Ensuring BVL acts as a good employer.
- Ensuring BVL exhibits a sense of social and environmental responsibility.
- Ensuring compliance with all Health and Safety legislative requirements, including the Companies Act (1993), the Local Government Act (2002), the Health & Safety at Work Act (2015) and the Resource Management Act (1991) and all relevant amendments.
- Preparation and 3 yearly updating of Asset Management Plans and ensuring that this process includes peer review by Council staff.
- Ensuring directors' expenditure reflects the prudent and transparent management of public funds.

7. Decision making guidelines

Clear allocation of responsibility for decision-making was one of the motivations for creating the original Enduring Statement of Expectations and continues to be important.

Table 2 provides some high level guidance. Decisions in the top part of the table are clearly Council decisions, although BVL input or advice may be appropriate. Decisions in the bottom part of the table are clearly business decisions made by BVL, although the 'no surprises' approach applies as these can affect Council policy, or have political implications for Council.

Good communication and a culture of trust should minimise issues arising with these types of decisions. As Council adopts various plans and strategies, it should consider the implications of these for BVL.

Responsibility for decisions in the middle shaded area can be more contentious. The funding section of this guide deals with the first two of these, i.e. who makes decisions about undertaking new projects and under what circumstances should BVL be able to reprioritise their use of funding.

One type of decision with the potential to cause debate is non-commercial pricing decisions. For example, entry prices for many community facilities are publicly subsidised. The level of funding provided to BVL reflects the Council's expectation about prices.

Pricing changes for services involving public subsidy must be negotiated with Council as part of the annual funding negotiations and Council shall retain the right to approve the final decision.

Table 2: Decision making guidelines

Type of Decision	Council or BVL Board
Sale of community assets of significant value	Council decisions - Board provides advice and input
Determining BVL's contribution to Council's strategic outcomes	
Major transactions/decisions by BVL requiring shareholder approval (triggered by Council's Significance & Engagement Policy – see point 8 for more details)	
Level of funding provided to BVL	
Business decisions not consistent with Council policy	
More than minor reductions in Levels of Service	
New projects by BVL	Board initiates but requires Council approval after consideration of investment proposal if over funding reallocation thresholds (see funding section)
Re-allocation of funding	Board decision within funding reallocation thresholds (see funding section) Council decision outside of funding reallocation thresholds
Minor ¹ reductions to Levels of Service and increases to Levels of Service	Board decision within funding thresholds (see funding section) however Board must give Council at least one month notice of LOS change prior to public awareness of the LOS change. Council decision outside of funding thresholds
Pricing decisions related to the funded network.	Board decision if proposed fee increase is less than or equal to CPI Council decision if proposed fee increase is greater than CPI
Organisational strategy (giving effect to Council strategy)	Board decision subject to funding provided by Council
Approving Asset Management Plans	AMPs must fulfil Council requirements and may be subject to independent review
Development and implementation of Risk Management strategy	Board/management decision but level of risk regarding ratepayer funding is set by Council
Operational and business decisions consistent with Council policy including detailed business plans for capital projects and implementation of funded programmes.	Board/management decision but keep Council informed under 'no surprises' approach.
Pricing decisions related to the non-funded network.	Board/management decision

¹ In this context 'minor' means short term and affecting a small number of the public.

Finally, the BVL SOI should contain a set of criteria to guide the Board as to the types of decisions that may require shareholder approval. These criteria are to be based on the Council's Significance & Engagement Policy and the guidance contained in this document.

The intent of this alignment is to ensure that decisions considered 'significant' by Council, potentially requiring public consultation, cannot be made by a CCO with a lesser degree of rigour. However, these criteria more properly define decisions requiring shareholder engagement, not necessarily shareholder approval. Council's *Significance & Engagement Policy* is attached as Appendix A.

8. Funding and financing expectations

CCOs are accountable to the Council for the financial governance of their operation in accordance with legislative requirements, SOIs, the broader governance and monitoring requirements outlined in this document, and the specific principles detailed below.

8.1. General funding principles

Council's Revenue and Financing Policy sets out the key funding principles, including accessibility, affordability and benefit to the user. The rationale being that user fees and charges are set at an appropriate level to promote the sustainable use of facilities, as well as provide access to a diverse range of events and recreational experiences for residents and economic benefits from visitors.

There are four high level funding principles:

1. As a general principle, BVL should look to provide limitations on user charging within the funded facility network, where appropriate, within the guidelines of the Revenue and Financing Policy.
2. The role of Council is to specify the overall mix and level of services to the community, ideally consistent with Council strategy, and to hold BVL accountable for the use of funding from all sources.
3. The BVL Board must be empowered with sufficient flexibility to determine the best use and allocation of funding to meet required levels of service to the community and visitors.
4. BVL is expected to meet the approved annual budget.

8.2. Approach to Funding

BVL receives the following funding from Council:

- i. Operating Grant
- ii. Renewals funding
- iii. New capital funding
- iv. Loan interest funding

i. Operating Grant

Council provides an operating grant to BVL for the purpose of maintaining accessibility and levels of service throughout the funded facility network identified in Table 1, which includes community aquatics network, community indoor sports network, community halls network and community centres network.

The operating grant is set through the LTP process and is applied to the Funded Facility Network only. It is not able to be applied to the Non-Funded Network.

Within the Funded Facility Network, the distribution of operating grant is based on each network's share of the total cost of operating the funded Facility Network. The distribution is calculated as a rolling three year average and updated annually when BVL creates its budgets for the coming year.

Outside of the annual budget setting process there is no ability or requirement for BVL to alter the distribution of the operating grant within the Funded Facility network.

ii. Renewals Grant

Council provides a renewals grant to BVL for the purpose of replacing assets as required. Renewals are funded out of the Council-held depreciation fund into which BVL contributes.

The renewals grant is set through the LTP process and is based on BVL's Asset Management Plan, which is approved by Council. Renewals funding is provided on a per facility basis.

BVL has the following discretion to transfer renewals funding within and between facilities without Council approval, subject to remaining within the total renewal budget for the organisation:

- Within a facility – Up to \$200,000
- Between facilities – Up to \$100,000

iii. New Capital Funding

Projects over \$200,000

Council funding for new projects over \$200,000 is to be assessed on a case by case basis. Funding of new projects over \$200,000, not included in an approved Asset Management Plan, the Long Term Plan (LTP) or the Annual Plan (AP), must be approved by Council following the submission of a detailed business case, which will be subject to prior peer review by Council staff. This requirement applies regardless of the source of funding for the project.

For clarity, the general expectation for new capital projects is that they will need to generate sufficient additional revenue to cover interest costs and depreciation, as well as all other project costs. Council may elect to provide debt funding for community projects if it is in the ratepayer interest to do so.

Projects under \$200,000

Funding of new capital projects under \$200,000 will not require Council approval subject to:

- i) BVL ensuring that an appropriate debt to equity ratio is maintained; and
- ii) BVL adhering to their internal policies and delegations for approval of capital expenditure.

There is no requirement for BVL to transfer capital funding between facilities. Any new capital requests need to be made and approved on an individual basis.

BVL have the ability to deviate from their LTP approved capex and renewals budget, as long as it is under the agreed threshold, the agreed debt to equity ratio is maintained and BVL has adhered to internal policies and delegations for capex approval. Although a report to Council is not required in this instance, the changes would need to be updated with TCC's Finance team during the AP/LTP process within the planning timeframes to enable them to go to Council as part of the overall changes in capital expenditure. Once the AP/LTP is set, further changes to the budgets cannot be made until the next planning round.

iv. Loan Interest Funding

Funding of interest will be based on the level of debt agreed with Council in November 2014. This funding level is only to be changed based on:

- i. Changes in interest rates on the initial debt
- ii. Any new projects where Council agrees a ratepayer funded debt contribution is appropriate.

8.3. Optimal capital structure

Council has identified the capital structure for BVL, to ensure that the agreed debt revenue ratio is maintained. It is the responsibility of BVL to maintain prudent levels of debt, consistent with the wider Council debt management policy. The capital structure should be reviewed regularly, but definitely as part of the Long Term Plan process.

8.4. Depreciation

Any funds collected for the purposes of replacement of BVL assets will be retained by Council. Asset replacements (renewals) will be funded by direct grants to BVL from the funds collected for this purpose and will be based on an agreed renewal profile contained within an approved Asset Management Plan.

8.5. Treatment of surpluses

All net surpluses (after depreciation and debt servicing costs) of over \$250,000 must be returned to Council unless otherwise agreed or prevented due to legal requirements. Decisions on the return of surpluses under \$250,000 will be made by Council in discussion with the BVL Board.

Council may decide to apply the surplus to reduce BVL's loan with Council, or may reinvest part or all of the surplus into BVL if BVL establishes a compelling investment proposal.

8.6. Borrowing

Council undertakes borrowing on behalf of BVL so as to deliver the lowest cost of borrowing to the Council. All treasury activities including cash flow management, borrowing and lending are centralised so as to reduce costs and minimise operational and market related risk across Council. BVL will obtain Council approval before making any external borrowing arrangements.

8.7 Partnering solutions / Joint ventures

BVL should only seek partnering solutions that allow it to retain substantive control over its assets and which have the principal purpose of furthering the objectives of both BVL and Council. In general, Council will not support partnering solutions or joint ventures that result in Council or BVL owned assets and capabilities being transferred or diluted.

This concern about dilution of control also extends to financial and budgetary controls and taxation issues that might arise as a result of a joint venture. Council expects that any joint ventures entered into by BVL would be subject to at least the same level of financial budgeting and monitoring control as that which applies to BVL and would require Council approval.

Joint Ventures and Partnering Solutions that do not involve either the dilution of assets or the commitment of Council do not require Council approval, although it is expected that BVL inform Council under the 'no surprises' policy.

9. External relationship expectations

9.1. Branding expectations

Council expects BVL to actively seek opportunities to utilise the Tauranga City Council brand in relation to the funded network and use the brand in accordance with the current brand guidelines.

9.2. Submissions to external agencies

Council is frequently called upon to make written submissions in response to discussion papers, proposals for legislative change or policy reviews released by external agencies. Council staff are expected to include BVL staff in submission development where that submission deals with a matter of relevance to BVL. This will ensure that where it is appropriate BVL will have a role in developing Council submissions.

BVL must discuss with Council any submission they intend to make. Council can then determine whether the submission relates to an issue that it has an interest in, and if necessary, a joint submission can then be developed. Such discussions should be with the relevant Council staff.

BVL should inform the Council of particular activities they will be undertaking that will require engagement with central Government.

10. Board governance

10.1 Provision of official information

BVL is subject to parts 1 to 6 of the Local Government Official Information and Meetings Act 1987. In handling requests made under this Act, BVL is expected to respect the underlying principles, and comply fully with the Act in terms of making information available to the public within the stated deadlines unless there is good reason for withholding information.

10.2 Board professional development training

BVL will provide its directors with appropriate level of professional development training. The training should incorporate governance for new directors without this experience and refresher courses for more experienced directors.

10.3 Board induction process

BVL will provide a Board Induction Process for new directors which will incorporate a Council-led component.

10.4 Generic policy

BVL is required to give effect to other generic policy such as Council's Significance & Engagement Policy and the Appointment of Directors to Council Organisations Policy.

10.5 Board performance review

Board performance reviews will be undertaken every two years, alternating between a Board-led review and a Council-led review.

Board-led reviews are to be undertaken by an independent consultant, with results reported to the Council and must include at a minimum:

- Individual director performance
- Performance of the chair and deputy chair
- Review of Board policies and procedures

- Board effectiveness and dynamics.

Council-led reviews to include:

- An assessment of Board composition and skills
- Board effectiveness and responsiveness to shareholder expectations
- Any specific issues that have been identified by the Board or the Council as needed
- Individual director performance if decided necessary to inform appointments.

This approach does not constrain either the Council or Boards from undertaking additional reviews outside of the proposed scope or timing. The Council may decide to include individual director performance in the shareholder-led review if it considers this necessary for the purposes of director re/appointments.

10.6 Board membership

The following matters are outlined in the Tauranga City Council Policy entitled *Appointment of Directors to Council Organisations* adopted 22 May 2018, attached as Appendix B.

- The Role of a Council Controlled Organisation Board members
- Skills, knowledge and experience required of Board members
- Eligible candidates
- Disclosure of interests
- Appointment process
- Remuneration
- Code of conduct

11 Appendices

- A. [Council Policy - Significance & Engagement](#)
- B. [Council Policy – Revenue and Financing Policy](#)
- C. [Council Policy - Appointment of Directors to Council Organisations](#)

Schedule 2 – Annual Letter of Expectations FY22

14 December 2020



Michael Smith
Chairperson
Bay Venues Limited
PO Box 10250
Mount Maunganui 3152

Via email: michael.smith@hobec.co.nz

Dear Michael

Letter of Expectation from Tauranga City Council to Bay Venues Limited for 2021-2022

This letter of expectation is intended to provide strategic direction and key areas of focus to inform the development of Bay Venues Limited's (BVL) Statement of Intent (SOI) for 2021-2024. This letter has been informed by discussions with councillors and staff, setting out general expectations and key strategic expectations for BVL.

Council's partnerships with its CCOs help us successfully deliver our community outcomes, which have been recently updated during development of Tauranga City Council's Long-Term Plan 2021 – 2031. Our new community outcomes are:

- **We value and protect our environment** – Tauranga is a city that values our natural environment and outdoor lifestyle, and actively works to protect and enhance it
- **We have a well-planned city** – Tauranga is a city that is well planned with a variety of successful and thriving compact centres and resilient infrastructure
- **We can move around our city easily** – Tauranga is a well-connected city, easy to move around in and with a range of sustainable transport choices
- **We support business and education** – Tauranga is a city that attracts and supports a range of business and education opportunities, creating jobs and a skilled workforce
- **We are inclusive, and value our culture and diversity** – Tauranga is a city that recognises and values culture and diversity, and where people of all ages and backgrounds are included, feel safe, connected and healthy.

Principles and City Future Project

We are committed to making a difference to people in our community through what we do as a council, and how we do it. Council has developed five principles that are about how we do things as a council, and we would like to see the CCOs operating consistently with these principles.

- We deliver value for our communities through prudent financial management, ensuring we plan and provide affordable fit-for-purpose services.
- Sustainability and resilience underpin our decision making and service delivery, protecting the future of our city.

- We work in partnership with Tangata Whenua, our communities, sub-regional stakeholders and central government.
- We manage the balance between social, economic, cultural and environmental wellbeing of our communities.
- We listen to our communities and make transparent, evidence-based decisions.

Council is also facilitating the City Future Project (previously referred to as the Strategic Framework Project or the City Vision Project). This is a multi-agency project which will develop a strategic framework for Tauranga City that clearly outlines:

- the issues/challenges and opportunities that the city faces (current and future);
- a vision of where we want to be, including a set of community outcomes;
- key actions to achieve the vision with lead agencies identified; and
- measures for success.

BVL has already been involved in City Future Project workshops and we hope you will continue to contribute to this project and be part of its implementation.

Specific areas of focus

We look forward to working with you over the next few months to put in place a fit-for-purpose governance structure, as a result of the recommendations coming out of the McGredy Winder strategic review of BVL.

Further to the recommendations of the recent Pedersen review of Council's CCOs, we also look forward to working with you on incorporating the concept of the 'Tauranga City Council Group' and its common desired community outcomes as an overarching principle of accountability documents, and interactions between the respective organisations. This includes a requirement to use the TCC logo alongside the BVL brand when promoting any activity, service or facility receiving council funding.

We look forward to working together on the development of a CCO template to use when drafting the SOI, as well as a set of common key performance measures.

As per the Pedersen review, we ask that the council and CCOs have common values and expectations of staff and management behaviour that collectively sets the tone for the broader culture of all council organisations and that these be incorporated into the accountability documents. It is also expected that the council and BVL executive teams meet periodically to set the scene for collaboration between the respective organisations.

Statement of Intent

Council expects that the strategic priorities contained in this Letter of Expectation will be reflected in BVL's Statement of Intent (SOI) and supported by key performance indicators (KPIs) where appropriate. Council looks forward to receiving your draft SOI by 1 March 2021.

We would like to take this opportunity to re-iterate the purpose of the SOI:

- a) state publicly the activities and intention of a CCO for the year and the objective to which those activities will contribute;
- b) provide an opportunity for shareholders to influence the direction of the organisation; and
- c) provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

Long Term Plan 2021 – 2031

The next Long-term Plan (LTP) will take effect from 1 July 2021 and as one of the main strategic documents for Council, the planning process has already begun. We appreciate BVL's participation in the process to date and expect this collaborative approach will continue.

Thank you again for your contribution to this process. We look forward to working together in 2021 and beyond.

Yours sincerely



Tina Salisbury
Acting Mayor of Tauranga

Cc: Justine Brennan, Interim Chief Executive – Bay Venues Limited -
Justine.Brennan@bayvenues.co.nz

Schedule 3 – Schedule of Outcomes and Outputs

	Outcome: What we want to achieve	Outputs: What actions or activities need to be completed.	Evidence to be provided to TCC.
Community Access	<p>A wide range of diverse activities, programmes, events and experiences are available to our community, and visitors to the city, to be able to participate in and / or be entertained by.</p> <p>Utilisation across the funded network increases annually by a minimum of 5%.</p> <p>There is an appropriate balance between community group activities, commercial bookings and events.</p>	<ul style="list-style-type: none"> • Continue to work alongside existing user groups and key organisations to support growth and sustainability in their activities. • Proactively work with new user groups to identify and deliver programmes and activities that are innovative, reflect local community needs, and respond to national and international sport, recreation and aquatic industry trends. • Deliver programmes and activities whose content and price will cater for our diverse Tauranga communities including different life-stages and demographics to encourage participation. • Collect user information across the network of facilities to build a profile of users at each site and use this information to drive the development of specific programmes and activities. • Survey the wider community i.e. non users of the facilities, to identify and understand opportunities available to BVL to provide new programmes or activities to increase utilisation and respond to community needs. • Keep abreast of industry trends and seek out new opportunities to increase utilisation of facilities within the network 	<ol style="list-style-type: none"> 1. A breakdown for both hours booked and visits, for the funded network and an overview of regular user groups for each facility. 2. A list of programmes and activities delivered across each network type. 3. A list of significant tournaments and events across each network type. 4. Evidence of a new programme or activity delivered and/or extra support given to a community or group as a result of information collected. 5. Summary of information collected by surveys completed.

	An appropriate fee structure in place that supports community accessibility for all community activities within the network.	<ul style="list-style-type: none"> • Ensure all user fees and charges are transparent and any changes communicated effectively to all users of the facility network and the wider community. • Work with targeted communities or groups to identify strategies to reduce barriers to encourage participation. • Ensure user fees are reviewed as per the ESE. 	6. Evidence that prices within the funded network are not increased by more than CPI without Council approval.
Level of Service	Customers experience a high-level of customer focused service, communication and responsiveness	<ul style="list-style-type: none"> • Provide a transparent user-friendly process to collect ongoing user feedback for compliments, complaints, suggestions and programme evaluations. • Maintain an accurate record of all feedback received and respond to all customer and/or community concerns within 5 working days – or within 48 hours if significant. • Conduct an annual survey to monitor customer satisfaction in the areas of customer service, quality of programmes, facility provision and equipment across the whole network of facilities. 85% of survey participants are satisfied. • Facilitate and encourage ongoing open dialogue and information sharing with existing user groups and potential new user groups. • Minimise the impact of closures and outages due to asset maintenance or operation efficiencies with proactive facility maintenance and monitoring. 	<p>7. Summary of feedback received and a record of any changes made to respond or act upon the feedback received.</p> <p>8. Results of the annual customer survey.</p> <p>9. Summary of the discussion and outcomes of User Group Forums.</p> <p>10. The total number of service disruptions, greater than 4 hours, relating to staff or asset performance that directly impacted levels of service.</p>
	All facilities are operated in a safe environment.	<ul style="list-style-type: none"> • Ensure all facilities across the network operate in a safe environment for all workers, contractors, 	11. Information is provided on any notifiable events or any significant issues or concerns which arise due

		<p>visitors and users at all times.</p> <ul style="list-style-type: none"> • Implement and carry out an ongoing review of a safety management system that has effective processes to manage health and safety and maintain a high safety standard in the workplace. 	<p>to a fault in the facility or operations, and any remedial action taken.</p> <p>12. There is evidence of ongoing continual improvement.</p>
	<p>An effective asset management plan is in place to ensure that assets are managed and maintained to a high level.</p>	<ul style="list-style-type: none"> • Ensure the AMP identifies effective process to ensure all repairs, maintenance and renewals are well planned and resourced appropriately and budgets are adhered to. • Ensure all Asset information is entered accurately and maintained in the Accela Asset Management System. 	<p>13. Summary of the asset management data is provided.</p>