



**BOPLASS Ltd**

# HALF YEARLY REPORT TO SHAREHOLDERS



Period ended 31 December 2020

**“COUNCILS PARTNERING FOR VALUE AND SERVICE”**



## BOPLASS Chair's Report

It is with pleasure the Directors present their 2020/2021 Half Yearly Report to Shareholders demonstrating the considerable contribution the company makes to collaboration between councils.

The MahiTahi LG Collaboration Portal has continued to add national value in Local Government through providing an easily accessible platform for the sharing of council and project information across a wide audience of councils. This has helped lead towards improved visibility of inter-regional opportunities for collaboration and the sharing of information. Early this year the Regional Council National Alliance Group began migrating to the MahiTahi Collaboration Portal and this will deliver further opportunities for collaboration within specific focus groups. In addition to the national growth, the Portal remains a valuable tool for BOPLASS councils project advisory groups to progress initiatives and share learnings.

With BOPLASS now managing a number of established procurement contracts on behalf of the councils, the Board continues to place importance upon reviewing, renewing or replacing these contracts to ensure appointed vendors remain competitive and continued best value is returned to our shareholding councils.

The significant changes within the global insurance markets brought about by COVID-19, and a record level of natural disaster claims, created a situation where a steadfast focus was required by BOPLASS to actively promote our councils into the markets and ensure quality data was provided to insurers and underwriters. BOPLASS has been extremely successful in this endeavour, with all councils' insurance programmes renewed earlier this year on favourable terms and at competitive rates.

In late 2020, BOPLASS ran a regional tender for aerial imagery which has provided very good outcomes for the councils – both in cost savings and quality and standard of the imagery. While financial benefits were achieved by all councils in the capture and processing of imagery, managing a single tender itself provided significant resource savings to the participating councils.

BOPLASS remains focussed on championing the most effective procurement practices for its councils. As an example of this, BOPLASS was actively involved in submitting to MBIE on the proposed changes to the All of Government (AoG) procurement rules that have the potential to have a significant impact on Local Government entities.

Additional information about current projects is available in the attached report.

We thank staff from the participating councils and acknowledge the support we have received from them.

Yours faithfully

Craig O'Connell

**Chair**



**BOPLASS Ltd**

*“COUNCILS PARTNERING FOR VALUE AND SERVICE”*

# HALF YEARLY REPORT TO SHAREHOLDERS

17 FEBRUARY 2021

## 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 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.
- Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.
- 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

- E-Plan Development – BOPLASS councils are required to move current operative plans to an online environment by 2023. BOPLASS is reviewing current providers to explore collaborative options and opportunities to leverage a collective group rate.
- GIS Regional Technical Support – The majority of core GIS software used within councils is now procured through collective BOPLASS agreements. However, there are a variety of support models in place with most support currently being provided on an ad-hoc basis. BOPLASS is investigating the opportunity to negotiate a discounted enterprise support agreement covering all councils and providing an improved model for sharing of information and learnings across the GIS teams.
- Aerial Imagery – BOPLASS has managed a collective regional tender for orthophotography with aerial capture being undertaken during the summer of 2020-21. The tender received strong competitive interest with the awarded contract providing substantial savings and efficiencies for all participating councils.
- BOPLASS LiDAR – LiDAR capture is being undertaken under a separate contract to the aerial imagery but during an overlapping period. This contract is being managed by BOPLASS and completed with assistance from the Provincial Growth Fund.
- Video Conference Services – BOPLASS has continued to develop Zoom and meeting room video conference services across the councils. While these services proved invaluable during lockdown, there has been continued growth and usage. Further work is being undertaken to ensure participating councils continue to have a reliable and secure service.
- AoG Submission – MBIE recently undertook public consultation on extending the Government's Procurement Rules to local government entities. BOPLASS worked with other LASS, councils and SOLGM to review the MBIE proposal and submit feedback to ensure efficient procurement can continue to be undertaken by BOPLASS councils.
- Inter-Council Network review and redesign – A tender is being undertaken to complete a review of vendors and configuration of services to further reduce costs for the high-speed inter-council network.
- 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.
- GIS Software and Services – A number of key contracts for councils' geospatial software have been reviewed and renewed through collective BOPLASS agreements.
- Driver Training – BOPLASS is investigating options for appointing a preferred provider for driver training services.
- Cross-Regional Licencing of Waste Operators and Waste Data Collection – this project is being undertaken in conjunction with the Waikato group of councils. Initial scoping has been completed and the project team is now developing options for the establishment of an entity to collectively manage licensed operators and data collection across the BOPLASS and Waikato regions. The project includes engagement with the Ministry for the Environment and WasteMINZ to ensure that the proposed approach is aligned with national strategies.

- Contractor and Employee H&S Inductions – A project is underway to develop a common platform and standard for the development and management of H&S inductions – for both staff and contractor purposes. In addition to the financial savings, a common platform would also provide an opportunity for the single development of modules that could be used across multiple councils.
- Media Monitoring Service – BOPLASS continues to manage a collective media monitoring service with Isentia that automatically monitors and reports on broadcast, print and social media based upon council requirements. The single BOPLASS portal provides substantial savings to councils while also providing a significant reduction in internal resource requirements. This service has proven to be invaluable for councils during the pandemic.
- Health and Safety Advisory Group – The BOPLASS and Waikato LASS Health and Safety groups are collectively developing policies and protocols, significantly reducing the resources required by individual councils and helping ensure common standards and best practice are established across the greater region.
- Treasury/Finance staff – BOPLASS co-ordinated presentations and workshops with senior NZ economists to better inform councils on the financial impact of COVID-19 on local communities and the national economy.
- GIS Technical Group – A GIS Technical Group has been established to facilitate sharing of information and skills at a practitioner level within BOPLASS councils.
- Infrastructure Insurance – Councils infrastructure insurance was renewed in late 2020 through direct placements into the London markets – with very good outcomes achieved for all councils. Due to an unprecedented level of international natural disaster claims, markets have become extremely cautious about the risk they are prepared to write. The high standard of the information being provided by BOPLASS councils and our historical relationships with the international markets have proven to be a strength for us at renewal time.
- Insurance Workshops – Market Changes – As the insurance markets become more difficult and more expensive to access, there is a need for councils to review the types of cover they purchase, the levels of cover, and the levels of deductibles. BOPLASS is engaging with our insurance brokers to develop workshops for key council staff that will become more involved in these decisions as global insurance markets continue to harden.
- 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.
- 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.
- MahiTahi Collaboration Portal – The Collaboration Portal continues to support opportunities for collaboration between New Zealand local government organisations. Membership and the number of projects has continued to grow. BOPLASS is currently assisting the regional council national alliance group to migrate their collaboration platform onto the MahiTahi Collaboration Portal.
- 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 2020 are attached.

### 8.5 Variations

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

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

The organisation carries an operating deficit due to the prior year's adjustment for Tax Payable and Receivable.

Aerial photography revenue and expenditure remain lower than budget due to delays in the initial flying of LiDAR capture and incremental cost savings made with the 2020 aerial imagery tender.

Collaboration Portal revenue will increase as additional councils are on-boarded in the following six months.

Variances with Project Recoveries revenue and expenditure are due to project and invoice timing.

## 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 2020**

	Actual YTD	Budget YTD	Total Budget	YTD Variance
<b>REVENUE</b>				
<b>Revenue - Core</b>	<b>139,172</b>	<b>137,255</b>	<b>274,510</b>	<b>1,917</b>
Bank Interest Received	48	498	1,000	-450
Council Contribution	139,124	136,757	273,510	2,367
Sales of Service	0	0	0	0
<b>Revenue - Projects</b>	<b>768,150</b>	<b>1,364,250</b>	<b>1,533,000</b>	<b>-596,100</b>
Bank Interest Received	2,066	8,250	16,500	-6,184
Aerial Photography Income	116,659	600,000	600,000	-486,341
Collaboration Portal	31,200	75,000	75,000	-43,800
Lease Income - ICN	65,211	67,500	135,000	-2,289
Lease Income - Video Confer.	47,912	30,500	30,500	17,412
Recoveries	501,758	580,000	670,000	-78,242
Rebates	6,345	3,000	6,000	3,345
<b>Total Operating Revenue</b>	<b>907,322</b>	<b>1,501,505</b>	<b>1,807,510</b>	<b>-594,183</b>
<b>EXPENSES</b>				
<b>Expenditure - Core</b>	<b>201,811</b>	<b>186,530</b>	<b>383,650</b>	<b>15,281</b>
ACC	559	1,000	1,000	-441
Accommodation & Travel	745	1,500	1,500	-755
Accounting & Audit	2,649	17,500	17,500	-14,851
Administration	7,161	7,650	15,300	-489
Amortisation	2,208	4,004	8,000	-1,796
Bank Fees	132	202	400	-70
Conferences	0	1,004	2,000	-1,004
Depreciation	153	326	650	-173
Directors Costs	8,928	9,000	18,000	-72
Fringe Benefit Tax	1,436	3,500	7,000	-2,064
General & Catering Expenses	615	1,004	2,000	-389
Health & Safety	14	1,000	1,000	-986
Insurance	9,453	9,000	9,000	453
Interest Paid – TCC Loan	0	500	500	-500
Legal	0	2,000	2,000	-2,000
Salaries	138,647	114,540	285,000	24,107
Salaries – Projects Opex	-11,020	-12,000	-12,000	981
Staff Support Costs	9,973	16,500	16,500	-6527
Staff Training Costs	7,522	2,000	2,000	-5,522
Subscriptions	1,616	1,000	1,000	616
Tax Advice	500	5,300	5,300	-4,800
Tax Expense – Prior Years	20,521	0	0	20,521
<b>Expenditure – Projects</b>	<b>723,578</b>	<b>1,299,308</b>	<b>1,423,860</b>	<b>-575,730</b>
Aerial Photography Expense	113,659	600,000	600,000	-486,341
Collaboration Portal Opex	10,420	26,150	26,150	-15,730
Lease Expense - ICN	57,628	64,548	129,100	-6,920
Lease Expense – Video Confer.	44,484	28,610	28,610	-15,874
Projects - Recoveries	497,387	580,000	640,000	-82,613
<b>Total Operating Expenditure</b>	<b>925,388</b>	<b>1,485,838</b>	<b>1,807,510</b>	<b>-560,450</b>
<b>Operational Surplus / (Deficit) before Tax</b>	<b>-18,067</b>	<b>15,667</b>	<b>0</b>	<b>-33,734</b>

See 8.5 for variances

**BOP LASS LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 2020**

	Actual YTD
<b>Current Assets</b>	
Cheque Account	\$118,468
Trust A/c Aerial Photography	\$498,292
Term Deposit – #1	\$300,000
Term Deposit – #2	\$250,000
Term Deposit – #3	\$250,000
Trade Debtors	\$89,034
Accrued Revenue	\$108,988
Tax Payable (Tax Receivable)	\$9,777
Prepayments	\$0
<b>Total Current Assets</b>	<b>\$1,624,559</b>
<b>Non-current assets</b>	
Intangible - Computer Software	\$79,175
Amortisation	(\$64,489)
Computer Equip at cost	\$3,995
Computer Equip depreciation	(\$3,289)
Office equip at cost	\$0
Office equip depreciation	\$0
<b>Total Non-current assets</b>	<b>\$15,393</b>
<b>TOTAL ASSETS</b>	<b>\$1,639,952</b>
<b>Current Liabilities</b>	
Trade Creditors	\$53,626
Accrued Expenses	\$20,321
GST Collected, Paid, Payments/refunds	\$2,695
Retentions	0
Accrued Salaries and Wages	\$6,200
Accrued Leave Entitlements	\$23,398
PAYE Accruals Payable	\$8,297
Income in Advance	\$1,508,586
TCC Loan	\$0
<b>Total Current Liabilities</b>	<b>\$1,623,122</b>
<b>TOTAL LIABILITIES</b>	<b>\$1,623,122</b>
<b>NET ASSETS</b>	<b>\$16,830</b>
<b>Equity</b>	
Current Year Earnings	(\$18,067)
Retained Earnings	(\$69,146)
Share capital	\$99,002
<b>TOTAL EQUITY</b>	<b>\$11,789</b>