Waikato Local Authority
SHARED SERVICES

SIX MONTHLY REPORT TO SHAREHOLDERS

1 July 2017 to 31 December 2017

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Introduction

Local Authority Shared Services Limited was incorporated in December 2005. At the time, it was the first shared services CCO to be established in New Zealand. Since then, a number of other shared services have been established, each branded with the name of their region (e.g. BOPLASS, MWLASS). On 4 April 2016, the name registered with the Companies Office was changed to Waikato Local Authority Shared Services Ltd. (WLASS) to distinguish it from the other local authority shared services companies around New Zealand.

The Company continues to operate cost effectively with the services of a part-time contracted CEO, a part-time contracted Company Secretary, and a part-time contracted Financial Accountant.

Each of the 12 Waikato local authorities owns an equal number of shares in WLASS and as such has an equal say in its development. This report covers the 6-month period from 1 July to 31 December 2017, as required by Section 66 of the Local Government Act 2002.

Objectives of WLASS

WLASS was established principally to provide the local authorities in the Waikato Region with a vehicle to procure shared services. Its key purpose is to drive collaboration between councils, to improve customer service and performance, and to reduce costs. It provides a mechanism for the development of new services, which are available to be joined by any shareholder that chooses to do so.

The objectives of WLASS are:

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

Over the period that the company has been operating, benefits have been delivered in the form of:

- improved levels and quality of service
- a more co-ordinated approach to the provision of services
- reductions in the cost of services
- the development of new initiatives
- standardisation of service levels
- opportunities for all Councils, irrespective of location or size, to benefit from joint initiatives
- economies of scale resulting from a single entity representing all Councils and leveraging procurement opportunities.

The ability of WLASS to contribute to a greater extent in terms of shared services and also at a strategic collaboration level has also been the subject of discussion at the Waikato Mayoral Forum. WLASS provides financial support services to the Waikato Mayoral Forum, acting as the legal entity to manage all of the contracts arising from the work of the Mayoral Forum and making all contract payments, to enable the successful implementation of Mayoral Forum initiated projects.

The WLASS Directors continue to seek new opportunities, either from internal investigations or from Council or CEO initiatives that are presented to the Board with a sound business case. This may involve resourcing and funding a range of initiatives that will potentially extend the services currently offered by WLASS.

New services that are intended to be initiated under the WLASS 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 the development of intellectual property through new business services, protection of Council data, improved levels of service and/or reduced costs. All proposals will be presented to the Shareholders for approval prior to their implementation.

Nature and Scope of Current Activities

Working Parties

The WLASS Chief Executive chairs and facilitates a number of Working Parties of council staff. The standing Working Parties of WLASS are the:

- **Shared Services Working Party**, which comprises the GM Corporate (or equivalent) from all of the shareholding councils, and considers and evaluates new shared services opportunities
- **Waikato IT Managers' Working Party**, which comprises the IT Managers from all of the shareholding councils, and investigates collaboration opportunities in the technology space
- **Health & Safety Working Party**, which comprises the H&S managers (or equivalent) from all of the shareholding councils, and identifies areas where regional Health and Safety policy, procedures or guidelines need to be developed
- **Procurement Managers' Working Party**, which comprises the Procurement Managers from Hamilton City, Waikato Regional and Waikato District councils, and manages all of the WLASS procurement initiatives
- **Asset Valuation Working Party**, which comprises representatives from four of the shareholding councils, and is developing a regional asset valuation template and recommendations for transitioning to standard or consistent asset lives.

In addition, there are three further working parties, each with their own chairs, which manage the following activities:

- Shared Valuation Data Services (SVDS) Advisory Group
- Insurance Advisory Group
- Waikato Building Consent Advisory Group.

Services

Shared Valuation Data Service (SVDS)

The **SVDS Advisory Group** is currently undertaking a review to investigate options for the future provision of the SVDS service. A business case and recommendation are scheduled for presentation to the WLASS Board early in 2018, to ensure that there is no disruption to services when the current Intergen contract expires at the end of February 2018. External revenue from data sales now exceeds $350,000 per annum and is fully funding the investigation and analysis of future options, as well as continuing to offset the cost of operating the SVDS.

Waikato Regional Transport Model (WRTM)

WRTM (now managed by RATA) has continued to be challenging this year, due to ongoing delays in reaching agreement on land use and population data from the shareholding councils. As a result, no modelling work was undertaken during the first six months of this financial year, and the model has not yet been submitted to the peer reviewer. It is anticipated that these issues will be resolved early in 2018, and the model will become operational again.

Insurance

AON continues to provide strategic and operational support and advice to the **Insurance Advisory Group** and the 2017 insurance renewal programme was completed satisfactorily with no major issues raised by any Council. The brokerage services contract with Aon has been extended to 30 June 2019.

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. There have been three WRAPS contracts – in 2002, 2007 and 2012, with the 2017 contract being let in August 2016. However, due to unsuitable weather conditions for aerial photography over the (wet and cloudy) 2015/16 summer, the contract was not completed. Approximately 65% of rural imagery and 94% of the urban imagery had been completed as at 4 May 2017. A contract variation has now been issued, which provides for the contract to be completed by 30 June 2018. With costs reducing, it is now being proposed that WRAPS will be undertaken again in 2020/21 and 4-yearly thereafter (not 5 yearly), to improve the quality of the data.

Waikato 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, and is invaluable for showing the changes that have occurred across New Zealand. The scanning project is scheduled for completion by the end of 2018. As the images become available, they are being loaded onto a public website (http://www.retrolens.nz/map/), which acknowledges the participation of WLASS.

Local Government Health and Safety Contractor Pre-qualification Scheme

The contract with SHE Software to manage the **Local Government Health & Safety Contractor Pre-qualification Scheme**, which was developed by WLASS, is progressing well. Twenty councils and one CCO from around New Zealand are now using the scheme and over 1,500 contractors have registered, which enables them to be pre-qualified to work for any of the participating councils.

WLASS was a finalist in the NZ Workplace Health & Safety Award for the "ACC Best Leadership of an Industry Sector or Region" category for this project. An application to the SOLGM Local Government Excellence Awards is currently in preparation, and will be submitted in February 2018.

WLASS Website

A new **website** has now been developed for WLASS (http://www.waikatolass.co.nz/) which enables all shareholding councils and the general public to gain an overview of the work of WLASS. The site was successfully used for public consultation on the draft Regional Infrastructure Technical Specifications (see below), and will be further developed over time.

Energy Management

This is the second year of the 3-year **Collaboration Agreement with EECA**, which finishes on 30 April 2019. Subsidies of $83,234 (excl. GST) had been received from EECA as at 31 December 2017. Four energy audits have been undertaken and savings of $129,000 and 1.2 GWh of energy have been achieved so far. Four more audits have been proposed, but the respective councils have decided not to proceed.

Aligned Resource Consent Planning

The purpose of this project is to make the processing of resource consents more efficient, effective and user friendly from the perspective of all parties involved. The project aims to make business in the Waikato easier by:

- delivering better services to customers
- creating more efficient and effective 'best practice' processes for the administration of resource consenting
- delivering 'best practice' administration of resource consenting
- ensuring regional consistency wherever possible in the administration of resource consenting.

The consultant and team appointed to manage this project have completed preparing the draft toolkit, and it is currently being legally reviewed for compliance with the legislation. The toolkit includes:

- Resource consent application forms
- Minor activity forms
- Written approval forms
- Resource consent application guidance
- Best practice material, e.g. condition writing, pre-application meetings
- Application checklists
- Alignment principles
- Resource consent forum terms of reference
- Resource consent correspondence letters.

It is anticipated that the toolkit will be implemented across the region during the first half of 2018. Ongoing maintenance of the toolkit will be the responsibility of WLASS.

Asset Valuation

The **Asset Valuation Working Party** has developed a regional asset valuation template and is currently preparing a schedule of regional asset classes, components, lives and unit rates. A methodology for calculating regional Unit Rates and Base Lives from the collated data is in preparation. This information will be vital to ensure regional consistency in asset revaluations.

Once the template has been finalised, it is proposed to send it to Audit NZ for review and sign off as an approved document for Asset Valuations. This will enable all participating councils to use the same template with confidence that it meets audit requirements, as well as improving regional consistency in the approach to asset valuation, which should have flow-on insurance benefits. Ongoing maintenance of the regional asset valuation template and updating of the unit rates and base life data will become the responsibility of WLASS.

Regional Infrastructure Technical Specifications (RITS)

This project was initiated by the Waikato Mayoral Forum, and is close to reaching completion, at which time it will be managed by WLASS. The RITS document sets out how to design and construct transportation, water supply, wastewater, stormwater and landscaping infrastructure in the participating councils' areas. Prior to developing RITS, each council had its own Infrastructure Technical Specifications, which resulted in different standards having to be met across the Waikato region. The purpose of RITS is to provide a single regional guide and specifications for building public infrastructure.

The RITS has been out for public consultation, and the feedback received is currently being analysed and the document finalised. RITS is expected to be published by March 2018, and will be available on the WLASS website. Ongoing maintenance of the document will become the responsibility of WLASS.

Three new services became part of WLASS on 1 July 2015 and are now fully integrated into the business.

RATA

RATA is continuing to support better roading asset management across the Waikato and is steadily working towards achieving its vision:

> "*By 2020, RATA will evolve from its current focus on data and evidence for asset management, to a local government trusted partner to deliver roading asset management services to the Waikato Region*."

The savings achieved by RATA for the period 1 July 2014 to 31 March 2017 were $1,263,503.

The RATA data collection strategy has been reviewed and a new delivery model is proposed. RATA has extended the three current contracts from 1 November 2017 to 30 June 2018, while a new specialised data collection contract and new visual road rating, visual footpath rating and traffic counting contracts will be publicly tendered and let separately in 2018.

Regional Pavement Deterioration Modelling (dTIMS) for Otorohanga, Waitomo, Matamata Piako and South Waikato District Councils has been completed. Further modelling for Hauraki, Thames Coromandel and Waipa commenced in December 2017.

RATA now administers two new contracts for Bridge and Structures Inspections, servicing six of the RATA councils, and this work is proceeding well.

The forward works programme tour was completed in October 2017, focusing on assessing the right treatments, at the right time. Unfortunately RATA's Economic Evaluation Guideline was again found not to have been extensively used for site evaluations for the 2017/18 programmes. Intensive follow up work is needed to ensure that this work is completed, as it is a compliance requirement of the NZTA.

Waikato Building Consent Group

This group comprises representatives from eight of the shareholding councils, and fosters co-operation and consistency in building control functions, processes, and documentation, to provide excellent and consistent customer service across the Waikato region.

A strategic planning workshop to develop a 10 year vision for the **Waikato Building Consent Group** was held in May 2017. A key outcome was the decision to move all of the participating Building Consent Authorities (BCAs) to an online, digital, end-to-end building consent process. This project is about to get underway. If the majority of BCAs move to the same online system there will be consistency in the areas of customer experience, staff training and business reporting, and it will also aid compliance auditing.

The BCAs continue to struggle to recruit and retain technical officers within a highly competitive market place and high numbers of building consent applications (see table below). Most BCAs have been, or are using contractors to cover the shortfall, which is expensive and has its own challenges. A part time audit assistant is in the process of being recruited by the WBCG, which will reduce each BCA's requirement to assist with audits.

TABLE. Number of Building Consent Applications by Council, 2014 – 2017.

Council	2014/15	2015/16	2016/17
Hamilton	1,542	1,823	1,885
Hauraki	370	354	436
Matamata-Piako	730	708	822
Otorohanga	208	218	220
Thames-Coromandel	983	984	1,186
Waikato	1,643	1,861	1,970
Waipa	1,065	1,263	1,266
Waitomo	146	165	138

The transition to the new mandatory BCA accreditation criteria has been implemented. MBIE staff attended assessments to check that the mandatory criteria were appropriate. This resulted in further changes to the documentation, which was amended in mid-October.

Future Proof

Future Proof has been working on a number of on-going projects, including an update of the Future Proof Strategy, collaboration on the National Policy Statement on Urban Development Capacity (NPS-UDC), submissions to various agencies advocating Future Proof's position, raising cross-boundary issues with Auckland, and supporting key waters and transport projects.

The draft Future Proof Strategy 2017 was publicly notified on 12 June 2017 for a six week period and 45 submissions were received. The Future Proof Strategy 2017 is expected to have been adopted by all of the partner councils by early 2018. The Strategy will be refreshed again during 2018 to address the requirements of the NPS-UDC, but no significant changes are anticipated.

Future Proof and the Mayoral Forum's Waikato Plan team are working towards building a closer working relationship. A first step in this process has been to combine the Chief Executives group. The Waikato Plan and Future Proof Chief Executive's Advisory Group had its first meeting on 20 November 2017, and Future Proof has also joined the Waikato Plan Strategic Partners' Forum.

Procurement

WLASS is a party to numerous P**rocurement Contracts** which provide value to the participating councils. Current contracts include: a variety of **Insurance** coverage (Brokerage Services, Material Damage / Business Interruption Insurance, Infrastructure Insurance, Motor Vehicle Fleet Insurance); **Computer-generated Print, Mail-house and e-Services**; a **Professional Services Procurement (PSP) Panel**; an **IT Professional Services Panel**; **Internal Audit Services**; **Postal and Courier Services**; an **Accommodation** provider; **Laboratory Services** for water testing; **water and wastewater treatment plant chemicals**; a **Financial Reporting** tool; a **Fleet Management** system; a **GPS tracking** system; an **Economic profiler**; a **Health and Safety Training** provider; as well as access to **N3** (previously the Government Stores Board), **All of Government** contracts, and **Syndicated contracts**.

In addition, Hamilton City Council has entered into three contracts which include provision for any WLASS shareholding council to enter into a Joining Agreement at no cost, which enables

shareholders to secure the HCC contract rates for: **Library book purchasing**, **water and wastewater pipe supply**, and an **HR Panel**.

Three new shared services contracts have been implemented over the past 6 months: **On-line Driver Assessment and Training Services, Vehicle Fleet Management and Maintenance,** and **Occupational Health Services**.

N3

For the 12 months ending 31 December 2017, 10 of the WLASS councils (excluding Taupo and Rotorua) spent $2,215,667 on N3 services, with estimated savings of $631,531 (22%). However, these savings are measured against the recommended retail price of services by N3, and so are likely to be over-estimated.

All of Government Contracts (AoG)

For the financial year 2016/17, the 12 shareholding councils spent 18,441,067 on various AoG contracts (ranging from between 4 – 18 suppliers across the councils), and achieved savings of 1,641,294 (an average of 8.9%). The results to 31 December 2017 are not yet available.

BP Fuel Savings

For the 12 months ending 31 December 2017, eight of the WLASS councils (excluding Hauraki, Matamata-Piako, Otorohanga and Thames-Coromandel, who have not joined this contract) spent $1,388,284 on fuel, and achieved savings of $374,137 (21%) – an average of 27 cents per litre.

Work in Progress

Five new projects have been initiated since the 2017/18 Statement of Intent was adopted.

Procurement Review

The procurement review undertaken by ArcBlue last financial year has been completed and was reported to the Shared Services Working Party in July 2017. A business case to employ a dedicated resource to progress the recommendations in the report was presented to the Board and approved in September 2017. A part-time procurement specialist has recently been engaged (beginning in February 2018) for a period of up to one year to:

- Assist all councils to utilise the existing WLASS contracts, AoG contracts and syndicated contracts that are appropriate for each council, to ensure that opportunities for savings are being maximised
- Develop standard regional procurement policies, templates and procedures and provide training in each council
- Manage the existing WLASS contracts to improve relationship management and ensure that their value is being maximised.

The contractor will work directly with staff in each council to ensure that contract savings are being maximised and that good procurement systems and processes are in place.

Waikato Data Portal

In September 2017, the Shared Services Working Party considered a report and draft business case from the WLASS Data Portal Steering Group for a proposed Waikato Data Portal. The proposed Data Portal would underpin a regional approach to the provision of spatial information and open data, and enhance the customer experience by providing a single site where consumers could access spatial information and other types of data from councils across the Waikato region.

In Canterbury, a similar product called “Canterbury Maps” (https://canterburymaps.govt.nz) provides an operative case study of what a Waikato Data Portal could achieve. A review of Canterbury Maps has been completed, which identified that “*Canterbury Maps provides the public unprecedented free access to detailed maps and background data drawn from across the*

Canterbury region including detailed land and property information, data on the region's water and air quality, council services and local attractions." The project is co-ordinated by staff at Environment Canterbury, who work with staff from 10 other councils (including Christchurch City). Canterbury Maps users gain efficiencies through having access to data from all parties in one place instead of having to ask multiple partners to supply data. Previously, customers would have to make requests from multiple councils to gain a regional view.

Funding of up to $120,000 was approved by the Board for the Steering Group to prepare a final business case (to be presented initially to the Shared Services Working Party and then to the Board later in the first half of 2018, with a specific recommendation about whether or not to proceed). The business case will include details of the financial implications associated with implementing the project for each council, if the recommendation is to "Go".

WLASS Digital Strategy

A WLASS Digital Strategy working group has been established (including staff from Waikato Regional Council, Hamilton City Council, South Waikato District Council, Waipa District Council and Waikato District Council). The following decisions have been made to date:

- The digital strategy will focus on transforming service delivery through collaboration on tactical projects which will be used as proof of concept for driving more aspirational step- change.
- These tactical projects will be customer-centric, improve transactional processes and add value for money.
- The purpose of the digital strategy is not to mandate solutions; it will outline how the participants will work effectively together to achieve common goals.
- The strategy requires agreement and buy-in from both the Shared Services Working Party and the WLASS Board to be successful.
- Projects will be implemented through a coalition of the willing that will lead by example, and be guided by agreed principles.

The Digital Strategy will evolve as the working party continues to learn more about each other's priorities, understands where value can be added by working collaboratively, and builds strong foundations. Regular updates are being provided to the Shared Services Working Party and the Board.

Joint Solid Waste Project with BOPLASS

Since 2016, BOPLASS has been investigating opportunities to work collaboratively on solid waste initiatives. The opportunities identified ranged from small financial and resource gains through immediate collaboration, to potentially much larger gains which would require a greater investment in time and resources from BOPLASS and the councils.

BOPLASS has developed business cases for:

- a regional or cross-regional approach to licensing and data collection for waste operators
- diverting putrescible wastes from landfill
- a regional facilities strategy.

In December, the Board approved supporting Stage 1 (Scoping) of the Licensing and Data Collection project, and committed funding of $7,350 for the WLASS share. A workshop with the Waikato and BOP Waste Liaison Group is scheduled for February 2018 to initiate this project and to consider whether or not WLASS will support either of the other two projects.

Strategic Review of WLASS

In July 2017, the Board initiated a review of WLASS to explore:

- the current role, structure and achievements of WLASS
- the current and future issues and opportunities that WLASS and the shareholding councils face
- the development of thumbnail outlines of alternative business strategies designed to address the issues faced by shareholding councils, where each strategic direction

represents a different approach to the future scale, role and nature of WLASS (including continuing the status quo).

Following the receipt of the Stage 1 report in September 2017, the Board requested the consultant to develop a business case to address:

- the most likely initial candidates for the provision of services to councils, and a discussion of the markets for those services beyond the Waikato, and the potential for other services to be offered
- the potential scale, capacity and capability that would be required of the company in order for it to provide those services – including what would be required of a chief executive
- a staged approach to establishing the capability to take on this new role – including the design of a contracting model, the design of specific services, managing risk, separating the roles of director and the purchaser of services, indicative costs and establishment timelines
- options for changes to the Board of WLASS to reflect the new role for the company.

The report was considered at the December Board meeting, when it was agreed that further work should be undertaken to explore the possibility of collaborating with BOPLASS to provide shared services. A joint meeting with the BOPLASS Board is planned in 2018, to explore options for collaborating to provide a shared service delivery agent. A decision on the governance structure of WLASS has been deferred until after the BOPLASS meeting has been held.

WLASS Chief Executive

Sally Davis completed three years in the role of CEO in July 2017. The Board has been pleased with the contribution that Sally has made and the progress forward under her direction. Sally's contract has been extended for a further ten months, until 30 April 2018, at which time she is retiring. It is proposed that an interim CEO be appointed for a period of one year, while the Board completes the strategic review noted above.

Other Benefits Secured for WLASS Stakeholders

Two workshops have been provided free of charge as part of current WLASS contracts.

Aon organised a workshop on environmental liability risk, the exposure to local authorities and the application/costs of risk transfer on 9 August 2017. The workshop was led by an Australasian expert from Sydney.

On 6 September 2017, KPMG held its Annual Insights Panel Workshop. The theme for this year's session was leveraging emerging technology opportunities in local government.

Performance Measures

The following performance measures were included in the Statement of Intent for the 2017/18 financial year. An update on their status as at 31 December 2017 is shown in the table below.

TARGET	METHOD	MEASURE	ACTUAL OUTCOME	
Procurement Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.	Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for	Implement the recommendations of the Procurement review, as approved by the Board.	**On Track** A procurement specialist has been engaged to assist all 12 councils to participate in the	

	integration.		existing WLASS contracts, relevant All of Government contracts and other syndicated contracts that are appropriate for each council, to ensure that opportunities for savings are being maximised; and to develop standard regional procurement policies, templates and procedures and provide training in each council.	
		New suppliers are awarded contracts through a competitive tender process.	**On Track** New contracts have been procured with Waikato Occupational Health (staff health-related services); Fleetcoach (on-line driver training); FleetSmart (vehicle fleet management and maintenance).	
Collaborative Projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.	The focus is on shared services which will benefit all councils.	A minimum of three priority projects for collaboration are identified per annum.	**Achieved** New projects being investigated are a regional Data Portal, a WLASS Digital Strategy, and shared waste projects with BOPLASS.	
		If considered of value, business cases are developed for approval by the Board, and the projects are implemented.	**On Track** Preparation of a business case for a regional Data Portal is in progress. A business case for the expansion of WLASS's shared services has been completed.	
Existing WLASS Contracts Existing contracts are managed and renegotiated as required.	Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.	The WLASS Contracts Register is maintained and managed.	**On Track** The Contracts Register has been updated and document numbers added to all contracts.	

		Contracts which are due for renewal are tested for competitiveness and either renegotiated or re-tendered through a competitive process.	**On Track** Contract extensions have been put in place with all of the Professional Services Panel members; Infometrics (provision of economic data); and Aon (insurance brokerage services).	
Cashflow The company shall maintain a positive cashflow position.	The Financial Accountant reviews cashflow monthly.	The WLASS Board reviews the financial statements quarterly.	**On Track** Financial management accounts were presented to the July, August, September and December Board meetings.	
Cost Control Administration expenditure shall be managed and monitored.	The Financial Accountant and Chief Executive review expenditure monthly.	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	**Achieved** Administration expenditure has not exceeded budget.	
Reporting Six monthly reports provided to Shareholders.	The Chief Executive prepares a written report for the WLASS Board every meeting.	The Board shall provide a written report on the business operations and financial position of WLASS to the shareholders every six months.	**Achieved** This is the 6-monthly report.	
	One 6-monthly and one Annual Report are prepared for shareholders.	Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to.	**Achieved** The signed copy of the Annual Report was sent to all shareholders on 11 October 2017.	

Waikato Mayoral Forum The company shall provide administrative support to the Mayoral Forum work streams and to the Mayoral Forum.	Mayoral Forum projects shall be managed financially through the WLASS.	Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.	**On Track** All approved invoices have been paid by the 20th of the month following their receipt.	
Shared Valuation Data Services (SVDS) The SVDS is reliable, well maintained and available to all users.	A Contract Manager is appointed for SVDS. The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group.	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.	**Achieved** Availability to 31 December 2017 was 99.9%. **N/A** No capital enhancement work has been undertaken. **Achieved** The Advisory Group met on 31 August and 9 November 2017.	
Insurance Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.	The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.	Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils. 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 for March 2018. **N/A** Shareholders' survey is scheduled for March 2018.	
RATA All stakeholders are kept informed about RATA's projects and achievements.	Six monthly and annual reports are provided to all stakeholders.	Reports presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.	**On Track** 6-monthly report presented to the December Board meeting and provided to stakeholders.	

		Reports include a summary of savings and achievements.	**Achieved** A summary of savings and achievements was included in the 6-monthly report.	
	Annual Forward Works Programme tours are completed, to provide opportunities for councils' roading staff to share their knowledge and experience	All RATA councils participate in the tour.	**Partially Achieved** The tours were undertaken in August/September 2017 and 8 of the 9 councils participated.	
		Report on tour outcomes prepared by 31 December each year, and circulated to stakeholders.	**Not Achieved** Report was in preparation in December and was sent out by the end of January 2018.	
Sub-regional data collection contracts deliver good quality data on roading assets.	Data collection contracts (minimum of two across the region) are managed in accordance with best practice.	Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.	**On track** Contracts are due to be tendered in 2018.	
	Data supplied by contractors is of good quality and meets all councils' requirements.	Any data issues are identified and resolved, with any incidents reported to stakeholders.	**Achieved** All performance criteria in the contracts have been met.	
Waikato Regional Transport Model (WRTM) The WRTM is reliable, well maintained and available to all users.	RATA manages the WRTM on behalf of the participating councils, and monitors the performance of the model supplier (currently Traffic Design Group). RATA reports quarterly to the WRTM Project Advisory Group.	All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.	**N/A** No modelling reports have been requested.	
		A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least every six months.	**On Track** 6-monthly report presented to the December Board meeting.	
		The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual),	**N/A** Peer review has yet to be commissioned.	

		and is independently peer reviewed each time the model is updated.		
Waikato Building Consent Group Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.	Develop and maintain a quality assurance system for building consents, that meets statutory compliance and supports excellence and consistency in customer service and business practice.	Internal audits are completed annually for each Group member. Group members are provided with a joint quality assurance system that meets statutory compliance. Report at least six monthly to the WLASS Board on the Group's activities.	**On Track** Annual audits are in progress. **On Track** Regulation 17 Audit and Review is in progress. **On Track** 6-monthly report presented to the December Board meeting.	
Future Proof All stakeholders are kept informed about Future Proof's projects and achievements.	Six monthly and annual reports are provided to all stakeholders.	Reports presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.	**On Track** 6-monthly report presented to the December Board meeting.	
Shareholder Survey Shareholders are satisfied with the performance of WLASS.	An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.	A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	**N/A** Shareholders' survey is scheduled for March 2018.	
Review of Benefits Shareholders are informed of the benefits being provided to shareholding councils by WLASS.	The benefits of WLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.	Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders. The "Collaboration in Action" document, which summarises the achievements of WLASS, is updated and circulated to shareholders by 31 December 2017.	**Achieved** Information has been included in the 6-monthly and Annual reports. **Not Achieved** An update of the document summarising the achievements of WLASS is still in progress. However, a WLASS website has been developed and implemented: *www.waikatolass.co.nz*	

WLASS Financial Position

Expenditure for the WLASS Company has been assessed on the basis of the direct cost of management and services. The Directors require that the management costs be kept to a minimum.

The WLASS Company expenditure for this period was $2,071,563, against a budget of $2,141,927. The small positive variance is due to under-expenditure in most of the cost centres, except for minor over-expenditure in Procurement ($26,870) and Information Technology ($27,892), but significant over-expenditure in RATA ($229,856). The RATA expenditure is related to an increase in the cost of the Data Collection contracts (see below), and is more than covered by additional revenue.

Revenue has also exceeded budget at $3,769,283, compared to a budget of $2,831,744. The main contributors were:

1) Procurement – revenue has increased by $354,399, primarily due to the delay in completing the WRAPS project and funding of $100,000 for a new Procurement Advisor, which was approved by the Board after the SOI was adopted.

2. Information Technology - revenue has increased by $120,814 due to the new Data Portal project, which was approved by the Board after the SOI was adopted.

3. RATA - revenue has increased by $308,615, primarily due to increased costs associated with the Data Collection contracts, which were approved by the participating councils and by the Board, after the SOI was adopted.

4) Waikato Building Consent Group - revenue to date has increased by $299,600, primarily due to the strategic review and new work plan which was developed after the SOI was adopted. The additional budget was approved at the July Board meeting.

Overall, revenue exceeded expenditure by $1,615,912, compared with a budget of revenue exceeding expenditure by $607,692.

The combined services costs are shown in the financial statements attached in Appendix 1. The financial statements meet the WLASS policies outlined in Appendix 2, as well as complying with the generally accepted international accounting principles.

Outcome of 2017 Audit

Audit New Zealand issued an unmodified audit opinion on 5 October 2017. No issues were raised by the auditor, which was a very pleasing result.

Directors

The Directors appointed for the period that this six monthly report covers were:

Director	Position	Director Appointed By
Gavin Ion (Chair)	Chief Executive, Waikato District Council	Waikato District Council
Blair Bowcott	Executive Director, Hamilton City Council	Hamilton City Council
Langley Cavers	Chief Executive, Hauraki District Council	Hauraki District Council
Don McLeod	Chief Executive, Matamata-Piako District Council	Matamata-Piako District Council
Dave Clibbery	Chief Executive, Otorohanga District Council	Otorohanga District Council
Geoffrey Williams	Chief Executive, Rotorua District Council	Rotorua District Council
Craig Hobbs	Chief Executive, South Waikato District Council	South Waikato District Council
Gareth Green	Chief Executive, Taupo District Council	Taupo District Council
Rob Williams	Chief Executive, Thames-Coromandel District Council	Thames-Coromandel District Council
Vaughan Payne	Chief Executive, Waikato Regional Council	Waikato Regional Council
Garry Dyet	Chief Executive, Waipa District Council	Waipa District Council
Chris Ryan	Chief Executive, Waitomo District Council	Waitomo District Council

Appendix 1

Management Accounts for Period ended 31 December 2017

Company Summary

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2017
Company Summary

Waikato Local Authority SHARED SERVICES

	Notes	Actual YTD	Budget	Year to Date Variance	Budget	Full Year Forecast	Last Year
Income							
Company Administration		258,334	257,660	673	301,788	307,688	270,833
Procurement		905,108	550,709	354,399	599,655	962,052	814,504
Information Technology		164,414	43,600	120,814	43,600	164,414	53,600
Energy Management		111,916	106,700	5,216	124,200	124,200	59,868
Shared Valuation Data Service (SVDS)		363,380	359,712	3,669	649,648	639,234	721,220
Road Asset Technical Accord (RATA)		1,069,743	761,129	308,615	930,621	1,295,108	1,107,321
Waikato Regional Transport Model (WRTM)		31,032	28,575	2,457	102,299	102,299	113,538
Waikato Building Consent Group		437,652	138,053	299,600	316,105	572,105	336,862
Future Proof		321,354	290,489	30,866	580,977	535,751	630,830
Waikato Mayoral Forum		106,351	295,149	(188,798)	471,672	474,886	462,407
Total Income		3,769,283	2,831,774	937,509	4,120,565	5,177,737	4,570,982
Operating Expenditure							
Company Administration		136,170	157,930	21,760	317,788	288,093	219,653
Procurement		371,834	344,965	(26,870)	572,655	695,606	782,512
Information Technology		49,692	21,800	(27,892)	43,600	195,177	63,075
Energy Management		58,884	62,100	3,216	124,200	124,200	96,822
Shared Valuation Data Service (SVDS)		268,105	343,125	75,020	684,864	655,570	570,696
Road Asset Technical Accord (RATA)		705,655	475,799	(229,856)	951,598	1,241,565	1,168,385
Waikato Regional Transport Model (WRTM)		27,299	51,832	24,534	102,299	102,289	109,721
Waikato Building Consent Group		117,891	158,053	40,162	316,105	572,105	265,325
Future Proof		229,683	290,489	60,806	580,977	592,810	572,419
Waikato Mayoral Forum		106,351	235,836	129,485	471,672	413,339	462,407
Total Operating Expenditure		2,071,563	2,141,927	70,364	4,165,758	4,880,754	4,311,016
Earnings before interest, tax and depreciation/ amortisation (EBITA)		**1,697,720**	**689,847**	**1,007,873**	**(45,193)**	**296,983**	**259,966**
Non-Cash Operating Expenditure							
Company Admin Non-Cash Expenditure		128	86	(43)	171	256	171
SVDS Non-Cash Expenditure		45,222	45,612	390	91,223	90,444	91,199
WRTM Non-Cash Expenditure		36,458	36,458	0	72,916	72,916	72,916
Total Non-Cash Operating Expenditure		81,808	82,155	347	164,310	163,616	164,286
Earnings before interest and tax		1,615,912	607,692	1,008,220	(209,503)	133,368	95,680
Net Surplus (Deficit) before tax		**1,615,912**	**607,692**	**1,008,220**	**(209,503)**	**133,368**	**95,680**
CA Net Surplus (Deficit) before tax		122,036	99,645	22,391	(16,171)	19,339	51,009
Procurement Net Surplus (Deficit) before tax		533,274	205,745	327,529	27,000	266,446	31,993
IT Net Surplus (Deficit) before tax		114,722	21,800	92,922	0	(30,763)	(9,475)
Energy Mgmt. Net Surplus (Deficit) before tax		53,032	44,600	8,432	0	0	(36,954)
SVDS Net Surplus (Deficit) before tax		50,053	(29,025)	79,078	(126,439)	(106,780)	59,325
RATA Net Surplus (Deficit) before tax		364,088	285,330	78,759	(20,977)	53,543	(61,065)
WRTM Net Surplus (Deficit) before tax		(32,725)	(59,715)	26,991	(72,916)	(72,906)	(69,100)
WBCG Net Surplus (Deficit) before tax		319,762	(20,000)	339,762	0	0	71,537
Future Proof Net Surplus (Deficit) before tax		91,671	0	91,671	0	(57,059)	58,411
MF Net Surplus (Deficit) before tax		0	59,313	(59,313)	0	61,547	(0)
Net Surplus (Deficit) before tax		**1,615,912**	**607,692**	**1,008,220**	**(209,503)**	**133,368**	**95,680**
Capital Expenditure							
SVDS Enhancements		0	0	0	10,384	0	0
Total Cash Expenditure (Opex, Interest & Capital)		0	0	0	10,384	0	0

Company Administration

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2017
Company Admin

	Notes	Year to Date Actual YTD	Year to Date Budget	Year to Date Variance	Full Year Budget	Full Year Forecast	Last Year
Income							
Company Administration Member Charges		213,532	213,532	(0)	213,531	213,532	209,550
Recovery of Admin Costs		39,128	39,128	(0)	78,256	78,256	55,068
Interest Received CA	1	5,674	5,000	674	10,000	15,900	6,215
Total Income		258,334	257,660	673	301,788	307,688	270,833
Expenses							
Accounting/ Financial Services		21,180	24,000	2,820	48,000	48,000	30,909
External Accounting/ Financial Services	2	3,350	2,547	(803)	5,095	5,600	4,500
Audit Fees		0	0	0	20,600	20,910	20,600
IT Services		0	47	47	94	94	36
Professional Fees		0	1,274	1,274	2,548	2,548	0
Bank Charges		160	255	95	510	320	320
Legal Fees		0	1,274	1,274	2,548	2,548	0
Value Financials Licence Fee		0	1,392	1,392	2,784	2,784	7,616
Sundry Expenses		73	662	589	1,325	1,325	1,302
Insurance		2,720	2,720	0	2,768	2,720	2,720
Shared Services Contractors		67,600	99,862	32,262	199,724	150,000	123,441
Digital Strategy		0	0	0	0	0	5,139
Building Group - Facilitator		0	0	0	0	0	3,000
Company Secretary Services		0	2,803	2,803	5,605	5,605	8,832
Mileage Costs		5,636	5,095	(541)	10,190	10,190	11,238
Review of WLASS	3	34,991	16,000	(18,991)	16,000	34,991	0
WLASS Website	4	460	0	(460)	0	460	0
Total Expenses		136,170	157,930	21,760	317,788	288,093	219,653
Earnings before interest, tax and depreciation/ amortisation (EBITA)		**122,164**	**99,730**	**22,433**	**(16,000)**	**19,595**	**51,180**
Non-Cash Expenses							
Depreciation	5	128	86	43	171	256	171
Earnings before interest and tax		122,036	99,645	22,391	(16,171)	19,339	51,009
Net Surplus (Deficit) before tax		**122,036**	**99,645**	**22,391**	**(16,171)**	**19,339**	**51,009**
Cash Surplus							
Opening balance		126,653	-	-	-	126,653	78,482
plus /(less) transfers	6,7	(33,232)	-	-	-	(33,232)	(3,009)
Movement for year		122,164	-	-	-	19,595	51,180
Cash Surplus / (Deficit)		215,585	-	-	-	113,016	126,653

Notes
1) New Term Deposits to bring in additional interest.
2) Forecast adjusted to show fees as quoted by PWC; Tax disclosure to be up to $2,850 and Income tax return up to $2,750.
3) Funded from 2016/17 cash surplus, as approved by the Board at the May and September 2017 meetings.
4) Approved by the Board at the July 2017 meeting.
5) MoneyWorks to be fully amortised by 30 June 2019. Financial system under review.
6) $15,000 transferred to Procurement for Asset Valuation Working Party. Approved by the Board at the June 2017 meeting.
7) $18,232 transferred to IT for Geospatial Data Project. Approved by the Board at the August 2017 meeting.

Procurement

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2017
Procurement of Shared Services

	Notes	Year to Date Actual YTD	Year to Date Budget	Variance	Full Year Budget	Full Year Forecast	Last Year
Income							
Procurement Member Charges		20,000	20,000	0	20,000	20,000	20,000
N3 Membership Fee Recovery		0	0	0	18,000	18,000	18,000
Value Financials Fee Recovery	1	0	0	0	30,946	30,946	31,006
Insurance Brokerage Fee Recovery		150,303	150,300	3	150,300	150,303	152,586
Infometrics Fee Recovery	2	82,584	69,920	12,664	69,920	82,584	69,920
Health and Safety Working Party		5,000	5,000	0	5,000	5,000	7,500
Elected Member Health and Safety Training		0	0	0	0	0	4,382
WRAPS Recovery	3	340,708	153,489	187,219	153,489	348,708	434,110
Regional Infrastructure Technical Specification	4	46,934	0	46,934	0	46,934	0
Aligned Planning Project		75,000	75,000	0	75,000	75,000	0
Historical Aerial Photos Recovery		77,227	77,000	227	77,000	77,227	77,000
Procurement Advisor	5	100,000	0	100,000	0	100,000	0
Solid Waste	6	7,351	0	7,351	0	7,350	0
Total Income		905,108	550,709	354,399	599,655	962,052	814,504
Expenses							
Professional Services (Procurement Review)		8,000	8,000	0	20,000	8,000	12,000
N3 Membership Fee Recovery		0	0	0	18,000	18,000	18,000
Value Financial Fees	1	0	0	0	30,946	30,946	31,006
Insurance Brokerage Fee Payable		150,303	150,300	(3)	150,300	150,303	152,586
Infometrics	2	82,584	69,920	(12,664)	69,920	82,584	69,920
Asset Valuation Services	7	10,133	0	(10,133)	0	15,000	1,943
Health and Safety Working Party		0	2,500	2,500	5,000	5,000	8,566
Elected Member Health and Safety Training		0	0	0	0	0	4,382
WRAPS Services		52,614	76,745	24,131	153,489	161,489	434,110
Regional Infrastructure Technical Specification	4	32,375	0	(32,375)	0	46,934	0
Aligned Planning Project		35,825	37,500	1,675	75,000	75,000	0
Historical Aerial Photos Services		0	0	0	50,000	50,000	50,000
Procurement Advisor	5	0	0	0	0	45,000	0
Solid Waste	6	0	0	0	0	7,350	0
Total Expenses		371,834	344,965	(26,870)	572,655	695,606	782,512
Earnings before interest, tax and depreciation/ amortisation (EBITA)		**533,274**	**205,745**	**327,529**	**27,000**	**266,446**	**31,992**
Earnings before interest and tax		533,274	205,745	327,529	27,000	266,446	31,992
Net Surplus (Deficit) before tax		**533,274**	**205,745**	**327,529**	**27,000**	**266,446**	**31,992**
Movement from revenue in advance	3	(143,045)	-	-	-	(143,045)	143,045
Cash Surplus							
Cash opening balance		70,516	-	-	-	70,516	35,515
plus /(less) transfers	7	15,000	-	-	-	15,000	3,009
Cash movement for year		518,274	-	-	-	266,446	31,992
Total Surplus / (Deficit)		603,790	-	-	-	351,962	213,561

Notes
1) The councils involved are Taupo including two CCO's, Waitomo District, Waikato Regional Council and WLASS.
2) The councils involved are Hamilton City, Hauraki, Matamata Piako, South Waikato and Waikato Districts, and Waikato Regional councils.
3) Funds released from RIA. Forecasted extra $8,000 from LINZ
4) Transferred from the Mayoral Forum cost centre.
5) Approved by the Board at the September meeting.
6) Approved by the Board at the December meeting.
7) $15,000 transferred from Company Admin 2016/17 cash surplus, as approved by the Board at their 7th June 2017 meeting.

Information Technology

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2017
Information Technology (IT)

	Notes	Year to Date Actual YTD	Year to Date Budget	Variance	Full Year Budget	Full Year Forecast	Last Year
Income							
Meeting Expenses		1,000	1,000	0	1,000	1,000	1,000
IT Initiatives Contributions		42,600	42,600	0	42,600	42,600	52,600
Collaboration Portal - Additional Licenses	1	814	0	814	0	814	0
Geospatial Data Project	2	120,000	0	120,000	0	120,000	0
Total Income		164,414	43,600	120,814	43,600	164,414	53,600
Expenses							
Meeting Expenses		362	500	138	1,000	1,000	917
GIS Shared Data Portal	3	700	3,800	3,100	7,600	7,600	11,799
Collaboration Portal	3	36,577	17,500	(19,077)	35,000	36,577	37,883
GIS Regional Review		0	0	0	0	0	12,476
Geospatial Data Project	2	12,053	0	(12,053)	0	150,000	0
Total Expenses		49,692	21,800	(27,892)	43,600	195,177	63,075
Earnings before interest, tax and depreciation/ amortisation (EBITA)		**114,722**	**21,800**	**92,922**	**0**	**(30,763)**	**(9,475)**
Earnings before interest and tax		114,722	21,800	92,922	0	(30,763)	(9,475)
Net Surplus (Deficit) before tax		**114,722**	**21,800**	**92,922**	**0**	**(30,763)**	**(9,475)**
Cash Surplus							
Opening balance		11,768	-	-	-	11,768	21,243
plus /(less) transfers		18,232	-	-	-	18,232	0
Movement for year		114,722	-	-	-	(30,763)	(9,475)
Cash Surplus / (Deficit)		144,722	-	-	-	(763)	11,768

Notes
1) Revenue from purchase of additional Collaboration Portal Licences.
2) Funding transferred from IT and Company Admin 2016/17 cash surpluses ($30,000) and additional project funding from all shareholders ($120,000). Approved by the Board at the August and September 2017 meetings.
3) All councils are involved except Rotorua and Taupo, who are participating via BOPLASS.

Energy Management

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2017
Energy Management

	Notes	Year to Date Actual YTD	Year to Date Budget	Variance	Full Year Budget	Full Year Forecast	Last Year
Income							
EECA Collaboration - Council Contributions	1	89,200	89,200	0	89,200	89,200	0
EECA Revenue		22,716	17,500	5,216	35,000	35,000	59,868
Total Income		111,916	106,700	5,216	124,200	124,200	59,868
Expenses							
EECA Collaboration		54,578	44,600	(9,978)	89,200	89,200	81,137
Professional Services Costs		4,306	17,500	13,194	35,000	35,000	15,685
Total Expenses		58,884	62,100	3,216	124,200	124,200	96,822
Earnings before interest, tax and depreciation/ amortisation (EBITA)		**53,032**	**44,600**	**2,000**	**0**	**0**	**(36,954)**
Earnings before interest and tax		53,032	44,600	8,432	0	0	(36,954)
Net Surplus (Deficit) before tax		**53,032**	**44,600**	**8,432**	**0**	**0**	**(36,954)**
Cash Surplus							
Opening balance		19,362	-	-	-	19,362	56,316
plus /(less) transfers		0	-	-	-	0	0
Movement for year		53,032	-	-	-	0	(36,954)
Cash Surplus / (Deficit)		72,394	-	-	-	19,362	19,362

Notes
1) All councils are involved, except Matamata Piako who were not eligible.

Shared Valuation Data Service (SVDS)

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2017
Shared Valuation Data Service (SVDS)

	Notes	Year to Date Actual YTD	Year to Date Budget	Variance	Full Year Budget	Full Year Forecast	Last Year
Income							
SVDS Member Charges		103,490	103,490	0	206,980	206,980	267,985
TA Valuation Services Recovery		80,189	80,189	0	80,189	80,189	78,463
SVDS Enhancements Recovery	1	0	0	0	10,414	0	0
SVDS Data & Software Sales		179,701	176,033	3,669	352,065	352,065	374,772
Total Income		363,380	359,712	3,669	649,648	639,234	721,220
Expenses							
Hosting Contract		23,966	24,796	830	49,592	49,592	48,668
Software Contract	2	24,150	53,735	29,585	107,470	75,270	98,900
Management Services		136,501	144,284	7,783	288,568	288,568	273,002
TA Valuation Services		38,499	39,977	1,478	79,954	79,954	76,998
Consultancy Fees		6,510	12,096	5,586	24,192	24,192	24,821
DVR Data Services Project Manager	3	20,916	22,500	1,584	45,000	45,000	12,432
Software Support Contingency		0	3,185	3,185	6,369	6,369	0
Support and Hosting Contract Renewal Consulting		2,016	25,000	22,984	50,000	50,000	0
Security Certificates		0	150	150	300	300	230
Insurance	4	4,291	1,385	(2,906)	1,385	4,291	4,325
Legal Fees		0	4,000	4,000	8,000	8,000	329
Secretarial Services		768	1,529	761	3,057	3,057	3,458
Oncharge of WLASS Admin Costs		10,488	10,489	1	20,977	20,977	27,533
Total Expenses		268,105	343,125	75,020	684,864	655,570	570,696
Earnings before interest, tax and depreciation/ amortisation (EBITA)		**95,275**	**16,587**	**78,688**	**(35,216)**	**(16,336)**	**150,524**
Non-Cash Expenses							
Depreciation	5	45,222	45,612	390	91,223	90,444	91,199
Earnings before interest and tax		50,053	(29,025)	79,078	(126,439)	(106,780)	59,325
Net Surplus (Deficit) before tax		**50,053**	**(29,025)**	**79,078**	**(126,439)**	**(106,780)**	**59,325**
Capital Expenditure							
SVDS Enhancements	1	0	0	0	10,384	0	0
Total Cash Expenditure (Opex, Interest & Capital)		268,105	343,125	75,020	695,248	655,570	570,696
Cash Surplus							
Opening balance		185,354	-	-	-	185,354	34,830
plus /(less) transfers		0	-	-	-	0	0
Movement for year		95,275	-	-	-	(16,336)	150,524
Cash Surplus / (Deficit)	6	280,629	-	-	-	169,018	185,354

Notes
1) No further enhancements to the current product are planned.
2) Contracted hours with Intergen have reduced from 75 to 35 hours per month, saving $32,200 for the year.
3) Project approved by the Board in March 2017, funded from 2016/17 cash surplus.
4) Insurance forecast includes the professional indemnity and technology liability insurance for RVSL .
5) SVDS Asset to be fully depreciated by 30 June 2019.
6) Cash surplus being held to provide for future SVDS services. Business case will be presented to the Board once analysis completed.

Road Asset Technical Accord (RATA)

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2017
Road Asset Technical Accord (RATA)

	Notes	Year to Date Actual YTD	Year to Date Budget	Year to Date Variance	Full Year Budget	Full Year Forecast	Last Year
Income							
Data Collection	1	337,215	160,493	176,723	320,985	553,580	467,638
Member Charges		591,636	591,636	0	591,636	591,636	599,000
IDS Annual Licence / Membership Fee		37,400	0	37,400	0	37,400	0
Project Funding		0	0	0	0	0	40,683
Project Management (WRTM)		9,000	9,000	0	18,000	18,000	0
Funds released from Revenue in Advance	2	94,492	0	94,492	0	94,492	0
Total Income		1,069,743	761,129	308,615	930,621	1,295,108	1,107,321
Expenses							
Data Collection	1	352,521	160,493	(192,029)	320,985	553,580	459,014
Forward Works Programme Tours		2,548	2,548	(1)	5,095	5,095	0
Asset Managers Forum		600	1,529	929	3,057	1,400	0
Benchmarking of Reg. Road Outcomes		9,427	10,190	763	20,380	20,380	22,201
Deterioration Modelling		37,400	23,947	(13,454)	47,893	47,893	39,430
Staff and Contractor Services		233,670	180,500	(53,170)	361,000	467,140	355,000
External Contractor (Data Collection)		0	3,567	3,567	7,133	7,100	24,790
Overheads	3	59,000	82,539	23,539	165,078	118,000	237,500
On charge of WLASS Admin Costs		10,489	10,489	(1)	20,977	20,977	0
Roading (RATA)		0	0	0	0	0	30,450
Total Expenses		705,655	475,799	(229,856)	951,598	1,241,565	1,168,385
Earnings before interest, tax and depreciation/ amortisation (EBITA)		**364,088**	**285,330**	**78,759**	**(20,977)**	**53,543**	**(61,065)**
Earnings before interest and tax		364,088	285,330	78,759	(20,977)	53,543	(61,065)
Net Surplus (Deficit) before tax		**364,088**	**285,330**	**78,759**	**(20,977)**	**53,543**	**(61,065)**
Movement from revenue in advance	2	(94,492)	-	-	-	(94,492)	139,988
Cash Surplus							
Cash opening balance		(57,615)	-	-	-	(57,615)	3,450
plus /(less) transfers		0	-	-	-	0	0
Cash movement for year		364,088	-	-	-	53,543	(61,065)
Total Surplus / (Deficit)		306,474	-	-	-	(98,564)	(57,615)

Notes
1) A number of Councils have increased data collection requirements in the transition to the implementation of the RATA Data Collection Strategy.
2) Revenue in advance funds released, $94,492 into current year income and $45,496 was refunded to Otorohanga, Waipa and Waikato District Councils.
3) Waipa District Council provides RATA with full support services, including vehicles, staff training/development, IT/phones, stationery, accommodation, communications and Group Manager support.

Waikato Regional Transport Model (WRTM)

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2017
Waikato Regional Transport Model (WRTM)

	Notes	Year to Date Actual YTD	Year to Date Budget	Year to Date Variance	Full Year Budget	Full Year Forecast	Last Year
Income							
WRTM Member Charges		28,257	22,575	5,682	90,299	90,299	110,190
WRTM External Users Recovery		2,775	6,000	(3,225)	12,000	12,000	3,348
Total Income		31,032	28,575	2,457	102,299	102,299	113,538
Expenses							
WRTM Project Manager		9,000	9,000	0	18,000	18,000	18,000
Minor Model Upgrades		8,039	15,285	7,246	30,570	30,570	18,051
Peer Review		1,363	2,548	1,185	5,095	5,095	4,494
Annual Scheduling of Works Review		589	2,293	1,704	4,586	4,586	1,529
External User Costs		0	5,000	5,000	10,000	10,000	98
Future Land Use Update		0	0	0	0	0	38,640
HIS Input into National Survey		3,101	12,500	9,399	25,000	25,000	0
Insurance		1,375	1,375	0	1,385	1,375	1,375
Oncharge of WLASS Admin Costs		3,832	3,832	0	7,663	7,663	27,534
Total Expenses		27,299	51,832	(24,534)	102,299	102,289	109,721
Earnings before interest, tax and depreciation/ amortisation (EBITA)		**3,734**	**(23,257)**	**26,991**	**0**	**10**	**3,816**
Non-Cash Expenses							
Depreciation	1	36,458	36,458	0	72,916	72,916	72,916
Earnings before interest and tax		(32,725)	(59,715)	26,991	(72,916)	(72,906)	(69,100)
Net Surplus (Deficit) before tax		**(32,725)**	**(59,715)**	**26,991**	**(72,916)**	**(72,906)**	**(69,100)**
Cash Surplus							
Opening balance		15,631	-	-	-	15,631	11,815
plus /(less) transfers		0	-	-	-	0	0
Movement for year		3,734	-	-	-	10	3,816
Cash Surplus / (Deficit)		19,365	-	-	-	15,641	15,631

Notes
1) The WRTM asset will be fully depreciated by 30 June 2019. The model will be substantially reviewed during 2018/19 with new census data and a software platform review.

Waikato Building Consent Group

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2017
Waikato Building Consent Group (WBCG)

	Notes	Year to Date Actual YTD	Year to Date Budget	Variance	Full Year Budget	Full Year Forecast	Last Year
Income							
Member Charges	1	134,453	138,053	(3,600)	276,105	268,906	265,456
Strategic Review / Work Plan	2	256,000	0	256,000	0	256,000	20,500
Accumulated Fund Released	3	47,199	0	47,199	40,000	47,199	50,906
Total Income		437,652	138,053	299,600	316,105	572,105	336,862
Expenses							
Salaries		57,765	110,300	52,535	220,600	180,600	179,926
Contractor for Audits		14,712	0	(14,712)	0	40,000	15,664
Vehicle Expenses		6,713	10,195	3,482	20,389	20,389	15,664
Training / Professional Fees		1,632	3,200	1,568	6,400	6,400	2,801
Operating Costs		473	327	(147)	653	653	0
Communications / IT Costs		1,068	1,500	432	3,000	3,000	2,402
Annual Subscriptions		29	200	171	400	400	175
Overheads	4	31,667	28,500	(3,167)	57,000	57,000	38,096
On charge of WLASS Admin Costs		3,832	3,832	0	7,663	7,663	0
Special Projects		0	0	0	0	0	5,762
Strategic Review / Work Plan	2	0	0	0	0	256,000	20,500
Total Expenses		117,891	158,053	40,162	316,105	572,105	280,989
Earnings before interest, tax and depreciation/ amortisation (EBITA)		**319,762**	**(20,000)**	**339,762**	**0**	**0**	**55,873**
Earnings before interest and tax		319,762	(20,000)	339,762	0	0	55,873
Net Surplus (Deficit) before tax		**319,762**	**(20,000)**	**339,762**	**0**	**0**	**55,873**
Movement from revenue in advance	3	(47,199)	-	-	-	(47,199)	47,199
Cash Surplus							
Cash opening balance		55,873	-	-	-	55,873	0
plus /(less) transfers		0	-	-	-	0	0
Cash movement for year		319,762	-	-	-	0	55,873
Total Surplus / (Deficit)		375,634	-	-	-	55,873	103,072

Notes

1) Participating councils are Hamilton City, Hauraki, Matamata Piako, Otorohanga, Thames Coromandel, Waikato, Waipa and Waitomo District councils.
2) New budget, approved by the Board at the July meeting.
3) Release of accumulated funds from revenue in advance. The accumulated fund relates to the original five councils (Hamilton, Matamata Piako, Otorohanga, Waikato and Waipa) and is used to offset their member charge.
4) Waikato DC provides the Building Consent Group with support services, including accommodation, IT, HR and Group Manager support.

Future Proof

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2017
Future Proof

	Notes	Year to Date Actual YTD	Year to Date Budget	Year to Date Variance	Full Year Budget	Full Year Forecast	Last Year
Income							
Member Charges	1	290,489	290,489	0	580,977	504,886	330,000
Capacity & Demand Assessment Project	2	30,865	0	30,865	0	30,865	50,640
Accumulated Fund		0	0	0	0	0	265,225
Total Income		321,354	290,489	30,865	580,977	535,751	645,865
Expenses							
Implementation Advice		44,235	55,000	10,765	110,000	110,000	160,372
Tangata Whenua Implementation Advice		0	7,500	7,500	15,000	15,000	7,505
Independent Chair		28,392	22,500	(5,892)	45,000	45,000	30,083
Tangata Whenua forum (NKAOTW)		11,531	7,500	(4,031)	15,000	20,000	23,589
Future Proof Co-Ordinator		30,000	32,500	2,500	65,000	60,000	60,000
Overheads	3	12,408	7,500	(4,908)	15,000	15,000	15,816
On charge of WLASS Admin Costs		10,488	10,489	1	20,977	20,977	0
Future Proof Implementation Projects							
Waikato DP Review		0	7,500	7,500	15,000	15,000	0
Hamilton DP Appeals & Changes		0	0	0	0	0	6,600
General Submissions		16,650	10,000	(6,650)	20,000	16,650	13,386
Cross-Boundary issues with Auckland Council		0	2,500	2,500	5,000	5,000	0
Data Monitoring		0	2,500	2,500	5,000	5,000	0
Strategy Actions - Implementation		0	10,000	10,000	20,000	20,000	0
Water Policy Group Projects		0	5,000	5,000	10,000	10,000	0
NIDEA and WISE refinements		0	0	0	0	0	86,108
Independent Assessment of Growth Projections		0	0	0	0	0	17,250
Future Proof Strategy Update - Phase 1							
Future Proof Strategy Update 1	4	34,318	12,500	(21,818)	25,000	34,318	85,474
Publishing		1,510	7,500	5,990	15,000	10,000	0
Consultation		29,776	22,500	(7,276)	45,000	45,000	0
Communications Advice for Strategy Update		0	0	0	0	0	15,596
Capacity & Demand Assessment Project	2	0	0	0	0	30,865	50,640
Future Proof Strategy Update - Phase 2							
Future Proof Strategy Update 2		10,375	25,000	14,625	50,000	50,000	0
NPS Assessments incl. Data Requirements		0	25,000	25,000	50,000	50,000	0
RPS and DP Changes to Implement NPS		0	7,500	7,500	15,000	15,000	0
Update Future Proof Website		0	10,000	10,000	20,000	0	0
Total Expenses		229,683	290,489	60,806	580,977	592,810	572,419
Earnings before interest, tax and depreciation/ amortisation (EBITA)		**91,671**	**0**	**91,671**	**0**	**(57,059)**	**73,446**
Earnings before interest and tax		91,671	0	91,671	0	(57,059)	73,446
Net Surplus (Deficit) before tax		**91,671**	**0**	**91,671**	**0**	**(57,059)**	**73,446**
Movement from revenue in advance	2	(30,865)	-	-	-	(30,865)	30,865
Cash Surplus							
Cash opening balance		58,411	-	-	-	58,411	0
plus /(less) transfers		0	-	-	-	0	0
Cash movement for year		91,671	-	-	-	(57,059)	58,411
Total Surplus / (Deficit)		150,082	-	-	-	1,352	89,276

Notes
1) Participating councils are Hamilton City, Waikato and Waipa Districts and Waikato Regional Council.
2) Revenue in advance for the Capacity & Demand Assessment Project. Funds received in 2016/17.
3) Hamilton City Council provides the support services for Future Proof, including accommodation and operational costs.
4) Project near completion; est. November 2017.

Waikato Mayoral Forum

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2017
Waikato Mayoral Forum

	Notes	Year to Date Actual YTD	Year to Date Budget	Variance	Full Year Budget	Full Year Forecast	Last Year	Project to date
Income								
Waikato Plan	1,2	290,149	290,149	0	466,672	408,339	150,000	1,636,389
Policy & Bylaws		0	0	0	0	0	0	77,000
Regional Infrastructure Tech. Specs.		0	0	0	0	0	68,400	130,000
Section 17a Review		0	0	0	0	0	7,000	24,656
Administration Costs		5,000	5,000	0	5,000	5,000	7,000	24,385
Future Regional Strategic Collaboration		0	0	0	0	0	28,000	28,000
Strategic Collaboration	3	0	0	0	0	46,439	0	0
Revenue		295,149	295,149	0	471,672	459,778	260,400	1,920,430
Plus / (Less) Revenue in Advance		(188,798)	0	(188,798)	0	15,108	202,007	(271,496)
Total Income		106,351	295,149	(188,798)	471,672	474,886	462,407	1,648,933
Expenses								
Waikato Plan	1	105,406	233,336	127,930	466,672	408,339	346,489	1,442,645
Policy & Bylaws		0	0	0	0	0	0	37,068
Regional Infrastructure Tech. Specs.	4	0	0	0	0	0	83,997	109,066
Section 17a Review		0	0	0	0	0	3,126	20,782
Administration Costs		945	2,500	1,555	5,000	5,000	3,428	14,005
Future Regional Strategic Collaboration		0	0	0	0	0	25,367	25,367
Strategic Collaboration	3	0	0	0	0	0	0	0
Total Expenses		106,351	235,836	129,485	471,672	413,339	462,407	1,648,933
Earnings before interest, tax and depreciation/ amortisation (EBITA)		**0**	**59,313**	**(59,313)**	**0**	**61,547**	**0**	0
Earnings before interest and tax		0	59,313	(59,313)	0	61,547	0	
Net Surplus (Deficit) before tax		**0**	**59,313**	**(59,313)**	**0**	**61,547**	**0**	

Notes

1] Hamilton City Council pays directly for Senior Technical Support (Value = $58,334).

2] Waikato Regional Council portion is being invoiced by instalments; $50,000 initially, then as required.

3] 2016/17 surplus transferred to new Strategic Collaboration project. Approved by the Board at the August 2017 meeting.

4] RITS transferred to Procurement.

		Revenue	Expenditure	Transfers	Available Funds
Administration		24,385	14,005	0	10,380
Waikato Plan		1,636,389	1,442,645	0	193,744
Policy & Bylaws	3	77,000	37,068	(39,932)	-
Regional Infrastructure Tech. Specs.	4	130,000	109,066	(20,934)	-
Section 17a Review	3	24,656	20,782	(3,874)	-
Future Regional Strategic Collaboration	3	28,000	25,367	(2,633)	-
Strategic Collaboration		0	0	46,439	46,439
				Revenue in Advance total	**250,563**

Balance Sheet

Waikato Local Authority Shared Services
Balance Sheet
As at 31 December 2017

	Notes	Year to Date Actual YTD	Year to Date Budget FY	Variance	Full Year Budget	Full Year Last Year
CAPITAL						
Shares - SVDS		1,607,001	1,607,001	0	1,607,001	1,607,001
Shares - WRTM		1,350,000	1,350,000	0	1,350,000	1,350,000
Profit and Loss		(2,121,722)	(2,367,172)	245,451	(2,367,172)	(2,273,720)
Plus Current Year Operating Surplus/(Deficit)		1,615,913	(209,502)	1,825,415	(209,502)	151,998
TOTAL CAPITAL FUNDS		**2,451,193**	**380,327**	**2,070,867**	**380,327**	**835,280**
ASSETS						
CURRENT ASSETS						
Prepayments		0	1,523	(1,523)	1,523	147,500
Accounts Receivable		614,625	36,119	578,506	36,119	469,262
Accounts Receivable Accruals		54,942	0	54,942	0	0
Accrued Interest		4,610	0	4,610	0	97
RWT On Interest		2,031	2,800	(769)	2,800	1,923
Local Authority Shared Services 00		240,916	0	240,916	0	266,651
Local Authority Shared Services On-Call		377,824	630,820	(252,996)	630,820	637,297
BNZ - Term Deposit 020	1	1,631,000	0	1,631,000	0	131,000
GST Holding		3,618	(54,465)	58,083	(54,465)	14,706
TOTAL CURRENT ASSETS		2,929,566	616,798	2,312,768	616,798	1,668,436
NON-CURRENT ASSETS						
SVDS - Intangible Asset		3,065,316	3,085,700	(20,384)	3,085,700	3,065,316
WRTM - Intangible Asset		2,296,855	2,296,855	0	2,296,855	2,296,855
MoneyWorks Software		1,195	1,195	0	1,195	1,195
Accumulated Depreciation		(5,117,943)	(5,205,604)	87,662	(5,205,604)	(5,036,158)
TOTAL NON-CURRENT ASSETS		245,424	178,146	67,278	178,146	327,208
NET ASSETS		**3,174,990**	**794,944**	**2,380,046**	**794,944**	**1,995,644**
LESS CURRENT LIABILITIES						
Accounts Payable		162,739	399,218	(236,480)	399,218	447,492
Accounts Payable Accrual		309,757	15,399	294,358	15,399	263,958
ACC Prepayments		0	0	0	0	0
RWT On Payments		739	0	739	0	1,606
Revenue in Advance	2	250,562	0	250,562	0	447,309
TOTAL CURRENT LIABILITIES		723,797	414,617	309,179	414,617	1,160,365
NET WORTH		**2,451,193**	**380,327**	**2,070,867**	**380,327**	**835,280**

Notes
1) Available cash flow arranged as a term deposits, maturing when required for 20th payment schedules.
2) Revenue in advance is not budgeted for as it results from revenue received not yet spent on expenses.

Statement of Cashflows

Waikato Local Authority Shared Services
Statement of Cash Flows
As at 31 December 2017

	Actual YTD	Full Year Budget	Last YTD
Cashflows from Operating Activities			
Interest Received	5,674	10,000	6,215
Receipts from Other Revenue	3,366,557	4,077,839	4,425,595
Payments to Suppliers	(2,163,040)	(4,085,276)	(4,101,175)
Taxes Paid	(5,487)	(1,260)	2,509
Goods & Services tax (net)	11,089	6,679	19,131
Net cash from operating activities	1,214,793	7,982	352,274
Purchase of Intangible Assets	0	(10,384)	0
Net cash from investing activities	0	(10,384)	0
Net increase in cash, cash equivalents and bank accounts	1,214,793	(2,402)	352,274
Opening cash and cash equivalents and bank overdrafts	1,034,948	633,221	682,673
Closing cash, cash equivalents and bank accounts	**2,249,741**	**630,820**	**1,034,948**
Summary of Bank Accounts			
BNZ - Cheque a/c	240,916	0	266,651
BNZ - Call a/c	377,824	630,820	637,297
Term Deposit	1,631,000	0	131,000
Closing Balance of Bank	**2,249,741**	**630,820**	**1,034,948**

Appendix 2

The following policies have been adhered to in the completion of this financial report:

Changes to NZ Accounting Standards

WLASS transitioned to the new Public Sector Public Benefit Entities (PBE) accounting standards for the year ended 30 June 2015. WLASS is eligible to report in accordance with the Tier 2 PBE accounting standards.

Accounting Principles

Financial statements are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with the New Zealand Generally Accepted Accounting Practice (GAAP), the Financial Reporting Act 1993 and NZ IFRS Standards.

Specific Accounting Principles

The following particular principles which have a significant effect on the measurement of financial position apply:

- Receivables are recorded at their face value, less any provisions for impairment.
- Investments are valued at the prevailing market value.
- Fixed assets are recorded at cost, less accumulated depreciation.

Intangible Assets

Where intangible assets are purchased, such as intellectual property, these are capitalised and written off on a straight line basis over their expected life, but over no greater than seven years.

Depreciation is provided on a straight line basis on all assets other than land, and align with normal accepted depreciation for the types of services being developed.

Impairment Testing

Assets with a finite life are reviewed annually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use.

Inventories

It is not envisaged that the company will hold inventories, other than those that might relate to providing electronic services to a number of parties. They are valued at net realisable value.

Taxation

Taxation is provided as required against the company in line with the required legislation.

Audit

In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the Office of the Auditor General is responsible for auditing the company's financial statements.

Dividend Payments

It is not envisaged that the Board will make any recommendation about dividend, as the shared services are on a cost recovery basis and any savings will be used to reduce service costs or to reinvest in new services or upgrades.

Consolidated Shareholders' Funds

In accordance with the Local Government Act 2002, the ratio of Consolidated Shareholders' Funds to Total Assets has been included within the Statement of Financial Position (Balance Sheet).

Consolidated Shareholders' Funds are defined as the sum of retained earnings, reserves and paid-up share capital.

Assets

Total Assets include Current and Non-Current Assets, as disclosed in the Statement of Financial Position (Balance Sheet). This includes, but is not limited to, Bank, Debtors and Operational Assets.