



SIX MONTHLY REPORT TO SHAREHOLDERS

1 July 2016 to 31 December 2016

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Waikato Local Authority Shared Services Limited – 6 Monthly Report

Local Authority Shared Services Limited was incorporated under the Companies Act 1993 on the 13th day of December 2005, and changed its name to WAIKATO LOCAL AUTHORITY SHARED SERVICES LIMITED (WLASS) on the 4th day of April 2016. Each of the 12 Waikato councils 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 2016, as required by Section 66 of the Local Government Act 2002.

Objectives of WLASS

WLASS was established principally to provide the Councils 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 across the Waikato region, 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.

WLASS also provides administrative and financial support services to the Waikato Mayoral Forum, to enable the successful implementation of Mayoral Forum initiated projects.

The shareholders continue to identify improvements that could be made, such as: implementing shared services related to back-office activities; shared procurement to provide cost savings and consistency; streamlining of work processes; and service improvements. Initiatives which could benefit from being managed by WLASS are considered by working groups comprising staff from the shareholding councils, and recommendations are made to the WLASS Board.

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 WLASS Directors continue to seek new opportunities, either from internal investigations or from council or CEO initiatives that are presented to the Board.

Nature and Scope of Current Activities

Services and Performance

There are currently nine major initiatives operating under the WLASS umbrella, plus a number of Working Parties investigating new opportunities, and a support role for the collaborative work streams of the Waikato Mayoral Forum.

- 1. Shared Valuation Data Service (SVDS).** This system continues to operate effectively, providing timely and accurate property valuation data to the 10 member Councils and shareholders at a reducing cost. Current members are: Waikato Regional, Hamilton City, Hauraki, Matamata Piako, Rotorua, South Waikato, Thames Coromandel, Waikato, Waipa and Waitomo District Councils.

Two new data sales contracts have been signed in the past six months, which have further reduced costs to the participating councils. External sales revenue now exceeds \$350,000 per annum.

Significant benefits continue to accrue to Councils using the SVDS service, including:

- competition in the Waikato valuation market, with a resultant improved level of service
- significantly improved data quality, and a minimum of errors
- standardised information and the removal of processing inefficiencies
- quicker and more efficient access to data
- improved collaboration between the user Local Authorities.

- 2. Road Asset Technical Accord (RATA).** RATA was initially established as a centre of excellence for road asset planning in 2014, as a work stream under the Mayoral Forum. The activity transferred to WLASS on 1 July 2016. The aim of RATA is to achieve best practice in road asset management by improving capability, capacity and outcomes through effective collaboration. By leading asset management best practice, RATA delivers better decision making through the effective collection and use of good quality data, and the implementation of good practice processes and systems for data collection, analysis and management.

Waipa District Council currently acts as the host council for RATA, providing accommodation and overheads (which are fully recovered from the participating councils), and managing the employment agreements/relationships with the four staff members. This activity is fully funded by the nine participating councils and operates as a separate cost centre. Current members are: Hamilton City, Hauraki, Matamata Piako, Otorohanga, South Waikato, Thames Coromandel, Waikato, Waipa and Waitomo District Councils, supported by the NZ Transport Agency.

- 3. Waikato Regional Transportation Model (WRTM).** This model became fully operational in February 2010. It provides accurate information to Councils and to external users (for a charge) for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region, and is jointly funded by the NZ Transport Agency. WRTM is making a significant contribution to strategic planning of land use and infrastructure within the region, and has been involved in regionally and nationally significant investigations including: the Waikato Expressway Network Plan; the Waikato Regional Land Transport Strategy and Regional Policy Statement; and transport impact assessments in relation to the development of Ruakura.

This activity is fully funded by the seven participating councils, and operates as a separate cost centre. Current members are: Waikato Regional, Hamilton City, Matamata Piako, Taupo, Thames Coromandel, Waikato, and Waipa District Councils, and the NZ Transport Agency. The model has been managed by RATA since 1 July 2016.

- 4. Waikato Building Consent Group (WBCG).** The WBCG was initially set up by five Waikato local authorities in 2004 to foster co-operation, collaboration and consistency in building functions, legislative interpretation and process documentation across the partnering councils. The Group now comprises eight councils (Hamilton City, Hauraki, Matamata Piako, Otorohanga, Thames Coromandel, Waikato, Waipa and Waitomo Districts). The Group has developed a common quality assurance system with associated supporting documentation and media that meet the legislative requirements of the Building Act 2004 and the Building (Accreditation of Building Consent Authorities) Regulations 2006. These regulations cover all aspects of the operational management and compliance of a Building Consent Authority (BCA).

Waikato District Council currently acts as the host council for the WBCG, providing accommodation and overheads (which are fully recovered from the WBCG members), and managing the employment agreements/relationships with the two staff members. The activity is fully funded by the participating councils, and operates as a separate cost centre. The activity transferred to WLASS on 1 July 2016.

- 5. Future Proof.** This is a collaborative partnership between Hamilton City, Waikato and Waipa Districts, Waikato Regional Council and Tāngata whenua, with assistance from the New Zealand Transport Agency. The partners have jointly developed the Future Proof Growth Strategy and Implementation Plan – a 50-year vision and implementation plan specific to the Hamilton, Waipa and Waikato sub-region (Future Proof sub-region), which was adopted by the partners on 30 June 2009.

The accommodation, overheads and employment arrangements of the Future Proof Co-Ordinator are managed by Hamilton City Council. This activity is fully funded by the participating councils, and transferred to WLASS on 1 July 2016.

- 6. Energy Management.** WLASS entered into a Collaboration Agreement with the Energy Efficiency Conservation Authority (EECA) in February 2016. This arrangement will bring \$210,000 in revenue from EECA over three years, subject to meeting specific energy saving targets. The activity is fully funded by the 10 participating councils (Matamata Piako is not eligible, as it has previously received EECA funding, and Thames Coromandel is not participating), and the activity operates as a separate cost centre.

A WLASS Energy Management Plan and Policy have been prepared and both were approved by the Board in August 2016. It is anticipated that the Energy Policy will now be adopted by each council. Energy monitoring software has been installed at each participating council and staff training has been completed. The data now available has identified a number of areas where cost savings can be made (e.g. ensuring that electricity connections are being billed with correct tariffs). Audits have been completed and/or are in progress at a number of council sites to evaluate the cost/benefit of a variety of projects, including street and building lighting, aquatic and events centre operations, and water and wastewater operations. These audits each attract a subsidy of up to \$2K from EECA.

- 7. Joint Procurement Initiatives.** WLASS is a party to numerous joint procurement contracts between the company, shareholding Councils and suppliers. Some contracts (e.g. insurance brokerage services; various collective insurance policies; courier and postal services; historic aerial photography) involve all of the shareholding councils. Other joint procurement contracts have been negotiated, but only some of the shareholding councils have chosen to participate (e.g. the Professional Services Panel; computer-generated print, mail house and e-services; IT Professional Services Panel; Internal Audit Services; Laboratory Services).

Over the past 6 months, new contracts have been put in place for an IT Professional Services Panel and Internal Audit Services. A syndicated contract has also been made available to all shareholders for library book buying. A report on each shareholding

councils' use of the All of Government (AoG) suite of contracts for 2015/16 was sent to each council, and opportunities for further cost savings identified. The availability and benefits of AoG contracts for transactional banking services was actively promoted. It is now up to each council to take advantage of these AoG contracts, with support available from members of the Procurement Working Party. Further procurement opportunities continue to be identified.

- 8. Historic Aerial Photos.** In May 2015, WLASS entered into a Memorandum of Understanding with LINZ to scan the Waikato Historic Aerial Photos archive. The LINZ Crown archive contains over 500,000 historic aerial photo negatives captured by surveys flown over New Zealand between 1936 and 2005. All of the shareholding councils are participating in this 4-year project, which includes a subsidy of \$56,000 from LINZ. The project is running ahead of schedule and is now expected to be completed in 2018.
- 9. Waikato Regional Aerial Photography Service (WRAPS).** WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. So far, there have been four WRAPS contracts – 2002, 2007, 2012, and the 2016 contract that is currently in progress. Consideration is currently being given to changing the frequency of flying to 4-yearly. WRAPS became a WLASS project in December 2014 and is fully funded by the 12 participating councils, including \$84,000 from external partners.

Other Initiatives

Contractor Health & Safety Pre-qualification Scheme

In a great example of inter-council and inter-regional co-operation, staff from WLASS and BOPLASS have worked together over the past year to develop and implement an online contractor health and quality pre-qualification scheme that uses simple software to capture contractors' health and safety management systems and insurance details.

This is a new shared service that is now being offered nationally as part of a drive to better manage councils' contractors in the new health and safety environment. It will also save councils considerable time and money, as the scheme is fully managed by the software provider.

The prequalification scheme has been developed over the past 12 months specifically for use by local government, and is now in use by most of the councils across the Waikato and Bay of Plenty. Other councils from throughout New Zealand have indicated that they are also keen to participate and will join as soon as the scheme is made available nationally, in March 2017.

For contractors, the new scheme will make them compliant to work for all councils participating in the scheme, and remove the need for them to supply separate details to each council or for each contract sought. In essence, it allows contractors to "do it once and do it right". Contractors simply need to complete an on-line questionnaire and provide their health and safety documentation to show that they understand and comply with the Health and Safety at Work Act 2015 and any associated Regulations. The portal can be accessed at: <https://payments.sheassure.net/> and a link is available on every participating council's website.

The project team involved in developing the scheme intend to apply for a Safeguard Award in early 2017, and for a SOLGM Business Excellence award in 2018, once the scheme is more fully implemented and measures of its success are available.

Collaboration Portal

Over the past six months, implementation of the Local Government Collaboration Portal at each of the shareholding councils has been completed (www.collaborate.org.nz). The Portal is an initiative instigated by BOPLASS, with the intention of accelerating the growth of shared service strategies and projects throughout local government. The Portal consists of:

- A public site, open to everyone, where success stories can be communicated
- A secure area for sharing information and opportunities among councils
- A project area, for collaborative projects.

Councils from the Waikato, Bay of Plenty, Hawkes Bay and Northland are already using the Portal, and the intention is to extend the Portal nationally.

Several of the WLASS Working Parties have already set up “Project Rooms” on the portal. WLASS has recently published a story about its contractor health and safety pre-qualification scheme on the public area, and the WLASS document “Collaboration in Action” can also be found on the site (www.collaborate.org.nz then click on Collaborative Groups/Shared Services Publications). Work is currently in progress to publish a range of the successful Waikato Mayoral Forum initiatives on the site (e.g. Waikato Means Business, The Waikato Plan, the reduction in the number of policies in the Waikato, The Waikato Story etc.).

Working Parties

The WLASS Chief Executive co-ordinates and facilitates a number of Working Parties of council staff. The standing Working Parties are:

- **Shared Services Working Party**, which comprises the GM Corporate (or equivalent) from all of the shareholding councils, and which considers and evaluates new shared services opportunities and makes recommendations to the WLASS Board.
- **Waikato IT Managers’ Working Party**, which comprises the IT Managers from all of the shareholding councils, and which investigates collaboration opportunities in the technology space.
- **Procurement Managers’ Working Party**, which comprises the Procurement Managers from Hamilton City, Waikato Regional and Waikato District councils, and which manages procurement initiatives on behalf of WLASS.
- **Health & Safety Working Party**, which comprises the H&S managers (or equivalent) from all of the shareholding council, and which identifies issues arising from the new Health and Safety legislation which need to be addressed by the participating councils; identifies areas where Health and Safety policy, procedures and guidelines need to be developed (which are applicable to all of the councils); develops standard reporting measures for health and safety; develops regional Health and Safety policies, procedures and guidelines; and makes recommendations to the WLASS Board.
- **Asset Valuation Working Party**, which comprises representatives from a number of shareholding councils, and which is developing a regional asset valuation template and recommendations for transitioning to standard or consistent asset lives, where appropriate.
- **S17a Review Team**, of which oversight by WLASS commenced this financial year. The group consists of representatives from all of the shareholding councils and meets quarterly to update each other on progress with the s17a reviews being undertaken at each council and to identify potential collaborative opportunities.

- **Insurance Advisory Group**, which manages the procurement of insurance for all shareholding Councils on a collective basis to achieve best value for money, and also manages the insurance broker's contract performance.

Over the past 6 months, the **Shared Services Working Party** has been focused on identifying and evaluating new shared services opportunities. Five potential opportunities have emerged from this work: Procurement, Aligned Planning, GIS, the development of a Digital Strategy, and extension of the existing Building Control activity. Business cases to assess whether or not to progress any or all of these initiatives are currently being worked on.

The primary focus of the **Waikato IT Managers' Working Party** over the past six months has been the development of a GIS Data Portal, which will provide easy, secure access to spatial tools, information and data, and provide a map viewer for the whole of the Waikato region. The potential to include a link to Civil Defence and Emergency Management information is also being assessed. A new WLASS website is under development as part of the implementation of the portal.

Representatives from the **IT Managers' Working Party** are also involved with the Waikato Regional Aerial Photography Syndicate (WRAPS). The 2016 WRAPS contract was tendered in May 2016, and the successful contractor was Aerial Surveys Ltd. Flying of urban and rural imagery is now in progress.

Current projects being led by representatives of the **Procurement Managers' Working Party** include a Fleet Management review, a review of regional procurement processes, secondary procurement of multi-function devices (photocopiers) (jointly with BOPLASS), extension of the Infometrics contract for one year, and reviews of the existing Professional Services Panel and Dataprint contracts, to determine whether or not to exercise their contract extension provisions.

The **Health and Safety Working Party** has completed the development of an on-line contractor health and safety pre-qualification scheme (as noted above), and is currently implementing it across councils in the Waikato and Bay of Plenty. Articles on the scheme have been published in the Local Government and NZ Contractor magazines. Collective training in health and safety leadership for managers was organised, with 29 attendees from across the region. Further shared training initiatives are being investigated. Regional Terms of Reference for Health and Safety Committees, Terms of Reference for cross-council auditing, and a regional template addressing health and safety considerations when procuring machinery have been developed. A joint approach with BOPLASS to the provider of a widely used electronic health and safety recording system has resulted in an improved level of service and a better understanding by the vendor of local government's needs. BOPLASS also joined WLASS to obtain a legal opinion on the health and safety risks associated with community events, which has been shared with all councils.

The **Asset Valuation Working Party** held a very successful workshop with infrastructure asset managers and finance staff from across the region in August. Based on the feedback gathered at the workshop, the Working Party are now preparing a draft Asset Revaluation Template, which it is hoped will be adopted regionally.

Over the past 6-months, the **S17a Review Team** has developed a draft set of principles for regional collaborative reviews, and a spreadsheet which will assist in the identification of future shared services reviews (as contracts come up for renewal at each council). This tool is currently being implemented and will aid in the development of a regional 6-year rolling programme of reviews.

Most of the work of the **Insurance Advisory Group** has focused on the 31 October insurance programme renewal. Sending a WLASS representative to present directly to the UK underwriters, together with AON, has proved very beneficial. Based on the recommendation of AON, WLASS has signed up to a two year agreement with the programme underwriters. The renewal outcomes for the major insurance policy classes under the WLASS Insurance Programme are summarised below:

Infrastructure

The combined declared values have increased from \$3.2 billion to \$3.7 billion, a 15% increase. Following the recommendations from the loss modelling work completed for Hamilton City, Waikato Regional, Waipa and Waikato District Councils, the programme loss limits have increased from \$120M to \$300M, yet overall, there was a \$6,914 premium reduction. Given the asset value and loss limit increases, this represents an effective 30% saving on premium rates.

Material Damage and Business Interruption

While the combined total declared values have increased from \$2,006,586,944 to \$2,096,409,570 (an increase of \$89,822,626), a rate reduction of 6.45% has been achieved.

Future Fire Service Levies

Changes are being implemented to the way that Fire Service levies are calculated. This does not impact on the current renewal, but it will have an impact on the value of Fire Service Levies applicable at the 2017 renewal. The full impact is not currently known as the proposed changes are still going through a consultation process.

Motor Vehicles

Vehicle insurance premiums are driven by claims experience. The loss ratio for the group since 2014 is 90.86, and the insurers have increased the underlying rate by 2.5%. The programme was re-marketed and alternative quotations sought. The current premium is \$313,208 for the group, with the alternative quotations ranging from \$369,500 to \$374,511. Therefore the current insurers were retained, as they are still the most competitive.

Statutory and Employers Liability

With increased exposures under the new Health and Safety legislation, the limits of Indemnity under these policies have been increased from \$1,000,000 to \$2,000,000.

Ancillary Lines

The other insurances bought by individual shareholding councils (such as Personal Accident, Travel Standing Timber and Fine Arts Cover) have largely remained static from a premium perspective.

Other

Work is continuing on the stage 2 loss modelling work for Thames Coromandel District and Waikato Regional Council's infrastructure assets. A working party has been set up to develop guidelines to assist in determining appropriate levels of contractor professional indemnity and public liability insurance.

Waikato Mayoral Forum

The Mayoral Forum initially established six working parties to investigate collaborative opportunities in the areas of governance, planning, waters, roading, economic development, and policy and bylaws.

The governance work stream is in abeyance. The Waikato Plan work stream is now governed by a Joint Committee, which was established in July 2015, and is expected to complete its work in 2017. The two waters project is now being run by a consortium comprising Hamilton City, Waikato and Waipa District Councils, who are investigating a future delivery model for water services across the three councils.

As noted above, the roading work stream (now called RATA) transferred into WLASS on 1 July 2016.

The Policy and Bylaws work stream has evolved into four parts: Policy reviews and consolidation (completed); Bylaw consolidation (yet to commence); s17a reviews (ongoing); and the development of a Regional Infrastructure Technical Specification (in progress, and due for completion in the first half of 2017).

Finally, the Economic Development work stream has developed a strategy, and implementation of the “Waikato Means Business” plan was devolved to an independent Steering Group in July 2015.

WLASS provides administrative support to the Mayoral Forum, and also administers the collective funding for each of these work streams, invoicing each of the participating councils and paying all of the approved invoices for each work stream. The WLASS CEO is no longer responsible for co-ordinating reporting on projects to the Mayoral Forum, as this is the responsibility of the project sponsors.

Proposed New Services

An assessment is currently being undertaken to determine whether or not there is benefit in establishing a new Learning and Development Working Party. A business case will be considered by the Board in the third quarter of this financial year.






As noted above under the work of the Shared Services Working Party, investigations are currently underway into new opportunities associated with Regional Procurement, Aligned Planning, GIS, the development of a Digital Strategy, and extension of the existing Building Control activity. Business cases to assess whether or not to progress any or all of these initiatives are currently being worked on, and will be presented to the WLASS Board over the coming six months.

Performance Measures

The following performance measures were included in the Statement of Intent for the 2016/17 financial year. An update on their status as at 31 December 2016 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 integration.	A minimum of three new procurement initiatives investigated per annum and business cases developed if considered appropriate.	Achieved. An RFP for the supply of Multi-function Devices is currently at the tender evaluation stage. Shared procurement of Thomson Reuters services, EMA membership, and participation in the BOPLASS EFTPOS contract have been investigated, but no financial benefits were identified.	●
		Initiatives which are implemented shall provide financial savings and/or improved service levels to the participating councils.	Achieved. A syndicated clause in a tendered Hamilton City Council contract enables all shareholders to access a library book buying contract at 37% discount on the RRP. Details about how to participate have been provided to all shareholders.	●
		New suppliers are awarded contracts through a competitive tender process.	N/A No new suppliers have been engaged.	●

<p>Collaborative Projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p>	<p>The focus is on shared services which will benefit all councils.</p>	<p>A minimum of three priority projects for collaboration are identified per annum.</p> <p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p>	<p>In progress. Six projects (GIS, Procurement, Aligned Planning, Digital Strategy, Learning and Development, and Building Services) are currently under investigation.</p> <p>In progress. Business cases are currently being prepared for Aligned Planning and a new Learning and Development Working Party.</p>	<p>●</p> <p>●</p>
<p>Existing WLASS Contracts Existing contracts are managed and renegotiated as required.</p>	<p>Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.</p>	<p>The WLASS Contracts Register is maintained and managed.</p> <p>Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.</p>	<p>Achieved. Contracts Register is up-to-date.</p> <p>In progress. Infometrics contract is currently under review. Reviews of Dataprint and the Professional Services Panel contracts are scheduled over the next 6 months.</p>	<p>●</p> <p>●</p>
<p>Cashflow The company shall maintain a positive cashflow position.</p>	<p>The Financial Accountant reviews cashflow monthly.</p> <p>The WLASS Board reviews the financial statements quarterly.</p>	<p>Monthly financial statements show a positive cashflow position.</p>	<p>Achieved. Reports on the financial position were considered at WLASS Board meetings on 5 August, 14 October and 2 December 2016.</p>	<p>●</p>

Cost Control Administration expenditure shall be managed and monitored.	<p>The Financial Accountant and Chief Executive review expenditure monthly.</p> <p>The WLASS Board reviews the financial statements quarterly.</p>	<p>Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.</p>	<p>Achieved. Administration expenditure showed a positive variance of \$29,161 as at 31 December 2016.</p>	
Reporting Six monthly reports provided to Shareholders.	<p>The Chief Executive prepares a written report for the WLASS Board every meeting.</p> <p>One 6-monthly and one Annual Report are prepared for shareholders.</p>	<p>The Board shall provide a written report on the business operations and financial position of WLASS to the Shareholders every six months.</p> <p>Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of WLASS are being adhered to.</p>	<p>Achieved. This is the 6-monthly report.</p> <p>Achieved. An audited copy of the 2015/16 Annual Report was sent to shareholders on 3 October 2016.</p>	 
Waikato Mayoral Forum The company shall provide administrative support and updates on Mayoral Forum work streams to the Mayoral Forum.	<p>Updates on Mayoral Forum projects shall be co-ordinated by the WLASS Chief Executive.</p> <p>Mayoral Forum projects shall be managed financially through WLASS.</p> <p>Note: The current approved work streams are:</p> <ul style="list-style-type: none"> Regulatory Bylaws and Policies Waikato Plan 	<p>The Mayoral Forum is regularly updated on the progress of each approved work stream.</p> <p>Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.</p>	<p>Not Applicable. The WLASS CEO is no longer responsible for updating the Mayoral Forum on progress with projects. Project sponsors are responsible for updates.</p> <p>Partly Achieved. All approved invoices, except for one, were paid by the 20th of the month following their receipt.</p>	 

<p>Shared Valuation Data Services (SVDS) The SVDS is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for SVDS.</p> <p>The Contract Manager monitors performance of the contractor and reports quarterly to the SVDS Advisory Group.</p>	<p>The SVDS is available to users at least 99% of normal working hours.</p> <p>All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.</p> <p>The SVDS Advisory Group meets at least 6-monthly.</p>	<p>Achieved. SVDS was available to users for 99.1% of normal working hours.</p> <p>N/A. There has been no capital enhancement work over the last 6 months.</p> <p>Achieved. .The Group met on 1 September and 17 November 2016.</p>	<p>●</p> <p>●</p> <p>●</p>
<p>Insurance Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.</p>	<p>The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.</p>	<p>Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.</p> <p>The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.</p>	<p>N/A. Shareholders' survey is scheduled for May 2017.</p> <p>N/A. Shareholders' survey is scheduled for May 2017.</p>	<p>●</p> <p>●</p>
<p>RATA All stakeholders are kept informed about RATA's projects and achievements.</p>	<p>Six monthly and annual reports are provided to all stakeholders.</p>	<p>Reports presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.</p> <p>Reports include a</p>	<p>Achieved. 6-monthly report presented to Board meeting on 2 December 2016 and circulated to stakeholders on 19 December.</p> <p>Achieved.</p>	<p>●</p> <p>●</p>

<p>Sub-regional data collection contracts deliver good quality data on roading assets.</p>	<p>Annual Forward Works Programme tours are completed, to provide opportunities for councils' roading staff to share their knowledge and experience</p> <p>Data collection contracts (minimum of two across the region) are managed in accordance with best practice.</p> <p>Data supplied by contractors is of good quality and meets all councils' requirements.</p>	<p>summary of savings achieved.</p> <p>All RATA councils participate in the tour.</p> <p>Report on tour outcomes prepared by 31 December each year, and circulated to stakeholders.</p> <p>Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.</p> <p>Any data issues are identified and resolved, with any incidents reported to stakeholders.</p>	<p>Summaries of savings are presented to the RATA Advisory Group, which met on 25 August and 22 November 2016.</p> <p>Achieved. All councils participated in the tour in October 2016.</p> <p>Not Achieved. Report delayed until February 2017 (individual councils will receive their reports in January).</p> <p>N/A. No contracts due for renewal. Data collection contracts were extended for one year on 14 October 2016.</p> <p>Achieved. Asset Information Engineer identifies and resolves all issues.</p>	<p>●</p> <p>●</p> <p>●</p>
<p>Waikato Regional Transport Model (WRTM) The WRTM is reliable, well maintained and available to all users.</p>	<p>RATA manages the WRTM on behalf of LASS, and monitors the performance of the model supplier (currently Traffic Design Group).</p> <p>RATA reports quarterly to the WRTM Project Advisory Group.</p>	<p>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.</p> <p>A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least every</p>	<p>Achieved. Model Supplier reported quarterly on service performance (reports received 15 August and 18 November 2016).</p> <p>Achieved. Report presented to Board in December 2016.</p>	<p>●</p> <p>●</p>

			were provided in July and October 2016.	
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.	Achieved. 6-monthly report presented to the Board on 2 December 2016.	●
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 May 2017.	●
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.	Achieved. Information is included in this report.	●

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 \$1,897,962, against a budget of \$1,767,486. The variance is due to three main factors:

- 1) Procurement – The Waikato Regional Aerial Photography (WRAPS) project had a budget of \$84,000 in the SOI, with a note indicating that the tender had yet to be let, and that the total costs were yet to be finalised. The tender has now been let, and the forecast budget is now \$577,155, which will be funded from additional revenue. Total costs year to date are \$169,061.
- 2) Mayoral Forum – The Waikato Plan has a total expenditure year to date of \$187,711, which has been funded from previous years' contributions. Additional revenue of 150,000 was invoiced to all participating Councils in December.
- 3) Future Proof - The need to revise the Waikato population projections (NIDEA and WISE refinements) has resulted in the budget being exceeded by \$66,108, which is being funded from previous years' contributions.

Revenue has also exceeded budget at \$3,298,819, compared to a budget of \$2,213,533. The main contributors were:

- 1) RATA - revenue to date has increased by \$182,596, as the SOI budget was based on the previous year's figures. Actual commitments are now in place and the participating Councils have agreed on a total increase of \$208,000 for Data Collection.
- 2) Procurement - revenue has increased by \$510,204, mostly due to the WRAPS project (as noted above).
- 3) Future Proof – the accumulated funds actually transferred from Hamilton City Council to WLASS for Future Proof on 1 July 2016 were \$265,225, which exceeded the budget of \$120,990.
- 4) Waikato Building Consent Group - the accumulated funds actually transferred from Waikato District Council to WLASS for Building on 1 July 2016 were \$98,105, which exceeded the budget of \$45,144.

Overall, revenue exceeded expenditure by \$1,400,858, compared with a budget of revenue exceeding expenditure by \$418,074.

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 2016 Audit

Audit New Zealand issued an unmodified audit opinion on 19 September 2016. Three minor issues were raised by the auditor, which have all been addressed.

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
Richard Briggs	Chief Executive, 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 ¹	Chief Executive, Taupo District Council	Taupo District Council
Rob Williams ²	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

¹*Gareth Green was appointed as Taupo District Council's Chief Executive on 20 July 2016 and was confirmed as a WLASS Director on 5 August 2016.*

²*Rob Williams was appointed as Thames Coromandel District Council's Chief Executive on 16 May and was confirmed as a WLASS Director on 5 August 2016.*

Appendix 1

Management Accounts for period ended 31 December 2016

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2016
Company Summary



	Note	Actual YTD	Budget	Year to Date Variance	Budget	Full Year Forecast	Last Year
Income							
Company Administration		238,438	240,334	(1,896)	271,117	271,117	243,765
Procurement		908,251	398,047	510,204	442,593	952,797	352,446
Information Technology		53,600	53,600	0	53,600	53,600	22,334
Energy Management		82,270	106,500	(24,230)	213,000	213,000	39,685
Shared Valuation Data Service (SVDS)		379,623	326,415	53,208	584,557	684,557	604,450
Road Asset Technical Accord (RATA)		653,596	471,000	182,596	914,000	1,153,733	618,420
Waikato Regional Transport Model (WRTM)		63,399	56,917	6,482	113,834	113,834	168,000
Waikato Building Consent Group		230,833	157,872	72,961	270,600	368,705	0
Future Proof		430,225	348,490	81,735	575,990	595,225	0
Waikato Mayoral Forum		258,584	57,000	201,584	71,000	288,711	1,154,804
Total Income		3,298,819	2,216,175	1,082,645	3,510,291	4,695,279	3,203,904
Operating Expenditure							
Company Administration		110,566	139,727	29,161	271,117	284,823	189,116
Procurement		333,569	246,500	(87,069)	442,593	973,307	325,446
Information Technology		37,027	44,300	7,273	53,600	80,079	12,610
Energy Management		44,154	106,500	62,346	213,000	213,000	39,685
Shared Valuation Data Service (SVDS)		287,759	287,934	175	574,367	623,357	566,478
Road Asset Technical Accord (RATA)		375,116	457,000	81,884	914,000	1,146,430	618,420
Waikato Regional Transport Model (WRTM)		51,846	57,567	5,721	113,834	113,834	214,632
Waikato Building Consent Group		124,015	136,100	12,085	270,600	278,780	0
Future Proof		275,326	237,500	(37,826)	455,000	521,108	0
Waikato Mayoral Forum		258,584	57,000	(201,584)	71,000	288,711	1,154,804
Total Operating Expenditure		1,897,962	1,770,128	(127,834)	3,379,111	4,523,429	3,121,191
Earnings before interest, tax and depreciation/ amortisation (EBITA)							
		1,400,858	446,047	954,811	131,180	171,850	82,713
Non-Cash Operating Expenditure							
Company Admin Non-Cash Expenditure		86	86	0	171	171	171
SVDS Non-Cash Expenditure		45,611	48,528	2,917	97,055	91,222	91,214
WRTM Non-Cash Expenditure		36,458	36,458	1	72,916	72,916	328,122
Total Non-Cash Operating Expenditure		82,155	85,071	2,918	170,142	164,309	419,507
Earnings before interest and tax		1,318,703	360,976	957,728	(38,962)	7,541	(336,794)
Net Surplus (Deficit) before tax		1,318,703	360,976	957,728	(38,962)	7,541	(336,794)
CA Net Surplus (Deficit) before tax		127,787	100,521	27,266	(171)	(13,877)	54,478
Procurement Net Surplus (Deficit) before tax		574,682	151,547	423,136	0	(20,510)	27,000
IT Net Surplus (Deficit) before tax		16,573	9,300	7,273	0	(26,479)	9,724
Energy Mgmt. Net Surplus (Deficit) before tax		38,116	0	38,116	0	0	0
SVDS Net Surplus (Deficit) before tax		46,253	(10,046)	56,299	(86,865)	(30,022)	(53,242)
RATA Net Surplus (Deficit) before tax		278,480	14,000	264,480	0	7,303	0
WRTM Net Surplus (Deficit) before tax		(24,905)	(37,108)	12,203	(72,916)	(72,916)	(374,754)
WBCG Net Surplus (Deficit) before tax		106,818	21,772	85,046	0	89,925	0
Future Proof Net Surplus (Deficit) before tax		154,899	110,990	43,909	120,990	74,117	0
MF Net Surplus (Deficit) before tax		0	0	0	0	0	0
Net Surplus (Deficit) before tax		1,318,703	360,976	957,728	(38,962)	7,541	(336,794)
Capital Expenditure							
SVDS Enhancements		0	0	0	10,190	10,190	0
Total Cash Expenditure (Opex, Interest & Capital)		0	0	0	10,190	10,190	0

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2016
Company Admin



	Notes	Year to Date			Full Year		
		Actual YTD	Budget	Variance	Budget	Forecast	Last Year
Income							
Company Administration Member Charges		209,550	209,550	0	209,550	209,550	169,550
Recovery of Admin Costs		27,534	27,534	0	55,067	55,067	62,686
Interest Received CA		1,354	3,250	(1,896)	6,500	6,500	11,529
Total Income		238,438	240,334	(1,896)	271,117	271,117	243,765
Expenses							
Accounting/ Financial Services	1	16,459	13,750	(2,709)	27,500	36,521	29,292
External Accounting/ Financial Services		2,550	2,500	(50)	5,000	5,000	4,836
Audit Fees		10,566	10,426	(140)	15,349	15,349	15,349
IT Services		0	46	46	92	92	36
Recruitment Fees		0	0	0	0	0	0
Professional Fees		0	1,250	1,250	2,500	2,500	0
Bank Charges		198	250	52	500	500	357
Legal Fees		0	1,250	1,250	2,500	2,500	126
Value Financials Licence Fee		1,320	1,320	0	2,341	2,341	2,177
Sundry Expenses		765	650	(115)	1,300	1,300	1,001
Insurance		2,720	2,535	(185)	2,535	2,720	2,535
Shared Services Contractors		66,091	98,000	31,909	196,000	181,000	122,128
Digital Strategy	2	0	0	0	0	15,000	0
Building Group - Facilitator	2	0	0	0	0	3,000	0
Company Secretary Services		3,582	2,750	(832)	5,500	7,000	1,617
Mileage Costs		6,315	5,000	(1,315)	10,000	10,000	9,713
Write Offs		0	0	0	0	0	(51)
Total Expenses		110,566	139,727	29,161	271,117	284,823	189,116
Earnings before interest, tax and depreciation/ amortisation (EBITA)							
		127,872	100,607	27,265	0	(13,706)	54,649
Non-Cash Expenses							
Depreciation		86	86	0	171	171	171
Earnings before interest and tax		127,787	100,521	27,266	(171)	(13,877)	54,478
Net Surplus (Deficit) before tax							
		127,787	100,521	27,266	(171)	(13,877)	54,478
Cash Surplus							
Opening Balance		78,482	0	78,482	0	78,482	31,600
plus /(less) transfers	3	(1,943)	0	(1,943)	0	(1,943)	(7,767)
Movement for year		127,872	100,607	27,266	0	(13,706)	54,649
Cash Surplus / (Deficit)		204,411	100,607	103,805	0	62,834	78,482
Notes							
1) Financial Services currently above budget due to extra hours worked in August for the Annual Report and complexity of accounts increasing. The forecast has been adjusted accordingly.							
2) Approved by the Board at their meeting in August 2016.							
3) \$1,943 transferred toward the Asset Valuation workshop held on 17 August 2016.							

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2016
Procurement of Shared Services



	Notes	Year to Date			Full Year		Last Year
		Actual YTD	Budget	Variance	Budget	Forecast	
Income							
Procurement Member Charges		20,000	20,000	0	20,000	20,000	18,000
N3 Membership Fee Recovery		0	0	0	18,000	18,000	35,866
Value Financials Fee Recovery		2,147	2,147	0	28,693	28,693	147,500
Insurance Brokerage Fee Recovery	1	152,586	147,500	5,086	147,500	152,586	62,400
Infometrics Fee Recovery		69,920	62,400	7,520	62,400	69,920	0
Asset Valuation Services	2	1,943	0	1,943	0	1,943	0
Health and Safety Working Party		7,500	5,000	2,500	5,000	7,500	11,680
WRAPS Recovery	3	577,155	84,000	493,155	84,000	577,155	0
Historical Aerial Photos Recovery		77,000	77,000	0	77,000	77,000	77,000
Total Income		908,251	398,047	510,204	442,593	952,797	352,446
Expenses							
Professional Services		0	10,000	10,000	20,000	20,000	0
N3 Membership Fee Recovery		0	0	0	18,000	18,000	18,000
Value Financial Fees		0	0	0	28,693	28,693	35,866
Insurance Brokerage Fee Payable	1	152,586	147,500	(5,086)	147,500	152,586	147,500
Infometrics		0	0	0	62,400	69,920	62,400
Asset Valuation Services	2	1,943	0	(1,943)	0	1,943	0
Health and Safety Working Party		8,010	5,000	(3,010)	5,000	8,010	0
WRAPS Services	3	171,030	84,000	(87,030)	84,000	577,155	0
Historical Aerial Photos Services		0	0	0	77,000	77,000	50,000
Procurement Review	4	0	0	0	0	20,000	0
Total Expenses		333,569	246,500	(87,069)	442,593	973,307	313,766
Earnings before interest, tax and depreciation/ amortisation (EBITA)		574,682	151,547	423,135	0	(20,510)	38,680
Earnings before interest and tax		574,682	151,547	423,135	0	(20,510)	19,827
Net Surplus (Deficit) before tax		574,682	151,547	423,135	0	(20,510)	19,827
Cash Surplus							
Opening Balance		24,827	0	24,827	0	24,827	0
plus/(less) transfers		1,943	0	1,943	0	0	5,000
Movement for year		574,682	151,547	423,135	0	(20,510)	19,827
Cash Surplus / (Deficit)		601,452	151,547	449,905	0	4,317	24,827
Notes							
1) Additional cost of \$5,086 for UK underwriter visit by WLASS rep. Approved by the Board.							
2) \$1,943 transferred from Company Admin 2015/16 cash surplus to fund Asset Valuation workshop.							
3) The budget for this project was not known when the SOI was adopted, as tendering was in progress. The full budget is \$582,186, which will be funded by the participating councils and from external parties. \$577,155 will be expensed by June 2017.							
4) Approved by Board at their meeting in August 2016. To be funded by cash surplus.							

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2016
Information Technology (IT)



	Notes	Year to Date			Full Year		
		Actual YTD	Budget	Variance	Budget	Forecast	Last Year
Income							
IT Initiatives Contributions		52,600	52,600	0	52,600	52,600	22,334
Meeting Expenses		1,000	1,000	0	1,000	1,000	0
Total Income		53,600	53,600	0	53,600	53,600	22,334
Expenses							
Meeting Expenses		548	500	(48)	1,000	1,000	830
GIS Shared Data Portal		0	8,800	8,800	17,600	17,600	11,780
Collaboration Portal	1	36,479	35,000	(1,479)	35,000	36,479	0
GIS Regional Review	2	0	0	0	0	25,000	0
Total Expenses		37,027	44,300	7,273	53,600	80,079	12,610
Earnings before interest, tax and depreciation/ amortisation (EBITA)							
		16,573	9,300	7,273	0	(26,479)	9,724
Earnings before interest and tax		16,573	9,300	7,273	0	(26,479)	9,724
Net Surplus (Deficit) before tax							
		16,573	9,300	7,273	0	(26,479)	9,724
Cash Surplus							
Opening Balance	1	21,243	0	21,243	0	21,243	11,519
plus /(less) transfers		0	0	0	0	0	0
Movement for year		16,573	9,300	7,273	0	(26,479)	9,724
Cash Surplus / (Deficit)	2	37,816	9,300	28,516	0	(5,236)	21,243
Notes							
1) Cost of \$1,479 for roll-out of the Collaboration Portal funded by 2015/16 cash surplus.							
2) Approved by Board at their meeting in August 2016. To be funded by cash surplus.							

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2016
Energy Management



	Notes	Year to Date			Full Year		Last Year
		Actual YTD	Budget	Variance	Budget	Forecast	
Income							
EECA Collaboration - Council Contributions		56,316	40,000	16,316	80,000	80,000	0
EECA Revenue	1	25,954	66,500	(40,546)	133,000	133,000	0
Energy Management		0	0	0	0	0	39,685
Total Income		82,270	106,500	(24,230)	213,000	213,000	39,685
Expenses							
EECA Collaboration		44,154	40,000	(4,154)	80,000	80,000	0
Professional Services Costs		0	66,500	66,500	133,000	133,000	0
Energy Management		0	0	0	0	0	39,685
Total Expenses		44,154	106,500	62,346	213,000	213,000	39,685
Earnings before interest, tax and depreciation/ amortisation (EBITA)							
		38,116	0	38,116	0	0	0
Earnings before interest and tax		38,116	0	38,116	0	0	0
Net Surplus (Deficit) before tax							
		38,116	0	38,116	0	0	0
Cash Surplus							
Opening Balance		0	0	0	0	0	0
plus/(less) transfers		0	0	0	0	0	0
Movement for year		38,116	0	38,116	0	0	0
Cash Surplus / (Deficit)		38,116	0	38,116	0	0	0
Notes							
1) Revenue is lower than budgeted due to delays in implementing the programme in several councils, due to lack of availability of staff.							

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2016
Shared Valuation Data Service (SVDS)



	Notes	Year to Date			Full Year		
		Actual YTD	Budget	Variance	Budget	Forecast	Last Year
Income							
SVDS Member Charges		133,993	133,993	0	267,985	267,985	290,293
TA Valuation Services Recovery		78,463	78,463	0	78,463	78,463	78,500
SVDS Enhancements Recovery	1	0	0	0	10,190	10,190	0
SVDS Data & Software Sales	2	167,167	113,960	53,208	227,919	327,919	235,657
Total Income		379,623	326,415	53,208	584,557	684,557	604,450
Expenses							
Hosting Contract		24,045	24,334	289	48,667	48,667	47,760
Software Contract		51,750	52,734	984	105,467	105,467	103,500
Management Services		139,531	141,594	2,063	283,187	283,187	276,207
TA Valuation Services		38,499	39,232	733	78,463	78,463	76,999
Consultancy Fees		13,820	8,000	(5,820)	16,000	32,165	21,864
Software Support Contingency		0	3,125	3,125	6,250	36,250	0
Security Certificates		0	150	150	300	300	0
Insurance	3	4,325	1,500	(2,825)	1,500	4,325	1,357
Legal Fees		329	2,000	1,671	4,000	4,000	4,220
Secretarial Services		1,693	1,500	(193)	3,000	3,000	3,228
Oncharge of LASS Admin Costs		13,767	13,767	(0)	27,533	27,533	31,343
Total Expenses		287,759	287,934	175	574,367	623,357	566,478
Earnings before interest, tax and depreciation/ amortisation (EBITA)		91,864	38,482	53,382	10,190	61,200	37,972
Non-Cash Expenses							
Depreciation	4	45,611	48,528	2,917	97,055	91,222	91,214
Earnings before interest and tax		46,253	(10,046)	56,299	(86,865)	(30,022)	(53,242)
Net Surplus (Deficit) before tax		46,253	(10,046)	56,299	(86,865)	(30,022)	(53,242)
Capital Expenditure							
SVDS Enhancements	1	0	0	0	10,190	10,190	0
Total Cash Expenditure (Opex, Interest & Capital)		287,759	287,934	175	584,557	633,547	566,478
Cash Surplus							
Opening Balance		34,830	0	34,830	0	34,830	(3,142)
plus/(less) transfers		0	0	0	0	0	0
Movement for year		91,864	38,482	53,382	0	61,200	37,972
Cash Surplus / (Deficit)	5	126,694	38,482	88,212	0	96,030	34,830

Notes

- 1) Enhancement work to be recovered from individual councils.
- 2) New data sales contracts are bringing additional revenue.
- 3) Insurance includes the professional indemnity and technology liability insurance for RVSL.
- 4) SVDS database to be fully depreciated by 30 June 2019.
- 5) Surplus expected to be used for rewriting the front end of the Sales Portal; subject to business case approval.

**Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2016
Road Asset Technical Accord (RATA)**



	Notes	Year to Date			Full Year		
		Actual YTD	Budget	Variance	Budget	Forecast	Last Year
Income							
Councils - Data Collection	1	303,363	157,500	145,863	315,000	523,000	0
Councils - RATA Funding		299,500	285,500	14,000	571,000	571,000	618,420
Councils - Project Funding	1	41,733	28,000	13,733	28,000	41,733	0
Project Management (WRM)	2	9,000	0	9,000	0	18,000	0
Total Income		653,596	471,000	182,596	914,000	1,153,733	618,420
Expenses							
Data Collection	1	200,811	157,500	(43,311)	315,000	523,000	0
Forward Works Programme Tours		0	2,500	2,500	5,000	5,000	0
Asset Managers Forum		0	1,500	1,500	3,000	3,000	0
Benchmarking of Reg. Road Outcomes		0	10,000	10,000	20,000	20,000	0
Deterioration Modelling		0	23,500	23,500	47,000	47,000	0
Staff and Contractor Services		88,750	182,500	93,750	365,000	365,000	0
External Contractor (Data Collection)		1,750	3,500	1,750	7,000	7,000	0
Overheads	3	59,375	76,000	16,625	152,000	152,000	0
Roading (RATA)	4	24,430	0	(24,430)	0	24,430	618,420
Total Expenses		375,116	457,000	81,884	914,000	1,146,430	618,420
Earnings before interest, tax and depreciation/ amortisation (EBITA)		278,480	14,000	264,480	0	7,303	0
Earnings before interest and tax		278,480	14,000	264,480	0	7,303	0
Net Surplus (Deficit) before tax		278,480	14,000	264,480	0	7,303	0
Cash Surplus							
Opening Balance	5	151,061	0	151,061	0	151,061	151,061
plus /(less) transfers		0	0	0	0	0	0
Movement for year		278,480	14,000	264,480	0	7,303	0
Cash Surplus / (Deficit)	4	429,541	14,000	415,541	0	158,364	151,061

Notes

- 1) Budget based on previous year. Forecast based on commitments made by each of the participating councils.
- 2) Project management of WRTM.
- 3) Waipa District Council provides RATA with full support services, including accommodation, finance, IT, HR, GIS, legal advice, communications and Group Manager support.
- 4) Projects funded from 2015/16 cash surplus. \$24,430 for IDS RATA dTIMS Analysis - Stage 1 & 2.
- 5) Opening balance includes \$97,942 transferred from revenue in advance and \$53,119 from 2015/16 invoicing.

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2016
Waikato Regional Transport Model (WRTM)



	Notes	Year to Date			Full Year		Last Year
		Actual YTD	Budget	Variance	Budget	Forecast	
Income							
WRTM Member Charges		54,010	50,917	3,093	101,834	101,834	156,276
WRTM External Users Recovery		9,389	6,000	3,389	12,000	12,000	11,724
Total Income		63,399	56,917	6,482	113,834	113,834	168,000
Expenses							
WRTM Project Manager		9,000	9,000	0	18,000	18,000	18,000
Minor Model Upgrades		10,303	15,000	4,697	30,000	30,000	42,535
Peer Review		1,201	2,500	1,299	5,000	5,000	276
Annual Scheduling of Works Review		0	2,250	2,250	4,500	4,500	0
WRTM Base Model Testing		0	0	0	0	0	16,506
External User Costs		0	5,000	5,000	10,000	10,000	9,681
Census Update		0	0	0	0	0	30,931
Tendering for WRTM Contract		0	0	0	0	0	19,570
Future Land Use Client Input		0	0	0	0	0	44,433
Future Land Use Update		16,200	7,500	(8,700)	15,000	16,200	0
Household Interview Survey (HIS) Scoping		0	1,250	1,250	2,500	2,500	0
HIS Input into National Survey		0	0	0	0	0	0
Insurance		1,375	1,300	(75)	1,300	1,375	1,357
Oncharge of LASS Admin Costs		13,767	13,767	0	27,534	27,534	31,343
Total Expenses		51,846	57,567	(5,721)	113,834	115,109	214,632
Earnings before interest, tax and depreciation/ amortisation (EBITA)		11,553	(650)	12,203	0	(1,275)	(46,632)
Non-Cash Expenses							
Depreciation		36,458	36,458	0	72,916	72,916	328,122
Earnings before interest and tax		(24,905)	(37,108)	12,203	(72,916)	(74,191)	(374,754)
Net Surplus (Deficit) before tax		(24,905)	(37,108)	12,203	(72,916)	(74,191)	(374,754)
Cash Surplus							
Opening Balance		11,815	0	11,815	0	11,815	58,447
plus/(less) transfers		0	0	0	0	0	0
Movement for year		11,553	94,025	(82,472)	0	(1,275)	(46,632)
Cash Surplus / (Deficit)		23,368	94,025	(70,657)	0	10,540	11,815

**Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2016
Waikato Building Consent Group (WBCG)**



	Notes	Year to Date			Full Year		Last Year
		Actual YTD	Budget	Variance	Budget	Forecast	
Income							
Member Charges	1 & 2	132,728	112,728	20,000	225,456	270,600	0
Accumulated Fund	3	98,105	45,144	52,961	45,144	98,105	0
Total Income		230,833	157,872	72,961	270,600	368,705	0
Expenses							
Salaries		77,540	103,100	25,560	206,200	206,200	0
Vehicle Expenses		6,422	8,850	2,428	17,700	17,700	0
Training / Professional Fees		1,596	1,650	54	3,300	3,300	0
Operating Costs		0	1,500	1,500	3,000	3,000	0
Communications / IT Costs		3,908	2,000	(1,908)	2,000	3,908	0
Annual Subscriptions		0	0	0	400	400	0
Overheads	4	28,639	19,000	(9,639)	38,000	38,000	0
Special Projects	5	5,910	0	(5,910)	0	6,272	0
Total Expenses		124,015	136,100	12,085	270,600	278,780	0
Earnings before interest, tax and depreciation/ amortisation (EBITA)		106,818	21,772	85,046	0	89,925	0
Earnings before interest and tax		106,818	21,772	85,046	0	89,925	0
Net Surplus (Deficit) before tax		106,818	21,772	85,046	0	89,925	0
Cash Surplus							
Opening Balance		0	0	0	0	0	0
plus /(less) transfers		0	0	0	0	0	0
Movement for year		106,818	21,772	85,046	0	89,925	0
Cash Surplus / (Deficit)		106,818	21,772	85,046	0	89,925	0

Notes

- 1) MEMBER COUNCILS: Hamilton CC, Hauraki DC, Matamata-Piako DC, Otorohanga DC, Thames-Coromandel DC, Waikato DC, Waipa DC and Waitomo DC.
- 2) MEMBER CHARGES
 - Refer to WBCG proposed budget for 2016 - 2019.
 - Advisory Group Resolution 4 July 2016 - "Budget will include TCDC from today onwards, please note it will be different during TCDC's transitioning, after which the usual budget process will be followed". Consequently 2016/2017 income includes TCDC contribution of \$40,000 for the first year only, after which the usual contribution formula applies.
 - Income is inflation adjusted
- 3) ACCUMULATED FUND: Board Resolution 7 Dec 2015 - "The original 5 authority accumulated fund (fund 1) should be ring fenced and use up over next 3 years to offset an increased cost for the LTP".
- 4) OVERHEADS: Waikato DC provides the Building Consent Group with support services, including accommodation, IT, HR and Group Manager support.
- 5) SPECIAL PROJECT: New website, soon to come on line. Funded from the accumulated fund.

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2016
Future Proof



	Notes	Year to Date			Full Year		Last Year
		Actual YTD	Budget	Variance	Budget	Forecast	
Income							
Member Charges		165,000	227,500	(62,500)	455,000	330,000	0
Accumulated Fund	1	265,225	120,990	144,235	120,990	265,225	0
Total Income		430,225	348,490	81,735	575,990	595,225	0
Expenses							
Implementation Advice		81,740	55,000	(26,740)	110,000	110,000	0
Tangata whenua Implementation Advice		2,682	7,500	4,818	15,000	15,000	0
Independent Chair		9,844	12,500	2,656	25,000	25,000	0
Tangata Whenua forum		10,219	7,500	(2,719)	15,000	15,000	0
Future Proof Co-Ordinator		30,000	32,500	2,500	65,000	65,000	0
Waikato DP Review		0	7,500	7,500	15,000	15,000	0
Hamilton DP Appeals & Changes		6,600	7,500	900	15,000	15,000	0
General Submissions		6,541	7,500	959	15,000	15,000	0
Southern Growth Corridor (MOUs)		0	2,500	2,500	5,000	5,000	0
Cross-Boundary issues with Auckland Council		0	7,500	7,500	15,000	15,000	0
Future Proof Strategy Update		33,803	30,000	(3,803)	60,000	60,000	0
Economic Analysis for Strategy Update		0	10,000	10,000	20,000	20,000	0
Data Monitoring		0	2,500	2,500	5,000	5,000	0
Communications Advice for Strategy Update		0	10,000	10,000	20,000	20,000	0
NIDEA and WISE refinements	2	86,108	20,000	(66,108)	20,000	86,108	0
Independent Assessment of Growth Projections		0	7,500	7,500	15,000	15,000	0
Overheads	3	7,789	10,000	2,211	20,000	20,000	0
Total Expenses		275,326	237,500	(37,826)	455,000	521,108	0
Earnings before interest, tax and depreciation/ amortisation (EBITA)		154,899	110,990	43,909	120,990	74,117	0
Earnings before interest and tax		154,899	110,990	43,909	120,990	74,117	0
Net Surplus (Deficit) before tax		154,899	110,990	43,909	120,990	74,117	0
Cash Surplus							
Opening Balance		0	0	0	0	0	0
plus /(less) transfers		0	0	0	0	0	0
Movement for year		154,899	110,990	43,909	120,990	74,117	0
Cash Surplus / (Deficit)		154,899	110,990	43,909	120,990	74,117	0
Notes							
1) Actual funds transferred from Hamilton City Council when Future Proof transferred into WLASS.							
2) Revision of Waikato Population Projections - the University of Waikato.							
3) Hamilton City Council provides support services.							

Waikato Local Authority Shared Services
Management Accounts for the Period Ended 31 December 2016
Waikato Mayoral Forum



	Notes	Year to Date			Full Year		Last Year	Project to date	
		Actual YTD	Budget	Variance	Budget	Forecast			
Income									
Waikato Plan	1	150,000	0	150,000	0	150,000	0	1,346,240	
Policy & Bylaws		0	0	0	0	0	0	86,000	
Regional Infrastructure Tech. Specs.	2	68,400	50,000	18,400	50,000	80,000	42,600	111,000	
Policy & Bylaws		0	0	0	7,000	7,000	10,000	10,000	
Section 17a Review		7,000	7,000	0	7,000	7,000	14,000	24,656	
Administration Costs		7,000	7,000	0	7,000	7,000	7,000	19,385	
Revenue		232,400	64,000	168,400	71,000	251,000	73,600	1,597,281	
Plus / (Less) Revenue in Advance	3	26,184	(7,000)	33,184	0	37,711	462,784	(258,521)	
Total Income		258,584	57,000	201,584	71,000	288,711	536,384	1,338,759	
Expenses									
Waikato Plan		187,711	0	(187,711)	0	187,711	474,559	1,178,461	
Policy & Bylaws		0	0	0	0	0	0	0	
Regional Infrastructure Tech. Specs.	2	66,115	50,000	(16,115)	50,000	80,000	25,069	91,184	
Policy & Bylaws		0	0	0	7,000	7,000	13,911	37,068	
Section 17a Review		3,126	3,500	(374)	7,000	7,000	17,656	20,782	
Administration Costs		1,632	3,500	1,868	7,000	7,000	5,189	11,264	
Total Expenses		258,584	57,000	(202,332)	71,000	288,711	536,384	1,338,759	
Earnings before interest, tax and depreciation/ amortisation (EBITA)		0	0	(748)	0	0	0	0	
Earnings before interest and tax		0	0	(748)	0	0	0		
Net Surplus (Deficit) before tax		0	0	(748)	0	0	0		
Notes 1) Participating Councils to be invoiced in December 2016. 2) Forecast shows additional \$30,000 approved by the Board to complete RITS. These amounts have not yet been invoiced. 3) Revenue received in advance broken down as follows:					Revenue	Expenditure	Transfers	Available Funds	
					Administration	19,385	11,264	-	8,121
					Waikato Plan	1,346,240	1,178,461	-	167,779
					Policy & Bylaws	96,000	37,068	(19,000)	39,932
					Regional Infrastructure Tech. Specs	111,000	91,184	19,000	38,816
					Section 17a Review	24,656	20,782	-	3,874
					Total for Mayoral Forum Activities				258,522
				RATA (Showing in Cash Surplus Opening Balance)				97,942	
				Historical Aerial Photos (PROCUREN	3,515	3,515	-	3,515	
					Revenue in Advance total			359,979	

Waikato Local Authority Shared Services
Balance Sheet
As at 31 December 2016



	Notes	Year to Date			Full Year	
		Actual YTD	Budget FY	Variance	Budget	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		(2,273,720)	(2,328,930)	55,211	(2,328,930)	(1,924,992)
Plus Current Year Operating Surplus/(Deficit)		1,318,704	(38,242)	1,356,947	(38,242)	(348,727)
TOTAL CAPITAL FUNDS		2,001,985	589,829	1,412,157	589,829	683,281
ASSETS						
CURRENT ASSETS						
Prepayments		0	2,692	(2,692)	2,692	148,820
Accounts Receivable	1	1,136,411	3,394	1,133,017	3,394	390,047
Accounts Receivable Accruals		(79,390)	0	(79,390)	0	21,252
Accrued Interest		0	0	0	0	281
RWT On Interest		3,916	1,820	2,096	1,820	3,385
Local Authority Shared Services 00		300,635	0	300,635	0	152,684
Local Authority Shared Services On-Call		765,323	623,031	142,292	623,031	484,588
BNZ - Term Deposit 020		45,770	0	45,770	0	45,402
GST Paid		(43,651)	(48,066)	4,415	(48,066)	33,833
TOTAL CURRENT ASSETS		2,129,014	582,871	1,546,143	582,871	1,280,291
NON-CURRENT ASSETS						
SVDS - Intangible Asset		3,065,316	3,085,506	(20,189)	3,085,506	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	2	(4,954,027)	(5,041,294)	87,267	(5,041,294)	(4,871,872)
TOTAL NON-CURRENT ASSETS		409,340	342,262	67,078	342,262	491,494
NET ASSETS		2,538,353	925,133	1,613,221	925,133	1,771,785
LESS CURRENT LIABILITIES						
Accounts Payable		103,220	323,831	(220,611)	323,831	530,668
Accounts Payable Accrual		73,052	11,473	61,580	11,473	27,327
ACC Prepayments		0	0	0	0	0
RWT On Payments		118	0	118	0	743
Revenue in Advance	3	359,977	0	359,977	0	529,766
TOTAL CURRENT LIABILITIES		536,368	335,304	201,065	335,304	1,088,504
NET WORTH		2,001,985	589,829	1,412,157	589,829	683,281
Notes						
1) Outstanding Receivables higher at this time due to annual invoices being sent. No issues to note.						
2) Accumulated depreciation is lower than budget due to the WRTM asset review extending the life of the asset to June 2019.						
3) Revenue in advance is not budgeted for as it results from revenue received not yet spent on expenses.						

Waikato Local Authority Shared Services
Statement of Cash Flows
As at 31 December 2016



	Actual YTD	Full Year Budget	Last YTD
Cashflows from Operating Activities			
Interest Received	1,635	6,500	16,538
Receipts from Other Revenue	2,454,421	3,503,791	2,280,922
Payments to Suppliers	(2,016,027)	(3,379,111)	(2,101,635)
Taxes Paid	(1,156)	(1,820)	5,330
Goods & Services tax (net)	(9,818)	(25,221)	59,305
Net cash from operating activities	429,055	104,139	260,460
Purchase of Intangible Assets	0	(10,190)	(9,441)
Net cash from investing activities	0	(10,190)	(9,441)
Net increase in cash, cash equivalents and bank accounts	429,055	93,949	251,019
Opening cash and cash equivalents and bank overdrafts	682,673	529,082	442,598
Closing cash, cash equivalents and bank accounts	1,111,728	623,031	693,617
Summary of Bank Accounts			
BNZ - Cheque a/c	300,635	0	29,042
BNZ - Call a/c	765,323	623,031	620,179
Term Deposit	45,770	0	44,396
Closing Balance of Bank	1,111,728	623,031	693,617

Appendix 2

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

Changes to NZ Accounting Standards

LASS transitioned to the new Public Sector Public Benefit Entities (PBE) accounting standards for the year ended 30 June 2015. LASS 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.