Enduring Statement of Expectations for Tourism Bay of Plenty (TBOP)

1. Introduction

This document applies to the Western Bay of Plenty Tourism and Visitors Trust, better known as Tourism Bay of Plenty (TBOP) as a Council Controlled Organisation (CCO) of Tauranga City Council (TCC) and Western Bay of Plenty District Council (WBOPDC).

It is designed to enhance understanding in meeting respective responsibilities and obligations. It outlines the enduring expectations of the TBOP board in relation to matters which are unlikely to change from year to year such as the role and purpose of the board, governance and funding principles.

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

This document should be read in accordance with the Western Bay of Plenty Tourism and Visitors Trust Deed (Appendix A). Where there is any conflict between the two documents; the trustees will act in accordance with their Trust Deed.

It should be read in conjunction with the following relevant legislation (including all amendments):

- Local Government Act 2002 (LGA)
- Charitable Trust Act 1957
- Trustee Act 1956

TBOP was established as an independent trust on 8 April 2002. It was established as a joint CCO on 1 July 2006 after consultation with the community. The principal role of TBOP according to the statement of proposal was to undertake destination marketing, management leadership and assist in the development activities for the region.

2. Interpretation

Throughout this document, the term ‘the councils’ is intended to mean the governance body of TCC and WBOPDC. Management and staff are specifically referenced where intended.

In the case of any doubt regarding the interpretation of any aspect of this document, TBOP will consult with TCC’s CCO Specialist in the first instance.
3. Relationship with the councils

3.1. General principles

General principles have been established for an operating framework that encourages TBOP to:

- Operate within the parameters of its trust deed
- Provide key services which deliver value to the customer/ratepayer
- Run the organisation in an efficient and effective manner
- Operate in a manner which is results-focused, demonstrates proactive leadership and a preparedness to take sensible levels of risk relative to the nature of the entity
- Operate in a manner which exhibits prudent financial management
- Lead and promote activities to raise funds for the organisation
- Ensure all statutory requirements are complied with
- Report to the councils in a timely and transparent manner that ensures no surprises.

3.2. No surprises approach

TBOP will be mindful that the councils are accountable to a wider audience and that as a joint CCO the affairs of TBOP, positive and negative, can impact on the councils. TBOP will keep the councils advised of any issues that may generate public interest. Conversely, any actions or announcements that may impact TBOP will be notified before any public announcement is made. This “no surprises” approach applies to all parties.

Each party will:

- Present a public unified front on issues
- Be respectful to each other at all times, particularly in the public arena
- Ensure each party is informed in a timely manner of any issue of public interest
- Be aware that all parties have interests wider than this agreement
- Be aware of the potential implications of all issues
- Understand wider policy issues as part of their decision-making.

In addition, TBOP will be sensitive to the demand for accountability and transparency placed on councillors from residents and ratepayers of Tauranga and the Western Bay of Plenty.

3.3. Specific principles of good governance

The following principles are required for a strong governance relationship between the councils and TBOP:

1. Leadership – The councils are responsible for setting the strategic direction for the sub-region and clearly and proactively outlining expectations of TBOP as a CCO. TBOP trustees will determine the organisation’s strategic plan and operational focus so that actions are consistent with these expectations and obligations.

2. Community Focus – TBOP trustees will be cognisant of the fact that CCOs must exhibit social and environmental responsibility. As TBOP is largely funded through public money, seeking the best outcome for the region will always be considered in decision making.

3. Empowerment – TBOP trustees must be empowered to fulfil their statutory, constitutional, LOE and SOI responsibilities. If they are unnecessarily constrained they cannot fulfil their fiduciary obligations.
4. **Compliance** – In conjunction with the principle of empowerment, TBOP trustees must comply with their statutory obligations and with the expectations set by the councils.

5. **Accountability** – Accountability must accompany empowerment, including the implementation of a monitoring process. In addition to audit and annual report requirements, every three years elected members are held to account by the public for their use of ratepayer money.

6. **Transparency** – Accountability for public funds also requires a high level of transparency. This is particularly important for CCOs that are largely rate funded. Transparency requires visibility of funding to ensure that it has been used for intended public-good outcomes. The councils recognise that TBOP often deal with matters that may be commercially sensitive and may need to remain confidential.

7. **Trust** - Productive relationships also require a culture of cooperation and trust. This is an earned trust rather than implied. The ‘no surprises’ approach is a critical part of this, and ensures that TBOP and the councils keep each other informed before matters are in the public arena.

### 3.4. Engagement and reporting obligations

Engagement means more than regular reporting. It means two-way dialogue and consideration of strategic priorities and objectives. It also means responding promptly and appropriately on issues raised by the councils.

Expectations on engagement and reporting include:

- Six monthly informal governance meetings between the TBOP board and the councils to assess progress against financial and non-financial targets and to maintain good governance relationships.
- Other meetings as required to meet financial and non-financial reporting obligations under the LGA, the Financial Markets Conduct Act 2013 and any other relevant legislation or regulation.
- Other meetings as required to ensure the ‘no surprises’ approach is effective.

### 4. The purpose of TBOP

The objectives of TBOP, as described in its Trust Deed is to promote the economic welfare and development of the Western Bay of Plenty Region and it citizens through the marketing, management and any other activity which impacts on that region as a visitor and tourist destination.

TBOP is also responsible for providing visitor information services in the region.

The aspirational target for the region is to:

- Be a destination that has a vibrant tourism offering
- Increase visitor spend to $1 billion by 2030.
5. Roles and responsibilities

5.1. Role of the councils

The role of the councils is to set expectations and monitor the performance of TBOP as a joint CCO under the relevant legislation. Performance is monitored against the SOI and Long Term Plan (LTP) measures and targets. The councils have obligations to ensure the prudent and transparent use of public money. These obligations can require a level of scrutiny beyond a relatively high-level SOI and retrospective performance monitoring.

In practice, the responsibilities of the councils include:

- Setting the strategic direction for the sub-region and clearly outlining its expectations of TBOP via the LOE and other mechanisms
- Setting policy on the appointment and remuneration of directors (in this case trustees), in accordance with the LGA
- Final approval on appointments to the board of trustees
- Consulting with TBOP on matters of TBOP governance
- Commenting on the content of draft SOIs
- Agreeing to and if necessary modifying the SOI (in accordance with schedule 8 of the LGA)
- Receiving six-monthly and annual reports on financial and non-financial performance
- Monitoring board performance and taking remedial steps when necessary
- Ensuring collaborative and transparent working relationships with TBOP
- Ensuring the prudent use of public money.

5.2. Role of the TBOP board

TBOP is a not for profit entity and it is registered as a charitable trust. Trustees undertake their governance responsibilities as a service to the community.

In accordance with the LGA, the role of a director on the board of a CCO (and in this case a trustee) is to assist the organisation to meet its objectives and any other requirements in its SOI.

The principal objectives of a CCO are also specified in the Act. These are to achieve the objectives of its shareholders (and in this case its partner) as specified in the SOI, to be a good employer, and to exhibit a sense of social and environmental responsibility.

In practice, TBOP’s responsibilities include:

- Setting the strategic direction for the organisation
- Operating the organisation in accordance with the Trust Deed
- Work to governance best practice
- Appointment, evaluation and if necessary termination of the General Manager
- Ensuring the SOI reflects expectations and obligations of the councils
- Approving the SOI and providing to the councils with a draft by 1 March and the final by 30 June each year
- Approving the Annual Budget
- Adopting a half-yearly report and providing to the councils within two months of first half of the financial year
- Adopting the draft Annual Report and providing to the councils within two months after the end of the financial year
• Adopting the final audited Annual Report and providing to the councils within three months after the end of the financial year
• Ensuring the Annual Report is made available to the public
• Complying with the legal duties of trustees as set out in legislation and case law
• Managing risk and keeping the councils informed of significant risks and the approach to managing them
• Ensuring the councils are provided with all necessary information in a timely manner
• Overseeing TBOP’s day to day operations
• Ensuring TBOP acts as a good employer
• Ensuring TBOP exhibits a sense of social and environmental responsibility
• Ensuring compliance with all Health and Safety requirements.

6. Decision making guidelines

Clear allocation of responsibility for decision-making is essential to the Enduring Statement of Expectations. Table 1 provides some high level guidance.

Table 1: Decision Making Guidelines

<table>
<thead>
<tr>
<th>Type of Decision</th>
<th>The councils or TBOP Board</th>
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<tbody>
<tr>
<td>Determining TBOP’s contribution to strategic outcomes for the sub region</td>
<td>The councils decide - board provides advice and input</td>
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<tr>
<td>Approval of appointment and removal of trustees to the board</td>
<td></td>
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<tr>
<td>Level of operational funding provided to TBOP (as per the Significance and Engagement policy for either council, see Appendix C and D)</td>
<td>The councils approve if additional funding required from the councils, or the matter is inconsistent with either council’s policies or strategies</td>
</tr>
<tr>
<td>TBOP undertaking significant new initiatives Board decides if funding and/or approval not required by either council</td>
<td></td>
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<tr>
<td>Organisational strategy Board decides as long as not inconsistent with policies or strategies from either council</td>
<td></td>
</tr>
<tr>
<td>Development and implementation of Risk Management strategy Board decides unless it relates to funding provided by TCC or WBOPDC</td>
<td></td>
</tr>
<tr>
<td>Operational and business decisions Board decides but should keep the councils informed under ‘no surprises’ approach</td>
<td></td>
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</table>

Decisions in the top part of Table 1 will be made by the councils, although TBOP input or advice may be appropriate. Decisions in the bottom part of Table 1 will be the board’s decision although the ‘no surprises’ approach applies. Responsibility for decisions in the middle shaded area could be either and need to be considered on a case by case basis.

7. Funding and financing expectations

CCOs are accountable to the councils for the financial governance of their operation in accordance with legislative requirements, SOIs, the broader governance and monitoring requirements outlined in this document.
7.1. General funding principles

There are five high-level funding principles:

1. TCC and WBOPDC will provide ongoing funding to TBOP for operational expenses
2. The role of the councils is to hold TBOP accountable for the use of funds provided by TCC/WBOPDC
3. TBOP is encouraged to seek funding opportunities from the private sector and central government in order to maximise the best outcomes for the organisation and the region
4. TBOP is empowered to determine the best use and allocation of funds
5. TBOP is expected to meet the approved annual budget.

7.2. Borrowing

In accordance with the Trust Deed, the board is able to borrow money on any terms as it considers appropriate. TBOP will notify the councils before undertaking any external borrowing arrangements.

7.3. Annual Financial Reports

Annual financial reports need to meet the applicable New Zealand accounting standards and must contain an auditor’s report in accordance with the LGA and the Public Audit Act 2001.

7.4. Treatment of surpluses

All surpluses will be retained by TBOP.

8. External relationship expectations

8.1. Branding expectations

The councils expect TBOP to actively seek opportunities to utilise the TCC and WBOPDC logo and seek to promote them as the main contributors to operating costs.

8.2. Submissions to external agencies

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

TBOP will discuss with the councils any public submission they intend to make to external agencies. The councils can then determine whether the submission relates to an issue that it has an interest in, and if necessary, a joint submission can then be developed. Such discussions should be with the relevant staff from either council.

TBOP should inform the councils of particular activities they will be undertaking that will require engagement with central Government.
8.3. Submissions to TCC or WBOPDC

The councils encourage TBOP to work with staff to raise issues through the Long Term Plan or Annual Plan budgeting processes prior to the external submissions process. It is important that the councils understand any additional budgeting requirements as early as possible, so these can be considered through the proper processes and consulted on with the community.

This section does not preclude TBOP from making an external submission through these or any other processes.

9. Board governance

9.1. Policies

In accordance with the Trust Deed, TBOP is required to give effect to TCC’s Appointment of Directors to Council Organisations Policy (Appendix B).

TBOP must also take into consideration the Significance and Engagement policy for both councils (Appendix C and D).

9.2. Board membership

The following matters are outlined in the TCC Policy Appointment of Directors to Council Organisations (Appendix B):

- The Role of CCO board members
- Skills, knowledge and experience required of board members
- Eligible candidates
- Disclosure of interests
- Appointment process
- Remuneration
- Code of conduct.

9.3. Provision of official information

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

9.4. Board induction process

TBOP will provide a board induction process for new trustees which will incorporate a component led by the councils.

9.5. Board professional development training

TBOP will provide its trustees with an appropriate level of development training. The training should incorporate governance for new trustees without this experience and refresher courses for more experienced trustees.
9.6. Board performance review

Board performance reviews will be undertaken at least every eighteen months, alternating between a board-led review and a review led by the councils.

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

- Individual trustee performance
- Performance of the chair and deputy chair
- Review of board policies and procedures
- Board effectiveness and dynamics.

Reviews led by the councils will include:

- An assessment of board composition and skills
- Board effectiveness
- Any specific issues that have been identified by the board or the councils
- Individual trustee performance if necessary to inform appointments.

This approach does not constrain either council or the board from undertaking additional reviews outside of the proposed scope or timing.

9.7. Board succession planning

TBOP will be responsible for ensuring the trust has a succession plan in place at all times. This will include identifying key competencies and potential leaders, identifying any gaps and taking steps to fill those gaps through recruitment or upskilling trustees.

10. Appendices

A. Western Bay of Plenty Tourism and Visitors Trust Deed
B. TCC Policy - Appointment of Directors to Council Organisations
C. TCC Policy – Significance and Engagement Policy
D. WBOPDC Policy – Significance and Engagement Policy