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14 December 2021

NEW PLYMOUTH PIF GUARDIANS LIMITED STATEMENT OF EXPECTATIONS

As part of the process of establishing the Statement of Intent (SOI) each year the Council issues a Statement of Expectations (SOE) to Council-Controlled Organisations (CCOs).

New Plymouth PIF Guardians Limited's (NPG, the Company) SOE should guide the Company's strategic direction and set out the expectations that should be addressed in their SOI.

The SOE has been developed as per the Local Government Act 2002 (LGA) Section 64b including:

- Specifying how the organisation is to conduct its relationship with New Plymouth District Council (NPDC, the Council) and the wider district including our local Iwi and Hapū; and other Māori organisations.
- Requiring the CCO to act consistently with the statutory obligations of the Council and the Council's obligations pursuant to agreements with third parties.

Expectations Specific to NPG

- 1 *Governance Deed:* The Governance Deed sets out the relationship between the Council and NPG. The Council expects that NPG will continue to comply with the terms contained within and advise officers of any breaches in a timely fashion.
- 2 *Returns:* A prime focus for the Council is to ensure that the returns from the PIF are at a level that meets its objectives. The target return of the Fund is 3.3 per cent plus NZ inflations, net of fees and costs, measured on a rolling five year basis.
- 3 *Risk management:* Given that the PIF is an investment of ratepayer's funds, the Council's expectation is that the risk profile of investments will reflect this and the targeted rate of return, and will be made in line within the Statement of Investment Policies and Objectives, including the strategic asset allocation and environmental, social and governance aspects of investments.

General Expectations

- 1 *Draft Statement of Intent (SOI)*: All CCOs are expected to provide a draft SOI to council officers by 1 March each year. The draft SOI will be considered by the CCO's Committee Meeting on 13 April 2022. Feedback will be provided at that meeting and the final SOI is to be provided to council officers by 30 June.
- 2 *Reporting*: A quarterly report will be provided to the CCOs Committee within two months of the end of each quarter. A half-yearly report will be provided to the CCOs Committee within two months of the end of the first half of the financial year. The Board approved Annual Report will be provided to the Financial Audit and Risk Committee within three months of year end. All reports will be made publicly available within one month of being received.
- 3 *"No Surprises" Policy*: It is expected that you will maintain a "no surprises" policy and inform me well in advance of any material or significant events, transactions or other issues that would be considered contentious or attract wide public interest.
- 4 *Sensitive Expenditure*: While noting that CCOs operate in a different market than the Council, they need to be cognizant of the fact that they are operating in a public environment and should be aware of the Council's sensitive expenditure policy.
- 5 *Relationship with NPDC*: To ensure strong communications and alignment between the Council and its CCOs it is planned that an advisor will attend, as an observer, all Board meetings. This is currently the Group Manager of Corporate Services.
- 6 *Relationship with New Plymouth District Community*: Council expects that NPG's decisions are for the benefit of the District.
- 7 *Relationship with Iwi, Hapū and other Māori organisations*: The Council expects that NPG to advise and consult with local Iwi and Hapū these parties as needed.
- 8 *Obligations*: NPG must act at all times in a manner consistent with the statutory obligations of NPDC and also those pursuant to agreements with third parties (including Iwi, Hapū, or other Māori organisations).

Yours faithfully

Richard Jordan
CHAIRPERSON CCO'S COMMITTEE