



AGENDA

Late Reports

Ordinary Council meeting

Monday, 13 December 2021

Date: Monday, 13 December 2021

Time: to start at the conclusion of the Strategy,
Finance & Risk Committee meeting

Location: Tauranga City Council
Council Chambers
91 Willow Street
Tauranga

Please note that this meeting will be livestreamed and the recording will be publicly available on Tauranga City Council's website: www.tauranga.govt.nz.

Marty Grenfell
Chief Executive

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11 BUSINESS

11.6 Letters of Expectation 2022-2023 for Council-Controlled Organisations

File Number: A13024278

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Anne Blakeway, Manager: Community Partnerships

Authoriser: Gareth Wallis, General Manager: Community Services

PURPOSE OF THE REPORT

1. The purpose of this report is to confirm the Letters of Expectation for 2022-2023 from Tauranga City Council to three of its council-controlled organisations. The purpose is also to receive a request from Tourism Bay of Plenty to approve an amendment to their Statement of Intent for 2021-2024.

RECOMMENDATIONS

That the Council:

- (a) Receives the Letters of Expectation 2022-2023 for Council-Controlled Organisations report.
- (b) Approves the Letter of Expectation from Tauranga City Council to Bay Venues Limited (Attachment 1).
- (c) Approves the Letter of Expectation from Tauranga City Council to Tauranga Art Gallery Trust (Attachment 3).
- (d) Approves the Letter of Expectation from Tauranga City Council to Tourism Bay of Plenty (Attachment 4), noting that approval of the Western Bay of Plenty District Council as joint shareholder will be sought at their Council meeting on 16 December 2021.
- (e) Approves the Statement of Intent template for all three council-controlled organisations (Attachment 5).
- (f) Approves the amendment to Tourism Bay of Plenty's Statement of Intent for 2021-2024.

EXECUTIVE SUMMARY

2. Letters of Expectation for three of Tauranga City Council's (TCC) five council-controlled organisations, Bay Venues Limited (BVL), Tauranga Art Gallery Trust (TAGT) and Tourism Bay of Plenty are attached for Council's approval.
3. These provide guidance to the council-controlled organisations on what Council expects to see in their 2022-2025 Statements of Intent.
4. Tourism Bay of Plenty (TBOP) has requested Council approval an amendment to their Statement of Intent for 2021-2024, removing the performance measure for TBOP to support Council to explore alternative funding mechanisms. Staff support this request for the reasons outlined in paragraphs 23 to 29 below.

BACKGROUND

Legislative requirements for council-controlled organisations

5. Part 5 of the Local Government Act 2002 sets out the statutory regime for council-controlled organisations. The key components are:

- appointment of directors/trustees
 - consideration of the draft statement of intent and providing comment
 - regularly monitoring council-controlled organisation's performance
 - including the council-controlled organisation's objectives and performance in the council's long-term plan, annual plan and annual report.
6. Under the Local Government Act legislative framework, Council has minimal opportunity for input into a council-controlled organisation's planning for the following year, until the draft Statement of Intent has been completed and submitted to Council, at which point Council has two months to respond.
 7. A number of councils take a more proactive approach, working collaboratively with their council-controlled organisations and providing them with clear guidance at the early stages of the annual planning process. This helps to ensure that the council-controlled organisation's objectives and strategies are aligned with the councils and is particularly important when council-controlled organisations deliver significant services on its behalf.
 8. Since 2014, TCC has worked with its council-controlled organisations to set clear expectations and to develop expectation documents, in particular the over-arching Enduring Statement of Expectations and the annual Letter of Expectations. The Letter of Expectations outlines key areas of focus for the council-controlled organisations for the following year, usually linked to strategic priorities for the city.
 9. This process has been focused for those council-controlled organisations that TCC has significant control over; BVL, TAGT and TBOP (joint shareholder with Western Bay of Plenty District Council). An Office of the Auditor General Report in 2015 cited this process as an example of best practice when dealing with and managing council-controlled organisations.
 10. The key characteristics of the Enduring Statement of Expectations, Letter of Expectations and Statements of Intent are provided in Attachment 6 for reference.

Letters of Expectation for 2021-2022

11. Letters of Expectation for each of the three main council-controlled organisations have been developed in consultation with staff. These have been socialised with the Commissioners and the council-controlled organisations and are provided as attachments to this report.
12. The Review of Strategic and Operational Alignment of TCC with its council-controlled organisations (Pedersen, February 2020) recommended that:

"Pending the development of new strategies, and to the extent that is possible, annual letters of expectation of the council-controlled organisations specify desired outcomes rather than outputs or tasks."
13. Given that the City Vision and TCC's own strategic direction is still under development, this year's Letters of Expectation have a focus on Council's recently refreshed community outcomes that are relevant to the areas of service that the council-controlled organisations deliver on behalf of council, being arts and culture, tourism, recreation, sport and events.
14. For BVL, there is a specific request for a continuation of the Board's commitment to implementing all of the recommendations of the recent McGredy Winder Strategic Review, as set out in a previous letter to the BVL Chair on 29 April 2021 (Attachment 2.)
15. This year's Letters of Expectation also make reference to Council's six guiding principles, but in particular prudent financial management, working in partnership with tangata whenua, managing the balance between social economic, cultural and environmental wellbeing of our communities, and transparency of decision-making.
16. In addition, there is a specific requirement of our council-controlled organisations to identify opportunities to deliver operational efficiencies through shared service delivery models with Council and a request that Boards work towards greater public oversight.

17. The Pedersen Review (2020) recommended:
"That the concept of the Council and its council-controlled organisations being part of a 'TCC Group' that has common desired community outcomes, be the overarching principle of accountability documents and interactions between the respective organisations."
18. There is an expectation that our council-controlled organisations work with us on the development of a Tauranga city brand, as well as the implementation of our city events strategy. In the meantime, we expect that all council-controlled organisations actively seek opportunities to utilise the Tauranga City Council logo and to promote them as the main contributor to operating costs.
19. We have also included a Statement of Intent template (Attachment 5) with this year's Letters of Expectations to provide clearer guidance to our council-controlled organisations and ensure greater group consistency.
20. In addition, the Pedersen Review suggested that:
"The culture and values expected by the Council to be observed by its staff also guide how the staff of the council-controlled organisations are expected to work with the Council and for the community and be incorporated into the accountability documents."
21. TCC's values have therefore been included into the Letters of Expectations for the council-controlled organisations to incorporate into their statements of intent.
22. Council expects that the strategic priorities contained in these Letters of Expectation will be reflected by the Boards of our council-controlled organisations in their Statements of Intent. These should be supported by a realistic number of performance indicators measures where appropriate, which should help tell the story of the value back to Council and the community.

Amendment to Tourism Bay of Plenty's Statement of Intent for 2021-2024

23. Following the presentation of their Annual Report to Council on 4 October, and a subsequent discussion with the Commissioners at TBOP's 'Governance-to-Governance' meeting on 18 October 2021, TBOP have requested approval from Council to remove the following performance measure from page 17 of their [Final Statement of Intent 2021-2024](#):
"Support Councils to explore alternative funding mechanisms."
24. This performance measure came about following a request from Council provided through feedback to TBOP's draft Statement of Intent in April 2019.
25. Staff are of the view that this performance measure is now complete and support removing it from TBOP's Statement of Intent for the reasons outlined in paragraphs 22 to 25 below.
26. In the [Local Government Funding and Financing – Response to Productivity Commission Draft Report](#) (DC257) that went to the Policy Committee on 20 August 2019, staff explored the Commission's proposal that Government should legislate to allow councils in tourist centres to implement accommodation levies and that councils should explore opportunities for greater use of beneficiary or user pays models for tourism.
27. The staff recommendation at the time was to support this position, noting that it may not be of significant benefit in Tauranga. It was suggested that these issues *"can be further considered as part of the 2021-31 Long-term Plan should the next Council wish to do so."*
28. Following an initial assessment by staff in August 2019 of the extent to which the 'beneficiary pays' in relation to tourism funding, it was found that:
"Funding Tourism Bay of Plenty predominantly through the Economic Development rate was largely a 'well-allocated' and efficient way to fund the majority of their costs. The additional costs of their new Destination Management approach are funded from airport revenues, which brings in a user-pays component. They also receive revenues from cruise ship tour operators and tourism experience providers."

29. And that:

“Initial analysis of an accommodation levy suggested that projected revenues would potentially not warrant the administrative burden and that it may have unintended impacts on the visitor economy and the housing market. Options for charging cruise ships more directly have also been given initial consideration.”

STRATEGIC / STATUTORY CONTEXT

30. While not a legislative requirement under the Local Government Act (2002), when combined with the Enduring Statement of Expectations, the Letter of Expectation is a key document that Council provides clear guidance to its council-controlled organisations.
31. The Letters of Expectation help ensure that the council-controlled organisation's objectives and strategies are aligned with Council's, by providing key areas of focus that Council expects to see reflected in their Statements of Intent.

OPTIONS ANALYSIS

Option 1: Approve the Letters of Expectation – RECOMMENDED.

32. Council approves the Letters of Expectation for the council-controlled organisations.

Advantages	Disadvantages
<ul style="list-style-type: none"> Council-controlled organisations are part of the TCC group and are expected to operate in ways which contribute to the success of the group as a whole. The community outcomes that are delivered by services provided from the council-controlled organisations assist Council to achieve the community outcomes and four well-beings prioritised through the Long-term Plan. 	<ul style="list-style-type: none"> Nil

Option 2: Do not approve the Letters of Expectation – NOT RECOMMENDED.

33. Council does not approve the Letters of Expectation for the council-controlled organisations.

Advantages	Disadvantages
<ul style="list-style-type: none"> Nil 	<ul style="list-style-type: none"> Council may not be able to achieve its long-term plan community outcomes. Lack of strategic direction, leading to a potential negative impact on Council's relationship with its council-controlled organisations, who have undergone significant improvement through greater collaboration this year.

FINANCIAL CONSIDERATIONS

34. There are no financial considerations.

LEGAL IMPLICATIONS / RISKS

35. There are no legal implications or risks.

CONSULTATION / ENGAGEMENT

36. Community consultation or engagement is not required or appropriate for this matter.

SIGNIFICANCE

37. Under TCC's [Significance and Engagement Policy](#), this decision is of low significance as it is consistent with adopted policy and established practice. The letters of expectations are governance documents which affect TCC and its council-controlled organisations only (and WBOPDC, with regards to TBOP).

NEXT STEPS

38. Once adopted, the Letters of Expectation will be incorporated into an official letter to each council-controlled organisation, signed by the Commission Chair and delivered to the Chair of each council-controlled organisation.
39. The Letter of Expectation for TBOP will go for approval by the Western Bay of Plenty District Council, as joint shareholder, at their Council meeting on 16 December 2021.
40. The Letters of Expectation are intended to inform the council-controlled organisations' draft Statements of Intent, which are due to Council on 1 March 2022. Council must then provide feedback on the draft Statements of Intent to the council-controlled organisations by 1 May 2022. The final Statements of Intent must be adopted by the council-controlled organisation boards and submitted to Council by 30 June 2022.

ATTACHMENTS

1. Letter of Expectations 2022-2023 to Bay Venues Limited - A13099414 [↓](#)
2. Shareholder Feedback to BVL draft SOI 2021-22 - A13118729 [↓](#)
3. Letter of Expectations 2022-2023 to Tauranga Art Gallery Trust - A13099435 [↓](#)
4. Letter of Expectations 2022-2023 to Tourism Bay of Plenty - A13099399 [↓](#)
5. CCO Statement of Intent Template 2022 - A13083601 [↓](#)
6. Key characteristics of the Enduring Statement of Expectations, Letter of Expectations and Statement of Intent - A7361498 [↓](#)



13 December 2021

Simon Clarke
Chair, Bay Venues Limited
Trustpower Baypark
81 Truman Lane
Mount Maungaunui 3152

By email: simon@matuagovernance.com

Tēnā koe Simon

Letter of Expectation from Tauranga City Council to Bay Venues Limited for 2022-2023

We acknowledge that the past 12 months have once again been a challenging time for Bay Venues Limited (BVL), with the ongoing uncertainty of COVID. Council recognises the difficulties this creates, particularly in the sport, recreation and events industry, and we would like to commend you, your Board and the BVL team for the huge effort and dedication that you have all shown this year.

We have had good dialogue over the past five months and while the BVL Board is still relatively new, we are heartened by the Board's commitment to building strong relationships and aligning the organisation more closely to Council's expectations. We would like to see a continuation of the Board's commitment to implementing all of the recommendations of the recent strategic review of BVL, which were outlined in my letter of 29 April 2021, providing shareholder feedback to your previous draft Statement of Intent (attached).

As Tauranga's Commissioners, we are privileged to hear from our community. The biggest part of our work programme to date has been the adoption of Tauranga's Long-Term Plan for 2021-2031, where we listened to iwi, business, community leaders and residents expressing their aspirations for the future of Tauranga Moana. We expect that BVL will continue to be part of these conversations as we develop our City Vision and further strategic direction for Tauranga city.

The decisions adopted affect the social, cultural, environmental and economic well-beings of Tauranga – now and in the future. An overwhelming sentiment was for council to deliver more investment into the community, and the commitment we made is to "put the community at the heart of everything we do".

Community outcomes

Council's community outcomes are the starting point for our Long-term Plan and guide our decision making. We have chosen three specific outcomes for BVL to include in the development of your Statement of Intent (SOI):

- **We have a well-planned city** – Tauranga is a city that is well-planned, with a variety of successful and thriving compact centres, resilient infrastructure, and community amenities. More specifically, we need your input into the review of our community halls and community centres, as well as the development of masterplans for Blake Park, Baypark and the proposed Tauranga Domain stadium.
- **We are inclusive** – Tauranga is a city that recognises and promotes partnership with tangata whenua, and values culture and diversity, and where people of all ages and backgrounds are included, feel safe, connected and healthy. It's pleasing that the boards of our council-controlled organisations are keen to embrace the opportunity for mana whenua representation at the board table. We look forward to working together on these appointments in January 2022.

- **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 are delighted that you are already working with TCC to identify energy saving projects as part of our collaboration agreement with EECA to reduce our energy consumption by 2GWh by September 2023. In addition, in 2022/23 we would like you to work alongside TCC to measure, monitor and mitigate your greenhouse gas emissions as part of the Toitu CarbonReduce certification, which includes a target to reduce total GHG emissions by 15% by 2024, on a 2018-19 baseline. The importance of this being included in your Statement of Intent centres around the risks that not addressing climate change exposes both our organisations to - increased energy prices, lack of mitigation leading to greater adaptation requirements and costs, and increased exposure to potential regulatory changes in the future, such as carbon prices.

Accountability and Transparency

Council is required to provide accountability for the public funds that it provides across the business, and for not-for-profit organisations. This requires a high level of transparency and is particularly important for those entities that have a mix of commercial and publicly funded activities. Transparency requires visibility of funding to ensure that it has been used for intended public-good outcomes. In particular, we would like to see the Board work towards having more public oversight.

We understand the work around restructuring BVL's finance and funding model, so that it is more transparent, simple and easy to understand, has already commenced and we expect that this, along with the living wage, can be implemented across 2022-2023. We understand that the BVL Executive is already working on identifying opportunities to deliver operational efficiencies through shared service delivery models with Council, and we look forward to seeing the results of this in the coming year.

Purpose and values

In addition, Tauranga City Council has an overarching purpose statement and values that we expect our staff to observe, which should also guide how staff of our council-controlled organisations are expected to work with Council and for the community, and should be incorporated into your accountability documents:

Our purpose – we're here to make Tauranga better

Our values:

- pono/integrity – *we do what we say we will do*
- manaakitanga/respect – *we listen to all views and show we care*
- whaia te tika/service – *we do the right thing for our community and each other*
- whanaungatanga/collaboration – *we work together and create connections.*

Through our governance-to-governance meetings we have begun the mahi of building strong relationships and can expect to continue this in the coming year. The Pedersen Review (2020) recommended *"that the concept of the Council and its council-controlled organisations being part of a 'Tauranga City Council Group' that has common desired community outcomes, be the overarching principle of accountability documents and interactions between the respective organisations."*

We have included a Statement of Intent template with this year's Letter of Expectation, to provide clearer guidance to our council-controlled organisations, and to ensure greater group consistency.

We expect this to include working to position your organisation, and the public perception of your organisation, as an integral part of Council's business-as-usual operations. We also expect that you will work with us and our other council-controlled organisations on the development of a Tauranga city brand, as well as the implementation of our city events strategy once it has been adopted.

In the meantime, Council expects all council-controlled organisations to actively seek opportunities to utilise the Tauranga City Council logo and seek to promote us as the main contributors to operating costs.

Board professional development

Council has a role in providing training including the induction for new board members. Other training which has more recently been offered includes *Te Kete ā Rohe: Cultural Connections* and we are delighted that many of BVL's directors have already taken up this enriching opportunity.

Tauranga City Council will provide additional training in 2022, including *Openness and Transparency (Office of the Ombudsman)* and *Managing Risk, Improving Trust and Confidence (Office of the Auditor General)*. These half-day sessions are tailored around council-controlled organisations and offer examples from around the country.

COVID-19 - Health, Safety and Wellbeing

The Commissioners take heart in the work that our council-controlled organisations have delivered under the strain of the COVID-19 global pandemic. It is essential that our business continuity plans are updated to include contingency strategies, including the legislative responsibilities for keeping people safe while providing services that deliver to the social wellbeing of our community.

Statement of Intent

Council expects that the strategic priorities contained in this Letter of Expectation will be reflected in BVL's Statement of Intent and supported by performance indicators measures where appropriate. In particular, we would like to see BVL begin work on developing a measure for the social and cultural wellbeing impact of each facility, programme and service on our communities.

There are still challenges ahead but the Commissioners believe that by working collaboratively, with a shared approach, goals and culture, the Tauranga City Council whānau can deliver best value for money, high-quality and cost-effective outcomes, and services for our community.

Thank you again for your contribution to this process. We look forward to receiving your draft Statement of Intent by 1 March 2022, and to working together next year, and beyond.

Ngā mihi

Anne Tolley

COMMISSION CHAIR

Cc: Chad Hooker, CEO Bay Venues Limited - chad.hooker@bayvenues.co.nz



29 April 2021

Michael Smith, Chair
Bay Venues Limited

Via email: michael.smith@hobec.com

Dear Michael

Bay Venues Limited – Draft Statement of Intent 2021/22 to 2023/24

At a meeting of the Tauranga City Council (TCC) on 27 April 2021, Council received the Draft Statement of Intent for Bay Venues Limited.

We would like to thank you for completing this document and providing it to Council in accordance with the statutory timeframes.

It was acknowledged by Council that there was general agreement with the draft Statement of Intent content, which provides alignment with TCC's community outcomes and strategic objectives, and specific reference to matters included in this year's Letter of Expectations.

At the same meeting on 27 April, Council received the Strategic Review of Bay Venues Limited and, as a result of the recommendations coming out of the review, Council requests that the following amendments are incorporated into Bay Venues Limited's final Statement of Intent:

- It was noted that the required additional rates funding will be confirmed by TCC staff, following a review of Council funding, to ensure ongoing sustainability and will include the amount of community subsidy not currently being funded to Bay Venues Limited in the Long-term Plan 2021-31, and reorganising BVL's finance structure and funding model to be more transparent, simple and easy to understand.
- Objective 8 on Page 13 of the Statement of Intent – *Strengthen and leverage our key strategic relationships to deliver shared outcomes for the community* – should reflect TCC's role in providing strategic direction and BVL's role in implementation.

Further, Bay Venues Limited staff were asked to work with TCC staff to investigate by 30 September 2021:

- Options for co-branding of Tauranga City Council / Bay Venues Limited facilities;
- The viability of moving community halls and community centres back under the direct control of Council; and
- Options regarding avoidance of competition within the private sector by Bay Venues Limited.

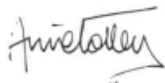
From 1 July 2021, specific areas of focus for the Bay Venues Limited Board, working in close collaboration with TCC staff, should include:

- Working to position the organisation, and the public perception of the organisation as an integral part of Council's business-as-usual operations;
- Restructuring the organisation's finance structure and funding model to be more transparent, simple and easy to understand;
- Moving the organisation towards paying the living wage for all staff (currently 355 full time, fixed term, part time and casual staff in 2021);
- Developing a clearer Statement of Intent and more focused Key Performance Indicators, in particular in the delivery of identified community outcomes;
- Going to the market to recruit a permanent Chief Executive for the organisation;
- Looking for opportunities to deliver operational efficiencies through shared service delivery models with Council; and
- Working with Council to review the new Board arrangements within 12 months of establishment.

Please note that the statutory timeframe for the Bay Venues Limited Board to deliver the final Statement of Intent 2021/22 to 2023/24 to Council is before the commencement of the financial year to which it relates, i.e. by 30 June 2021.

If you have any questions or require assistance, please contact Josie Meuli on 027 204 9214 or josephine.meuli@tauranga.govt.nz.

Yours sincerely



Anne Tolley
Commission Chair

Cc: Justine Brennan, Interim Chief Executive - Justine.Brennan@bayvenues.co.nz



13 December 2021

Rosemary Protheroe
Chair, Tauranga Art Gallery Trust
108 Willow Street
Tauranga

By email: rosemary.protheroe@gmail.com

Tēnā koe Rosemary

Letter of Expectation from Tauranga City Council to Tauranga Art Gallery Trust for 2022-2023

We acknowledge that the past 12 months have once again been a challenging time for the Tauranga Art Gallery, with the ongoing uncertainty of COVID. Council recognises the difficulties this creates, particularly in the arts and culture sector, and we would like to commend you, your Board and the Art Gallery team for the huge effort and dedication that you have all shown this year.

We have had good dialogue over the past ten months and, while some of the Tauranga Art Gallery Trustees are still relatively new, we are heartened by the Board's commitment to building strong relationships and aligning the organisation more closely to Council's expectations.

As Tauranga's Commissioners we are privileged to hear from our community. The biggest part of our work programme to date has been the adoption of Tauranga's Long-Term Plan for 2021-2031, where we listened to iwi, business, community leaders and residents expressing their aspirations for the future of Tauranga Moana. We expect that Tauranga Art Gallery Trust (TAGT) will continue to be part of these conversations as we develop our City Vision and further strategic direction for Tauranga city.

The decisions adopted affect the social, cultural, environmental and economic well-beings of Tauranga – now and in the future. An overwhelming sentiment was for council to deliver more investment into the community, and the commitment we made is to "put the community at the heart of everything we do".

Community outcomes

Council's community outcomes are the starting point for our Long-term Plan and guide our decision-making. We have chosen three specific outcomes for TAGT to include in the development of your Statement of Intent (SOI):

- **We have a well-planned city** – Tauranga is a city that is well-planned, with a variety of successful and thriving compact centres, resilient infrastructure, and community amenities. More specifically, our expectation is that TAGT continues to be fully engaged in and contribute to the development of the civic precinct masterplan, which will have a significant and positive impact on our city centre. This will become especially important as we move towards seeking public support and, most importantly, funding for this project.
- **We are inclusive** – Tauranga is a city that recognises and promotes partnership with tangata whenua, and values culture and diversity, and where people of all ages and backgrounds are included, feel safe, connected and healthy. It's pleasing that the boards of our council-controlled organisations are keen to embrace the opportunity for mana whenua representation at the board table. We look forward to working together on these appointments in January 2022.
- **We recognise we are an integral part of the wider Bay of Plenty region and upper North Island** – Tauranga is a well-connected city having a key role in making a significant contribution to the social, economic, cultural and environmental well-being of the region.

Accountability and Transparency

Council is required to provide accountability for the public funds that it provides across the business, and for not-for-profit organisations. This requires a high level of transparency and is particularly important for those entities that have a mix of commercial and publicly funded activities. Transparency requires visibility of funding to ensure that it has been used for intended public-good outcomes. In particular, we would like to see the Board work towards having more public oversight.

We understand that the TAGT Board has already commenced work on the development of sponsorship and fundraising strategies, with a new Business Development Manager role funded by Council through the recent Long-term Plan 2021-2031 process. We expect that this, along with the living wage, will be implemented across 2022-2023.

We would also like to see TAGT identify opportunities to deliver operational efficiencies through shared service delivery models with Council and look forward to seeing the results of this in the coming year.

Purpose and values

In addition, Tauranga City Council has an overarching purpose statement and values that we expect our staff to observe, which should also guide how staff of our council-controlled organisations are expected to work with Council and for the community, and should be incorporated into your accountability documents:

Our purpose – we're here to make Tauranga better**Our values:**

- pono/integrity – *we do what we say we will do*
- manaakitanga/respect – *we listen to all views and show we care*
- whaia te tika/service – *we do the right thing for our community and each other*
- whanaungatanga/collaboration – *we work together and create connections.*

Through our governance-to-governance meetings we have begun the mahi of building strong relationships and can expect to continue this in the coming year. The Pedersen Review (2020) recommended *"that the concept of the Council and its council-controlled organisations being part of a 'Tauranga City Council Group' that has common desired community outcomes, be the overarching principle of accountability documents and interactions between the respective organisations."*

We have included a Statement of Intent template with this year's Letter of Expectation, to provide clearer guidance to our council-controlled organisations, and to ensure greater group consistency.

We also expect that you will work with us and our other council-controlled organisations on the development of a Tauranga city brand, as well as the implementation of our city events strategy once it has been adopted.

In the meantime, Council expects all council-controlled organisations to actively seek opportunities to utilise the Tauranga City Council logo and seek to promote them as the main contributors to operating costs.

Board professional development

Council has a role in providing training including the induction for new board members. Other training which has more recently been offered includes *Te Kete ā Rohe: Cultural Connections* and we are delighted that many of TAGT's trustees have taken up this enriching opportunity.

Tauranga City Council will provide additional training in 2022, including *Openness and Transparency (Office of the Ombudsman)* and *Managing Risk, Improving Trust and Confidence (Office of the Auditor General)*. These half-day sessions are tailored around council-controlled organisations and offer examples from around the country.

COVID-19 - Health, Safety and Wellbeing

The Commissioners take heart in the work that our council-controlled organisations have delivered under the strain of the COVID-19 global pandemic. It is essential that our business continuity plans are

updated to include contingency strategies, including the legislative responsibilities for keeping people safe while providing services that deliver to the social wellbeing of our community.

Statement of Intent

Council expects that the strategic priorities contained in this Letter of Expectation will be reflected in TAGT's Statement of Intent and supported by performance indicators measures where appropriate. In particular, we would like to see TAGT begin work on developing a measure for the social and cultural wellbeing impact of your programmes and services on our communities. The Commissioners are keen to see how TAGT will use these measures to tell the story of that value back to Council and the community, through their Statement of Intent and reporting documents.

There are still challenges ahead but the Commissioners believe that by working collaboratively, with a shared approach, goals and culture, the Tauranga City Council whānau can deliver best value for money, high-quality and cost-effective outcomes, and services for our community.

Thank you again for your contribution to this process. We look forward to receiving your draft Statement of Intent by 1 March 2022 and to working together next year and beyond.

Ngā mihi

Anne Tolley

COMMISSION CHAIR

Cc: Stephen Cleland, Tauranga Art Gallery Director - director@artgallery.org.nz



13 December 2021

Laurissa Cooney
Chair, Tourism Bay of Plenty
8 Wharf Street
Tauranga 3110

By email: laurissa@laurissacooney.com

Tēnā koe Laurissa

Letter of Expectation from Tauranga City Council and Western Bay of Plenty District Council to Tourism Bay of Plenty for 2022-2023

We acknowledge that the past 12 months have once again been a challenging time for Tourism Bay of Plenty (TBOP), with the ongoing uncertainty of COVID. The Councils recognise the difficulties this creates, particularly in the tourism industry, and we would like to commend you, your Board and the TBOP team for the huge effort and dedication that you have all shown this year.

We have had good dialogue over the past ten months, and we are heartened by the Board's commitment to building strong relationships and aligning the organisation more closely to the Councils' expectations.

As Commissioners and Elected Members, we are privileged to hear from our community. The biggest part of our work programme to date has been the adoption of our Long-Term Plans for 2021-2031, where we listened to iwi, business, community leaders and residents expressing their aspirations for the future of Tauranga Moana and the wider Western Bay of Plenty. We expect that TBOP will continue to be part of these conversations as we develop our City Vision and further strategic direction for Tauranga city and the Western Bay of Plenty District.

The decisions adopted affect the social, cultural, environmental and economic well-beings of our region – now and in the future. An overwhelming sentiment was for the councils to deliver more investment into the community, and the commitment we made is to “put the community at the heart of everything we do”.

Community outcomes

Council's community outcomes are the starting point for our Long-term Plan and guide our decision-making. We have chosen three specific outcomes for TBOP to consider during the development of your Statement of Intent:

- **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. While we recognise that TBOP is seen as leading the way nationally in terms of its regenerative tourism strategy, we would like to see more clarity in terms of how the extra investment from TCC has benefitted the ratepayers of our city. A specific request from Western Bay of Plenty District Council is for a focus, within their District, towards walking and cycling.
- **We are inclusive** – Tauranga is a city that recognises and promotes partnership with tangata whenua, and values culture and diversity, and where people of all ages and backgrounds are included, feel safe, connected and healthy. It's pleasing that the boards of our council-controlled organisations are keen to embrace the opportunity for mana whenua representation at the board table. We look forward to working together on these appointments in January 2022.
- **We recognise we are an integral part of the wider Bay of Plenty region and upper North Island** – Tauranga is a well-connected city having a key role in making a significant contribution to the social, economic, cultural and environmental well-being of the region. A specific request from Western Bay

of Plenty District Council is that TBOP maintains training and upskilling tourism providers across the region. In addition, the Commissioners would like to see a strong focus from TBOP on the rebuild of the tourism industry following the impacts of the COVID pandemic.

Accountability and Transparency

The councils are required to provide accountability for the public funds that it provides across the business, and for not-for-profit organisations. We would also like to see TBOP identify opportunities to deliver operational efficiencies through shared service delivery models with Council and look forward to seeing the results of this in the coming year.

Transparency requires visibility of funding to ensure that it has been used for intended public-good outcomes. In particular, we would like to see the Board work towards having more public oversight.

Purpose and values

In addition, Tauranga City Council has an overarching purpose statement and values that we expect our staff to observe, which should also guide how staff of our council-controlled organisations are expected to work with the Councils and the community, and be incorporated into your accountability documents:

Our purpose – we're here to make Tauranga better

Our values:

- pono/integrity – *we do what we say we will do*
- manaakitanga/respect – *we listen to all views and show we care*
- whaia te tika/service – *we do the right thing for our community and each other*
- whanaungatanga/collaboration – *we work together and create connections.*

Through our governance-to-governance meetings we have begun the mahi of building strong relationships and can expect to continue this in the coming year. The Pedersen Review (2020) recommended *"that the concept of the Council and its council-controlled organisations being part of a 'Tauranga City Council Group' that has common desired community outcomes, be the overarching principle of accountability documents and interactions between the respective organisations."*

We have included a Statement of Intent template with this year's Letter of Expectation, to provide clearer guidance to our council-controlled organisations, and to ensure greater group consistency.

We also expect that you will work with us and our other council-controlled organisations on the promotion of Tauranga and the Western Bay of Plenty as a destination, including supporting TCC with the development of a Tauranga city brand, as well as the implementation of our city events strategy once it has been adopted.

In addition, the Councils expect all council-controlled organisations to actively seek opportunities to utilise the Tauranga City Council and Western Bay of Plenty District Council logos and seek to promote them as the main contributors to operating costs.

Governance and Board professional development

The Councils have a role in providing training including the induction for new board members. Other training which has more recently been offered includes *Te Kete ā Rohe: Cultural Connections* and we are delighted that many of TBOP's trustees have taken up this enriching opportunity.

Tauranga City Council will provide additional training in 2022, including *Openness and Transparency (Office of the Ombudsman)* and *Managing Risk, Improving Trust and Confidence (Office of the Auditor General)*. These half-day sessions are tailored around council-controlled organisations and offer examples from around the country. Further information will be provided once the details are confirmed.

COVID-19 - Health, Safety and Wellbeing

We take heart in the work that our council-controlled organisations have delivered under the strain of the COVID-19 global pandemic. It is essential that our business continuity plans are updated to include contingency strategies, including the legislative responsibilities for keeping people safe while providing services that deliver to the social wellbeing of our community.

Statement of Intent

The Councils expect that the strategic priorities contained in this Letter of Expectation will be reflected in TBOP's Statement of Intent and supported by performance indicators measures where appropriate - with significantly less (i.e. no more than ten in total) key performance indicators than previously in TBOP's Statement of Intent for 2021-2022 - and with a greater focus on those measures that can clearly demonstrate the value that TBOP brings to the region. There are still challenges ahead but we believe that by working collaboratively, with a shared approach, goals and culture, the Councils and their council-controlled organisations can deliver best value for money, high-quality and cost-effective outcomes, and services for our community.

Thank you again for your contribution to this process. We look forward to receiving your draft Statement of Intent by 1 March 2022 and to working together next year, and beyond.

Ngā mihi

Anne Tolley

**COMMISSION CHAIR
TAURANGA CITY COUNCIL**

Garry Webber

**MAYOR
WESTERN BAY OF PLENTY DISTRICT**

Cc: Oscar Nathan, General Manager: Tourism Bay of Plenty – oscar@bayofplentynz.com

Council-Controlled Organisations - Statement of Intent

Local Government Act Schedule 8, Section 9	Description
9(1)(a)	Objectives of the group
9(1)(b)	Approach to governance
9(1)(c)	Nature and scope of activities
9(1)(d)	Ratio of funds to assets
9(1)(e)	Accounting policies
9(1)(f)	Performance targets, in particular relating to the four well-beings and TCC's community outcomes, as detailed in the Letter of Expectations
9(1)(g)	Expected shareholder distributions
9(1)(h)	Financial reporting of group
9(1)(i)	Procedures for purchase of shares
9(1)(j)	Activities for which the board seeks compensation
9(1)(k)	Board's estimate of value of the group
9(1)(l)	Any other matters that are agreed by the shareholder and the board



Tauranga City Council

Attachment 6

Key characteristics of the ESE, LOE and SOI



Enduring Statement of Expectations (ESE)	Letter of Expectation (LOE)	Statement of Intent (SOI)
<ul style="list-style-type: none"> Enduring document Outlines general operating principles and ongoing expectations of CCO board Long term (doesn't change year on year) Reference document for decision making 	<ul style="list-style-type: none"> Annual expectations Key areas of focus for CCO May only cover a few key points, not an exhaustive list Linked to strategic priorities for the city 	<ul style="list-style-type: none"> Annual document, spans three years Outlines CCO strategic plan Reflects direction from LOE Consistent with ESE principles & guidance Consistent with Council's Long Term Plan
The ESE & LOE should be taken as two parts of a whole		The SOI should reflect both the LOE & ESE
Council document Developed with CCO working group	Council document Developed with CCO working group	CCO document Developed and approved by CCO board of directors, with input from Council
<ul style="list-style-type: none"> Issued from Council to the CCO board, but developed together. Best practice rather than legislative. Clarifies roles and responsibilities of Council and CCO. Outlines the general operating principles for the CCO, as well as governance principles for the board. Long-term document which contains direction of an enduring nature (e.g. long term objectives and purpose of the CCO). A review will be undertaken periodically; best practice would be every 3 years. Does not provide detailed guidance on levels of service or budgets. 	<ul style="list-style-type: none"> Issued annually from Council to CCO board. Helps CCO understand what Council would like them to focus on for year ahead. Best practice rather than legislative. It is not prescriptive; it is merely one tool which outlines key areas of focus. The LOE should be read alongside other documents (e.g. the ESE, SOI and levels of service contracts). Governance document, not strategic (as preparation of the LOE does not involve community engagement). It is not intended that the LOE will alter levels of service. The best time to review levels of service is during the Long Term Plan process, which involves community engagement and long term budget allocations. 	<ul style="list-style-type: none"> Planning tool, prepared annually. Covers three years (the first year in greatest detail). Prepared and approved by the CCO board . Council will provide feedback on the draft SOI, and agree to the final SOI. Council can modify the final SOI if not in agreement. Provides accountability and transparency to the public. Legislative requirement, as required by the Local Government Act 2002. Council takes a collaborative approach to developing the LOE and ESE. It is expected that this is reciprocated with the development of the SOI. It reflects budgets set through the Long Term Plan or Annual Plan process.