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Steve Green
Chairperson
The Suter Art Gallery Te Aratoi o Whakatū Trust Via
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Tēnā koe Steve

THE SUTER ART GALLERY TE ARATOI O WHAKATŪ TRUST - STATEMENT OF EXPECTATIONS

This Statement of Expectations is intended to inform the Suter Art Gallery Te Aratoi o Whakatū (Suter) Trust of the Council's high level strategic direction and performance expectations in advance of your preparation of the Statement of Intent (SOI) 2024/25. In clarifying our expectations early, we expect that the passage through to acceptance by Council will be more efficient and effective.

Statement of Intent 2024/25

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

The SOI must meet the requirements set out in the Local Government Act (LGA) 2002. The Local Government Act 2002 Amendment Act 2019 made a number of changes to the LGA that impact CCOs. You will now be familiar with the CCO provisions of the Act.

Council wishes to support the Trust in delivering a good SOI. We have assigned a senior manager to each CCO to assist. In your case, the person assigned is Andrew White, Group Manager Community Services, who is available to your team to assist throughout the process.





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General expectations to be included in the SOI

The general expectations for all CCOs are as follows:

SOIs should include a complete set of summary prospective financial statements for at least three years (preferably five years) ahead, i.e. statement of comprehensive income, statement of financial position and cash flow statement.

SOIs should disclose measures like earnings before interest and tax (EBIT); earnings before interest, tax, depreciation, and amortisation (EBITDA); and balance sheet ratios, where applicable.

SOIs must fully comply with Schedule 8 of the LGA.

Under the Public Records Act 2005, a local authority includes CCOs. As such, the requirements of this Act and its related mandatory Information and Records Management Standard - July 2016 applies to the management, retention, and disposal of records.

Compliance with legislation and reporting on Health and Safety matters must be given due emphasis.

Where the Council makes a financial contribution to the operational costs of the organisation, the CCO should show how it intends to increase non-council revenue streams.

Capital expenditure and asset management intentions should be included.

CCOs should use the same information for both managing the business and reporting through to the Council, meaning the information used for setting targets and reporting against them for the SOI should overlap and be a subset of the information used for internal reporting.

SOIs and other CCO reports should be in a plain style, concise, relevant, accessible and focussed on meeting the needs of the shareholding councils and the public they represent. The use of graphs, tables and charts is expected to convey both financial and non-financial information along with trends (past, current and future numbers).

To be effective, the SOI must disclose the performance story for the CCO, providing a clear and succinct understanding of the CCO purpose, the goods and services it delivers and what success looks like. Providing a clear message to the Board on these requirements and other expectations will assist in ongoing improvements in the SOI and reporting.





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The main aspects of the SOI performance story are:

Strategic context

Specifying and presentation of the outcomes framework

Main measures and targets, outcomes, and objectives, SMART measures are preferable in showing performance

Linking the strategy outputs performance together

Risk Management: Council would like to understand through the SOI how the Board is reviewing and managing risks, including natural hazards, climate change and pandemics.

Climate Change and Sustainability: Council would like to understand what measures and targets are in place to address environmental and climate change concerns, including measures to:

Council would like to understand how you will support the transition towards net zero carbon by reducing the highest sources of greenhouse gas emissions.

(Council is keen to see a significant reduction in emissions by 2030 and so would urge you to prioritise any emissions reductions it can achieve within the current decade.)

Prepare for the impacts of climate change, including key organisational climate change risks

Minimise waste and support the shift to a circular economy

Health and Safety: Given the Health and Safety at Work Act 2015 (the Act), it is appropriate for the Council to set out its expectations in relation to Health and Safety in the CCOs.

Under section 44(3) of the Act elected members do not have a duty to exercise due diligence to ensure that any council-controlled organisation complies with its duties or obligations under the Act unless that member is also an officer of that council-controlled organisation.

However, as a key funder it is still appropriate to set out expectations of Health and Safety management in CCOs.





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The Council expects the Trust to set appropriate Health and Safety strategy and policy, understand the nature of risks/hazards within the business, monitor performance and activities to ensure risk is being managed and review Health and Safety systems and performance.

Governance Performance: In order to aid Council when making decisions on trustee remuneration and appointments, the Board should undertake regular evaluation of its own performance.

Council expects this review to be carried out at least once every eighteen months.

A skills mix analysis is to be part of the regular Board reviews and recommendations for trustee re-appointments.

The Chair of the Board should reference this evaluation and also provide a skills matrix for the Board when making recommendations on the re-appointment or recruitment of new Board members.

In addition, trustee recruitment must take account of the requirement in the LGA to ensure that when identifying the skills, knowledge, and experience required of trustees, consideration is given to whether knowledge of tikanga Māori may be relevant to the governance of that CCO.

Council requires that CCOs, before making a decision that may significantly affect land or a body of water, must take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga. This is a provision in the LGA.

Specific expectations to be included in the SOIs

It is proposed that the following specific expectations be set out in the SOE to the Trust:

Planning and Reporting: Utilising performance reporting through the inclusion of quantifiable measures and SMART targets.

Good Employer Obligations: Detail in the SOI how the Trust meets its good employer obligations under the LGA 2002, particularly in relation to fair pay and equal employment opportunities.

Tasman District Council Relationship: Detail in the SOI, development of the relationship with Tasman District Council with a view to increasing funding





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from that source. Describe work to be undertaken to strengthen the relationship and financial support provided by the Tasman District Council.

Resilience: Include in the SOI a risk management plan which details risks/hazards, mitigation strategies, response and recovery plans including in relation to cyber-attacks, pandemics and natural hazards.

Governance: Include in the SOI reference to how the board will identify and develop greater diversity and representation of diverse communities in future succession planning.

Risk: Include in the SOI a specific section on risk. This needs to address risks arising from the current operating environment, including inflation, increasing insurance costs, revenue impacts, and other risks that may be identified by the Trust.

Assets and Security: Include in the SOI, commentary on Suter assets and options for security for Council on their investment, including feedback from the Suter Audit and Risk Subcommittee.

Fundraising: Include in the SOI, commentary or data on how performance evaluation of fundraising would be reported.

If you have any queries, please contact Andrew White on 03 545 8729 or at andrew.white@ncc.govt.nz in the first instance.

Ngā mihi

Hon Dr Nick Smith

Mayor of Nelson: Te Koromatua o Whakatū

