



BOPLASS Ltd

HALF YEARLY REPORT TO SHAREHOLDERS



Period ended 31 December 2019

“COUNCILS PARTNERING FOR VALUE AND SERVICE”



BOPLASS Chair's Report

It is with pleasure the Directors present their 2019/2020 Half Yearly Report to Shareholders demonstrating the continuing contribution the company makes to collaboration between councils.

The first six months of this financial year has seen the successful completion of the Provincial Growth Fund (PGF) co-funding application, in conjunction with LINZ, for the capture of LiDAR to provide 3D mapping for the entire Bay of Plenty region over the next five years. The tender received responses priced significantly lower than budgeted and, as a result of the lower pricing, improved specifications for the LiDAR capture can now be used. This initiative provides the opportunity for the BOPLASS councils to benefit by up to \$790,000 through this successful co-funding application.

Following the scoping of specific solid waste opportunities, a project is now underway to develop cross-regional licencing of waste operators and the coordinated collection of waste data. This is being undertaken as a joint BOPLASS and Waikato LASS initiative with the intention to provide the same standards and services across the greater regions.

The BOPLASS debt management collection project is also another good example of inter-council collaboration. BOPLASS engaged with MWLASS to provide their existing service to BOPLASS councils, effectively utilising a professional local government-centric debt management service (Debt Management Central) as an inter-regional shared service.

The Board is very supportive of inter-regional collaboration as it significantly reduces duplication of effort and assists with resourcing. Additionally, through aggregating volumes it often provides improved pricing and savings for all participating councils. With BOPLASS now managing a number of procurement contracts on behalf of other LASS and councils outside the region, importance is placed upon reviewing, renewing or replacing these contracts to ensure appointed vendors remain competitive and continued best value is returned to all participating councils. BOPLASS is currently managing cross-regional tenders for insurance brokerage services, postal services, and courier services covering most of the councils in the central North Island.

The company also has a number of active local procurement opportunities either in the formative stage or about to go to tender. Additional information about current projects is available in the attached report.

We thank staff from the participating councils and acknowledge the continued support we receive from them.

Yours faithfully

Craig O'Connell

Chair



BOPLASS Ltd

“COUNCILS PARTNERING FOR VALUE AND SERVICE”

HALF YEARLY REPORT TO SHAREHOLDERS

18 FEBRUARY 2020

1 INTRODUCTION

The Local Government Act 2002 requires that the Directors deliver to the Shareholders a report within two months of the end of the first six months of the financial year. The report is required to provide information against the objectives set out in the Statement of Intent. The following report records the objectives of the company and reports on performance against a table of specific performance requirements set out in the Statement of Intent.

2 OBJECTIVES OF BOPLASS LTD

The company exists to provide councils in the Bay of Plenty and Gisborne regions with an umbrella vehicle to investigate, procure, develop and deliver shared services.

Working together with the full support and involvement of staff, we will provide benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

JOINT PROCUREMENT

Being the procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

SHARED SERVICES

Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

3 GOVERNANCE

In the year to date the governance structure has remained stable with no changes to the Board of Directors or Shareholder Representatives.

4 NATURE AND SCOPE OF ACTIVITIES

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

- *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.*
- *Represent the collective views of its shareholders in matters with which it is associated.*

5 FUTURE DEVELOPMENTS

BOPLASS Ltd will continue to work on business cases for joint procurement and shared services that may be provided in the region or cross-regionally.

The Board has adjusted its strategy to ensure that BOPLASS is focused on continuing to deliver savings and value to councils through new and existing joint procurement initiatives.

Current feasibility studies for joint procurement and shared services cover but are not limited to:

- *GIS;*
- *ICT strategy and services;*
- *Joint software support;*
- *High speed fibre network services;*
- *Digitalisation Services;*
- *Accounts payable processing;*
- *Collaboration Portal;*
- *Archive services;*
- *Health and safety;*
- *Radio-telephony;*
- *IT datacentre/hosting;*
- *Regional waste facilities strategy;*
- *Diversion of putrescible waste from landfill;*
- *Waste collections licensing and data;*
- *Insurance valuations;*
- *Robotic Process Automation.*

Other collaborative opportunities may be progressed after the Board has considered individual business cases and formally agreed to take on and deliver (or host/procure etc.) the project.

Joint procurement opportunities will continue to be identified and developed with individual councils engaging under the opt-in principle established by the Board. Joint procurement initiatives will be considered by the Board and/or its advisory groups where there is demonstrated support from two or more member councils.

The Board supports BOPLASS continuing to develop collaboration opportunities outside of the regional boundaries. BOPLASS will continue to proactively explore opportunities to partner with other Local Authorities and shared services organisations within New Zealand where they are developing, or considering developing, cost effective shared services and products that are of value to the Bay of Plenty and Gisborne councils.

BOPLASS development of the Collaboration Portal for the sharing of information on joint procurement or shared services opportunities within the constituent councils has identified a number of duplicate projects across councils that present an opportunity for further collaboration. The BOPLASS Collaboration Portal is now used by other LASS, councils and local government organisations and provides an opportunity to assist with the identification and management of inter-regional collaboration opportunities. BOPLASS will continue to develop the Collaboration Portal and make it available to the wider local government community.

The BOPLASS Operations Committee will continue to manage responsibility for regular monitoring and governance of operational aspects of BOPLASS projects, allowing the Board to primarily focus on supporting the strategic development of the organisation. The committee members will also be responsible for identifying additional BOPLASS projects that add value to the shareholding councils and advocating these projects within their respective councils.

6 PERFORMANCE TARGETS

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

- Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.
- Investigate new joint procurement initiatives for goods and services for BOPLASS councils.
- Provide support to BOPLASS councils that are managing or investigating shared services projects.
- 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.
- Communicate with each shareholding council at appropriate levels.
- Ensure current funding model is appropriate.

The Board believes that all targets are being achieved or are on-track to be achieved, as is demonstrated by the following list of current initiatives.

7 CURRENT INITIATIVES

The following initiatives have been under consideration or operating during the first part of the year:

HIGHLIGHTS

- Insurance Risk Loss Modelling – A project has been undertaken to review and update councils' loss modelling and loss limits to ensure appropriate insurance levels are in place for infrastructure, material damage and business interruption cover.
- Accounts Payable Automation – Following presentations from vendors on workflow automation Esker have been selected as the preferred solution for implementation of Accounts Payable automation software.
- ESRI Enterprise Licensing Agreement – BOPLASS has recently renegotiated an Enterprise Agreement for councils' ESRI software (foundation geospatial software) providing significant savings and a common platform for all BOPLASS councils.
- Insurance valuations – A collective project to complete reviews of councils' asset valuation processes is underway to ensure a consistent and accurate valuation methodology is used across all councils. This is essential in securing competitively priced insurance and for maintaining full coverage.
- Print Media Copyright Agency (PMCA) – A collective contract providing savings for all BOPLASS councils has been renewed with PMCA for councils' print and media copyright services.
- Debt Recovery Services – Partnering with MW LASS access has been provided to Debt Management Central to provide specialised local government debt recovery services to BOPLASS councils as a shared service.
- Inter-Council Network review and redesign – Changes to vendors and reconfiguration of services have resulted in a further reduction in costs for the high-speed inter-council network.
- GIS Software and Services – A number of key contracts for councils' geospatial software have been reviewed and renewed through collective BOPLASS agreements.
- Infrastructure Insurance – Councils infrastructure insurance was renewed through the London markets with good outcomes achieved for all councils. While markets remain cautious about the risk they are prepared to write, there is obvious confidence in the information being provided by BOPLASS councils and our historical relationships continue to be a strength for us at renewal time.
- Solid Waste Data and Licencing Project – a project is underway covering BOPLASS and Waikato councils to develop cross-regional licencing of waste operators and coordinated collection of waste data. The project includes engagement with The Ministry for the Environment and WasteMINZ to ensure that the proposed approach is aligned with national strategies.

- Sustainable Public Procurement – BOPLASS Councils are participating in this project in conjunction with the Sustainable Business Network and Toi Ohomai. Councils and their communities are benefiting through procurement policies and practices being better aligned with national and local objectives of sustainability.
- LiDAR Capture (3D imagery) – Following the successful application for Provincial Growth Fund co-funding BOPLASS has managed a tender process in conjunction with LINZ for the appointment of a provider to undertake the LiDAR capture. Aerial Surveys Limited have been appointed with flying due to start in early 2020.
- Internal Audits - Following a review by BOPLASS councils, the Internal Audit Services agreement has been renewed with KPMG. The collective arrangement provides competitive pricing for these services but also enables the sharing of internal audit information and insights across the group.
- Robotic Process Automation (RPA) – BOPLASS is facilitating a workgroup to investigate opportunities for councils to collaborate in the development of RPA programmes across the region as a shared service.
- Health and Safety Advisory Group – The BOPLASS and Waikato LASS Health and Safety groups have a number of collaborative projects underway sharing Health and Safety policies and procedures across the greater region.
- Collaboration Portal Development and Marketing – The Collaboration Portal continues to support opportunities for collaboration between New Zealand local government organisations. Membership and the number of projects are continuing to grow.
- Civil Defence Emergency Management GIS Group – GIS data and tools are now an integral part of a Civil Defence response and the BOPLASS councils have formed a group to work collaboratively on CDEM initiatives. This work is supported by all councils using the same core GIS systems aligned through BOPLASS contracts.
- Inter-LASS collaboration – A number of procurement projects are underway covering multiple LASS and benefitting from the increased volumes. Collaboration across the regions is driving greater efficiencies within projects under consideration by more than one LASS and allows the projects to be better resourced.
- Communication – BOPLASS continues to regularly engage with our constituent councils, senior management and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders.
- Viability of Current Funding Model – The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.

8 FINANCIAL REPORTS

8.1 Financial Support and Accounting Services

Accountancy services and support continue to be provided by Tauranga City Council.

8.2 Accounting Policies

The company is compliant with the accounting policies stated in the Statement of Intent.

8.3 Tier 2 PBE Accounting Standards Applied

The financial accounts are prepared with application of Tier 2 accounting standards.

8.4 Financial Reports

Financial Reports for the period to 31 December 2019 are attached.

8.5 Variations

The organisation is operating within budget and has achieved a reasonable revenue stream for the first half of the year.

Included are the service related payments for services accessed by councils.

Aerial photography revenue and expenditure will remain lower than budget this year due to the withholding of the BOPLASS flying programme while the PGF co-funding and tender for services were completed.

Project expenses, and conversely, project recoveries are reporting lower than budget due to the timing of additional projects being undertaken by BOPLASS.

Video conferencing expenditure and recoveries have been delayed while new technology is being deployed.

Savings have been made in core ICN costs and this is reflected in the reduced revenue and expenditure of ICN services.

9 STAFFING, ACCOMMODATION AND SUPPORT

Staff

Staffing levels are unchanged with a part-time administrator continuing to provide additional project support and management of existing activities.

Accommodation and Support

We continue to appreciate the office space provided at Tauranga City Council and the support that is offered for IT and Accounting services. Although there is a monthly fee there is still a contribution in kind.

BOP LASS LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE MONTH ENDED 31 DECEMBER 2019

	Actual YTD	Budget YTD	Total Budget	YTD Variance
REVENUE				
Revenue - Core	136,858	137,256	274,510	-398
Bank Interest Received	102	498	1,000	-396
Council Contribution	136,756	136,758	273,510	-2
Sales of Service	0	0	0	0
Revenue - Projects	625,917	852,002	1,213,000	-226,085
Bank Interest Received	3,454	8,250	16,500	-4796
Aerial Photography Income	11,581	180,000	300,000	-168,419
Collaboration Portal	37,910	75,000	75,000	-37,090
Lease Income - ICN	54,526	67,500	135,000	-12,974
Lease Income - Video Confer.	5,218	15,252	30,500	-10,034
Recoveries	506,467	500,000	650,000	6,467
Rebates	6,762	6,000	6,000	762
Total Operating Revenue	762,775	989,258	1,487,510	-226,483
EXPENSES				
Expenditure - Core	151,327	212,252	383,800	-60,925
ACC	752	1,500	1,500	-748
Accommodation & Travel	346	600	1,500	-254
Accounting & Audit	0	17,500	17,500	-17,500
Administration	6,995	7,200	14,400	-205
Amortisation	3,674	4,002	8,000	-328
Bank Fees	132	198	400	-66
Conferences	0	1,000	2,000	-1000
Depreciation	328	0	0	328
Directors Costs	7,949	9,000	18,000	-1,051
Fringe Benefit Tax	1,567	3,500	7,000	-1,933
General & Catering Expenses	824	2,000	2,000	-1,176
Health & Safety	0	1,000	1,000	-1,000
Insurance	8,837	8,500	8,500	337
Interest Paid – TCC Loan	0	1,000	1,000	-1,000
Legal	0	2,000	2,000	-2,000
Salaries	120,576	142,500	285,000	-21,924
Salaries – C'Portal Opex	-10,234	-4,998	-10,000	-5,236
Staff Support Costs	8,784	8,250	16,500	534
Staff Training Costs	0	2,000	2,000	-2,000
Subscriptions	0	1,000	1,000	-1,000
Tax Advice	800	4,500	4,500	-3,700
Write Off reconciliations	0	0	0	0
Expenditure – Projects	567,299	799,158	1,103,710	-231,589
Aerial Photography Expense	11,581	180,000	300,000	-168,420
Collaboration Portal Opex	16,838	26,000	26,000	-9,162
Lease Expense - ICN	53,002	64,548	129,100	-11,546
Lease Expense – Video Confer.	6,098	28,610	28,610	-22,512
Projects - Recoveries	479,781	500,000	620,000	-20,219
Total Operating Expenditure	718,626	1,011,410	1,487,510	-292,784
Operational Surplus / (Deficit) before Tax	44,149	-22,152	0	66,301

**BOP LASS LTD
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 2019**

	Actual YTD
Current Assets	
Cheque Account	\$175,799
Trust A/c Aerial Photography	\$453,218
Term Deposit – #1	\$300,000
Term Deposit – #2	\$250,000
Term Deposit – #3	\$250,000
Trade Debtors	\$44,589
Accrued Revenue	\$42,801
Withholding Tax	\$24,281
Prepayments	\$1,849
Total Current Assets	\$1,542,537
Non-current assets	
Intangible - Computer Software	\$79,175
Amortisation	(\$58,607)
Computer Equip at cost	\$3,995
Computer Equip depreciation	(\$2,940)
Office equip at cost	\$0
Office equip depreciation	\$0
Total Non-current assets	\$21,623
TOTAL ASSETS	\$1,564,160
Current Liabilities	
Trade Creditors	\$22,553
Accrued Expenses	\$17,464
GST Collected, Paid, Payments/refunds	\$1,814
Retentions	0
Accrued Salaries and Wages	\$6,928
Accrued Leave Entitlements	\$1,670
PAYE Accruals Payable	\$4,156
Income in Advance	\$1,420,347
TCC Loan	\$0
Total Current Liabilities	\$1,474,932
TOTAL LIABILITIES	\$1,474,932
NET ASSETS	\$89,227
Equity	
Current Year Earnings	\$44,149
Retained Earnings	(\$53,923)
Share capital	\$99,002
TOTAL EQUITY	\$89,227