



ATTACHMENTS

**Ordinary Council meeting
Separate Attachments 1**

Monday, 14 August 2023

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Statement of Intent

2023/2024

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1. Foreword

I have pleasure, on behalf of Bay Venues Limited (Bay Venues), to present our Statement of Intent (SOI) for the 2023/2024 year. This document outlines Bay Venues strategic approach to meeting Council's expectation of 'putting the community at the heart of everything we do'.

As Tauranga City Council's (TCC) largest Council Controlled Organisation (CCO), Bay Venues plays a significant role in contributing to the wellbeing of the people of Tauranga Moana. We are the kaitiaki of the city's strategic network of community facilities and aspire to provide the best venues for the Bay of Plenty. Our facilities and the experiences we provide, enhance the quality of life for residents of, and visitors to, Tauranga Moana and the wider Bay of Plenty.

This SOI is presented in accordance with the requirement of Section 64 (i) of the Local Government Act 2002 and incorporates the expectations of TCC as outlined in the revised Enduring Statement of Expectations adopted in December 2018 along with the annual Letter of Expectations dated 28 November 2022. It outlines Bay Venues objectives, nature and scope of activities undertaken, and the performance targets by which we will be measured for the year 1 July 2023 to 30 June 2024.

The last three years have presented an incredibly challenging trading environment for Bay Venues not only highlighted by the Covid pandemic, but also managing high inflation, staffing challenges, aging venues and a rapidly growing population. However, despite these challenges Bay Venues remains fully committed to delivering exceptional outcomes to the people of Tauranga Moana.

FY23 has been another difficult year financially, although we did see activity (and increased revenue) start to return to pre-Covid levels towards the end of 2022. Many costs outside our control have increased significantly over the past two years, which together with an existing constrained capacity in our venues, has limited our ability to host more activity and grow revenue and margin.

We had a significant budget deficit for FY22 of \$2.9m (significantly down against an original breakeven budget due to Covid impacts) and have budgeted a deficit of \$1.7m at FY23 year end.

To improve the financial sustainability of the business going forward we are looking at increasing our negative margin user fees over time to a national benchmark position (currently our fees are around 30% below other facilities around the country) and focusing on managing our costs where possible. Notwithstanding this, we will require increased operating funding from council to reduce our deficit to zero. The organisation's finances will also be presented in a transparent and easy to understand format.

The new Board that was appointed in July 2021 is now hitting its straps and with a refreshed management team and re-focused strategy in place, we are confident that the business is well positioned to deliver on our communities and TCC's expectations.

The upcoming Long Term Plan is a critical juncture to ensure that we ramp up our investment to look after our existing community facilities and also plan and deliver overdue investment in new facilities to cater for population growth.

We wish to consolidate our position as TCC's strategic partner in the provision of community facilities and look ahead to projects like the Baypark Master Plan implementation and Memorial Park as key opportunities to both benefit the community and grow the business.

We are pleased that relationships with local Iwi, TCC and other key partners are in good heart and that there is a collective desire to see the city progress as we work together to address challenges and capitalise on opportunities.

We are excited about the future for both Tauranga and Bay Venues and look forward to working with you in the year ahead.



Simon Clarke
Chair
Bay Venues

2. Strategy

Tauranga City Vision

We acknowledge that TCC's *Our Direction Tauranga 2050* provides the strategic framework for the city and informs the community outcomes under a vision of: **Tauranga, together we can.**

Community Outcomes

We also acknowledge Council's desire for us to focus on three key Community Outcomes:

- **We have a well-planned city which fuels possibility**
- **We are inclusive and lift each other up**
- **We value and protect our environment and prioritise nature**

TCC Purpose

We also note TCC's Purpose, **we're here to make Tauranga better**, and will ensure our strategic focus is aligned with this. To achieve our Vision, Mission and Purpose we will work in partnership with TCC and collaborate with a range of partners throughout the wider community.

TCC 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 the community and each other.

Whanaungatanga / Collaboration – We work together and create connections.

These values are closely aligned with the new Bay Venues values that are shown on the next page.

Our Vision, Mission, Purpose and Values



Bay Venues

VISION
The Best Venues for the Bay

MISSION
**We are the Kaitiaki of
Tauranga's Network
of Community Facilities**

PURPOSE
**Connecting Our
Community through
Exceptional Experiences**

Whakawhanaungatanga | Relationships
He Toi Tangata | Excellence
Manaakitanga | Service
Kaitiakitanga | Caring

3. Nature and Scope of Activities

Bay Venues core business is the venue ownership and management of community facilities and the operation of venue-based businesses, programmes and services. Bay Venues is also in the business of providing event services and hosting events within its venues.

Assets under Bay Venues management were valued at \$137.2m as at 30 June 2022 and the business employs over 370 full time, fixed term, part-time, and casual staff.

While we welcomed over 2.1 million visitors to our facilities in the 2019/20 year we then saw significantly reduced visitation through 2020/2021 and 2021/22 due to Covid. We now have visitation increasing again and expect to easily exceed our target of 1.6m visitors through our facilities in 2022/23. We will continue to work hard to welcome members of our community and visitors to our facilities during 2023/2024.

Bay Venues 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 (also located at Baypark), two indoor sports recreation facilities, three community centres, two community share sports facilities, eight community centres and halls and a high-performance sports training centre.

Aquatic Facilities (5)	Indoor Sports Facilities (6)	Community Halls & Centres (11)	Event Facilities (3)
Baywave	Mercury Baypark Arena (6 court)	Arataki Community Centre	Mercury Baypark Stadium
Mount Hot Pools	QEYC & Memorial Hall	Elizabeth St Community Centre	Mercury Baypark Arena (3 court)
Greerton Pools	Mount Sports Centre	Papamoa Community Centre	Pavilions
Memorial Pool	Aquinas Action Centre	Papamoa Sports & Rec Centre	
Otumoetai Pool	Merivale Action Centre	Bethlehem Hall	
	Adams Centre for High Performance	Matua Hall	
		Greerton Hall	
		Welcome Bay Hall	
		Tauriko Hall	
		Waipuna Park Pavilion	
		Cliff Rd Building	

Note: Mercury Baypark Arena is listed under both Indoor Sports Facilities and Event Facilities.

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 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 several water-based sporting clubs/squads. In 2019 an aqua play facility for children was added. The latest maintenance closure took place in early 2023 to undertake pool maintenance, new non-slip flooring and to replace failing water pipes.

Several secondary business units operate within the complex and are complimentary to the overall purpose of the facility:

- BaySwim (learn to swim and water safety programmes)
- Clubfit (health & fitness club)
- Café
- Merchandise
- Massage Therapy

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 several physical therapy options for the general public including massage therapy, aqua walking and aqua aerobics.

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 rehabilitation and senior adults. Aquatic Evolution Tauranga are anchor tenants of the facility. Other activities which complement the centre include:

- BaySwim (learn to swim and water safety programmes)
- Aqua aerobics
- Clubfit (health & fitness club)

The facility has just had an extensive refurbishment including new non-slip flooring, seismic strengthening, new changing facilities and a reconfigured entrance. In addition new signage has been installed and the pools and interior and exterior of the facility have been repainted.

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. This pool is end of life and scheduled to be replaced by a new aquatic complex in Memorial Park in the coming years. Planning for the future use of the site needs to be undertaken by TCC. Any significant plant failures in the interim may require the earlier closure of the facility.

Otumoetai Pool

Otumoetai Pool provides a safe and clean 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. This is an old outdoor pool that had a marquee style roof installed over it around 20 years ago. We are experiencing more significant maintenance issues with the facility and it is fast approaching the end of its economic life. When the new Memorial Park aquatic complex is

completed the facility should be closed. Planning for the future use of the site needs to be undertaken by TCC. Any significant plant failures in the interim may require the earlier closure of the facility.

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.

Massage Suites

Massage suites are located at the Mount Hot Pools and Baywave and aid in the rebalancing of mind, body and soul.

Indoor Sports Facilities

Mercury Baypark Arena

The Mercury Baypark Arena is the key sporting venue for indoor sports such as basketball, volleyball, futsal and premier netball. The six-court side of the facility has a focus on community sport while the three-court facility also gets used for community sport when not being used to host events. 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.

The Baypark Master Plan provides future direction for the wider Mercury Baypark site as a community sports hub with the opportunity to move the pit facilities on-site and relocate netball courts and athletics track to Baypark and consider other future sporting facilities such as gym sport and sand court facilities.

With the planned demolition of the Mount Sports Centre and closure of QEYC in the medium term there will be an acute shortage of indoor court space in the city. There could be an opportunity to add more courts on to the Arena (6 court side).

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 outside of agreed school access hours. There are some issues with the facility suffering from condensation issues that leave the floor unsafe at times.

Mount 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's office. This is an old facility and it will be demolished in the next few years as part of the Blake Park master plan. The removal of the facility will reduce court provision in the city by one court.

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. Planning is underway for the redevelopment of the QEYC to include more court space along with a new aquatics complex, gym and café. While the feasibility study for the redevelopment contemplated re-purposing the existing two court in the QEYC, subsequent investigations and issues are suggesting that a full replacement of the facility is needed, and this is currently being reviewed. During construction the facility will be unavailable for 2-3 years reducing court provision in the city by three courts until the new facility opens.

University of Waikato Adams Centre for High Performance

Based at Blake Park opposite Bay Oval, The University of Waikato Adams Centre for High Performance is a high quality facility of over 2,500 m² that include a 652m² gym, plunge pools, physiotherapy, massage and rehabilitation rooms, a sport science laboratory with performance testing, research and acclimatisation facilities, meeting rooms and an athlete's lounge. It caters for a wide range of high performance and aspiring athletes performing at a national and international standard. Also based at

the Centre are 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. Strong demand for space in the facility along with potential development on neighbouring sites has prompted investigations into potential expansion options for the facility. Bay Venues also operates the Adams Academy that caters for over 100 local athletes in a huge variety of sports across at both a high performance and pre-high performance level.

Clubfit

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

Community Centre-Run Programmes

Bay Venues runs several community focused programmes across the network for pre-schoolers, children, youth and adults including the popular Tumble Time, Funky Fundays, coaching clinics, sports days, birthday parties, social badminton and more. Team building and school holiday offerings are also provided.

Sports Leagues

Bay Venues organises sports leagues both at the Mercury Baypark Arena and Queen Elizabeth Youth Centre for indoor netball, fastnet and futsal.

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. Early consideration is currently being given to possible expansion of the facility to cater for increasing demand for space.

Bethlehem Hall

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

Cliff Road Building

This building provides a space for hire and is home to a small number of community users. The facility is in poor condition and will only operate in the short term until the future of this site is decided. Planning for its demolition should commence as soon as possible.

Elizabeth St Community & Arts Centre

This is a facility for community groups to host a variety of activities. It also provides space for individuals to host private functions. The facility is in average condition and its future needs to be considered in conjunction with Council's investment in the new Civic Precinct.

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. The facility is old and tired and will need to be redeveloped or replaced in the medium to long term.

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 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. The facility is in poor condition and will be replaced in due course when a new community centre can be established in the Tauriko area.

Waipuna Park Pavilion

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. The venue is old, tired and not connected with the adjacent community centre. There is an opportunity to enhance and better connect this facility in the medium term.

Event Facilities

Mercury Baypark Arena

In addition to its purpose as a community indoor sports hub, the three-court side of the Arena acts as the key events facility for the region. When combined with the six-court side of the facility the Arena 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.

Mercury Baypark Stadium

This is Tauranga City's only significant outdoor stadium. It has the capacity for crowds of up to 19,000 people inclusive of seated and corporate hosting areas. It features a 480-metre oval clay speedway track and a basic grass area (inside the track). The primary activity is Speedway race meetings (15-17 per annum). A Promoter is contracted to promote and operate Speedway events at Baypark. Mercury Baypark Stadium is also a venue for other events and activities suited to outdoor spaces (e.g. drifting). Corporate boxes and a Premium Lounge are also available for businesses to utilise for hosting, functions or meetings.

The recent Baypark Master Plan has contemplated the future use of the wider Baypark site and how it can best be utilised to benefit the community. The Master Plan provides future direction for the site as a community sports hub with the opportunity to move the pit facilities on-site to accommodate netball courts, athletics track and other future sporting facilities.

While Mercury Baypark Stadium is regarded as one of the better equipped Speedway venues in New Zealand with a fast, wide clay track and a large well serviced pit area, it is showing its age and significant future investment will be required to maintain it. Currently the facility is not funded for depreciation and consequently there is no funding for asset renewals. Early discussions have commenced with the Bay or Plenty Speedway Association to start considering what the future of the Stadium is beyond the end of their agreement in 2029.

Mercury Baypark 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. This space is starting to show its age and with no funding for renewals it is becoming more difficult to maintain it to an acceptable standard.

External Areas

Various external areas around Mercury Baypark are used for events, most notably concerts over the busy new year period and events like Polo in the Bay. Most infrastructure for events like these is brought in on a temporary basis. These larger outdoor events can draw crowds in excess of 15,000 people.

Associated Activities

Bay Venues operates several venue-based business units that are more commercially focused including:

Bay Catering

This business unit primarily provides catering services at venues managed by Bay Venues as well as some off-site catering at other venues and events. Bay Catering also operates food and beverage outlets throughout Mercury Baypark venue as well as the cafes at Mercury Baypark Arena and Baywave. Bay Catering also have contracts with the Ministry of Education to provide school lunches to children at schools throughout the Bay of Plenty.

Bay Audio Visual

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

BayStation

BayStation is a family entertainment business that operates four different entertainment products including Blokarts, Drift Trikes, Paintball and Lasertag. The operation complements the range of activities on offer at Baypark.

Merchandise

Bay Venues operates small retail outlets at its aquatic facilities selling swimming apparel and associated products.

4. Key Areas of Focus for the Year Ahead

Council's Expectations

Bay Venues acknowledges TCC's requests in the Letter of Expectation to focus our business activities to contribute to the following Community Outcomes:

- **We have a well-planned city which fuels possibility**
Including supporting TCC with implementing the Domain, Blake Park and Baypark Master Plans, active participation in implementing the Events, Action and Investment Plan and aligning our facilities and asset renewals planning through the Long Term Plan.
- **We are inclusive and lift each other up**
Including increasing community access and participation for diverse groups, demonstrating cultural awareness to ensure people of all ages and from all backgrounds are welcome, and progressing social return on investment reporting.
- **We value and protect our environment and prioritise nature**
Including working alongside TCC in measuring, monitoring and mitigating our greenhouse gas emissions.

TCC has asked Bay Venues to ensure:

- financial reporting is clear and transparent, and summaries of Board meeting discussions and decisions are made publicly available;
- more information about what Bay Venues does and how it operates is published online for the community to access, and it engages the community through joint storytelling opportunities;
- greater alignment and operational efficiencies through shared services collaboration with TCC;
- the Board undertakes professional development.

Our Strategic Focus Areas

We updated our strategy in 2022 after the last SOI was prepared and our four strategic focus areas include how we will contribute to TCC's Community Outcomes.

1. Maximising Activity & Events

- We host a wide range of successful activities and events (sporting, cultural, service, recreation and business) within our facilities that collectively enhance the social, cultural and economic wellbeing of Tauranga.
- We have a strong focus on the recreation needs of our community and encouraging participation for diverse groups
- We actively look for opportunities, including targeting new events and attracting new and diverse community activities through a Community Led Development approach.
- We deliver exceptional customer experiences including using technology.
- We keep people safe through a proactive Health & Safety culture and good systems.
- We collaborate with TCC, Tourism Bay of Plenty, Priority One and other key stakeholders to actively progress the Tauranga Events Action and Investment Plan.

2. Looking After our Assets

- We provide facilities and assets that are safe, well maintained, professionally managed and fit for purpose.
- We provide facilities for our community that are welcoming, accessible, and inclusive.
- We look after and enhance our existing assets now and for the future.
- We have a long-term Venue Strategy including agreed priorities for facilities and asset renewals planning, embedded within TCC's Long Term Plan. This includes providing for growth across the city.
- We recognise that our venues are part of a wider network of community facilities across the city, region and country.
- We recognise TCC funding of facilities through co-branding;
- We partner to deliver major recreation projects for the city.
- We have a Sustainability Action Plan to ensure our venues are operated in a sustainable manner including measuring, monitoring and mitigating our greenhouse gas emissions. With TCC, we use the Toitu certification model to assess greenhouse gas emissions.
- We develop facilities sustainably and target Greenstar ratings for new buildings.

3. Leveraging Our Capability

- We utilise our existing skills, expertise, spaces and equipment to derive revenue where it is appropriate and aligned with our core business of providing community facilities.
- We continue to provide a range of existing commercial business operations.
- We actively explore and capitalise on appropriate new revenue opportunities.
- We are committed to gaining efficiencies through shared services with TCC, including providing our services to TCC where appropriate.
- Profits from commercial operations are used to offset the cost of providing facilities to the community.
- We make our facilities and people available to support Civil Defence training and emergencies as needed.

4. Building Our Capability

- We strive for excellence and foster collaboration and partnership to achieve the best possible outcomes.
- We work hard to build a positive, high performance team culture.
- We focus on developing our team and our leaders.
- We cultivate constructive working relationships with TCC, mana whenua and key partners.
- We are committed to biculturalism and partnership with mana whenua.
- We have systems that enable our teams to be productive and successful and create efficiencies through digital transformation.
- We clearly and transparently communicate financial information and show how ratepayers help to fund our activities.
- We will work collaboratively with TCC to develop a model to measure and report on the social return on investment (ROI) from our activities.
- We publish quarterly reports incorporating storytelling to highlight our community impact.

Our Objectives

	Maximising Activity & Events	Looking After our Assets	Leveraging our Capability	Building our Capability
Strategic Objectives (3 years)	<ul style="list-style-type: none"> Maximise activity across our venues Consistently deliver exceptional customer experiences Proactively attract new events and activities Develop a strong Health & Safety culture supported by good systems 	<ul style="list-style-type: none"> Look after and enhance our assets and actively plan for and manage asset renewals Implement the Venue Strategy and provide for future needs Deliver venue projects to a high standard & partner on key projects Operate our venues sustainably 	<ul style="list-style-type: none"> Continue our existing commercial business operations Actively progress appropriate new complementary revenue opportunities 	<ul style="list-style-type: none"> Build a positive, high performance team culture Provide Technology & systems that support our people Develop strong working relationships with key partners (inc mana whenua) Provide consistent reporting that supports decision making
Key Projects (FY24)	<ul style="list-style-type: none"> Embed Community Led Development to attract new and diverse activities Implement the customer experience programme Complete H&S Review Action Plan New event operating model including update venue hire & supplier agreements Investigate with TCC drug testing for summer events Actively participate in implementing TCC Events Action & Investment Plan 	<ul style="list-style-type: none"> Embed the Venue Strategy in the LTP Complete Phase 1 of the Baypark Masterplan Implement Sustainability Action Plan Commence the Memorial Park Project Complete the Hot Pools Project and Stadium Light Replacement Secure Funding & Leases to Gain approval for Adams Centre Expansion Complete Support Office Works 	<ul style="list-style-type: none"> Measure and monitor ROI on Significant Projects Proactively Investigate Opportunities to Manage Additional Facilities 	<ul style="list-style-type: none"> Embed Leadership Programme Develop and Launch a Staff Retention & Attraction Action Plan Deliver the Technology Roadmap Roll-out new Reporting Framework including storytelling opportunities Investigate social ROI reporting & joint storytelling with TCC Implement a Bi-cultural Awareness Programme and Promote Multi-culturalism Deliver a new HRIS system Develop a Diversity, Equity & Inclusion Action Plan
KPI's (FY24)	<ul style="list-style-type: none"> Achieve >2.0M visits Host >75 significant events Lead >10 diversity and inclusion initiatives Achieve customer feedback rating of >85% No preventable serious harm incidents 	<ul style="list-style-type: none"> No preventable unplanned facility closures Deliver capital and renewals programme on time and on budget Establish three preventative maintenance initiatives Reduce energy consumption >5% 	<ul style="list-style-type: none"> Achieve budgeted financial position or better Explore new revenue generating initiatives Deliver shared service initiatives where it makes sense 	<ul style="list-style-type: none"> Achieve >70% team engagement Achieve <35% staff turnover Agree Memorandum of Understanding with two mana whenua

5. Performance Measures

a. Balanced Scorecard

Activity	Target	Weighting
Maximising Activity & Events	<ul style="list-style-type: none"> ▪ Host >2.0 million visits to our facilities ▪ Host >75 significant events (500+ people) ▪ Support >10 inclusivity & diversity initiatives ▪ Achieve a customer feedback rating >85% ▪ No preventable serious harm incidents in our facilities ▪ Key projects are completed 	50%
Looking After our Assets	<ul style="list-style-type: none"> ▪ No preventable unplanned facility closures ▪ Capital and renewals programme delivered on time and on budget ▪ Establish three preventative maintenance initiatives ▪ Reduce energy consumption by >5% ▪ Key projects are completed 	25%
Leveraging our Capability	<ul style="list-style-type: none"> ▪ Achieve breakeven budgeted financial position or better ▪ Explore new revenue generating initiatives ▪ Deliver new shared service initiatives where it makes sense 	10%
Building our Capability	<ul style="list-style-type: none"> ▪ Achieve >70% team engagement ▪ Achieve <35% staff turnover ▪ Agree Memorandum of Understanding with two mana whenua ▪ Key projects are completed 	15%

b. Financial

Bay Venues Ltd Profit & Loss	Budget 22/23	Forecast 22/23	Budget 23/24	Forecast 24/25	Forecast 25/26
Revenue					
User Fees and Charges	18,722	20,041	22,288	26,520	28,177
TCC Community Outcome Subsidy	4,173	4,350	4,663	4,989	5,339
Total Revenue	22,895	24,391	26,951	31,509	33,515
Operating Expenses	24,626	25,807	29,126	31,019	32,880
EBITDA Profit/(Loss)	(1,731)	(1,416)	(2,175)	490	635
BVL Funded Depreciation	880	880	203	217	232
BVL funded Debt Servicing	209	209	41	44	47
Suplus/(Deficit) - after BVL capital costs	(2,821)	(2,505)	(2,419)	229	355
Add back: Adjustments for funding					
Renewals Grant	10,278	10,278	6,329	15,887	13,104
Debt Servicing Grant	520	520	520	520	520
Debt Retirement Grant	1,099	1,099	1,099	1,099	1,099
Less: Other Depn and debt servicing					
Depreciation	6,484	6,484	6,780	6,848	6,917
Debt Servicing	592	592	709	834	752
Net Suplus/(Deficit)	2,001	2,316	(1,961)	10,053	7,410

6. Reporting

Bay Venues is committed to supporting TCC's strategic priorities and objectives. Bay Venues will endeavour to respond promptly and appropriately on issues raised by TCC.

Bay Venues will provide TCC with the following information:

a) Statement of Intent (SOI)

Provide TCC with a draft SOI by 1 March 2024 and a final SOI by 30 July 2024

b) Annual Report

Provide an Annual Report to TCC 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:

- i. 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;
- ii. Audited financial statements for the financial year in respect of the Company, and;
- iii. The Auditor's report on:
 - Those financial statements; and
 - The performance targets and other measures by which performance has been judged in relation to the objectives.
- iv. The audited financial statements shall consist of:
 - Statement of Financial Position; and
 - Statement of Comprehensive Income; and
 - Statement of Movements in Equity; and
 - Statement of Cashflows; and
 - Disclosure of Related Party Transactions; and
 - Notes to the Financial Statements; and
 - 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.

c) Quarterly Reports

As soon as practicable after the conclusion of each quarter, Bay Venues will provide TCC with a report of performance against the SOI including:

- i. Summary of Financial Performance
- ii. Report on KPI's year to date
- iii. Commentary on performance for the preceding quarter
- iv. Commentary on expected performance for the next quarter

A Quarterly Report will not be required for Q4 where the Annual Report is provided instead.

d) Quarterly Meetings

Upon request by TCC, members of the Board of Bay Venues will meet with the TCC Commissioners and/or their appointed representative(s) quarterly in a confidential, informal workshop to discuss and review issues of common interest.

e) Half Yearly Governance to Governance Meeting

The Board of Bay Venues will meet with the TCC Commissioners every six months in a confidential, informal session to discuss and review any issues of common interest.

f) Half Yearly Mayor/CEO to Chair/CEO Meeting

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

g) Management Meetings

Regular meetings with operational management/staff at least quarterly.

h) 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.

7. The Board's Approach to the Governance

The directors of Bay Venues are responsible for the stewardship and future well-being of the organisation. The directors assist the organisation to meet its objectives and requirements in the Statement of Intent. 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 Bay Venues 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 Bay Venues Constitution consistent with 1.3.1 of the Companies Act.

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

8. Board Performance Reviews

A TCC led bi-annual review will be undertaken in October 2023 by an independent entity, with results reported to TCC. The cost of this review will be funded by TCC. 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.

9. Ratio of Consolidated Funds

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

10. Estimate of Commercial Value

The Board estimate that the commercial value of the TCC's investment in Bay Venues is represented by the net assets of Bay Venues. This value is calculated from total assets less liabilities. As at 30 June 2022 this was \$101.7m.

11. 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.

12. Dividend Policy

Bay Venues will not be in a position to pay a dividend anytime in the short to medium term and acknowledges that any retained surpluses over \$250,000 (net after depreciation and interest) must be approved by Council unless otherwise agreed or prevented due to legal requirements.

If a surplus is achieved, Council may decide to reinvest part or all the surplus into Bay Venues if Bay Venues 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.

13. Procedures for Acquisition of Other Interests

Pursuant to the Constitution, Bay Venues will only invest in the shares of a new or existing company or organisation with the prior approval of TCC. 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.

14. Other Matters Agreed Between the Board and Shareholder

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

Due to the impact of Covid over the past few years Bay Venues revenue and profitability has been significantly negatively impacted. While existing loan arrangements with TCC are sufficient to cover this in the short term, Bay Venues wishes to signal to TCC a need to review the funding and/or loan arrangements to ensure that the business can continue to operate.

15. Transactions between Related Parties

Transactions between TCC and Bay Venues 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 Bay Venues procurement policy.

16. Compensation from Local Authority

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

Council provide Bay Venues with an operating grant of \$3.448m in FY23, which increases annually with CPI. TCC's operating grant to Bay Venues 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 outputs expected of Bay Venues are detailed in section 4 of the ESE.

Schedule 1 – Enduring Statement of Expectations

Schedule 2 – Annual Letter of Expectation FY24



19 April 2023

Simon Clarke
Chair
Bay Venues Limited

Via email: simon@matuagovernance.com

Dear Simon

Bay Venues Limited – Shareholder Feedback to the Draft Statement of Intent 2023/24 to 2025/26

At the Council meeting held on 3 April 2023 we received the Bay Venues Limited (Bay Venues) draft Statement of Intent for 2023/24 to 2025/26.

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

It was also great to receive Bay Venues' half-yearly report, as it enabled us to reflect on your recent achievements, resilience and commitment to achieving Council's community outcomes. We commend Bay Venues on their successes and contribution to making Tauranga a vibrant city through the delivery and network of facilities, spaces and places. We look forward to seeing what Bay Venues can bring in the second half of the year as Council's strategic delivery partner for community facilities, particularly with the development of the Memorial Park project.

The content in Bay Venues' draft Statement of Intent is consistent with legislation requirements and it also aligns with many of the aspirations we included in our Letter of Expectation to the Board.

A few minor amendments and suggestions for consideration by the Board when finalising your Statement of Intent include:

- Further discussion around the Social Return on Investment project.
- More information around the reporting and data collection from Bay Venues' Sustainability Action Plan.
- Removal of references to the proposed Regional Community Stadium, as this project is subject to community consultation and has not yet been confirmed.
- Addition of references to Bay Venues' actions under the Tauranga Events Action and Investment Plan.

- Consideration of opportunities to improve accessibility and for Bay Venues to assist as an emergency welfare centre.

We would like to see Bay Venues move towards greater accountability and transparency, with consideration of publishing Board agendas and minutes online. We acknowledge redacting commercially sensitive information is an option where necessary.

We note that the statutory timeframe for the Bay Venues board to deliver the final Statement of Intent to Council is before the start of the financial year to which it relates, i.e. by 30 June 2023.

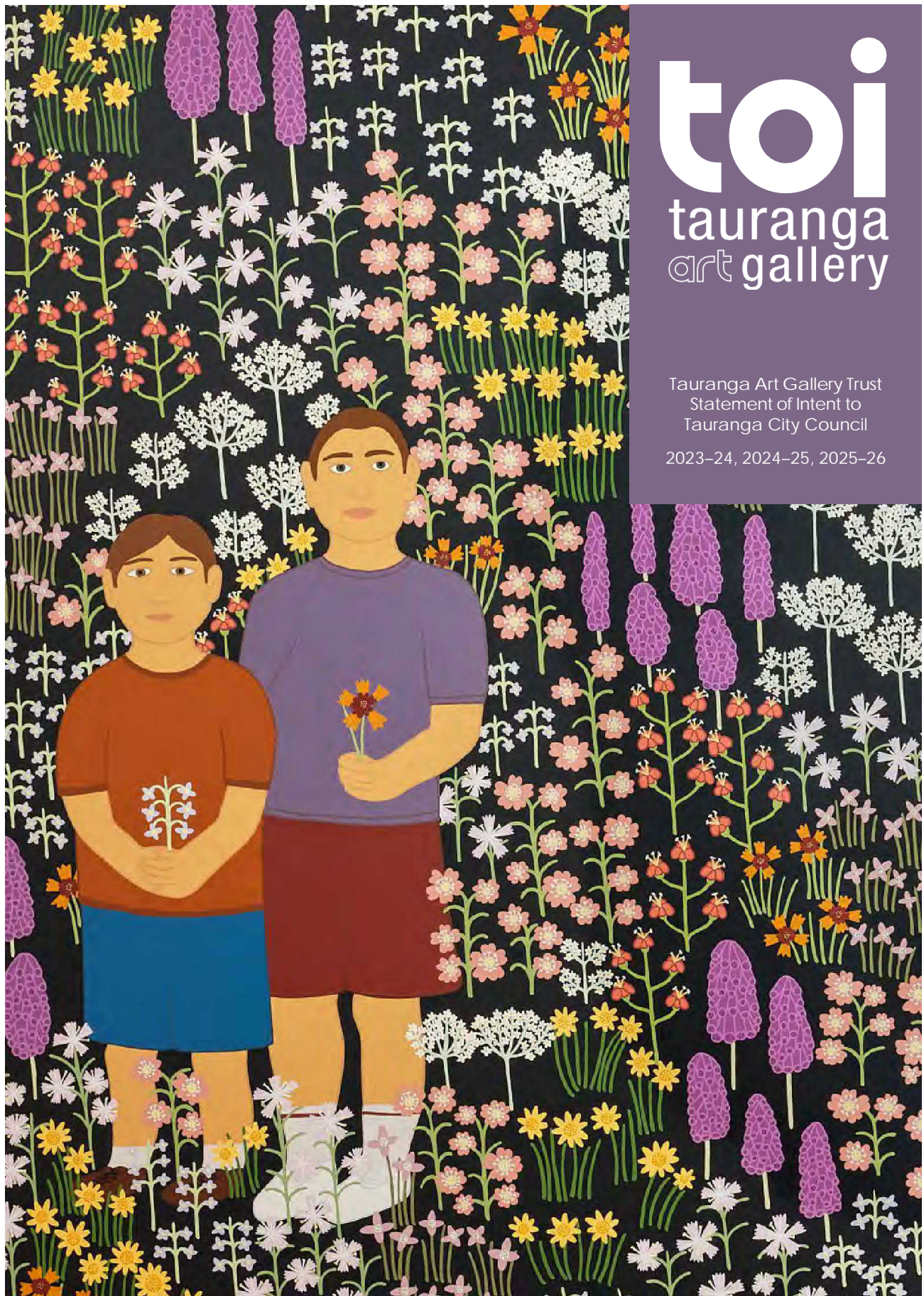
If you have any questions or need assistance, please contact Sanjana France at sanjana.france@tauranga.govt.nz or on 027 221 6798.

Yours sincerely



Anne Tolley
Commission Chair
Tauranga City Council

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



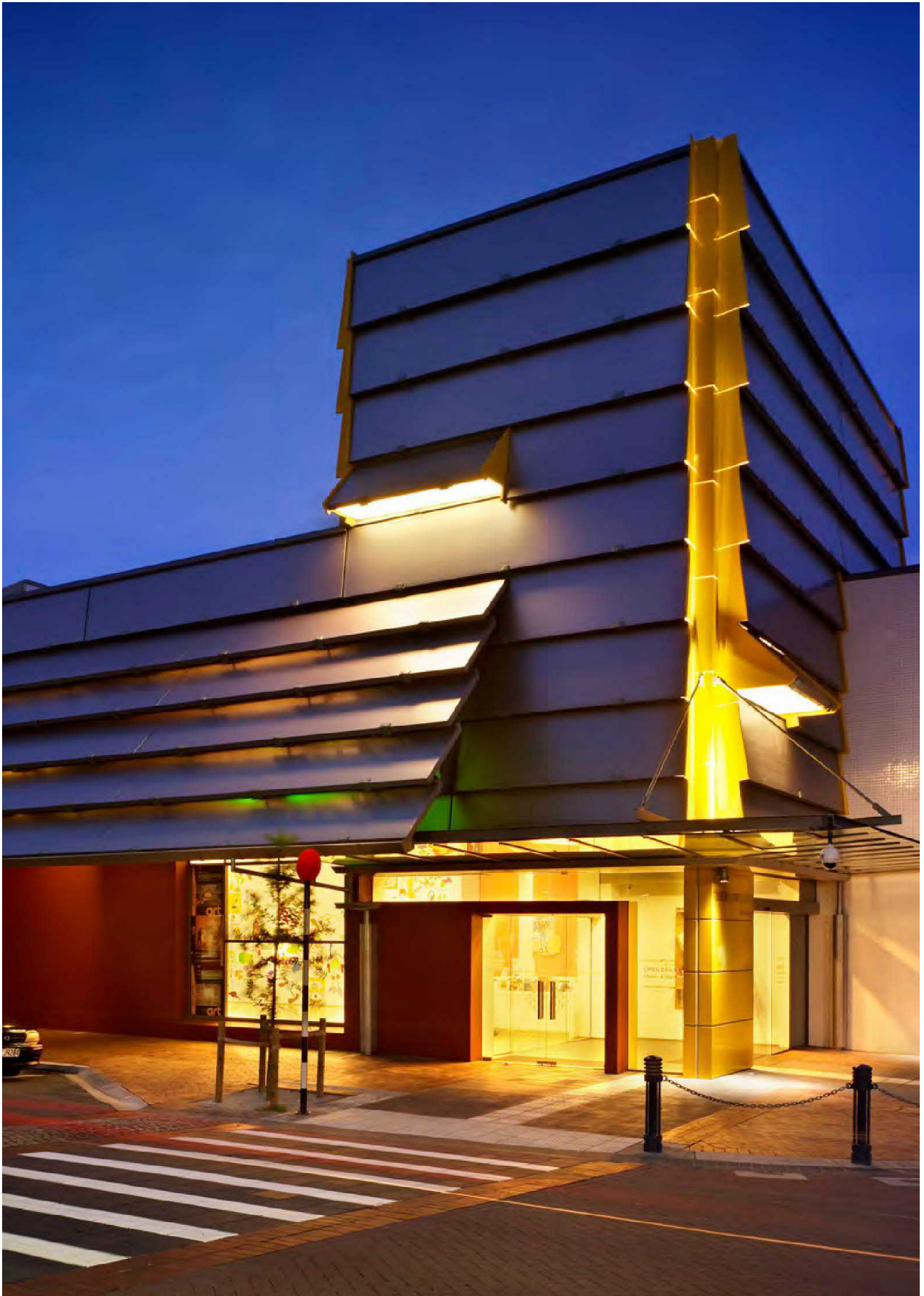
Front cover: Two Māori Boys in an English Field, Ayesha Green (2022)

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Glossary of abbreviations used:

Tauranga Art Gallery	"Gallery" or "TAG"
Tauranga Art Gallery Trust	"Trust" or "TAGT"
Tauranga City Council	"Council" or "TCC"
Council Controlled Organisation	"CCO"
Enduring Statement of Expectations	"ESE"
Letter of Expectations	"LOE"
Statement of Intent	"SOI"
Long-Term Plan	"LTP"
Learning Experiences Outside the Classroom	"LEOTC"



Letter of introduction

The Tauranga Art Gallery Trust Board is pleased to present our Statement of Intent (SOI) for the periods, 2023–24, 2024–25, 2025–26.

The SOI is informed by the expectations of the Tauranga City Council as outlined in the Enduring Statement of Intent and the Letter of Expectation, dated 28 November 2022. It identifies synergies between our Vision and Tauranga City Council's vision and values, ensuring community objectives established through our visioning work guides our activities.

The purpose of the SOI is to:

1. State publicly the activities and intentions of a CCO for the year and the objectives to which those activities will contribute.
2. Provide an opportunity for shareholders to influence the direction of the organisation; and
3. Provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

During 2022–2023, the Trustees and staff have continued work reviewing and refocusing our systems, processes, and capabilities. Whilst this has been a challenging period, we are confident that this work has enabled us to create a solid foundation for the Gallery and has built a more resilient organisation.

Tauranga Art Gallery is delighted to be part of the 1st stage of TCC's civic precinct development Te Manawataki o Te Papa - together we creating a city that is rich in arts, culture and heritage.

The next three years will be a time of change as we close our main building for redevelopment (2023) and reopen with a new entrance onto Masonic Park (2024). During the closure a pop-up space on Devonport Road shall run a small exhibition programme, continue our education and learning programmes with Tauranga Library and a series of public talks and art studios. Exhibitions for the closing of the main gallery will be a celebration of Tauranga Moana art and practitioners across the generations. The pop-up will feature a mix of local and national artists, both emerging and established, and we will continue to support local artists as we work towards the reopening of the new building such Jaime Jenkins and Kereama Taepa to realise major exhibitions of new work in their hometown.

Our public and education programmes have been created to continually meet the needs of our diverse communities. They cater for all ages and abilities and will be delivered in the gallery and offsite. Over the next 12 months we will be introducing new programmes for our young people and also for the older population working closely with the relevant groups and local retirement homes.

The Trust is conscious that the Gallery will face more economic challenges over the next three years, and we will continue to work diligently on building diverse revenue streams for OPEX and CAPEX requirements and positive relationships to secure funding and sponsorship. We will continue to place an emphasis on understanding and communicating the value of Gallery's activities to both current and new stakeholders.

The Trust acknowledges that the redesign of the Gallery to face the new proposed Masonic Park means that there will be significant investment required outside of the funds generously supported by the Tauranga City Council. During the period of construction and rehousing of the City Collection there will be periods of time, when there will be less business as usual, which has impacts on expected ordinary income streams. On this basis the Trust is taking a prudent approach and undertaking financial budgets that reflect both business as usual costs, anticipated and known costs for the scope of the works and for those costs and expenses which are contingent in nature, including estimates for funding required from sources outside the trust, and if required, from trust reserves.

The operation of the Pop Up Gallery for much of the 2023/24 financial year will likely affect several of the Gallery's non-financial performance metrics. The extent of the impact is unknown so targets have been set using ordinary expected outcome for the 2023/2024 year. Some variances may result due to the impact of this temporary relocation.

It is anticipated that this significant investment in improving the Gallery itself will provide a foundation for the general public and the Art Community in Tauranga for decades.

We look forward to working together in partnership with Tauranga City Council with the Te Manawataki o Te Papa project and we are excited about the opportunity to expand our capacity to deliver more art and culture in Tauranga.

We would like to thank the commissioners and staff for their ongoing support, and we look forward to updating you on our progress during the year.

Ngā mihi, nā

A handwritten signature in black ink, appearing to read 'R. Protheroe', with a stylized flourish at the end.

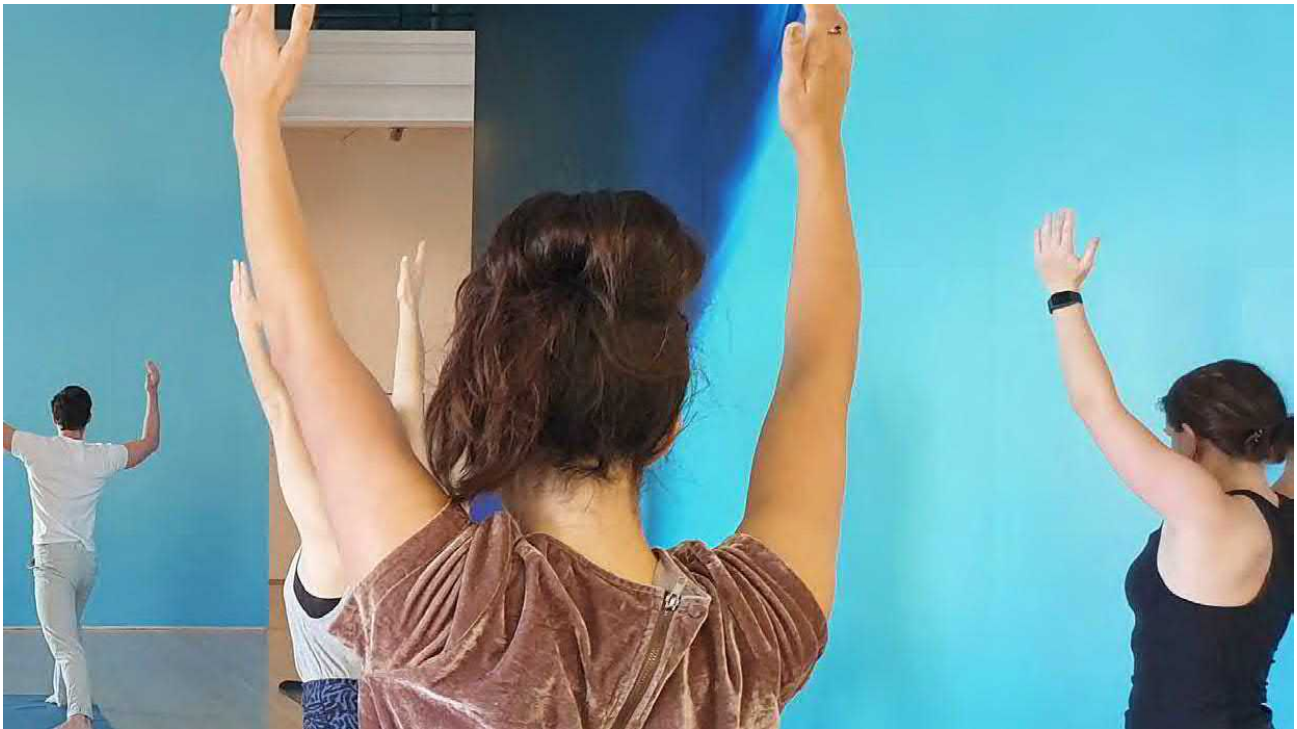
Rosemary Protheroe
Chair, Tauranga Art Gallery Trust



Strategic priorities and alignment

Vision Statement: Toi Tu² Tauranga
Enduring relationships with art—creating life-long connections with art

TAGT strategic objectives	He Tauranga Auaha <i>To be an anchor of innovation and creativity</i>	He Tauranga Matarau <i>To be an anchorage for diversity</i>	He Tauranga Whaihua <i>To be an anchor of enduring success</i>
TAGT business function	Exhibitions, events, and education programmes	Stakeholder engagement	Marketing and Communications
TCC LOE alignment community outcomes	Our purpose – we're here to make Tauranga better: We recognise we are an integral part of the wider Bay of Plenty region and upper North Island.		
	We are inclusive		Accountability and transparency
TAGT Priorities	Deliver a diverse exhibition and events programme. Achieve a high level of customer satisfaction Deliver a range of education programmes and learning opportunities that meets the needs of our clients.	Enhance our marketing and communications. Partner with tangata whenua and ensure strong engagement with Māori. Partner with government agencies, councils, and other organisations.	Develop a greater awareness of our Social Return on Investment (SROI). Implement prudent financial management processes. Ensure TAG has a clear vision and purpose for the next 3–5 years.



Mission Statement: He Tauranga Toi

To be an anchorage for art—To create exceptional art experiences that engage, inspire, and challenge

He Tauranga Haukaha

To be an anchor of great shelter

He Tauranga Taiao

To be anchor in environmental sustainability

He Tauranga Haumarū

To be anchor in safe development

Infrastructure and facilities

People and organisational culture

We have a well-planned city

Purpose and values. Board professional development. COVID-19: health, safety, wellbeing

Involvement in the City Centre redevelopment project (Civic Precinct) discussions.

Effective management of assets.

Gallery operates in an environmentally sustainable way.

Health, safety, and well-being is a priority.

Implement best practice human resource management policies and processes.

The board provides best practice governance



The future: 2023–24 and beyond

The Tauranga Art Gallery Toi Tauranga is a hub for learning and building connections through experiencing work by leading local, national, and international artists.

Our location in the CBD places us among a growing hospitality and cultural district, and at the heart of the city.

2023–2024 and beyond is going to be an exciting period for the Gallery and our communities, due to the positive impact we are making because of our hard work over the past 12–18 months. We now have a more solid foundation and a clearer pathway that identifies what we need to do to achieve our strategic outcomes.

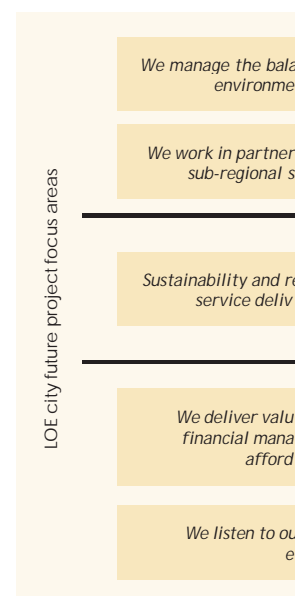
Developing the capability of our people at the governance and operational levels of the Gallery is a priority over the next few years. The challenges of the past two years have reinforced to us there is a need to make sure our people are not only capable of doing the work but have the resilience to be able to adapt to our changing and unpredictable environment.

To meet the needs of our communities we will be regularly reviewing our programmes and will challenge our ideas. This will enable us as the Regional Art Gallery for the Western Bay of Plenty, to deliver a diverse range of innovative programmes for all to enjoy.

We will continue to offer opportunities for local artists to showcase their work in the gallery and in other sites across Tauranga and continue to inspire young people into art through our junior art awards.

To enable our tamariki and rangatahi to develop a lifelong love of art, and to offer opportunities for our retirees to participate in art classes, we will offer a wide range of in-gallery and offsite programmes and professional development opportunities for teachers and activity providers.

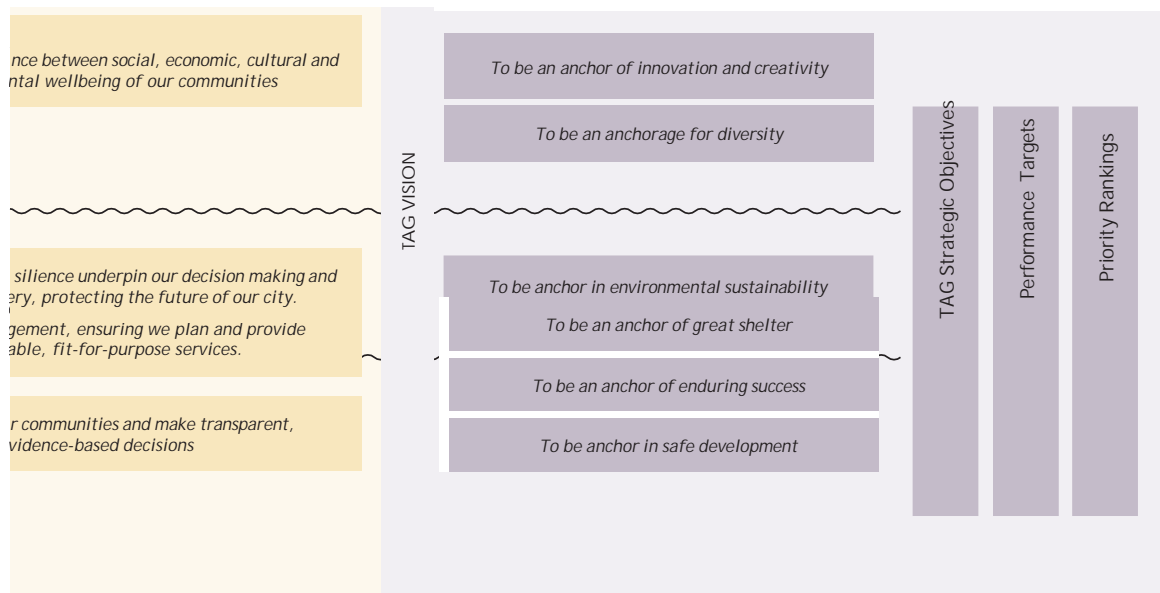
Finally due to the growth of our programmes we need a more fit-for-purpose facility, and this is a key priority for the TAGT and the future Civic Precinct — Te Manawataki o Te Papa project provides us with the opportunity to review our current building layout and plan for our future.





Nature of scope & activities

The diagram below demonstrates the alignment between the LOE City Future Project's focus areas and TAG's objectives. Our objectives are further detailed in the Performance Framework.



Performance framework—financial & non-financial

Exhibitions, Events and Education Programmes		
<p>He Tauranga Auaha <i>To be an anchor of innovation and creativity</i></p> <p>TAG is a destination for both city visitors and residents, providing the opportunity for all to learn about and experience art</p>	TAGT Strategic Objective	Performance Target
	Deliver a diverse exhibition and events programme.	Deliver a high-quality programme that includes a minimum of 12 exhibitions and a diverse range of public programmes and events that reflect the unique character and needs of Tauranga, inspires the Tauranga community, includes international representation, and integrates key objectives in the areas of innovation, diversity, community, environment.
	Achieve a high level of customer satisfaction.	At least 38,000 visitors to the Gallery for 2023–24, 40,000 in 2024–25 and 55,000 in 2025–2026 85% “highly satisfied/positive” rating via our visitor survey and feedback received from schools and other participants of programmes and events.
	Deliver a range of education programmes and learning opportunities that meets the needs of our clients.	Education programmes are linked to the exhibition programme and align with the Te Whāriki (ECE) and the NZ Curriculum (primary secondary) curriculum focus areas and identified tertiary outcomes. Programmes are developed to meet the needs of our participants, with te reo and te ao Māori principles integrated within our programmes.
		A range of in-gallery, outreach and holiday programmes are delivered to a minimum of 7,500 students across Tauranga and the larger WBOP region. Continue to identify opportunities to expand our reach of programmes to schools/kura. Deliver a range of other learning opportunities for targeted groups and families/whānau—a minimum of 8 in 2023–24, 10 in 2024–2025 and 12 in 2025–2026.
Stakeholder engagement / marketing and communications		
<p>He Tauranga Matarau <i>To be an anchor for diversity</i></p> <p>TAG is inclusive and promotes partnerships with tangata whenua, values culture, and diversity and where people of all ages and backgrounds are included, feel safe, connected, and healthy.</p>	TAGT Strategic Objective	Performance Target
	Enhance our marketing and communications.	The marketing and communications strategy continues to effectively promote the Gallery's full range of activities and options to develop technology and digital platforms to provide alternative art experiences to grow audiences and enabling greater access to the visual arts.
	Partner with mana whenua, and ensure strong engagement with Māori	The Māori Engagement Framework is in its final stages of development and will be implemented over the coming year. It reflects Tikanga Māori, enabling us to build stronger relationships with mana whenua and enabling wider engagement with Māori.
	Partner with government agencies, councils, and other organisations.	Staff, and where appropriate trustees, work in collaboration with relevant government agencies, groups, and councils to share best practice and to align with other events held across the city, i.e., Tauranga Arts Festival, Jazz Festival.

Financial Governance and Management		
<p>He Tauranga Whaihua <i>To be an anchor of enduring success</i></p> <p>TAGT will pursue opportunities to secure funding and manage all funds with prudence and care with a commitment towards being financially sustainable.</p>	TAGT Strategic Objective	Performance Target
	Develop a greater awareness of our Social Return on Investment (SROI)	Our Social Return on Investment (SROI) impact is integrated into messages with stakeholders and Gallery supporters, leading to a better understand of our social and economic impact. Report findings to TCC as part of 2023–24 Annual Report.
	Implement prudent financial management processes.	New measures and statistics are identified, in addition to ongoing visitor attendance and feedback surveys, to be reported back through the 2023–24 Annual Report
		Appropriate systems and controls are in place for the efficient financial management, planning, and decision making across all areas of the organisation.
		Our annual budget is monitored regularly, with current financial projections maintained to ensure gross revenue targets and forecasted expenditure is within budget. Prudent budgets predict actual costs of both business as usual and one off capital costs for the gallery redevelopment. Close monitoring of actual costs as aligned to budget.
		Generate 20% revenue from sources other than TCC (2023–24), building towards increasing our alternative revenue by a minimum of 20% (24% of overall operating budget) by 2024–25.
Infrastructure and facilities		
<p>He Tauranga Haukaha <i>To be an anchor of great shelter</i></p>	TAGT Strategic Objective	Performance Target
	Involved in City Centre redevelopment project (Civic Precinct) discussions.	Evidence of collaboration with TCC management team on the development of the Te Manawataki o Te Papa – Civic Precinct.
<p>He Tauranga Taiao <i>To be anchor in environmental sustainability</i></p>	Effective management of assets.	An Asset Management Plan is developed that includes a well-planned repairs and maintenance programme, renewals, and future CAPEX priorities.
	Gallery operates in an environmentally sustainable way.	We have investigated ways of using resources better and reducing waste by recycling and/or reusing materials and monitoring power consumption. TAGT identifies targets in period, in work towards achieving a sustainability accreditation by 2025–26
People and organisational culture		
<p>He Tauranga Haumarū <i>To be anchor for development</i></p> <p>TAGT will take all practical steps to ensure our people are valued, supported feel safe, connected, and healthy</p>	TAGT Strategic Objective	Performance Target
	Health, safety, and well-being is a priority.	All health, safety and well-being policies and procedures reviewed, and an internal review programme developed to ensure they are regularly monitored to meet statutory requirements.
	Implement best practice human resource management policies and processes	To improve the culture of the organisation, staff are engaged, increased in employee satisfaction, meeting statutory obligations, and reducing organisational risk. Annual staff survey to be undertaken, potentially in collaboration with Council with a staff rating of 80% staff satisfaction achieved.
	The board is providing best practice governance	The board provides governance for the TAG strategic direction. All Trustees have a clear understanding of their roles and actively seek professional development opportunities. Board will also be openness and transparency, publishing our SOI on our website and key strategic documents, policies and staff and board charters.
	Approach to governance	TAGT board values align with Tauranga City Council's values. Collaborate with TCC, through assisting with developing the Council city brand, Tauranga Events, Accessible Tauranga, Arts Culture and Heritage Action and Investment Plans, and participating in Governance-to-Governance meetings.



Planning

TAGT will prepare and annually update a three-year Strategic Plan and Annual Business Plan with:

- Indicative rolling three-year forecasts of financial performance and position, separately identifying any significant intended expenditure.
- Any likely requests for increased levels of funding from Council.
- Key actions or initiatives to deliver on the objectives of the Trust.
- Upcoming challenges, risks, and opportunities for the Trust.

TAGT will work collaboratively with TCC to review and as necessary update the Enduring Statement of Expectations (ESE) and the annual Letter of Expectations (LOE).

Reporting

TAGT will:

- Keep TCC informed of matters of substance affecting the Trust as outlined in ESE.
- Produce an annual report to TCC on both financial and non-financial performance.
- Appraise the performance of the Trust Board / Trustees at least every 2 years.

Annual Report

TAGT will work alongside the appointed auditor with the goal that within two months after the end of each financial year, TAGT shall deliver to the TCC a Draft Annual Report, and within three months after the end of each financial year, audited financial statements in respect of that financial year containing the following information:

- A trustees' report, including a summary of the financial results, a report of the operations, and comparison of performance in relation to its objectives and recommendations for further funding requirements or opportunities.
- Audited financial statements for that financial year; and
- The Auditor's report on:
 - Those financial statements; and
 - The performance targets and other measures by which performance has been judged in relation to the objectives.

The audited financial statements shall consist of

- Statement of Financial Position.
- Statement of Financial Performance.
- Statement of Cashflows.
- Statement of Performance against Financial and Non-Financial Performance Targets.
- Such other statements as may be necessary to fairly reflect the financial position of the Trust, the sources available to the Trust and the financial results of the operations of the Trust; and
- A statement of accounting policies and notes to the accounts.

The ability for TAGT to meet the above timeframes is dependent on the availability of the appointed Auditor.

Financial performance targets

- ° Gross revenue is consistent with the agreed budget.
- ° Expenditure is managed within the agreed budget.
- ° Working capital ratio of no less than 1 (excluding current portion of term debt).
- ° Interest cost as a percentage of total revenue should not exceed 10%.
- ° Consolidated funds (total equity) are not less than 90% of total assets (all current and non-current assets).
- ° No debt is to be raised to finance operating expenses.
- ° No distribution of income or capital to TCC.

Non-Financial Performance Targets

Indicative Non-Financial Performance Targets of planning and reporting requirements are met as per performance framework above.

Accounting policies

Financial statements will be prepared and applied consistently in accordance with NZGAAP. They will comply with NZIFRS and other applicable Financial Reporting Standards, as appropriate to public benefit entities that qualify for and apply differential reporting concessions.

Non-Financial Performance Targets

Indicative Non-Financial Performance Targets of planning and reporting requirements are met as per performance framework above.

Asset management

TAGT will prepare and implement Asset Management Plans for the building and other assets.

Commercial Values of Assets

TAGT operates a public service and not a commercial activity. It is not practical to provide a commercial value to assets. Fair value of land, building and artworks are determined by an independent valuer every three years and changes reflected in the financial statements. Fair value is reviewed annually. The next valuation is to be undertaken in the year ended 30 June 2024.

Transactions between related parties

Transactions between TCC and TAGT will be conducted on a wholly commercial basis.

Significant decisions

TAGT will not undertake any activity of a significant nature or scope not provided for in the ESE or the SOI without prior approval of TCC. In particular, the prior approval would be required for TAGT to:

- Form any subsidiary entity.
- Purchase shares in any other entity.
- Dispose of any significant assets, e.g., land or buildings.
- Dispose of or deaccession any works within the TCC Civic Art Collection.
- Purchase any significant assets e.g., land or buildings.

Investment from TCC

2023–24

Management and operation of Tauranga Art Gallery \$1,296,014 (based on applying an inflation adjustment of 2% and including Trustee fees of \$45,000.

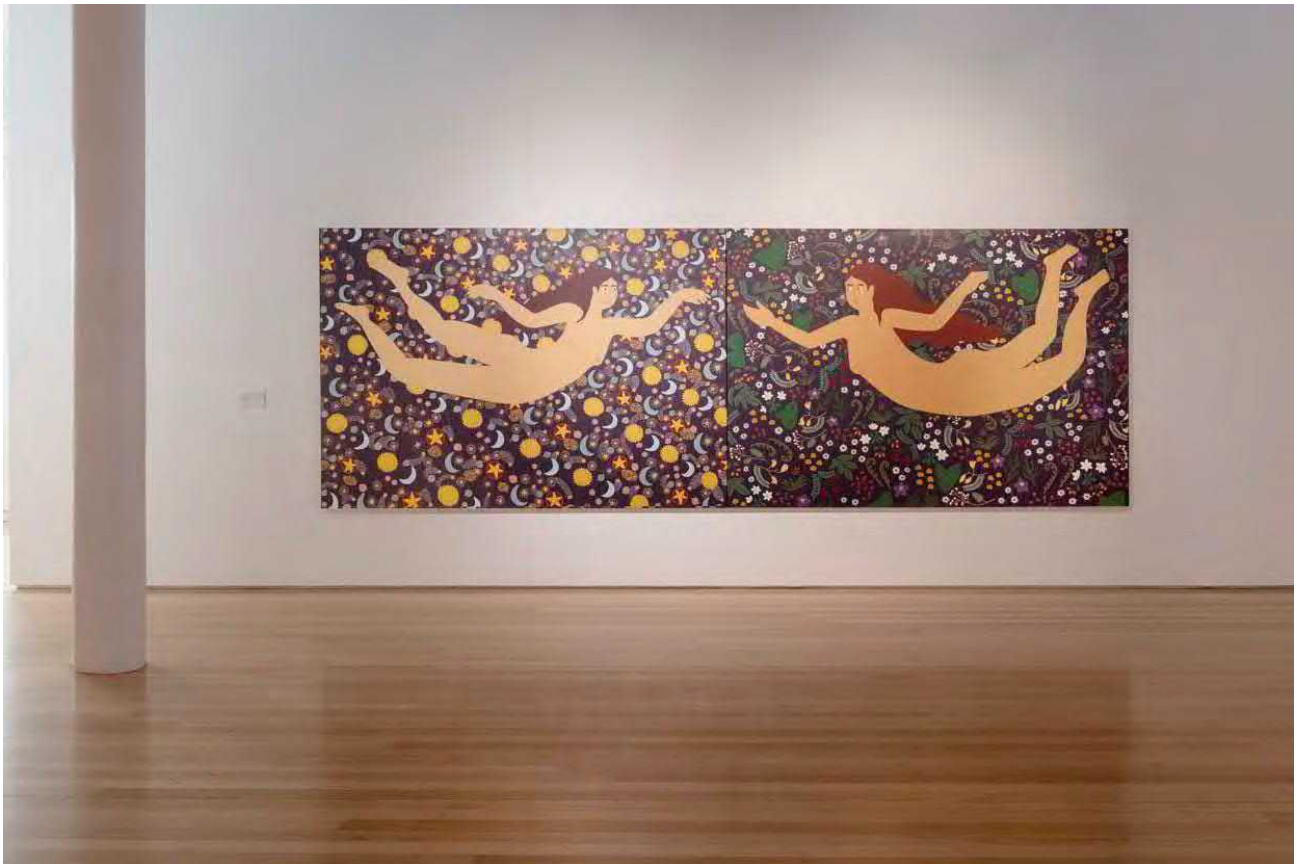
2024–25

Management and operation of Tauranga Art Gallery \$1,321,934 (based on applying an inflation adjustment of 2% and including Trustee fees of \$45,000

2025–26

Management and operation of Tauranga Art Gallery \$1,321,934 (based on applying an inflation adjustment of 2% and including Trustee fees of \$45,000

Any increases of the Management & Operational funding and Trustee fees would be subject to TCC approval as part of the internal submission via the Annual Plan process.



Payment arrangements

- ° Payment of the Tauranga Art Gallery management and operation will be made monthly in advance as per the schedule above.

Compensation for any other services provided to or by the Council will be based on a service delivery agreement entered into by both parties.

Signed by:
Rosemary Protheroe
Chair, Tauranga Art Gallery Trust

Signed by:
Director, Tauranga Art Gallery

Three-year forecast

STATEMENT OF INTENT - Financial Projections			
TAURANGA ART GALLERY	3 Year Forecast		
Indicative Three Year Operational Forecast	2023-2024	2024-2025	2025-2026
Income			
Donations, fundraising and similar revenue	\$363,500	\$378,040	\$393,162
Revenue from providing goods or services	\$8,060	\$22,374	\$25,369
Interest, dividends & or other investment revenue	\$31,200	\$31,200	\$31,200
TCC operational (incl. Collections)	\$1,430,102	\$1,255,102	\$1,255,102
WBOPDC	\$40,000	\$40,000	\$40,000
Total Income	\$1,872,862	\$1,726,716	\$1,744,833
Gross Profit	\$1,872,862	\$1,726,716	\$1,744,833
Less Operating Expenses			
Building	\$355,991	\$212,408	\$220,904
Expenses related to public fundraising	\$328,032	\$340,873	\$354,508
Volunteer & Employee related costs	\$1,149,272	\$1,091,247	\$1,134,897
Costs related to providing goods or services	\$77,569	\$80,672	\$83,898
Other expenses	\$71,321	\$68,454	\$71,192
Total Operating Expenses	\$1,982,185	\$1,793,654	\$1,865,399
Operating Profit	-\$109,323	-\$66,938	-\$120,566
Non-operating Expenses			
Depreciation	\$151,740	\$151,740	\$151,740
Total Non-operating Expenses	\$151,740	\$151,740	\$151,740
Net Profit	-\$261,063	-\$218,678	-\$272,306

Assumptions

1. Due to the current financial environment, it will continue to be a challenge to obtain new revenue from the business community. But we remain positive and with the borders now open and new programmes in the Gallery (other than those restrictions mentioned below) that these revenue targets are achievable.
2. The Trust acknowledges that over 2023/2024, as the design phase and construction process is undertaken as part of the Gallery redevelopment – in light of the greater Te Manawataki o Te Papa project, the Gallery will be non-operational from its current site and will instead run a pop up Gallery in Devonport Road, Tauranga. The nature of the business means that the operation of educational programmes and exhibitions as normal are restricted and thus this has a direct impact on visitor numbers and correlating revenue. The trust in anticipation of both one off and contingent costs is operating both a business as usual budget and a budget to reflect these unique costs for the redevelopment and temporary rehoming of the Gallery and the City collection.
3. Do not expect interest on investments to increase.
4. Based on 2022 actual including the TCC increase of \$50k for salaries
5. WBOPDC's 3-year partnership agreement has been renewed for next three-years with annual CPI increase and we are working towards increasing the base contract.
6. Building as per 2022/23 actual plus inflation increase of 4% for costs for goods and ongoing building maintenance as per our SLA with TCC.
7. Volume and quality of exhibitions increased. Offsite education programmes initiated. Budget does not include NZME contra sponsorship for marketing and communications of \$20k.
8. Increased HR costs include a 3% CPI increase, we have a full team of staff for the first time in three-years and have work wellness and professional development allocations.
9. Trustee fees, Director travel, meetings & professional services.
10. Includes audit fees (75%), accounting, bank & EFTPOS service fees. Additional budget for Business Improvements over the next 3 years, increasing each year \$60k, \$195k, \$295k.
11. Depreciation projections is based on previous years calculations.
12. Addressing this shortfall will be part of TAG's ongoing conversations with TCC, WBOPDC and other key partners over the coming years.

19 April 2023

Rosemary Protheroe
Chair
Tauranga Art Gallery Trust



Via email: rosemary.protheroe@gmail.com

Dear Rosemary

Tauranga Art Gallery Trust – Shareholder Feedback to the Draft Statement of Intent 2023/24 to 2025/26

At the Council meeting held on 3 April 2023 we received the Tauranga Art Gallery Trust's (TAGT) draft Statement of Intent for 2023/24 to 2025/26.

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

It was also great to receive TAGT's half-yearly report, as it enabled us to reflect on TAGT's recent achievements and commitment to enhancing arts and culture in the region. We commend TAGT on their successes and contribution to making Tauranga a vibrant city through the delivery of a range of exhibitions and education programmes. We now look forward to what TAGT can bring in the second half of the year, particularly with their integral role in the development of Te Manawataki o Te Papa civic precinct development.

The content in TAGT's draft Statement of Intent is consistent with legislation requirements and it also aligns with many of the aspirations we included in our Letter of Expectation to the Board.

A few minor amendments and suggestions for consideration by the Board when finalising your Statement of Intent include:

- Including stronger language around TAGT's commitment to the key part they play in the Civic Precinct development.
- Planning around corporate sustainability.
- Committing to sharing outcomes from the Social Return on Investment piece of work.
- Creating a Strategic Māori Engagement Plan, which shows accountability for proactive engagement and consideration of the Gallery's partnership with mana whenua.
- Clarifying plans to deliver a diverse exhibition and events programme with strong Māori engagement.
- Adding references to the Tauranga Events Action and Investment Plan, the Accessible Tauranga Action and Investment Plan, and the Arts, Culture and Heritage Action and Investment Plan.

- Investigating collaboration opportunities with the Library at He Puna Manawa and Baycourt.
- Looking into outreach and partnership opportunities with communities that are not able to traditionally participate in TAGT's service offerings.

We would like to see TAGT move towards greater accountability and transparency, with consideration of publishing Board agendas and minutes online. We acknowledge redacting commercially sensitive information is an option where necessary.

We note that the statutory timeframe for the TAGT board to deliver the final Statement of Intent to Council is before the start of the financial year to which it relates, i.e. by 30 June 2023.

If you have any questions or need assistance, please contact Sanjana France at sanjana.france@tauranga.govt.nz or on 027 221 6798.

Yours sincerely



Anne Tolley
Commission Chair
Tauranga City Council

Cc: Sonya Korohina, Tauranga Art Gallery Director - director@artgallery.org.nz



STATEMENT OF INTENT

2023-2024 TO 2025-2026

TĀPOI TE MOANANUI Ā TOI | TOURISM BAY OF PLENTY

(WESTERN BAY OF PLENTY TOURISM AND VISITORS TRUST)



Our Regional Brand Story

KO MĀTOU WAAHI HE NGĀKAU PAI, HE TAKUTAI
HAUMAKO RAWA, HE WAAHI PITO MATA.

HE WAAHI AWHINA O NGĀ AHUREA TUAKIRI
KĀTOA. KO TE WAIRUA MĀHORAHORA O TE
TANGATA HE ORITE KI TE PARITANGA HUANGĀ PAI
O TE WHENUA.

HE WAAHI HURANGA – KO TĀ MĀTOU
PŪMANAWATANGA, TE MOTUHAKETANGA ME TE
WHAKAARO MURAMURA E HONOHONO ANA
MĀTOU KI TE AO.

HE TAURANGA MAI. HE TAURANGA ATU.

TE MOANANUI Ā TOI – HE WAAHI MŌU.

OURS IS A PLACE OF POSITIVE ENERGY; A RICH
COASTAL PARADISE BLESSED WITH RAW
POTENTIAL.

WHERE CULTURES EMBRACE
AND THE NATURAL GENEROSITY
OF OUR PEOPLE IS AS ABUNDANT AS OUR FERTILE
LAND AND OPEN SEAS.

A PLACE OF DISCOVERY –
OUR INGENUITY, DETERMINATION
AND BOLD THINKING CONNECT
US TO THE WORLD.
A LANDING PLACE. A LAUNCH PAD.

THE COASTAL BAY OF PLENTY –
A PLACE FOR YOU.



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1. Purpose of Statement of Intent

In accordance with section 64 of the Local Government Act 2002 and the Local Government Amendment Act 2019, this annual Statement of Intent (SOI) publicly states the activities and intentions of the Western Bay of Plenty Tourism and Visitors Trust (Tourism Bay of Plenty) for the next three years. This SOI sets out Tourism Bay of Plenty's strategic framework, activities, and performance measures, as the basis of organisational accountability.

Tourism Bay of Plenty (TBOP) acknowledges the Enduring Statement of Expectations (ESE) and Letter of Expectation (LOE) from Tauranga City Council and Western Bay of Plenty District Council. These articulate the focus areas for TBOP that will contribute to advancing the western bay's economic prosperity.

2. About Tourism Bay of Plenty

TBOP is incorporated under the Charitable Trusts Act (1957) and is a not-for-profit entity, established to promote and manage the western bay sub-region as a visitor and tourist destination. TBOP is a Council Controlled Organisation (CCO) which is accountable to Tauranga City Council (TCC) and Western Bay of Plenty District Council (WBOPDC) through separate Letters of Expectation. TBOP is also accountable to Whakatāne District Council (WDC) by a separate Letter of Intent. This collective region is known as Te Moananui ā Toi | the Coastal Bay of Plenty.



3. Objectives of Tourism Bay of Plenty

TBOP's purpose, as described in its Trust Deed, is to promote the economic welfare and development of the western bay region and its citizens through destination marketing, destination management, and other related activities which impact on the region as a visitor destination. TBOP is also responsible for providing visitor information services in the region.

TBOP's role as a Destination Management Organisation (DMO) is to lead, advocate, and coordinate a cohesive, collaborative, and balanced approach to the promotion and management of the region. This is a partnership approach which requires genuine engagement with local communities, businesses, iwi, and stakeholder councils to ensure an enhanced visitor experience.

3.1 Alignment with Tauranga City Council's Community Outcomes

TCC have made a commitment to "put the community at the heart of everything we do" and to create a vibrant city. The [*Our Direction Tauranga 2050*](#) document explains the Council's strategic framework, outlining desired community outcomes, guiding further decision-making, and supporting its overarching [*City Vision, Together we can.*](#)

As per TCC's Letter of Expectations, TBOP will ensure its activity contributes to the following three TCC community outcomes, which align with the three pillars of the Council's City Vision:

- **We value and protect our environment and prioritise nature**

Tauranga is a city that values our natural environment and outdoor lifestyle, and actively works to protect and enhance it.

- **We are inclusive and lift each other up**

Tauranga is a city that recognises and promotes partnership with tangata whenua, values culture and diversity, and where people of all ages and backgrounds feel included.

- **We recognise we are an integral part of the wider Bay of Plenty region and upper North Island**

Tauranga is a well-connected city which makes a significant contribution to the social, economic, cultural, and environmental wellbeing of the region. It is a vibrant city where we fuel possibility by fostering creativity and innovation, celebrating arts and culture and empowering change makers to create a vibrant city.

3.2 Alignment with Western Bay of Plenty District Council's Focus

WBOPDC desires to have economic wellbeing integrated with environmental, social, and cultural wellbeing. WBOPDC value TBOP's Destination Management Plan, which has regenerative tourism at its core. Council supports regenerative tourism that aims to:

- Have net benefit across the environment.
- Improve residents' quality of life.
- Elevate Te Ao Māori.
- Add value to the economy.



3.3 Principal Objectives

TBOP takes the lead role in the sustainable growth of the visitor economy and destination management of Te Moananui ā Toi | the Coastal Bay of Plenty. TBOP's purpose is 'to lead the prosperity of our people and place through tourism'. As such, our principal objectives are to:

1. Provide leadership for the recovery of the Tauranga and Western Bay of Plenty District tourism sector following the COVID-19 pandemic.
2. Help manage and promote the reputation of Tauranga and the wider coastal region nationally and internationally, to increase awareness and appeal.
3. Create, identify, and support opportunities for tourism to have positive economic, social, cultural, and environmental outcomes for the region and residents.
4. Share positive visitor sector stories to engage communities and to demonstrate the value of tourism to local residents (i.e., maintaining social license).
5. Provide leadership, advocacy, and engagement across the visitor economy, in areas such as events, cruise, conferencing, destination management, destination marketing, and storytelling.
6. Participate in conversations with both councils and in their subsequent workstreams, in relation to the development of their strategic directions. This includes contributing to Long-Term Plan conversations, the Te Manawataki o Te Papa project, and other similar large-scale council projects or reviews.
7. Ensure the TBOP business continuity plan is up to date and that it includes contingency strategies, being mindful of relevant health and safety legislation whenever we're providing services to support the wellbeing of our communities.

As of June 2023, TBOP and TCC are working through the designation of the Brand Tauranga and wayfinding (digital kiosk) projects to TBOP. It is expected that both projects will be funded separately to TBOP's baseline funding, as outlined in Section 11.3 of this document. That said, TBOP is committed to continuing with the wayfinding project in the limited scope we had outlined prior to this development.



3.4 Operating Principles

TBOP will adhere to the 'Council Group' operating principles whereby:

- 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 the social, economic, cultural, and environmental wellbeing of our communities.
- We listen to our communities and make transparent, evidence-based decisions.

TBOP is committed to employee wellbeing. As part of this, TBOP will continue to pay all staff the Living Wage as a minimum.



4. Approach to Governance

TBOP is a CCO of the Tauranga City and Western Bay of Plenty District Councils. The TBOP Board and management are committed to ensuring the organisation meets recommended best practice governance principles and maintains the highest ethical standards, as outlined in the ESE.

The TBOP Board of Trustees is appointed by both councils to govern and direct TBOP's activities. The Board is accountable to the councils for the financial and non-financial performance of TBOP. The Board works collaboratively with the councils to ensure a bilateral 'no surprises' relationship.

For transparency, TBOP will continue to publish up-to-date information online about what it does and how it operates on this page on our website: bayofplentynz.com/media-and-resources/resources/. TBOP will also consider the online publication of minutes of public sections of Board meetings.

4.1 The Role of the Tourism Bay of Plenty Board of Trustees

The Board of Trustees is responsible for the direction of TBOP. In accordance with the ESE, this responsibility includes:

- Acting in accordance with the Trust Deed.
- Developing and overseeing TBOP's Visitor Economy Strategy 2018-2028 (VES).
- Advocating on behalf of TBOP with key stakeholders.
- Approving Annual Plans, budgets, and the Statement of Intent (SOI).
- Maintaining Enterprise Risk and Health and Safety systems, policies, and controls.
- Monitoring financial performance and achievement of key initiatives and SOI objectives.
- Appointing and monitoring the performance and remuneration of the General Manager (GM).
- Ensuring the integrity of management information systems and policies.
- Assessing business opportunities and business risks.
- Ensuring TBOP policies enable a healthy organisational culture and staff engagement.
- Complying with relevant law.
- Ensuring TBOP exhibits a sense of social and environmental responsibility.
- Reporting to the councils.
- Following the decision-making guidelines in the ESE and the TCC Appointment of Directors to Council Organisations Policy and the Significance and Engagement Policies.

The Trustees operate under the TBOP Code of Conduct and the Tauranga City Council Code of Conduct for Directors Appointed by Council-to-Council Organisations.

The Trustees delegate the day-to-day operation of TBOP to the General Manager (GM) of TBOP, who reports to the Board.



4.2 Tourism Bay of Plenty Trustees

As of 30 June 2023, the TBOP Board comprises the following trustees:

- Russ Browne (Chairperson)
- Jason Hill
- Clare Swallow
- Peter Blakeway
- Janine Tulloch

Note: Mana whenua trustee Charlie Rahiri resigned from the TBOP Board in May 2023 due to work commitments.

4.3 Communication Protocol

The Chairperson, Board members, and officers of TBOP will adhere to the following communication protocols with the councils, in addition to the formal reporting requirements:

- Regular governance-to-governance meetings with each council's Commissioners or Councillors.
- Presentations of the Six-Month Report and Annual Report to both councils.
- Two-way dialogue and consideration of each council's strategic priorities and objectives.
- A bilateral 'no-surprises' approach to governance and the management of the organisation.
- Consultation, prior to external release, of any significant changes and/or developments.
- Early notification and collaboration on key matters of risk or reputation.
- Appraise the performance of the TBOP Board of Trustees at a minimum of every two years, alternating annually between a Board-led review and a Council-led review.
- Share the details of any substantive engagement with central government and/or external agencies.
- Acknowledge our relationship with councils and use of logos where appropriate.

4.4 Statement of Intent

The draft SOI for the ensuing financial year will be provided by TBOP to the councils by 1 March each year. Feedback from the councils will be considered by 1 May, and the final SOI will be submitted by 30 June each year.

The draft SOI provides a three-year view, which is consistent with the ESE, to identify:

- An indicative rolling three-year forecast of performance and position.
- Identification of any significant intended expenditure.
- Any likely requests for increased funding from either council.
- Key actions or initiatives to deliver on the objectives of TBOP.
- Upcoming challenges, risks and opportunities for TBOP.



5. Nature and Scope of Activities

TBOP's purpose:

To connect and enrich people and place through tourism.

TBOP's growing role as a Destination Management Organisation requires it to *lead*, *advocate* and *coordinate* the visitor economy, while considering environmental, social, and cultural interests. We also need to ensure we preserve the region's unique identity and that visitor-related development is cognisant of the interests of local residents and iwi.

Lead	Advocate	Coordinate
<ul style="list-style-type: none"> • Lead the sustainable growth of the tourism sector, for the benefit of our community. 	<ul style="list-style-type: none"> • Manage, develop and plan growth, taking into consideration social, environmental and cultural interests. 	<ul style="list-style-type: none"> • Work with public, private and iwi led organisations as a key collaborator in order to make the region a more regenerative, compelling and attractive visitor destination.

Destination management is an ongoing process, which reflects the need for regions to plan for the future. Destination management brings different stakeholders together in a collaborative manner to achieve the common goal to which they are all committed: developing a well-managed, sustainable destination for locals and visitors alike. This requires inclusive and coordinated leadership. Destination management needs to engage residents, tourism enterprises, businesses, Māori (iwi and hapū), Regional Tourism Organisations, Economic Development Organisations, Tourism New Zealand, and local, regional and central government whenever necessary or appropriate. To be successful, Tourism Bay of Plenty requires support from our local councils.

To ensure effective planning for population and urban growth, councils can provide opportunities for TBOP to actively contribute their expertise and knowledge of the tourism industry and economic development. This will help to ensure effective destination management of the region going forward.

As part of this, TBOP commits to liaising with the appropriate teams at both councils to better understand the destination opportunities they have already identified, such as Te Manawataki o Te Papa, Mount Maunganui, TECT Park, and other recreational reserves, walking trails, cycling trails, and more.

5.1 Significant Areas of Activity

This section outlines the significant activities TBOP will undertake across Tauranga City and Western Bay of Plenty District. Activity will be apportioned per territorial authority area based on funding allocations, unless otherwise specified or if the activity is deemed to have regional benefit or there are extenuating circumstances that would require upweighting. Activity undertaken for Whakatāne District is project-based and is limited to direct funding received.

Note that in the previous financial year (2022-23), all activity was amplified by MBIE STAPP and TSRR funding. As such, while similar activity will be undertaken in 2023-24, the quantity or level of activity is likely to reduce.

Activity undertaken across the western bay region

MARKETING

Market the destination domestically and internationally through relevant channels to target markets. Including:

- A campaign aimed at domestic and local markets.
- Targeted Australian marketing activity.
- Trade marketing to partner organisations in New Zealand and key overseas markets (Australia, UK and USA).
- Media hosting.

PUBLIC RELATIONS & STORYTELLING

- Share information and news that shows why the region is a desirable place to live and visit, and to demonstrate the value of tourism to the local community.
- Manage any destination reputation risks that may arise.

ELEVATE MĀORI CULTURAL TOURISM OFFERING

- Support new and existing Māori cultural operators and developments to provide authentic cultural experiences to visitors.
- Incorporate cultural histories and stories into digital storytelling and wayfinding platforms managed by TBOP.

INSIGHTS

Measure the impact of the tourism industry across the four wellbeing areas (where data are available) and use information to inform actions.

PLACEMAKING

Support new and potential tourism developments that will enhance the destination. Including:

- Omanawa Falls.
- Cultural cycle trail from TECT Park to the coast.

Other opportunities will be considered on an ad hoc basis and may require additional resource.

CYCLE TRAILS & WALKWAYS

- Support the development of cycle trails and walkways.
- Support tourism ventures that make use of this infrastructure.
- Promote cycle trails in the western bay area:
 - Through digital channels.
 - Annual update of western bay cycle trails booklet, printing and distribution.

FLAVOURS OF PLENTY

Grow the profile of the region as a foodie destination through:

- Promoting the region's foodscape through paid and owned marketing channels.
- Engaging with the foodie ecosystem via the Flavours of Plenty eDM.
- Supporting the continuation of the Flavours of Plenty Festival.

Note, growing the festival and increasing opportunities for tourism operators, eateries, producers and growers to be involved will require additional funding.

We'll be looking to transition the Festival to an independent entity by end of June 2025.

SUPPORT TOURISM OPERATORS

Help new and existing operators to enhance their offering by supporting provision, access, and engagement with suitable training and upskilling opportunities. This includes resilience building, environmental sustainability, and digital marketing.

Note some of this is covered by The Green Room | Te Rūma Kākāriki, primarily funded by Toi Moana Bay of Plenty Regional Council.

CRUISE

Continue to manage the cruise sector and work to enhance the benefits it brings to the local community.

ACCESSIBLE TOURISM

- Continue to update the bayofplentynz.com website with wayfinding and accessibility options in the western bay region.
- Continue to encourage operators to look at universal design options.

Additional opportunities (being scoped at time of writing this document)**DIGITAL WAYFINDING PROJECT**

Project: TBOP to become the lead agency for a network of 'in-destination' digital kiosks to better enable visitor, event, and location specific wayfinding and cultural story-telling across the region.

Separate funding and phasing work underway, not yet finalised at time of writing (30 June 2023).

BRAND TAURANGA

Project: TBOP to become the lead agency for the Tauranga Moana Brand project.

Separate funding and phasing work underway, not yet finalised at time of writing (30 June 2023).

Tauranga City Activity

EVENTS

Start to implement the key **actions (1b and 4c)** in the Tauranga Events Actions and Investment Plan that TBOP is responsible for delivering. Timeframe for both actions is 1 to 3 years.

- AIP Goal 1: Develop a strategic and collaborative approach to priorities and investment in major events and business events.
 - **TBOP Action 1b:** Develop a business events framework to provide a clear and coordinated framework for investment for the city.
- AIP Goal 4: Improving the promotion and marketing of events to both local and national audiences.
 - **TBOP Action 4c:** Promote Tauranga as a premier event destination for visitors nationally and internationally. Adopt a collaborative approach to the promotion of events.

TBOP and the TCC Events Team are currently determining the scope of TBOP deliverables related to this action, based on TBOP resources.

PLACEMAKING

Support regional development and initiatives that support tourism, such as the Tauranga Harbour Ferry, Te Manawataki o Te Papa, and the Mount Spatial Plan.

Western Bay of Plenty District Activity

MAJOR EVENTS PROMOTION

Support major events in the Western Bay of Plenty District with promotional opportunities where appropriate.



6. Ratio of Funds to Assets

6.1 Ratio of Consolidated Funds

If the Trust is ever wound up, all assets will revert to both councils, to be held in trust for similar purposes. TBOP intends to keep the equity ratio equal to or above 0.5:1.0. The ratio is calculated as: equity divided by total assets.

Note that the expected reduction in reserves in 2023-24 (to make up for the decrease in funding) may result in TBOP not meeting this intention. The ratio position will be monitored and discussed with both councils during the course of the 2023-24 financial year.

7. Accounting Policies

Financial statements will be prepared in accordance with Tier 2 Public Benefit Entity Accounting Standards. The accounting policies that have been adopted are detailed in the Tourism Bay of Plenty Annual Report.

7.1 Asset Management

TBOP will prepare and implement Asset Management Plans for all assets where relevant.

7.2 Transactions Between Related Parties

Transactions between the councils and TBOP will be conducted on a wholly commercial basis.

8. Performance Targets (for western bay)

FOCUS AREA	PROJECT DELIVERABLE	MEASURE	TBOP	SOURCE	BASELINE (JUNE 2023)	TARGET BY JUNE 2024	TARGET BY JUNE 2025*	TARGET BY JUNE 2026*
ECONOMIC Wellbeing	Grow the value of tourism to the western bay economy.	Trends in visitor spending via electronic card transactions.	Direct Partnered Indirect	Marketview Tourism Dashboard. <i>Note: may change to MBIE visitor spend data, depending on best source available at the time.</i>	In the year ending April 2023, total visitor spending in western bay was up 7% compared to the year ending April 2022.	Increased visitor spend in the western bay compared to YE April 2023.	Increased visitor spend in the western bay compared to YE April 2024.	Increased visitor spend in the western bay compared to YE April 2025.
SOCIAL Wellbeing	Enhance the value of tourism to our community (according to the community).	Residents’ sentiment towards tourism. Measured by the percentage of residents who agree that tourism has a positive impact on their community. Residents provide a rating of 1 to 10, where 1 is strongly disagree and 10 is strongly agree.	Direct Partnered Indirect	Residents’ satisfaction surveys, conducted by the respective councils.	Tauranga City community: 64% agree of residents agree. <small>YE June 2023 Representing scores of 7 to 10</small> Western Bay of Plenty District community: 71% of residents agree. <small>YE June 2023 Representing scores of 6 to 10</small>	Improved the positive perception and impact of tourism on the community. Measured by a minimum of 65% of Tauranga residents and 72% of Western Bay of Plenty District residents agreeing that tourism has made a positive impact.	Annual improvement of 2%.	Annual improvement of 2%.
CULTURAL Wellbeing	Improving the cultural wellbeing of the community through tourism.	Facilitation of programmes that elevate the Māori cultural tourism proposition in the western bay region.	Direct Partnered	TBOP Six-Month and Annual Reports.	Worked with Tauranga Moana mana whenua and other stakeholders to draw together cultural history and stories that can be shared with visitors via various platforms.	Incorporated Tauranga Moana cultural history and stories into digital storytelling and wayfinding platforms managed by TBOP.	Incorporated Western Bay of Plenty District cultural history and stories into digital storytelling and wayfinding platforms managed by TBOP.	Supported a minimum of 3 Māori tourism operators to connect their experience offering to a digital platform.
ENVIRONMENTAL Wellbeing	Improving the environmental wellbeing of the region via environmental sustainability and regeneration projects.	Industry-focused environmental sustainability and regeneration initiatives facilitated or enabled by TBOP.	Direct Partnered	Programme reports.	A total of 20 visitor sector organisations in the western bay have implemented sustainability initiatives and improved their sustainability literacy after completing The Green Room programme.	Provided training for 25 western bay visitor sector organisations, learning to measure and reduce the carbon footprint of their organisation.	Key opportunities identified to support climate change mitigation and adaptation projects relating to tourism (connecting with the Tauranga Climate Change Action and Investment Plan, where relevant).	Key actions and programmes are in place which build on climate change mitigation and adaptation progress relating to tourism (connecting with the Tauranga Climate Change AIP, where relevant).
TBOP ORGANISATION Wellbeing	Enhance TBOP’s ability to achieve its goals through high staff engagement.	TBOP staff engagement.	Direct	Employee engagement survey.	Employee Engagement score: 79%. <small>April 2023</small>	Employee Engagement score of ≥80%.	Employee Engagement score of ≥80%.	Employee Engagement score of ≥80%.



FOCUS AREA	PROJECT DELIVERABLE	MEASURE	TBOP	SOURCE	BASELINE (JUNE 2023)	TARGET BY JUNE 2024	TARGET BY JUNE 2025*	TARGET BY JUNE 2026*
DESTINATION MANAGEMENT & MARKETING	Elevate the region’s cycling proposition.	Develop, update, and promote informative material on cycle trail options in the western bay.	Direct Partnered	Council’s feedback.	First iteration of western bay region cycle trails booklet successfully produced.	Cycle trails booklet updated with new trails, supported by an initial print run and digital deployment. Support the development of tourism ventures that make use of this experience.	Cycle trails booklet updated with new trails, supported by an initial print run and digital deployment. Support the development of tourism ventures that make use of this experience.	Cycle trails booklet updated. The western bay region becoming known as a destination for cycling within New Zealand.
	Build operator capability to enhance the quality of the region’s tourism offering.	Provide opportunities for western bay operators to train or upskill in sales, marketing and trade capability areas while also gaining, retaining or achieving higher Qualmark rated certification.	Direct Partnered Indirect	Capability programme report.	Provided one-to-one digital marketing training to 10 tourism businesses.	Operators supported to engage in capability building programmes, with a minimum of three additional operators being endorsed with Qualmark certification.	Operators supported to engage in capability building programmes, with a minimum of five additional operators being endorsed with Qualmark certification.	Operators supported to engage in capability building programmes, with a minimum of five additional operators being endorsed with Qualmark certification.
	Coordinate activity that attracts key business events to the western bay region.	Facilitate leads and bids for business events in the region.	Direct Partnered	TBOP Six-Month and Annual Reports.	Facilitated 17 leads or bids for business events in the region and won 4.	Facilitated 20 leads or bids for business events in the region and won 5.	Facilitated 25 leads or bids for business events in the region and won 7.	Facilitated 30 leads or bids for business events in the region and won 10.
	Elevate the region’s food story and proposition.	Promote and support the delivery of the Flavours of Plenty Festival to draw visitors to the Coastal Bay of Plenty region.	Direct Partnered	Festival delivery.	Successful coordination, delivery and promotion of the Flavours of Plenty Festival in March/April 2023, with 19% of event tickets sold to people who normally reside outside the region.	Promotion of the Flavours of Plenty Festival to key visitor markets results in ≥20% of ticketholders originating from outside the region.	TBOP’s foundational support for the Flavours of Plenty Festival results in the formation of an independent entity (similar to Wellington on a Plate).	Continued TBOP support of Flavours of Plenty, via key visitor marketing channels, reaffirms the festival as a signature DNA™ event for the region.
	Promotion of the western bay region to key target markets (cultural explorers, surf & beach lovers, outdoor adventurers, and eco-travellers).	Annual development and delivery of marketing campaigns that incorporate our key DNA™ pillars that reach and convert the travel intentions of our target markets to visit, stay and spend in the region.	Direct Partnered	Campaign collateral.	Focusing on social and other key digital channels, TBOP takes a partnership approach to trade marketing, and critically assesses the value of media famils to ensure ROI and value for money.	Deliver an updated domestic marketing campaign which incorporates the destination’s DNA™ elements and is focused on the target markets.	Review previous campaign results and deliver an updated/renewed domestic marketing campaign which incorporates the destination’s DNA™, converting the travel intentions of our target markets to visit, stay and spend in the region.	Annual review and delivery of relevant campaigns and related PR activity that incorporates our DNA™ pillars and converts the travel intentions of our key target markets to visit, stay and spend in the region.

*TBOP’s ability to meet its goals for 2024-25 and 2025-26 is dependent on funding.



9. Expected Shareholder Distributions

TBOP is not expected to make profits. Any surplus funds remaining from the annual operations of TBOP will be carried forward to the ensuing year, to continue to pursue the primary objectives of TBOP.

10. Financial and Non-Financial Reporting

10.1 Financial Performance Targets and Measures

- Gross revenue is consistent with the agreed budget.
- Expenditure is managed within the agreed budget.
- Working capital ratio of no less than 1 (excluding current portion of term debt).
- Equity to assets ratio is reported on (equity divided by total assets).
- No debt is to be raised to finance operating expenses.

10.2 Reporting

TBOP has adopted 30 June as its balance date.

10.2.1.1 Six Month Report

By 28 February each year, the Trustees shall deliver to the councils an unaudited report containing the following information, in respect of the six months under review:

- Statement of Financial Performance, disclosing revenue and expenditure and comparative prior period and budget figures.
- Statement of Financial Position.
- Progress towards Non-Financial Performance Targets.
- A commentary on the financial and non-financial results for the first six months and a forecast of these results for the full year.

10.2.1.2 Annual Report

By 31 August each year, the Trustees shall deliver to the councils a draft Annual Report, and by 30 September a final version of the Annual Report which will include audited financial statements (dependent on Audit New Zealand timeframes) in respect to the previous financial year, and containing the following information:

- Chairperson's and GM's reports.
- Audited financial statements for the financial year, including Statement of Financial Performance and the Statement of Financial Position and Changes in Equity.
- Notes to the financial statements, including accounting policies.
- Service Delivery Report summarising TBOP's performance against the SOI strategic priorities.
- Independent Auditor's report on the financial statements and non-financial performance measures.



11. Activities for Compensation

11.1 Funding Principles

There are six high-level funding principles:

- As a general principle, TCC and WBOPDC will provide ongoing funding to TBOP as a contribution towards operational expenses.
- The role of the councils is to hold TBOP accountable for the use of funds provided by TCC and WBOPDC, which will ideally be consistent with the councils' strategies.
- TBOP is encouraged to seek funding opportunities from the private sector and central government to maximise the best outcomes for the organisation and the region.
- The TBOP 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.
- TBOP is expected to meet the approved annual budget.
- Any net surpluses are to be disclosed through Six Month and Annual Reports.

11.2 Approach to Funding

TBOP receives an operating grant from both councils for the purpose of marketing and managing the destination. The operating grant is set through the Long-Term Plan (LTP) process, with the contribution from each council updated annually, in line with the Consumer Price Index (CPI), when TBOP creates its budgets for the coming year.

Council funding for additional operating grants and ad hoc new capital projects is to be assessed on a case-by-case basis through the LTP or Annual Plan process.



11.3 Compensation from Local Authorities

TCC and WBOPDC intend to purchase services from TBOP over the long term and agree to the level of funding on a rolling three-year basis, aligned to the three-year Business Plan of TBOP.

The services for the next three years are currently forecast as per the table below. Note that this excludes separate funding for TBOP to lead the Tauranga Moana Brand and Digital Kiosk Network projects, which are being determined at the time of writing this document.

Funder	2023-2024	2024-2025	2025-2026
TCC	\$1,630,326	\$1,443,574	\$1,504,612
TCC (VIC, including cruise)	\$527,650	\$542,949	\$558,697
TCC Total	\$2,157,976	\$1,986,523	\$2,063,309
WBOPDC Total*	\$238,960	\$246,129	\$253,513
TOTAL	\$2,396,936	\$2,232,652	\$2,316,822

*Western Bay of Plenty District Council figures include an estimated 3% CPI increase.

The payments will be made quarterly, in advance, on receipt of a GST invoice, with payments one and two each being 30% of the annual sum, and payments three and four each being 20% of the annual sum.

WESTERN BAY OF PLENTY TOURISM & VISITORS TRUST

BUDGET	2023/24	2024/25	2025/26
	\$	\$	\$
Revenue			
Funding - Tauranga City Council	2,157,976	1,986,523	2,063,309
Funding - Western BOP District Council (cpi to be confirmed)	238,960	246,129	253,513
Funding - Whakatane District Council (cpi to be confirmed)	84,000	89,116	91,789
Funding - BOP Regional Council	60,000	0	0
Retail Gross Profit	4,800	4,800	4,800
Funding Required	0	217,208	505,365
Other Revenue (includes industry contributions)	493,700	193,700	193,700
Total Revenue	3,039,436	2,737,476	3,112,476
Less Expenditure			
Operating & Marketing	1,255,258	955,258	955,258
Administration & Overheads	500,872	500,872	500,872
Employee Expenses	1,606,346	1,606,346	1,606,346
Depreciation & Amortisation	51,960	50,000	50,000
Total Expenditure	3,414,436	3,112,476	3,112,476
Surplus/(Deficit)	-375,000	-375,000	0



Notes:

- The deficit is a result of reduced TCC Airport funding.
- We have reserves to cover the deficit for 2024 and 2025, but will need extra funding for 2025 and 2026.
- Any reduction in reserves may result in TBOP not meeting the equity ratio KPI of 0.5 (as per section 6.1 Ratio of Funds to Assets). This will be monitored and discussed with both councils during the course of the 2023-24 financial year.
- Any extra funding obtained from other sources will likely be project-based, to supplement (and not replace) this core operational funding.
- We have estimated CPI increases on funding of 3%.



12. Estimated Value of Tourism Bay of Plenty

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

13. Significant Decisions

In accordance with the TCC Significance and Engagement Policy, TBOP will not undertake any activity of a nature or scope not provided for in this SOI without prior approval of both councils. Specifically, prior approval would be required for TBOP to:

- Form any subsidiary entity.
- Purchase shares in any other entity.
- Dispose of any significant assets e.g., land or buildings.
- Purchase any significant assets e.g., land or buildings.
- Seek partnering solutions that involve the dilution of assets or the commitment of councils.

14. Termination

If any party wishes to terminate this three-year rolling arrangement, due to non-performance or any other substantive reason within the control of either of the parties:

- the party may give written notice to the other party specifying the issue and, if possible, requiring remedy within twenty-eight (28) days, and/or
- mediation is set to investigate any remedy of the issue, and/or
- if the issue is unable to be remedied to the party's satisfaction, the party must give written notice of its intention to terminate this arrangement from a date being not less than one year commencing the forthcoming 1 July (that is, the secondary party must have at least one full financial year's notice commencing on 1 July and ending on 30 June).

15. Signed by

A handwritten signature in black ink, appearing to be "R. Browne", written over a horizontal dotted line.

Chairperson
Russ Browne
Tourism Bay of Plenty

A handwritten signature in black ink, appearing to be "Oscar Nathan", written over a horizontal dotted line.

General Manager
Oscar Nathan
Tourism Bay of Plenty



16. Glossary of Terms

AIP	Action and Investment Plan
CCO	Council Controlled Organisation
CPI	Consumer Price Index
ESE	Enduring Statement of Expectations
GM	General Manager
GST	Goods and Services Tax
LOE	Letter of Expectation
MBIE	Ministry of Business, Innovation and Employment
SOI	Statement of Intent
TBOP	Tourism Bay of Plenty
TCC	Tauranga City Council
VES	Tourism Bay of Plenty's Visitor Economy Strategy 2018-2028
VIC	Visitor Information Centre
WBOPDC	Western Bay of Plenty District Council
WDC	Whakatāne District Council
YE	Year end

Note, 'western bay' refers to the total combined area which is governed by Western Bay of Plenty District Council and Tauranga City Council.

19 April 2023

Laurissa Cooney
Chair
Tourism Bay of Plenty



Via email: laurissa@laurissacooney.com

Dear Laurissa

Tourism Bay of Plenty – Shareholder Feedback to the Draft Statement of Intent 2023/24 to 2025/26

At the Council meeting held on 3 April 2023 we received Tourism Bay of Plenty's (TBOP) draft Statement of Intent for 2023/24 to 2025/26.

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

It was also great to receive TBOP's half-yearly report, as it enabled us to reflect on TBOP's recent achievements and commitment to enhancing tourism in the region. We commend TBOP on their successes and contribution to making Tauranga a vibrant city through the delivery of a range of tourism initiatives, as well as their responsiveness to Council requests. We now look forward to what TBOP can bring in the second half of the year, particularly in the collaborative events, media opportunity enhancement and destination marketing space.

The content in TBOP's draft Statement of Intent is consistent with legislation requirements and it also aligns with many of the aspirations we included in our Letter of Expectation to the Board.

A few minor amendments and suggestions for consideration by the Board when finalising your Statement of Intent include:

- Discussion with shareholders around TBOP's cash reserves policy and equity ratio.
- Highlighting Tauranga Events Action and Investment Plan responsibilities as part of TBOP's destination marketing and management activities.
- Reviewing the model for the Flavours of Plenty festival initiative.
- Ensuring a distinction is made between Western Bay of Plenty and the western bay region.
- Accessible Tourism offerings being explored.

We also suggest that TBOP continues to liaise with Council's Events Team to enhance opportunities for showcasing Tauranga as a destination, and to support with major events promotion. This liaison should also be used as an opportunity for both parties to clarify responsibilities around leading media opportunities, pitches, and hosting familiarisation visits.

We would like to see TBOP move towards greater accountability and transparency, with consideration of publishing Board agendas and minutes online. We acknowledge redacting commercially sensitive information is an option where necessary.

We note that the statutory timeframe for the TBOP board to deliver the final Statement of Intent to Council is before the start of the financial year to which it relates, i.e. by 30 June 2023.

If you have any questions or need assistance, please contact Sanjana France at sanjana.france@tauranga.govt.nz or on 027 221 6798.

Yours sincerely



Anne Tolley
Commission Chair
Tauranga City Council

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

Te Manawataki o Te Papa Limited



Statement of Intent to Tauranga City Council 2023-2026

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Foreword

Te Manawataki o Te Papa

"Te Papa mana whenua, Te Papa Houkura, Te Papa o ngā waka, Te Papa kainga o te iwi"

"The heartbeat of Te Papa – the deep springs, the richness of the land, the landing of many canoes, the home of the people"

The Te Manawataki o Te Papa civic development project is the realisation of the Tauranga community's long-held vision and aspirations for the city centre.

As set out in the Tauranga Civic Precinct Masterplan (revised and approved by Tauranga City Council's Commission in December 2021), the civic development project will feature a progressive new library and community hub with a research and archives facility, café, children's section and community meeting rooms; a new civic whare (public meeting space); and a museum and exhibition gallery that will offer direct access to the city's taonga and heritage collection. The series of Council-led developments and development opportunities are intended to establish the City centre as the commercial, civic and cultural heart of Tauranga.

The facilities and activities planned for the civic precinct will draw people in from near and far, helping to add vibrancy and breathe life into the city. The benefits of the civic development project will be felt by communities right across Tauranga, its wider region, and those who choose to visit, work, invest and live in the city centre.

The civic development project will promote opportunities for welcoming and expression, learning and discovery, appreciating our past and shaping our future, and places for entertaining and enjoyment.

This statement is presented in accordance with the requirement of section 64(1) of the Local Government Act 2002 and incorporates the expectations of Tauranga City Council as outlined in its Letter of Expectations dated 13 April 2023. It outlines Te Manawataki o Te Papa Limited's objectives, nature and scope of activities undertaken, and the performance targets by which we will be measured for the years 1 July 2023 to 30 June 2026.

We look forward to updating you during the year as we progress throughout the design and construction phases of the Te Manawataki o Te Papa civic development project.

*Kim Wallace
Chair
Te Manawataki o Te Papa Limited*

1 Introduction

Te Manawataki o Te Papa Limited (**TMoTPL**) is the Council's company responsible for governing the delivery of Te Manawataki o Te Papa civic development project (the **Project**).

TMoTPL is a council-controlled organisation (**CCO**) for the purposes of the Local Government Act 2002 (**LGA**) and a public benefit entity for financial reporting and tax purposes. The company is 100% owned by the Tauranga City Council (**Council**). TMoTPL was registered and began operations in February 2023.

This Statement of Intent (**SOI**) is prepared by TMoTPL in accordance with section 64(1) of the LGA and in response to Council's Letter of Expectation dated 13 April 2023. It covers the tendering, design and construction phases. It includes information on key deliverables, financial information and performance measures and targets to enable organisational accountability and transparency.

The SOI is a public and legally required document which is reviewed and agreed annually with the Council, as TMoTPL's sole shareholder. This SOI covers the period from 1 July 2023 to 30 June 2026.

2 Nature, scope and purpose

TMoTPL is responsible for the governance of the delivery of the Project, including execution, monitoring, and control, through to completion of construction, in a way that provides the best community outcomes possible and in accordance with the Tauranga Civic Precinct Masterplan (December 2021).

TMoTPL will actively identify, quantify, and mitigate risks in a timely manner to the Council, as the agency responsible for delivering the Project including (without limitation) financial risk, delivery risk and reputational risk. It will also advocate for the Council to maximise opportunities to obtain third party contributions to the Project.

TMoTPL's purpose is to deliver the project for and with the community, on behalf of the Council, rather than to operate a business for profit.

3 Vision

The vision of TMoTPL is to transform the heart of the city into a place where people will want to live, work, play, learn and visit. Achievement of this vision will enable the following objectives set by Council for this Project to be delivered:

- Promote opportunities for welcoming and expression, learning and discovery, appreciating our past and shaping our future, and places for entertaining and enjoyment.
- Stimulate the region's economy, including attracting domestic and international visitors, experiences and events.
- Enable the region to attend a range of events and activities, including art exhibitions, museum displays, entertainment activities and other community and business events.
- Increase the vibrancy of the civic precinct and support the connection of central Tauranga with the surrounding region.
- Provide confidence to the investment markets to invest further in the city centre area.
- Enhance the region's social, cultural, entertainment and artistic reputation and identity.

4 Goals

To achieve its purpose and vision, TMOtpl will work towards the following key deliverables:

- Ensure everyone involved in the Project are kept safe and well.
- TMOtpl will work towards completing the preliminary design to developed and detailed design with the appointed consultants.
- Oversee the procurement for construction of the Library and Community Hub, Civic Whare, Exhibition, Gallery and Museum building, and associated landscaping in accordance with the Tauranga Civic Precinct Masterplan and any further approvals or variations advised by Council.
- Ensure that the total capital project cost does not exceed approved budget and appropriately balance the capital cost of initial construction, the cost of operation, and the cost of refurbishments over the lifetime of the precinct.
- Meet contracted delegations, New Zealand legislation and regulations, and New Zealand construction industry best practice, including adopting/exceeding New Zealand construction industry best practice standards for health, safety, and wellbeing of all involved in the Project.
- Deliver a sustainable approach to the design and construction of the Project, including consideration of 6 Green Star sustainability and WELL certifications for the buildings associated with the Project.
- Provide cost / benefit analysis to deliver a positive result.
- Ensure that the Project engages with, recognises, and reflects the inherent connection with tangata whenua.
- Respect the name gifted by mana whenua representatives from Otamataha Trust for the Project being Te Manawataki o Te Papa.
- Ensure the design fundamentals are met to provide an uplifting, enjoyable experience for those enjoying the civic precinct area for recreation, enjoyment, and business, and for those bringing events or experiences to the precinct.
- Ensure that the precinct provides universal access for all. Both within the built facilities and across the entire precinct site and waterfront.

5 Approach

TMOtpl is dedicated to the Project and to delivering a uniquely local civic precinct experience that provides the best community outcomes possible for Tauranga, and delights those who visit the city centre. TMOtpl commits to upholding the intent of Te Tiriti o Waitangi (The Treaty of Waitangi).

TMOtpl acknowledge tangata whenua and will commit to working with mana whenua and other local stakeholders in the delivery of the Project, and in building the narrative and symbols at, surrounding, and leading to the Project, such as: the visual connection from the Civic Whare through to the moana (ocean); the waharoa where prospective manuhiri (guests) may be formally welcomed onto the site; and the concepts of paparanga ngahere (the forest layer) and ahi kaa (past and present occupation of the site), all of which form an important part of the design of the Project.

An important principle recognised within this Statement of Intent is the three way partnership between Tauranga City Council, TMOtpl and Otamataha Trust (mana whenua) to deliver the Project.

It is critical that TMOtpl work closely with Council to ensure that the Project is delivered in a way that meets operational effectiveness and efficiency, both currently and in terms of the foreseeable future. This will mean TMOtpl must adopt a "whole of life" cost approach balancing capital costs, operating costs, and periodic refurbishment costs.

The partnership must be effective and underpinned by trust, commitment, understanding and shared values.

6 Key Project Actions

To achieve the goals, vision and purpose as set out in this SOI, the Company will take the following key actions:

Health, safety and wellbeing

- Develop and implement a Health, Safety and Wellbeing system with Council employees, contractors, sub-contractors, and advisors working on the Project that ensure a commitment to achieving no harm incidents and wellness for all during the delivery of the Project.
- The safety and wellbeing of all people connected with the Project, including the Project team, visitors and third-party stakeholders, is a paramount principle underpinning all decisions associated with the Project.
- Ensure all hazards are identified and effective controls are implemented to eliminate or effectively manage those hazards.

Partnership

- Insert partnership with Otamataha Trust?

Governance

- Clearly define, and agree with Council, the delegation's hierarchy between Council, TMOPL, and key project contractors.
- Provide expert advice to Council in relation to its entering into design and construction contracts.
- Identify, and mitigate or manage, works connected with both the design and construction phases of the Project, including reporting regularly to the Council on the health and safety, scope, budget, programme and the management of significant risks.
- Develop and manage processes to provide assurance that the Project is progressing according to all expectations and ensure regular reporting by project management to the TMOPL Board.
- Convene robust processes to use external project auditors, probity auditors, and peer reviewers as necessary to provide an agreed level of independence to the Council.
- Support the Council strategic framework outcomes of a liveable city, resilient communities, healthy environment, and prosperous economy.

Creating a vibrant precinct

- Ensure the developed design creates a vibrant inner-city precinct for the Tauranga community and visitors to the city.
- Evaluate 'value-add' opportunities against the Project budget and on a cost benefit basis, before adopting or recommending to Council for a budget revision.

Project management

- Prepare a detailed project plan that identifies activities, timelines, and financial budgets from the inception of the project to completion of the Project.
- Provide review and oversight of all contracts, expenditure, and progress during the construction of the Project.

- Ensure compliance with all legislation, Council procurement policies, and codes of practice of public sector entities during the Project.
- Provide local procurement opportunities where practical and commercially feasible, for local stakeholders including mana whenua.
- Consult with key stakeholders to ensure the developed design specifications will deliver the goals set out in this SOI.
- Ensure the Project is delivered to specification, within the approved budget, within the agreed timelines, and to a quality that meets the goals set out in this SOI. All material changes to significant risks or new significant risks, will be communicated to Council as early as possible.

Financial management

- Ensure the Project is properly costed with appropriate allowance for both cost escalation over the life of the Project, and contingencies for variations during the life of the Project.
- Ensure in establishing the initial capital expenditure and cash flow, whole of life costs are considered to minimise the total costs of the Project.
- Ensure the Project remains within the budget agreed with Council. Where there is risk that the budget will be exceeded, disclose and discuss this with Council prior to any approval for such additional expectation is given.
- Ensure that the overheads and administration costs of TMOtPL are appropriately budgeted and agreed with Council and are managed within that budget.
- Work with the design engineers and construction management to identify areas where costs may be saved to the Project programme (without compromising other outcomes set for the Project).
- Advocate / promote on behalf of Council to identify and bring opportunities for third party contributions to the funding of the Project.

Sustainability

- Establish clear standards in respect of the various dimensions of sustainability that are to be achieved during the Project design and delivery phases. Demonstrate delivery of those sustainability standards.

Shareholder relationships

- Prepare and agree with Council, a programme of regular reporting and dialogue which ensures council, as Project owner, is fully informed in a timely manner, on all major issues, Project progress against plan, Project rules and opportunities for further enhancement.
- Nurture a respectful and open relationship in the best interests of Tauranga and continue to develop a close and collaborative partnership.
- Keep the Council fully informed of all material matters and operate on a 'no surprises' basis.

Stakeholder engagement

- Ensure all significant stakeholders in the Project – the Council, key regular users and visitors to the precinct, mana whenua, and the community – regularly receive factual project delivery updates.
- Establish a lessons-learned process to enable strengthening of outcomes and approaches over the lifetime of the programme.
- Support the delivery of an integrated communications plan that builds excitement and pride of ownership among the people of Tauranga.

- Ensure the developed design recognises Te Manawataki o Te Papa being the name gifted for the whenua surrounding and within the precinct.

Future proof

- Future proof as best as possible, the venue to ensure it is fit for purpose for a changing event landscape.

Regional Impact

- Where possible and underpinned by commercial viability, procure Project services and products from the Bay of Plenty region.
- Deliver the Project to enable long-term direct economic contribution to the region.

7 Performance measures and targets

Objective and Strategy	Performance Measure		
	2023 - 2024	2024 - 2025	2025 - 2026
Health, safety and wellbeing			
<i>Establish a health, safety and wellbeing system to ensure all involved with the Project are kept safe and well</i>	Health, safety and wellbeing system established and implemented.		Comply with health, safety and wellbeing system.
<i>Critical hazards are managed effectively</i>	Oversight of critical risk to ensure critical controls are in place and are effective.	For all work, the programme of critical risk inspections carried out on schedule and report that the critical controls are in place and are effective.	For all work, the programme of critical risk inspections carried out on schedule and report that the critical controls are in place and are effective.
<i>Baseline lead and lag indicators are monitored to ensure safety for all</i>	Baseline harm indicators developed.	No harm incidents during both the PCS and D&C phases.	No harm incidents during the PCS and D&C phases.
<i>Develop and maintain with the Consultants, TCC and Contractors a Risk Register identifying all potential risks that could negatively affect the projects.</i>	Baseline total recordable injury frequency rate indicators developed.	TRIFR less than 10.0 per 1,000,000 hours worked on the Project.	TRIFR less than 10.0 per 1,000,000 hours worked on the Project.
Critical hazards are managed effectively			
<i>Baseline lead and lag indicators are monitored to ensure safety for all</i>	Baseline harm indicators developed.	No harm incidents during both the PCS and D&C phases.	No harm incidents during the PCS and D&C phases.

	Baseline total recordable injury frequency rate indicators developed.	TRIFR less than 10.0 per 1,000,000 hours worked on the Project.	TRIFR less than 10.0 per 1,000,000 hours worked on the Project.
Delegations	Agree with Council the delegations' hierarchy between Council and TMOPL board.	Comply with delegations' hierarchy.	Comply with delegations' hierarchy.
Independence	Agree with Council the Assurance Programme.	Comply with the Assurance Programme.	Comply with the Assurance Programme.
Project management			
Recommend Project delivery to Council	Recommend developed and detailed design following stakeholder consultation for each project within the project delivery scope.		
	Recommend contracts for each project within the project delivery scope.		
Contract management and legal compliance	Provide oversight of all contracts, expenditure and progress during all phases of the Project in 100% compliance with all standards.	Provide oversight of all contracts, expenditure and progress during all phases of the Project in 100% compliance with all standards.	Provide oversight of all contracts, expenditure and progress during all phases of the Project in 100% compliance with all standards.
Source local	Provide local procurement opportunities where practical and commercially feasible.	Demonstrate local procurement opportunities identified, assessed and procured (where commercially feasible).	Demonstrate local procurement opportunities identified, assessed and procured (where commercially feasible).
Lesson Learnt	Establish process to enable lessons learnt to be shared and leveraged across the lifetime of the project.	Review lessons learnt to ensure effective uptake.	Review lessons learnt to ensure effective uptake.
Risk Management	Proactive risk management through timely risk workshops and leadership of all delivery risks through the Project Control Group.	Proactive risk management through timely risk workshops and leadership of all delivery risks through the Project Control Group.	Proactive risk management through timely risk workshops and leadership of all delivery risks through the Project Control Group.
	Ensure that the project is delivered within specification, approved	Ensure that the project is delivered within specification, approved	Ensure that the project is delivered within specification, approved

<i>Delivery on time, within budget and at expected quality</i>	budget, and agreed timelines.	budget, and agreed timelines.	budget, and agreed timelines.
	Future deviations to be communicated to Council at the earliest opportunity.	Future deviations to be communicated to Council at the earliest opportunity.	Future deviations to be communicated to Council at the earliest opportunity.
Financial management			
<i>The Project is delivered on or below budget</i>	Ensure in establishing initial capital expenditure, whole of life costs are considered to minimise the total costs of the Project.	Capital and whole of life costs optimised. Operational implications considered.	Capital and whole of life costs optimised. Operational implications considered.
<i>Reporting and consultation</i>	Any risk of budget being exceeded must be disclosed to and discussed with Council prior to any approval for increased budget.	Any risk of budget being exceeded must be disclosed to and discussed with Council prior to any approval for increased budget.	Any risk of budget being exceeded must be disclosed to and discussed with Council prior to any approval for increased budget.
<i>Advocate efforts by Council or other opportunities for third party contributions and funding partners</i>	Third party funding opportunities advocated.	Third party funding opportunities advocated.	Third party funding opportunities advocated.
Shareholder relationship and stakeholder engagement			
<i>Prepare and agree regular reporting programme which ensures Council is fully informed in a timely manner of all major issues, Project progress against PMP and opportunities for further enhancement</i>	100% compliance with reporting requirements outlined in SOI and major issues are raised on a no surprises basis.	100% compliance with reporting requirements outlined in SOI and major issues are raised on a no surprises basis.	100% compliance with reporting requirements outlined in SOI and major issues are raised on a no surprises basis.
<i>Nurture a respectful and open relationship in the best interest of the city and develop close and collaborative relationships</i>	Ensure all stakeholders, key regular users, tangata whenua and community receive regular updates on progress towards completion of the Project.	Ensure all stakeholders, key regular users, tangata whenua and community receive regular updates on progress towards completion of the Project.	Ensure all stakeholders, key regular users, tangata whenua and community receive regular updates on progress towards completion of the Project.
	Support development of an integrated communications plan and engagement strategy that	Adhere to communications plan and strategy.	Adhere to communications plan and strategy.

	builds excitement and pride of ownership with local communities.		
Cultural connection	Engage with mana whenua to ensure cultural narrative incorporated into design.	Engage with mana whenua to ensure cultural narrative incorporated into design.	Consult with mana whenua that cultural design has been delivered.
	Is more needed here on Partnership with OT?		
Sustainability, kaitiakitanga and the environment			
Clear sustainability standards developed for the Project during the PCS and D&C phases	Develop and implement a sustainability strategy.	Monitor Project sustainability outcomes on project delivery.	Best practice sustainability building standards, long-term operational sustainability delivered.

8 Governance

The TMOPL Board of Directors are responsible for the oversight and performance of TMOPL, and ensuring decisions are made in the interests of Council and the people of Tauranga and the Bay of Plenty region.

The Board recommends TMOPL's SOI to Council as shareholder, and is accountable for delivering the purpose, vision, objectives and strategies set out in this SOI, complying with its constitution and the provisions of the Companies Act and the LGA.

The Board is committed to a high standard of corporate compliance in guiding the company's activities and providing expert governance and financial control of the delivery of the Project. The Board guides and monitors the business and affairs of TMOPL. It draws on relevant corporate governance best practice principles to assist and contribute to the performance of the company. All directors are required to comply with a formal code of conduct which is based on New Zealand Institute of Directors' Code of Proper Practice for Directors.

Board performance review will be undertaken by an independent entity every two years, alternating between a Board-led review and a Council-led review. The first review will be undertaken by the Board in July/August 2025, with results reported to Council. 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.

9 Governance principles

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

- **Leadership:** Council is responsible for clearly and proactively setting strategic direction for the city of Tauranga and communicating how TMOPL is expected to give effect and contribute to these strategic aspirations via the Letter of Expectations and other mechanisms. While TMOPL should show leadership in its area of expertise, this must be consistent with Council expectations and obligations.
- **Community focus:** TMOPL 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 with the fact that the Project is ultimately owned by Council, and to ensure opportunities are provided for facility users to engage with TMOPL.

- **Empowerment:** TMOPL directors must be empowered to fulfil their statutory, constitutional and LOE responsibilities. If they are unnecessarily constrained, they cannot fulfil their obligations and are unable to add value.
- **Compliance:** TMOPL directors must be aware of their duty to comply with legislative obligations, including but not limited to the Companies Act, the LGA, the Health and Safety at Work Act 2015 and the Resource Management Act 1991 and all relevant amendments.
- **Accountability:** TMOPL directors are accountable for meeting the objectives of the company's sole shareholder (Council) as specified in this 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.
- **Transparency:** Transparency requires a high level of visibility to ensure that funding has been used for intended public good outcomes.
- **Trust:** Productive relationships require a culture of cooperation and trust. The "no surprises" approach is a critical part of this and ensures that TMOPL and Council keep each other informed before matters are in the public arena.

10 Board composition

The Board of Directors comprises up to five directors, all appointed by the Council. Director appointments are for the period determined by Council as shareholder but will not be for longer than two terms (or six years), as per Council's [Appointment of Directors to Council Organisations Policy](#).

11 Reporting

TMOPL is governed by the LGA which requires, among other things:

- *TMOPL to provide a draft SOI to Council*
- *Half-year and full year reporting against SOI performance targets*
- *Quarterly reporting has been sought by the shareholder against SOI performance targets*
- *SOI letter of expectations and period accountability reports and project reports are published on the Tauranga City Council website.*

12 Statement of intent

Each year TMOPL will deliver its draft SOI for the following year to the Council as shareholder. It will be in the form required by clause 9(1) of Schedule 8 and section 64(1) of the LGA and will be delivered by 1 March each year.

The Board, when developing its SOI and work programme, will consider the Letter of Expectation issued by Council as shareholder.

Having considered any comments received from the Council, the Board will deliver the completed SOI to the Council as shareholder on or before 30 June each year.

As referenced above, this SOI is written to cover the period from 2023 to 2026 until the completion of the project (no later than 30 June 2027) and the decommissioning of TMOPL as the project delivery company – anticipated to be during the 2027 calendar year. This SOI therefore covers a three-year period.

13 Quarterly reporting

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

14 Half-year reporting

TMoTPL will provide Council as shareholder with a half-year report by the end of February each year (being within two months after the end of the first half of the financial year), complying with section 66 of the LGA. The half-yearly report must include the information required by this SOI including the following unaudited financial statements:

- Statement of comprehensive income
- Statement of financial position
- Report on non-financial KPIs year to date
- Commentary on performance year to date
- Commentary on expected performance for the next 6 months.

15 Full-year reporting

To comply with section 67 of the LGA, TMoTPL will provide Council as shareholder with a draft annual report by the end of August each year (being within two months after the end of the financial year) and make the report available to the public at that time.

The annual report must include the information required by this SOI and sections 68 and 69 of the LGA, including audited financial statements prepared in accordance with NZGAAP and that also comply with Public Benefit Entity Standards.

The annual report shall also contain an Auditor's Report on both those financial statements and the performance targets and other measures by which performance was judged in relation to TMoTPL's objectives.

The annual report is to be presented in the format prescribed by Council to enable consolidation into the Council group, if required.

16 Shareholder meetings

The Board may hold an annual general meeting (**AGM**) between 30 September and 30 November each year to present the annual report to Council as shareholder. If no AGM is held, then the Council as shareholder will consider, and if thought fit, pass any required resolutions.

17 Briefings

TMoTPL will also attend and participate in Council meetings, workshops and briefings in respect of the project as requested by TMoTPL or Council. This may include:

- Briefings sought by TMoTPL;
- Briefings sought by the Council; or
- Attendance at Council and/or committee meetings.

18 No surprises approach

It is expected that TMoTPL 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 TMoTPL to:

- Present a unified front on issues that affect both Council and TMoTPL. Where TMoTPL 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 TMoTPL.
- Be cognisant of wider Council policy issues as part of their decision-making.
- Be aware of the potential implications of TMoTPL-specific issues on the Council and/or its balance sheet.

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- 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 TMoTPL are communicated with TMoTPL staff and governance (as appropriate) in a timely manner and before issues enter the public arena.

19 Publication of reports

The SOL, Letter of Expectation, periodic accountability reports and Project reports are published on the Tauranga City Council website.

20 Financial performance

TMoTPL aims to operate in a financially sustainable manner. As a CCO governing the delivery of the project, long-term financial performance and position is sustainable where planned deliverables are met without unplanned increases in funding or cuts in deliverables.

Indicative financial performance targets:

- Capital expenditure and the project delivery costs are consistent with the agreed budget.
- TMoTPL has advocated for TCC to raise \$151.5 million from external sources.

Include budget/forecast profit and loss for the activity

21 Compensation from Council

TMoTPL expects to receive funding from the Council for the financial year beginning 1 July 2023.

The activity undertaken in exchange for the compensation is set out in the Tauranga City Council Long-term Plan, as per the levels of service and the outcomes in this SOL.

22 Accounting policies

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.

23 Contact details

Contact details for the Chair and Directors are as follows:

Address:	306 Cameron Road, Tauranga, 3110
Registered office:	306 Cameron Road, Tauranga, 3110
Chair:	Kim Wallace
Directors:	Barry Bragg
	Peter Neven
Website:	www.tauranga.govt.nz

TE MANAWATAKI O TE PAPA CHARITABLE TRUST - STATEMENT OF INTENT 2023-26

June 2023



Recognising our past as we shape our future
Joint land ownership of Te Manawataki o Te Papa – the heartbeat of Te Papa



OBJECTIVES	KEY DELIVERABLES – to be undertaken by TCC staff	NATURE AND SCOPE OF ACTIVITIES	PERFORMANCE MEASURES
<p>Te Manawataki o Te Papa – the Heartbeat of Te Papa - a \$303 million transformative redevelopment of Tauranga’s civic precinct, which will reinvigorate our city centre and make it the cultural, historic, economic and social centrepiece of New Zealand’s fastest growing city.</p> <p>The land underlying the Civic Precinct has been the subject of disputed ownership since it was gifted to the Crown by the Church Missionary Society (CMS) in the 1860s, in contravention of mana whenua’s understanding when it was sold to the CMS in 1838, that the land would be held for the benefit of Māori.</p> <p>In undertaking this project, Tauranga City Council (TCC), in collaboration with iwi and hapū, sought and implemented a joint ownership solution which has restored the mana of the whenua to its original owners.</p> <p>Joint land ownership – the right thing to do To achieve the objectives of restoring mana of the whenua to hapū and iwi and provide certainty for how the land will be used in the future for the community, a new council-controlled organisation (CCO) was established as a charitable trust, called Te Manawataki o Te Papa Charitable Trust (CCO Charitable Trust). The Council and Otamataha Trust each appointed 50 percent of the trustees to the CCO Charitable Trust.</p> <p>The purpose of the CCO Charitable Trust is to:</p> <ul style="list-style-type: none">Own the land referred to as Site A of the civic precinct – the land bounded by Willow Street, Wharf Street, Durham Street, and Hamilton Street.Support and encourage the development of Site A of the civic precinct, including (but not limited to) a library, civic whare, museum and exhibition centre and the beautification of surrounding areas. <p>Formally recognise long-standing grievances associated with this land and provide certainty for how the land will be owned and used in the future, so that everyone in the community can benefit.</p> <p>Ensure that Te Manawataki o Te Papa development respects and reflects the significant history and importance of the area to mana whenua.</p> <p>Restore the original trust relationship to which our ancestors (both Māori and the CMS) agreed. The relationship with mana whenua will be pivotal to the success of many of the outcomes to be achieved on the civic precinct site.</p>	<ul style="list-style-type: none">Establishment of CCO structure, e.g., Trust Deed, rules, etc.Divest Lot 45 reserve with DOC consentAppointment of TrusteesEstablish management and administration structureComplete title amalgamation, transfer to the CCO Charitable Trust, and subsequent lease back to TCCIRD registrationSet up systems required, including accounting etc.Complete Statement of IntentAnnual and Half-Yearly reporting and monitoringAnnual Audit	<p>Support and encourage the development of a vibrant civic precinct</p> <p>Ensure that the project respects and reflects the significant history and importance of the area to mana whenua.</p> <p>Stakeholder relationships</p> <p>LOCAL GOVERNMENT ACT REQUIREMENTS</p> <p>Approach to governance</p> <p>Ratio of funds to assets</p> <p>Accounting policies</p> <p>Expected shareholder distributions</p> <p>Financial reporting</p> <p>Procedures for purchase of shares</p> <p>Activities for which the Charitable Trust Board seeks compensation</p> <p>Board’s estimate of value of the group</p> <p>Any other matters that are agreed by the shareholder and the Board</p>	<p>Quarterly meetings with Te Manawataki o Te Papa Limited Board.</p> <p>Representative of Otamataha Trust, Puhirake Ihaka, to act as Cultural Advisor to the Te Manawataki o Te Papa Limited Board.</p> <p>Nurture respectful and open relationships in the best interest of the community and the city. Develop close and collaborative relationships.</p> <p>The Trust Deed outlines that Otamataha Trust and Tauranga City Council both <i>“have the power, exercisable by deed, to appoint up to two persons as Trustees”</i>. In addition, where Council considers it to be practicable, their Trustees should be the Mayor and Chief Executive.</p> <p>Te Manawataki o Te Papa Charitable Trust will have Half-Yearly board meetings. In addition, the CCO Charitable Trust will hold an annual general meeting (AGM) between 30 September and 30 November each year to present the annual report to TCC as shareholder.</p> <p>N/A</p> <p>The CCO Charitable Trust will adopt accounting practices that comply with NZIFRS, the requirements of the Local Government Act (2002), and the Financial Reporting Act (1993).</p> <p>The CCO Charitable Trust is not expected to make profits that would ordinarily be distributed by way of dividends.</p> <p>Within two months after the end of each financial year, the CCO Charitable Trust will deliver to TCC a draft annual report. Within three months after the end of each financial year, the CCO Charitable Trust will deliver audited financial statements in respect of that financial year, along with a trustees’ report. Six-monthly summaries of activities included in Half Yearly Reports to TCC.</p> <p>The CCO Charitable Trust is not expected to purchase or acquire shares.</p> <p>The ongoing activities of the CCO Charitable Trust will be budgeted for in advance and funded by TCC.</p> <p>The Board estimates that Te Manawataki o Te Papa Charitable Trust has limited commercial value.</p> <p>Te Manawataki o Te Papa Charitable Trust will not undertake any activity of a significant nature or scope not provided for in the Enduring Statement of Expectations or Statement of Intent without prior consultation with Tauranga City Council.</p>

JOINT LAND OWNERSHIP – THE RIGHT THING TO DO



STATEMENT OF INTENT FOR 2023-2026



June 2023

"COUNCILS PARTNERING FOR VALUE AND SERVICE"

1. Introduction

This Statement of Intent (SOI), developed under Schedule 8 of the Local Government Act 2002:

- Declares a public statement of the activities and intentions of BOPLASS Ltd and the objectives to which those activities will contribute.
- Provides an opportunity for the shareholders to influence the direction of BOPLASS Ltd, and
- Provides a basis for the accountability of the Directors to the Shareholders for the performance of BOPLASS Ltd.
- Covers BOPLASS Ltd and any subsidiary company established in pursuance of the objectives herein.

2. Background and Benefits

The councils that operate within the Bay of Plenty and Gisborne Regions have formed a Council Controlled Organisation (CCO) to investigate, develop and deliver Joint Procurement and Shared Services projects where delivery is more effective for any combination of some or all of the councils.

Since inception, estimated financial savings of over \$28 million have been achieved by the participating councils through undertaking joint initiatives. BOPLASS is forecast to return in excess of \$2.5 million in savings in the 2022-23 financial year.

Other benefits that have been achieved through collaboration are:

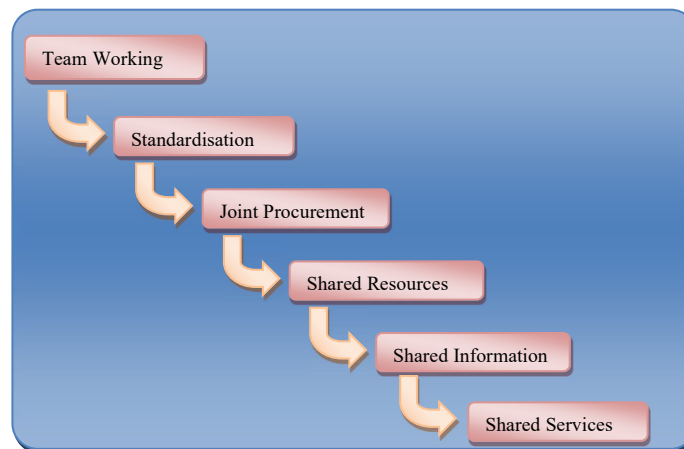
- improved levels and quality of service;
- a co-ordinated and consistent approach to the provision of services;
- reductions in the cost of support and administrative services;
- opportunities to develop new initiatives;
- economies of scale resulting from a single entity representing many councils in procurement.

These benefits and opportunities can apply to all councils irrespective of location or size.

Business processes, information architectures and functional tools differ in each council to varying degrees. The BOPLASS strategies facilitate a journey of progressive development using the approach identified in the BOPLASS Strategy and Action Plan to:

- enhance the capability to collaborate;
- encourage the elimination of barriers to collaborative action; and
- identify services that deliver viable business cases.

A generic sequence or stages of collaboration between multiple councils is followed to develop Shared Services, as shown in Figure 1.



Many of the BOPLASS Joint Procurement projects have supported the development of standard products, services or solutions across the councils. These standards assist in creating a foundation for the delivery of collaboration within the councils.

Examples of Joint Procurement and Shared Services projects are:

- Infrastructure Insurance
- Collective Training
- Aerial Imagery and LiDAR
- Provincial Growth Fund Co-funding for LiDAR Capture
- Standardised Community Engagement App
- Lone Worker Field Solutions
- Robotic Process Automation
- Accounts Payable Automation Software
- Print Media Licencing
- Insurance Valuations
- Contractor Online Inductions
- Health and Safety Management Software
- Radio Telephony (RT) Strategy
- Solid Waste Management
- Health and Safety Inter-Council Audits
- Asbestos Protocols
- Sustainable Public Procurement
- Health and Safety Benchmarking
- Video Conferencing Services
- Council Library and Cloud Services
- Inter-Council Network (ICN) Review, Redesign and Renegotiation
- Debt Collections
- Collaboration Portal
- Capital Construction and Civil Works Projects
- Fortigate Firewall Services
- Wireless WAN
- Inter-LASS Collaboration
- Human Resources Information Systems

Full list of projects included as Appendix B.

3. Our Vision

“COUNCILS PARTNERING FOR VALUE AND SERVICE”

4. Objectives of BOPLASS Ltd

Working together with the full support and involvement of staff, we will provide benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

Joint Procurement

Being the procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

Shared Services

Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

5. Nature and Scope of Activities

The principle nature and scope of the activities of BOPLASS Ltd is to:

- Use Joint Procurement to add value to goods and services sourced for its constituent councils.
- Establish the underlying technology, framework, platform and policies to enable and support collaboration.
- Facilitate initiatives that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.
- Pursue best practice in the management of all activities to obtain best value and minimise risk.
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.
- Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.
- Actively monitor and engage with Shared Service developments across the public sector to identify opportunities for further development and establishing best practice.
- Represent the collective views of its Shareholders in matters with which it is associated.

6. Sustainable Future: Environmental, Social and Governance (ESG)

The board recognises the importance of ESG in BOPLASS' role and ensuring that integrated risk management, non-financial outcomes, and Te Tiriti are considered in all BOPLASS joint procurement and shared services initiatives.

The company is committed to operating all aspects of its business with a focus on protecting and enhancing our communities today and in the future through sustainable environmentally responsible business practices, social contribution, and good governance.

The company has always had a stakeholder-centric approach, ensuring the company's objectives, goals and the undertaking of business are aligned with our constituent councils, our wider communities and supporting ESG outcomes that have wide-ranging benefits.

While achieving financial savings for member councils through BOPLASS joint procurement is a key objective, the company recognises the importance and responsibility of social procurement and will continue to consider the broader environmental, social and cultural outcomes as part of all BOPLASS procurement processes.

As examples, BOPLASS is working towards satisfying ESG criteria within social procurement by:

- Increasing access to BOPLASS procurement contracts for NZ businesses and local businesses, with particular focus on those groups that may have limited access to opportunities (such as Māori and Pacific Peoples' businesses).
- Giving consideration to organisations that provide employment opportunities to targeted groups and promote inclusion and diversity within their workforce.
- Recognising vendors that will help future-proof the ability of New Zealand businesses to trade.

With a focus on *Social Sustainability*, BOPLASS ensures a balanced approach is taken with the company's activities to create positive social and cultural outcomes for the local communities it serves while also maximising positive outcomes for Māori and the broader community.

Environmental Sustainability is a priority in all BOPLASS business activities – internal and external. Through collaboration and partnership with its constituent councils, BOPLASS strives to protect and enhance our environment and biodiversity. The company is committed to operating in an environmentally responsible way and will embed sustainability considerations (including ethical considerations) within a culture of excellence across its wider business and all joint procurement and shared services initiatives.

Te Tiriti o Waitangi responsibilities and outcomes are a driver for governance and management decisions within BOPLASS, include acknowledging and involving mana whenua as Kaitiaki o Te Taiao in project decisions impacting on land or natural resources. The company is committed to providing and improving opportunities for

Māori to contribute to local government decision-making processes and establishing collaborative partnerships and processes that reflect mutual outcomes.

7. Governance Structure

BOPLASS Ltd will conduct itself in accordance with its Constitution, its annual Statement of Intent, and the provisions of the Companies Act 1993 and the Local Government Act 2002.

The Company is governed by its directors. To ensure total synergy between the Company's activities and its council shareholders' activities, nine Directors are also the current Chief Executives of their respective shareholding councils. The dual roles recognise the interdependence of BOPLASS and its councils in the undertaking of its activities.

The Board also includes an independent Chair, appointed with specific skills and knowledge to add incremental value. This appointment brings experience and specialist skills that are complementary to those held by the other Directors.

Shareholder	Appointed Director
Bay of Plenty Regional Council	Fiona McTavish
Gisborne District Council	Nedine Thatcher-Swann
Kawerau District Council	Russell George
Ōpōtiki District Council	Stace Lewer
Rotorua Lakes Council	Geoff Williams
Taupō District Council	Julie Gardyne
Tauranga City Council	Marty Grenfell
Western Bay of Plenty District Council	John Holyoake
Whakatāne District Council	Stephanie O'Sullivan
Independent Director and Chair	Craig O'Connell

A sub-committee of council delegates has responsibility for regular monitoring and governance of operational aspects of BOPLASS projects, allowing the Board to primarily focus on supporting the strategic development of the organisation.

Each activity or project is managed by an Advisory Group, nominated by the shareholding councils in that particular service. The Board retains the right to approve nominations to the Advisory Groups and all of their material decisions – there is only one Board of Directors and that remains at the umbrella or holding company level.

The Board has established a principle that participation in each initiative is decided by individual councils on an 'opt in' basis.

Services delivered are subject to a formal service level agreement between BOPLASS Ltd and the participating councils, outlining the services and activities provided, where, when and how; and reflecting the capital and operational costs being met by each service shareholder.

Joint Procurement initiatives consistent with their nominated role may be undertaken by any advisory group or as approved by the Operations Committee. In considering Joint Procurement initiatives, the Company will take into account the opportunities available through All of Government (AoG) purchasing arrangements and, where there is demonstrated benefit to the Company or its constituent councils, support such initiatives. In assessing the benefits of a Joint Procurement initiative, opportunities for integration shall be considered. The Board has recognised that the availability of All of Government Procurement options has the potential to impact on BOPLASS' ability to provide procurement options in some categories.

Subject to the approval of shareholders in accordance with the shareholder agreement the Directors may decide that a particular activity is best managed as a subsidiary company and proceed accordingly. Any subsidiary company whose objectives are in accordance with the objectives set out in this Statement of Intent shall not be required to have a separate Statement of Intent.

8. Future Developments

The company recognises the importance of remaining adaptive in what is a complex and changing working environment. BOPLASS continues to look at new opportunities or alternative approaches to progressing projects that benefit our shareholding councils.

The Board recognise that the drive for change and/or collaboration in some key areas of council business will often be led by other groups, e.g. three waters reform, RMA changes. Although BOPLASS may not be leading these specific projects, the organisation may be considered as one of the vehicles available to assist with managing collective regional outputs from these projects.

BOPLASS Joint Procurement opportunities will continue to be actively pursued to ensure maximum savings and benefits are delivered to the participating councils through existing and new contracts.

Joint Procurement initiatives will be considered by the Board and/or its advisory groups where there is demonstrated support from two or more member councils, with councils participating on an opt-in basis.

BOPLASS will explore opportunities for councils to develop ICT solutions using middleware and cloud technologies that allow for future sharing and the development of Shared Services without the wholesale replacement of IT systems.

The Board will be looking for commitment from councils to participate in collaborative services and to provide a lead in the identification and management of opportunities and projects.

9. Inter-Regional Collaboration

The board recognise the benefits of BOPLASS proactively partnering with other local authorities and Shared Services organisations where they are either developing or

considering developing cost effective services or Joint Procurement initiatives that are of value to the BOPLASS councils. The Board is looking to expand on this activity and the range of opportunities for inter-regional partnering. BOPLASS will work towards providing improved visibility of projects being undertaken in other regions that may provide for multiple councils to participate in.

Where it is practicable, BOPLASS will work with other LASS or councils to leverage off, or participate in, services established by other collective local government groups.

The Collaboration Portal, established by BOPLASS for the sharing of information on Shared Services or Joint Procurement opportunities, has been made available to the wider local government community to provide better visibility of common projects and to encourage further cross-regional collaboration. BOPLASS will continue to market the benefits of inter-region collaboration and assist other councils through providing support and access to the Collaboration Portal.

BOPLASS has provided substantial savings to its shareholding councils through joint procurement and the Board has tasked BOPLASS with leading further inter-regional joint procurement initiatives that will provide benefit to all parties through an aggregated approach.

Significant benefits and savings have been achieved in the placement of councils' insurance through working in conjunction with other LASS. BOPLASS is considered a key contributor to the development of the interLASS insurance collective. Unfortunately, cost-effective placements and coverage are becoming more challenging to achieve as a result of the continued hardening of global insurance markets. Opportunities for the LASS groups to share resources to ensure we maintain our favourable position within the insurance industry will continue to be investigated.

10. Stakeholder Engagement

BOPLASS recognises the ambitious plans our constituent councils have for their communities and endeavours to support these aspirations through:

- Regular engagement at project, management and governance level;
- Including councils' short, medium and long-term goals within BOPLASS planning;
- Using quality information from councils to guide our decision-making;
- Identifying and developing services that directly benefit councils and/or their communities;
- Monitoring councils' future plans and remaining agile to change to include these aspirations in our own planning;
- Ensuring there are regular communications about individual council's LTP developments to assist BOPLASS with aligning with councils' strategic direction;
- Regularly communicating to ensure stakeholders are aware of what we are doing and why we are doing it;
- Involving councils in our decision-making and planning.

11. Performance Targets

To ensure the Company continues to operate effectively in both governance and management terms over the next three years the targets are to:

Target	How	Measure
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.	Manage and/or renegotiate existing contracts.	Contracts reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. (Current identified projects are listed in Appendix B.)	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.
Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.	BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.	Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.	Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils.	Number of active users to increase by 5% per year.
Communicate with each shareholding council at appropriate levels.	Actively engage in obtaining political support for identified projects.	Information provided to elected members, and feedback sought, on BOPLASS projects, benefits to local communities, and value added to each council.
Ensure current funding model is appropriate.	Review BOPLASS expenditure and income and review council contributions and other sources of funding.	Performance against budgets reviewed quarterly. Company remains financially viable.

12. Balance Sheet Ratios

The Local Government Act 2002 Schedule 8 (9) requires the SOI to include the projected ratio of shareholders' funds to total assets within the Forecast Statement of Financial Position. As at 30 June 2022 the consolidated Shareholder funds comprised \$52,070 and the total assets were \$1,222,864. The resulting ratio is 4.26%.

As asset owning Shared Services are approved, the Board will, if appropriate, provide a mechanism for the recognition of each council's contribution.

13. Accounting Policies

13.1 Statement of Accounting Principles

The Company will adopt accounting practices that comply with NZ IFRS, the requirements of the LGA and the Financial Reporting Act 1993.

13.2 IPSAS Accounting Standards

As a Public Sector Public Benefit Entity (PS PBE), the Company has elected to report using International Public Sector Accounting Standards for Public Benefit Entities under Tier 3 PBE standards.

13.3 Measurement Basis

The Company will follow generally accepted international accounting principles for reporting of earnings and financial position.

13.4 Specific Accounting Principles

The following are principles which will have a significant effect on the measurement of financial position:

- Accounts Receivable are stated at their expected realisable value after writing off any known bad debts and providing for doubtful debts.
- Investments are valued at the prevailing market value.
- Fixed assets are recorded at cost, less accumulated depreciation.
- Any liability for overseas funding of equipment, systems or services is based on the prevailing exchange rate as at balance date.
- Where intangible assets are purchased, such as intellectual property, these are capitalised and written off on a straight line basis over their expected life, but no greater than four years.
- All assets are depreciated over their expected useful lives. Depreciation is provided on a diminishing value basis over the estimated useful life, at the same rate as is allowed by the Income Tax Act 1994.

- It is not envisaged that the Company will hold inventories, other than those that might relate to providing information services to a number of parties. They will be valued at net realisable value.
- Taxation will be provided as required in line with relevant legislation.
- In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the office of the Auditor General will be responsible for the audit of the Company's financial statements.

14. Distributions to Shareholders

The Company is not expected to make profits that would ordinarily be distributed by way of dividends. Any surplus funds (after tax) remaining from an activity or the annual operations of the Company shall be carried forward to the ensuing year and may be used to reduce service costs, invest in further developing other services, and/or as the Directors may decide.

15. Information to be Provided to Shareholders

The Company will deliver the following statements to shareholders:

- On a three-monthly basis the Financial Position and Cashflow.
- Within two months of the end of the first half of the financial year: Financial Performance and Financial Position.
- Within three months of the end of the financial year the following audited statements: Financial Position, Movements in Equity, Cashflows, Service Performance plus a summary of how the Company has tracked against its objectives and prospects for the next financial year, and a report on the Company's medium to long term plans.
- Six monthly summaries of project activities included in Half Yearly and Annual Reports.

16. Procedures for the Purchase and Acquisition of Shares

The Board will give approval before BOPLASS Ltd subscribes for, purchases or otherwise acquires shares in any company or other organisation, which is external to the group.

17. Activities for Which the Board Seeks Compensation

The ongoing activities to identify, develop, procure Shared Services will be budgeted for in advance, subject to a business case and either funded by individual councils without BOPLASS Ltd involvement, or agreed by the Board to be funded by BOPLASS Ltd with consequent recovery from participating councils.

Shareholding councils will make a contribution to the operational costs of the Company on an annually agreed basis.

The Company will also seek contributions by way of a levy or administration charges on services provided or administered. In determining an appropriate charge, the Directors may take into account the cost of running the Company, its future operational requirements, the nature and cost of the service provided, benefits achieved and councils' ability to pay.

The Company may provide services (at a cost recovery or a cost plus basis) to other non-shareholding councils within or beyond the region. Any surplus from such activity will be used to either reduce service costs and/or invest in further developing of that or other services, as agreed by the Advisory Group and by the Board.

18. Value of Shareholder's Investment

The Directors estimate that, at this stage, BOPLASS Ltd has limited commercial value. As each shareholder's investment in BOPLASS Ltd is less than \$20,000, the Board believe that fairly represents the value of their investment. The Directors will reassess the value of this shareholding on or about the 1st of March each year.

19. Financial Forecasts

The Forecast Financial Statements for the years 2023-2026 are included (Appendix A).

The Aerial Photography revenue/expenses reflects the flying programme determined by the participating councils which includes interim flying programmes and extensive region-wide flying programmes over the next five years.

A continued increase in Recoveries has been forecast to reflect the direct recovery of purchases made on behalf of councils through Joint Procurement projects.

It is the company's intention to always fully recover costs incurred on behalf of participating councils.

Appendix A

SOI Forecast 2023/26	Budget 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2024/2025
REVENUE				
Revenue - Core	313,992	321,837	329,878	338,120
Bank Interest Received	200	200	200	200
Council Contribution	313,792	321,637	329,678	337,920
Revenue - Projects	1,301,600	1,219,000	1,329,000	1,279,000
Aerial Photography Income	400,000	300,000	400,000	350,000
Bank Interest Received	4,100	9,000	8,000	6,000
Collaboration Portal	50,000	45,000	50,000	52,000
Lease Income - ICN	130,000	130,000	125,000	125,000
Lease Income - Video Confer.	15,000	24,000	24,000	24,000
Rebates	2,500	1,000	2,000	2,000
Recoveries	700,000	710,000	720,000	720,000
Total Operating Revenue	1,615,592	1,540,837	1,658,878	1,617,120
EXPENSES				
Expenditure - Core	384,570	390,103	401,581	410,423
ACC	850	900	950	950
Accommodation & Travel	2,100	2,200	2,200	2,200
Accounting & Audit	21,300	22,000	24,000	24,000
Administration	17,500	18,000	18,500	19,000
Amortisation	7,700	2,000	1,500	1,500
Bank Fees	200	200	200	200
Conferences	2,100	2,200	2,200	2,200
Depreciation	650	5000	4500	4000
Directors' costs	21,000	23,000	23,000	25,000
Fringe Benefit Tax	3,500	3,500	4,000	4,000
General & Catering	2,200	2,400	2,400	2,400
Health and Safety	1,000	1,000	1,000	1,000
Insurance	10,500	11,500	13,000	13,000
Interest Paid - TCC Loan	500	0	0	0
Legal	2,000	2,500	2,500	2,500
Salaries	282,170	286,403	292,131	297,973
Salaries - C'Portal Opex	-16,500	-19,000	-18,000	-17,000
Staff Support Costs	17,500	18,000	18,500	18,500
Staff Training Costs	2,000	2,000	2,500	2,500
Subscriptions	1,000	1,000	1,000	1,000
Tax Advice	5,300	5,300	5,500	5,500
Expenditure - Projects	1,231,022	1,150,734	1,257,297	1,206,697
Aerial Photography Expense	400,000	300,000	400,000	350,000
Collaboration Portal Opex	27,122	28,874	30,737	30,137
Lease Expense - ICN	124,800	124,800	120,000	120,000
Lease Expense - Video Confer.	14,100	22,560	22,560	22,560
Projects - Recoveries	665,000	674,500	684,000	684,000
Total Operating Expenditure	1,615,592	1,540,837	1,658,878	1,617,120
Operational Surplus/ (Deficit) before Tax	0	0	0	0

Appendix B

Undertaken Joint Procurement Projects

Requiring ongoing management for performance, renewal or replacement:

- Accounts Payable automation software
- Advertising services
- Aerial imagery and LiDAR
- Air travel
- Antivirus software
- Archaeological services
- Asbestos protocols
- Banking
- Capital construction and civil works
- Cloud services
- Collective training services
- Community engagement app
- Courier services
- Cyber insurance
- Document management – EDRMS
- Document storage
- EFTPOS services
- Electricity
- Electronic purchasing
- EMA membership
- Firewall Services
- FME Server
- Fuel
- Geospatial training services
- GIS regional technical advisor
- GIS software
- GPS vehicle tracking
- Health & Safety benchmarking
- Health & Safety management software
- Health & Safety training services
- Health & Wellbeing online platform
- Historic imagery digitisation
- HR information systems
- Infrastructure as a Service
- Insurance brokerage services
- Insurance – General
- Insurance – Infrastructure
- Internet services
- IPWEA library
- Media monitoring
- N3/GSB membership
- Office supplies
- Postal services
- Print media copyright services
- Provincial Growth Fund co-funding
- Radio telephony
- Rapid antigen tests
- Reprographic – printers/copiers
- Risk management workshops
- Security services
- Telephony – voice, data, mobile
- Tender facilitation
- Transactional banking
- Travel and accommodation services
- Valuation services provider
- Video conferencing services
- Website analytics
- Wireless WAN

Appendix B

Identified Joint Procurement Projects

- Agenda management software
- Business continuity
- CD emergency notifications
- Chemicals
- Civil works contracts
- Civil works materials
- Community communication systems
- Contractor online inductions
- Digital signatures
- Document scanning
- Driver training
- Drug & Alcohol testing
- Engineering Codes of Practice
- Fleet purchasing and management
- Health insurance
- High volume print
- ICT security policies
- Infrastructure valuation services
- IT applications
- Lone worker field solutions
- Media distribution services
- PPE & Uniform
- Property valuation services
- Recruitment/Candidate management
- Risk profiling workshops
- Robotic Process Automation (RPA)
- Surveys and research

Appendix B

Shared Services

Managed by BOPLASS or by one or more constituent councils:

- After hours call management
- Archive service
- Contractor H&S prequalification
- Debt recovery services
- Employee benefit schemes
- FME licensing pool
- GIS imagery data storage
- GIS support (inter-council)
- GIS web services
- Health and safety auditing
- Historic aerial imagery digitisation
- Insurance COE
- Inter-council network
- Internal audit services
- MahiTahi LG Collaboration Portal
- Media monitoring
- Occupational health
- Radio telephony strategy
- Section 17a reviews
- Shared licence server
- Solid waste services
- Standards NZ
- Video conferencing hosting
- Waste Operator Licensing

Projects for Consideration

- Asset Management
- Building consents
- Business continuity planning
- Capital Expenditure projects
- CCTV monitoring
- Centralised insurance resource
- Civil Defence Emergency Management
- Civil works projects marketing
- Consents Processing
- Contractor online inductions
- Digital transformation
- Diversion of putrescible waste from landfill
- Document digitisation
- Driver training
- Electronic Document and Records Management System
- Geospatial services
- HR Information Systems
- Information Services
- Infrastructure development codes
- Insurance valuations
- IT hosting
- Joint software support
- Payroll
- Project management office
- Rates Collection
- Regional Civil Defence
- Risk and total assurance
- Shared datacentre
- Solid waste regional facilities strategy
- Smart cities
- Staff engagement survey systems
- Web services
- Windscreen replacement



1. Introduction

This Statement of Intent (SOI) sets out the nature and scope of the activities, objectives and performance targets for the New Zealand Local Government Funding Agency Limited (LGFA) for the three-year period 1 July 2023 to 30 June 2026. LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

Note: This SOI, including financial forecasts, assumes that there are no implications for LGFA from the Affordable Water Reforms. We are awaiting further information relating to the establishment of the Water Services Entities (WSEs); how WSEs are intending to structure their borrowing; how the transition of revenue and debt will occur between our council members and WSEs, and the impact on future council borrowing intentions from the Affordable Water Reforms. We will provide an update to stakeholders on implications for LGFA as further information becomes available.

2. Nature and scope of activities

LGFA raises debt funding for the purpose of providing debt financing to New Zealand local authorities and CCOs (participating borrowers).

LGFA may raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency.

LGFA only lends to participating borrowers that have entered into required relevant legal and operational arrangements and comply with the LGFA's lending policies.

In addition, LGFA may undertake any other activities considered by the LGFA Board to be reasonably related, incidentally to, or in connection with, that business.

3. Our purpose Ta tatou kaupapa

Benefiting local communities through delivering efficient financing for local government.

Ka whiwhi painga ngā hapori mā te whakarato pūtea tōtika ki ngā kaunihera.

4. Our values Ō mātau uara

We act with integrity

E pono ana mātau

We are honest, transparent and are committed to doing what is best for our customers and our company.

We are customer focused

E arotahi ana mātau ki te kiritaki

Our customers are our council borrowers, investors, and all other organisations that we deal with. We listen to them and act in their best interests to deliver results that make a positive difference.

We strive for excellence

E whakapau kaha mātau kia hiranga te mahi

We strive to excel by delivering financial products and services that are highly valued at least cost while seeking continuous improvement in everything we do.

We provide leadership

He kaiārahi mātau

We are here for our stakeholders in being strategically minded, providing resilience and executing our strategy. We embrace a high-performance culture and can be relied upon to deliver results.

We are innovative

He auaha mātau

To meet our ever-changing customer requirements, we will encourage innovation and provide a diverse range of financial products and services.

5. Foundation objectives

The Shareholders' Agreement is a foundation document and states that, in accordance with the Local Government Act, in carrying on its business the objectives of the Company will be to:

- (a) achieve the objectives of the Shareholders (both commercial and non-commercial) as specified in the Statement of Intent. The Shareholders agree that the Company shall carry on its business with a view to making a profit sufficient to pay a dividend in accordance with the Dividend Policy, but that the primary objective of the Shareholders with respect to the Company is that it optimises the terms and conditions of the debt funding it provides to Participating Local Authorities;
- (b) be a good employer;
- (c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- (d) conduct its affairs in accordance with sound business practice.

This Statement of Intent sets out the company's strategic priorities, together with associated objectives and performance targets, which align with the foundation objectives and have been agreed with shareholders.

6. Strategic priorities

The following five strategic priorities encompass the foundation objectives and guide the LGFA Board and management in determining our strategy, objectives and associated performance targets.

Governance, capability and business practice

LGFA is committed to demonstrating best practice corporate governance underpinned by sound business practice to ensure its long-term sustainability and success.

Optimising financing services for local government

LGFA's primary objective is to optimise the terms and conditions of the debt funding it provides to participating borrowers. Amongst other things, LGFA will achieve this by delivering operational best practice and efficiency across our lending products and services.

Environmental and social responsibility

LGFA recognises the risks inherent in climate change for councils and supports New Zealand's shift to a low-carbon economy. LGFA will exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

Effective management of loans

LGFA will ensure its loan book remains at a high standard by ensuring it understands each participating borrower's financial position and managing assets within an appropriate risk management framework to ensure shareholder value is not compromised.

Industry leadership and engagement

LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market and will work with key central government and local government stakeholders on sector issues.

7. Objectives and performance targets

This section sets out LGFA's objectives and performance targets for SOI 2023-2026.

The financial performance targets are focused on the 2023-2024 year and, as applicable, are based on the financial forecasts outlined in section 8.

Governance, capability and business practice

Objectives	How we measure our performance
LGFA will:	
Demonstrate best practice corporate governance.	The Annual Report outlines our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code.
Set and model high standards of ethical behaviour.	LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct policies, which sets out the standards and values that directors and employees are expected to follow.
Achieve the shareholder-agreed objectives and performance targets specified in this Statement of Intent.	LGFA reports performance against objectives quarterly to shareholders and in our Annual and Half Year Reports.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors progress against these monthly. Financial performance is reported quarterly to shareholders and in our Annual and Half Year Reports.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff	The Annual Report reports on our health and safety and wellbeing practices and policies, compliance with the Health and Safety at Work Act, diversity and inclusion and capability and development.

Performance targets	2023-2024 target
Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times.	No breaches
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.
LGFA's total operating income for the period to 30 June 2024.	> \$20.6 million
LGFA's total operating expenses for the period to 30 June 2024.	< \$10.0 million

Optimising financing services for local government

Objectives	How we measure our performance
LGFA will:	
Provide interest cost savings relative to alternative sources of financing.	Measure LGFA issuance spreads against other high-grade issuers in the New Zealand domestic capital markets.
Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.	Measure LGFA's share of overall council borrowing. Survey participating borrowers on an annual basis.
Deliver operational best practice and efficiency for lending services.	Monitor settlements errors for new trades and cashflows. Survey participating borrowers on an annual basis.
Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.	Maintain a vibrant primary and secondary market in LGFA bonds. Monitor participation by investors at our tenders through bid-coverage ratios and successful issuance yield ranges.

Performance targets	2023-2024 target
Share of aggregate long-term debt funding to the Local Government sector.	> 80%
Total lending to Participating Borrowers.	> \$17,870 million
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%

Environmental and social responsibility

Objectives	How we measure our performance
LGFA will:	
Assist the local government sector in achieving their sustainability and climate change objectives.	LGFA is committed to assist borrowers financing of projects that promote environmental and social wellbeing in New Zealand. Green, Social & Sustainability (GSS) loan applications from councils are appraised by the LGFA Sustainability Committee, with approved loans monitored for ongoing compliance.
Improve sustainability outcomes within LGFA.	LGFA is committed to reducing our carbon emissions and formalised processes to measure our greenhouse gas (GHG) emissions, as well as management plans to reduce our company's emissions.

Performance targets	2023-2024 target
Comply with the Health and Safety at Work Act 2015.	No breaches
Maintain Toitū Carbon Zero certification.	Carbon-zero certification maintained.
Meet reduction targets outlined in our carbon reduction management plan.	Reduction targets met.
Increase our GSS lending book and Climate Action Loans (CALs).	Two new GSS loans undertaken. Three new borrowers enter into CALs
Ensure Annual Report is prepared in compliance with applicable GRI Standards.	100%
Meet all mandatory climate reporting standards.	100%

Effective management of loans

Objectives	How we measure our performance
LGFA will:	
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies.	LGFA reviews all participating councils and CCOs financial statements on an annual basis and the agendas and management reports on an ongoing basis for all councils on the LGFA borrower watch-list. Participating borrowers are required to complete annual compliance certificates by the end of November each year.
Analyse finances at the Council group level where appropriate and report to shareholders.	
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested.	Number of participating borrowers visited in a year.

Ensure a smooth transition of water-related loans if the Affordable Water Reforms progresses over forecast period.	LGFA will be able to ensure the successful transition of existing council water-related loans to the Water Services Entities (if requested by a council).
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Performance targets	2023-2024 target
Review each Participating Borrower's financial position.	100%
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%

Industry leadership and engagement

Objectives	How we measure our performance
LGFA will:	
Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.	Report on actions undertaken and progress made on sector issues. Identifying any legislative or Central Government policy changes that may impact LGFA and undertake formal or informal submissions.
Assist the local government sector with significant matters such as the Affordable Water Reforms.	Assist the local government sector with understanding any legislative or Central Government policy changes that may impact LGFA.
Maintain productive relationships with central government representatives.	Report back on the alignment of LGFA and council's climate and emissions reporting requirements.
Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.	Report back in how we are helping smaller council's understand future reporting requirements.

8. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2026:

Comprehensive income \$m	Jun 24	Jun 25	Jun 26
Net Interest income	19.2	18.6	20.2
Other operating income	1.3	1.3	1.3
Total operating income	20.6	19.9	21.5
Approved Issuer Levy	0.3	0.4	0.4
Issuance & onlending costs	3.8	3.9	4.0
Operating overhead	5.8	6.3	6.6
Issuance and operating expenses	10.0	10.6	11.0
P&L	10.6	9.3	10.5
Financial position (nominals) \$m	Jun 24	Jun 25	Jun 26
Liquid assets portfolio	1,921	1,905	1,783
Loans to local government	18,120	20,030	21,505
Other assets	-	-	-
Total Assets	20,041	21,935	23,288
Bonds on issue (ex Treasury stock)	18,210	19,351	20,376
Bills on issue	700	700	700

Borrower notes	398	458	501
Other liabilities	-	-	-
Total Liabilities	19,308	20,509	21,577
Capital	25	25	25
Retained earnings	95	102	111
Dividend	(2)	(2)	(2)
Shareholder equity	118	125	134
Ratios	Jun 24	Jun 25	Jun 26
Liquid assets/funding liabilities	10.3%	9.6%	8.5%
Liquid assets / total assets	9.6%	8.7%	7.7%
Net interest margin	0.11%	0.09%	0.09%
Cost to income ratio	48.5%	53.2%	51.1%
Return on average assets	0.05%	0.04%	0.05%
Shareholder equity/total assets	0.6%	0.6%	0.6%
Shareholder equity + BN/total assets	2.6%	2.7%	2.7%
Asset growth	12.0%	9.4%	6.2%
Loan growth	12.8%	10.5%	7.4%
Return on equity	9.7%	7.9%	8.4%
Capital ratio	12.9%	13.3%	13.6%

The above forecasts assume a gross bond issuance programme of \$4.20 billion (FY24), \$4.15 billion (FY25) and \$4.24 billion (FY26) based upon term lending to councils of \$3.91 billion (FY24), \$4.19 billion (FY25) and \$3.81 billion (FY26).

Note there is a high level of uncertainty regarding the financial forecasts for both council borrowing and LGFA bond issuance due to the uncertainty relating to the Affordable Water Reforms and the impact on councils.

Councils prepared their 2021-31 Long Term Plans (and borrowing forecasts) on the assumption that the Affordable Water Reforms was not progressing, and we have made the same assumption with our forecasts. LGFA projects it could have between \$5 billion to \$6 billion of loans to councils in June 2024 that are related to three waters. There have been no final decisions regarding the transfer mechanism for assets, liabilities and revenue from councils to the proposed Water Services Entities. We will update stakeholders on implications for LGFA as further information becomes available.

9. Dividend policy

LGFA primary objective is to maximise benefits to participating borrowers rather than shareholders. Consequently, it is intended to pay a limited dividend to shareholders.

The Board's policy is to pay a dividend that provides an annual rate of return to shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

10. Governance

Board

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board comprises six directors with five being independent directors and one being a non-independent director.

The Board's approach to governance is to adopt best practice with respect to:

- The operation of the Board.
- The performance of the Board.

- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter.

The Board will meet on a regular basis and no fewer than six times each year.

Shareholders' Council

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.
- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

11. Information to be provided to Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

Annual Report

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act 1993 and Financial Reporting Act 2013. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report.
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts.
- Comparison of the LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Auditor's Report on the financial statements and the performance targets.
- Any other information that the directors consider appropriate.

Half Yearly Report

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period.
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

Quarterly Report

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly Report. The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Borrower's (in credit rating bands).
- Comparison of LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt/Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of the preceding financial year).

- To the extent known by LGFA, details of all events of review in respect of any Participating Borrower that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).
- Details of any lending to CCOs during the quarter and the amount of CCO loans outstanding.
- Commentary on sustainability initiatives.

Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

12. Acquisition / divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's lending and/or investment policies as approved by the Board and/or Shareholders.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

13. Activities for which compensation is sought from Shareholders

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such activities.

Currently there are no activities for which compensation will be sought from Shareholders.

14. Commercial value of Shareholder's investment

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board's views on the appropriate capital structure for LGFA, the Board's intention will be to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considered that at establishment the commercial value of LGFA was equal to the face value of the Shareholders' paid up Principal Shares – \$25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA is at least equal to the face value of the Shareholders' paid up Principal Shares of \$25 million. This equates to a value per share of \$1.00.

15. Accounting policies

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

Statement of Accounting Policies

1. Reporting entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating borrowers.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

2. Statement of compliance

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA's bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

3. Basis of preparation

Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

Changes in accounting policies

There have no changes to accounting policies.

Early adoption standards and interpretations

LGFA has not early adopted any standards.

Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements.

Financial instruments

Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand, bank accounts and deposits with an original maturity of no more than three months.

Cash provided by LGFA as security for financial arrangements remains a financial asset of LGFA and is recognised as cash pledged as collateral in the Statement of Financial Position, separate from cash and cash equivalents.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date, an expected credit loss assessment is performed for all financial assets and is calculated as either:

- Credit losses that may arise from default events that are possible within the next 12 months, where no significant increase in credit risk has arisen since acquisition of the asset, or
- Credit losses that may arise from default events that are possible over the expected life of the financial asset, where a significant increase in credit risk has arisen since acquisition of the asset.

Impairment losses on financial assets will ordinarily be recognised on initial recognition as a 12-month expected loss allowance and move to a lifetime expected loss allowance if there is a significant deterioration in credit risk since acquisition.

Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

Other assets

Property, plant and equipment

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

Intangible assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight-line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

Other liabilities

Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Segment reporting

LGFA operates in one segment being funding of participating borrowers in New Zealand.

Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts. For example, the fair value of financial instruments depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these estimates and underlying assumptions are reviewed on an ongoing basis. Where these judgements significantly affect the amounts recognised in the financial statements they are described in the following notes.



29 June 2023

Dear LGFA stakeholder

Statement of Intent 2023-2026

Please find attached the Statement of Intent (SOI) for the 2023-26 period.

LGFA remains focused on delivering strong results for our council borrowers and shareholders.

For our borrowing councils we seek to optimize funding terms and conditions by

- Achieving savings in borrowing costs
- Provide longer dated funding and
- Provide certainty of access to markets.

For our shareholders we are focused on

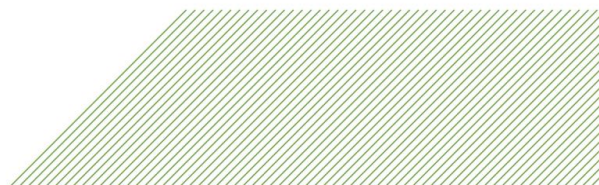
- Delivering a strong financial performance
- Monitoring asset quality and
- Enhancing our approach to treasury and risk management.

The following points regarding the 2023-26 SOI are worth noting:

- The SOI performance targets are the same as the targets in the prior year SOI except we have included Climate Action Loans ("CALs") into our Environmental and Social Responsibility section.
- There is a forecast increase in Net Operating Profit compared to prior years. This is due to an increase in forecast Net Interest Income arising from a larger amount of lending to Councils and CCOs. We have assumed an additional \$1 billion of council and CCO borrowing in each of the next three financial years compared to the Draft SOI forecasts.
- Base on-lending margins are unchanged.
- There remains some uncertainty within the SOI forecasts relating to the amount of both council loans and LGFA bonds outstanding as this depends upon the magnitude and timing of council borrowing. We have based our forecasts on the Long-Term Plans ("LTPs") of our seventy-seven council and three CCO members and the LTPs forecast a significant increase in borrowing in each of the next three years. The actual amount of borrowing will be influenced by the ability of councils to deliver on the capex projections in their LTPs, any cost increases as well as the amount of Central Government assistance in funded capex delivery.
- The Affordable Waters Reform programme has assumed the establishment of the ten new Water Services Entities ("WSE") will take place from 1 July 2024 and be concluded by 1 July 2026. This period covers the second and third years of our SOI forecast period and at this point in time we are unsure as to

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- Any role by LGFA in lending to the WSEs once they have been established.
- How the transition of debt and assets between the councils and WSEs will occur and
- The borrowing behaviour by councils ahead of, and during the transition period.

The changes made to the Final SOI compared to the Draft SOI that you received in February 2023 for comment have been:

- Net Interest Income has increased in the 2023-24, 2024-25 and 2025-26 financial years by \$1.3 million, \$1.5 million, and \$3.5 million.
- Expenses have increased by \$0.5 million in 2023-24 and by \$0.8 million in each of 2024-25 and 2025-26 due to additional costs because of increased council lending and bond issuance.
- Forecast Net Operating Profit has increase by \$0.8 million (2023-24), \$0.7 million (2024-25) and \$2.6 million (2025-26).

We remain committed to delivering the lowest possible borrowing cost to the sector, providing certainty of access to funding and long dated tenors to councils while at the same time protecting the interests of our guarantors and shareholders.

We thank you for your support of LGFA and please feel free to contact me if you have any questions or require further clarification on anything relating to the SOI or LGFA in general.

Yours sincerely



Mark Butcher
Chief Executive