



Office of the Mayor

15 February 2024

Nelson Regional Development Agency
Board of Directors
P O Box 370
Nelson 7040

Attention: Sarah-Jane Weir

Dear Sarah-Jane

Nelson Regional Development Agency – Statement of Expectations

This Letter of Expectation is intended to inform the Nelson Regional Development Agency (NRDA) Board of Council's high-level strategic direction and performance expectations in advance of the NRDA preparing its three-year Statement of Intent (SOI) for the 2024-2027 period.

Statement of Intent 2024-2027

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 Agency, providing a clear and succinct understanding of the Agency's purpose, the services it delivers and what success looks like. In line with the Local Government Act 2002 (LGA), the Council is particularly interested in efficiency and effectiveness.

The SOI must meet the requirements set out in the LGA.

We wish to support the NRDA in delivering a good SOI and have assigned a senior manager to assist each CCO. The person assigned to the NRDA is Nicky McDonald, Group Manager Strategy and Communications, who is available to you and your team to assist throughout the process.

Context





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As you are aware, the special additional grant for post-COVID recovery comes to an end in June 2024. We are also aware the current difficult economic environment has seen the direct funding of the NRDA from business drop significantly in the last few years. The Statement of Expectations has been drafted with an awareness of this financial situation.

Council is narrowing the expectations for the NRDA SOI to core activities which will have the greatest positive impact on the regional economy, as recommended by the NRDA Board. We acknowledge that requests for work outside core activities would need to be considered and funded on a case-by-case basis.

Nelson City and Tasman District Councils are currently developing their Long-Term Plans 2024-2034, and so funding commitments for the NRDA cannot be confirmed until after the adoption of the plans by 30 June 2024.

General expectations of the Statement of Intent

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.





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- 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 focused 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.
- 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. The non-financial performance targets should be focused on and limited to the critical areas of performance, such as health and safety, staff and sustainability.
 - 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.





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- **Climate change and sustainability:** Council would like to understand how the NRDA 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 the NRDA to prioritise any emissions reductions it can achieve within the current decade.)
- **Health and safety:** Given the Health and Safety at Work Act 2015, 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 CCO complies with its duties or obligations under the Act unless that member is also an officer of that CCO.
 - However, as a key funder it is still appropriate to set out expectations of health and safety management in CCOs.
 - The Council expects the Agency to set an 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.





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- 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.

As per previous processes, Nelson City Council requests the opportunity to provide feedback on the draft Statement of Intent prior to it being adopted by your Board. Council intends to consider it at the 2 May Council meeting and request a finalised copy of the draft Statement of Intent by 12 April 2024.

Important dates 2025

Please note that the important dates for 2025 will be provided in a separate letter to assist with your planning.

If you have any queries, please contact Nicky McDonald at nicky.mcdonald@ncc.govt.nz in the first instance.

Yours sincerely

Hon Dr Nick Smith

Mayor of Nelson

