



**BOPLASS Ltd**

# HALF YEARLY REPORT TO SHAREHOLDERS



Period ended 31 December 2021

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



## BOPLASS Chair's Report

It is with pleasure the Directors present their 2021/2022 Half Yearly Report to Shareholders demonstrating the considerable contribution the company makes to collaboration between councils.

With one change to the Board earlier this year, we farewelled and thanked Miriam Taris for her contribution and welcomed John Holyoake as Director and Shareholder's representative for the Western Bay of Plenty District Council.

The hardening of the global insurance market continued in 2021 with insurers focussing on climate change risks and the impact of this on councils' risk profiles. BOPLASS has continued to build strong relationships within the insurance markets and this again proved its value throughout the renewal process, ensuring favourable terms and competitive rates were achieved. BOPLASS has continued to take a proactive role in ensuring councils provide timely, relevant, and accurate data to support and promote the collective group's engagement with both local and international insurers.

2021 saw the awarding and management of several large aerial imagery and LiDAR contracts, with the benefits not only covering the collective capture of imagery but also providing resource savings through collaborating in the processing and storage of data for the region. Contributions from Land Information NZ to the collective BOPLASS programme were received, which further contributed to council savings.

In addition to the essential uses of the mapping data for internal and external council systems, this GIS work also feeds into insurance data used in our submissions to insurers. The quality of this data and mapping often sets our applications apart from less-informed organisations – resulting in improved pricing and terms for BOPLASS councils.

The BOPLASS team have managed well through the continued challenges and changes of the COVID-19 response frameworks and the Board acknowledges this commitment. Additionally, BOPLASS facilitate a Health and Safety Managers' Advisory Group which has proven to be an essential conduit for the sharing of information as councils work through similar pandemic responses and processes.

Each year the number of established procurement contracts BOPLASS manages on behalf of councils grows, and with it, the importance to maintain competitive contracts to achieve best value for our shareholding councils. BOPLASS has reviewed and renewed several contracts in the first six months of this year and, where able, this has been undertaken in conjunction with the other LASS. In addition, BOPLASS has successfully led the procurement of mail services for BOPLASS, MW LASS, Waikato councils providing each group with substantial savings and an improved level of service. The Board continues to support the development of inter-regional opportunities and collaboration.

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

15 FEBRUARY 2022

## 1 INTRODUCTION

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

## 2 OBJECTIVES OF BOPLASS LTD

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

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

These will be achieved primarily through:

### **JOINT PROCUREMENT**

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

### **SHARED SERVICES**

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

## 3 GOVERNANCE

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

## 4 NATURE AND SCOPE OF ACTIVITIES

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

- *Use joint procurement to add value to goods and services sourced for its constituent councils.*
- *Facilitate shared services that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.*
- *Pursue best practice in the management of all activities to obtain best value and minimise risk.*
- *Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.*
- *Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.*
- *Represent the collective views of its shareholders in matters with which it is associated.*

## 5 FUTURE DEVELOPMENTS

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

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

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

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

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

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

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

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

## 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

- Contractor and Employee H&S Inductions – A project is underway to develop a common platform and standard for the development and management of H&S inductions – for both staff and contractor purposes. In addition to the financial savings, a common platform would also provide an opportunity for the single development of modules that could be used across multiple councils.
- Inter-Council Network review and redesign – BOPLASS conducts ongoing reviews to ensure the high-speed inter-council network is cost-effective and the quality of service is maintained. In mid-2021, BOPLASS went out to tender for the ICN service. The tender received significant interest with the resultant contract providing an improvement in service levels and financial savings for all participating councils. The migration of services to the new vendor has been initiated and is expected to be completed early 2022.
- Geotechnical Engineering Panel – Currently the approval of geo-tech consultants is a time-consuming exercise undertaken separately by each council. BOPLASS is investigating opportunities for establishing a preapproved panel for accredited geotechnical engineering consultants.
- Institute of Public Works Engineering Australasia (IPWEA) – BOPLASS negotiated a single BOPLASS membership covering all councils at the same cost of a single large council, providing substantial savings.
- Cross-Regional Licencing of Waste Operators and Waste Data Collection – BOPLASS is leading this project in conjunction with Waikato and Wellington councils. An ROI was undertaken at the end of 2021 and received good responses from the market, with five specialist organisations shortlisted. The ROI was considered an information gathering stage, for both councils and suppliers and will ultimately inform the RFP to be undertaken this year.
- Insurance scorecards – Given the importance of international underwriters being confident in the accuracy of data, schedules, loss modelling and valuations provided by councils, BOPLASS developed council scorecards to help councils assess the quality of their information and highlight any areas that could be improved. The scorecards have assisted BOPLASS to identify where councils may require more training. With the help of Aon, a series of online training modules is currently being developed to build on council staff's understanding of their role in the insurance renewal cycle and the importance of accurate data.
- Insurance renewals

Renewals were completed for all councils under the BOPLASS collective programme with full cover achieved utilising a mix of NZ insurers and London markets. Throughout the renewal process it became obvious that insurers are very focussed on increasing climate change risks and the impact on councils' risk profiles. Insurers continue to look very closely at regions and areas susceptible to flood or sea inundation and now impose stricter underwriting discipline when considering risks. BOPLASS has worked with our brokers to ensure accurate and up to date asset schedules and hazard mapping are provided by our councils to retain a competitive advantage with the underwriters. A very good outcome has been achieved this year with minimal premium increases applied and favourable terms able to be negotiated in all categories.

- Insurance – Cyber Security – The global cyber market has become extremely challenging with most insurers now very cautious about providing cyber cover due to the increasing levels of claims in this category. Our insurers deemed some BOPLASS councils as having inappropriate cyber security controls. BOPLASS engaged with each at-risk council to gain clarity on their IT and cyber security roadmaps. The additional information provided by BOPLASS allowed for the collective cover to be reinstated and the premiums reduced overall.
- Occupational Health Services – BOPLASS has recently extended the agreement with Waikato Occupational Health Services for a further 12 months. Waikato LASS have extended their agreement to align with BOPLASS so we can approach the market collectively next year.
- E-Plan Development – BOPLASS councils are required to move current operative plans to an online environment by 2023. BOPLASS continues to review current providers to explore collaborative options and opportunities to leverage a collective group rate.
- Multi-function Devices (Photocopiers and Printers) – The collective agreement was due to terminate at the end of 2021. Due to COVID lockdowns and subsequent working from home policies, councils' print volumes were much lower than forecast. Due to the low usage of print equipment, BOPLASS negotiated a 12-month term extension to the existing agreement with further discounts applied.
- 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 currently investigating alternative solutions with a focus on minimisation of resource and cost reduction.
- Postal & Courier Services – Procurement for councils' mail service has been completed and a preferred supplier appointed. The BOPLASS-led process covers BOPLASS, WLASS, MWLASS and Hawke's Bay councils. Savings for all councils will be substantial, particularly for councils with high volumes of urban mail. The second phase of this project will involve appointment of a courier services provider in 2022.
- GIS Regional Technical Support – The majority of core GIS software used within councils is now procured through collective BOPLASS agreements. However, there were a variety of support models in place with most support being provided on an ad-hoc basis. BOPLASS has established a discounted enterprise support agreement now covering all councils. As well as financial savings, the support model provides for sharing of information and learnings across the GIS teams to reduce any duplication of effort.
- Aerial Imagery – Tenders have now been awarded for aerial imagery services covering both the Eastern Bay regions and Gisborne's urban/rural areas. Both tenders contribute to the greater BOPLASS regional imagery programme and are being flown during the 2021-22 summer with updated imagery available mid-2022.
- BOPLASS LiDAR – LiDAR capture is being undertaken under a separate contract to the aerial imagery but during an overlapping period. This contract is being managed by BOPLASS and completed with central government co-funding in conjunction with Land Information NZ.
- Video Conference Services – BOPLASS has continued to develop Zoom and meeting room video conference services across the councils. While these services proved invaluable during lockdown, there has been continued growth and usage. Further work is being undertaken to ensure participating councils continue to have a reliable and secure service.
- 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.
- Media Monitoring Service – BOPLASS continues to manage a collective media monitoring service with ISENTIA that automatically monitors and reports on broadcast, print and social media based upon council requirements. The single BOPLASS portal provides substantial savings to councils while also providing a significant reduction in internal resource requirements. The contract will be put out for tender in mid-2022.
- 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.
- 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. This has been particularly beneficial for councils in the development of H&S pandemic responses.
- MahiTahi Collaboration Portal – The Collaboration Portal continues to encourage collaboration between New Zealand local government organisations. Membership has grown further with a mixture of councils and council groups across the country joining. In particular, the regional council national alliance group, MWLASS and Waikato LASS are actively utilising the service with several new projects added.
- Website Quality Assurance – BOPLASS was requested to identify opportunities for a collective agreement for website quality assurance. As council websites are often the first point of contact for many in the community, regular content assurance is only going to become more important. Several BOPLASS councils are now benefitting from the service and the discounted collective agreement.
- 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 2021 are attached.



## 8.5 Variations

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

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

Aerial photography revenue and expenditure are higher than budgeted due to delays in the initial flying of LiDAR capture in 2020, with the work being moved forward to 2021. Significant progress has been made with the capture and processing of the data this year.

December salaries include an accrual for the last 12 days of December for salaries and PAYE (\$15,875 total) which would normally be included in the January Accounts as this is when they are physically paid. There is also an accrual for the total leave owing at 31 December. The total accruals of \$26,477 are reversed in January 2022.

Variances with ICN lease revenue and expenditure are due to the transition to a new fibre provider and the requirement to run some services in parallel during the transition.

## 9 STAFFING, ACCOMMODATION AND SUPPORT

### Staff

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

### Accommodation and Support

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

**BOP LASS LTD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE MONTH ENDED 31 DECEMBER 2021**

	Actual YTD	Budget YTD	Total Budget	YTD Variance
<b>REVENUE</b>				
<b>Revenue - Core</b>	<b>153,211</b>	<b>153,172</b>	<b>306,339</b>	<b>39</b>
Bank Interest Received	141	102	200	39
Council Contribution	153,070	153,070	306,139	(0)
<b>Revenue - Projects</b>	<b>993,286</b>	<b>857,000</b>	<b>1,199,000</b>	<b>136,286</b>
Bank Interest Received	1,378	3,000	6,000	(1,622)
Aerial Photography Income	330,099	200,000	300,000	130,099
Collaboration Portal	20,400	30,000	45,000	(9,600)
Lease Income - ICN	91,276	67,500	135,000	23,776
Lease Income - Video Confer.	29,241	15,250	30,500	13,991
Recoveries	520,150	540,000	680,000	(19,850)
Rebates	742	1,250	2,500	(508)
<b>Total Operating Revenue</b>	<b>1,146,497</b>	<b>1,010,172</b>	<b>1,505,339</b>	<b>136,325</b>
<b>EXPENSES</b>				
<b>Expenditure - Core</b>	<b>199,113</b>	<b>196,948</b>	<b>374,950</b>	<b>2,165</b>
ACC	562	800	800	(238)
Accommodation & Travel	1,023	1,000	2,000	23
Administration	7,799	8,650	17,300	(851)
Amortisation	1,569	2,498	5,000	(929)
Audit Fees	0	20,700	20,700	(20,700)
Bank Fees	131	176	200	(45)
Conferences	0	1,000	2,000	(1,000)
Depreciation	540	326	650	214
Directors Costs	9,000	10,500	21,000	(1,500)
Fringe Benefit Tax	1,937	1,750	3,500	187
General & Catering Expenses	1,717	998	2,000	719
Health & Safety	0	502	1,000	(502)
Insurance	9,860	9,000	9,500	860
Interest Paid – TCC Loan	0	500	500	(500)
Legal	0	2,000	2,000	(2,000)
Salaries	153,409	129,000	278,000	24,409
Salaries – Projects Opex	(2,452)	(8,250)	(16,500)	5,798
Staff Support Costs	8,894	8,498	17,000	396
Staff Training Costs	474	1,000	2,000	(526)
Subscriptions	0	1,000	1,000	(1,000)
Tax Advice	4,650	5,300	5,300	(650)
Tax Expense – Prior Years	0	0	0	0
<b>Expenditure – Projects</b>	<b>949,792</b>	<b>818,253</b>	<b>1,130,389</b>	<b>131,539</b>
Aerial Photography Expense	330,099	200,000	300,000	130,099
Collaboration Portal Opex	9,605	16,117	26,119	(6,512)
Lease Expense - ICN	88,189	64,800	129,600	23,389
Lease Expense – Video Confer.	28,252	14,336	28,670	13,916
Projects - Recoveries	493,647	523,000	646,000	(29,353)
<b>Total Operating Expenditure</b>	<b>1,148,905</b>	<b>1,015,201</b>	<b>1,505,339</b>	<b>133,704</b>
<b>Operational Surplus / (Deficit) before Tax</b>	<b>(2,408)</b>	<b>(5,029)</b>	<b>0</b>	<b>2,621</b>

**BOP LASS LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF 31 DECEMBER 2021**

	Actual YTD
<b>Current Assets</b>	
Cheque Account	396,179
Trust A/c Aerial Photography	103,125
Term Deposit 182 days @ 1.20%. Maturing 11 April 2022	300,000
Term Deposit 185 days @ 1.15% Maturing 10 February 2022	250,000
Term Deposit 182 days @ 1.15% Maturing 07 March 2022	250,000
Trade Debtors	127,431
Accrued Revenue	170,475
Tax Payable (Tax Receivable)	12,127
Prepayments	19,158
<b>Total Current Assets</b>	<b>1,628,495</b>
<b>Non-current assets</b>	
Intangible - Computer Software	79,175
Amortisation	(68,266)
Computer Equip at cost	4,516
Computer Equip depreciation	(3,175)
Office equip at cost	0
Office equip depreciation	0
<b>Total Non-current assets</b>	<b>12,251</b>
<b>TOTAL ASSETS</b>	<b>1,640,746</b>
<b>Current Liabilities</b>	
Business Credit Card	207
Trade Creditors	287,996
Accrued Expenses	17,845
Accrued Salaries and Wages	12,410
Accrued Leave Entitlements	10,602
GST Collected, Paid, Payments (Refunds)	(37,704)
Retentions	37,374
Income in Advance	1,256,828
PAYE Accruals Payable	11,770
TCC Loan	0
<b>Total Current Liabilities</b>	<b>1,597,329</b>
<b>TOTAL LIABILITIES</b>	<b>1,597,329</b>
<b>NET ASSETS</b>	<b>43,417</b>
<b>Equity</b>	
Current Year Earnings	(\$2,409)
Retained Earnings	(\$53,176)
Share capital	99,002
<b>TOTAL EQUITY</b>	<b>43,417</b>