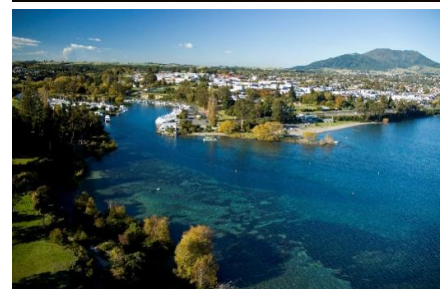
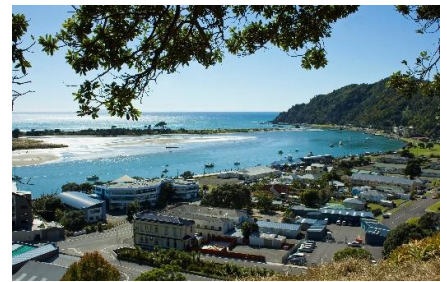


# ANNUAL REPORT 2016-2017

For the year ended  
30 June 2017



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PART ONE – OUR YEAR



On behalf of our Directors I am pleased to present the BOPLASS 2017 Annual Report to our Shareholders. In addition to the continued development of collaboration between BOPLASS councils, the last twelve months have seen an increased number of inter-regional projects delivered that are also providing savings to other LASS and councils. This successful inter-regional collaboration has also assisted with the development of further standardisation of services across a greater number of councils.

The Board have encouraged further growth of cross-regional collaboration and recognise the important benefits that can be delivered to all parties through extending collaboration beyond regional borders. This strategy also supports the Section 17a goal of councils partnering to achieve improved methods of service delivery.

Working closely with Waikato LASS, a number of collaborative Health and Safety projects have been delivered across the greater region this year, with some projects now been rolled out on a national basis. Some of the highlights have been:

- The development of an on-line contractor Health and Safety prequalification scheme, which has provided efficiencies and savings to councils and the contractors that engage with them. The prequalification portal provides a simple, standard, and cost-effective process for prequalification of contractors while also reducing the workload and costs for council staff. The service is now being used by all BOPLASS and Waikato LASS councils and is being rolled out nationally.
- The establishment of cross-council auditing processes across the BOPLASS and Waikato councils has provided the councils with an essential external viewpoint on their Health and Safety management and also provided council Officers, CEOs and managers with an alternative opinion and verification through auditing. Utilising inter-council support and resourcing has negated the expense of having to engage external consultants to complete these reviews.
- Preferred supplier agreements for Health and Safety training have been developed across the greater region. Through the aggregation of a large number of councils, improved pricing and an increase in service levels has been achieved for all BOPLASS and Waikato councils.

Other inter-regional projects have been undertaken or delivered for:

- BOPLASS' ongoing involvement in the collective representation of 39 councils in negotiations for placement of councils' infrastructure insurance has provided substantial savings to all participating councils. This partnership demonstrates how councils across the country can work together where there is a common drive to achieve economies of scale. The substantial savings achieved in our insurance programme would simply not have been achieved had individual councils acted on their own. Actual savings are outlined in the performance reporting section of the Annual Report.

- The uptake of the Collaboration Portal has further increased over the last year with a wide range of councils and agencies leveraging benefits through the opportunity to share information across councils or to establish local or inter-regional collaboration in projects or services. Central government agencies have now expressed interest in participating in the Collaboration Portal as a means to engage directly with councils.

The BOPLASS Operations Committee has investigated a number of opportunities for the development of shared services and are currently leading a review of opportunities for greater collaboration and standardisation in councils' solid waste services. This project will cover both the Bay of Plenty and Waikato regions.

There have been two changes of directors during this past year and we welcomed Nedine Thatcher-Smith, Gisborne District Council Chief Executive Officer, and Gareth Green, Taupo District Council Chief Executive Officer, to the BOPLASS Board.

We would like to thank the various individuals within the councils who continue to assist and support BOPLASS with project expertise and resource. The company remains reliant on this support. BOPLASS has performed well over the last year and the inter-regional initiatives, in particular, have delivered significant value to our constituent councils and to the greater local government community.

Craig O'Connell  
Chair



Nature of Business	Shared Service Provider
Registered Office	91 Willow Street, Tauranga 3110
Incorporation Number	2074873
Incorporation Date	14 January 2008
IRD Number	98-965-361
Directors	Aileen Lawrie Craig O'Connell Gareth Green Garry Poole Geoff Williams Martin Grenfell Mary-Anne Macleod Miriam Taris Nedine Thatcher-Swann Russell George
Shareholders	Bay of Plenty Regional Council Gisborne District Council Kawerau District Council Opotiki District Council Rotorua District Council Taupo District Council Tauranga City Council Western Bay of Plenty District Council Whakatane District Council
Auditor	Audit New Zealand
Bankers	ANZ Bank
Solicitors	Cooney Lees and Morgan

## Statement of Intent and Performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and has had the Statement of Intent for 2017-2020 and associated budget formally adopted by the directors at the meeting held on 14 June 2017.

### Performance Targets 2017-2020

To ensure the company continues to operate effectively in both governance and management terms over the next three years the targets are to:

Targets <u>2017-2020</u>	How	Measure
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. (Current identified projects are listed in Appendix B of the 2017-2020 SOI.)	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.
Provide support to BOPLASS councils that are managing or investigating Shared Services projects.	BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.	Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.
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.	Provide access to the Collaboration Portal for councils outside of BOPLASS and utilise technologies to provide secure access. Proactively market the benefits to councils.	All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the LASS groups with a minimum of ten additional councils or local government related organisations having utilised the portal.
Ensure appointed vendors remain competitive and continued best value is returned to shareholders.	Manage and/or renegotiate existing contracts.	Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.
Complete independent review of governance performance and structure to ensure it supports BOPLASS' strategic direction.	Engage external party to complete independent review of BOPLASS governance.	Affirmative feedback received from shareholding councils following 2017/18 governance review.
Communicate with each shareholding council at appropriate levels.	Meeting with each Executive Leadership Team.	At least one meeting per year.
Ensure current funding model is appropriate.	Review BOPLASS expenditure and income and review council contributions and other sources of funding.	Performance against budgets reviewed quarterly. Company remains financially viable.

## Statement of Intent and Performance continued

The following is a report of performance against targets set in the Statement of Intent for 2016/17.

Target 2016/17	Result	Narration
<p>Investigate new joint procurement initiatives for goods and services for BOPLASS councils.</p> <p>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.</p> <p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.</p>	Achieved	<p>Joint procurement initiatives undertaken for:</p> <p><u>Health and Safety Training Preferred Supplier</u> – Vertical Horizonz NZ were appointed as the preferential Health and Safety training supplier for the BOPLASS and Waikato LASS councils. Access to improved and consistent levels of service achieved at significantly reduced costs through a collaborative agreement covering both LASS.</p> <p><u>Security Services</u> - BOPLASS investigated the opportunity for a consolidated security contract across multiple councils – covering manpower services, alarm systems, CCTV. It was determined that this was not feasible given local requirements and little benefit would be derived from consolidating the services. Geographical grouping of councils for security service contracts was recommended.</p> <p><u>Health &amp; Safety Elected Members Training</u> – Collective Health and Safety at Work Act 2015 training was completed for elected members of BOPLASS and Waikato LASS councils, with BOPLASS engaging a qualified presenter from Simpson Grierson at a fraction of the cost of councils arranging individual training.</p> <p><u>Additional Infrastructure Insurance</u> - Representing a collective group of 39 councils in negotiations for placement of councils' infrastructure insurance in the London markets significant leverage was obtained and, despite increased limits and higher insured values for the councils, a 16% overall reduction of premiums was achieved for BOPLASS councils.</p> <p>In anticipation of future changes to the current 60/40 natural hazard arrangements, capacity for further coverage was also secured through the London markets.</p> <p>BOPLASS has been managing a project to insure 100% of the first \$10M of any natural hazard loss to councils' infrastructure to reduce potential exposure/shortfall of the non-guaranteed 60% portion provided from Central Government.</p> <p>The 2016/17 programme limit has been increased with an additional \$250M layer negotiated. The extra layer provides councils with a total loss limit of \$500M, with a negotiated premium achieved at a lower cost than the 2015 loss limit of \$140M.</p> <p><u>GIS Training</u> – NSG was engaged by BOPLASS to provide collaborative training on Geocortex Workflow for BOPLASS councils GIS staff. Significant cost savings and inter-council information sharing.</p>



		<p><u>EMA Membership</u> – In conjunction with Waikato LASS BOPLASS investigated the opportunity for councils’ to participate in discounted joint membership with Employers and Manufacturers Association (EMA). Following fluctuating and diminishing offers from EMA during negotiations, the LASS and councils elected not to enter into an agreement.</p> <p><u>Environmental Insurance / Gradual Contamination Insurance</u> – BOPLASS project to investigate environmental impairment insurance to cover councils for: gradual pollution, most types of pollutant (including asbestos), 1st &amp; 3rd party loss and restorative/clean-up costs.</p> <p><u>Event Management Liabilities Legal Opinion</u> – In conjunction with Waikato LASS BOPLASS sought legal opinion from Tompkins Wake Lawyers on event management liabilities. Collaboration in this procurement delivered significant savings and provided for consistent standards across all BOP and Waikato councils.</p> <p><u>Aerial Photography 2016-17</u> – Two tenders for BOPLASS councils’ specific areas and requirements within the BOPLASS regional flying calendar were awarded to AAM NZ Ltd. The collaborative approach has provided further savings in the cost of capture and production of imagery.</p> <p><u>Health, Safety &amp; Risk Management Software</u> – Working collectively with Waikato LASS councils, BOPLASS was able to leverage improved services from Vault and provide for discounted pricing for Eastern Bay councils joining the agreement.</p>
<p>Provide support to BOPLASS councils that are managing or investigating shared services projects.</p> <p>BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.</p> <p>Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.</p>	<p>Achieved</p>	<p>0.25 FTE provided through engagement of a contractor and IT Manager’s time committed directly to individual council support – measured by fortnightly timesheets.</p> <p>Support provided to councils in development of the following services:</p> <p><u>Solid Waste Services</u> - Following completion of a solid waste benchmarking survey by all BOPLASS councils, several potential areas for greater collaboration were identified for further analysis. Eunomia Research have been engaged to review the current state of solid waste services across the BOPLASS councils, identify collaboration currently being explored or undertaken, and recommend further areas for collaboration.</p> <p><u>Information Services Strategic Plan (ISSP)</u> – Working with MWLASS, reviews of the development of other LASS Regional ISSPs and business cases has been undertaken by BOPLASS councils through a series of workshops. Able to leverage off work being undertaken in other regions.</p> <p><u>Historical Aerial Imagery</u> - Working in conjunction with the Local Government Geospatial Alliance (LGGA), a portal has been developed specifically for the storage and delivery of BOPLASS councils’ historical aerial imagery. The portal <a href="http://www.retrolens.nz">www.retrolens.nz</a> facilitates taking historical imagery</p>

		<p>directly from LINZ and converting it for consumption by councils for publication. By collaborating with other regions a valuable national resource for the councils and the public has been created at a fraction of the cost of individual council services.</p> <p><u>Contractor Health and Safety Prequalification</u> - BOPLASS and Waikato LASS have worked together to develop an on-line contractor Health and Safety prequalification scheme. The prequalification portal provides a simple and cost-effective process for contractors to engage with councils while also standardising and simplifying contractor management for council staff. The service is now being rolled out nationally.</p> <p><u>Inter-Council Health and Safety Auditing</u> – Establishment of cross-council auditing processes to provide councils with an external viewpoint on their Health and Safety management and provide council PCBU Officers, CEOs and managers with an alternative opinion and verification through auditing, without the expense of having to engage external consultants.</p> <p><u>Audit and Risk Insights Panel Sessions</u> – BOPLASS coordinated workshops with senior leaders of the KPMG advisory team to share their insights and experience in the areas of health and safety, procurement and risk management based upon their learnings across the greater group of councils and other clients. Workshops provided at no cost to councils and included inter-council sharing of invaluable information.</p> <p><u>Health and Safety in Procurement of Machinery</u> – Collective development of a standard health and safety template for council procurement of machinery to be used across all BOP and Waikato councils. Created a simple, robust and standard process at reduced cost for all councils.</p> <p><u>Shared Health and Safety Training Register</u> – Shared training register established in Collaboration Portal for Waikato and BOP councils enabling Health and Safety training requirements to be planned and coordinated across multiple councils.</p> <p><u>Inter-Council Network review, redesign and renegotiation</u> – High capacity fibre network connecting the majority of BOPLASS councils. A full review of Inter-Council (ICN) costs, usage and council apportionment undertaken to deliver an improved service and reduce costs. Key contracts renegotiated with further savings achieved.</p>
<p>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.</p>	<p>Achieved</p>	<p>Collaboration Portal further developed to include options for central government agencies and an activity area dedicated to the Department of Internal Affairs to engage and network with councils.</p> <p>New LASS and councils signed up to the Collaboration Portal.</p>

<p>Provide access to the Collaboration Portal for councils outside of BOPLASS and utilise technologies to provide secure access. Proactively market the benefits to councils.</p> <p>All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the LASS groups with a minimum of ten additional councils having utilised the Portal.</p>		<p>On-boarding and training provided to new councils to maximise usage and ensure increased uptake.</p> <p>National awareness of Collaboration Portal created through BOPLASS presentation to LG Commissioner.</p> <p>During 2016-17FY, 15 new local government organisations outside of the BOPLASS councils joined the Portal and have licensed users with access to the Collaboration Portal and shared information.</p> <p>The Collaboration Portal now has a membership of 40 councils, 59 organisations in total and 516 users.</p>
<p>Ensure appointed vendors remain competitive and continued best value is returned to shareholders.</p> <p>Manage and/or renegotiate existing contracts.</p> <p>Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.</p>	<p>Achieved</p>	<p>Contracts negotiated and/or renewed for:</p> <p>Video Conferencing Services – renegotiation and price reduction of existing contract.</p> <p>ESRI Enterprise Licensing Agreement – renegotiated and renewed. No alternative provider in NZ.</p> <p>Multi-Function Devices (copiers/printers) – full tender completed with a total of four tenders received. Total upgrade of equipment across all of the BOPLASS council, additional functionality, significant cost savings, and a common technology platform supporting the future development of collaborative solutions between councils.</p> <p>Councils’ liability insurance providers reviewed and renewed. Solutions proposed and reviewed from alternative brokers and insurers.</p> <p>GIS software and services – Geocortex Essentials, Geocortex Optimizer, X-Tools, NZAA. Contracts renegotiated and renewed – no alternative suppliers.</p> <p>Print Media Copyright Agency (PMCA) contract restructured and renewed – sole NZ provider.</p> <p>Media Monitoring services contract renewed. Proposals received from two companies.</p>
<p>Review governance performance and structure to ensure it supports BOPLASS’ strategic direction.</p> <p>Perform review of governance.</p> <p>Affirmative feedback received from shareholding councils at least annually.</p>	<p>Achieved</p>	<p>Strategic reviews completed by the Board.</p> <p>Board reviews of operations governance structure and performance.</p> <p>2017-20 Statement of Intent developed to include an independent governance review.</p> <p>2017-20 Statement of Intent, including governance changes, circulated to all shareholding councils. SOI received by all councils with affirmative feedback received from all shareholders.</p>

<p>Communicate with each shareholding council at appropriate levels.</p> <p>Meeting with each Executive Leadership Team.</p> <p>At least one meeting per year.</p>	<p>Achieved</p>	<p>Executive-level meetings held with councils. Five Operations Committee meetings held during the year with executive level input provided by all shareholding councils. ELT representation and attendance at one or more meetings from every council.</p>
<p>Ensure current funding model is appropriate.</p> <p>Review BOPLASS expenditure and income and review council contributions and other sources of funding.</p> <p>Performance against budgets reviewed quarterly. Company remains financially viable.</p>	<p>Achieved</p>	<p>Council contributions levied.</p> <p>Contributions received from activities producing savings.</p> <p>Vendor rebates collected.</p> <p>Monthly and quarterly performance reviewed.</p> <p>Financial statements reported and reviewed at board meetings.</p> <p>Financial position year end 30 June 2017: \$2,254 surplus.</p>

## Statement of Intent and Performance continued

The following is a report of performance against targets set in the Statement of Intent for 2015/16 and is provided for comparative purposes.

Target 2015/16	Result	Narration
<p>Investigate new joint procurement initiatives for goods and services for BOPLASS councils.</p> <p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings and/or improved service levels to the participating councils.</p>	Achieved	<p>Joint procurement initiatives undertaken for:</p> <p>Internal Audit Services – appointment of internal audit services provider for the councils. Access to improved and consistent levels of service and best practice risk management and innovation at significantly reduced costs through a collaborative agreement.</p> <p>EFTPOS Services – A BOPLASS collective agreement for EFTPOS services and hardware providing discounted pricing to the participating councils. Councils moved to key account status which includes dedicated account management and premium service levels.</p> <p>Natural Hazard Insurance – Investigation of additional opportunities to improve councils’ insurance protection while also mitigating exposure and risk. BOPLASS project underway to insure 100% of the first \$10M of any natural hazard loss to councils’ infrastructure to reduce potential exposure/shortfall of the non-guaranteed 60% portion provided from Central Government.</p> <p>Insurance Loss Modelling – Appointment of a provider through BOPLASS to establish the material damage insurance loss estimates for council owned assets in the event of a significant natural disaster. Information helps councils identify areas at risk, e.g. low lying residential areas/council assets, and how to best manage them.</p> <p>2015-16 Aerial photography – managed tender for new collaborative flying programme, providing savings in capture and production of imagery.</p> <p>Section 17a reviews – BOPLASS appointed provider to conduct workshops and facilitate collaborative reviews of Section 17a process and opportunities for BOPLASS councils. Templates and outputs shared with Waikato councils.</p> <p>Thomson Reuters/Brookers – collective subscription services. Investigated in conjunction with Waikato LASS but the benefits that could be achieved were deemed to be un-worthwhile for the effort required.</p>
<p>Provide support to BOPLASS councils that are managing or investigating shared services projects.</p> <p>0.25 FTE resource and expertise assigned to assist councils in shared services developments and projects.</p>	Achieved	<p>37% of IT Manager’s time committed directly to individual council support – measured by fortnightly timesheets.</p> <p>Support provided to councils in development of the following services:</p> <p>Inter Council Network (ICN) Management – monitoring and management services for ICN established, including design and architecture, monitoring services and support services – ensuring reliability of network for councils and delivery of services.</p>

		<p>Collaboration Portal – Microsoft negotiations, development of hosting environment, licensing requests for individual councils, account creation and monitoring of accounts for councils and individual users.</p> <p>Health and Safety Advisory Group – A BOPLASS advisory group has been established to identify and develop collaborative health and safety projects and to share policies, training and information. This collaboration assisted in supporting councils' readiness for the new Health and Safety at Work Act. Some projects are being undertaken in conjunction with Waikato LASS.</p> <p>Radio Telephony strategy – engagement with BOPLASS councils and external agencies to develop shared RT services and a regional strategy.</p> <p>Support and development of broadband solutions for Opotiki District Council.</p> <p>GIS services – collaboration in development of council and regional GIS services.</p> <p>After Hours Phone Services – BOPLASS has continued to support the development of a regional after-hours phone service, with Tauranga City Council now providing this as a shared service to several BOPLASS councils. The service is cost effective, local government centric and provides the advantage of being able to access other councils' information bases and directly input service requests into councils' systems.</p> <p>Regionally based Data Centre – supporting councils and local economic development agencies investigation into a local data centre.</p> <p>On-line Services – BOPLASS is working with councils to further develop on-line services, with a fundamental principle of developing similar user experiences across the councils regardless of the underlying software used by each council.</p> <p>Video conferencing support and development of new services for individual councils.</p>
<p>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. *</p> <p>All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the BOPLASS group with a minimum of five additional councils having utilised the portal.</p>	<p>Achieved</p>	<p>Collaboration portal further developed to include Activity Areas for councils to share documentation, information and training information.</p> <p>Ongoing training provided to councils to ensure understanding and increased uptake.</p> <p>Marketing flyer and proposal templates developed and circulated to councils outside of BOPLASS.</p> <p>National awareness of Collaboration Portal created through BOPLASS presentation to SOLGM committee.</p> <p>LGNZ – national local government body are now registered Portal users.</p> <p>As at 30 June 2016, 21 councils outside of the BOPLASS councils had joined the portal in the last 12 months and have licensed users with access to the Collaboration Portal. Additional councils have subsequently joined as a result of the 2015/16 marketing.</p>


<p>Ensure appointed vendors remain competitive and continued best value is returned to shareholders.</p> <p>Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.</p>	<p>Achieved</p>	<p>Contracts negotiated and/or renewed for:  Video Conferencing Maintenance and Services.  ESRI Enterprise Licensing Agreement renegotiated and renewed.  Printer/Copier agreement review initiated.  GIS software – Geocortex Essentials, X-Tools, NZAA.  Print Media Copyright Agency (PMCA) contract renewed.  Media Monitoring services contract renewed.</p>
<p>Review governance performance and structure to ensure it supports BOPLASS' strategic direction. *</p> <p>Positive feedback received from shareholding councils at least annually.</p>	<p>Achieved</p>	<p>Strategic reviews completed by the Board.  Independent director reappointed.  Board structure altered to include position of independent Chair.  Board reviews of operations governance structure and performance.  2016-17 Statement of Intent, including governance changes, accepted by all shareholding councils.</p>
<p>Communicate with each shareholding council at appropriate levels.</p> <p>At least one meeting per year.</p>	<p>Achieved</p>	<p>Executive-level meetings held with councils.</p>
<p>Ensure current funding model is appropriate.</p> <p>Performance against budgets reviewed quarterly. Company remains financially viable.</p>	<p>Achieved</p>	<p>Council contributions levied.  Contributions received from activities producing savings.  Vendor rebates collected.  Monthly and quarterly performance reviewed.</p>

\* New targets 2015/16

**PART TWO – ACCOUNTABILITY STATEMENTS**




**Building Blocks**



BOPLASS Ltd has been built on a number of principles and activities and these are the building blocks of our success.

You will find examples in text boxes scattered through the document.





## Statement of Responsibility

The following pages 18-41 outline the financial statements and notes for year ended 30 June 2017 for BOPLASS Limited.

The directors believe that proper accounting records have been kept that enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider that they have taken adequate steps to safeguard the assets of the company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The directors are pleased to present the financial statements of BOPLASS Ltd for the twelve months ended 30 June 2017.

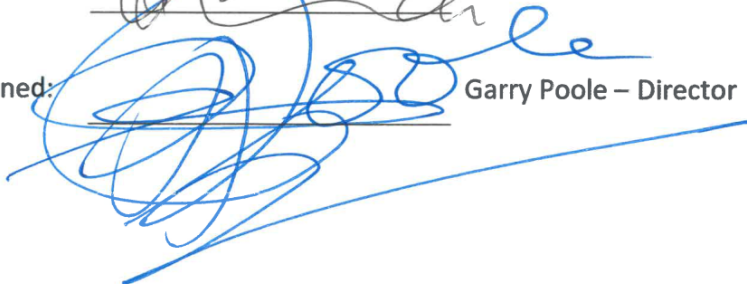
For and on behalf of the Board of Directors:

Signed:

  
Craig O'Connell – Chair

Date: 21/9/17

Signed:

  
Garry Poole – Director

Date: 15/9/17

## Independent Auditor's Report

### To the readers of BOPLASS Limited's financial statements and performance information for the year ended 30 June 2017

The Auditor-General is the auditor of BOPLASS Limited (the company). The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

#### Opinion

We have audited:

- the financial statements of the company on pages 22 to 41, that comprise the statement of financial position as at 30 June 2017, the statement of financial performance and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 7 to 15.

In our opinion:

- the financial statements of the company on pages 22 to 41:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2017; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.
- the performance information of the company on pages 7 to 15 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2017.

Our audit was completed on 15 September 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

### **Basis for opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of the Board of Directors for the financial statements and the performance information**

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

### **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 4 to 6, 16 to 17 and 42 to 43 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.



**B H Halford**  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand

## Financial Statements – Statement of Financial Position

STATEMENT OF FINANCIAL POSITION - AS AT 30 JUNE 2017			
BOP LASS LTD	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
<b>ASSETS - CURRENT</b>			
Bank accounts and cash	10	810,334	967,757
Debtors and Other Receivables	11	108,138	52,955
Prepayments	12	45,282	5,659
<b>Total Current Assets</b>		<b>963,754</b>	<b>1,026,371</b>
<b>ASSETS - NON-CURRENT</b>			
Intangible Assets	13	29,203	33,756
Plant and Equipment	14	2,668	0
<b>Total Non-Current Assets</b>		<b>31,871</b>	<b>33,756</b>
<b>TOTAL ASSETS</b>		<b>995,625</b>	<b>1,060,127</b>
<b>LIABILITIES - CURRENT</b>			
Creditors and Accrued Expenses	15	112,378	48,284
Employee Costs Payable	16	27,366	20,200
Income in Advance	17	770,330	908,347
Borrowings	18	35,000	34,999
<b>Total Current Liabilities</b>		<b>945,074</b>	<b>1,011,830</b>
<b>TOTAL LIABILITIES</b>		<b>945,074</b>	<b>1,011,830</b>
<b>TOTAL ASSETS less TOTAL LIABILITIES</b>		<b>50,551</b>	<b>48,297</b>
<b>EQUITY</b>			
Accumulated Deficits	19	(48,451)	(50,705)
Share Capital	19	99,002	99,002
<b>TOTAL EQUITY</b>		<b>50,551</b>	<b>48,297</b>

The notes and Statement of Accounting Policies form part of these financial statements.

For and on behalf of the Board of Directors:

Signed:



Craig O'Connell – Chair

Date:

21/9/17

Signed:



Garry Poole – Director

Date:


15/9/17

## Financial Statements – Statement of Financial Performance


STATEMENT OF FINANCIAL PERFORMANCE - FOR THE YEAR ENDED 30 JUNE 2017				
BOP LASS LTD	Notes	BOP LASS Ltd		
		2016/17 Actual	2016/17 Budget	2015/16 Actual
<b>REVENUE</b>				
Council Contribution	2	273,511	273,510	273,511
Project Revenue	2	1,454,871	1,453,000	1,231,305
Interest Revenue	3	7,198	23,000	19,242
Other Income – Tax Refund		6,280	0	0
<b>Total Revenue</b>		<b>1,741,860</b>	<b>1,749,510</b>	<b>1,524,058</b>
<b>EXPENSES</b>				
Depreciation and Amortisation	4	29,013	0	1,164
Employee Related Costs	5	313,821	353,500	334,106
Directors Costs	6	18,446	15,000	15,792
Finance Cost	7	737	5,000	1,232
Other Expenses	8	1,377,590	1,376,010	1,182,394
<b>Total Expenses</b>		<b>1,739,607</b>	<b>1,749,510</b>	<b>1,534,688</b>
Surplus/(Deficit) before tax		2,253	0	(10,630)
Income Tax Expense/(Benefit)	9	0	0	0
<b>Surplus/(Deficit) after Tax</b>		<b>2,253</b>	<b>0</b>	<b>(10,630)</b>

The notes and Statement of Accounting Policies form part of these financial statements. Explanations of major variances against budget are provided in note 25.

### Media Monitoring



A shared media monitoring portal provides councils with improved visibility of community feedback through monitoring of press and social media.



## Financial Statements – Statement of Cashflows

STATEMENT OF CASHFLOWS - FOR THE YEAR ENDED 30 JUNE 2017			
BOP LASS LTD	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Council Contribution		273,511	273,511
Project Revenue		1,288,459	1,400,242
Interest Revenue		7,197	19,242
Tax Paid - RWT (net)			4,594
Goods and Services Tax (net)			8,117
Total Cash Provided		1,569,167	1,705,707
Employee Related Costs		(306,655)	(331,778)
Payments to Suppliers		(1,371,565)	(1,381,946)
Interest Paid		(737)	(1,232)
Tax Paid - RWT (net)		(2,331)	0
Goods and Services Tax (net)		(18,175)	0
Total Cash Applied		(1,699,463)	(1,714,956)
<b>NET CASHFLOWS FROM OPERATING ACTIVITIES</b>		<b>(130,296)</b>	<b>(9,250)</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of Investments		0	0
Purchase of Plant and Equipment		(2,779)	0
Purchase of Intangibles		(24,349)	(34,920)
Total Investing Cash Applied		(27,128)	(34,920)
<b>NET CASHFLOWS FROM INVESTING ACTIVITIES</b>		<b>(27,128)</b>	<b>(34,920)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Loans		360,000	394,999
Repayment of Loans		(360,000)	(360,000)
<b>NET CASHFLOWS FROM FINANCING ACTIVITIES</b>		<b>0</b>	<b>34,999</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>(157,423)</b>	<b>(9,170)</b>
CASH AT BEGINNING OF THE YEAR		967,757	976,927
CASH AT END OF THE YEAR	10	810,334	967,757

The GST component of operating activities reflects the net GST paid and received to and from the Inland Revenue Department. The GST component has been prepared on a net basis, as the gross amounts do not provide meaningful information for financial purposes.

The notes and Statement of Accounting Policies form part of these financial statements.



*LEGAL NAME*

BOP LASS Limited stands for Bay of Plenty Local Authority Shared Services.

*TYPE OF ENTITY AND LEGAL BASIS*

BOPLASS Ltd is incorporated in New Zealand under the Companies Act 1993.

*COMPANY'S PURPOSE*

BOPLASS Ltd is based in Tauranga and is a joint venture between nine councils formed to provide shared services.

*STRUCTURE OF COMPANY'S OPERATIONS INCLUDING GOVERNANCE ARRANGEMENTS*

The company is owned and controlled by the nine councils and comprises a board of 10 directors who oversee the governance of the company. A Chief Executive is responsible for the day-to-day operations of the company and reports to the board, with two other staff supporting the Chief Executive in delivering against the company's objectives. The board is made up of nine Chief Executives from participating councils and one Independent director. Refer Statutory Disclosure note page 42 for list of councils.

*MAIN SOURCE OF THE COMPANY'S CASH AND RESOURCES*

Annual operating contribution received from each of the nine councils and project commissions are the main source of funding.

*OUTPUTS*

As per the Statement of Intent and Performance.

#### ACCOUNTING POLICIES APPLIED:

##### *BASIS OF PREPARATION*

The board has elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* on the basis that the company does not have public accountability (as defined) and has total annual expenses less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting. The financial statements are presented in New Zealand dollars (\$) and all values are rounded to the nearest dollar. The functional currency of BOPLASS Ltd is New Zealand dollars.

The financial statements are prepared on the assumption that the company will continue to operate in the foreseeable future.

#### SIGNIFICANT ACCOUNTING POLICIES

##### *GOODS AND SERVICES TAX*

The company is registered for GST. All amounts in the financial Statements are recorded exclusive of GST, except for debtors and creditors which are stated inclusive of GST.

##### *REVENUE RECOGNITION*

Revenue is measured at the fair value of the consideration received or receivable.

Contributions received from the nine shareholder councils are BOPLASS Limited's primary source of funding for the 12 months ended 30 June 2017.

Council contributions are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the contributions are not met. No such obligation is attached to the council contributions received for the twelve months ended 30 June 2017.

Project revenue is recognised when the sale of goods or services is sold to the customer.

Interest revenue is recorded as it is earned during the year.

### *EMPLOYEE RELATED COSTS*

Wages, salaries, and annual leave are recorded as an expense as staff provide services and become entitled to wages, salaries and leave entitlements.

Performance payments are recorded when the employee is notified that the payment has been granted.

Superannuation contributions are recorded as an expense as staff provide services.

### *ADMINISTRATION, OVERHEADS AND PROJECT EXPENDITURE COSTS*

These are expensed when the related service has been received.

### *LEASE EXPENSES*

Lease payments are recognised as an expense on a straight-line basis over the lease term.

### *BANK ACCOUNTS AND CASH*

Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with banks.

Bank overdrafts are presented as a current liability in the statement of financial position.

### *DEBTORS AND OTHER RECEIVABLES*

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

### *PLANT AND EQUIPMENT*

Plant and equipment is recorded at cost, less accumulated depreciation and impairment losses.

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount. For an asset to be used by the company, the asset is impaired if the value to the company in using the asset falls below the carrying amount of the asset.

Depreciation is provided on a diminishing value basis over the estimated useful life, at the same rate as is allowed by the Income Tax Act 1994.

The useful lives for associated depreciation rates of other assets have been estimated using the diminishing value basis as follows:

Office equipment	5 years	40%
Computer equipment	4 years	50%

#### *INTANGIBLE ASSETS*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

The carrying value of an intangible asset with a finite life is amortised on a diminishing value basis over its estimated useful life, at the same rate as is allowed by the Income Tax Act 1994. This charge is recognised as an expense.

The useful lives for associated amortisation rates of major classes of intangible assets have been estimated using the diminishing basis as follows:

2017 Computer Software	4 years	50%
2016 Computer Software	4 years	40%

#### *CREDITORS AND ACCRUED EXPENSES*

Creditors and accrued expenses are measured at the amount owed.

#### *EMPLOYEE COSTS PAYABLE*

A liability for employee costs payable is recognised when an employee has earned the entitlement.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date. A liability and expense for long service leave and retirement gratuities is recognised when the entitlement becomes available to the employee.

#### *INTEREST BEARING LOANS AND BORROWINGS*

Loans & Borrowings are recognised at the amount borrowed from the lender.

Interest costs and interest accrued are recognised as an expense when incurred.

## *INCOME TAX*

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

## *BUDGET FIGURES*

The budget figures are derived from the Statement of Intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards, using accounting policies that are consistent with those adopted by the board in preparing these financial statements.

## *COMMITMENT AND CONTINGENT LIABILITIES*

Commitments and contingencies are disclosed exclusive of GST.

## *EQUITY*

Equity is measured by the value of total assets less total liabilities.

## *TIER 2 PBE ACCOUNTING STANDARDS APPLIED*

BOPLASS Ltd has partially applied Tier 2 Accounting Standards in preparing its Financial Statements to:

- Property, plant and equipment to show intangible assets separate from property, plant & equipment.
- Debtors and prepayments reported separately.



**Print Services**

A collective contract with Konica Minolta for photocopiers and printers has delivered significant savings to the group. It has also provided a common technology platform supporting the development and delivery of further shared services.

## Notes to Financial Statements

### NOTE 2: COUNCIL CONTRIBUTION / PROJECT REVENUE

	Notes	BOP LASS Ltd		
		2016/17 Actual	2016/17 Budget	2015/16 Actual
Core Revenue				
Council Contribution	*	273,511	273,510	273,511
		273,511	273,510	273,511
Project Revenue				
Activity Group Fees	*	0	32,000	0
Aerial Photography Revenue	**	477,556	400,000	282,766
Canon Video Conferencing Revenue	***	7,853	13,000	13,052
Lease Revenue - ICN	****	293,092	310,000	278,201
Recoveries	*****	571,833	630,000	536,060
Sales of Service Revenue	*****	54,337	68,000	121,266
Collaboration Portal Revenue	*****	50,200	0	0
		1,454,871	1,453,000	1,231,305
<b>TOTAL CORE AND PROJECT REVENUE</b>		<b>1,728,383</b>	<b>1,726,510</b>	<b>1,504,816</b>

\* Annually councils make a contribution towards the operating costs for BOPLASS Ltd.

\*Restructure of Activity Groups negated requirement for group levies.

\*\* Aerial Photography revenue is offset by Aerial Photography expenditure paid by BOPLASS Ltd on behalf of the councils. Refer to note 8.

\*\*\* Video Conferencing Revenue is offset by Video Conferencing expenditure.

\*\*\*\* Lease Revenue – ICN is offset by ICN Lease expenditure.

\*\*\*\*\* Recovery Revenue is offset by recovery expenditure refer to note 8. This is the recovery of BOPLASS project or procurement costs incurred on behalf of the participating councils.

\*\*\*\*\* Sales of Service Revenue includes various rebates on projects and secondment payment from Bay of Plenty Regional Council.

\*\*\*\*\* Collaboration Portal Revenue is offset by Collaboration Portal expenditure.

### NOTE 3: INTEREST REVENUE

	Notes	BOP LASS Ltd		
		2016/17 Actual	2016/17 Budget	2015/16 Actual
Core Revenue				
Interest Revenue - Current account	*	883	3,000	1,856
Project Revenue				
Interest Revenue - Aerial Trust account	*	6,315	20,000	17,386
<b>TOTAL INTEREST REVENUE</b>		<b>7,198</b>	<b>23,000</b>	<b>19,242</b>

\* Bank interest on BOPLASS Ltd current account and Aerial Photography Trust account.

The Budget variation occurred as the budget was set before the interest rate dropped significantly. Councils now have an agreement to invest monies at a higher interest rate.

#### NOTE 4: DEPRECIATION AND AMORTISATION EXPENSE

	Notes	BOP LASS Ltd		
		2016/17 Actual	2016/17 Budget	2015/16 Actual
Core Expenditure				
Intangibles	*	28,902	0	1,164
Plant and Equipment	**	111	0	0
<b>TOTAL DEPRECIATION AND AMORTISATION EXPENSE</b>		<b>29,013</b>	<b>0</b>	<b>1,164</b>

\* Intangibles refer to note 13.

\*\* Plant and Equipment refer to note 14.

#### NOTE 5: EMPLOYEE RELATED COSTS

	Notes	BOP LASS Ltd		
		2016/17 Actual	2016/17 Budget	2015/16 Actual
Core Expenditure				
Salary and Wages		273,987	320,000	295,780
Superannuation	*	13,774	0	8,548
Direct Personnel Overheads	**	26,060	33,500	29,778
<b>TOTAL EMPLOYEE RELATED COSTS</b>		<b>313,821</b>	<b>353,500</b>	<b>334,106</b>

\* Superannuation includes employer contributions to Kiwisaver.

\*\* Direct Personnel Overheads include ACC, Fringe Benefit Tax, staff training costs and other staff support costs.

#### NOTE 6: DIRECTORS COSTS

	Notes	BOP LASS Ltd		
		2016/17 Actual	2016/17 Budget	2015/16 Actual
Core Expenditure				
Directors Fees	*	14,725	10,000	11,250
Directors Costs	**	3,721	5,000	4,542
<b>TOTAL DIRECTORS COSTS</b>		<b>18,446</b>	<b>15,000</b>	<b>15,792</b>

\* Craig O'Connell only independent paid Director, commenced February 2015. The other nine Directors are the Chief Executives of participating Councils and do not receive any remuneration from BOPLASS.

\*\* Directors travel costs.



## NOTE 7: FINANCE COST

	Notes	BOP LASS Ltd		
		2016/17 Actual	2016/17 Budget	2015/16 Actual
Core Expenditure				
Interest on Borrowings	*	737	5,000	1,232
<b>TOTAL FINANCE COST</b>		<b>737</b>	<b>5,000</b>	<b>1,232</b>

\* Interest on Tauranga City Council loan refer to note 18.

## NOTE 8: OTHER EXPENSES

	Notes	BOP LASS Ltd		
		2016/17 Actual	2016/17 Budget	2015/16 Actual
Core Expenditure				
Audit Fees	*	16,345	15,000	16,060
Administration Expenses	**	35,921	31,600	32,453
Consultancy	***	7,160	8,800	43,796
Insurance		6,849	8,000	6,840
Loss on Disposal of Asset		0	0	0
		66,275	63,400	99,149
Project Expenditure				
Aerial Photography	*	477,557	400,000	282,766
Canon Video Conferencing	**	8,493	12,610	12,611
Lease Expenses - ICN	**	262,897	300,000	267,201
Recoveries	***	528,679	600,000	520,667
Collaboration Portal Opex		33,689		
		1,311,315	1,312,610	1,083,245
<b>TOTAL OTHER EXPENSES</b>		<b>1,377,590</b>	<b>1,376,010</b>	<b>1,182,394</b>

### Core

\* Audit Fees for 2016/17 are \$16,345 includes accrual \$16,345.

\*\* Administration Expenses

\*\*\* Consultancy includes tax advice for 2016/17.

### Project

\* BOPLASS Ltd has a contract for aerial photography on behalf of the councils. This expenditure is offset from the revenue received from the councils. BOPLASS Ltd is acting on behalf of the councils.

\*\* Lease Expenses – ICN. This expenditure is offset from the revenue received from the councils. BOPLASS Ltd is acting on behalf of the councils.

\*\*\* Recoveries - This expenditure is offset from the revenue received from the councils for project work.

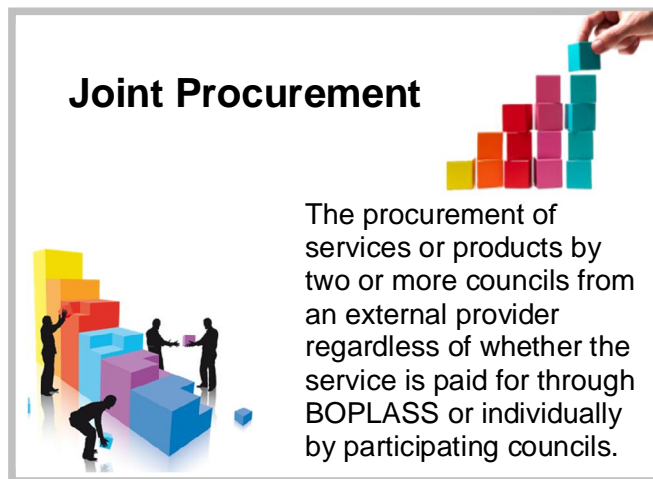
Collaboration Portal Opex - to assist in accelerating growth of shared service strategies and projects throughout local government in New Zealand by increasing visibility of councils' opportunities to collaborate.



**NOTE 9: INCOME TAX EXPENSE**

	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
Components of tax expense			
Current Tax Expense		0	0
Adjustments to current tax in prior years		0	0
Tax Expense		0	0
<b>INCOME TAX EXPENSE</b>		<b>0</b>	<b>0</b>
Relationship between tax expense and accounting profit			
Net surplus before Taxation*		2,253	(10,630)
Tax calculation @ 28%		631	(2,976)
Plus/(Less) Taxation effect of:		0	0
Non-deductible Expenditure		210,658	155,841
Imputation credit adjustment		0	0
Non-taxable income/(expenditure)		(210,299)	(155,758)
Prior Period Adjustment		0	0
Group loss offset		0	0
Tax Losses not recognised		0	3,484
Deferred tax adjustment		(990)	(591)
<b>TOTAL INCOME TAX EXPENSE</b>		<b>(0)</b>	<b>0</b>

Tax losses of (2017: \$0) (2016: \$14,987) are available to carry forward and offset against any future taxable income.



## NOTE 10: BANK ACCOUNTS AND CASH

	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
Cash at Bank - Current account		12,831	36,894
Cash at Bank - Aerial Trust account		797,503	930,863
<b>TOTAL BANK ACCOUNTS AND CASH</b>		<b>810,334</b>	<b>967,757</b>

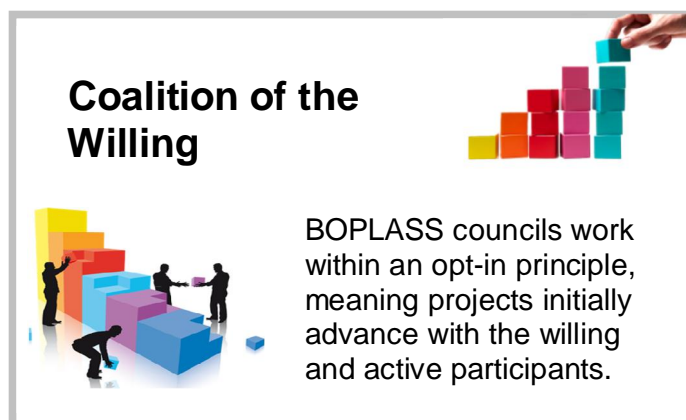
## NOTE 11: DEBTORS AND OTHER RECEIVABLES

	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
Accrued Income		14,816	0
Debtors - Other		56,510	36,649
Goods and Services Tax		27,098	8,923
Withholding Tax		9,714	7,383
<b>TOTAL DEBTORS AND OTHER RECEIVABLES</b>		<b>108,138</b>	<b>52,955</b>

Debtors are non-interest bearing and receipt is normally 30-day terms. Therefore, the carrying amount of debtors approximates their fair value.

## NOTE 12: PREPAYMENTS

	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
Under 1 Year		45,282	5,659
<b>TOTAL PREPAYMENTS</b>		<b>45,282</b>	<b>5,659</b>



## NOTE 13: INTANGIBLE ASSETS

	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
Computer Software			
Cost			
Cost at beginning of Year		38,542	3,622
Current Year Additions		24,349	34,920
Current Year Disposals		0	0
Cost Balance at Year End		62,891	38,542
Accumulated Amortisation and Impairment			
Cost at beginning of Year		(4,786)	(3,622)
Amortisation Expense		(28,902)	(1,164)
Impairment Losses		0	0
Accumulated Amortisation and Impairment Balance at Year End		(33,688)	(4,786)
Carrying Amounts			
Cost at beginning of Year		0	0
Carrying Amount at Year End		29,203	33,756

2017 Computer software has been developed in-house. This has been amortised over its life (4 years).  
2016 Computer software has been developed in-house. This has been amortised over its life (4 years).

Amortisation Expense increased as 2016 additions of \$34,920 were amortised at 60%, a total of \$20,253.

No impairment losses have been recognised for intangible assets.

## NOTE 14: PLANT AND EQUIPMENT

	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
Office and Computer Equipment			
Cost			
Cost at beginning of Year		2,489	2,489
Current Year Additions		2,779	0
Current Year Disposals		0	0
Cost Balance at Year End		5,268	2,489
Accumulated Depreciation and Impairment			
Cost at beginning of Year		(2,489)	(2,489)
Depreciation Expense		(111)	0
Impairment Losses		0	0
Loss on Disposal of Asset		0	0
Accumulated Depreciation and Impairment Balance at Year End		(2,600)	(2,489)
Carrying Amounts			
Cost at beginning of Year		(0)	(0)
Carrying Amount at Year End		2,668	(0)

Office equipment has been depreciated over its life (4 years).  
Computer equipment has been depreciated over its life (4 years).

## NOTE 15: CREDITORS AND ACCRUED EXPENSES

	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
Accrued Expenses	*	41,467	12,246
Creditors		35,193	28,926
Goods and Services Tax Payable		0	0
Retentions		35,718	7,112
<b>TOTAL CREDITORS AND ACCRUED EXPENSES</b>		<b>112,378</b>	<b>48,284</b>

Creditors are non-interest bearing and are normally settled on 30-day terms. Therefore the carrying value of creditors and other payables approximates their fair value.

\* Accrued Expenses relates to Audit Fees of \$16,345 and other miscellaneous costs such as FBT, ICN Expenses, PAYE and wages that have been accrued for the 2016/17 financial year.

## NOTE 16: EMPLOYEE COSTS PAYABLE

	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
Accrued Salaries and Wages		7,713	14,042
Annual Leave		19,653	6,158
<b>TOTAL EMPLOYEE COSTS PAYABLE</b>		<b>27,366</b>	<b>20,200</b>

## NOTE 17: INCOME IN ADVANCE

	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
Income in Advance	*	770,330	908,347
<b>TOTAL INCOME IN ADVANCE</b>		<b>770,330</b>	<b>908,347</b>

\* Income in advance that relates to 2016/17 financial year:  
 \$553,337 is for aerial photography;  
 \$25,000 is for the rates project;  
 \$4,425.00 is for Geocortex Annual Maintenance to April 2018;  
 \$76,101 is for the Geospatial Web project;  
 \$15,000 is for the Infra-Red Imagery and  
 \$100,000 contribution from LINZ for the Aerial Photography to be completed this year.

## NOTE 18: BORROWINGS

	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
Maturing in Under 1 Year		35,000	34,999
TOTAL BORROWINGS		35,000	34,999

BOPLASS Ltd has a reciprocal borrowing arrangement with Tauranga City Council which allows for the borrowing of funds and placement of excess funds. The current loan balance as at 30 June 2017 is \$35,000. Interest is accrued during each interest period.

This loan facility is still available to BOPLASS Ltd.

Interest is calculated at current market rates. The loan from Tauranga City Council is unsecured.

## NOTE 19: EQUITY

	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
Share Capital			
Balance at beginning of Year		99,002	99,002
Fully Paid up Shares		0	0
Balance at Year End		99,002	99,002
Accumulated Surpluses/(Deficit)			
Balance at beginning of Year		(50,705)	(40,075)
Surplus/(Deficit) after Taxation		2,254	(10,630)
Balance at Year End		(48,451)	(50,705)

Share Capital - As at 30 June 2017, share capital comprised of thirty one Ordinary Shares and twenty two Non-Voting Shares.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time, are entitled to one vote per share at meetings of the Company, and rank equally with regard to the Company's residual assets.

Dividends - No dividends have been paid or are proposed by the Company.

## NOTE 20: CONTINGENCIES

BOPLASS Ltd have no contingencies at year end and that there were no contingencies for prior year.

## NOTE 21: EVENTS OCCURRING AFTER BALANCE DAY

No events have occurred since balance date for BOPLASS Ltd.

## NOTE 22: STATEMENT OF COMMITMENTS

	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
Capital Commitments		0	0
<b>TOTAL CAPITAL COMMITMENTS</b>		<b>0</b>	<b>0</b>

This statement represents extraordinary or exceptionally large commitments for that type of expenditure within the normal course of business, which have been contractually entered into. As at balance date, BOPLASS Ltd has no large commitments of this nature.

BOPLASS Ltd has a contractual agreement with Aerial Surveys to provide aerial photos for the councils. This is treated as an operational expense in the BOPLASS Ltd accounts.

### Operating Leases as Lessee

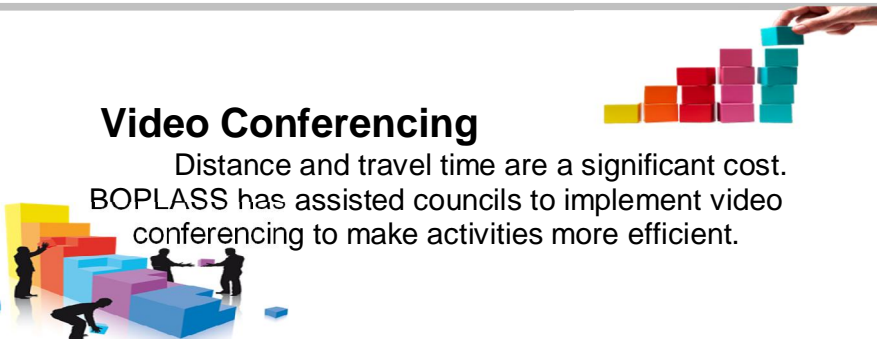
BOPLASS Ltd has leased an ultrafast broadband network to enable the establishment of the Inter Council Network. An advance payment of \$250,000 was paid by BOPLASS Ltd in 2010 for the first three years of a lease contract. The lease has a term of ten years with the right of withdrawal after three years. BOPLASS Ltd does not have an option to purchase the leased broadband network at the expiry of the lease period.

OPERATING LEASES AS LESSEE	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
Not later than one year		49,510	49,510
Later than one year and not later than five years		82,520	148,530
Later than five years		0	0
<b>TOTAL OPERATING LEASES AS LESSEE</b>		<b>132,030</b>	<b>198,040</b>

The lease expense of \$262,897 for the Inter Council Network is recognised in the Statement of Financial Performance refer to note 8. The contract period is 2010 to 2020 with three years remaining at \$4,126 (excl. GST) per month.

Participating councils are invoiced by BOPLASS Ltd on a quarterly basis over the period of the lease to recover the costs for the lease of the Council network. The pricing is reviewable not less than annually and adjustments are to be made for market trends and for the number of councils participating. The lease invoicing started in the 2010 financial year.

RECOVERY OF OPERATING LEASES PAYMENTS FROM PARTICIPATING COUNCILS	Notes	BOP LASS Ltd	
		2016/17 Actual	2015/16 Actual
Not later than one year		49,510	49,510
Later than one year and not later than five years		82,520	148,530
Later than five years		0	0
<b>TOTAL OPERATING LEASES AS LESSOR</b>		<b>132,030</b>	<b>198,040</b>



### Video Conferencing

Distance and travel time are a significant cost. BOPLASS has assisted councils to implement video conferencing to make activities more efficient.

## NOTE 23: RELATED-PARTY TRANSACTIONS

Related-party disclosures have not been made for transactions with related parties that are within a normal supplier or client / recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the company would have adopted in dealing with the party at arm's length in the same circumstances.

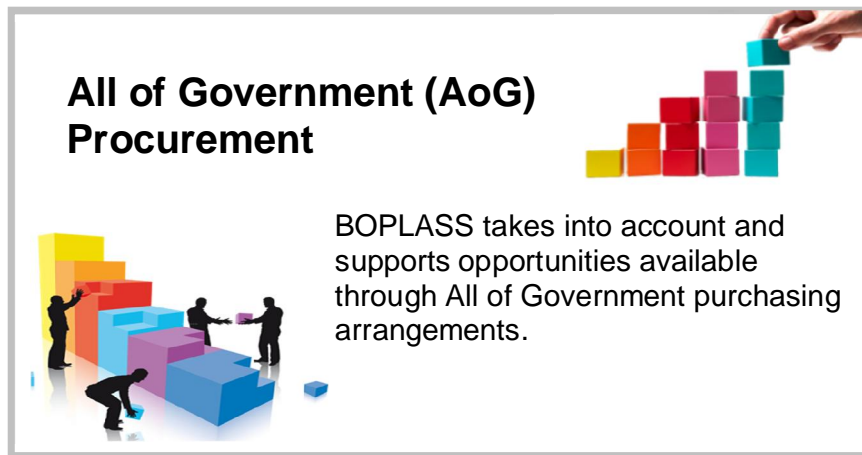
Related party required to be disclosed

Tauranga City Council provided accounting services to BOPLASS Ltd during the financial year to 30 June 2017 free of charge. An estimated value of the accounting services provided for the year is \$10,000.

## NOTE 24: STATEMENT OF PERFORMANCE AGAINST STATEMENT OF INTENT

The Equity Ratio is a good indicator of the level of leverage used by a company. The Equity Ratio measures the proportion of the total assets that are financed by stockholders and not creditors.

The calculation of equity ratio is:  
2017: 18.93% (2016: 20.95%)



## NOTE 25: EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

BOP LASS Ltd	
Statement Of Financial Performance	Variance against Budget
Aerial Photography Revenue and Expenditure	Budgeted Aerial Photography revenue was not processed by BOPLASS as the contractor was unable to complete the capture and supply of aerial photography in the 2016/17 flying season. (Flying and payment deferred until following year.)
Recoveries and Projects - Recoveries	Project Recoveries and Expenditure show the projects being undertaken during the year. Both the expense and revenue remained proportionally.
Activity Group Fees	Restructure of Activity Groups negated requirement for group levies. Removed from future budgets.
Sales of Service	Chargeable secondment hours of BOPLASS IT manager to councils was reduced due to long term absence.
ICN Lease Revenue and Expenditure	ICN income and expenditure reflect the addition of the ICN management and monitoring service.
Interest on Borrowings	Reduction of Interest on Borrowings has resulted from improved management of BOPLASS cash flow and debt recovery.

NOTE 26: BOPLASS CONTRACTUAL OFFSETTING REVENUE & EXPENDITURE TRANSACTIONS

	BOP LASS Ltd 2016/17			
	Revenue	Expenditure	Net Operating Surplus/(Deficit)	Explanation to Variance
<b>Core</b>				
Council Contribution	273,511	0	273,511	BOPLASS Ltd is funded from council to fund administrative costs not related to projects.
Other Income	6,281	0	6,281	Tax refund received from Inland revenue.
Interest Revenue	883	0	883	Bank interest received on the BOPLASS Ltd current account.
Salary and Wages	0	273,987	(273,987)	Refer to note 5.
Superannuation	0	13,774	(13,774)	Refer to note 5.
Direct Personnel	0	26,060	(26,060)	Refer to note 5.
Overheads				
Depreciation & Amortisation	0	29,013	(29,013)	Refer to note 4.
Interest on Borrowings	0	737	(737)	Interest paid to TCC for general loan.
Administration Expenses	0	35,923	(35,923)	Refer to note 8.
Audit Fees	0	16,345	(16,345)	Refer to note 8.
Consultancy	0	7,160	(7,160)	Refer to note 8.
Insurance	0	6,849	(6,849)	Refer to note 8.
Directors Fees & Costs	0	18,446	(18,446)	Refer to note 6.
<b>Total</b>	<b>280,675</b>	<b>428,294</b>	<b>(147,619)</b>	
<b>Projects</b>				
Aerial Photography	477,556	477,556	0	
Interest Revenue related to Aerial Photography	6,315	0	6,315	Bank interest received on the BOPLASS Ltd Aerial Photography Trust account. Refer to Note 3.
Canon Video Conferencing	7,853	8,492	(639)	Councils pay BOPLASS Ltd an amount charged by Canon plus an administrative fee for BOPLASS Ltd maintaining a service and maintenance contract on behalf of the councils. The additional expenditure was for headsets to use for Skype.
Lease - ICN	293,092	262,897	30,195	Participating councils are invoiced by BOPLASS Ltd on a quarterly basis over the period of the lease to recover the cost for the lease of the Council Regional Network Platform. ICN lease revenue includes recovery of other operating expenditure - ICN, interest on borrowings - ICN loan and BOPLASS Ltd administration fees.
ESRI Enterprise Licence (Recoveries)	374,500	370,800	3,700	BOPLASS charges an administration fee for management of the software purchase and recoveries.
Other Recoveries	197,332	157,879	39,453	Includes recovery and administration fees for ad-hoc projects.



Collaboration Portal	50,200	33,689	16,511	The Portal is to assist in accelerating growth of shared service strategies and projects throughout local government in New Zealand by increasing visibility of councils' opportunities to collaborate.
Service Sales and Costs	54,338	0	54,338	Service sales and costs are for other items that are not part of a contract such as rebates and one off project professional fees and will not offset each other.
<b>Total</b>	<b>1,461,186</b>	<b>1,311,313</b>	<b>149,873</b>	

<b>Overall Total</b>	<b>1,741,861</b>	<b>1,739,607</b>	<b>2,254</b>	
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	BOP LASS Ltd 2015/16		
	Revenue	Expenditure	Net Operating Surplus/(Deficit)
<b>Core</b>			
Council Contribution	273,511	0	273,511
Interest Revenue	1,856	0	1,856
Other Income – Tax Refund	0	0	0
Salary and Wages	0	295,780	(295,780)
Superannuation	0	8,548	(8,548)
Direct Personnel Overheads	0	29,778	(29,778)
Depreciation & Amortisation	0	1,164	(1,164)
Interest on Borrowings	0	1,232	(1,232)
Administration Expenses	0	32,453	(32,453)
Audit Fees	0	16,060	(16,060)
Consultancy	0	43,796	(43,796)
Insurance	0	6,840	(6,840)
Directors Fees & Costs	0	15,792	(15,792)
<b>Total</b>	<b>275,367</b>	<b>451,443</b>	<b>(176,076)</b>
<b>Projects</b>			
Aerial Photography	282,766	282,766	0
Interest Revenue related to Aerial Photography	17,386	0	17,386
Canon Video Conferencing	13,052	12,611	441
Lease - ICN	278,201	267,201	11,000
ESRI Enterprise Licence (Recoveries)	374,508	370,800	3,708
Other Recoveries	161,552	149,867	11,685
Service Sales and Costs	121,226	0	121,226
<b>Total</b>	<b>1,248,691</b>	<b>1,083,245</b>	<b>165,446</b>
<b>Overall Total</b>	<b>1,524,058</b>	<b>1,534,688</b>	<b>(10,630)</b>

## Statutory Disclosures

as per section 211 (1) of the Companies Act (1993)

### NATURE OF BUSINESS

There has been no change in the nature of the business of the company during the year.

### DIRECTORS APPOINTED

Under the Shareholder Agreement directors are appointed by the constituent councils. Directors and their dates of appointment are as follows:

Independent director	Craig O'Connell	26 February 2015 Chair from 16 March 2016
Kawerau District Council	Russell George	14 January 2008 Chair until 16 March 2016
Bay of Plenty Regional Council	Mary-Anne Macleod	23 June 2011
Western Bay of Plenty District Council	Miriam Taris	1 July 2014
Rotorua District Council	Geoff Williams	1 July 2013
Whakatane District Council	Martin Grenfell	26 September 2011
Tauranga City Council	Garry Poole	26 April 2013
Taupo District Council	Rob Williams	14 January 2008
	Gareth Green	26 July 2016
Gisborne District Council	Judy Campbell	26 April 2012
	Nedine Thatcher-Swann	13 March 2017
Opotiki District Council	Aileen Lawrie	10 August 2010

## INTEREST REGISTER

There have been no disclosures of self-interest during the period.

## DIRECTORS REMUNERATION

In February 2015 the board appointed an independent director. The independent director receives remuneration and is reimbursed for related expenses. No remuneration had been paid to other directors.

## DONATIONS

There were no donations made by the company during the period.

## AUDIT FEES

The actual audit fees for the financial year are \$16,345. The amount of \$16,345 has been accrued for audit fees for BOPLASS Ltd and this is what is shown in the Statement of Financial Performance.

