

ANNUAL REPORT 2017-2018

For the year ended
30 June 2018

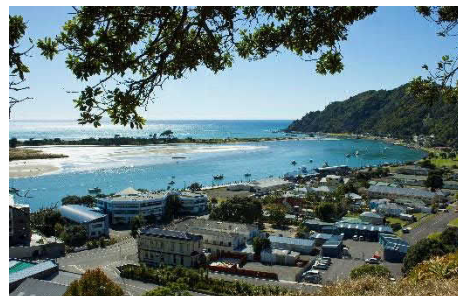


TABLE OF CONTENTS

PART ONE – OUR YEAR	3
BOPLASS Chair’s Report	4
Company Directory	6
Statement of Intent and Performance	7
PART TWO – ACCOUNTABILITY STATEMENTS	20
Statement of Responsibility.....	21
Audit Report.....	22
Financial Statements – Statement of Financial Position	26
Financial Statements – Statement of Financial Performance	27
Financial Statements – Statement of Cashflows	28
Entity Information for the Year Ended 30 June 2018	29
Statement of Accounting Policies	30
Notes to Financial Statements.....	34
Statutory Disclosures	46

PART ONE – OUR YEAR



BOPLASS Chair's Report

I am pleased to present the BOPLASS 2018 Annual Report on behalf of our Directors. During 2017/18 BOPLASS has continued to successfully develop collaboration between councils in the delivery of services with a number of new categories being identified and progressed. The company has remained committed to the areas of collaboration identified in the Statement of Intent with a specific focus on the development of shared service initiatives.

The BOPLASS Operations Committee has taken a lead in identifying opportunities for collaboration that collectively reduce pain points for councils while also delivering efficiencies, cost savings and improved community outcomes. This year's report refers to a number of significant projects that are under review by BOPLASS and the Operations Committee.

BOPLASS continues to work very closely with neighbouring LASS and the ongoing sharing of knowledge and collaboration with projects is being constantly pursued. Over the last 12 months BOPLASS has further developed this engagement with a number of shared initiatives being undertaken that have benefitted a large pool of councils.

Some of the year's highlights have been:

- A review of councils' solid waste services determined a number of areas with potential to benefit through collaboration to provide savings, operational benefits, and/or diversion of waste from landfill. BOPLASS has undertaken the scoping of projects for: a regional or cross-regional approach to licensing and data collection for waste operators; and diversion of organic waste from landfill. A project to develop a regional waste facilities strategy across the Waikato and BOPLASS regions has also been approved.
- In a hardening insurance market BOPLASS has been able to add significant value to councils' insurance programmes. Given the significant earthquake events in New Zealand in recent years, options for securing insurance for underground assets had become very challenging and potentially significantly more expensive. BOPLASS represented a collective group of 41 councils in negotiations for placement of councils' infrastructure insurance under the Lloyds insurance international programme. Full cover was secured for all councils with very competitive pricing achieved at rates up to 30% cheaper than had councils insured individually.
- BOPLASS manages a high-speed fibre network between the councils – Inter-Council Network – which supports the development of shared services between the councils and also to access external services. During the last year all components of the service have been reviewed and new agreements signed with existing or new providers. This full review has reduced costs to the councils by almost \$100,000, with further savings to be made through the new arrangements.
- BOPLASS has continued to support the councils in a number of joint procurement opportunities with new contracts established over the last year delivering further financial savings and reduced procurement costs for the councils. A project was also undertaken to support sustainable procurement practices across the group of councils.

BOPLASS Chair's Report continued

- More local government organisations have joined the BOPLASS Collaboration Portal over the last year. 72 local government related organisations are now members. The Board considers this to be a project of significance as increased membership provides greater opportunity for inter-council collaboration and further supports sharing of knowledge and information within New Zealand local government.

An independent review of BOPLASS governance was initiated this year and led to a board decision to complete a full strategic review of BOPLASS structure and strategy. The Board also became aware of a similar review being undertaken by Waikato LASS covering governance and strategy. The two boards have worked collectively with an independent consultant through the initial review. Governance recommendations from the consultant and the Waikato review have been received and will now be incorporated into the BOPLASS review.

There has been one recent change of director and we welcomed Fiona McTavish, Bay of Plenty Regional Council Chief Executive Officer, to the BOPLASS Board. Fiona joins the board as an experienced director with a strong background in local government.

BOPLASS has delivered considerable value to our shareholders over the last year and continues to be a significant success. With BOPLASS now actively involved in larger project opportunities the Board is focussed on ensuring BOPLASS is resourced and supported by councils to fully realise the opportunities.

The company remains reliant on the support and engagement of individuals from the participating councils and the Board acknowledges and thanks all of the various staff involved.

Craig O'Connell
Chair



Company Directory

Nature of Business	Shared Service Provider
Registered Office	91 Willow Street, Tauranga 3110
Incorporation Number	2074873
Incorporation Date	14 January 2008
IRD Number	98-965-361
Directors	Aileen Lawrie Craig O'Connell Fiona McTavish Gareth Green Garry Poole Geoff Williams Martin Grenfell Miriam Taris Nedine Thatcher-Swann Russell George
Shareholders	Bay of Plenty Regional Council Gisborne District Council Kawerau District Council Opotiki District Council Rotorua Lakes Council Taupo District Council Tauranga City Council Western Bay of Plenty District Council Whakatane District Council
Auditor	Audit New Zealand
Bankers	ANZ Bank
Solicitors	Cooney Lees and Morgan

Statement of Intent and Performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and has had the Statement of Intent for 2018-2021 and associated budget formally adopted by the directors at the meeting held on 19 June 2018.

Performance Targets 2018-2021

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

Targets <u>2018-2021</u>	How	Measure
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 of the 2018-2021 SOI.)	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.
Provide support to BOPLASS councils that are managing or investigating Shared Services projects.	BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.	Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.
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 listed projects to increase by 20% per year. Number of Team Sites to increase by 20% per year. Portal is operational outside of the LASS groups with a minimum of ten additional councils or local government related organisations having utilised the portal.
Ensure appointed vendors remain competitive and continued best value is returned to shareholders.	Manage and/or renegotiate existing contracts.	Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.
Review governance performance and structure to ensure it supports BOPLASS' strategic direction.	Perform review of BOPLASS governance.	Affirmative feedback received from shareholding councils at least annually.
Communicate with each shareholding council at appropriate levels.	Meeting with each Executive Leadership Team.	At least one meeting per year.
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.

Statement of Intent and Performance continued

The following is a report of performance against targets set in the Statement of Intent for 2017/18.

Target <u>2017/18</u>	Result	Narration
<p>Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.</p> <p>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.</p> <p>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.</p>	Achieved	<p>Joint procurement initiatives undertaken for:</p> <p><u>Health, Safety & Risk Management Software</u> – A project to investigate collective procurement of health and safety risk management software to provide improved functionality and cost savings for councils. Also included Waikato councils.</p> <p><u>Infrastructure Insurance</u> – BOPLASS represented a collective group of 41 councils in negotiations for placement of councils’ infrastructure insurance in the London markets. Requirements included increased limits and higher insured values for BOPLASS councils. Very competitive pricing achieved at rates up to 30% cheaper than had councils insured individually.</p> <p><u>Health & Safety in Design</u> – BOPLASS facilitated the opportunity for councils to participate in using design services to minimise health and safety risks of council driven projects.</p> <p><u>Enterprise Content Management / EDRMS Strategic Review</u> – BOPLASS councils collectively reviewed vendor offerings and options for electronic document management systems. Ongoing reviews underway to determine benefits from collective approach to vendors.</p> <p><u>Managing Contractors’ Onsite Safety</u> - BOPLASS investigated the opportunity for councils to participate in joint procurement of the Forsite contractor management system to assist with managing contractors’ onsite safety. It was determined that the system was not currently required by all councils and individual contracts would be pursued rather than entering into a collective agreement.</p> <p><u>Video Conferencing</u> – A project to review options for councils’ desktop and meeting room video conferencing systems included a review and testing of multiple providers. Zoom selected as preferred supplier to BOPLASS and councils.</p> <p>Contract provides for cost savings, standard solution across councils and simplification of video conferencing for desktop or meeting-room calling.</p>

		<p><u>Drug and Alcohol Testing</u> – BOPLASS investigated the opportunity to establish a collective agreement and secure improved pricing from the incumbent supplier to the majority of the BOPLASS and Waikato councils to provide cost savings and common standards. Still under action.</p> <p><u>Occupational Health Service Preferred Supplier</u> – Following the completion of a tender Waikato Occupational Health Consultancy (WOHC) were appointed as the preferential Health Service supplier for the BOPLASS councils. Access to improved and consistent levels of service achieved at significantly reduced costs through a collaborative agreement. Waikato LASS also with the same provider.</p> <p><u>Media Distribution Services</u> – BOPLASS is investigating opportunities for regional coordination for the release and distribution of media notifications through common software and standardisation of services.</p> <p><u>Training</u> – Collaborative training has been arranged across a number of areas of council business, providing for discounted rates, reduced staff travel (as trainer is prepared to travel to region for a larger group), opportunity to network with peers from other councils and development of tailored material.</p>
<p>Provide support to BOPLASS councils that are managing or investigating Shared Services projects.</p> <p>BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.</p> <p>Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.</p>	<p>Achieved</p>	<p>0.46 FTE provided through BOPLASS staff engagement committed directly to support of council shared service projects or individual council support – measured by fortnightly timesheets.</p> <p>Support provided to councils in development of the following services:</p> <p><u>GIS Centralised Data Repository / Shared SDE</u> – Establishment of central GIS storage services for councils. BOPLASS also investigated setting up a SDE (spatial data enterprise) on behalf of its councils. Following completion of initial architecture, it was determined that this was not feasible as it would require too much effort in terms of resource.</p> <p><u>Radio Telephony (RT) strategy</u> – A region-wide strategy has been developed by BOPLASS for the sharing and utilisation of Radio Telephone services and technologies. This is considered to be of significant importance in shared civil defence strategies.</p> <p><u>GIS Operating Guide for Civil Defence Emergency Events</u> – Developed by BOPLASS councils to capture learnings from the Edgecumbe event and as a reference to support collaborative working. Operating guide shared with the Local Government Geospatial Alliance and is now being developed into a national reference document through this national GIS collaborative group.</p>

	<p><u>Online Natural Hazards Mapping</u> – Developed as a shared data initiative with App available to BOPLASS councils to notify owners as hazards such as tsunami or flooding.</p> <p><u>Regional / Cross-Regional Approach to Licensing and Data Collection for Waste Operators</u> – Scoping of a project to provide a consistent approach to licensing of private waste operators and standards within the industry, while enabling improved data collection for councils' waste planning. Project also covers Waikato councils.</p> <p><u>Diversion of Organic Waste from Landfill</u> – Investigation of opportunities for the facilitation and development of a regional shared food waste collection service for BOPLASS councils. Initial scoping phase undertaken.</p> <p><u>Solid Waste Regional Infrastructure Strategy</u> – A regional or cross-regional approach to planned and potential waste infrastructure developments within the region. Project identified to be progressed with Waikato councils.</p> <p><u>Sustainable Procurement Research Project</u> – BOPLASS facilitated council participation in this project in conjunction with the Sustainable Business Network and Toi Ohomai. Collective project benefitted councils by assisting in establishing how current local government procurement policies and practices are aligned with national objectives of sustainability, and where improvements might be made.</p> <p><u>Support of Video Conferencing services for councils</u> – Ongoing support for councils in-house and external video conferencing services. Central management of virtual meeting rooms and directories.</p> <p><u>Review of Inter-Council Network (ICN) suppliers and services</u> A full review of the ICN was undertaken, with a number of providers changed, new services established, and new contracts negotiated on behalf of the councils participating in this shared service. Improved levels of service achieved, additional services added, and \$97,635 in annual savings achieved:</p> <ol style="list-style-type: none"> 1. <u>Wireless WAN solution for ICN in Opotiki</u> – Evolution Networks project to replace GWS server and develop Wireless WAN in Opotiki (ICN – new contract signed). 2. <u>Increase of fibre pipeline from Opotiki</u> – Termination of service with Vocus and commission of service with Alchemy. 3. <u>Migration off of the One.Govt service for ICN Whakatane & Rotorua</u> – Termination of One.Govt
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		<p>contract and migration of accounts to Vocus for links.</p> <ol style="list-style-type: none"> 4. <u>Establishment of community internet backhaul for Kawerau</u> – New service for Kawerau community. 5. <u>Alchemy Network Service</u> – Opotiki fibre (ICN – new contract signed with new supplier of existing service). 6. <u>Vocus Communications</u> – Fibre pipeline services for Whakatane, Rotorua, Kawerau (ICN – new contract signed with new supplier). Reduction in cost of services. Addition of new links (migrated from One-Govt). 7. <u>Cybersmart</u> – Support of the ICN (agreement signed with new supplier). New service to provide technical support services. <p><u>Audit and Risk Insights Panel Sessions</u> – BOPLASS coordinated workshops with senior leaders of the KPMG advisory team to provide councils their insights and experience in the areas of:</p> <ul style="list-style-type: none"> • Internal Audit Trends, • Enabling Data Analytics in Internal Audits, • Cyber Security, • and Fraud Awareness <p>Workshops provided at no cost to councils and included inter-council sharing of invaluable information.</p> <p><u>Joint Development of Health & Safety Policies and Terms of Reference</u> – BOPLASS H&S group facilitated the sharing of existing H&S procedures or shared development of new procedures across the BOPLASS and Waikato councils. Includes H&S in procurement, common documentation, processes, H&S liabilities and standard reporting measures for councils and governance. Provides for reduced effort for all councils and ability to share best practice.</p> <p><u>Support for Shared Services projects identified and reviewed by BOPLASS Operations Committee</u> – Projects under review or progressed as opportunities for further council collaboration in Shared Services:</p> <ul style="list-style-type: none"> • GIS <ul style="list-style-type: none"> - Further opportunities to align and share services / resources • Digitalisation <ul style="list-style-type: none"> - Development of standard process and shared software and/or infrastructure • Shared Data Centre <ul style="list-style-type: none"> - Utilisation of shared infrastructure by multiple BOPLASS councils • Accounts Payable <ul style="list-style-type: none"> - Development of standard process and shared software and/or infrastructure
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<p>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.</p> <p>Provide access to the Collaboration Portal for councils outside of BOPLASS and utilise technologies to provide secure access. Proactively market the benefits to councils.</p> <p>All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the LASS groups with a minimum of ten additional councils or local government related organisations having utilised the portal.</p>	Achieved	<p>Project completed to review usage of the Collaboration Portal and opportunities to further develop the Portal to increase the support for collaboration across local government in New Zealand. User survey undertaken along with a review of best practice methodologies.</p> <p>Design-thinking workshop run, with council staff reviewing opportunities to improve the user experience while providing direct input into developing improvements.</p> <p>Ongoing promotion and profiling of the Collaboration Portal has resulted in new councils and local government related organisations joining the Collaboration Portal</p> <p>On-boarding and training provided to new councils to maximise usage and ensure increased uptake.</p> <p>Collaboration Portal membership has increased by 13 local government organisations over the last year. There are now:</p> <p>72 councils or local government related organisations registered on the Portal and 569 users.</p>
<p>Ensure appointed vendors remain competitive and continued best value is returned to shareholders.</p> <p>Manage and/or renegotiate existing contracts.</p> <p>Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.</p>	Achieved	<p>Contracts negotiated and/or renewed for:</p> <p><u>Councils' liability insurance</u> – Providers reviewed and renewed. Solutions proposed and reviewed from alternative brokers and insurers.</p> <p><u>GIS software and services</u> –</p> <ul style="list-style-type: none"> • Geocortex Essentials • Geocortex Optimizer • FME • X-Tools • NZAA <p>Contracts renegotiated and renewed – no alternative suppliers.</p> <p><u>Print Media Copyright Agency (PMCA)</u> – Contract and requirements reviewed. Re-signed with PMCA – sole NZ provider.</p> <p><u>ESRI Enterprise Licensing Agreement</u> – Renegotiated and renewed. No alternative provider in NZ.</p>

		<p><u>Insurance brokerage services</u> – A review of options for the appointment of an insurance broker to the BOPLASS councils was undertaken. Aon reappointed for a further two year period, as provided for under the agreement. A full tender for brokerage services will be undertaken by BOPLASS at the conclusion of this extension.</p> <p><u>Aerial Photography</u> – BOPLASS contract extended as flying not completed within existing programme.</p> <p><u>Media Monitoring services</u> – Contract with iSentia was reviewed and renewed. Services reviewed from two companies.</p> <p><u>New contracts negotiated for Inter-Council Network</u> – All ICN contracts were reviewed and, where there were alternative options, tested in the market. Several providers were changed; providing for improved service levels or cost savings for participating councils.</p> <p><u>Insurance Forum</u> – BOPLASS hosted a forum which included presenters from London and Australia. This gave an opportunity for the London underwriter to get a better understanding of the regions they insure and for councils to meet with the underwriters and to gain a better understanding of the challenges facing the insurance industry. Ultimately leading to improved services and rates for BOPLASS councils.</p>
<p>Complete independent review of governance performance and structure to ensure it supports BOPLASS' strategic direction.</p> <p>Engage external party to complete independent review of BOPLASS governance.</p> <p>Affirmative feedback received from shareholding councils following 2017/18 governance review.</p>	<p>Not achieved</p>	<p>Governance review initiated. After preliminary review of governance, Board made decision to complete a strategic review of BOPLASS and include governance structure as an important aspect of this full review. A shortlist of independent consultants identified by BOPLASS Board.</p> <p>Review put on hold as a strategic alliance with Waikato LASS was proposed. Consultant engaged to review and facilitate the opportunity for the two LASS to develop a jointly aligned strategy. Review also covered LASS governance. BOPLASS and Waikato Boards completed collective evaluation.</p> <p>Decision made to proceed with independent reviews of the two LASS. BOPLASS progressing strategic review and independent governance review. The governance review has not been completed at this stage.</p>
<p>Communicate with each shareholding council at appropriate levels.</p> <p>Meeting with each Executive Leadership Team.</p> <p>At least one meeting per year.</p>	<p>Achieved</p>	<p>Executive-level meetings held with councils. Five Operations Committee meetings held during the year with executive level input provided by all shareholding councils. Executive Leadership Team representation and attendance at one or more meetings from every council.</p>

<p>Ensure current funding model is appropriate.</p> <p>Review BOPLASS expenditure and income and review council contributions and other sources of funding.</p> <p>Performance against budgets reviewed quarterly. Company remains financially viable.</p>	<p>Achieved</p>	<p>Council contributions levied.</p> <p>Contributions received from activities producing savings.</p> <p>Vendor rebates collected.</p> <p>Monthly and quarterly performance reviewed.</p> <p>Financial statements reported and reviewed at Board meetings.</p> <p>Financial position year end 30 June 2018: \$10,794 deficit.</p>
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Statement of Intent and Performance continued

The following is a report of performance against targets set in the Statement of Intent for 2016/17 and is provided for comparative purposes.

Target 2016/17	Result	Narration
<p>Investigate new joint procurement initiatives for goods and services for BOPLASS councils.</p> <p>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.</p> <p>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.</p>	Achieved	<p>Joint procurement initiatives undertaken for:</p> <p><u>Health and Safety Training Preferred Supplier</u> – Vertical Horizonz NZ were appointed as the preferential Health and Safety training supplier for the BOPLASS and Waikato LASS councils. Access to improved and consistent levels of service achieved at significantly reduced costs through a collaborative agreement covering both LASS.</p> <p><u>Security Services</u> - BOPLASS investigated the opportunity for a consolidated security contract across multiple councils – covering manpower services, alarm systems, CCTV. It was determined that this was not feasible given local requirements and little benefit would be derived from consolidating the services. Geographical grouping of councils for security service contracts was recommended.</p> <p><u>Health & Safety Elected Members Training</u> – Collective Health and Safety at Work Act 2015 training was completed for elected members of BOPLASS and Waikato LASS councils, with BOPLASS engaging a qualified presenter from Simpson Grierson at a fraction of the cost of councils arranging individual training.</p> <p><u>Additional Infrastructure Insurance</u> - Representing a collective group of 39 councils in negotiations for placement of councils' infrastructure insurance in the London markets significant leverage was obtained and, despite increased limits and higher insured values for the councils, a 16% overall reduction of premiums was achieved for BOPLASS councils.</p> <p>In anticipation of future changes to the current 60/40 natural hazard arrangements, capacity for further coverage was also secured through the London markets.</p> <p>BOPLASS has been managing a project to insure 100% of the first \$10M of any natural hazard loss to councils' infrastructure to reduce potential exposure/shortfall of the non-guaranteed 60% portion provided from Central Government.</p> <p>The 2016/17 programme limit has been increased with an additional \$250M layer negotiated. The extra layer provides councils with a total loss limit of \$500M, with a negotiated premium achieved at a lower cost than the 2015 loss limit of \$140M.</p> <p><u>GIS Training</u> – NSG was engaged by BOPLASS to provide collaborative training on Geocortex Workflow for BOPLASS</p>



		<p>councils GIS staff. Significant cost savings and inter-council information sharing.</p> <p><u>EMA Membership</u> – In conjunction with Waikato LASS BOPLASS investigated the opportunity for councils to participate in discounted joint membership with Employers and Manufacturers Association (EMA). Following fluctuating and diminishing offers from EMA during negotiations, the LASS and councils elected not to enter into an agreement.</p> <p><u>Environmental Insurance / Gradual Contamination Insurance</u> – BOPLASS project to investigate environmental impairment insurance to cover councils for: gradual pollution, most types of pollutant (including asbestos), 1st & 3rd party loss and restorative/clean-up costs.</p> <p><u>Event Management Liabilities Legal Opinion</u> – In conjunction with Waikato LASS BOPLASS sought legal opinion from Tompkins Wake Lawyers on event management liabilities. Collaboration in this procurement delivered significant savings and provided for consistent standards across all BOP and Waikato councils.</p> <p><u>Aerial Photography 2016-17</u> – Two tenders for BOPLASS councils’ specific areas and requirements within the BOPLASS regional flying calendar were awarded to AAM NZ Ltd. The collaborative approach has provided further savings in the cost of capture and production of imagery.</p> <p><u>Health, Safety & Risk Management Software</u> – Working collectively with Waikato LASS councils, BOPLASS was able to leverage improved services from Vault and provide for discounted pricing for Eastern Bay councils joining the agreement.</p>
<p>Provide support to BOPLASS councils that are managing or investigating shared services projects.</p> <p>BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.</p> <p>Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.</p>	<p>Achieved</p>	<p>0.25 FTE provided through engagement of a contractor and IT Manager’s time committed directly to individual council support – measured by fortnightly timesheets.</p> <p>Support provided to councils in development of the following services:</p> <p><u>Solid Waste Services</u> - Following completion of a solid waste benchmarking survey by all BOPLASS councils, several potential areas for greater collaboration were identified for further analysis. Eunomia Research have been engaged to review the current state of solid waste services across the BOPLASS councils, identify collaboration currently being explored or undertaken, and recommend further areas for collaboration.</p> <p><u>Information Services Strategic Plan (ISSP)</u> – Working with MWLASS, reviews of the development of other LASS Regional ISSPs and business cases has been undertaken by BOPLASS councils through a series of workshops. Able to leverage off work being undertaken in other regions.</p> <p><u>Historical Aerial Imagery</u> - Working in conjunction with the Local Government Geospatial Alliance (LGGA), a portal has</p>

		<p>been developed specifically for the storage and delivery of BOPLASS councils' historical aerial imagery. The portal www.retrolens.nz facilitates taking historical imagery directly from LINZ and converting it for consumption by councils for publication. By collaborating with other regions a valuable national resource for the councils and the public has been created at a fraction of the cost of individual council services.</p> <p><u>Contractor Health and Safety Prequalification</u> - BOPLASS and Waikato LASS have worked together to develop an on-line contractor Health and Safety prequalification scheme. The prequalification portal provides a simple and cost-effective process for contractors to engage with councils while also standardising and simplifying contractor management for council staff. The service is now being rolled out nationally.</p> <p><u>Inter-Council Health and Safety Auditing</u> – Establishment of cross-council auditing processes to provide councils with an external viewpoint on their Health and Safety management and provide council PCBU Officers, CEOs and managers with an alternative opinion and verification through auditing, without the expense of having to engage external consultants.</p> <p><u>Audit and Risk Insights Panel Sessions</u> – BOPLASS coordinated workshops with senior leaders of the KPMG advisory team to share their insights and experience in the areas of health and safety, procurement and risk management based upon their learnings across the greater group of councils and other clients. Workshops provided at no cost to councils and included inter-council sharing of invaluable information.</p> <p><u>Health and Safety in Procurement of Machinery</u> – Collective development of a standard health and safety template for council procurement of machinery to be used across all BOP and Waikato councils. Created a simple, robust and standard process at reduced cost for all councils.</p> <p><u>Shared Health and Safety Training Register</u> – Shared training register established in Collaboration Portal for Waikato and BOP councils enabling Health and Safety training requirements to be planned and coordinated across multiple councils.</p> <p><u>Inter-Council Network review, redesign and renegotiation</u> – High capacity fibre network connecting the majority of BOPLASS councils. A full review of Inter-Council (ICN) costs, usage and council apportionment undertaken to deliver an improved service and reduce costs. Key contracts re-negotiated with further savings achieved.</p>
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other	Achieved	Collaboration Portal further developed to include options for central government agencies and an activity area


<p>councils and the greater Local Government community to increase breadth of BOPLASS collaboration. Provide access to the Collaboration Portal for councils outside of BOPLASS and utilise technologies to provide secure access. Proactively market the benefits to councils.</p> <p>All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the LASS groups with a minimum of ten additional councils having utilised the Portal.</p>		<p>dedicated to the Department of Internal Affairs to engage and network with councils.</p> <p>New LASS and councils signed up to the Collaboration Portal.</p> <p>On-boarding and training provided to new councils to maximise usage and ensure increased uptake.</p> <p>National awareness of Collaboration Portal created through BOPLASS presentation to LG Commissioner.</p> <p>During 2016-17FY, 15 new local government organisations outside of the BOPLASS councils joined the Portal and have licensed users with access to the Collaboration Portal and shared information.</p> <p>The Collaboration Portal now has a membership of 40 councils, 59 organisations in total and 516 users.</p>
<p>Ensure appointed vendors remain competitive and continued best value is returned to shareholders.</p> <p>Manage and/or renegotiate existing contracts.</p> <p>Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.</p>	<p>Achieved</p>	<p>Contracts negotiated and/or renewed for:</p> <p>Video Conferencing Services – renegotiation and price reduction of existing contract.</p> <p>ESRI Enterprise Licensing Agreement – renegotiated and renewed. No alternative provider in NZ.</p> <p>Multi-Function Devices (copiers/printers) – full tender completed with a total of four tenders received. Total upgrade of equipment across all of the BOPLASS council, additional functionality, significant cost savings, and a common technology platform supporting the future development of collaborative solutions between councils.</p> <p>Councils’ liability insurance providers reviewed and renewed. Solutions proposed and reviewed from alternative brokers and insurers.</p> <p>GIS software and services – Geocortex Essentials, Geocortex Optimizer, X-Tools, NZAA. Contracts renegotiated and renewed – no alternative suppliers.</p> <p>Print Media Copyright Agency (PMCA) contract restructured and renewed – sole NZ provider.</p> <p>Media Monitoring services contract renewed. Proposals received from two companies.</p>
<p>Review governance performance and structure to ensure it supports BOPLASS’ strategic direction.</p> <p>Perform review of governance.</p>	<p>Achieved</p>	<p>Strategic reviews completed by the Board.</p> <p>Board reviews of operations governance structure and performance.</p> <p>2017-20 Statement of Intent developed to include an independent governance review.</p>

Affirmative feedback received from shareholding councils at least annually.		2017-20 Statement of Intent, including governance changes, circulated to all shareholding councils. SOI received by all councils with affirmative feedback received from all shareholders.
<p>Communicate with each shareholding council at appropriate levels.</p> <p>Meeting with each Executive Leadership Team.</p> <p>At least one meeting per year.</p>	Achieved	Executive-level meetings held with councils. Five Operations Committee meetings held during the year with executive level input provided by all shareholding councils. ELT representation and attendance at one or more meetings from every council.
<p>Ensure current funding model is appropriate.</p> <p>Review BOPLASS expenditure and income and review council contributions and other sources of funding.</p> <p>Performance against budgets reviewed quarterly. Company remains financially viable.</p>	Achieved	<p>Council contributions levied.</p> <p>Contributions received from activities producing savings.</p> <p>Vendor rebates collected.</p> <p>Monthly and quarterly performance reviewed.</p> <p>Financial statements reported and reviewed at Board meetings.</p> <p>Financial position year end 30 June 2017: \$2,254 surplus.</p>

PART TWO – ACCOUNTABILITY STATEMENTS




Building Blocks



BOPLASS Ltd has been built on a number of principles and activities and these are the building blocks of our success.

You will find examples in text boxes scattered through the document.



Statement of Responsibility

The following pages 22-45 outline the financial statements and notes for year ended 30 June 2018 for BOPLASS Limited.

The directors believe that proper accounting records have been kept that enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider that they have taken adequate steps to safeguard the assets of the company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The directors are pleased to present the financial statements of BOPLASS Ltd for the twelve months ended 30 June 2018.

For and on behalf of the Board of Directors:

Signed:  Craig O'Connell – Chair Date: 19 Sept 18

Signed:  Martin Grenfell – Director Date: 19/9/18

Independent Auditor's Report

To the readers of BOP LASS Limited's financial statements and performance information for the year ended 30 June 2018

The Auditor-General is the auditor of BOP LASS Limited (the company). The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 26 to 45, that comprise the statement of financial position as at 30 June 2018, the statement of financial performance and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 8 to 19.

In our opinion:

- the financial statements of the company on pages 26 to 45:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2018; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard; and
- the performance information of the company on pages 8 to 19 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2018.

Our audit was completed on 19 September 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on the other information and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company’s ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors’ responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General’s Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

Audit Report Continued

For the budget information reported in the financial statements and the performance information, our procedures are limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 4 to 7 and 46 to 47, but does not include the financial statements and the performance information, and our auditor’s report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General’s Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.



B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Financial Statements – Statement of Financial Position

STATEMENT OF FINANCIAL POSITION - AS AT 30 JUNE 2018			
BOP LASS LTD	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
ASSETS - CURRENT			
Bank accounts and cash	10	468,383	810,334
Short Term Investments	10	500,000	0
Debtors and Other Receivables	11	113,004	108,138
Prepayments	12	92,235	45,282
Total Current Assets		1,173,622	963,754
ASSETS - NON-CURRENT			
Intangible Assets	13	15,832	29,203
Plant and Equipment	14	2,791	2,668
Total Non-Current Assets		18,623	31,871
TOTAL ASSETS		1,192,245	995,625
LIABILITIES - CURRENT			
Creditors and Accrued Expenses	15	224,961	112,378
Employee Costs Payable	16	29,790	27,366
Income in Advance	17	897,738	770,330
Borrowings	18	0	35,000
Total Current Liabilities		1,152,489	945,074
TOTAL LIABILITIES		1,152,489	945,074
TOTAL ASSETS less TOTAL LIABILITIES		39,757	50,551
EQUITY			
Accumulated Deficits	19	(59,245)	(48,451)
Share Capital	19	99,002	99,002
TOTAL EQUITY		39,757	50,551

The notes and Statement of Accounting Policies form part of these financial statements.

For and on behalf of the Board of Directors:

Signed:  Craig O'Connell – Chair

Date: 19 Sep 18

Signed:  Martin Grenfell – Director

Date: 19/9/2018


Financial Statements – Statement of Financial Performance

STATEMENT OF FINANCIAL PERFORMANCE - FOR THE YEAR ENDED 30 JUNE 2018


BOP LASS LTD	Notes	BOP LASS Ltd		
		2017/18 Actual	2017/18 Budget	2016/17 Actual
REVENUE				
Council Contribution	2	273,511	273,510	273,511
Project Revenue	2	1,170,889	1,436,500	1,454,871
Interest Revenue	3	585	2,000	7,198
Other Income – (2017 Tax Refund)		0	0	6,280
Total Revenue		1,444,985	1,712,010	1,741,860
EXPENSES				
Depreciation and Amortisation	4	14,464	21,400	29,013
Employee Related Costs	5	341,046	356,300	313,821
Directors Costs	6	15,758	18,000	18,446
Finance Cost	7	844	1,000	737
Other Expenses	8	1,083,667	1,315,310	1,377,590
Total Expenses		1,455,779	1,712,010	1,739,607
Surplus/(Deficit) before tax			0	2,253
Income Tax Expense/(Benefit)	9	0	0	0
Surplus/(Deficit) after Tax		(10,794)	0	2,253

The notes and Statement of Accounting Policies form part of these financial statements.
Explanations of major variances against budget are provided in note 25.

Media Monitoring



A shared media monitoring portal provides councils with improved visibility of community feedback through monitoring of press and social media.



Financial Statements – Statement of Cashflows

STATEMENT OF CASHFLOWS - FOR THE YEAR ENDED 30 JUNE 2018			
BOP LASS LTD	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
CASHFLOWS FROM OPERATING ACTIVITIES			
Council Contribution		273,511	273,511
Project Revenue		1,279,973	1,288,459
Interest Revenue		16,083	7,197
Tax Paid - RWT (net)		0	0
Goods and Services Tax (net)		0	0
Total Cash Provided		1,569,567	1,569,167
Employee Related Costs		(338,622)	(306,655)
Payments to Suppliers		(964,211)	(1,371,565)
Interest Paid		(844)	(737)
Tax Paid - RWT (net)		(2,040)	(2,331)
Goods and Services Tax (net)		(69,584)	(18,175)
Total Cash Applied		(1,375,301)	(1,699,463)
NET CASHFLOWS FROM OPERATING ACTIVITIES		194,266	(130,296)
CASHFLOWS FROM INVESTING ACTIVITIES			
Acquisition of Investments		(500,000)	0
Purchase of Plant and Equipment		(1,217)	(2,779)
Purchase of Intangibles		0	(24,349)
Total Investing Cash Applied		(501,217)	(27,128)
NET CASHFLOWS FROM INVESTING ACTIVITIES		(501,217)	(27,128)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from Loans		0	360,000
Repayment of Loans		(35,000)	(360,000)
NET CASHFLOWS FROM FINANCING ACTIVITIES		(35,000)	0
NET INCREASE/(DECREASE) IN CASH		(341,951)	(157,423)
CASH AT BEGINNING OF THE YEAR		810,334	967,757
CASH AT END OF THE YEAR	10	468,383	810,334

The GST component of operating activities reflects the net GST paid and received to and from the Inland Revenue Department. The GST component has been prepared on a net basis, as the gross amounts do not provide meaningful information for financial purposes.

The notes and Statement of Accounting Policies form part of these financial statements.

Entity Information for the Year Ended 30 June 2018

LEGAL NAME

BOP LASS Limited stands for Bay of Plenty Local Authority Shared Services.

TYPE OF ENTITY AND LEGAL BASIS

BOPLASS Ltd is incorporated in New Zealand under the Companies Act 1993.

COMPANY'S PURPOSE

BOPLASS Ltd is based in Tauranga and is a joint venture between nine councils formed to provide shared services.

STRUCTURE OF COMPANY'S OPERATIONS INCLUDING GOVERNANCE ARRANGEMENTS

The company is owned and controlled by the nine councils and comprises a Board of 10 directors who oversee the governance of the company. A Chief Executive is responsible for the day-to-day operations of the company and reports to the Board, with two other staff supporting the Chief Executive in delivering against the company's objectives. The Board is made up of nine Chief Executives from participating councils and one Independent director. Refer Statutory Disclosure note page 46 for list of councils.

MAIN SOURCE OF THE COMPANY'S CASH AND RESOURCES

Annual operating contribution received from each of the nine councils and project commissions are the main source of funding.

OUTPUTS

As per the Statement of Intent and Performance.



Statement of Accounting Policies

Statement of Accounting Policies for the Year Ended 30 June 2018

ACCOUNTING POLICIES APPLIED:

BASIS OF PREPARATION

The Board has elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* on the basis that the company does not have public accountability (as defined) and has total annual expenses less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting. The financial statements are presented in New Zealand dollars (\$) and all values are rounded to the nearest dollar. The functional currency of BOPLASS Ltd is New Zealand dollars.

The financial statements are prepared on the assumption that the company will continue to operate in the foreseeable future.

SIGNIFICANT ACCOUNTING POLICIES

There have been no changes to accounting policies during the reporting period.

GOODS AND SERVICES TAX

The company is registered for GST. All amounts in the financial Statements are recorded exclusive of GST, except for debtors and creditors which are stated inclusive of GST.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable.

Contributions received from the nine shareholder councils are BOPLASS Limited's primary source of funding for the 12 months ended 30 June 2018.

Council contributions are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the contributions are not met. No such obligation is attached to the council contributions received for the twelve months ended 30 June 2018.

Project revenue is recognised when the sale of goods or services is sold to the customer.

Interest revenue is recorded as it is earned during the year.

EMPLOYEE RELATED COSTS

Wages, salaries, and annual leave are recorded as an expense as staff provide services and become entitled to wages, salaries and leave entitlements.

Performance payments are recorded when the employee is notified that the payment has been granted.

Superannuation contributions are recorded as an expense as staff provide services.

ADMINISTRATION, OVERHEADS AND PROJECT EXPENDITURE COSTS

These are expensed when the related service has been received.

LEASE EXPENSES

Lease payments are recognised as an expense on a straight-line basis over the lease term.

BANK ACCOUNTS AND CASH

Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with banks.

Bank overdrafts are presented as a current liability in the statement of financial position.

DEBTORS AND OTHER RECEIVABLES

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

PLANT AND EQUIPMENT

Plant and equipment is recorded at cost, less accumulated depreciation and impairment losses.

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount. For an asset to be used by the company, the asset is impaired if the value to the company in using the asset falls below the carrying amount of the asset.

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.

The useful lives for associated depreciation rates of other assets have been estimated using the diminishing value basis as follows:

Office equipment	5 years	40%
Computer equipment	4 years	50%
Mobile Phone	3 years	67%

INTANGIBLE ASSETS

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

The carrying value of an intangible asset with a finite life is amortised on a diminishing value basis over its estimated useful life, at the same rate as is allowed by the Income Tax Act 1994. This charge is recognised as an expense.

The useful lives for associated amortisation rates of major classes of intangible assets have been estimated using the diminishing basis as follows:

2018 Computer Software	4 years	50%
2017 Computer Software	4 years	50%

CREDITORS AND ACCRUED EXPENSES

Creditors and accrued expenses are measured at the amount owed.

EMPLOYEE COSTS PAYABLE

A liability for employee costs payable is recognised when an employee has earned the entitlement.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date. A liability and expense for long service leave and retirement gratuities is recognised when the entitlement becomes available to the employee.

INTEREST BEARING LOANS AND BORROWINGS

Loans & Borrowings are recognised at the amount borrowed from the lender.

Interest costs and interest accrued are recognised as an expense when incurred.

INCOME TAX

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

BUDGET FIGURES

The budget figures are derived from the Statement of Intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

COMMITMENT AND CONTINGENT LIABILITIES

Commitments and contingencies are disclosed exclusive of GST.

EQUITY



Equity is measured by the value of total assets less total liabilities.

TIER 3 PBE ACCOUNTING STANDARDS APPLIED

BOPLASS Ltd has applied Tier 3 Accounting Standards in preparing its Financial Statements to:

- Property, plant and equipment to show intangible assets separate from property, plant & equipment.
- Debtors and prepayments reported separately.

Print Services



A collective contract with Konica Minolta for photocopiers and printers has delivered significant savings to the group. It has also provided a common technology platform supporting the development and delivery of further shared services.

Notes to Financial Statements

NOTE 2: COUNCIL CONTRIBUTION / PROJECT REVENUE

	Notes	BOP LASS Ltd		
		2017/18 Actual	2017/18 Budget	2016/17 Actual
Core Revenue				
Council Contribution		273,511	273,510	273,511
		273,511	273,510	273,511
Project Revenue				
Rebates	*	18,498	12,000	0
Aerial Photography Revenue	**	256,781	300,000	477,556
Canon Video Conferencing Revenue	***	20,515	13,000	7,853
Lease Revenue - ICN	****	225,630	280,000	293,092
Recoveries	*****	524,053	630,000	571,833
Sales of Service Revenue	*****	43,351	60,000	54,337
Collaboration Portal Revenue	*****	66,564	125,000	50,200
		1,155,392	1,420,000	1,454,871
TOTAL CORE AND PROJECT REVENUE		1,428,903	1,693,510	1,728,383

* Rebates for Services contracted by BOPLASS Ltd are received from Konica Minolta and NZ Post Ltd.

** Aerial Photography revenue is offset by Aerial Photography expenditure paid by BOPLASS Ltd on behalf of the councils. Refer to note 8.

*** Video Conferencing Revenue is offset by Video Conferencing expenditure.

**** Lease Revenue – ICN is offset by ICN Lease expenditure.

***** Recovery Revenue is offset by recovery expenditure refer to note 8. This is the recovery of BOPLASS project or procurement costs incurred on behalf of the participating councils.

***** Sales of Service Revenue includes various rebates on projects and secondment payment from Bay of Plenty Regional Council.

***** Collaboration Portal Revenue is offset by Collaboration Portal expenditure.

NOTE 3: INTEREST REVENUE

	Notes	BOP LASS Ltd		
		2017/18 Actual	2017/18 Budget	2016/17 Actual
Core Revenue				
Interest Revenue - Current account	*	585	2,000	883
Project Revenue				
Interest Revenue - Aerial Trust account	*	15,498	16,500	6,315
TOTAL INTEREST REVENUE		16,083	18,500	7,198

* Bank interest on BOPLASS Ltd current account and Aerial Photography Trust account.

The Budget variation occurred as the budget was set before the interest rate dropped significantly. Councils now have an agreement to invest monies at a higher interest rate. Refer Note 10.

NOTE 4: DEPRECIATION AND AMORTISATION EXPENSE

	Notes	BOP LASS Ltd		
		2017/18 Actual	2017/18 Budget	2016/17 Actual
Core Expenditure				
Intangibles	*	13,371	21,400	28,902
Plant and Equipment	**	1,093	0	111
TOTAL DEPRECIATION AND AMORTISATION EXPENSE		14,464	21,400	29,013

* Intangibles refer to note 13.

** Plant and Equipment refer to note 14.

NOTE 5: EMPLOYEE RELATED COSTS

	Notes	BOP LASS Ltd		
		2017/18 Actual	2017/18 Budget	2016/17 Actual
Core Expenditure				
Salary and Wages		296,926	307,064	273,987
Superannuation	*	17,936	17,936	13,774
Direct Personnel Overheads	**	26,184	31,300	26,060
TOTAL EMPLOYEE RELATED COSTS		341,046	356,300	313,821

* Superannuation includes employer contributions to Kiwisaver.

** Direct Personnel Overheads include ACC, Fringe Benefit Tax, staff training costs and other staff support costs.

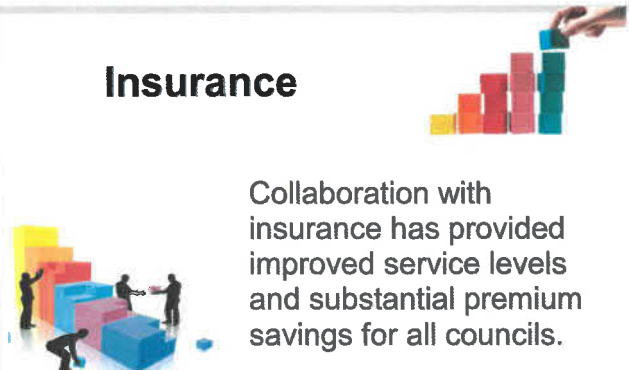
NOTE 6: DIRECTORS COSTS

	Notes	BOP LASS Ltd		
		2017/18 Actual	2017/18 Budget	2016/17 Actual
Core Expenditure				
Directors Fees	*	15,000	15,000	14,725
Directors Costs	**	758	3,000	3,721
TOTAL DIRECTORS COSTS		15,758	18,000	18,446

* Craig O'Connell only independent paid Director, commenced February 2015. The other nine Directors are the Chief Executives of participating Councils and do not receive any remuneration from BOPLASS.

** Directors travel costs.

Insurance



Collaboration with insurance has provided improved service levels and substantial premium savings for all councils.

Handwritten signature
Cox

NOTE 7: FINANCE COST

	Notes	BOP LASS Ltd		
		2017/18	2017/18	2016/17
		Actual	Budget	Actual
Core Expenditure				
Interest on Borrowings	*	844	1,000	737
TOTAL FINANCE COST		844	1,000	737

* Interest on Tauranga City Council loan refer to note 18.

NOTE 8: OTHER EXPENSES

	Notes	BOP LASS Ltd		
		2017/18	2017/18	2016/17
		Actual	Budget	Actual
Core Expenditure				
Audit Fees	*	16,592	17,500	16,345
Administration Expenses	**	32,474	24,000	35,921
Consultancy	***	5,900	4,500	7,160
General Costs	****	6,318	9,600	0
Insurance		7,146	8,000	6,849
Loss on Disposal of Asset		0	0	0
		68,430	63,600	66,275
Project Expenditure				
Aerial Photography	*	256,781	300,000	477,557
Canon Video Conferencing	**	19,513	12,610	8,493
Lease Expenses - ICN	**	204,824	270,000	262,897
Recoveries	***	492,770	600,000	528,679
Collaboration Portal Opex	****	41,529	69,100	33,689
		1,015,417	1,251,710	1,311,315
TOTAL OTHER EXPENSES		1,083,847	1,315,310	1,377,590

Core

* Audit Fees for 2017/18 are \$16,592 includes accrual \$16,592.

** Administration Expenses

*** Consultancy includes tax advice for 2017/18

**** Accommodation & Travel, Accounting software, Bank Fees, Conferences, General Expenses, Subscriptions

Project

* BOPLASS Ltd has a contract for aerial photography on behalf of the councils. This expenditure is offset from the revenue received from the councils. BOPLASS Ltd is acting on behalf of the councils.

** Lease Expenses – ICN. This expenditure is offset from the revenue received from the councils. BOPLASS Ltd is acting on behalf of the councils.

*** Recoveries - This expenditure is offset from the revenue received from the councils for project work.

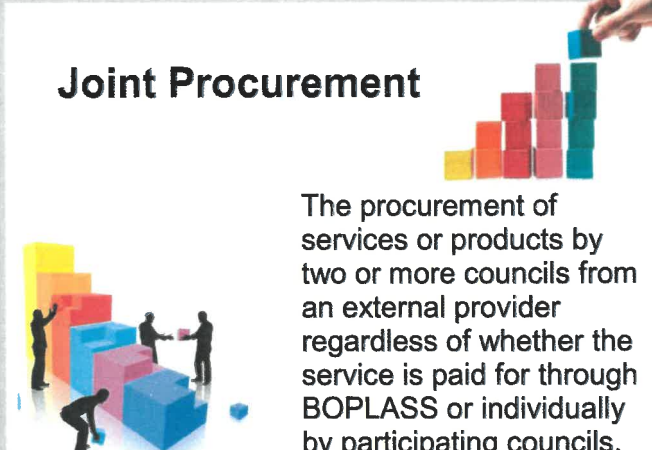
**** Collaboration Portal Opex - to assist in accelerating growth of shared service strategies and projects throughout local government in New Zealand by increasing visibility of councils' opportunities to collaborate.

NOTE 9: INCOME TAX EXPENSE

	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
Components of tax expense			
Current Tax Expense		0	0
Adjustments to current tax in prior years		0	0
Tax Expense		0	0
INCOME TAX EXPENSE		0	0
Relationship between tax expense and accounting profit			
Net surplus (deficit) before Taxation*		(10,794)	2,253
Tax calculation @ 28%		(3,022)	631
Plus/(Less) Taxation effect of:		0	0
Non-deductible Expenditure		148,766	210,658
Imputation credit adjustment		0	0
Non-taxable (income)/expenditure		(148,482)	(210,299)
Prior Period Adjustment		0	0
Group loss offset		0	0
Tax Losses not recognised		0	0
Deferred tax adjustment		2,738	(990)
TOTAL INCOME TAX EXPENSE		(0)	(0)

Tax losses for 2018: \$(20,141) (2017: \$0) are available to carry forward and offset against any future taxable income.

Joint Procurement



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.

NOTE 10: BANK ACCOUNTS AND CASH

	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
Cash at Bank - Current account		76,910	12,831
Cash at Bank - Aerial Trust account		391,474	797,503
Term Deposit – 180 Days		200,000	0
Term Investment - 1 Year		300,000	0
TOTAL BANK ACCOUNTS AND CASH		968,384	810,334

Maturity Date	Balance	Rate(p.a.)
23 September 2018	\$200,000	3.44%
28 September 2018	\$300,000	3.55%

NOTE 11: DEBTORS AND OTHER RECEIVABLES

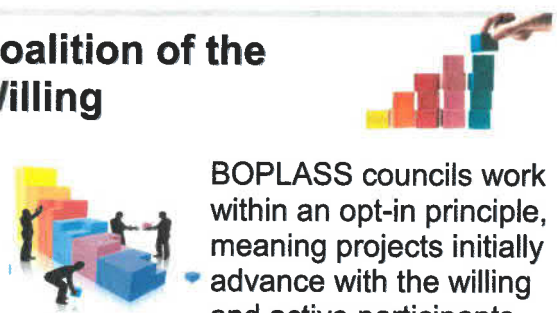
	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
Debtors – Other		66,734	56,510
Goods and Services		12,971	27,098
Accrued Revenue		21,545	14,816
Withholding Tax		11,754	9,714
TOTAL DEBTORS AND OTHER RECEIVABLES		113,004	108,138

Debtors are non-interest bearing and receipt is normally 30-day terms. Therefore, the carrying amount of debtors approximates their fair value.

NOTE 12: PREPAYMENTS

	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
Under 1 Year		92,235	45,282
TOTAL PREPAYMENTS		92,235	45,282

Coalition of the Willing



BOPLASS councils work within an opt-in principle, meaning projects initially advance with the willing and active participants.

NOTE 13: INTANGIBLE ASSETS

	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
Computer Software			
Cost			
Cost at beginning of Year		62,891	38,542
Current Year Additions		0	24,349
Current Year Disposals		0	0
Cost Balance at Year End		62,891	62,891
Accumulated Amortisation and Impairment			
Cost at beginning of Year		(33,688)	(4,786)
Amortisation Expense		(13,371)	(28,902)
Impairment Losses		0	0
Accumulated Amortisation and Impairment Balance at Year End		(47,059)	(33,688)
Carrying Amounts			
Cost at beginning of Year		29,203	33,756
Carrying Amount at Year End		15,832	29,203

2018 Computer software has been developed in-house. This has been amortised over its life (4 years).

2017 Computer software has been developed in-house. This has been amortised over its life (4 years).

Amortisation Expense decreased as 2017 additions of \$24,349.50 were amortised at varying rates between 15% to 45% a total of \$13,371.

No impairment losses have been recognised for intangible assets.

NOTE 14: PLANT AND EQUIPMENT

	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
Office and Computer Equipment			
Cost			
Cost at beginning of Year		5,268	2,489
Current Year Additions		1,216	2,779
Current Year Disposals		0	0
Cost Balance at Year End		6,484	5,268
Accumulated Depreciation and Impairment			
Cost at beginning of Year		(2,600)	(2,489)
Depreciation Expense		(1,093)	(111)
Impairment Losses		0	0
Loss on Disposal of Asset		0	0
Accumulated Depreciation and Impairment Balance at Year End		(3,693)	(2,600)
Carrying Amounts			
Cost at beginning of Year		2,668	2,489
Carrying Amount at Year End		2,791	2,668

Office equipment has been depreciated over its life (5 years).

Computer equipment has been depreciated over its life (4 years). Mobile Phone (3 years).

NOTE 15: CREDITORS AND ACCRUED EXPENSES

	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
Accrued Expenses	*	20,363	41,467
Creditors		156,397	35,193
Goods and Services Tax Payable		0	0
Retentions		48,201	35,718
TOTAL CREDITORS AND ACCRUED EXPENSES		224,961	112,378

Creditors are non-interest bearing and are normally settled on 30-day terms. Therefore the carrying value of creditors and other payables approximates their fair value.

* Accrued Expenses relates to Audit Fees of \$16,592 and other miscellaneous costs such as FBT, Tax Advice that have been accrued for the 2017/18 financial year.

NOTE 16: EMPLOYEE COSTS PAYABLE

	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
Accrued Salaries and Wages		5,954	7,713
Annual Leave		14,602	19,653
PAYE		9,234	0
TOTAL EMPLOYEE COSTS PAYABLE		29,790	27,366

NOTE 17: INCOME IN ADVANCE

	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
Income in Advance	*	897,738	770,330
TOTAL INCOME IN ADVANCE		897,738	770,330

* Income in advance that relates to 2017/18 financial year:

\$707,283.21 is for aerial photography;

\$15,216.45 is for the rates project;

\$72,384.12 is for the Geospatial Web project;

\$25,877.00 is N3 Group Membership 1 July 2018 to 30 June 2019;

\$4,736.17 is for Geocortex Annual Maintenance to 1 July 2018 to 10 April 2019;

\$49,999 is for Proof of Concept budget for OpsCom Projects;

\$6,530.37 is for Video Conference – Annual maintenance Contract 1 July 2018 to 30 November 2018;

\$3,291.39 is for XTools Pro Annual Maintenance for Global License 1 July 18 to 30 June 2019;

\$12,420.00 is for Annual Geocortex Essentials 1 July 2018 to 30 June 2019

NOTE 18: BORROWINGS

	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
Maturing in Under 1 Year		0	35,000
TOTAL BORROWINGS		0	35,000

BOPLASS Ltd has a reciprocal borrowing arrangement with Tauranga City Council which allows for the borrowing of funds and placement of excess funds. The current loan balance as at 30 June 2018 is \$NIL. Interest is accrued during each interest period.

This loan facility is still available to BOPLASS Ltd.

Interest is calculated at current market rates. The loan from Tauranga City Council is unsecured.

NOTE 19: EQUITY

	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
Share Capital			
Balance at beginning of Year		99,002	99,002
Fully Paid up Shares		0	0
Balance at Year End		99,002	99,002
Accumulated Surpluses/(Deficit)			
Balance at beginning of Year		(48,451)	(50,705)
Surplus/(Deficit) after Taxation		(10,794)	2,254
Balance at Year End		(59,245)	(48,451)

Share Capital - As at 30 June 2018, share capital comprised of thirty-one Ordinary Shares and twenty-two Non-Voting Shares.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time, are entitled to one vote per share at meetings of the Company, and rank equally with regard to the Company's residual assets.

Dividends - No dividends have been paid or are proposed by the Company.

NOTE 20: CONTINGENCIES

BOPLASS Ltd have no contingencies at year end and that there were no contingencies for prior year.

NOTE 21: EVENTS OCCURRING AFTER BALANCE DAY

No events have occurred since balance date for BOPLASS Ltd.

NOTE 22: STATEMENT OF COMMITMENTS

	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
Capital Commitments		0	0
TOTAL CAPITAL COMMITMENTS		0	0

This statement represents extraordinary or exceptionally large commitments for that type of expenditure within the normal course of business, which have been contractually entered into. As at balance date, BOPLASS Ltd has no large commitments of this nature.

BOPLASS Ltd has a contractual agreement with AAM Limited to provide aerial photos for the councils. This is treated as an operational expense in the BOPLASS Ltd accounts.

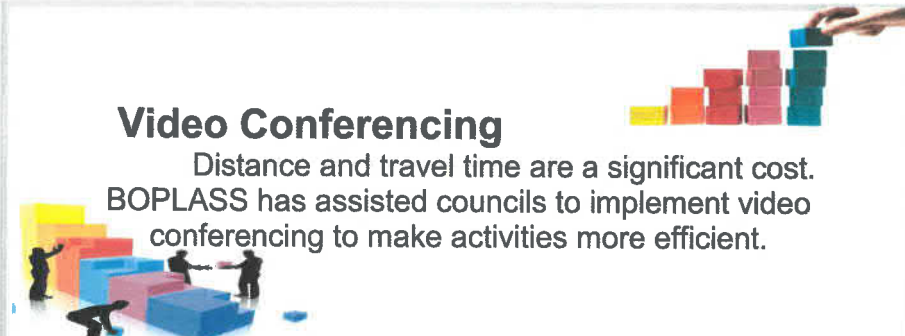
Operating Leases as Lessee

BOPLASS Ltd has leased an ultrafast broadband network to enable the establishment of the Inter Council Network. An advance payment of \$250,000 was paid by BOPLASS Ltd in 2010 for the first three years of a lease contract. The lease has a term of ten years with the right of withdrawal after three years. BOPLASS Ltd does not have an option to purchase the leased broadband network at the expiry of the lease period.

OPERATING LEASES AS LESSEE	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
Not later than one year		49,510	49,510
Later than one year and not later than five years		33,008	82,520
Later than five years		0	0
TOTAL OPERATING LEASES AS LESSEE		82,518	132,030

The lease expense of \$204,824 for the Inter Council Network is recognised in the Statement of Financial Performance refer to note 8. Participating councils are invoiced by BOPLASS Ltd on a quarterly basis over the period of the lease to recover the costs for the lease of the Council network. The pricing is reviewable not less than annually and adjustments are to be made for market trends and for the number of councils participating. The lease invoicing started in the 2010 financial year.

RECOVERY OF OPERATING LEASES PAYMENTS FROM PARTICIPATING COUNCILS	Notes	BOP LASS Ltd	
		2017/18 Actual	2016/17 Actual
Not later than one year		49,510	49,510
Later than one year and not later than five years		33,008	82,520
Later than five years		0	0
TOTAL OPERATING LEASES AS LESSOR		82,518	132,030



Video Conferencing

Distance and travel time are a significant cost. BOPLASS has assisted councils to implement video conferencing to make activities more efficient.

NOTE 23: RELATED-PARTY TRANSACTIONS

Related-party disclosures have not been made for transactions with related parties that are within a normal supplier or client / recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the company would have adopted in dealing with the party at arm's length in the same circumstances.

Related party required to be disclosed

Tauranga City Council provided accounting services to BOPLASS Ltd during the financial year to 30 June 2018 free of charge. An estimated value of the accounting services provided for the year is \$10,000.

NOTE 24: STATEMENT OF PERFORMANCE AGAINST STATEMENT OF INTENT

The Equity Ratio is a good indicator of the level of leverage used by a company. The Equity Ratio measures the proportion of the total assets that are financed by stockholders and not creditors.

The calculation of equity ratio is:

2018: 28.99% (2017: 18.93%)

NOTE 25: EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

BOP LASS Ltd	
Statement Of Financial Performance	Variance against Budget
Sales of Service (Note 2)	Chargeable secondment hours of BOPLASS IT manager to councils were reduced due to a shortened secondment contract.
Aerial Photography Revenue and Expenditure (Note 2)	Budgeted Aerial Photography revenue was not processed by BOPLASS as the contractor was unable to complete the capture and supply of aerial photography in the 2017/18 flying season. (Flying and payment deferred until following year.)
ICN Lease Revenue and Expenditure (Note 2)	ICN income and expenditure reflect the reduction in costs through new BOPLASS supplier contracts. Reductions in the expense and revenue remained proportional.
Recoveries and Projects – Recoveries (Note 2)	Project Recoveries and Expenditure show the projects undertaken during the year. A number of projects remain under review by the Operations Committee and were deferred until 2019/20. Both the expense and revenue remained proportional.
Collaboration Portal (Note 2)	Collaboration Portal revenue less than budget as less Councils joined during the year than forecast. Changes to expense and revenue remained proportional.
Administration (Note 8)	Administration costs increased due to the addition of BOPLASS internal services for video conferencing services and IT software licencing. Also unexpected costs were incurred with updates and support to existing accounting software and the transition to an alternative provider.
Salaries (Note 5)	Salaries were offset by the Collaboration Portal salary hours.

NOTE 26: BOPLASS CONTRACTUAL OFFSETTING REVENUE & EXPENDITURE TRANSACTIONS

	BOP LASS Ltd 2017/18			
	Revenue	Expenditure	Net Operating Surplus/(Deficit)	Explanation to Variance
Core				
Council Contribution	273,511	0	273,511	BOPLASS Ltd is funded from council to fund administrative costs not related to projects.
Interest Revenue	585	0	585	Bank interest received on the BOPLASS Ltd current account.
Salary and Wages	0	296,926	(296,926)	Refer to note 5.
Superannuation	0	17,936	(17,936)	Refer to note 5.
Direct Personnel	0	26,184	(26,184)	Refer to note 5.
Overheads				
Depreciation & Amortisation	0	14,464	(14,464)	Refer to note 4.
Interest on Borrowings	0	844	(844)	Interest paid to TCC for general loan.
Administration Expenses	0	32,474	(32,474)	Refer to note 8.
Audit Fees	0	16,592	(16,592)	Refer to note 8.
Consultancy	0	5,900	(5,900)	Refer to note 8.
Insurance	0	7,146	(7,146)	Refer to note 8.
Directors Fees & Costs	0	15,758	(15,758)	Refer to note 6.
General	0	6,138	(6,138)	Refer to note 8.
Total	274,096	440,362	(166,266)	
Projects				
Aerial Photography	256,781	256,781	0	Participating councils are invoiced by BOPLASS Ltd and AAM Ltd is paid for as percentages of the work on the project are completed.
Interest Revenue related to Aerial Photography	15,498	0	15,498	Bank interest received on the BOPLASS Ltd Aerial Photography Trust account. Refer to Note 3.
Canon Video Conferencing	20,515	19,513	1,002	Councils pay BOPLASS Ltd an amount charged by Canon plus an administrative fee for BOPLASS Ltd maintaining a service and maintenance contract on behalf of the councils.
Lease - ICN	225,630	204,824	20,806	Participating councils are invoiced by BOPLASS Ltd on a quarterly basis over the period of the lease to recover the cost for the lease of the Council Regional Network Platform. ICN lease revenue includes recovery of other operating expenditure - ICN, interest on borrowings - ICN loan and BOPLASS Ltd administration fees.
ESRI Enterprise Licence (Recoveries)	374,500	370,800	3,700	BOPLASS charges an administration fee for management of the software purchase and recoveries.

Other Recoveries	149,553	121,970	27,583	Includes recovery and administration fees for ad-hoc projects.
Rebates	18,498	0	18,498	Rebates given to BOPLASS
Collaboration Portal	66,564	41,529	25,035	The Portal is to assist in accelerating growth of shared service strategies and projects throughout local government in New Zealand by increasing visibility of councils' opportunities to collaborate.
Service Sales and Costs	43,350	0	43,350	Service sales and costs are for other items that are not part of a contract such as rebates and one off project professional fees and will not offset each other.
Total	1,170,889	1,015,417	155,472	

Overall Total	1,444,985	1,455,778	(10,794)	
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	BOP LASS Ltd 2016/17		
	Revenue	Expenditure	Net Operating Surplus/(Deficit)
Core			
Council Contribution	273,511	0	273,511
Interest Revenue	6,281	0	6,281
Other Income – Tax Refund	883	0	883
Salary and Wages	0	273,987	(273,987)
Superannuation	0	13,774	(13,774)
Direct Personnel Overheads	0	26,060	(26,060)
Depreciation & Amortisation	0	29,013	(29,013)
Interest on Borrowings	0	737	(737)
Administration Expenses	0	35,923	(35,923)
Audit Fees	0	16,345	(16,345)
Consultancy	0	7,160	(7,160)
Insurance	0	6,849	(6,849)
Directors Fees & Costs	0	18,446	(18,446)
Total	280,675	428,294	(147,619)
Projects			
Aerial Photography	477,556	477,556	0
Interest Revenue related to Aerial Photography	6,315	0	6,315
Canon Video Conferencing	7,853	8,492	(639)
Lease - ICN	293,092	262,897	30,195
ESRI Enterprise Licence (Recoveries)	374,500	370,800	3,700
Other Recoveries	197,332	157,879	39,453
Collaboration Portal	50,200	33,689	16,511
Service Sales and Costs	54,338	0	54,338
Total	1,461,186	1,311,313	149,873
Overall Total	1,741,861	1,739,607	2,254

Statutory Disclosures

as per section 211 (1) of the Companies Act (1993)

NATURE OF BUSINESS

There has been no change in the nature of the business of the company during the year.

DIRECTORS APPOINTED

Under the Shareholder Agreement directors are appointed by the constituent councils. Directors and their dates of appointment are as follows:

Independent director	Craig O'Connell	26 February 2015 Chair from 16 March 2016
Kawerau District Council	Russell George	14 January 2008
Bay of Plenty Regional Council	Mary-Anne Macleod	23 June 2011 Director until 29 June 2018
	Fiona McTavish	30 June 2018
Western Bay of Plenty District Council	Miriam Taris	1 July 2014
Rotorua Lakes Council	Geoff Williams	1 July 2013
Whakatane District Council	Martin Grenfell	26 September 2011
Tauranga City Council	Garry Poole	26 April 2013
Taupo District Council	Gareth Green	26 July 2016
Gisborne District Council	Nedine Thatcher-Swann	13 March 2017
Opotiki District Council	Aileen Lawrie	10 August 2010

INTEREST REGISTER

There have been no disclosures of self-interest during the period.

DIRECTORS REMUNERATION

In February 2015 the Board appointed an independent director. The independent director receives remuneration and is reimbursed for related expenses. No remuneration had been paid to other directors.

DONATIONS

There were no donations made by the company during the period.

AUDIT FEES

The actual audit fees for the financial year are \$16,592. The amount of \$16,592 has been accrued for audit fees for BOPLASS Ltd and this is what is shown in the Statement of Financial Performance.

