



BOPLASS Ltd

HALF YEARLY REPORT TO SHAREHOLDERS



Period ended 31 December 2022

“COUNCILS PARTNERING FOR VALUE AND SERVICE”



BOPLASS Chair's Report

It is with pleasure the Directors present their 2022/2023 Half Yearly Report to Shareholders demonstrating the considerable contribution the company makes to collaboration between councils.

In mid-2022 we were pleased to welcome Miles McConway, Ōpōtiki District Council acting CEO to the board in an interim role. Miles joined the board with prior experience with BOPLASS, and as one of the company initiators we valued his experience and his continued drive to deliver value for our councils through collaboration. As we welcomed Miles, we farewellled Aileen Lawrie. As one of the original BOPLASS directors Aileen has left a legacy of leading change across the region and proactively supporting inter-council collaboration. The Board thank Aileen for her significant contribution and wish her well for her future endeavours. With Stace Lewer's appointment as Ōpōtiki District Council CEO he joins the BOPLASS board, and we welcome his contribution.

The international insurance market remained under pressure in 2022, despite predictions that the peak may have been reached. The main drivers being inflation and the scale of ongoing losses from natural disaster events. During the renewal process BOPLASS leveraged new and existing relationships within international and local insurance markets to educate underwriters on BOPLASS councils' proactive management of risk and resiliency. Data from the BOPLASS LiDAR programme was utilised to demonstrate our councils understanding and management of natural catastrophe exposures. This three-dimensional presentation of the data was unique and was successful in capturing the attention of every syndicate, resulting in particularly good renewal outcomes. Full cover was maintained for all councils and secured with competitive terms and rates.

The MahiTahi LG Collaboration Portal has proven to be an essential tool in the identification and development of shared services opportunities and the sharing of information. In addition to new councils signing up to the portal, it is now being used by the Department of Internal Affairs for coordination and collaboration between local government staff in the Water-Reform Management Groups. Additionally, BOPLASS has supported the migration of the RSHL Te Uru Kahika Hub (regional and unitary councils) being hosted within the same environment. These are both very good examples of a BOPLASS initiative having wide-reaching benefits.

With effective management and renewal of established procurement contracts, BOPLASS has continued to ensure best value is delivered for our shareholding councils during the first six months of the year. In addition, BOPLASS is currently leading shared service and procurement projects that will deliver further value to our councils. Several of these new initiatives are being undertaken in conjunction with MW LASS and Waikato councils. It's pleasing to be developing inter-regional opportunities that provide value to each group while leveraging savings, benefits, and improved level of service across multiple councils.

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

20 FEBRUARY 2023

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 the only change being the appointment of Acting Ōpōtiki Chief Executive, Miles McConway, to the Board as Director and Shareholder Representative from June 2022 to December 2022, and subsequently, Stace Lewer, to the Board as Director and Shareholder Representative from December 2022.

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 while also identifying new shared services opportunities.

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

- *Asset management*
- *Building consents*
- *Business continuity planning*
- *Capital Expenditure projects*
- *CCTV monitoring*
- *Centralised insurance resource*
- *Consents processing*
- *Contractor online inductions*
- *Document digitisation*
- *Driver training*
- *Geospatial services*
- *High volume print*
- *HR Information Systems*
- *Information services*
- *Infrastructure development codes*
- *Joint software support*
- *Payroll*
- *Project management office*
- *Rates collection*
- *Regional Civil Defence*
- *Solid waste regional facilities strategy*
- *Staff engagement survey systems*
- *Web services*

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

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

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

BOPLASS development of the Collaboration Portal for the sharing of information on joint procurement or shared services opportunities within the constituent councils has identified a number of duplicate projects across councils that present an opportunity for further collaboration. The BOPLASS Collaboration Portal is becoming widely 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.

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

- Insurance forum – BOPLASS is hosting a Local Government Risk Forum for councils across the central and upper North Island, with key speakers covering risk and insurance topics specific to local government.
- Insurance renewals - Renewals have been completed for all councils under the BOPLASS collective programme with strong underwriter interest in the programme demonstrated from new and existing syndicates – resulting in improved pricing. With underwriters now very focussed on increasing climate change risks and the impact on councils’ risk profiles, it is anticipated that the recent significant NZ weather events will create challenges for the 2023 renewal.
- Geotechnical Engineering Panel – BOPLASS is investigating opportunities for establishing a preapproved panel for accredited geotechnical engineering consultants.
- Waste Operator and Licensing Data System (WOLDS) – BOPLASS is leading this project in conjunction with Waikato councils. A shared service is to be established providing a common waste operator licensing and management system across multiple councils.
- Aerial Imagery – A tender was awarded for aerial imagery and LiDAR services covering the Eastern Bay region including urban and Maketu/Putuaki areas with LiDAR captured with 8-Pulse specifications.
- Contractor and Employee H&S Inductions – A project continues to be investigated to develop a common platform and standard for the development and management of H&S inductions – for both staff and contractor purposes.
- 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 continues to investigate options for appointing a preferred provider for driver training services.
- MahiTahi Collaboration Portal – Further growth has been achieved with the MahiTahi Collaboration Portal with additional councils joining and using it as a collaboration tool for sharing information across councils.
- E-Plan Development – BOPLASS councils are required to move current operative plans to an online environment. BOPLASS is working with current providers to explore collaborative options and opportunities to leverage a collective group rate.
- Health insurance – A project is underway to explore benefits of establishing a group scheme across the BOPLASS group.
- Health & Safety training – BOPLASS has renewed a collective agreement for councils’ H&S training services with a wider range of services now included.
- Cyber Insurance – Due to the increasing levels of claims in this category, the global cyber market has become extremely challenging with most insurers now very cautious about providing cyber cover – particularly in local government accounts. Working closely with councils’ cyber staff, BOPLASS has been able to renew the collective agreement with a further increase in cover limits.
- Agenda management software – A project is underway to investigate standardisation of software across the BOPLASS councils and the sharing of information and templates.

- 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.
- Media Monitoring Service – BOPLASS has renewed the collective agreement for media monitoring service across the councils. The single BOPLASS portal provides substantial savings to councils while also providing a significant reduction in internal resource requirements.
- Institute of Public Works Engineering Australasia (IPWEA) – BOPLASS has renewed the single BOPLASS membership covering all councils and providing substantial savings.
- High volume print – Councils currently use a variety of solutions for their high-volume print runs including utilising large print equipment, outsourcing to external suppliers, or a mixture of both. BOPLASS is continuing to investigate alternative solutions with a focus on minimisation of resource and cost reduction.
- Lone worker field solutions – BOPLASS is investigating technologies and solutions to support council staff in lone worker situations.
- Multi-function Devices (Photocopiers and Printers) – A tender is underway for print and copy equipment across the BOPLASS councils. Significant financial and technology benefits have previously been achieved in this category through establishing a collective agreement. Given declining print volumes across councils, retaining flexibility with print fleet requirements will be imperative.
- Video Conference Services – BOPLASS has continued to develop Zoom and meeting room video conference services across the councils. Further work is being undertaken to ensure participating councils continue to have a reliable and secure service.
- Health and Safety Advisory Group – The BOPLASS and Waikato Health and Safety groups continue to collectively develop 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.
- Procurement Strategy Group – BOPLASS have established a strategy group consisting of the Procurement Leads within each council. The key purpose of the group is to collaborate and develop strategic objectives within councils’ procurement processes. The sharing of knowledge has already proven to be invaluable in councils’ development of broader outcomes within their procurement strategies, to encompass social, cultural, environmental and economic considerations.
- 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 2022 are attached.

8.5 Variations

Aerial photography revenue and expenditure is slightly higher than budgeted due to delays in the initial flying of LiDAR capture in the previous year resulting in the work being moved into the current year. This has resulted in a small portion of older contracted work being completed in 2023, which has resulted in the increased figures we see for these activities.

The salaries account is displaying a variance due to the December end payroll accrual not being included in the budgeted figures, this accrual consists of \$10,042.99 for December end wages/PAYE with an additional \$10,533 being for employee leave entitlement which supports most of the difference identified when compared to budget.

Trade debtor's total \$484,227 of our current assets, this balance is made up of \$390,000 worth of invoices that were issued in December indicating no concern around the idea of bad debts or the need for write offs. Additionally, this large completion of invoices makes up most of the GST portion totalling \$50,738 of current liabilities.

Given the nature of BOPLASS, the entity is in a healthy position heading into the second half of the year knowing that several of the core one-off expenditures are behind us while still having council contributions to supplement operational needs.

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 to us by BOP Regional Council and the support that is offered for IT and Accounting services by Tauranga City Council.

BOP LASS LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE MONTH ENDED 31 DECEMBER 2022

	Actual YTD	Budget YTD	Total Budget	YTD Variance
REVENUE				
Revenue - Core	166,676	156,996	313,992	9,680
Bank Interest Received	2,423	100	200	2,323
Council Contribution	164,254	156,896	313,792	7,358
Revenue - Projects	1,072,711	975,800	1,301,600	101,911
Bank Interest Received	2,109	2,050	4,100	59
Aerial Photography Revenue	383,434	300,000	400,000	83,434
Collaboration Portal Revenue	31,200	30,000	50,000	1,200
Lease Revenue - ICN	55,995	65,000	130,000	(9,005)
Lease Revenue - Video Conference	22,472	7,500	15,000	14,972
Projects - Recoveries Revenue	576,880	570,000	700,000	6,880
Rebates	622	1,250	2,500	(628)
TOTAL OPERATING REVENUE	1,239,388	1,132,796	1,615,592	106,592
EXPENSES				
Expenditure - Core	210,050	194,935	384,570	15,115
ACC	0	425	850	(425)
Accommodation & Travel	2,437	1,050	2,100	1,387
Accounting & Audit	0	10,650	21,300	(10,650)
Administration	10,769	8,750	17,500	2,019
Amortisation	1,142	3,850	7,700	(2,708)
Bank Fees	66	100	200	(34)
Conferences	0	1,050	2,100	(1,050)
Depreciation	2,953	325	650	2,628
Directors Costs	9,657	10,500	21,000	(843)
Fringe Benefit Tax	1,756	1,750	3,500	6
General & Catering	376	1,100	2,200	(724)
Health & Safety	0	500	1,000	(500)
Insurance	10,950	5,250	10,500	5,700
Interest Paid - TCC Loan	0	250	500	(250)
Legal	0	1,000	2,000	(1,000)
Salaries	165,423	141,085	282,170	24,338
Salaries - Projects OpEx	(9,535)	(8,250)	(16,500)	(1,285)
Staff Support Costs	8,873	8,750	17,500	123
Staff Training Costs	483	1,000	2,000	(517)
Subscriptions	0	500	1,000	(500)
Tax Advice	4,700	5,300	5,300	(600)
Tax Expense - Prior Years	0	0	0	0
Expenditure - Projects	1,035,374	940,061	1,231,022	102,363
Aerial Photography Expense	383,434	300,000	400,000	83,434
Collaboration Portal OpEx	18,053	13,561	27,122	4,492
Lease Expense - ICN	55,430	62,400	124,800	(6,970)
Lease Expense - Video Conference	23,738	14,100	14,100	9,638
Projects - Recoveries Expenditure	554,719	550,000	665,000	4,719
TOTAL OPERATING EXPENDITURE	1,245,424	1,134,996	1,615,592	117,478
OPERATIONAL SURPLUS / (DEFICIT) BEFORE TAX	(6,036)	(2,200)	0	(3,836)

BOP LASS LTD
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2022

	Actual YTD
Bank	
Cheque Account	309,751
Trust A/c Aerial Photography	196,450
Term Deposit 182 days @ 1.20%. Maturing 11 April 2022	250,000
Total Bank	756,201
Current Assets	
Trade Debtors	484,227
Accrued Revenue	41,320
Tax Payable (Tax Receivable)	9,198
Prepayments	9,221
Total Current Assets	543,966
Non-current assets	
Intangible - Computer Software	79,175
Intangible - Amortisation	(70,977)
Computer Equipment at cost	4,516
Less Accumulated Depreciation on Computer Equipment	(3,922)
Inter Council Network	25,097
Accumulated Depreciation Inter Council Network	(5,882)
Total Non-current assets	28,006
TOTAL ASSETS	1,328,173
Current Liabilities	
Business Credit Card	732
Trade Creditors	101,958
Accrued Expenses	5,653
Accrued Salaries and Wages	7,560
Accrued Leave Entitlements	10,533
GST Collected, Paid, Payments (Refunds)	50,738
Retentions	22,023
Income in Advance	1,074,579
PAYE Accruals Payable	8,934
TCC Loan	0
Total Liabilities	1,282,710
NET ASSETS	45,463
Equity	
Current Year Earnings	(6,036)
Retained Earnings	(47,503)
Share capital	99,002
TOTAL EQUITY	45,463