



# **Half-yearly report to Shareholders**

1 July 2020 to 31 December 2020

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# 1 Overview of WLASS

WLASS was established in December 2005. It is jointly owned (in equal portion) by the following councils:

- Hamilton City
- Hauraki District
- Matamata-Piako District
- Otorohanga District
- Rotorua Lakes
- South Waikato District
- Taupo District
- Thames-Coromandel District
- Waikato District
- Waikato Regional
- Waipa District
- Waitomo District

The company has two fundamental roles:

- 1) It is a laboratory for developing opportunities that create value to councils, either by improving the experience of their communities or by making the councils themselves, collectively, more efficient and effective; and
- 2) It provides services to councils.

Using WLASS to explore opportunities for councils to be more effective will contribute to councils' section 17A obligation under the Local Government Act 2002 to periodically review the cost-effectiveness of the current arrangements for delivering services to their communities.

In the first half of 2020 the company revisited the way that it measures its success to reflect these roles. This is encapsulated in a performance framework.

## WLASS Performance Framework

|   |   |   |   |  |   |                |
|---|---|---|---|--|---|----------------|
| <b>Our vision</b>                                   | <b>Waikato councils working together to shape happier communities and staff, and forge effective councils.</b>  |   |   |  |   |                |
| <b>Outcomes we are seeking</b>                      | Council costs are reduced / performance is improved, without increase cost  |   | The experiences of councils' communities are improved   |  | Central government investment into and engagement with Waikato councils is increased  |                |
| <b>Our specific objectives</b>                      | <ul style="list-style-type: none"> <li>➢ Achieve effectiveness and efficiency gains</li> <li>➢ Reduce duplication of effort and eliminate waste through repetition</li> <li>➢ Helping the councils achieve an appropriate balance in risk and return</li> </ul> |   | <ul style="list-style-type: none"> <li>➢ Promote and contribute to the development of best practice</li> <li>➢ Make it easier for communities to engage with councils in the Waikato region on a consistent basis</li> <li>➢ Promote business transformation to improve communities' experiences</li> </ul> |  | <ul style="list-style-type: none"> <li>➢ Enable the Waikato councils to collectively be more effective as a region on the national stage</li> <li>➢ Contribute to building central government's confidence in the Waikato region, and to encourage central government investment</li> </ul> |                |
| <b>Priorities: How we will achieve our outcomes</b> | Investigate the right opportunities   | Develop opportunities on time and within budget | Ensure opportunity benefits are realised  | Provide services that meet the needs of councils | Foster cross-council collaboration  |                |
| <b>What we must manage well</b>                     | Our relationships   | Our services                                    | Our projects  | Our people                                       | Our resources   | Our reputation |

WLASS is acutely aware of the role it needs to play in reducing costs to its shareholding councils (or improving performance without an increase in cost). While improving the experience of councils' communities will always be front of mind as we develop ideas, we will not do this if it results in an unacceptable layer of additional, unrecoverable cost to councils. Similarly, we want to facilitate more

engagement between central government and Waikato councils, and build central government's confidence in councils in the region. However, we see this as a by-product of achieving the other two outcomes, through which we aspire to show Waikato councils to be the exemplar of how local government in a region can work.

## 2 Statement of service performance

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### 2.1 Our value

The company continues to deliver value to its shareholding councils through enabling:

- Improved levels and quality of service;
- A more co-ordinated approach to the provision of services;
- Reductions in the cost of services (meeting Council's LGA obligation);
- The development of new initiatives;
- Standardisation of service levels;
- Opportunities for all Councils, irrespective of location or size, to benefit from joint initiatives; and
- Economies of scale resulting from a single entity representing all Councils and leveraging procurement opportunities.

The nature and scope of the activities WLASS undertakes is detailed in section 6. We believe that our fees reflect the value we provide for our core service offerings (RATA, the Energy & Carbon Management programme, the Waikato Regional Transport model, Shared Valuation Data Services, Waikato Building Consent Group and from 2021, WLASS Water Services).

However, the services themselves lead to additional benefits. For example, across RATA and the Energy & Carbon Management programme identified initiatives have led to savings of ~\$1.3m p.a., and the SVDS offering generates revenue from third parties which, for the first time, means that we are not requiring contributions from councils. More recently, last year's priority project "Coordinated Infrastructure Procurement" led to the appointment of a new role within the company to deliver the benefits laid out in the business case. That appointment late last year has had an immediate impact by working with Waikato Regional Council staff to secure savings of ~\$163k (17%) on a project.

We also know that the joint procurement of various services leads to a direct cost saving. This saving comes in the form of:

- Time savings for council staff by undertaking the procurement process once, collectively, rather than individually;
- Direct cost savings from undertaking a single procurement and strengthened negotiation positions;
- Reduced risk, in the case of insurance, which has led to a saving in insurance premiums estimated at between \$1.0m and \$1.5m p.a.

We want to ensure that our service offerings meet your expectations. That is why we have a specific measure of performance for this. While we regularly seek feedback from councils, we will be formally gauging how well we are meeting your needs via a shareholder survey in the first half of 2021. We welcome the opportunity to engage more with our shareholding councils at all levels, in a way that best works for each of you.

Beyond the direct time and cost savings councils receive from the work WLASS does, we make it a priority to add value in less tangible ways. We have started seconding council staff onto some of our projects where they have the capacity to be involved. We see this as a great way of helping develop your staff by exposing them to a more regional perspective and getting involved in an area that is not part of what they do on a day-to-day basis. We think providing this opportunity is significantly more valuable

than engaging consultants to help us develop ideas, at greater cost, and with the learnings taken with them at the end of the project.

We also foster collaboration across the councils. In the main we do this via working groups, which meet at least quarterly. The overarching purpose of these groups is to help WLASS achieve the outcomes we are seeking, and these groups facilitate this by coming up with ideas for improvement in their functional areas, as well as acting as a sounding board for initiatives as they are developed. They also play a critical role in helping their councils, particularly potentially impacted staff, prepare for change that might come from ideas once they are developed.

While the working groups are an important element to the success of the company, we also know from discussions with council staff involved that they value the opportunity to get together and talk with their peers about common challenges and share learnings on how to address them.

## **2.2 Six-month highlights**

Of course, we want to continue to build on the value we are already providing. To that end, we are doing what we said we would do in our 2020 SOI and set out in this section what we have done during in the last six months, beyond the value we provide through our current offerings.

### **WLASS Water Services**

In September 2020, the Board approved the establishment of WLASS Water Services. This arrangement will see the previous partnership between Hamilton City, Waikato District and Waipa District Councils subsumed into WLASS. The water sampling and analysis, trade waste management and “Smart Waters” services undertaken by the unit will be offered to other councils within the region.

Nine councils have indicated a desire to participate in at least one of the services. Hamilton City Council and Waipa District Council will transfer directly from the existing partnership to become a customer of the new WLASS service. Most of the other councils will commence the service in the new financial year, from 1 July 2021, although some have indicated a preference for a start date in early 2021.

This new service offering is a significant addition to the company, increasing revenue by ~40%.

### **Building consent shared services**

The most significant opportunity development during the period was the Building Consent Shared Services project. The issue and monitoring of building consents is a critical function of councils. It is important that this function is delivered with the customer in mind and in the most efficient way. Councils are also facing a shortage in capacity in this area and this challenge is expected to increase with an aging workforce (not unique to building consent functions), and continuing demands on high-growth sub-regions.

Development of the opportunity culminated in the delivery of an indicative business case to the Board in December. We will be engaging further with senior staff within councils in the first half of 2021 with a view to progressing this transformational initiative to detailed business case. We believe it can add real value to Waikato communities.

### **Coordinated L&D programme**

Waikato councils have the same functional responsibility and therefore the same capability needs (noting the WRC have some different requirements). This project will consider how the learning and development programmes and supporting material can be aligned and a regional approach to training can be established. Ultimately, the project aims to result in improved training opportunities for council staff and cost efficiencies as a result of collaboration. We see it having the potential to significantly lift the capabilities within councils in a cost-effective way.

A project team has been established with representation from councils along with support from the WLASS People and Capability Managers Working Party. The team have commenced analysis of the opportunity.

## Waikato OneView

Phase 1 of the Waikato OneView project implementation was completed. Waikato OneView will see the alignment of key data from different councils through a common data schema and presentation of that data via a Web Map Viewer. It will improve the customer experience by reducing the time required to gather data and increasing the data's accessibility because it covers the whole region and is always available.

For the councils, a key investment objective is to increase the visibility and accessibility of data (in line with central Government's open data initiative), with the resulting benefit of improved ability to report across council boundaries. Other objectives include the aim of reducing council staff workloads (because users can self-serve) and the cost-benefit of collective buying power.

## LiDAR

In February 2019, the Board approved the procurement of a regional Light Detection and Ranging (LiDAR) data set as part of a Land Information NZ nation-wide initiative. That initiative is supported by funding from the Provincial Growth Fund and other commercial partners, which has significantly reduced the investment required from councils. The project will create highly detailed 3D maps and models of the Waikato landscape. LiDAR is a foundational data asset essential to decisions involving the physical world. It has the potential to help drive regional economic growth and spur new investment by enabling councils and businesses to efficiently plan and develop housing, road, and water infrastructure, and better prepare for hazards such as flooding, landslides and erosion.

The supplier of the LiDAR services (iXblue Pty Ltd) is an Australian based company with a presence in NZ. Lockdown from COVID-19 meant flying did not start last season. Ongoing border restrictions created some challenges for the team as key staff (including pilots), were required to complete the mandatory 14-day isolation period. However, as of January 2021, there are two survey planes working in the region along with ground-based teams completing the ground survey operation. The survey operation is expected to continue until May 2021, while the fully processed LiDAR data is expected to be delivered to WLASS by October 2022.

## The next suite of priority projects

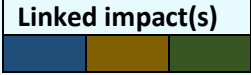


Following consultation with council Chief Executives and other senior staff, the Board agreed the next suite of priority projects that the company will progress throughout 2021. Those projects will continue to push the transformational agenda our shareholders have asked for. They cover:


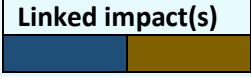
- The use of technology to 'enable' councils and to allow them to engage more effectively with their communities;
- The establishment of regional 'centres of excellence' in GIS and asset management;
- Policy and by-law development; and
- Considering how the company can add the most value to its shareholders given the significant changes in the local government landscape they are faced with.

More detail on these projects is included in the company's 2021 Statement of Intent.

## 2.3 Assessment of performance against targets

The following performance measures were included in the 2020 Statement of Intent covering the financial years ended 30 June 2021-2023. An update on performance against target, as at 31 December 2020, is shown in the table below.

| Priority   | Performance measure   | Target   | Outcome (progress toward target)  |
|--|---|--|---|
| <p>Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives</p> <p><b>Linked impact(s)</b></p>  | <ul style="list-style-type: none"> <li>➤ Business cases will include measurable benefits linked to one or more of the outcomes sought</li> <li>➤ Opportunity assessments are supported by councils (evidenced by Board minutes)</li> </ul>    | <p>Projected savings to councils of \$300k+</p> <p>75% of councils</p>                   | <ul style="list-style-type: none"> <li>➤ The WLASS Water Services Business Case was built on non-monetary benefits</li> <li>➤ Several other projects are under development and yet to be finalised with a determination of quantifiable benefits.</li> <li>➤ Progression of the BCSS project has been deferred pending further engagement with councils</li> <li>➤ One or more of the service offerings contained in the WLASS Water Services business case were taken up, in principle (based on indicative proposals), by those councils able to participate</li> </ul> |
| <p>Develop opportunities and deliver projects within agreed budgets and timelines</p> <p><b>Linked impact(s)</b></p>    | <ul style="list-style-type: none"> <li>➤ Opportunities / projects are developed / delivered within agreed timelines</li> <li>➤ Opportunities / projects are developed / delivered, within approved budget</li> </ul>                          | <p>80%</p> <p>90%</p>  | <p>50%: Three of the six projects under development that had a milestone during the period, had some delays in their progress. The most significant delay was a three-month lag in relation to the Building Consent Shared Services project, for which the Board agreed to extend beyond the original timeframe to allow greater time to engage with councils.</p> <p>100%: The two completed projects both came within budget. Those projects that are in progress are on track to also come within budget.</p>  |
| <p>Ensure projects realise their expected benefits</p> <p><b>Linked impact(s)</b></p>   | <ul style="list-style-type: none"> <li>➤ Measurable benefits are actively monitored and reported against</li> <li>➤ Audit &amp; Risk Committee undertake an assessment of projects following implementation (which will include an</li> </ul> | <p>Six-monthly</p> <p>For \$200k+ Projects (based on cost of opportunity development</p> | <p>Will commence June 2021 at which point there will have been a full six-month window following implementation of the Coordinated Infrastructure Procurement and WLASS Water Services projects.</p> <p>The Audit &amp; Risk Committee have asked management to provide a list of projects for review in the first half of 2021.</p>  |

| Priority   | Performance measure  | Target   | Outcome (progress toward target)   |
|--|--|--|--|
|  | assessment of whether projected benefits have been realised)   | and ongoing investment)<br>Within 15 months<br><br>90% of projected quantifiable benefits are realised |  |
| <p>Ensure existing services are meeting the needs of councils</p> <p><b>Linked impact(s)</b></p>    | <p>➤ The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey):</p> <ul style="list-style-type: none"> <li>○ RATA – roading &amp; waters</li> <li>○ Waikato Building Cluster</li> <li>○ Regional Infrastructure Technical Specifications</li> <li>○ Energy &amp; Carbon Management</li> <li>○ Professional Services Panel</li> <li>○ Health &amp; Safety pre-qualification</li> </ul> | 80% of councils  | Not currently measurable: While management regularly meet with council Chief Executives (and other senior staff) and receive informal feedback as part of those meetings, a survey will be undertaken in the second half of the financial year to ensure each service offering is meeting the needs of councils.   |
| <p>Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice</p> <p><b>Linked impact(s)</b></p>  | <p>➤ Across these groups, ideas for future consideration and/or initiatives are identified each year</p>   | Six per annum  | <p>Two initiatives have arisen during the year to date, from the Transformational Focus and Legal Services groups.</p> <p>WLASS engages regularly with the Shared Services Working Party (comprising council Corporate Services Managers / Chief Financial Officers), and other functionally based working groups. The working groups fill an important role of helping WLASS develop opportunities, through providing resource, acting as a sounding board for ideas and helping manage the potential for change within their councils.</p> |



### 3 WCLASS Financial Position

#### 3.1 Summary

Summary financial results for the six months to 31 December 2020 are:

|                               | 2021 actual<br>\$000 | 2021 forecast<br>\$000 | Variance<br>\$000<br>(Actual v Budget) | 2021 budget<br>\$000<br>(Full Year) |
|-------------------------------|----------------------|------------------------|--|-------------------------------------|
| Total income                  | 2,315                | 3,919                  | (1,604)                                | 6,205                               |
| Total operating expenditure   | 1,618                | 2,492                  | (874)                                  | 6,372                               |
| <b>Net surplus before tax</b> | <b>698</b>           | <b>1,427</b>           | <b>(729)</b>                           | <b>(183)</b>                        |
| Cash on hand                  | 1,301                | n/a                    | n/a                                    | 647                                 |

Revenue and expenditure are both less than anticipated, with two projects occurring slightly later than anticipated. Flying related to the LiDAR project was deferred at the end of last summer because of COVID-19 and this has had a flow-on effect. Similarly, flying related to the new regional aerial photography contracts is commencing at the start of 2021 rather than late 2020. Overall timing of both these projects remains in line with expectations. While the net surplus is currently less than forecast, this is expected to reverse over the remainder of the year with the latest forecast indicating a full-year profit of \$189k.

The cash position is:

|   | Cash balance @<br>1/07/2020<br>\$000 | Cash surplus /<br>(deficit)<br>\$000 | Cash balance @<br>31/12/2020<br>\$000 |
|---|--------------------------------------|--------------------------------------|---------------------------------------|
| Company Administration                                    | 75                                   | 293                                  | 368                                   |
| RITS  | 23                                   | 43                                   | 65                                    |
| Working Parties   Projects                                | 20                                   | 91                                   | 111                                   |
| Information Technology                                    | 10                                   | 22                                   | 32                                    |
| Energy Management   | 133                                  | 10                                   | 143                                   |
| Shared Valuation Data Service (SVDS)                      | 233                                  | 47                                   | 280                                   |
| Road Asset Technical Accord (RATA) & Waters Collaboration | 145                                  | -118                                 | 27                                    |
| Waikato Regional Transport Model (WRTM)                   | 19                                   | 258                                  | 277                                   |
| Waikato Building Conesnt Group (WBCG)                     | 236                                  | 59                                   | 295                                   |
| Mayoral Forum   | -23                                  | 4                                    | -19                                   |
| WCLASS Water Services                                     | 0                                    | -12                                  | -12                                   |
| Accounts Receivables                                      | -1,491                               | -117                                 | -1,608                                |
| Accounts Payables   | 1,747                                | -406                                 | 1,341                                 |
| <b>Total</b>  | <b>1,127</b>                         | <b>174</b>                           | <b>1,301</b>                          |

Note: Cash balances for each workstream vary from the actual cash position as a result of accounts receivable / payable which are not tracked on an activity by activity basis.

Invariably the cash balance has arisen because actual expenditure has been less than anticipated. It is expected to reduce over the coming six months. We will be reforecasting in March and will assess the likely year end cash position for each workstream. The Company Administration surplus is mainly due to the full year's membership charges being invoiced at the beginning of the financial year.

## 3.2 Statement of Financial Performance

| Waikato Local Authority Shared Services<br>Statement of Financial Performance<br>For the six months ending 31 December 2020 |                                    |                                     |                                   |                                    |
|---|------------------------------------|-------------------------------------|-----------------------------------|------------------------------------|
|   | Financial year 2021<br>YTD Actuals | Financial year 2021<br>YTD Forecast | Financial year 2021<br>YTD Budget | Financial year 2020<br>YTD Actuals |
| <b>Revenue</b>  |                                    |                                     |                                   |                                    |
| SVDS Data & Software Sales  | 266,751                            | 270,295                             | 235,955                           | 246,630                            |
| Interest  | 7                                  | 6                                   | 1,000                             | 15                                 |
| <b>Other Revenue</b>  |                                    |                                     |                                   |                                    |
| User Charges  | 2,048,689                          | 3,648,701                           | 2,708,304                         | 2,444,962                          |
| <b>Total Other Revenue</b>  | <b>2,048,689</b>                   | <b>3,648,701</b>                    | <b>2,708,304</b>                  | <b>2,444,962</b>                   |
| <b>Total Revenue</b>  | <b>2,315,447</b>                   | <b>3,919,002</b>                    | <b>2,945,259</b>                  | <b>2,691,607</b>                   |
| <b>Expenditure</b>  |                                    |                                     |                                   |                                    |
| Depreciation and amortisation expense   | 10,868                             | 11,602                              | 8,225                             | 34,065                             |
| Personnel costs   | 321,198                            | 287,864                             | 353,525                           | 183,498                            |
| Other expenses  | 1,285,762                          | 2,192,869                           | 2,454,671                         | 2,227,745                          |
| <b>Total Expenditure</b>  | <b>1,617,828</b>                   | <b>2,492,335</b>                    | <b>2,816,421</b>                  | <b>2,445,308</b>                   |
| <b>Net Profit</b>   | <b>697,619</b>                     | <b>1,426,667</b>                    | <b>128,838</b>                    | <b>246,299</b>                     |

## 3.3 Statement of Cashflows

| Waikato Local Authority Shared Services<br>As at 31 December 2020<br>For the six months ending 31 December 2020 |                                    |                                    |
|---|------------------------------------|------------------------------------|
|   | Financial year 2021<br>YTD Actuals | Financial year 2020<br>YTD Actuals |
| <b>Cashflows from Operating Activities</b>  |                                    |                                    |
| Interest Received   | 7                                  | 2,369                              |
| Receipts from Other Revenue   | 2,059,188                          | 5,289,918                          |
| Payments to Suppliers and Employees   | (1,898,160)                        | (5,725,847)                        |
| Taxes Paid  | 0                                  | 998                                |
| Goods & Services tax (net)  | 35,150                             | 113,849                            |
| <b>Net cash from operating activities</b>   | <b>196,184</b>                     | <b>694,474</b>                     |
| <b>Cashflows from Investing Activities</b>  |                                    |                                    |
| Capital enhancements  | 0                                  | 0                                  |
| Purchase of PPE   | (13,611)                           | (13,103)                           |
| Purchase of investments   | 0                                  | 0                                  |
| <b>Net cash from investing activities</b>   | <b>(13,611)</b>                    | <b>0</b>                           |
| <b>Net increase in cash, cash equivalents and bank accounts</b>   | <b>172,730</b>                     | <b>(331,816)</b>                   |
| Opening cash and cash equivalents and bank overdrafts   | 1,127,986                          | 1,459,803                          |
| <b>Closing cash, cash equivalents and bank accounts</b>   | <b>1,300,716</b>                   | <b>1,127,986</b>                   |
| <b>Summary of Bank Accounts</b>   |                                    |                                    |
| BNZ - Call a/c  | 28,921                             | 0                                  |
| BNZ - Transaction Account   | 1,271,795                          | 1,127,986                          |
| <b>Closing Balance of Bank</b>  | <b>1,300,716</b>                   | <b>1,127,986</b>                   |

### 3.4 Statement of Financial Position

#### Waikato Local Authority Shared Services Statement of Financial Position As at 31 December 2020

|                                  | Financial year 2021<br>Actual at 31/12/2020 | Financial year 2020<br>Actual at 31/12/2019 |
|----------------------------------|---|---|
| <b>Assets</b>                    |   |   |
| <b>Current Assets</b>            |   |   |
| <b>Bank</b>                      |   |   |
| Call Account                     | 28,921                                      | 28,902                                      |
| Transaction Account              | 1,271,796                                   | 2,111,764                                   |
| <b>Total Bank</b>                | <b>1,300,717</b>                            | <b>2,140,667</b>                            |
| <b>Accounts Receivable</b>       |   |   |
| Accounts Receivable              | 897,371                                     | 185,680                                     |
| Accounts Receivable Accruals     | 710,705                                     | 170,704                                     |
| GST                              | 0   | 31,934                                      |
| <b>IRD - RWT Tax</b>             |   |   |
| RWT On Interest                  | 0   | 998   |
| RWT On Payments                  | 0   | (2,584)                                     |
| <b>Total IRD - RWT Tax</b>       | <b>0</b>                                    | <b>(1,586)</b>                              |
| <b>Total Accounts Receivable</b> | <b>1,608,075</b>                            | <b>386,732</b>                              |
| Prepayments                      | 0   | 6,900                                       |
| <b>Total Current Assets</b>      | <b>2,908,792</b>                            | <b>2,534,298</b>                            |
| <b>Non-current Assets</b>        |   |   |
| SVDS - Original Cost             | 3,065,316                                   | 3,065,316                                   |
| WRTM - Original Cost             | 2,296,855                                   | 2,296,855                                   |
| MoneyWorks Software              | 1,195                                       | 1,195                                       |
| IT equipment                     | 24,350                                      | 5,592                                       |
| Accumulated Depreciation         | (5,334,214)                                 | (5,301,152)                                 |
| Office Furniture                 | 7,956                                       | 0   |
| <b>Total Non-current Assets</b>  | <b>61,458</b>                               | <b>67,806</b>                               |
| <b>Total Assets</b>              | <b>2,970,250</b>                            | <b>2,602,104</b>                            |
| <b>Liabilities</b>               |   |   |
| <b>Current Liabilities</b>       |   |   |
| <b>Accounts Payable</b>          |   |   |
| Accounts Payable                 | 147,341                                     | 172,376                                     |
| Accounts Payable Accrual         | 5,000                                       | 305,521                                     |
| <b>Total Accounts Payable</b>    | <b>152,341</b>                              | <b>477,897</b>                              |
| Credit Card Balance              | 2,472                                       | 0   |
| Revenue in Advance               | 1,093,486                                   | 587,159                                     |
| ACC Prepayments                  | 0   | (77)  |
| Employee Entitlements            | 1   | 8,635                                       |
| GST                              | 92,518                                      | 0   |
| <b>Total Current Liabilities</b> | <b>1,340,819</b>                            | <b>1,073,615</b>                            |
| <b>Total Liabilities</b>         | <b>1,340,819</b>                            | <b>1,073,615</b>                            |
| <b>Net Assets</b>                | <b>1,629,432</b>                            | <b>1,528,490</b>                            |
| <b>Equity</b>                    |   |   |
| Contributed Capital              | 2,957,001                                   | 2,957,001                                   |
| Retained Earnings                | (1,327,569)                                 | (1,428,511)                                 |
| <b>Total Equity</b>              | <b>1,629,432</b>                            | <b>1,528,490</b>                            |

### 3.5 Policies

The accounting policies on which the preceding financial statements have been prepared are consistent with those used in preparing the Financial Statements for the year ended 30 June 2020, included in the company's [Annual report](#).

## 4 Governance arrangements

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During the period, the Directors of WLASS were:

| Director                                      | Representing  |
|---|---|
| Peter Stubbs                                  | Independent Chair   |
| David Bryant                                  | Hamilton City Council   |
| Gareth Green                                  | Otorohanga, Rotorua, Taupo, South Waikato and Waitomo District Councils |
| Gavin Ion                                     | Waikato and Waipa District Councils                                     |
| Chris McLay<br>(appointed 25 September 2020)  | Waikato Regional Council  |
| Vaughan Payne<br>(resigned 25 September 2020) | Waikato Regional Council  |
| Rob Williams                                  | Hauraki, Matamata-Piako and Thames-Coromandel District Councils         |

## 5 Financial forecasts

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Latest financial forecasts are contained in the company's 2021 Statement of Intent issued for shareholder comment in February 2021.

## 6 Nature & scope of activities

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The principal initiatives operating under the WLASS umbrella are:

- Aligned resource consent planning
- Energy management
- Health & safety pre-qualification
- Joint procurement initiatives
- LiDAR
- Regional Asset Technical Accord (RATA)
- Regional Infrastructure Technical Specifications
- Shared Valuation Data Services (SVDS)
- Waikato Building Consent Group (WBCG)
- Waikato Regional Aerial Photography Service (WRAPS)
- Waikato Regional Transportation Model (WRTM)
- WLASS Water Services (WWS)

### Aligned resource consent planning

This toolkit provides regional consistency and best practice processes in the administration of resource consenting. It is used by nine councils (Taupo and Otorohanga are not currently participating, and Waikato Regional Council processes different types of resource consents from the territorial local authorities). WLASS controls the documentation on the WLASS website, and the Waikato Resource Consent forum manages the process for making updates and amendments to the templates and documents in the toolkit.

### Energy management

WLASS entered into a three-year Collaboration Agreement with the Energy Efficiency Conservation Authority (EECA) in February 2016. Across the programme EECA provided funding of \$210,000. Implemented projects have delivered 3.62m kWh in energy reduction annually (as against a target of 2.5m kWh), saved \$446,000 per annum.

From 1 July 2019 a new energy and carbon management programme was entered into between WLASS and the nine participating councils.

### **Health & safety pre-qualification**

WLASS contracts with RJ Safety Consulting (previously SHE Software), to manage the Local Government Health & Safety Contractor Pre-qualification Scheme on behalf of councils. Twenty councils and one CCO are now using the scheme with approximately 1,600 contractors registered, which enables them to be pre-qualified to work for any of the participating councils.

Further detail on these activities and the councils involved in each can be found on the WLASS website at <http://www.waikatolass.co.nz/>.

### **Joint procurement initiatives**

WLASS is a party to numerous joint procurement contracts between the company, shareholding councils and suppliers. Councils choose whether to be a party to a particular contract. Wherever possible we negotiate a syndicated contract with the supplier to allow additional councils to join later.

The most significant suite of contracts comprises the Professional Services Panel, involving eight councils and upwards of 150 suppliers. The current panel arrangement was established in August 2019.

In 2019 standard regional procurement policies, templates and procedures were developed for use by councils and procurement training provided to council staff.

### **LiDAR**

WLASS is managing a project to create highly detailed 3D maps and models of the Waikato landscape using LiDAR (Light Detection and Ranging) technology. Ground survey commenced in December 2020 with aerial survey commencing in January 2021. The survey operations are expected to be complete by May 2021 and the full data set to be publicly available by October 2022. The project involves funding from ten councils plus several commercial companies and the Provincial Growth Fund (via LINZ).

### **Regional Asset Technical Accord (RATA)**

RATA was initially established as a centre of excellence for road asset planning in 2014.

The original aim of RATA was to achieve best practice in road asset management by improving capability, capacity and outcomes through effective collaboration. This aim remains but in 2019 the business unit expanded its activity into waters asset management. By leading asset management best practice, RATA enables 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 employs RATA staff who are then contracted to provide services to WLASS.

### **Regional Infrastructure Technical Specifications (RITS)**

The RITS document sets out how to design and construct transportation, water supply, wastewater, stormwater and landscaping infrastructure. Prior to developing RITS, each Council had its own technical specifications for infrastructure resulting in different standards having to be met across the Waikato region. RITS provides a single regional guide, making business easier.

The RITS is published on the WLASS website (<http://www.waikatolass.co.nz/>), and ongoing maintenance of the document is the responsibility of a Project Co-ordinator, managed by WLASS.

### **Shared Valuation Data Service (SVDS)**

This service provides timely and accurate valuation data to the participating councils. The SVDS has become the accepted valuation database for the region. Data sales significantly reduce the net cost to the participating councils. In the first half of 2020, the transition to a software-as-a-service arrangement with a new provider was completed further reducing cost to councils.

### **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 activity transferred to WLASS on 1 July 2016 and now comprises eight councils.

The WBCG has developed a common quality assurance system with associated supporting documentation 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).

On 1 July 2020, WLASS assumed responsibility for managing the regions IQP and Producer Statement registers for the benefit of councils.

### **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. Photographs are captured periodically (~every 5 years). Most recently contracts were executed in December 2020 to undertake the latest programme.

### **Waikato Regional Transportation Model (WRTM)**

The WRTM 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 NZTA.

WRTM is making a significant contribution to strategic planning surrounding 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.

### **WLASS Water Services (WWS)**

In the second half of 2020 the company agreed to subsume the previous Shared Services Partnership activity (involving Hamilton City and Waipa and Waikato District Councils), into its suite of services available to other councils. Eight councils accepted indicative proposals to take up one or more of the sampling and analysis, trade waste management and Smart Water services available. Onboarding the councils will occur in the first half of 2021.