

COUNCIL-CONTROLLED ORGANISATIONS



Taupō District Council has a controlling interest in two council-controlled organisations (CCOs). These are:

- Taupō Airport Authority (TAA)
- Destination (Great) Lake Taupō Trust (DGLT)

Taupō District Council has an interest in four other council-controlled organisations. These are:

- The Lake Taupō Protection Trust – the settlers of this trust are Taupō District Council, Waikato Regional Council and the Ministry for the Environment.
- Local Authority Shared Services Limited (Local Authority Shared Services Ltd) – Council has a shareholding interest in this company together with other local authorities in the Waikato Region.
- Bay of Plenty Local Authority Shared Services Ltd (BoP

Local Authority Shared Services Ltd) – Council has a shareholding interest in this company together with other local authorities in the Bay of Plenty Region.

- New Zealand Local Government Funding Agency (NZLGFA) – Council has a shareholding interest in this company together with other local authorities in New Zealand.

Taupō District Council also has a controlling interest in two organisations exempted under section 7 of the Local Government Act 2002 from the definition of ‘council-controlled organisation’. These are:

- Data Capture Systems Limited
- Destination Lake Taupō Limited.

This section of the Annual Report describes the performance of these entities in the 2015/16 year.

Taupō Airport Authority (TAA)

Background

Taupō District Council and the Crown, represented by the Ministry of Transport, own the Taupō Airport Authority (TAA) equally. The Taupō Airport Authority is a council-controlled organisation as defined by the Local Government Act 2002. Taupō District Council, under agreement with the Crown, manages the Taupō Airport Authority. The governance of the airport operations is provided by a Committee of Council. The committee consists of Council and business representatives.

Auditors: Audit New Zealand

Bankers: Bank of New Zealand

Solicitors: Le Pine and Co, Taupō

Significant Policies and Objectives

The objective of the Taupō Airport Authority is to operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupō District.

The authority provided for the safe, appropriate and efficient air transport needs of the Taupō District during the year. In meeting this objective the authority operated at a loss.

Nature and Scope of Activities

The Taupō Airport Authority is to provide an airport infrastructure to meet the needs of the Taupō District, together with leasehold land for airport-related development. The nature and scope of the activities undertaken by the authority during the year were consistent with this intention.

PERFORMANCE MEASURES

Performance targets	Results	Achievement
To maintain facilities so as to avoid any diversion or cancellation of scheduled flights other than for weather or airline problems	Achieved	No diversions or cancellations due to facility maintenance (2015 Achieved)
The airport will be operated in such a way as to continue to hold CAA Part 139 certified	Achieved	The Airport is CAA Part 139 (2015 Achieved)
A positive financial return on Equity to be achieved annually.	Not Achieved	Annual result for the Airport is a loss before revaluation position of \$125k (2015 Loss \$144k)
The TAA be self-funding in terms of its own cash flow requirements.	Achieved	Operating cash flow for the year is \$67k (2015 \$123k)

Consolidated shareholder funds to total assets 90.64% (June 2015: 89.59%) against a projected 88.1%.

Financial performance for the year ended 30 June 2016	Actual 2016 \$	Budget 2016 \$
Total revenue	466,751	468,445
Total expenditure	645,288	614,852
Net surplus (deficit) after taxation	(178,537)	(146,407)

Destination (Great) Lake Taupō Trust (DGLT)

Destination Lake Taupō Trust was established by Taupō District Council to promote tourism in the Taupō District for the benefit of the people in the communities in the Taupō District. The Trust was formed on 6th September 2010 and commenced financial operation on 1st November 2010.

The six trustees of the Board are appointed by Council after an interview process. The trustees are appointed on the basis that they have identified skills, knowledge and/or experience based on attributes outlined within the Trust Deed.

The Trust has chosen to align itself with the Great Lake Taupō brand and operates under the brand name Destination Great Lake Taupō (DGLT).

Bankers: Bank of New Zealand

Auditors: Audit New Zealand

Significant Policies and Objectives

The Destination Lake Taupō Trust is a CCO for the purposes of the Local Government Act 2002. It is a charitable trust and the trustees have specific and general powers delegated to them through the Trust Deed.

Nature and Scope of Activities

The principle objective of the trust is to ensure we have a destination that remains relevant for visitors and reflects the values of its people and environment for years to come.

PERFORMANCE MEASURES

KPI	Annual Measure	How We Did
Build a thriving tourism economy	<p>Commercial Accommodation Monitor</p> <p>978,500 commercial guest nights as measured by CAM (YE June 2016)</p> <p>Average Length of Stay as measured by CAM 1.7-1.75</p>	<p>ACHIEVED – 1,035,935 commercial guest nights and 1.86 average length of stay. (2015 ACHIEVED – 991,702 nights 1.88 average length of stay)</p> <p>The commercial accommodation monitor tracks and records motel, hotel and holiday park bed nights, month-on-month. This information is collated by MBIE (Ministry of Business and Innovation) and our end of year total bed night result was 1,035,935 against a target of 978,500. International guest nights rose 2.4% to 338,012. Domestic guest nights rose 5.4% to 697,338.</p> <p>Our region continued to experience good length of stay across the year, at 1.86 nights, according to the MBIE data.</p>
	<p>Visits to i-SITEs</p> <p>280,000 visits to Taupō and Turangi i-SITEs, as measured by door counters.</p>	<p>ACHIEVED – 291,244 visits to Taupō and Turangi i-SITEs, as measured by door counters. (2015 NO MEASURE/KPI AT THAT TIME).</p> <p>Door counters at each of the i-SITEs measure total patronage/visitation. The year-end total visitation for each i-SITE is as follows:</p> <p>Taupō i-SITE: 194,610 visits (relative to 192,104 visits in 2014/15) Turangi i-SITE: 96,634 visits (relative to 91,165 visits in 2014/15)</p> <p>This represents a total of 291,244 visits.</p> <p>The Statement of Intent set a performance target of 280,000 visits to the i-SITEs benchmarked off 2014/15 actual data, on the basis that i-SITEs nationally are struggling to maintain visitation and profitability. Given this, the performance results for both i-SITEs are excellent.</p>
	<p>Website Statistics</p> <p>750,000 annual visits to www.GreatLakeTaupō.com as measured by Google Analytics</p>	<p>ACHIEVED – 1,026,832 annual visits to www.GreatLakeTaupō.com. (2015 ACHIEVED – 728,936 annual visits)</p> <p>The website statistics have been growing exponentially year on year. This year, visits were up 41% from last year.</p> <p>The website has achieved a total of 1,026,832 visits over the year, with an average of 85,500 visits per month.</p> <p>Priority is on improving content and search optimization, which contributes to 68% of the total traffic. Top 10 search phrases used to find our site for the year were Taupō, Lake Taupō, Tongariro National Park, Tongariro Crossing, Huka Falls, Taupō Accommodation, Whakapapa, and a couple of local business names.</p>

KPI	Annual Measure	How We Did
	<p>Annual Visitor Survey</p> <p>80% willingness to recommend Taupō region in Annual Visitor Survey</p>	<p>ACHIEVED – 94.6% willingness to recommend. (2015 ACHIEVED – 95.33%)</p> <p>The Statement of Intent sets measures around overall visitor satisfaction, assessed annually via survey. The KPI for the visitor survey is 80% preparedness to recommend Taupō as a destination.</p> <p>The methodology for the survey is a minimum of 400 face to face interviews (300 in 2014/15) between late February and March. In total 474 groups were surveyed. The majority of surveys were undertaken in Taupō around the Boat Harbour and Huka Falls areas. However, this year, surveys were also undertaken in Turangi (including the Easter period). Turangi surveys were conducted mostly around the Turangi town centre and near the Turangi i-SITE. Survey respondents were a roughly equal mix of domestic and international visitors.</p> <p>Note, the timing for the survey this year was different to 2014/15, when the survey was undertaken during May and June 2015. The reason for the change in timing was to try and target a more representative sample of visitors. May and June misses peak holiday periods, whereas the February March timing selected for 2016 included the peak Easter holiday period.</p> <p>The survey is undertaken by an independent contractor. Survey questions are rolled over year to year to provide comparable data. Respondents are asked the following questions:</p> <p>Where are you from: Main reason for coming Accommodation type Would you recommend the destination? What is the best thing you have done in the region?</p> <p>Respondent’s comments are also recorded where possible to give greater context/insight.</p> <p>The second to last question (would you recommend Great Lake Taupō as a holiday destination) is the key KPI in the Statement of Intent. The measure is 80%.</p> <p>The score from the 2015 survey is 94.6%.</p>

KPI	Annual Measure	How We Did
	<p>Special interest group marketing</p> <p>Establish further insights and market size information for the Bike and Fishing special interest groups by YE June 2016</p>	<p>ACHIEVED – Annual (bike) track counter data collected. Annual (fishing) license data collected. (2015 ACHIEVED – Bike track counter data collected)</p> <p>Research has shown that visitor who participate in special interest activities spend more and stay longer than the average visitor.</p> <p>DGLT identified a focus on the biking and fishing special interest groups as the priorities for 2015/16.</p> <p>The focus was on getting the target audience of visitors to consider Taupō as an option for their interest and then to visit. The measure for 2015/16 was to establish current and future market size for cycling / biking and for fishing.</p> <p>DGLT is trying to establish the current use of existing trails and road use from larger events. Very few of the existing trails have accurate track counter data. DGLT has received annual Great Lake Trail and Craters Mountain Bike Park counter data from Bike Taupō. Data has also been received from the Department of Conservation on the Tongariro River Trail and the Spa Huka Track. Taupō District Council is now also in the process of installing a traffic counting camera on the Taupō lakefront trail. Ongoing collection of this data will enable DGLT to track growth/change.</p> <p>The Department of Conservation has provided fishery license data for the Taupō Sports Fishery as a gauge of participation trends (in the trout fishery). For the 2015/16 financial year license sale revenue increased to \$1,302,677 (from \$1,240,875), up approximately 5%, which is significantly above the rest of NZ (down 4%). This is reflective of license numbers. Season license sales increased approximately 12%, however short stay (24 hour) license sales are down. There is an opportunity, therefore to increase marketing to shorter stay visitors. DGLT will be working with DOC (as the managers of the fishery) on possible marketing options to address this.</p>

KPI	Annual Measure	How We Did
<p>Commitment to effective stakeholder engagement and participation</p>	<p>Stakeholder engagement</p> <p>Stakeholder meetings held in 2015/16 are well attended and supported by industry participants and sectors</p> <p>50 separate stakeholder interactions per month across different mediums</p>	<p>ACHIEVED – Stakeholder meetings held (including minimum 50 interactions per month). (2015 ACHIEVED - 50+ meetings/month)</p> <p>The SOI sets a primary objective that DGLT should be seen as listening and collaborative (with the local tourism industry). This is measured by KPIs around the number of stakeholder meetings held, and the level of industry participation.</p> <p>DGLT holds a variety of events throughout the year, ranging from small group workshops with select groups of operators through to events which the whole industry are invited to. The number of events is expansive and too long to list in this report, but is held in a log by DGLT. The following list provides a sample of the type of events that have been held this year:</p> <p>Whole industry events (these tend to range from 50 – 120 attendees):</p> <ul style="list-style-type: none"> • Annual Industry Update • Winter debrief • Summer debrief • Christmas Function • TNZ Workshops • AGM <p>Smaller focus group/workshops (these tend to have strong attendance because they are more targeted and typically range from 10-20 attendees):</p> <ul style="list-style-type: none"> • Special Interest Focus Groups Eg. Bike Marketing Meetings, Backpack and Youth Focus Groups • Geographic Focus Groups Eg. Turangi Updates, Go Tongariro Meetings, Mangakino Representative Meetings, Wairakei Tourist Park Breakfasts • Event Specific Focus Groups Eg. TRENZ, Crankworx, Convene <p>The bottom line measure is around the volume of interactions per month. The KPI is a minimum of 50 stakeholder interactions per month across different mediums. This was exceeded over the course of the year. This is tracked using a DGLT log.</p>
	<p>Annual Visitor Industry Survey</p> <p>80-85% Industry stakeholders are satisfied with DGLT performance as measured by Annual Visitor Industry Survey.</p> <p>Maintaining consistency is listed as the primary performance target.</p>	<p>ACHIEVED – The average score is 92% (2015 ACHIEVED – The average score was 87%)</p> <p>The Statement of Intent sets measures around the degree of industry satisfaction with DGLT performance. This is assessed annually via survey.</p> <p>The annual visitor industry survey was completed in February, June and July 2016. The following results were achieved:</p> <ul style="list-style-type: none"> • Marketing to domestic visitors (94.33% satisfaction) • Marketing to international visitors (88.24%) • Marketing C&I activity (90.91%) • Website performance in marketing the region (93.18%) • Social media performance (93.33%) • Work with travel trade (92.31%) • Industry engagement (93.48%) <p>The average score across the 7 categories is 92.25%.</p>

KPI	Annual Measure	How We Did
	<p>Partnerships Income</p> <p>\$170,000 contributed from key visitor industry participants for DGLT JVs.</p>	<p>ACHIEVED - Marketing promotions income of \$242,374 (2015 ACHIEVED - \$163,039 against a target of \$130,500)</p> <p>Continued work with partnership marketing programmes to build the destination profile has resulted in marketing promotions income of \$242,374. This is relative to an SOI KPI target of \$170,000.</p> <p>This is supplemented by the in-kind contribution, generously given by the industry. This is in the form of accommodation, food and beverage and tourism activities. The in-kind contribution is approximately \$79,165. This is tracked using a DGLT log.</p>
<p>Fiscal responsibility in the way we do business</p>	<p>Revenue</p> <p>Revenue from commissions, advertising and retail profit plus online sales maintained at \$480,000. (YE June 2016)</p>	<p>ACHIEVED – Commissions, advertising and retail revenue of \$544,908 (2015 NOT ACHIEVED - 518,021 or 1.55% growth relative to a target of 2.5% growth).</p> <p>Revenue has exceeded the target of \$480,000. The increase is largely due to increased commissioned sales through the i-SITEs. This is a reflection of increased visitor numbers and fine weather during the peak summer period.</p> <p>Note, in the SOI the revenue target was changed from a percentage growth target to a fixed revenue target of \$480,000. This reflects a trend nationally of declining visitation and sales through i-SITEs, which generate the substantial portion of total revenue.</p> <p>Note, the 2015 result was calculated using a different methodology. This is reported in the 2014/15 Annual Report as \$486,430, but for comparative purposes, has been recalculated using the 2015/16 approach and therefore is shown in this report as \$518,021. The primary difference is the previous years do not included sundry income such as credit card rebates and external recoveries.</p>

Financial performance for the year ended 30 June 2016	Actual 2016 \$	Budget 2016 \$
Total revenue	2,703,021	2,434,898
Total expenditure	2,626,903	2,434,898
Net Surplus (deficit) after taxation	76,118	0

The Lake Taupō Protection Trust (LTPT)

Background

The Lake Taupō Protection Trust (LTPT) was formed and became operative at the time of establishment of the Lake Taupō Protection Project on 9 February 2007. The Trust will administer an \$81.5 million fund over a 14 year period to protect Lake Taupō's water quality.

Settlers of the trust are Taupō District Council, Waikato Regional Council and the Ministry for the Environment.

Auditors: Audit New Zealand

Significant Policies and Objectives

Over a 14-year period, beginning from the 9th February 2007, the trust will reduce the nitrogen flowing into Lake Taupō by at least 153 tonnes from within the Lake Taupō Catchment Area as defined by Waikato Regional Council.

Nature and Scope of Activities

The Trust's Treasury Policy (incorporating Liability Management and Investment Policies) guides the Trust investments and financial transactions and was reviewed and approved by the Trust in February 2015.

The Trust has in place a projected cash flow analysis which indicates projected income, operating costs, and potential call on funds until 2018. This document allows Trustees to both measure progress but also to support their financial management governance role.

PERFORMANCE MEASURES

Action	Performance
By August 2015 and in conjunction with the Joint Committee establish a new Trust structure and operation based on the activities and responsibility to have all outstanding contracts successfully fulfilled by 2018.	Achieved.
By August 2015 and in conjunction with the above have in place and approved by the Joint Committee a four year projected cash flow which will show the ability of the project to complete within budget.	Achieved.
The Trust will operate in alignment with the Trust Deed, this Statement of Intent, annual operating targets and in compliance with the provisions applicable to it under the Local Government Act.	Achieved.
Participate in the development of a Nitrogen Monitoring Plan by July 2015 which seeks to meet the Nitrogen Monitoring Deed.	Achieved.
Undertake responsibilities identified for the Trust under the approved Nitrogen Monitoring Plan and generally support the operation of that Plan by the other joint parties.	Achieved.
Operate and report on the outcomes of nitrogen research projects approved by the Trust.	Achieved.

Waikato Local Authority Shared Services Limited (LASS Ltd)

Background

The councils of the Waikato Region have put in place a Council-Controlled Organisation (as defined in Part 5 of the Local Government Act 2002), to deliver shared services across the Waikato Region. Over the period the company has been operating benefits have been delivered in the form of:

- Improved level and quality of service
- Coordinated approach to the provision of services
- Reductions in the cost of services
- Opportunity to develop new initiatives
- Opportunity for all councils irrespective of location or size to benefit from joint initiatives
- Leveraging procurement opportunities from economies of scale resulting from a single entity representing councils

At this stage these gains have been realised by shareholders in the Shared Valuation Data Service (SVDS), the Waikato Regional transport model (WRTM), Waikato Regional Aerial Photography Service (WRAPS) and through joint procurement contracts.

The ability of LASS to contribute to a greater extent in terms of shared services and also at a strategic collaboration level has been the subject of discussion and agreement through the Waikato Mayoral Forum.

The directors have been tasked with identifying ways to progress these initiatives. This will involve resourcing and funding a range of initiatives that will potentially extend the services currently offered by LASS. The LASS Directors will continue to seek any new opportunities, either from internal investigations, or shareholder initiatives that are presented to it with a sound business case.

New services that are intended to be initiated under the LASS umbrella will only be adopted where a business case shows that they provide some form of benefit to the shareholders. The benefits that may be gained include development of intellectual property through new business services, protection of Council data, improved levels of service and/or reduced cost. All such proposals will be presented to the Shareholders for approval prior to implementation.

Auditors: Audit New Zealand

Significant Policies and Objectives

Local Authority Shared Services (LASS) has been promulgated to provide the Councils in the Waikato region with a vehicle to procure shared services. It provides a mechanism for the development of new services which are available to be joined by any shareholder that so chooses. It also provides those Councils that wish to develop new services with a corporate structure under which they can develop and promote services to other local authorities.

In the early to mid 2000's the relationship between local authorities within the Waikato Region continued to strengthen. As a result of this a range of initiatives were considered by Waikato local authorities with the most beneficial being the establishment of Local Authority Shared Services (LASS). At the inception of this initiative the shareholders identified that improvements could be made in back of office activities by implementing shared services, improvements being gained through cost savings, streamlining of work processes and improved services.

Nature and scope of activities

There are currently four major initiatives operating under the LASS umbrella, plus a support role for the collaborative work streams of the Waikato Mayoral Forum.

1. **Shared Valuation Data Service (SVDS).** This operational system provides timely and accurate valuation data to member Councils and shareholders. The SVDS has become the accepted valuation database for the region. Data sales significantly reduce costs to the participating councils.
2. **Waikato Regional Transportation Model (WRTM).** This model became fully operational in February 2010. It provides accurate information to Councils and external users (for a charge) for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region, and is jointly funded by the NZ Transport Agency.
3. **Joint Procurement Initiatives.** LASS is a party to numerous joint procurement contracts between the company, shareholding Councils and suppliers. Some contracts (e.g. insurance brokerage services; various collective insurance policies; courier and postal services; historic aerial photography) involve all of

the shareholding councils. Other joint procurement contracts have been negotiated, involving only some of the shareholding councils (e.g. the Professional Services Panel; computer-generated print, mail house and e-services). Further procurement opportunities are continually being identified and a number are currently under active investigation (e.g. asset valuation services; pipe procurement).

4. ***The Waikato Regional Aerial Photography Service (WRAPS)***. WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. In 2012, the WRAPS members were the 12 LASS councils, plus the Department of Conservation and Waikato University. The next contract is due in 2016/17. WRAPS became a LASS-managed project in December 2014.

Based on feedback from shareholder councils, and the Chief Executive Forum, the LASS Directors will continue to discuss their role in the development of business cases for shared services at its future meetings. These investigations will include reporting to shareholders and the Waikato Mayoral Forum on the alternative mechanisms to develop shared services.

PERFORMANCE MEASURES

The following performance measures were incorporated into the Statement of Intent for the 2015/16 financial year.

Performance Measure	Actual Outcome
<p>Procurement A minimum of three new procurement initiatives investigated per annum and business cases developed if considered appropriate.</p>	Achieved.
<p>Collaborative Projects A minimum of three priority projects for collaboration are identified per annum.</p>	Achieved.
<p>Existing LASS Contracts The LASS Contracts Register is maintained and managed.</p>	Achieved.
<p>Cashflow The company shall maintain a positive cashflow position.</p>	Result not yet available.
<p>Cost Control Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.</p>	Result not yet available.
<p>Reporting The Board shall provide a written report on the business operations and financial position of the LASS to the Shareholders every six months.</p>	Achieved.
<p>Waikato Mayoral Forum The Mayoral Forum is regularly updated on the progress of each approved workstream.</p>	Achieved.
<p>Shared Valuation Data Services (SVDS) The SVDS is available to users at least 99% of normal working hours. All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group. The SVDS Advisory Group meets at least 6-monthly.</p>	Achieved.
<p>Waikato Regional Transport Model (WRTM) All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget. A report by the Contract Manager on any new developments and on the status of the model is provided to the LASS Board at least every six months. The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.</p>	Achieved.
<p>Shareholder Survey A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p>	Achieved.
<p>Review of Benefits Information on the financial and non-financial benefits being achieved by LASS are included in the 6-monthly and Annual Report to shareholders.</p>	Achieved.

Bay of Plenty Local Authority Shared Services Limited (BoP LASS)

Background

The councils that operate within the boundaries of the Bay of Plenty region have formed a council-controlled organisation to investigate, develop and deliver shared back office services and communications where and when that can be done more effectively for any combinations of some or all of the councils. Taupō District Council has a one-ninth ordinary shareholding in Bay of Plenty Local Authority Shared Services Limited (BoP LASS).

Auditors: Audit New Zealand

Significant Policies and Objectives

The company was set up to provide Bay of Plenty Region councils with an umbrella vehicle to investigate, procure, develop and deliver shared services.

Such services will be initiated under the umbrella of this company where a business case shows that they provide benefit to the (voluntary) council users by either improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

Nature and Scope of Activities

The principle nature and scope of the activities of BOPLASS Ltd is to:

- Establish the underlying technology, framework, platform and policies to enable and support the delivery of Shared Services.
- Use Joint Procurement to add value to goods and services sourced for its constituent councils.
- Facilitate Shared Services that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.
- Pursue best practice in the management of all activities to obtain best value and minimise risk.
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.
- Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.
- Actively monitor and engage with shared service developments across the public sector to identify opportunities for further development and establishing best practice.
- Represent the collective views of its shareholders in matters with which it is associated.

PERFORMANCE MEASURES

The following is a report of performance against targets set in the Statement of Intent for 2015/16.

Target	Result	Narration
<p>Investigate new joint procurement initiatives for goods and services for BOPLASS councils.</p> <p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings and/or improved service levels to the participating councils.</p>	<p>Achieved</p>	<p>Joint procurement initiatives undertaken for:</p> <p>Internal Audit Services – appointment of internal audit services provider for the councils. Access to improved and consistent levels of service and best practice risk management and innovation at significantly reduced costs through a collaborative agreement.</p> <p>EFTPOS Services – A BOPLASS collective agreement for EFTPOS services and hardware providing discounted pricing to the participating councils. Councils moved to key account status which includes dedicated account management and premium service levels.</p> <p>Natural Hazard Insurance – Investigation of additional opportunities to improve councils’ insurance protection while also mitigating exposure and risk. BOPLASS project underway 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>Insurance Loss Modelling – Appointment of a provider through BOPLASS to establish the material damage insurance loss estimates for council owned assets in the event of a significant natural disaster. Information helps councils identify areas at risk, e.g. low lying residential areas/council assets, and how to best manage them.</p> <p>2015-16 Aerial photography – managed tender for new collaborative flying programme, providing savings in capture and production of imagery.</p> <p>Section 17a reviews – BOPLASS appointed provider to conduct workshops and facilitate collaborative reviews of Section 17a process and opportunities for BOPLASS councils. Templates and outputs shared with Waikato councils.</p> <p>Thomson Reuters/Brookers – collective subscription services. Investigated in conjunction with Waikato LASS but the benefits that could be achieved were deemed to be unworthwhile for the effort required.</p>

Target	Result	Narration
<p>Provide support to BOPLASS councils that are managing or investigating shared services projects.</p> <p>0.25 FTE resource and expertise assigned to assist councils in shared services developments and projects.</p>	<p>Achieved</p>	<p>37% of 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>Inter Council Network (ICN) Management – monitoring and management services for ICN established, including design and architecture, monitoring services and support services – ensuring reliability of network for councils and delivery of services.</p> <p>Collaboration Portal – Microsoft negotiations, development of hosting environment, licensing requests for individual councils, account creation and monitoring of accounts for councils and individual users.</p> <p>Health and Safety Advisory Group – A BOPLASS advisory group has been established to identify and develop collaborative health and safety projects and to share policies, training and information. This collaboration assisted in supporting councils’ readiness for the new Health and Safety at Work Act. Some projects are being undertaken in conjunction with Waikato LASS.</p> <p>Radio Telephony strategy – engagement with BOPLASS councils and external agencies to develop shared RT services and a regional strategy.</p> <p>Support and development of broadband solutions for Opotiki District Council.</p> <p>GIS services – collaboration in development of council and regional GIS services.</p> <p>After Hours Phone Services – BOPLASS has continued to support the development of a regional after-hours phone service, with Tauranga City Council now providing this as a shared service to several BOPLASS councils. The service is cost effective, local government centric and provides the advantage of being able to access other councils’ information bases and directly input service requests into councils’ systems.</p> <p>Regionally based Data Centre – supporting councils and local economic development agencies investigation into a local data centre.</p> <p>On-line Services – BOPLASS is working with councils to further develop on-line services, with a fundamental principle of developing similar user experiences across the councils regardless of the underlying software used by each council.</p> <p>Video conferencing support and development of new services for individual councils.</p>

Target	Result	Narration
<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>All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the BOPLASS group with a minimum of five additional councils having utilised the portal.</p>	<p>Achieved</p>	<p>Collaboration portal further developed to include Activity Areas for councils to share documentation, information and training information.</p> <p>Ongoing training provided to councils to ensure understanding and increased uptake.</p> <p>Marketing flyer and proposal templates developed and circulated to councils outside of BOPLASS.</p> <p>National awareness of Collaboration Portal created through BOPLASS presentation to SOLGM committee.</p> <p>LGNZ – national local government body are now registered Portal users.</p> <p>As at 30 June 2016, 21 councils outside of the BOPLASS councils had joined the portal in the last 12 months and have licensed users with access to the Collaboration Portal. Additional councils have subsequently joined as a result of the 2015/16 marketing.</p>
<p>Ensure appointed vendors remain competitive and continued best value is returned to shareholders.</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: Video Conferencing Maintenance and Services.</p> <p>ESRI Enterprise Licensing Agreement renegotiated and renewed.</p> <p>Printer/Copier agreement review initiated.</p> <p>GIS software – Geocortex Essentials, X-Tools, NZAA.</p> <p>Print Media Copyright Agency (PMCA) contract renewed.</p> <p>Media Monitoring services contract renewed.</p>
<p>Review governance performance and structure to ensure it supports BOPLASS' strategic direction. *</p>	<p>Achieved</p>	<p>Strategic reviews completed by the Board.</p> <p>Independent director reappointed.</p> <p>Board structure altered to include position of independent Chair.</p> <p>Board reviews of operations governance structure and performance.</p> <p>2016-17 Statement of Intent, including governance changes, accepted by all shareholding councils.</p>
<p>Communicate with each shareholding council at appropriate levels.</p> <p>At least one meeting per year.</p>	<p>Achieved</p>	<p>Executive-level meetings held with councils.</p>
<p>Ensure current funding model is appropriate.</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>

New Zealand Local Government Funding Agency (LGFA)

Background

The LGFA is a significant initiative by the Local Government sector to provide the sector with long term access to debt funding at attractive and stable margins. The LGFA is enabled under the Local Government Borrowing Act 2011 and is a council –controlled organisation for the purposes of the Local Government Act 2002.

On 30 August 2011 Council resolved to participate in the LGFA as a Principal Shareholding Local Authority.

The LGFA is a limited liability company incorporated in December 2011 and has a current credit rating from Standard & Poor's of AA+. As at the 30 June 2016 there were 31 shareholders made up of 30 local and regional authorities and the Crown.

Council has 100,000 shares at \$1 per share and has \$100,000 of uncalled capital. Council committed to borrowing from the LGFA \$50 million on or prior to 31 March 2012 and retaining that borrowing in the LGFA for the commitment period of three years. As at 30 June 2016 Council has \$125 million of borrowings from the LGFA.

A shareholders Council has been established. Its role is to:

- Review the performance of the company and board and to report to all shareholders on these matters.
- Make recommendations to shareholders as to the appointment, removal, re-election, replacement and remuneration of Directors.
- Ensure that shareholders are fully informed on matters concerning the company.

Auditor: KPMG on behalf of the Auditor General

Nature and Scope of Activities

LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities, and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA's lending policies.

Principal Objectives

In accordance with the Local Government Act 2002, in carrying on its business, the principal objectives of LGFA will be to:

- achieve the objectives and performance targets of the shareholders in LGFA (both commercial and non-commercial) as specified in the SOI;
- be a good employer;
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- conduct its affairs in accordance with sound business practice.

Primary objective

LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:

- Providing savings in annual interest costs for all Participating Local Authorities;
- Making longer-term borrowings available to Participating Local Authorities;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Offering more flexible lending terms to Participating Local Authorities.

PERFORMANCE MEASURES

Four performance targets are specified for the LGFA in their 2015-16 SOI. Progress against each of these targets is discussed below, including an explanation of any material variances.

Current performance targets		Target	Result	Outcome
1	Average cost of funds relative to NZGS	<0.50%	0.74%	No
2	Average margin above LGFA's cost of funds	<0.10%	0.10%	No
3	Annualised issuance and operating expenses	<\$5.94 million	\$5.98 million	No
4	Lending to participating Councils	>\$5,885 million	\$6,241 million	Yes

Data Capture Systems Limited (DCSL)

Background

Taupō District Council is the 100 per cent owner of Data Capture Systems Limited (DCSL).

Data Capture Systems Limited was a council-controlled organisation (CCO) as defined by the Local Government Act 2002. In February 2006 the directors of Data Capture Systems Limited resolved that it would cease operations. In June 2006, resolutions were passed to wind down the company during the course of the 2006/07 year.

The company is now exempt, under section 7 of the Local Government Act 2002, from definition as a council-controlled organisation.

Destination Lake Taupō Limited (DLTL)

Background

Taupō District Council is the 100 per cent owner of Destination Lake Taupō Limited (DLTL).

Destination Lake Taupō Limited is a non-trading company that is held only for name-protection purposes. It has no revenue or expenditure, assets or liabilities. Council has passed a resolution, under section 7 of the Local Government Act 2002, making Destination Lake Taupō Limited exempt from definition as a council-controlled organisation.