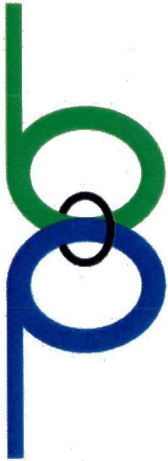


"COUNCILS PARTNERING FOR VALUE AND SERVICE"



23 February 2018

Gareth Green
Chief Executive Officer
Taupo District Council
Private Bag 2005
Taupo 3352



BOPLASS Ltd
C/- Tauranga City Council
Willow Street
Tauranga

PO Box 13056
Tauranga Central
Tauranga 3141
Phone 07 577 7342
www.boplass.govt.nz

Dear Gareth,

The primary document setting out the company's strategic direction is the Statement of Intent which is required to be consulted on and approved by Directors each year. Schedule 8 (9) of the Local Government Act 2002 sets out the content of the document which must cover the next three financial years.

A formal draft document has been approved by the Board for circulation to Shareholders by 1 March 2018. Following the two months allowed for submissions the Directors must consider any submissions made by Shareholders and approve a final document by 30 June 2018.

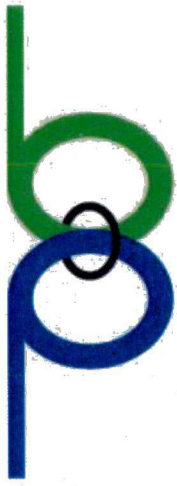
The approved draft is attached and is now circulated for Shareholder comment. The council's Chief Executive is the Shareholder representative and will be responsible for representing the views of the council to the Board in writing prior to 30 April 2018.

We believe that the document realistically deals with the challenges facing the company, identifies ways in which it can contribute value to its constituent councils and reflects an awareness of the challenges facing Local Government.

We look forward to any submissions your council wishes to make.

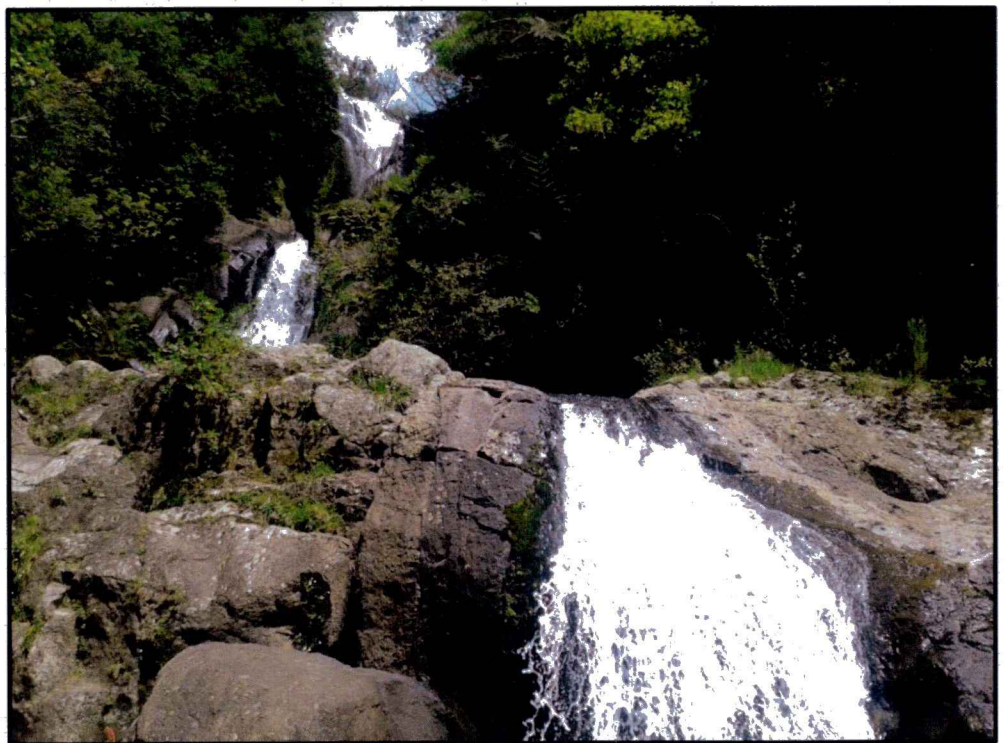
Yours sincerely,

Stephen Boyle
BOPLASS Ltd



BOPLASS Ltd

STATEMENT OF INTENT FOR 2018-2021



June 2018

"COUNCILS PARTNERING FOR VALUE AND SERVICE"

1 Introduction

This Statement of Intent (SOI), developed under Schedule 8 of the Local Government Act 2002, is:

- A public declaration of the activities and intentions of BOPLASS Ltd and the objectives to which those activities will contribute.
- Provides an opportunity for the shareholders to influence the direction of BOPLASS Ltd, and
- Provides a basis for the accountability of the Directors to the Shareholders for the performance of BOPLASS Ltd.
- This Statement of Intent covers BOPLASS Ltd and any subsidiary company established in pursuance of the objectives herein.

2 Background

The councils that operate within the Bay of Plenty and Gisborne Regions have formed a CCO to investigate, develop and deliver Shared Services, Joint Procurement and communications where and when that can be done more effectively for any combination of some or all of the councils.

The expected benefits that can be achieved through Shared Services are:

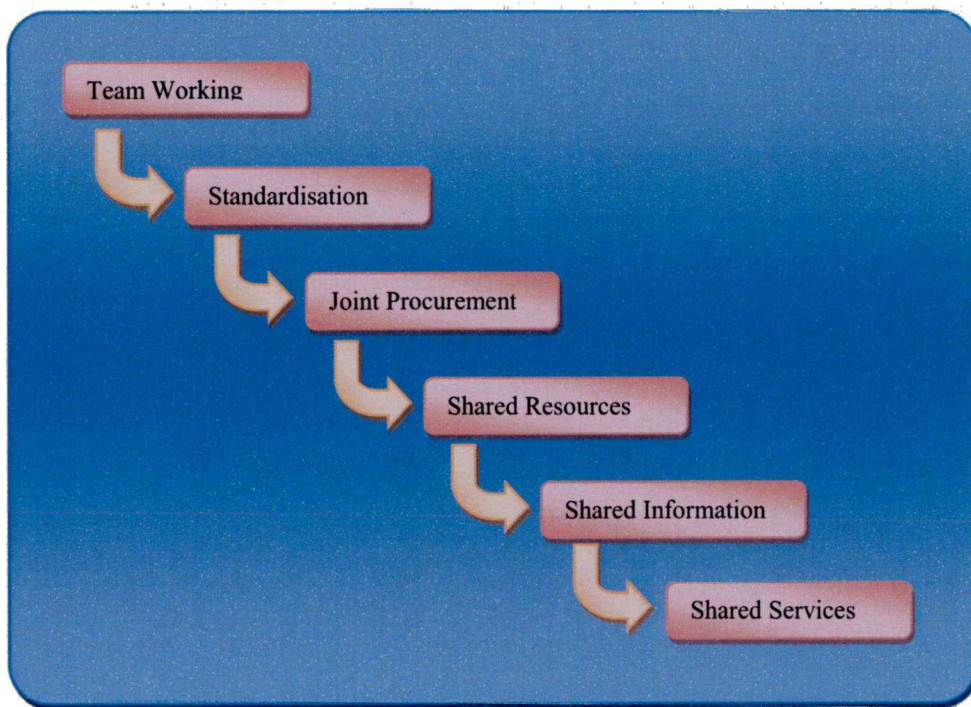
- improved levels and quality of service;
- a co-ordinated and consistent approach to the provision of services;
- reductions in the cost of support and administrative services;
- opportunities to develop new initiatives;
- economies of scale resulting from a single entity representing many councils in procurement;

These benefits and opportunities can apply to all councils irrespective of location or size.

Business processes, information architectures and functional tools differ in each council to varying degrees. It is not therefore possible to create Shared Service solutions instantly for these services. The BOPLASS strategies facilitate a journey of progressive development using the approach identified in the BOPLASS Strategy and Action Plan to:

- Enhance the capability to provide Shared Services,
- Encourage the elimination of barriers to collaborative action and
- Provide Shared Services that deliver viable business cases.

A generic sequence or stages of collaboration between multiple councils is followed to develop Shared Services, as shown in Figure 1.



Many of the BOPLASS Joint Procurement projects have supported the development of standard products, services or solutions across the councils. These standards assist in creating a foundation for the delivery of Shared Services within the councils.

Examples of procurement and projects to support the delivery of Shared Service have been:

- Establishment of 1GB fibre Inter Council Network (ICN)
- Information Services Strategic Plan
- GIS ESRI enterprise agreement
- GIS software standardisation
- Security and technology policies
- Data centre and hosting services
- Electronic purchasing
- Reprographic equipment

- Aerial photography
- Voice and data services
- Video conferencing
- IT applications and software
- Collaboration Portal
- Historic aerial imagery archiving
- After hours call management
- Health and Safety
- Internal audit services
- Solid waste services

3 **Our Vision**

"COUNCILS PARTNERING FOR VALUE AND SERVICE"

4 **Objectives of BOPLASS Ltd**

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

These will be achieved primarily through:

Joint Procurement

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

Shared Services

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

5 **Nature and Scope of Activities**

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

- Establish the underlying technology, framework, platform and policies to enable and support the delivery of Shared Services.
- Use Joint Procurement to add value to goods and services sourced for its constituent councils.

- Facilitate Shared Services that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.
- Pursue best practice in the management of all activities to obtain best value and minimise risk.
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.
- Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.
- Actively monitor and engage with Shared Service developments across the public sector to identify opportunities for further development and establishing best practice.
- Represent the collective views of its Shareholders in matters with which it is associated.

6 Governance

BOPLASS Ltd will conduct itself in accordance with its Constitution, its annual Statement of Intent, and the provisions of the Companies Act 1993 and the Local Government Act 2002.

The Company is governed by its Directors. To ensure total synergy between the Company's activities and its council shareholders' activities, nine Directors are also the current Chief Executives of their respective shareholding councils. The dual roles recognise the interdependence of BOPLASS and its councils in the undertaking of its activities.

The Board also includes an independent Chair, appointed with specific skills and knowledge to add incremental value. This appointment brings experience and specialist skills that are complementary to those held by the other Directors.

Shareholder	Appointed Director
Bay of Plenty Regional Council	Mary-Anne Macleod
Gisborne District Council	Nedine Thatcher Swann
Kawerau District Council	Russell George
Opotiki District Council	Aileen Lawrie
Rotorua Lakes Council	Geoff Williams
Taupo District Council	Gareth Green
Tauranga City Council	Garry Poole
Western Bay of Plenty District Council	Miriam Taris
Whakatane District Council	Marty Grenfell
Independent Director and Chair	Craig O'Connell

A sub-committee of council delegates has been established by the Directors as an Operations Committee to manage responsibility for regular monitoring and governance of operational aspects of BOPLASS projects, allowing the Board to primarily focus on supporting the strategic development of the organisation.

Each activity or project is managed by an Advisory Group, nominated by the shareholding councils in that particular service. The Board retains the right to approve nominations to the Advisory Groups and all of their material decisions – there is only one Board of Directors and that remains at the umbrella or holding company level.

The Board has established a principle that participation in each initiative is decided by individual councils on an 'opt in' basis.

Each Shared Service is subject to a formal service level agreement between BOPLASS Ltd and the participating councils, outlining the services and activities provided, where, when and how; and reflecting the capital and operational costs being met by each service shareholder.

Joint Procurement initiatives consistent with their nominated role may be undertaken by any advisory group as approved by the Operations Committee. In considering Joint Procurement initiatives the Company will take into account the opportunities available through All of Government (AoG) purchasing arrangements and, where there is demonstrated benefit to the Company or its constituent councils, support such initiatives. In assessing the benefits of a Joint Procurement initiative, opportunities for integration shall be considered. The Board has recognised that the availability of All of Government Procurement options has the potential to impact on BOPLASS' ability to provide procurement options in some categories.

Subject to the approval of shareholders in accordance with the shareholder agreement the Directors may decide that a particular activity is best managed as a subsidiary company and proceed accordingly. Any subsidiary company whose objectives are in accordance with the objectives set out in this Statement of Intent shall not be required to have a separate Statement of Intent.

7 Future Developments

BOPLASS Ltd will continue to work on business cases for Joint Procurement and Shared Services that may be provided in the region.

BOPLASS Joint Procurement opportunities will be actively pursued to ensure maximum savings and benefits continue to be delivered to the participating councils through existing and new contracts.

Joint Procurement initiatives will be considered by the Board and/or its advisory groups where there is demonstrated support from two or more member councils.

Identification of Shared Service opportunities and the development of existing services will continue as a priority, with councils participating on an opt-in basis. The Board will be looking for commitment from councils to participate in Shared Services and to provide a lead in the identification and management of Shared Services projects.

BOPLASS will also proactively explore opportunities to partner with other local authorities and Shared Services organisations within NZ where they are either developing or considering developing cost effective Shared Services or Joint Procurement initiatives involving products or services that are of value to the BOPLASS councils.

The Collaboration Portal, established by BOPLASS for the sharing of information on Shared Services or Joint Procurement opportunities, has been made available to the wider local government community to provide better visibility of common projects and to encourage further cross-regional collaboration. BOPLASS will continue to market the benefits of inter-region collaboration and assist other councils through providing support and access to the Collaboration Portal.

ICT Shared Services strategy:

BOPLASS has previously been involved in an information services strategy that included an intention to align the member councils' ICT back-office systems as one. This presented an opportunity for standardised in-house IT systems and processes. Although there is no Enterprise Application across all the BOPLASS councils, there has been a certain amount of alignment of systems. For example, eight of the nine BOPLASS councils now use Objective as their electronic document and records management system (EDRMS) system and all councils use ESRI ArcGIS as their GIS platform, along with various GIS add-on packages procured through BOPLASS.

The goal of one-system for all has not been able to be achieved for a number of reasons; primarily being the changes in technology, along with the impact and disruption to council business, plus the cost to change to one-system.

Taking the example of Auckland Council, one of the goals of the amalgamation was to bring all the ICT systems into one-system. However the cost to do this has increased greatly from what was originally estimated, and progress has proved difficult.

There are a number of avenues being explored by BOPLASS and the councils to provide a one-system solution without the need to overhaul all council systems. This can now be achieved through using "middleware" solutions that provide a link from the council application to a shared platform. For example, although councils may have the same GIS software, due to historic council naming schemas for infrastructure it is difficult to combine all council GIS systems. Through using middleware software that provides a "translation" of schemas the information can

be converted without councils needing to change their underlying technologies, which in turn can assist with the delivery of a single platform to the public and for inter-council sharing.

With the advent of cloud services, such as Infrastructure-as-a-Service (IaaS) and Office365, there is scope for councils' services to still be independent but use the same underlying infrastructure, which in turn has the potential to lead to the development of Shared Services.

The BOPLASS Collaboration Portal project is an example of this. The Regional Councils also have a similar project with similar requirements for their member councils. Both projects are delivering their respective solutions as independent services, but they are using the same underlying cloud solution on the Office365 platform and sharing the costs, administration, etc. As these separate instances are using the same platform, this also provides the potential for both of these projects to join in the future as one solution.

BOPLASS will continue to explore opportunities for councils to develop ICT solutions using middleware and cloud technologies that allow for future sharing and the development of Shared Services without the wholesale replacement of IT systems.

Where it is practicable, BOPLASS will work with other LASSes or councils in developing shared service ICT strategies and/or leverage off, or participate in services established by other collective local government groups.

8 Stakeholder Engagement

BOPLASS recognises the ambitious plans our constituent councils have for their communities and endeavours to support these aspirations through:

- Regular engagement at project, management and governance level
- Including councils' short, medium and long-term goals within BOPLASS planning
- Using quality information from councils to guide our decision-making
- Identifying and developing services that directly benefit councils and/or their communities
- Monitoring councils' future plans and remaining agile to change to include these aspirations in our own planning
- Regularly communicating to ensure stakeholders are aware of what we are doing and why we are doing it
- Involving councils in our decision-making and planning

9 Performance Targets

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

Target	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.)	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.	Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils.	Number of listed projects to increase by 20% per year. Number of Team Sites to increase by 20% per year. 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.
Review governance performance and structure to ensure it supports BOPLASS' strategic direction.	Perform review of BOPLASS governance.	Affirmative feedback received from shareholding councils at least annually.
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.

9 Balance Sheet Ratios

The Local Government Act 2002 Schedule 8 (9) requires the SOI to include the projected ratio of shareholders' funds to total assets within the Forecast Statement of Financial Position. As at 30 June 2017 the consolidated Shareholder funds comprised \$50,551 and the total assets were \$995,625. The resulting ratio is 5.1%.

As asset owning Shared Services are approved, the Board will, if appropriate, provide a mechanism for the recognition of each council's contribution.

10 Accounting Policies

10.1 Statement of Accounting Principles

The Company will adopt accounting practices that comply with NZ IFRS, the requirements of the LGA and the Financial Reporting Act 1993.

10.2 IPSAS Accounting Standards

As a Public Sector Public Benefit Entity (PS PBE), the Company has elected to report using International Public Sector Accounting Standards for Public Benefit Entities under Tier 3 PBE standards.

10.3 Measurement Basis

The Company will follow generally accepted international accounting principles for reporting of earnings and financial position.

10.4 Specific Accounting Principles

The following are principles which will have a significant effect on the measurement of financial position:

- Accounts Receivable are stated at their expected realisable value after writing off any known bad debts and providing for doubtful debts.
- Investments are valued at the prevailing market value.
- Fixed assets are recorded at cost, less accumulated depreciation.
- Any liability for overseas funding of equipment, systems or services is based on the prevailing exchange rate as at balance date.
- Where intangible assets are purchased, such as intellectual property, these are capitalised and written off on a straight line basis over their expected life, but no greater than four years.

- All assets are depreciated over their expected useful lives. 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.
- It is not envisaged that the Company will hold inventories, other than those that might relate to providing information services to a number of parties. They will be valued at net realisable value.
- Taxation will be provided as required in line with relevant legislation.
- In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the office of the Auditor General will be responsible for the audit of the Company's financial statements.

11 Distributions to Shareholders

The Company is not expected to make profits that would ordinarily be distributed by way of dividends. Any surplus funds (after tax) remaining from an activity or the annual operations of the Company shall be carried forward to the ensuing year and may be used to reduce service costs, invest in further developing other services, and/or as the Directors may decide.

12 Information to be Provided to Shareholders

The Company will deliver the following statements to shareholders:

- On a three monthly basis the Financial Position and Cashflow.
- Within two months of the end of the first half of the financial year: Financial Performance and Financial Position.
- Within three months of the end of the financial year the following audited statements: Financial Position, Movements in Equity, Cashflows, Service Performance plus a summary of how the Company has tracked against its objectives and prospects for the next financial year, and a report on the Company's medium to long term plans.
- Six monthly summaries of project activities included in Half Yearly and Annual Reports.

13 Procedures for the Purchase and Acquisition of Shares

The Board will give approval before BOPLASS Ltd subscribes for, purchases or otherwise acquires shares in any company or other organisation, which is external to the group.

14 Activities for Which the Board Seeks Compensation

The ongoing activities to identify, develop, procure Shared Services will be budgeted for in advance, subject to a business case and either funded by individual councils without BOPLASS Ltd involvement, or agreed by the Board to be funded by BOPLASS Ltd with consequent recovery from participating councils.

Shareholding councils will make a contribution to the operational costs of the Company on an annually agreed basis.

The Company will also seek contributions by way of a levy or administration charges on services provided or administered. In determining an appropriate charge, the Directors may take into account the cost of running the Company, its future operational requirements, the nature and cost of the service provided, benefits achieved and councils' ability to pay.

The Company may provide services (at a cost recovery or a cost plus basis) to other non-shareholding councils within or beyond the region. Any surplus from such activity will be used to either reduce service costs and/or invest in further developing of that or other services, as agreed by the Advisory Group and by the Board.

15 Value of Shareholder's Investment

The Directors estimate that, at this stage, BOPLASS Ltd has little or no commercial value. As each shareholder's investment in BOPLASS Ltd is less than \$20,000, the Board believe that that fairly represents the value of their investment. The Directors will reassess the value of this shareholding on or about the 1st of March each year.

16 Financial Forecasts

The Forecast Financial Statements for the years 2018-2021 are included. The budget is not adjusted for inflation.

Core revenue includes the recovery of costs for BOPLASS salaried staff when seconded to individual council projects.

The Aerial Photography revenue/expenses reflects the flying programme determined by the participating councils which includes interim flying programmes and extensive region-wide flying programmes over the next five years.

A continued increase in Recoveries has been forecast to reflect the direct recovery of purchases made on behalf of councils through Joint Procurement projects.

It is the company's intention to always fully recover costs incurred on behalf of participating councils.

Appendix A

SOI Forecast 2018/21				
	Budget 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/2021
REVENUE				
Revenue - Core	\$335,510	319,510	329,510	329,510
Bank Interest Received	\$2,000	1,000	1,000	1,000
Council Contribution	\$273,510	273,510	273,510	273,510
Sales of Service	\$60,000	45,000	55,000	55,000
Revenue - Projects	1,376,500	1,563,500	1,251,500	1,249,500
Aerial Photography Income	300,000	600,000	300,000	300,000
Bank Interest Received	16,500	16,500	16,500	16,500
Collaboration Portal	125,000	100,000	90,000	90,000
Lease Income - ICN	280,000	175,000	175,000	175,000
Lease Income - Video Confer.	13,000	13,000	13,000	13,000
Rebates	12,000	9,000	7,000	5,000
Recoveries	630,000	650,000	650,000	650,000
Total Operating Revenue	1,712,010	1,883,010	1,581,010	1,579,010
EXPENSES				
Expenditure - Core	460,300	440,400	438,400	436,400
ACC	1,500	1,500	1,500	1,500
Accommodation & Travel	1,500	1,500	1,500	1,500
Accounting & Audit	17,500	17,500	17,500	17,500
Administration	24,000	24,000	24,000	24,000
Amortisation	21,400	12,000	10,000	8,000
Bank Fees	400	400	400	400
Catering Expenses	2,000	2,000	2,000	2,000
Conferences	2,000	2,000	2,000	2,000
Depreciation	0	0	0	0
Directors costs	18,000	18,000	18,000	18,000
Fringe Benefit Tax	7,800	7,000	7,000	7,000
Health and Safety	1,000	1,000	1,000	1,000
Insurance	8,000	8,000	8,000	8,000
Interest Paid - TCC Loan	1,000	1,000	1,000	1,000
Legal	2,000	2,000	2,000	2,000
Salaries	325,000	325,000	325,000	325,000
Salaries - C'Portal Opex	0	-10,000	-10,000	-10,000
Staff Support Costs	20,000	20,000	20,000	20,000
Staff Training Costs	2,000	2,000	2,000	2,000
Subscriptions	700	1,000	1,000	1,000
Tax Advice	4,500	4,500	4,500	4,500
Expenditure - Projects	1,251,710	1,442,610	1,142,610	1,142,610
Aerial Photography Expense	300,000	600,000	300,000	300,000
Collaboration Portal Opex	69,100	40,000	40,000	40,000
Lease Expense - ICN	270,000	170,000	170,000	170,000
Lease Expense - Video Confer.	12,610	12,610	12,610	12,610
Projects - Recoveries	600,000	620,000	620,000	620,000
Total Operating Expenditure	1,712,010	1,883,010	1,581,010	1,579,010
Operational Surplus/ (Deficit) before Tax	0	0	0	0

Completed Joint Procurement Projects

Requiring ongoing management for performance, renewal or replacement

- * Office supplies
- * Banking
- * Postal services
- * Courier services
- * Fuel
- * Advertising services
- * Travel and accommodation services
- * Air travel
- * Insurance brokerage
- * Aerial photography
- * N3 / GSB
- * ESRI licences
- * GIS software
- * Health insurance
- * Antivirus software
- * Video conferencing
- * GPS vehicle tracking
- * Archaeological services
- * Telephony – voice, data, mobile
- * Reprographic – printers/copiers
- * Infrastructure insurance
- * Media monitoring services
- * EFTPOS services
- * Historical imagery digitisation
- * On-line services
- * Internal audit services
- * Health and safety training services
- * Risk management workshops

Identified Joint Procurement Projects

- * Civil works contracts
- * Civil works materials
- * Infrastructure valuation services
- * High volume print
- * Web services
- * Electronic document management
- * Archives
- * Document storage
- * Document scanning
- * Agenda management software
- * ICT security policies
- * Business continuity
- * IT applications
- * Web services
- * Rates collection
- * Property valuation services
- * GIS software
- * Telephony platform
- * Chemicals
- * Digital signatures
- * Recruitment/candidate management
- * Surveys and research
- * CCTV monitoring
- * EMA membership
- * Security services
- * Fleet purchasing
- * Fleet Management
- * Environmental insurance

Shared Service Projects

Managed by BOPLASS or by one or more constituent councils

- * IT hosting / datacentre
- * Internal audit services
- * GIS web services
- * Project management office
- * Shared licence server
- * Contractor H&S prequalification
- * Radio telephony strategy
- * Collaboration portal
- * After hours call management
- * Archive service
- * Health and safety auditing
- * Inter-council network
- * Smart cities
- * Section 17A reviews – Joint service reviews, cost effectiveness reviews, identification of opportunities for collaboration in delivery of services in accordance with s17A LG Act 2002
- * Video conferencing
- * GIS imagery data storage
- * Solid waste services
- * Historic aerial imagery
- * Licensing and data collection for waste operators
- * Diversion of putrescible waste from landfill
- * Regional waste facilities strategy

Shared Service Projects for Consideration

- * Rates Collection
- * Geospatial services
- * Joint software support
- * Asset Management
- * Web services
- * E-Purchasing
- * Payroll
- * Telephony platform
- * Consents Processing
- * CCTV monitoring
- * Information Services
- * Debt collection
- * Electronic Document and Records Management System
- * Business continuity planning
- * Infrastructure development codes
- * Inter-council H&S audits
- * Document digitalisation