

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.
- Waikato Local Authority Shared Services Limited (Waikato 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 2016/17 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 (2016 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 (2016 Achieved)
A positive financial return on Equity to be achieved annually.	Not Achieved	Annual result for the Airport is a loss of \$129k (June 2016 Loss \$125k)
The TAA be self-funding in terms of its own cash flow requirements.	Achieved	Operating cash flow for the year is \$241k (June 2016 \$67k)

Financial performance for the year ended 30 June 2017	Actual 2017 \$	Budget 2017 \$
Total revenue	504,638	511,204
Total expenditure	676,295	632,596
Net surplus (deficit) before taxation	(171,657)	(121,392)

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

Below is a table outlining the full year measures against performance targets set for year-end 30 June 2017 (based on the 2016-19 Statement of Intent).

PERFORMANCE MEASURES

KPI	ANNUAL MEASURE	HOW WE DID
Build a thriving tourism economy	<p>Commercial Accommodation Monitor</p> <p>1,007,855 commercial guest nights as measured by CAM (YE June 2017)</p> <p>Average Length of Stay as measured by CAM b 1.7-1.75</p>	<p>ACHIEVED – 1,122,115 commercial guest nights and 1.79 average length of stay.</p> <p>(2016 ACHIEVED – 1,035,350 commercial guest nights and 1.86 average length of stay)</p> <p>The commercial accommodation monitor tracks and records motel, hotel, backpacker and holiday park bed nights, month-on-month. This information is collated Statistics New Zealand and our end of year total bed night result was 1,122,115 against a target of 1,007,855. International guest nights rose 19.8% to 405,080. Domestic guest nights rose 2.8% to 717,034.</p> <p>Our region continued to experience good length of stay across the year, at 1.79 nights, according to the MBIE data. This has dropped relative to 2015/16 reflecting the strong growth in international visitation (with their trend towards shorter length of stay).</p>
	<p>Visits to i-SITES</p> <p>280,000 visits to Taupō and Turangi i-SITES, as measured by door counters.</p>	<p>NOT ACHIEVED – 271,731 visits to Taupō and Turangi i-SITES.</p> <p>(2016 ACHIEVED – 291,244 visits to Taupō and Turangi i-SITES).</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: 185,085 visits (relative to 194,610 visits in 2015/16)</p> <p>Turangi i-SITE: 86,646 visits (relative to 96,634 visits in 2015/16)</p> <p>The Statement of Intent set a performance target of 280,000 visits to the i-SITES benchmarked off 2014/15 and 2015/16 actual data, on the basis that i-SITES nationally are struggling to maintain visitation and profitability. Unfortunately, the trend towards/competition from digital devices, combined with poor weather over the peak summer period, mean the performance results for both i-SITES were worse than predicted.</p>
	<p>Website Statistics</p> <p>800,000 annual visits to www.GreatLakeTaupō.com as measured by Google Analytics</p>	<p>ACHIEVED – 1,133,417 annual visits to www.GreatLakeTaupō.com</p> <p>(2016 ACHIEVED – 1,026,832 annual visits)</p> <p>The website statistics have been growing exponentially year on year. This year, visits were up 10.4% from last year.</p> <p>The website has achieved a total of 1,133,417 visits over the year, with an average of 94,451 visits per month.</p> <p>Priority is on improving content and search optimisation, which contributes to 73.7% of the total traffic.</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 – 96.2% willingness to recommend. (2016 ACHIEVED – 94.6%)</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 survey is distributed to local tourism operators (and both local i-SITEs) and they ask customers to complete the survey through June 2017. 397 survey responses were received.</p> <p>Survey questions are rolled over year to year to provide comparable data. Respondents are asked the following questions:</p> <ul style="list-style-type: none"> Where are you from? Main reason for coming? Accommodation type? Would you recommend the destination? Has there been something memorable or outstanding about your time in the region? <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 June 2017 survey is 96.2%.</p>
	<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 2017</p>	<p>ACHIEVED – Annual (bike) track counter data collected. Annual (fishing) license data collected. (2016 ACHIEVED – Bike track counter and fishing license 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 2016/17.</p> <p>The focus was on getting the target audience of visitors to consider Taupō/Turangi 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. These track counters show that the highest growth is on trails around existing tourism assets and Taupō township. This is helping focus bike marketing strategies for 2017/18.</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 2016/17 financial year license sale revenue increased to \$1,348,182 (from \$1,302,677), up approximately 3%. This is reflective of license numbers. The long-term trend is for short stay licences to be declining against previous levels, but this has flattened out recently due to increased tourism numbers. 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 respond to this.</p>

KPI	ANNUAL MEASURE	HOW WE DID
Grow tourism product and experiences to enhance the destination	Tourism spending Increase total expenditure in 'Other Tourism Product' and 'Cultural, Recreation and Gambling' to \$57,680,000	ACHIEVED – Total expenditure of \$71 million (2016 NOT MEASURED – Total expenditure of \$64 million) The Monthly Regional Tourism Estimates are produced by MBIE. They provide an annual and monthly estimate of tourism expenditure in the regions. Expenditure is available as a total figure, but is also categorised by expenditure type. The 'other tourism product' and 'cultural, recreation and gambling' categories are measured in the SOI as a way to track growth in spending in tourism product and experiences (as opposed to spending on accommodation, food and beverage or other retail). Expenditure is up 9% in these categories relative to 2015/16.
Commitment to effective stakeholder engagement and participation	Stakeholder engagement Stakeholder meetings held in 2016/17 are well attended and supported by industry participants and sectors 50 separate stakeholder interactions per month across different mediums	ACHIEVED – Stakeholder meetings held (including minimum 50 interactions per month). (2016 ACHIEVED - 50+ meetings/month) 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. 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 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.
	Annual Visitor Industry Survey 80-85% Industry stakeholders are satisfied with DGLT performance as measured by Annual Visitor Industry Survey. Maintaining consistency is listed as the primary performance target.	ACHIEVED – The average score is 82.6% (2016 ACHIEVED – The average score was 92%) The Statement of Intent sets measures around the degree of industry satisfaction with DGLT performance. This is assessed annually via survey. The annual visitor industry survey was completed in June 2017. The following results were achieved: Marketing to domestic visitors (83.8% satisfaction) Marketing to international visitors (81.1%) Marketing C&I activity (83.3%) Website performance in marketing the region (81.6%) Social media performance (86.7%) Work with travel trade (90.9%) Taupō i-SITE performance (86.1%) Turangi i-SITE performance (69.6%) Industry engagement (80.6%) The average score across the 9 categories is 82.6%.
	Partnerships Income \$150,000 contributed from key visitor industry participants for DGLT JVs.	ACHIEVED - Marketing promotions income of \$246,065 against a target of \$150,000 (2016 ACHIEVED - \$242,374 against a target of \$170,000) Continued work with partnership marketing programmes to build the destination profile has resulted in marketing promotions income of \$246,065. This is relative to an SOI KPI target of \$150,000.

KPI	ANNUAL MEASURE	HOW WE DID
	<p>Free of charge or in-kind support</p> <p>\$60,000 free of charge or in-kind support for marketing activity</p>	<p>ACHIEVED - \$85,995 of free of charge or in-kind support, against a target of \$60,000 (2016 NOT MEASURED – But recorded as \$79,165)</p> <p>This support is tracked in a DGLT log. It includes free of charge product offered for famils, as well as discounted product.</p>
<p>Fiscal responsibility in the way we do business</p>	<p>i-SITE costs</p> <p>Net i-SITE cost of \$207,500 for both Taupō and Turangi i-SITES (as measured by net i-SITE expenditure over income).</p>	<p>NOT ACHIEVED – Net cost of \$235,523 (2016 NOT MEASURED – but net cost of \$138,120).</p> <p>The target in the 2015-2018 SOI was i-SITE revenue. This target was changed in the 2016-19 SOI to focus on i-SITE costs, as this enables DGLT to put equal focus on revenue and expenditure.</p> <p>DGLT did not hit the cost target of \$207,500. Competition from digital / online booking channels, combined with poor weather over the summer period, meant overall commission sales were down significantly. DGLT attempted to reduce expenditure as much as possible, but the net cost for both i-SITES was \$235,523. This includes a net cost of \$103,490 for Taupō and \$132,033 for Turangi.</p>

Financial performance for the year ended 30 June 2017	Actual 2017 \$	Budget 2017 \$
Total revenue	2,602,032	2,592,796
Total expenditure	2,619,802	2,592,796
Net surplus (deficit) after taxation	(17,770)	0

The Lake Taupō Protection Trust (LTPT)

Background

The Lake Taupō Protection Trust (LTPT) was established on 9 February 2007 to administer public funds to achieve an improvement in the water quality of Lake Taupō. The Trust is charged with developing a programme of work that will reduce the amount of manageable nitrogen leaching into the lake by 20%.

The Taupō District Council (TDC), Waikato Regional Council (WRC) and the Crown agreed to provide funding on an annual incremental basis to the Trust for this work to be undertaken.

Auditors: Audit New Zealand

Significant Policies and Objectives

The Trust completed the final nitrogen agreement on 29 June 2015 to achieve the project's overall target of

170,300 kgs. While the Trust has confidence that the nitrogen reductions will occur there is a need to maintain an operational and governance component at least out to 30 June 2019 when both payments and nitrogen reductions complete.

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 April 2017.

The Trust has in place a projected cash flow analysis which indicates projected income, operating costs, and potential call on funds until 30 June 2019. This document allows Trustees to both measure progress but also to support their financial management governance role.

PERFORMANCE MEASURES

The following performance measures were incorporated into the Statement of Intent for the 2016/17 financial year:

Action	Performance Measures	Performance Against Targets
Oversee the financial position of the Trust to meet and maintain a positive projected Cash Flow budget until 2019.	Cash Flow Projection in place and being operated to achieve outcome in 2019.	Achieved
Ensure that all LTPT nitrogen reduction contracts are being complied with to achieve the overall Nitrogen reduction target of 170,300 kgs and where relevant in conjunction with Waikato Regional Council	Nitrogen reduction contracts are being met and any contractual failure is addressed to achieve repatriation of any loss of nitrogen reduction.	Achieved Breaches have been reported on as to status; progress is being made with a view to achieving compliance moving forward.
Monitor/track that compliance monitoring results are received on an ongoing basis for LTPT nitrogen reduction deals.	Monitoring compliance results received in accordance with monitoring plan timelines; Audit NZ notified.	Achieved
Report on compliance monitoring results for LTPT nitrogen reduction purchases.	Trust Board up to date with compliance monitoring results.	Achieved
Carry out Trust responsibility identified in the Taupō Catchment Compliance Monitoring Plan and provide support in the operation of the plan with other joint parties which the Trust's support of the Lake Taupō Protection Projects Communication Plan.	Trust actions completed and monitoring plan supported on an ongoing basis.	Achieved; ongoing

Action	Performance Measures	Performance Against Targets
Manage Trust funded research projects that have been previously approved by the Trust.	Research outcomes reported on.	Achieved
Participation and assistance in the interim and annual audits of the Trust.	Positive audit result.	Achieved <u>Comment:</u> No interim audit required by Audit NZ as agreements are in place to secure the projects nitrogen reduction target of 170,300kgs.
Participate in the upcoming five yearly review of the Lake Taupō Protection Project.	Trust input and assistance provided during the course of the review.	Achieved
Provide ongoing support as required in the operation of the Lake Taupō Catchment Compliance Framework.	Support provided as requested to achieve the aims of the Taupō Catchment Compliance Framework.	Achieved

Waikato Local Authority Shared Services Limited (LASS Ltd)

Background

Local Authority Shared Services Limited was incorporated under the Companies Act 1993 on the 13th day of December 2005, and changed its name to Waikato Local Authority Shared Services Limited (WLASS) on the 4th day of April 2016. WLASS is owned by the 12 Waikato local authorities, with each shareholder owning an equal number of shares and having an equal say in its development. WLASS provides a legal entity, representative of all the shareholding councils, which can enter into contracts and agreements with external suppliers and provide value to the shareholders by reducing costs. WLASS contracts are available to be joined by any shareholder that so chooses. Much of the work of WLASS is undertaken by Working Parties or Advisory Groups made up of staff representatives from the shareholding councils, with expertise and interest in particular services. The WLASS CEO provides facilitation and co-ordination of the Working Parties, and is an ex officio member of the Advisory Groups.

As part of providing a mechanism for supporting shared services and collaborative opportunities within the region, WLASS also provides support to the Waikato Mayoral Forum and its work streams.

Auditors – Audit New Zealand

Significant Policies and Objectives

The objectives of WLASS are to:

- enable the Waikato councils to collectively be more effective as a region on the national stage
- contribute to building central government's confidence in the Waikato region and to encourage central government investment
- achieve effectiveness and efficiency gains
- reduce duplication of effort and eliminate waste through repetition
- make it easier for customers to engage with councils in the Waikato region
- promote and contribute to the development of best practice
- promote business transformation to improve customers' experiences.

Nature and scope of activities

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

- 1. Shared Valuation Data Service (SVDS).** This system provides timely and accurate valuation data to the 10 member Councils (Waikato Regional, Hamilton City,

Hauraki, Matamata Piako, Rotorua, South Waikato, Thames Coromandel, Waikato, Waipa and Waitomo District Councils). The SVDS has become the accepted valuation database for the region. Data sales significantly reduce costs to the participating councils.

2. **Road Asset Technical Accord (RATA).** RATA was initially established as a centre of excellence for road asset planning in 2014, as a work stream under the Mayoral Forum. The activity transferred to WLASS on 1 July 2016. The aim of RATA is to achieve best practice in road asset management by improving capability, capacity and outcomes through effective collaboration. By leading asset management best practice, RATA delivers better decision making through the effective collection and use of good quality data, and the implementation of good practice processes and systems for data collection, analysis and management. Waipa District Council currently acts as the host council for RATA, providing accommodation and overheads (which are fully recovered from the participating councils), and managing the employment agreements/relationships with the three staff members. This activity is fully funded by the nine participating councils (Hamilton City, Hauraki, Matamata Piako, Otorohanga, South Waikato, Thames Coromandel, Waikato, Waipa and Waitomo District Councils, supported by the NZ Transport Agency) and operates as a separate cost centre.
3. **Waikato Regional Transportation Model (WRTM).** This model became fully operational in February 2010. It provides accurate information to Councils and to 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. WRTM is making a significant contribution to strategic planning of land use and infrastructure within the region, and has been involved in regionally and nationally significant investigations including: the Waikato Expressway Network Plan; the Waikato Regional Land Transport Strategy and Regional Policy Statement; and transport impact assessment in relation to the development of Ruakura. This activity is fully funded by the seven participating councils (Waikato Regional, Hamilton City, Matamata Piako, Taupō, Thames Coromandel, Waikato, and Waipa District Councils, supported by the NZ Transport Agency), and operates as a separate cost centre. The WRTM has been managed by RATA since 1 July 2016.
4. **Waikato Building Consent Group (WBCG).** The WBCG

was initially set up by five Waikato local authorities in 2004 to foster co-operation, collaboration and consistency in building functions, legislative interpretation and process documentation across the partnering councils. The Group now comprises eight councils (Hamilton City, Hauraki, Matamata Piako, Otorohanga, Thames Coromandel, Waikato, Waipa and Waitomo Districts). The WBCG has developed a common quality assurance system with associated supporting documentation and media that meet the legislative requirements of the Building Act 2004 and the Building (Accreditation of Building Consent Authorities) Regulations 2006. These regulations cover all aspects of the operational management and compliance of a Building Consent Authority (BCA). Waikato District Council currently acts as the host council for the WBCG, providing accommodation and overheads (which are fully recovered from the WBCG), and managing the employment agreements/relationships with the two staff members. The activity is fully funded by the participating councils, and operates as a separate cost centre. The activity transferred to WLASS on 1 July 2016.

5. **Future Proof.** This is a collaborative partnership between Hamilton City, Waikato and Waipa Districts, Waikato Regional Council and Tāngata whenua, with assistance from the New Zealand Transport Agency. The partners have jointly developed the Future Proof Growth Strategy and Implementation Plan – a 50-year vision and implementation plan specific to the Hamilton, Waipa and Waikato sub-region (Future Proof sub-region), which was adopted by the partners on 30 June 2009. The accommodation, overhead and employment arrangements of the Future Proof Planner are managed by Hamilton City Council. This activity is fully funded by the participating councils, and operates as a separate cost centre. Future Proof transferred to WLASS on 1 July 2016.
6. **Energy Management.** WLASS entered into a Collaboration Agreement with the Energy Efficiency Conservation Authority (EECA) in February 2016. This arrangement will bring up to \$210,000 in revenue from EECA over three years, subject to meeting specific energy saving targets. The activity is fully funded by the eleven participating councils (Matamata Piako is not eligible, as it has previously received EECA funding), and operates as a separate cost centre.
7. **Joint Procurement Initiatives.** WLASS 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, but only some of the shareholding councils have chosen to participate (e.g. the Professional Services Panel; computer-generated print, mail house and e-services; IT Professional Services Panel; Internal Audit Services). A review of procurement opportunities, which is currently in progress, will assist in determining the future direction of WLASS procurement activities.

8. Historic Aerial Photos. In May 2015, WLASS entered into a Memorandum of Understanding with LINZ to scan the Waikato Historic Aerial Photos archive. The LINZ Crown archive contains over 500,000 historic aerial photo

negatives captured by surveys flown over New Zealand between 1936 and 2005. All of the shareholding councils are participating in this 4-year project, which includes a subsidy of \$56,000 from LINZ. The project is running ahead of schedule and is now expected to be completed in 2018.

9. 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. So far, there have been four WRAPS contracts – 2002, 2007, 2012, and the 2016 contract that is currently in progress. Consideration is currently being given to changing the frequency of coverage to 4-yearly. WRAPS became a WLASS project in December 2014 and is fully funded by the participating councils.

PERFORMANCE MEASURES

The following performance measures were incorporated into the Statement of Intent for the 2016/17 financial year.

Target	Measure	Outcome
<p>Procurement Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.</p>	<p>A minimum of three new procurement initiatives investigated per annum and business cases developed if considered appropriate.</p>	<p>Achieved. A joint RFP with BOPLASS for the supply of Multi-function Devices was completed and Konica Minolta were accepted as the preferred supplier. Shared procurement of Thomson Reuters services, EMA membership, and participation in the BOPLASS EFTPOS contract have been investigated, but no financial benefits were identified. A WLASS Master Agreement with Vertical Horizonz for the provision of health & safety training was completed in February 2017 and 11 councils have signed Joining Agreements.</p>
	<p>Initiatives which are implemented shall provide financial savings and/or improved service levels to the participating councils.</p>	<p>Achieved. A syndicated clause in three tendered Hamilton City Council contracts enables all shareholders to access: (i) a library book buying contract at 37% discount on the RRP; (ii) a contract for the supply of pipes and fittings for water, wastewater and stormwater pipes, which provides discounts of between 30% and 80% off the list price; (iii) an HR Panel of eight suppliers for the recruitment of permanent and temporary staff. Information on how to participate in syndicated contracts for Office Furniture, Media Monitoring and Employee Assistance Programmes was circulated to all shareholding councils.</p>

Target	Measure	Outcome
	New suppliers are awarded contracts through a competitive tender process.	Following an RFP process, a WLASS Master Agreement for Fleet Management has been entered into with FleetPartners /FleetSmart for a term of 1+2.
Collaborative Projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.	A minimum of three priority projects for collaboration are identified per annum.	Achieved. Six projects (GIS, Procurement, Aligned Planning, Digital Strategy, Learning and Development, and Building Services) have been investigated.
	If considered of value, business cases are developed for approval by the Board, and the projects are implemented.	Achieved. Business cases for all six projects were approved by the Board. A GIS team is working on identifying why spatial data should be used to support the Waikato region within the framework of the Waikato Digital Strategy, including identifying the benefits and measures of success A Procurement review is in progress, and is scheduled for completion in August 2017. An RFP to select a Project Manager to lead the Aligned Planning project is in progress. A Digital Strategy is under development. A Learning & Development Working Party has been established, and projects are in progress. A strategic review of Building has been completed and a number of new initiatives have been identified, which will commence in 2017/18
Existing WLASS Contracts Existing contracts are managed and renegotiated as required.	The WLASS Contracts Register is maintained and managed.	Achieved. Contracts Register is up-to-date.
	Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.	Achieved. Four current contracts have been extended, following a performance review: <ul style="list-style-type: none"> (i) Dataprint (computer-generated print, mailhouse and e-services) (ii) Professional Services Panel (building services, planning 3-waters, urban design, flood hazards consultancy services) (iii) Aon (insurance brokerage) (iv) Infometrics (economic data).
Cashflow The company shall maintain a positive cashflow position.	Monthly financial statements show a positive cashflow position.	Achieved. Cashflow for the year shows a positive total cash balance of \$352,274. Reports on the financial position were considered at WLASS Board meetings on 5 August, 14 October, and 2 December 2016, and on 3 February, 24 March and 26 May 2017.

Target	Measure	Outcome
Cost Control Administration expenditure shall be managed and monitored	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	Achieved. Administration expenditure was 19% favourable compared to budget.
Reporting Six monthly reports provided to Shareholders.	The Board shall provide a written report on the business operations and financial position of WLASS to the Shareholders every six months.	Achieved. The 6-monthly report was distributed to shareholders on 9 February 2017.
	Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of WLASS are being adhered to.	Achieved. This is the Annual Report.
Waikato Mayoral Forum The company shall provide administrative support and updates on Mayoral Forum work streams to the Mayoral Forum.	The Mayoral Forum is regularly updated on the progress of each approved work stream.	Not Applicable. The WLASS CEO is no longer responsible for updating the Mayoral Forum on progress with projects. Project sponsors are responsible for updates.
	Approved invoices for Mayoral Forum projects are paid by the 20 th of the month following their receipt.	Partly Achieved. All approved invoices, except for one, were paid by the 20 th of the month following their receipt.
Shared Valuation Data Services (SVDS) The SVDS is reliable, well maintained and available to all users.	The SVDS is available to users at least 99% of normal working hours.	Achieved. SVDS was available to users for 99.16% of normal working hours.
	All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.	N/A. There has been no capital enhancement work over the last 12 months.
	The SVDS Advisory Group meets at least 6-monthly	Achieved. The Group met on 1 September and 17 November 2016, and on 9 March and 1 June 2017
Insurance Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.	Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	N/A. Shareholders' survey is scheduled to be reported to the Board on 26 August 2017.
	The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	N/A. Shareholders' survey is scheduled to be reported to the Board on 26 August 2017.
RATA All stakeholders are kept informed about RATA's projects and achievements.	Reports presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.	Achieved. 6-monthly reports presented to Board meetings on 2 December 2016 (circulated to stakeholders on 19 December) and on 7 July 2017.

Target	Measure	Outcome
	Reports include a summary of savings achieved.	Achieved. A summary of savings was included. In the July report to the Board.
	All RATA councils participate in the tour.	Achieved. All councils participated in the tour in October 2016.
	Report on tour outcomes prepared by 31 December each year, and circulated to stakeholders.	Not Achieved. Report delayed until February 2017 (individual councils received their reports in January).
Sub-regional data collection contracts deliver good quality data on roading assets.	Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.	N/A. No contracts due for renewal. Data collection contracts were extended for one year on 14 October 2016
	Any data issues are identified and resolved, with any incidents reported to stakeholders.	Achieved. Asset Information Engineer identifies and resolves all issues.
Waikato Regional Transport Model (WRTM) The WRTM is reliable, well maintained and available to all users.	All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.	Achieved. Reports were provided on 15 August and 18 November 2016. No quarterly reports were requested in 2017 as the model was unused during this period.
	A report from RATA on any new developments and on the status of the model is provided to the WCLASS Board at least every six months.	Achieved. Reports presented to the Board in December 2016 and July 2017.
	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.	Achieved. Peer review of base model was completed in April 2017. Consultant has been engaged to complete future years' model in 2017/18.
Waikato Building Consent Group Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.	Internal audits completed annually for each Group member.	Partially Achieved. Only seven of the eight audits scheduled for the year were completed due to a lack of staff resources to assist.
	Provide Group members with a joint quality assurance system that meets statutory compliance	Not Achieved. The quality assurance system consists of over 466 separate documents. Regulation 17 requires that all BCAs on an annual or more frequent basis; audit and review all of their quality assurance systems to ensure that the systems meet the requirements of the BCA regulations and the Building Act 2004, and remain appropriate for purpose. Even though the audit and review of the QA systems was achieved within the calendar year, it was not achieved within 12 months from the last completion date

Target	Measure	Outcome
	Report at least six monthly to the WLASS Board on the Group's activities.	Achieved. Reports presented to the 3 February and 7 July 2017 Board meetings.
Future Proof All stakeholders are kept informed about Future Proof's projects and achievements.	Reports presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.	Achieved. 6-monthly reports presented to the Board on 2 December 2016 and 7 July 2017.
Shareholder Survey Shareholders are satisfied with the performance of WLASS.	A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	In Progress. Shareholders' survey has been completed and is scheduled to be reported to the Board on 26 August 2017.
Review of Benefits Shareholders are informed of the benefits being provided to shareholding councils by WLASS	Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.	Achieved. Information is included in this report.

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

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 (BOPLASS).

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 2016/17:

Target	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>	<p>Achieved</p>	<p>Joint procurement initiatives undertaken for:</p> <p>Health and Safety Training Preferred Supplier – 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>Security Services - 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>Health & Safety Elected Members Training – 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>Additional Infrastructure Insurance - 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>GIS Training – NSG was engaged by BOPLASS to provide collaborative training on Geocortex Workflow for BOPLASS councils GIS staff. Significant cost savings and inter-council information sharing.</p> <p>EMA Membership – 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>Environmental Insurance / Gradual Contamination Insurance – 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>Event Management Liabilities Legal Opinion – 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>Aerial Photography 2016-17 – 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>Health, Safety & Risk Management Software – 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>

Target	Result	Narration
<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>Solid Waste Services - 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>Information Services Strategic Plan (ISSP) – 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>Historical Aerial Imagery - Working in conjunction with the Local Government Geospatial Alliance (LGGA), a portal has 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>Contractor Health and Safety Prequalification – BOPLASS and Waikato LASS have worked together to develop an online contractor Health and Safety prequalification scheme.</p> <p>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>Inter-Council Health and Safety Auditing – 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>Audit and Risk Insights Panel Sessions – 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>Health and Safety in Procurement of Machinery – 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>Shared Health and Safety Training Register – 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>Inter-Council Network review, redesign and renegotiation – 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 renegotiated with further savings achieved.</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>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>Achieved</p>	<p>Collaboration Portal further developed to include options for central government agencies and an activity area 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. 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>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> <ul style="list-style-type: none"> Video Conferencing Services. ESRI Enterprise Licensing Agreement Multi-Function Devices (copiers/printers) – full tender completed. 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. Councils' liability insurance providers reviewed and renewed. GIS software and services – FME, Geocortex Essentials, Geocortex Optimizer, X-Tools, NZAA. Print Media Copyright Agency (PMCA) contract renewed. Media Monitoring services contract renewed.
<p>Review governance performance and structure to ensure it supports BOPLASS' strategic direction.</p> <p>Perform review of governance.</p> <p>Affirmative feedback received from shareholding councils at least annually.</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. SOI received by all councils with affirmative feedback received from all shareholders.</p> <p>2017-20 Statement of Intent, including governance changes, accepted by all shareholding councils.</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.</p> <p>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>
<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 2017: \$2,254 surplus.</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 2017 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 2017 Council has \$125 million of borrowings from the LGFA.

A Shareholders' Council has been established. The role of the Shareholders' Council comprises the following:

- Review and report performance of the LGFA and board;
- Recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors;
- Recommendations to Shareholders as to any changes to policies, or the Statement of Intent (SOI), requiring their approval;
- Update Shareholders on LGFA matters and to coordinate Shareholders on governance decisions.

Auditors 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 on a relative basis to other sources of financing;
- 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

Five performance targets are specified for the LGFA in their 2016-17 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%	0.709%	Not achieved
2	Average margin above LGFA's cost of funds	<0.10%	0.104%	Not achieved
3	Annualised issuance and operating expenses	<\$4.80 million	\$4.67 million	Achieved
4	Lending to participating Councils	>\$7,341 million	\$7,736 million	Achieved
5	Savings on borrowing costs relative to other sources of financing and compared to previous years	Demonstrate savings to council borrowers on a relative basis to other sources of financing	LGFA issuance spreads improved relative to stand alone council issuers and NZ registered banks	Achieved

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.