

ATTACHMENTS

UNDER SEPARATE COVER

Ordinary Council Meeting

30 April 2019

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Taupo District Council CCO's - Statement of Intent Checklist 2019-2020

Timeline:

- April 30 - Agenda item outlining SOI reviews
- May 1 - Council feedback sent to CCO's
- June 30 - Final SOI's officially delivered to Council from CCO
- August 1 - Final SOI's received in Council meeting

Guidance

Under the Local Government Act 2002 - A council-controlled organisation must have a Statement of Intent that complies with [clauses 9](#) and [10](#) of Schedule 8. A statement of intent also —(a) must not be inconsistent with the constitution of a council-controlled organisation; and (b) may include and apply to 2 or more related council-controlled organisations.

Officers should also consider whether Council funded priorities are reflected in Statement of Intent documents. Consider if KPI's and performance measures are realistic. Are they aligned with Council strategies?

Assess SOI's against the requirements of the Local Government Act 2002 and make comments below. Officers should consult with other stakeholders within TDC to gain feedback. If there are areas where the officer feels further clarity is needed they should seek advice from the appropriate team e.g. Policy, Legal, Comms, Finance, Democratic

SOI being assessed: Bay Of Plenty Local Authority Shared Services (BOPLASS)

Area	Source	Details	Comment
Legislation	Local Government Act 2002 Clause 9 of Schedule 8	9) Contents of statements of intent (1) A statement of intent must, to the extent that is appropriate given the organisational form of the council-controlled organisation, specify for the group comprising the council-controlled organisation and its subsidiaries (if any), and in respect of the financial year immediately following the financial year in which it is required by clause 3(b) to be delivered and each of the immediately following 2 financial years, the following information:	<i>Is the SOI compliant with the requirements listed? Reference the sections in the SOI. Note Compliant or add comments where appropriate. Also assess whether the SOI is aligned with Council strategies.</i>
	Officer	(a) the objectives of the group; and	<i>E.g. Compliant – Pg7-8 Two focus areas - implementing vision in the strategic document and around trust operations (the way they work)</i>

			<p>4 Objectives of BOPLASS Ltd</p> <p>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.</p> <p>These will be achieved primarily through:</p> <p><u>Joint Procurement</u> 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.</p> <p><u>Shared Services</u> Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.</p> <p>Compliant</p>																						
	<p>Officer</p>	<p>(b) a statement of the board’s approach to governance of the group; and</p>	<p>6 Governance</p> <p>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.</p> <p>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.</p> <p>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.</p> <table border="1" data-bbox="1137 1093 1570 1289"> <thead> <tr> <th>Shareholder</th> <th>Appointed Director</th> </tr> </thead> <tbody> <tr> <td>Bay of Plenty Regional Council</td> <td>Fiona McTavish</td> </tr> <tr> <td>Gisborne District Council</td> <td>Nedine Thatcher Swann</td> </tr> <tr> <td>Kawerau District Council</td> <td>Russell George</td> </tr> <tr> <td>Opotiki District Council</td> <td>Aileen Lawrie</td> </tr> <tr> <td>Rotorua Lakes Council</td> <td>Geoff Williams</td> </tr> <tr> <td>Taupo District Council</td> <td>Gareth Green</td> </tr> <tr> <td>Tauranga City Council</td> <td>Marty Grenfell</td> </tr> <tr> <td>Western Bay of Plenty District Council</td> <td>Miriam Tavis</td> </tr> <tr> <td>Whakatane District Council</td> <td>Stephanie O’Sullivan</td> </tr> <tr> <td>Independent Director and Chair</td> <td>Craig O’Connell</td> </tr> </tbody> </table> <p>Compliant</p>	Shareholder	Appointed Director	Bay of Plenty Regional Council	Fiona McTavish	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	Marty Grenfell	Western Bay of Plenty District Council	Miriam Tavis	Whakatane District Council	Stephanie O’Sullivan	Independent Director and Chair	Craig O’Connell
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	Officer	(c) the nature and scope of the activities to be undertaken by the group; and	<p>5 Nature and Scope of Activities</p> <p>The principle nature and scope of the activities of BOPLASS Ltd is to:</p> <ul style="list-style-type: none"> • Use Joint Procurement to add value to goods and services sourced for its constituent councils. • Establish the underlying technology, framework, platform and policies to enable and support collaboration. <p><small>Draft document approved 27 February 2019 Page 3</small></p> <ul style="list-style-type: none"> • Facilitate initiatives 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. <p>Compliant</p>
	Finance	(d) the ratio of consolidated shareholders' funds to total assets, and the definitions of those terms; and	Compliant
	Finance	(e) the accounting policies of the group; and	Compliant

	Officer	(f) the performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and	<p>9 Performance Targets</p> <p>To ensure the Company continues to operate effectively in both governance and management terms over the next three years the targets are to:</p> <table border="1"> <thead> <tr> <th>Target</th> <th>How</th> <th>Measure</th> </tr> </thead> <tbody> <tr> <td>Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.</td> <td>Manage and/or renegotiate existing contracts.</td> <td>Contracts are reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.</td> </tr> <tr> <td>Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.</td> <td>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. (Current identified projects are listed in Appendix B.)</td> <td>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.</td> </tr> <tr> <td>Provide support to BOPLASS councils that are managing or investigating Shared Services projects.</td> <td>BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.</td> <td>Resource assignment measured from project job tracking.</td> </tr> <tr> <td>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.</td> <td>Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils.</td> <td>Number of listed projects to increase by 20% per year. Number of active users to increase by 20% per year.</td> </tr> <tr> <td>Communicate with each shareholding council at appropriate levels.</td> <td>Meeting with each Executive Leadership Team.</td> <td>At least one meeting per year.</td> </tr> <tr> <td>Ensure current funding model is appropriate.</td> <td>Review BOPLASS expenditure and income and review council contributions and other sources of funding.</td> <td>Performance against budgets reviewed quarterly. Company remains financially viable.</td> </tr> </tbody> </table> <p>Compliant</p>	Target	How	Measure	Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.	Manage and/or renegotiate existing contracts.	Contracts are reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.	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.	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 active users to increase by 20% per year.	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.
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	Finance	(g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders; and	Compliant																					
	Finance	(h) the kind of information to be provided to the shareholders by the group during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what	Compliant																					

		prospective financial information is required and how it is to be presented); and	
	Finance	(i) the procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation; and	Compliant
	Officer	(j) any activities for which the board seeks compensation from any local authority (whether or not the local authority has agreed to provide the compensation); and	<p>14 Activities for Which the Board Seeks Compensation</p> <p>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.</p> <p>Shareholding councils will make a contribution to the operational costs of the Company on an annually agreed basis.</p> <p>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.</p> <p>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.</p> <p>Compliant</p>
	Finance	(k) the board's estimate of the commercial value of the shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed; and	<p>Compliant</p> <p>15 Value of Shareholder's Investment</p> <p>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.</p>
	Officer	(l) any other matters that are agreed by the shareholders and the board.	
	Clause 10 of Schedule 8	<p>10) Additional content of statements of intent</p> <p>(1) This clause applies to a council-controlled organisation that provides services in relation to the following groups of activities:</p> <p>(a) water supply;</p> <p>(b) sewerage and the treatment and disposal of sewage;</p> <p>(c) stormwater drainage;</p> <p>(d) flood protection and control works;</p>	N/A

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		(e) the provision of roads and footpaths. (2) The council-controlled organisation’s statement of intent must, in relation to each group of activities described in subclause (1), include a statement of the intended levels of service provision that complies with clause 4(a) and (c) of Schedule 10 as if— (a) the reference to a long-term plan were a reference to the statement of intent; and (b) the reference to a local authority were a reference to a council-controlled organisation. Schedule 8 clause 10: added, on 27 November 2010, by section 47 of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).	N/A
Constitution	Officer	SOI compliance with CCO Constitution	<p><i>Do the objectives in the SOI align with the Constitution?</i></p> <p>3 Capacity of company</p> <p>3.1 Capacity</p> <p>Subject to the Act and any other enactment and the general law the company shall have the capacity both within and outside New Zealand to carry on or undertake the following businesses or activities, to do the following acts and enter into the following transactions and no others:</p> <ul style="list-style-type: none"> a. To provide shared information collection, processing, administration, management and associated services to local authorities. b. To provide such services to other parties where the board is satisfied that the provision of such services benefits the ability of the company to enhance the efficiency and effectiveness of provision of those services by or on behalf of local authorities. <hr/> <p style="text-align: right;">Page 1</p> <hr/> <p>Constitution</p> <hr/> <ul style="list-style-type: none"> c. Generally to do all acts, matters and things that the board considers necessary or conducive to further the undertaking of the transactions envisaged by paragraphs a. and b in accordance with the Company’s Statement of Intent. d. The Company has no power to carry on any other business or activity. <p>The Company will discharge its statutory obligations as a Council controlled organisation under the Local Government Act 2002.</p>

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			<p>Refer Objective ID: A1233805 for the BOPLASS Constitution</p> <p>The SOI Objectives states:</p> <p>4 Objectives of BOPLASS Ltd</p> <p>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.</p> <p>These will be achieved primarily through:</p> <p><u>Joint Procurement</u> 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.</p> <p><u>Shared Services</u> Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.</p> <p>Yes – Compliant</p>
Council Review & Distribution			SOI compliant with provisions of the LGA
	Officer	Jess Simpson	<p>Jess Sent Date 15/04</p> <p>SOI Compliant – no comments/feedback</p>

Reference

Local Government Act 2002

Part 5

Council-controlled organisations and council organisations

55 Outline of Part

This Part establishes—

- (a) requirements for the governance and accountability of council-controlled organisations and council organisations; and
- (b) procedures for the transfer of local authority undertakings to council-controlled organisations.

Establishment

56 Consultation required before council-controlled organisation established

- (1) Before a local authority may establish or become a shareholder in a council-controlled organisation, the local authority must undertake consultation in accordance with [section 82](#).
- (2) The consultation required in subsection (1) may be undertaken as part of another proposal or as part of a long-term plan.

Section 56(1): replaced, on 8 August 2014, by [section 18](#) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 56(2): amended, on 27 November 2010, by [section 49](#) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Directors

57 Appointment of directors

(1) A local authority must adopt a policy that sets out an objective and transparent process for—

- (a) the identification and consideration of the skills, knowledge, and experience required of directors of a council organisation; and
- (b) the appointment of directors to a council organisation; and
- (c) the remuneration of directors of a council organisation.

(2) A local authority may appoint a person to be a director of a council organisation only if the person has, in the opinion of the local authority, the skills, knowledge, or experience to—

- (a) guide the organisation, given the nature and scope of its activities; and
- (b) contribute to the achievement of the objectives of the organisation.

58 Role of directors of council-controlled organisations

- (1) The role of a director of a council-controlled organisation is to assist the organisation to meet its objectives and any other requirements in its statement of intent.
- (2) This section does not limit or affect the other duties that a director of a council-controlled organisation has.

59 Principal objective of council-controlled organisation

(1) The principal objective of a council-controlled organisation is to—

- (a) achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and
- (b) be a good employer; and
- (c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- (d) if the council-controlled organisation is a council-controlled trading organisation, conduct its affairs in accordance with sound business practice.

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(2) In subsection (1)(b), good employer has the same meaning as in [clause 36](#) of Schedule 7.

60 Decisions relating to operation of council-controlled organisations

All decisions relating to the operation of a council-controlled organisation must be made by, or under the authority of, the board of the organisation in accordance with—

- (a) its statement of intent; and
- (b) its constitution.

Compare: 1974 No 66 [s 594R](#)

61 Activities undertaken on behalf of local authorities

Nothing in this Part restricts or limits the application of [section 17A](#) to any arrangement or agreement under which a council-controlled organisation undertakes any responsibility on behalf of a local authority, irrespective of whether the local authority is a shareholder of the council-controlled organisation.

Section 61: replaced, on 8 August 2014, by [section 19](#) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

62 Prohibition on guarantees, etc

A local authority must not give any guarantee, indemnity, or security in respect of the performance of any obligation by a council-controlled trading organisation.

Compare: 1974 No 66 [s 594ZP](#)

63 Restriction on lending to council-controlled trading organisation

A local authority must not lend money, or provide any other financial accommodation, to a council-controlled trading organisation on terms and conditions that are more favourable to the council-controlled trading organisation than those that would apply if the local authority were (without charging any rate or rate revenue as security) borrowing the money or obtaining the financial accommodation.

Compare: 1974 No 66 [s 594ZPA](#)

Statements of intent

64 Statements of intent for council-controlled organisations

(1) A council-controlled organisation must have a statement of intent that complies with [clauses 9](#) and [10](#) of Schedule 8.

(2) [Repealed]

(3) [Repealed]

(4) [Schedule 8](#) applies to statements of intent of council-controlled organisations.

(5) A statement of intent—

- (a) must not be inconsistent with the constitution of a council-controlled organisation; and
- (b) may include and apply to 2 or more related council-controlled organisations.

(6) Despite this section, an organisation that becomes a council-controlled organisation not more than 6 months before the end of a financial year is not required to prepare a statement of intent for that financial year.

Section 64(1): amended, on 27 November 2010, by [section 7](#) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Section 64(2): repealed, on 7 July 2004, by [section 4](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 64(3): repealed, on 7 July 2004, by [section 4](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 64(6): added, on 28 June 2006, by [section 8](#) of the Local Government Act 2002 Amendment Act 2006 (2006 No 26).

Monitoring and reporting

65 Performance monitoring

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(1) A local authority that is a shareholder in a council organisation must regularly undertake performance monitoring of that organisation to evaluate its contribution to the achievement of—

- (a) the local authority's objectives for the organisation; and
- (b) (if applicable) the desired results, as set out in the organisation's statement of intent; and
- (c) the overall aims and outcomes of the local authority.

(2) A local authority must, as soon as practicable after a statement of intent of a council-controlled organisation is delivered to it,—

- (a) agree to the statement of intent; or
- (b) if it does not agree, take all practicable steps under [clause 5](#) of Schedule 8 to require the statement of intent to be modified.

Section 65(1)(b): amended, on 7 July 2004, by [section 5\(1\)](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 65(2): amended, on 7 July 2004, by [section 5\(2\)](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 65(2)(a): amended, on 7 July 2004, by [section 5\(3\)](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

66 Half-yearly report

(1) Within 2 months after the end of the first half of each financial year, the board of a council-controlled organisation must deliver to the shareholders a report on the organisation's operations during that half year.

(2) The report must include the information required to be included by its statement of intent.

Compare: 1974 No 66 [s 594Z](#)

67 Annual report

(1) Within 3 months after the end of each financial year, the board of a council-controlled organisation must deliver to the shareholders, and make available to the public, a report on the organisation's operations during that year.

(2) The report must include the information required to be included by—

- (a) [sections 68](#) and [69](#); and
- (b) its statement of intent.

(3) [Repealed]

Section 67(3): repealed, on 7 July 2004, by [section 6](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

68 Content of reports on operations of council-controlled organisations

A report on the operations of a council-controlled organisation under [section 67](#) must—

- (a) contain the information that is necessary to enable an informed assessment of the operations of that organisation and its subsidiaries, including—
 - (i) a comparison of the performance of the organisation and its subsidiaries with the statement of intent; and
 - (ii) an explanation of any material variances between that performance and the statement of intent; and
- (b) state the dividend, if any, authorised to be paid or the maximum dividend proposed to be paid by that organisation for its equity securities (other than fixed interest securities) for the financial year to which the report relates.

Compare: 1974 No 66 [s 594Z](#)

69 Financial statements and auditor's report

(1) A report on the operations of a council-controlled organisation under [section 67](#) must include—

- (a) audited consolidated financial statements for that financial year for that organisation and its subsidiaries; and
- (b) an auditor's report on—
 - (i) those financial statements; and
 - (ii) the performance targets and other measures by which performance was judged in relation to that organisation's objectives.

(2) The audited financial statements under subsection (1)(a) must be prepared in accordance with generally accepted accounting practice.

Compare: 1974 No 66 [s 594Z](#)

70 Auditor-General is auditor of council-controlled organisations

Despite [sections 207P to 207V](#) of the Companies Act 1993, a council-controlled organisation or a subsidiary of a council-controlled organisation is a public entity as defined in [section 4](#) of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor.

Compare: 1974 No 66 [s 594ZC](#)

Section 70: amended, on 1 April 2014, by [section 126](#) of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

71 Protection from disclosure of sensitive information

Nothing in this Act requires the inclusion in any statement of intent, annual report, financial statement, or half-yearly report required to be produced under this Act by a council-controlled organisation of any information that may be properly withheld if a request for that information were made under the [Local Government Official Information and Meetings Act 1987](#).

Compare: 1974 No 66 [s 594ZA](#)

71A Application of Part to listed companies

(1) This section applies to a council-controlled organisation if the shares of any of the following are quoted on a licensed market (within the meaning of [section 6\(1\)](#) of the Financial Markets Conduct Act 2013):

- (a) the council-controlled organisation;
- (b) a holding company of the council-controlled organisation;
- (c) controlling companies of the council-controlled organisation.

(2) If subsection (1) applies, the council-controlled organisation is not required to—

- (a) have a statement of intent under [section 64](#);
- (b) deliver a half-yearly report under [section 66](#);
- (c) deliver an annual report under [section 67](#).

(3) In this section,—

controlling companies means 2 or more companies whose degree of control over a council-controlled organisation, if exercisable by one notional company, would make the notional company a holding company of the council-controlled organisation

holding company has the same meaning as in [section 5](#) of the Companies Act 1993.

Section 71A: inserted, on 7 July 2004, by [section 7](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 71A(1): amended, on 1 December 2014, by [section 150](#) of the Financial Markets (Repeals and Amendments) Act 2013 (2013 No 70).

72 Application of Act to related companies

[Sections 57 to 71](#) apply to a company as if it were a council-controlled organisation if the company is a related company (within the meaning of [section 2\(3\) and \(4\)](#) of the Companies Act 1993) of a council-controlled organisation.

Section 72: substituted, on 7 July 2004, by [section 8](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Transfer of undertakings

73 Transfer of undertakings to council-controlled organisations

[Schedule 9](#) applies to the transfer of an existing undertaking to a council-controlled organisation.

Application of Local Government Official Information and Meetings Act 1987 and Ombudsmen Act 1975 to council-controlled organisations

74 Official information

(1) [Parts 1 to 6](#) of the Local Government Official Information and Meetings Act 1987 apply to a council-controlled organisation as if that organisation were a local authority.

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- (2) The [Ombudsmen Act 1975](#) applies to a council-controlled organisation as if that organisation were listed in [Part 3](#) of Schedule 1 of that Act.

Schedule 8 - Statements of intent

[ss 64\(1\), \(4\), 65\(2\)](#)

Clause

1) Purpose of statement of intent

The purpose of a statement of intent is to—

- (a) state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and
- (b) provide an opportunity for shareholders to influence the direction of the organisation; and
- (c) provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

2) Statements of intent for council-controlled organisations

The board of a council-controlled organisation must deliver to its shareholders a draft statement of intent on or before 1 March each year.

Compare: 1974 No 66 [s 594S](#)

3) Completion of statements of intent

The board must—

- (a) consider any comments on the draft statement of intent that are made to it within 2 months of 1 March by the shareholders or by any of them; and
- (b) deliver the completed statement of intent to the shareholders on or before 30 June each year.

Compare: 1974 No 66 [s 594U](#)

4) Modifications of statements of intent by board

The board may, by written notice, modify a statement of intent at any time if the board has first—

- (a) given written notice to the shareholders of the proposed modification; and
- (b) considered any comments made on the proposed modification by the shareholders or by any of them within—
 - (i) 1 month after the date on which the notice under paragraph (a) was given; or
 - (ii) any shorter period that the shareholders may agree.

Compare: 1974 No 66 [s 594V\(1\)](#)

5) Modifications of statements of intent by resolution of shareholders

(1) Despite any other provision of the Act or of the constitution of any council-controlled organisation, the shareholders of a council-controlled organisation may, by resolution, require the board to modify the statement of intent by including or omitting any provision or provisions of the kind referred to in [clause 9\(1\)\(a\) to \(j\)](#), and any board to whom notice of the resolution is given must comply with the resolution.

(2) Before giving notice of the resolution to the board, the shareholders must consult the board concerned as to the matters to be referred to in the notice.

Compare: 1974 No 66 [s 594V\(2\)](#)

6) Statement of intent required if exemption granted under section 7 revoked

If an exemption granted under [section 7](#) is revoked, the council-controlled organisation must,—

- (a) if there is more than 6 months remaining in the financial year, prepare a statement of intent for that financial year; or
- (b) if there is not more than 6 months remaining in the financial year, prepare a statement of intent for the following financial year.

7) Obligation to make statements of intent available

A completed statement of intent and each modification that is adopted to a statement of intent must be made available to the public by the board within 1 month after the date on which it is delivered to the shareholders or adopted, as the case may be.

Compare: 1974 No 66 [s 594W](#)

8) Savings of certain transactions

A failure by a council-controlled organisation to comply with any provision of this schedule or with any provision in a statement of intent does not affect the validity or enforceability of any deed, agreement, right, or obligation entered into, obtained, or incurred by that organisation.

Compare: 1974 No 66 [s 594Y](#)

9) Contents of statements of intent

(1) A statement of intent must, to the extent that is appropriate given the organisational form of the council-controlled organisation, specify for the group comprising the council-controlled organisation and its subsidiaries (if any), and in respect of the financial year immediately following the financial year in which it is required by [clause 3\(b\)](#) to be delivered and each of the immediately following 2 financial years, the following information:

- (a) the objectives of the group; and
- (b) a statement of the board's approach to governance of the group; and
- (c) the nature and scope of the activities to be undertaken by the group; and
- (d) the ratio of consolidated shareholders' funds to total assets, and the definitions of those terms; and
- (e) the accounting policies of the group; and
- (f) the performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and
- (g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders; and
- (h) the kind of information to be provided to the shareholders by the group during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what prospective financial information is required and how it is to be presented); and
- (i) the procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation; and
- (j) any activities for which the board seeks compensation from any local authority (whether or not the local authority has agreed to provide the compensation); and
- (k) the board's estimate of the commercial value of the shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed; and
- (l) any other matters that are agreed by the shareholders and the board.

(2) If a council-controlled organisation has undertaken to obtain or has obtained compensation from its shareholders in respect of any activity, this undertaking or the amount of compensation obtained must be recorded in—

- (a) the annual report of the council-controlled organisation; and
- (b) the annual report of the local authority.

(3) Any financial information, including (but not limited to) forecast financial information, must be prepared in accordance with generally accepted accounting practice.

Compare: 1974 No 66 [s 594T](#)

10) Additional content of statements of intent

(1) This clause applies to a council-controlled organisation that provides services in relation to the following groups of activities:

- (a) water supply;
- (b) sewerage and the treatment and disposal of sewage;
- (c) stormwater drainage;

- (d) flood protection and control works;
- (e) the provision of roads and footpaths.

(2) The council-controlled organisation’s statement of intent must, in relation to each group of activities described in subclause (1), include a statement of the intended levels of service provision that complies with [clause 4\(a\) and \(c\)](#) of Schedule 10 as if—

- (a) the reference to a long-term plan were a reference to the statement of intent; and
- (b) the reference to a local authority were a reference to a council-controlled organisation.

Schedule 8 clause 10: added, on 27 November 2010, by [section 47](#) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Schedule 10

Long-term plans, annual plans, and annual reports

Clause

4 Statement of service provision

A long-term plan must, in relation to each group of activities of the local authority, include a statement of the intended levels of service provision that specifies—

- (a) any performance measures specified in a rule made under [section 261B](#) for a group of activities described in [clause 2\(2\)](#); and
- (b) the performance measures that the local authority considers will enable the public to assess the level of service for major aspects of groups of activities for which performance measures have not been specified under paragraph (a); and
- (c) the performance target or targets set by the local authority for each performance measure; and
- (d) any intended changes to the level of service that was provided in the year before the first year covered by the plan and the reasons for the changes; and
- (e) the reason for any material change to the cost of a service.



STATEMENT OF INTENT FOR 2019-2022



June 2019

"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 Council Controlled Organisation (CCO) to investigate, develop and deliver Joint Procurement and Shared Services projects where delivery is more effective for any combination of some or all of the councils.

Benefits that can be achieved through collaboration are:

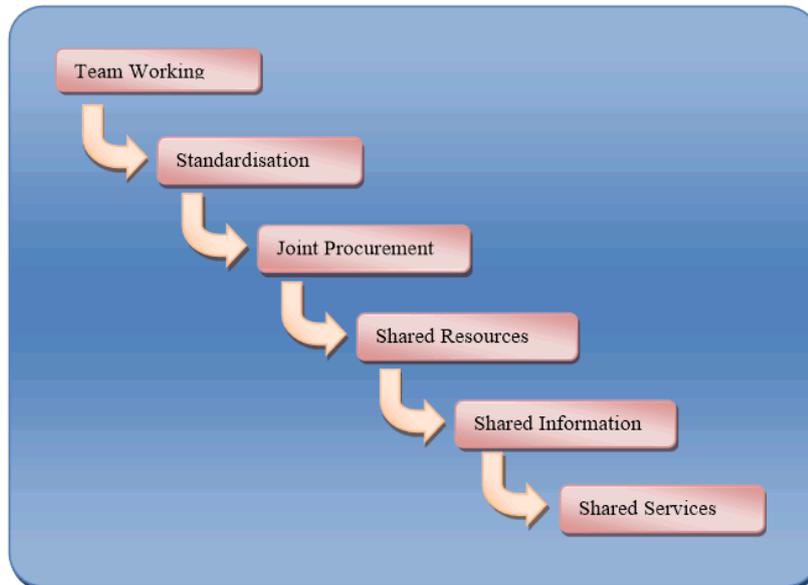
- improved levels and quality of service;
- a co-ordinated and consistent approach to the provision of services;
- reductions in the cost of support and administrative services;
- opportunities to develop new initiatives;
- economies of scale resulting from a single entity representing many councils 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. 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 collaborate,
- Encourage the elimination of barriers to collaborative action and
- Identify 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 collaboration within the councils.

Examples of procurement and projects are:

- 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:

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

- Facilitate initiatives 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	Fiona McTavish
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	Marty Grenfell
Western Bay of Plenty District Council	Miriam Taris
Whakatane District Council	Stephanie O'Sullivan
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.

Services delivered are 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, with councils participating on an opt-in basis.

The Board will be looking for commitment from councils to participate in collaborative services and to provide a lead in the identification and management of opportunities and 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 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.

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
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.	Manage and/or renegotiate existing contracts.	Contracts are reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.
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.	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 active users to increase by 20% per year.
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 2018 the consolidated Shareholder funds comprised \$39,757 and the total assets were \$1,192,245. The resulting ratio is 3.3%.

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 2019-2022 are included (Appendix A). 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 2019/22				
	Budget 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/2022
REVENUE				
Revenue - Core	\$319,510	\$274,510	\$274,510	\$274,510
Bank Interest Received	1,000	1,000	1,000	1,000
Council Contribution	273,510	273,510	273,510	273,510
Sales of Service	45,000	0	0	0
Revenue - Projects	1,563,500	1,213,000	1,513,000	1,213,000
Aerial Photography Income	600,000	300,000	600,000	300,000
Bank Interest Received	16,500	16,500	16,500	16,500
Collaboration Portal	100,000	75,000	75,000	75,000
Lease Income - ICN	175,000	135,000	135,000	135,000
Lease Income - Video Confer.	13,000	30,500	30,500	30,500
Rebates	9,000	6,000	6,000	6,000
Recoveries	650,000	650,000	670,000	680,000
Total Operating Revenue	1,883,010	1,487,510	1,787,510	1,487,510
EXPENSES				
Expenditure - Core	440,400	383,800	383,800	383,800
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	14,400	14,400	14,400
Amortisation	12,000	8,000	8,000	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	7,000	7,000	7,000	7,000
Health and Safety	1,000	1,000	1,000	1,000
Insurance	8,000	8,500	8,500	8,500
Interest Paid - TCC Loan	1,000	1,000	1,000	1,000
Legal	2,000	2,000	2,000	2,000
Salaries	325,000	285,000	285,000	285,000
Salaries - CPortal Opex	-10,000	-10,000	-10,000	-10,000
Staff Support Costs	20,000	16,500	16,500	16,500
Staff Training Costs	2,000	2,000	2,000	2,000
Subscriptions	1,000	1,000	1,000	1,000
Tax Advice	4,500	4,500	4,500	4,500
Expenditure - Projects	1,442,610	1,103,710	1,403,710	1,103,710
Aerial Photography Expense	600,000	300,000	600,000	300,000
Collaboration Portal Opex	40,000	26,000	26,000	26,000
Lease Expense - ICN	170,000	129,100	129,100	129,100
Lease Expense - Video Confer.	12,610	28,610	28,610	28,610
Projects - Recoveries	620,000	620,000	640,000	650,000
Total Operating Expenditure	1,883,010	1,487,510	1,787,510	1,487,510
Operational Surplus/ (Deficit) before Tax	0	0	0	0

Appendix B

Completed Joint Procurement Projects

Requiring ongoing management for performance, renewal or replacement

- | | |
|---|---|
| <ul style="list-style-type: none"> × Office supplies × Banking × Postal services × Courier services × Fuel × Advertising services × Travel and accommodation services × Air travel × Insurance brokerage × Aerial imagery × N3 / GSB × ESRI licences × GIS software × Health insurance × Security services × Antivirus software × Video conferencing × Above ground asset insurance | <ul style="list-style-type: none"> × 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 × Infrastructure insurance – excess layer × Collective geospatial training × EMA membership × Environmental insurance × Print Media Copyright Services × Health and Safety software |
|---|---|

Identified Joint Procurement Projects

- | | |
|---|--|
| <ul style="list-style-type: none"> × 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 | <ul style="list-style-type: none"> × Telephony platform × Chemicals × Digital signatures × Recruitment/candidate management × Surveys and research × CCTV monitoring × Media distribution services × CD emergency notifications × Fleet purchasing × Drug and alcohol testing × Push wireless × Fleet management × Community communication systems × Lone worker × Eastern BOP electricity procurement × LiDAR acquisition – PGF |
|---|--|

Collaborative Projects

Managed by BOPLASS or by one or more constituent councils

- × IT hosting / IaaS
- × Shared 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 –identification of opportunities for collaboration in delivery of services in accordance with s17A LG Act 2002
- × Video conferencing
- × GIS imagery data storage
- × Waste licencing and data collection
- × Historic aerial imagery
- × Sustainable procurement
- × Diversion of putrescible waste from landfill
- × Civil works projects marketing

Projects for Consideration

- × Rates Collection
- × Geospatial services
- × Joint software support
- × Asset Management
- × Web services
- × Payroll
- × Telephony platform
- × Consents Processing
- × CCTV monitoring
- × Information Services
- × Debt management
- × Capital construction
- × Electronic Document and Records Management System
- × Business continuity planning
- × Infrastructure development codes
- × Inter-council H&S audits
- × Solid waste regional facilities strategy
- × Building consents
- × Accounts payable automation
- × Regional Civil Defence
- × Document digitalisation
- × Robotics processing automation
- × Electronic document management-managed service



Gareth Green
Chief Executive Officer
Taupo District Council
46 Horomatangi Street
Taupō 3330

28 February 2019

Dear Gareth

Draft Statement of Intent

Please find attached the draft Statement of Intent for Destination Great Lake Taupo. In accordance with the Trust Deed and Local Government Act requirements the draft is due with Taupo District Council at the end of February 2019, so that it can be considered formally by Council, and any comments provided in advance of May 2019.

The board looks forward to the opportunity to discuss the draft with Councillors at the workshop on Tuesday 30 April 2019.

Yours sincerely

Ray Salter
Chairman
Destination Great Lake Taupo Board

Destination Great Lake Taupō

Address: The Hub, Level 1, 32 Roberts St, Taupō : Ph: +64 7 376 0400 : Postal Address: Destination Great Lake Taupō
Email: info@greatlaketaupo.com : Fax: +64 7 376 0410 : PO Box 149, Taupō 3351, New Zealand

In association with





DESTINATION GREAT LAKE TAUPŌ

Statement of Intent 2019-2022



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1. INTRODUCTION

Destination Great Lake Taupō (DGLT) is a Council Controlled Organisation (CCO) for the purposes of the Local Government Act 2002. It has no subsidiaries and is a not-for-profit organisation.

DGLT is governed by a Board appointed by the Taupō District Council (TDC) under the Trust Deed (6 September 2010) establishing the CCO. DGLT is funded largely by a grant from the TDC, on behalf of Taupō District ratepayers, along with revenue from sales through i-SITES and industry contributions to various marketing initiatives.

This Statement of Intent (SOI) sets out DGLT’s strategic direction for 2019 -2022. It illustrates how DGLT will contribute to Taupō District Council’s newly adopted Economic Strengthening Document, reflecting the expectations of both ratepayers and industry, and describes the context within which the organisation operates. It explains how DGLT will achieve its outcomes through its activities and initiatives; and shows how progress towards these outcomes will be measured.

The role of DGLT is to ensure that the Taupō district¹ is marketed as a visitor destination so as to maximise the long-term benefits to the economy for the benefit of district ratepayers. This marketing effort generates direct benefits for the local tourism industry, and also has a broader benefit for retail, hospitality and most other services in the district economy. DGLT’s specific function is to promote the destination to attract increased numbers of visitors, and to encourage visitors to stay longer and spend more. In executing it’s focus on long term benefits to the district DGLT also has an advocacy and leadership function around management and development of the destination. This includes work with infrastructure providers, capability building, product development and work with the community.

The National Visitor Strategy:

In 2014, the Tourism Industry Aotearoa released Tourism 2025, a strategic planning document designed to align the industry nationally towards one common goal of growing tourism expenditure / yield to \$41 billion by 2025. The document was updated in 2018 to reflect a change in the wider tourism industry’s vision for ‘Growing a sustainable tourism industry that benefits New Zealanders’, developing an industry that is deeply **connected** to the world and aligned as an industry, and has the **knowledge** required to make informed decisions, enable innovation and manage progress. The update focused on the following elements:

- **Economy** – delivering opportunity and prosperity across the New Zealand economy
- **Environment** - tourism contributes to protecting, restoring and enhancing the environment
- **Community** – New Zealanders understand, support and benefit from tourism operating in their communities
- **Visitor** – New Zealand delivers world leading experiences for international and domestic visitors
- **Sustainability** – at the heart of the framework, leading the world in sustainable tourism

The document also has introduced the values of:

- **Manaakitanga** - showing respect, hospitality, generosity and care for others
- **Kaitiakitanga** - guardianship and protection of our natural, built and cultural resources for the benefit of current and future generations
- **Whanaungatanga** – a sense of family and belonging; relationships built on shared experiences and working together



¹ Taupō District refers to the entire region incorporating Taupō, Turangi and Mangakino

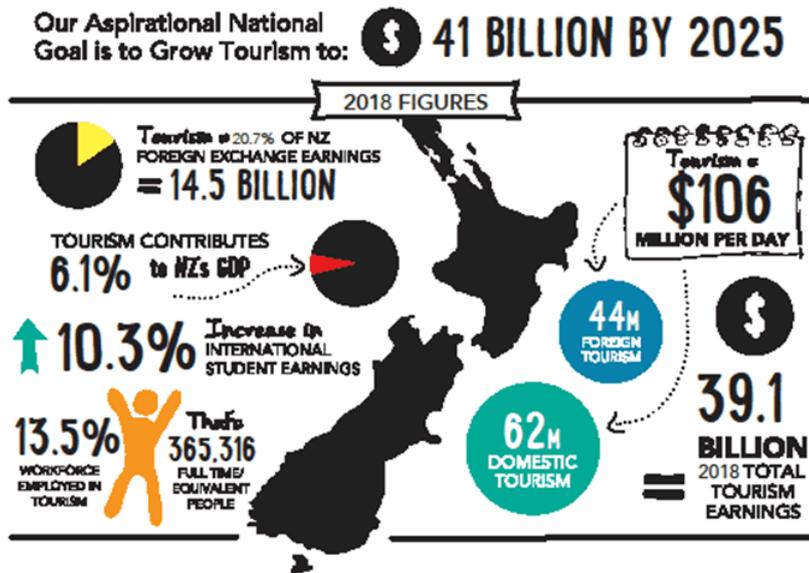
The tourism forecasts 2018-2024 project spend per visitor to New Zealand will increase by 4.9 percent growth per year to 2024. Visitor arrivals to New Zealand are expected to grow 4.6 percent per year, reaching 5.1 million visitors in 2024, up from 3.7 million in 2017. Total international spend is expected to reach \$14.8 billion in 2024, up 39.7 percent from 2017.

Progress to date:

The scorecard so far is somewhat mixed, with continued growth in international arrivals and spend due mainly to the opening of new airline routes and new airlines flying into New Zealand, however the effects of this are not being felt throughout the entire country, and there are signs on the horizon of an oncoming slow-down in international arrivals. Tourism 2025 & Beyond has a focus on people and place, with the core focus being on developing and growing a sustainable visitor industry that benefits all New Zealanders and protects our natural environment. There is still a strong focus on overcoming regional dispersal and seasonality issues, so spreading the tourism load across the year will help to achieve these targets. MBIE are constantly improving the data sets available, so that robust decision making can be undertaken.

On the positive side:

- Spending by international tourists in New Zealand in the year ended March 2018 was \$16.2 billion – an increase of 9.6 percent.
- Domestic tourism spending increased 6.5% to \$23.0 billion.
- Total tourism expenditure increased 7.7% to \$39.1 billion, following a 8.8% increase in the previous year.
- International tourism expenditure contributed 20.6% to New Zealand’s total exports of goods and services.
- Tourism generated a direct contribution to GDP of \$15.9 billion – 6.1% of GDP.
- The indirect value added of industries supporting tourism generated an additional \$11.1 billion for tourism – 4.3% of GDP.
- 365,316 people were directly employed in tourism – 13.5% of the total number of people employed in New Zealand.
- Tourists generated \$3.6 billion in GST revenue.



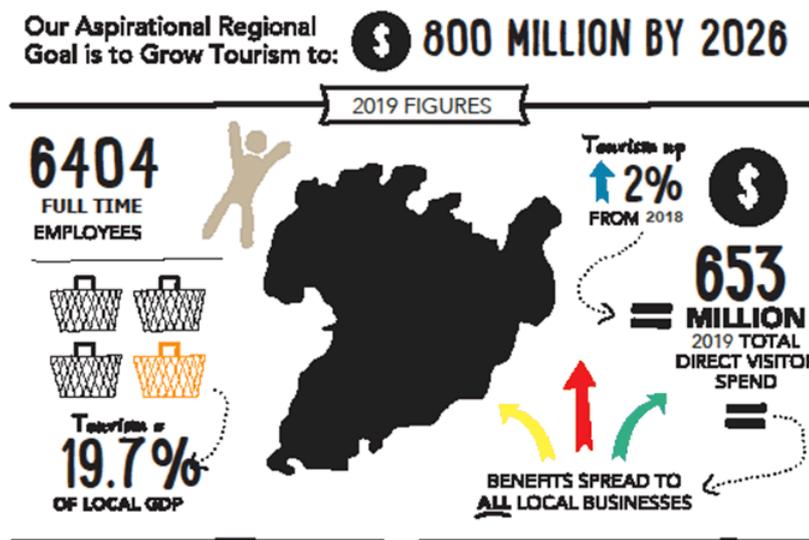
Source: Tourism Satellite Account: 2018

The Taupō proposition:

In 2019, DGLT estimates that the Taupō district experienced just over 3.4 million guest nights, using a combination of private and commercial accommodation. This comprises approximately 2.2 million domestic nights, and 1.2 million international nights. Roughly one third of guest nights are in commercial accommodation, with the remainder in private accommodation or freedom camping.

Tourism makes a major contribution to the overall economic and social fabric of the Taupō district.

- Data released by the Ministry of Business, Innovation and Employment (MBIE), indicates a total direct visitor spend for the district of approximately \$653 million for the year ending December 2018.
- Spending by domestic visitors accounts for \$448 million (or 68%), while international visitors account for \$205 million.
- Tourism’s (direct and indirect) contribution to the local GDP is estimated at 19.7%².
- Tourism remains the largest employment sector in the region, with 6404 full time equivalent employees (FTEs)³.



² Source – Economic Impact of Tourism Spending on Taupō Economy – March 2019.

³ Source – Economic Impact of Tourism Spending on Taupō Economy – March 2019.

2. TAUPŌ – THE NEXT BIG THING!

The Taupō Strategy Journey

In 2016 the DGLT board reviewed and updated our district tourism strategy – to ensure that the industry has a strategic approach that is current and which also provides a clear vision for the future. In August 2016, the DGLT board adopted the new 2016-2026 Strategic document – “*Great Lake Taupō – The next big thing*”.

We have reviewed our destination from both a domestic and international visitor perspective:

Our domestic market

The Taupō district is well recognised domestically, but we can grow this through innovative approaches to marketing and creating aspirational reasons to visit and thus achieve our vision.

Domestic visitation remains the driver of tourism in the district, accounting for approximately 65-70% of both visitation and spending. Our largest market is Auckland by a significant margin, followed by Waikato, Wellington, Bay of Plenty and Hawkes Bay. Our central location means we get good visitation from the entire North Island, however, the district is almost exclusively a North Island destination, due largely to the lack of direct air connectivity to the South Island.

While Taupō is well known by most New Zealanders as a holiday destination, there is increasing competition from other New Zealand regions and from offshore locations. Our district remains strong in the family market but our focus is to ensure a Taupō holiday has ‘brag factor’ and appeals to a wider market. The additional markets that this strategy will target include couples, groups and baby boomers, to improve seasonality and increase yield. The ‘new New Zealander’ domestic market of predominately Chinese and Indian immigrants living in Auckland is also becoming a focus.

However, the visitor mix is diverse across the district, with different types of visitor between Taupō, Mangakino and Turangi. We therefore need to ensure that a diversity of visitors is retained and distributed so that small settlements such as Turangi don’t lose ground.

We are also positioning the district as a winter/ski destination, building on the proximity of Tongariro National Park and Whakapapa Ski Area. As Whakapapa develops and grows there is not sufficient accommodation in the nearby communities, and so both Taupō and Turangi have potential to compete for domestic visitors.

Our international market

Our vision is that we will have stronger brand recognition internationally. Our goal is to lift the profile of the district so we become part of the must-do itinerary for international visitors. To do this we will need to become more active in our international marketing (alongside our partner regional tourism organisations), and we will need an expanded offering of experiences.

The number and importance of international visitors has grown over the last 10 years. Our largest market is UK/Europe, followed by Australia, and then the US. Chinese visitors are increasing rapidly and are becoming an important source market (albeit still significantly behind traditional western markets).

The destination

We have also reviewed the destination, against this strategy ambition. Our aspiration is to significantly grow the scale and profitability of the region’s tourism while maintaining acceptance and integration of visitors into the community. This means we are going to have to do more work with the community to increase understanding about spreading visitor growth-across the year, and the benefits that accrue as a result.

As noted above, further product development and hotel development is required if the district is to significantly grow international visitor volume, grow other markets, or increase visitation outside summer/peak periods. This means a growing role working alongside potential investors looking at new attractions or investment in the region.

Sustained growth over a number of years is also leading to capacity constraints at many icon sites. DGLT is working alongside infrastructure providers to ensure appropriate upgrades are undertaken at these sites.

There are growing labour / work force issues across the tourism industry, plus the need to invest in building the capability of existing tourism operators to remain successful in an increasingly complex digital environment. This means DGLT has a growing role in supporting tourism operators not just in their marketing, but also in wider aspects of their business development.

3. BAY OF PLENTY VISITOR ECONOMY STRATEGY

In 2018 a Bay of Plenty Visitor Economy Strategy was adopted. This sets out key infrastructural priorities required across the region to both cope with and enable tourism growth. The document includes a specific Taupō sub regional strategy. It identifies the need for key infrastructural upgrades to cope with growth pressures, at sites like Tongariro National Park and Huka Falls. It also sets out key projects that will enable growth and support diversification of the tourism industry. DGLT has a key leadership role in working with land managers and infrastructure providers to plan for such upgrades.

4. PRINCIPAL OBJECTIVES

There are three main groups of objectives covered in this Statement of Intent:

- A series of objectives aimed at implementing the vision in the 2016-2026 strategic document (the focus of our marketing and promotion work)
- A series of objectives arising from the 2018 Bay of Plenty Visitor Economy Strategy (focussed on managing and developing the destination)
- A series of objectives around DGLT Trust operations (the way we work).

4.1 Our focus - Establish Taupō as 'The Next Big Thing'.

Objectives in our 2016-2026 Strategic Document:

4.1.1 *Diversify what we do to grow both domestic and international visitor numbers.*

Domestic tourism is growing but there is competition for these visitors both within NZ and from long haul destinations. Whilst we are already a strong family destination, there is great potential for growth in couples and new New Zealanders. NZ is experiencing high growth in **international** arrivals and we need to ensure we are getting our share of this growth. Key growth markets include Australia, the US, China and India.

4.1.2 *Create a thriving year-round tourism destination by filling capacity in quieter times and locations.*

We will continue to market the Taupō district as a short break destination, but we will also work to lengthen the perceived summer season by targeting marketing activities at Oct/Nov and March/April. We will promote a winter holiday focus with links to ski, snow and après ski experiences. We will grow international markets by increasing awareness of the destination through increased activity with the travel trade. We will also attempt to grow visitation for Turangi through a more targeted approach.

4.2 Our focus – Sustainably manage and develop the destination as an international quality resort style destination.

We have identified 4 objectives relating to the sustainability and long-term growth of the destination, which come out of the DGLT Strategic Document and the Taupō Visitor Economy Strategy:

4.2.1 Providing quality information to visitors

Given the increasing number of international visitors, and rapid changes to our source markets, we will have to make changes to ensure we provide quality information to our visitors, including through our online channels, print collateral and through our face-to-face customer services in the two i-SITES. This will mean greater use of digital technology, more translation and communication through increasingly diverse channels.

4.2.2 Providing a quality experience for the current level of demand

Given the aspiration for both rapid and significant growth in visitors, Taupō as a destination must also be engineered to deal with the development challenges and opportunities that will arise. The growth trajectory is positive, but we need to ensure we continue to deliver a world class experience to increasing numbers of domestic and international tourists. This will require upgrades to critical infrastructure, growth in the tourism workforce (to meet demand) and may necessitate demand management at some key sites.

4.2.3 Enabling future growth

Thoughtful, strategic and quality investment will significantly enhance attractions, increase the vibrancy of our towns and strengthen our market reach. New product is key to providing reasons to visit at all times of the year and fill periods when there is capacity in the region, and to making sure our offerings are well suited to existing and future target markets. We will work with both existing operators, new investors and Enterprise Great Lake Taupō to support new product development, further monetise existing attractions and market existing attractions to the travel trade. A specific focus on Turangi, working alongside Ngati Tuwharetoa to develop cultural product and emphasising additional soft adventure/wet weather attractions are also priorities.

4.2.4 Taking our community with us

As tourism grows in the region it will deliver significant economic gains for the community through increased employment and spending, town vibrancy and services. However, there is a risk (if not managed correctly) that members of the community will also see negative impacts in terms of congestion at peak periods, environmental degradation etc. It is important, therefore, that DGLT works with other community leaders/organisations to take the community with us. This will mean more communication and more active management of infrastructure/crowding issues.

4.3 Our approach - Run an efficient and effective regional tourism organisation, strongly supported by the local tourism industry.

Our other key objectives are around the efficiency and effectiveness of the organisation. We have identified two objectives:

4.3.1 Take industry with us, and work collaboratively

On-going effective industry and stakeholder communication is vital to ensuring that the district operates as a coherent whole. DGLT will continue to actively engage with operators and stakeholders throughout the strategy implementation.

4.3.2 Be fiscally responsible in the way we do business

DGLT will focus on responsible business practice, cost efficiencies and sustaining revenue streams in conjunction with marketing programmes.

5. FOCUS OF ACTIVITIES FOR 2018/19

DGLT has planned for a continuation of business as usual activity for the 2019/20 year.

Business as usual marketing activity includes the following:

- Planning and delivery of destination marketing programmes that grow the inbound visitor market (including both domestic and international visitors) to the Taupō district jointly with operators and other groups
- Promotion of the district to the international market collaboratively with the Explore Central North Island grouping of regional tourism organisations and with Tourism New Zealand
- Provision of tourism market information and insights as appropriate for operators to assist in their marketing initiatives
- Work with local, national and international media to gain maximum positive exposure for the district
- Provision of regional visitor information that enables our key markets to make decisions on holidays in the district
- Convention and incentive marketing and facilitation of business conversion
- Delivery of trade and media familiarisations to build profile and opportunity
- Representation of the district at tourism trade shows
- Management of lovetaupo.com and other digital marketing functions
- Event marketing and leveraging the visitor opportunities around events

Business as usual destination management/development activity includes the following:

- Operation of the two i-SITEs within the Taupō district
- Active involvement in discussions about infrastructure and destination management projects, including support for funding applications to central government funding entities
- Support to investors looking to establish new attractions/activities/accommodation in the district
- Planning and delivery of joint marketing / town vibrancy initiatives alongside Turangi, Mangakino and Town Centre Taupō
- Work alongside Ngati Tuwharetoa to interpret and promote cultural stories
- Professional development / capability building for operators

Changes to status quo activity for 2019/20 include the following:

Following the introduction of new central government funding sources including the Provincial Growth Fund, the Tourism Infrastructure Fund and the International Visitor Levy DGLT is now doing significant work alongside infrastructure providers and landowners on funding applications for key tourism infrastructure. This is a significant consumer of DGLT time and activity.

Taupō District Council has adopted the 2018-2028 Long Term Plan which includes the continuation of funding to enable ongoing winter/ski campaign activity with Tourism NZ, RAL and Auckland International Airport.

6. FOCUS OF ACTIVITIES FOR 2020/21 AND 2021/22

DGLT has not programmed full implementation of the Strategic Plan in 2019/20, recognising what is possible with funding limitations. Work/actions have been prioritised into 2019/20 and further out into 2020/21 and 2021/22.

For our international markets, we will focus work in 2019-22 to continue/expand work in Australia (in support of the Tourism NZ campaign activity), plus we will do more marketing with the inbound travel trade around the US (to make the most of increased air access and arrivals/spend). We are seeing some softening of arrivals into New Zealand from UK/Europe (which is a core source market for our region) so we are also planning on increased activity to try and hold volume/spending from these markets. We are prioritising this activity ahead of work offshore targeting China and India.

Work will be required in the 2019-2022 period in the area of product development, to support new activities and infrastructure to meet the needs of new and emerging markets. Work will also be required to ensure the destination is 'China ready', including supporting operators and increasing the amount of translated content available in the region. Chinese visitation to the district is increasing rapidly, but still off a low base. To be prepared for growth from this market, we will need to ensure that Taupō as a destination is able to generate the visitor feedback that will in turn generate repeat business and ensure that it is a "must visit" destination. This means local actions to build capability among industry, signage and collateral development and training/knowledge investment. Such work would need to occur in partnership with Enterprise Great Lake Taupō, the Chamber of Commerce and Industry, Town Centre Taupō and Taupō District Council.

Given recent upgrades in both the Taupō and Turangi i-SITES no significant capital work has been programmed in either building over the period 2019-2022. In the future, if the Taupō i-SITE building is replaced or relocated as part of the cultural precinct project, significant work will be required for design, as well as for fit out and displays. This would be beyond the current resources of the trust.

Significant work will be required alongside the Turangi community and Enterprise Great Lake Taupō to implement any actions arising out of the Turangi Economic Assessment, but at this stage there is no additional resourcing for this purpose.

As the Tuwharetoa treaty settlement occurs it is likely that significant work will be required to realise their tourism aspirations, but at this stage specific projects are unclear.

7. PERFORMANCE AND OTHER MEASUREMENTS

7.1 Analysis of performance against principal objectives:

Performance against the principal objectives shall be assessed using the following success measures.

Objective 1 – Establish Great Lake Taupō as ‘The Next Big Thing’					
As measured by	Data sources	Baseline data	YE 2019-20	YE 2020-21	YE 2021 - 22
<i>Growth in tourism expenditure</i>	Monthly Regional Tourism Estimates	Total direct tourism expenditure of \$656M for year ended October 2018. Based on \$448M domestic and \$208M international.	4.8% annual growth	4.8% annual growth	4.8% annual growth
Objective 2 – Sustainably manage and develop the destination as an international quality resort style destination					
As measured by	Data sources	Baseline data	YE 2019-20	YE 2020-21	YE 2021 - 22
<i>Visitor experience / satisfaction.</i>	Annual AA Domestic Travel Monitor	2018: Net promoter score of 45 2017: Net promoter score of 46 2016: Net promoter score of 49	Net promoter score of 46	Net promoter score of 46	Net promoter score of 46
Objective 3 - Run an efficient and effective regional tourism organisation, strongly supported by the local tourism industry.					
As measured by	Data source	Baseline data	YE 2019-20	YE 2020-21	YE 2021 - 22
<i>Visitation numbers in the Taupō and Turangi i-SITES</i>	i-SITE door counters	Achieved 216,613 visits to Taupō and Turangi i-SITES in 2017/18. Taupō i-SITE: 147,267 visits Turangi i-SITE: 69,346 visits	Achieve a combined total of 200,000 visits to Taupō and Turangi i-SITES.	Achieve 200,000 visits to Taupō and Turangi i-SITES.	Achieve 200,000 visits to Taupō and Turangi i-SITES.
<i>Support for DGLT marketing initiatives</i>	<i>Measured by free of charge or in-kind support for marketing promotions activity.</i>	Estimated at \$92,000 based on DGLT recording in 2017/18.	\$80,000 free of charge or in-kind support for marketing activity	\$80,000 free of charge or in-kind support for marketing activity	\$80,000 free of charge or in-kind support for marketing activity
<i>Stakeholder satisfaction.</i>	<i>Annual Visitor Industry Survey</i> <i>Maintaining consistency is set as the primary performance target</i>	2018: 94.6% Industry satisfaction score. 2017: 82.6% Industry satisfaction score. 2016: 92% 2015: 89% 2014: 77%	85% Industry satisfaction score	85% industry satisfaction score	85% industry satisfaction score

7.2 Rationale for performance measures:

This 2019 SOI retains a performance measure around growth in tourism expenditure. The purpose of this measure is to track spending as an overall measure of visitor numbers and economic benefit from tourism. This will be tracked through the Monthly Regional Tourism Estimates. This is a dataset published monthly by the Ministry of Business, Innovation and Employment, and it provides an estimate of monthly regional tourism spend. We have adopted a growth target of 4.8% annually. This is consistent with the DGLT Strategic Document, which lists increased tourism spend as the key performance indicator. The strategic document identifies a performance target of \$800 million by 2026, based on a 4.8% increase year on year.

The annual AA Domestic Travel Monitor has been retained to measure domestic visitor experience/satisfaction with the destination. There is currently no data set to measure international NPS at a regional level. The key measure therefore is the domestic net promoter score. The net score for 2017/18 has been retained as the measure for 2018/19.

We have retained the i-SITE door count as a measure, but under Objective 3. The performance target is a reduction in visitation below current levels. Trends around i-SITEs nationally suggest that many are struggling to maintain visitation and profitability (due to competition from digital devices/booking sites). Therefore, the performance target is based on reducing market share and performance over time, rather than predicting significant growth. On the basis of this declining visitation, we believe this measure is better categorised as a measure of the effectiveness of the organisation (as opposed to Objective 1 which measures the success of DGLT work to attract visitors).

An additional measure is included to capture 'free of charge' or 'in-kind' contributions by industry. The estimated contribution from the 2017/18 financial year has been added as a benchmark and used as the target for 2019/20.

7.3 Changes to performance measures from 2017-2020 SOI:

Changes have been included in performance measures for the 2019-2022 Statement of Intent, reflecting changes to data sets available nationally/internationally and the changes outlined in the DGLT Strategic Document.

DGLT has deleted the performance measure around i-SITE costs (as measured by net i-SITE expenditure over income) in favour of measuring i-SITE door count. The i-SITE financial performance is measured elsewhere via the annual report.

A new measure was included in 2017/18 to track support for DGLT collateral. This measure tracked the overall number of operator listings on the website and in the i-SITE. It was hoped that this would provide a way to measure the number of operators and the value they place in our marketing material (irrespective of the size of their business). This measure has been deleted in 2019, as operators have multiple listings on the website and in the i-SITE, meaning the listing numbers are not representative of operator support (or otherwise).

8. COLLABORATION WITH LOCAL AGENCIES

Destination Great Lake Taupō’s mandate is to attract more visitors however this is more effective for a district of our size if we work together with other partner organisations.

Regional / national relationships

Outlined below are diagrams of the regional and national DGLT operating environment:

PARTNER COLLABORATORS	GOAL
Surrounding Regional Tourism Organisations	Attracting visitors to surrounding districts
Explore Central North Island group	Working collaboratively to attract international visitors to the thermal explorer and pacific coast highways
Central North Island Group Bike Trade Marketing Group	Working collaboratively to attract (domestic and international) bikers to the trails of the central North Island
Tourism New Zealand	Marketing New Zealand
Tourism Industry Aotearoa	Tourism advocacy and support to members
Tourism Export Council	Advocacy and support to the travel trade / travel wholesalers
Inbound travel operators and destination management companies	Working with overseas agents, and directly with consumers, to promote New Zealand
Regional Tourism NZ (RTNZ)	Membership organisation for Regional Tourism Organisations
Air NZ (and other airlines)	Working alongside Tourism NZ to promote travel to NZ
Conference and Incentive NZ	Promotion of NZ for conferences and incentive travel
Ministry of Business Innovation and Employment (MBIE)	Monitoring of tourism issues and collection of tourism data
Bay of Connections	Regional Economic Development agency for Bay of Plenty Region
Waikato Means Business / Te Waka	Regional Economic Development agency for Waikato Region

Local relationships

Outlined below are diagrams of the local operating environment:

PARTNER COLLABORATORS	GOAL
Destination Great Lake Taupō	Attracting visitors to the district, increase yield
Tourism operators	Attracting visitors to local tourism businesses
Tuwharetoa Maori Trust Board	Custodians of key Ngati Tuwharetoa assets, including permitting of filming/photography on those assets
Department of Conservation	Management and protection of natural resources, including permitting of filming/photography on conservation estate
Tourism Lake Taupō	Advocacy for tourism development
Taupō Airport Authority	Inbound and outbound air capacity
Enterprise Great Lake Taupō	Encouraging new business and creating jobs
Go Tongariro	Attracting visitors, encouraging new business and creating a vibrant town centre.
Turangi tourism operators group	Working alongside DGLT to lift the profile of Turangi and Southern Lake Taupo
Mangakino business community	Attracting visitors, encouraging new business and creating a vibrant town centre.
Chamber of Commerce	Working throughout the community for better business in the district
Towncentre Taupō	Getting locals & visitors spending more in town
Taupō District Events	Attracting event visitors to the district

Bike Taupō	Promoting cycling and advocating for better cycle tracks and services
Taupō District Council	Development of infrastructure to support tourism

9. FINANCIAL DISCLOSURE

9.1 Reporting entity

The Trust is a legal entity. The Board has authority to govern Destination Great Lake Taupō (DGLT) under the terms of this Statement of Intent as delegated to it by Council. It seeks to manage its activities in 2019/20 within the base funding allocation provided by Council as in the attached Statement of Comprehensive Revenue and Expense.

9.2 Accounting policies and basis of preparation and compliance

These Prospective Financial Statements have been prepared for Destination Great Lake Taupō in accordance with the Local Government Act 2002 and therefore also comply with PBE IPSAS. The primary objective of the Trust is to promote the Taupō district to the domestic and international visitor market with the specific intention of growing this market, rather than making a financial return. Accordingly, the Trust has designated itself as a public benefit entity for the purposes of PBE IPSAS.

The prospective financial statements are prepared using the historical cost basis except for certain classes of asset and liability which are recorded at fair value. These are detailed in the specific policies below.

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements. The following accounting policies, which materially affect the measurement of results and financial position, have been applied.

9.3 Goods & services tax

The financial statements have been prepared on a goods and services tax (GST) exclusive basis, except for trade and other receivables and trade and other payables.

9.4 Revenue recognition

All grants (including the grant from Taupō District Council) and bequests received, including non-monetary grants at fair value, shall be recognised when there is reasonable assurance that:

- the entity will comply with the conditions accounting to them; and
- the grants will be received.

Grants and bequests, other than those related to assets, shall be recognised as revenue over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Grants and bequests of assets are recognised as revenue when control over the asset is obtained.

Any grants and bequests received without conditions are recognised when control over the asset is obtained.

If there are obligations in substance to return any grants or bequests if conditions of the grant are not met, then the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue.

The main sources of exchange revenue for the Trust are joint venture revenue from the industry to support marketing initiatives, and revenue derived through the i-SITEs.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from any services rendered is recognised in proportion to the stage of completion of the transaction at the balance date. The stage of completion is assessed by reference to surveys of work performed.

Interest revenue is recognised as it accrues, using the effective interest method.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

9.5 Leases

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the Statement of Financial Position at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

Operating lease payments

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Revenue and Expense as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange losses, and losses on hedging instruments that are recognised in the Statement of Comprehensive Revenue and Expense. The interest expense component of finance lease payments is recognised in the Statement of Comprehensive Revenue and Expense using the effective interest rate method.

9.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short term highly liquid investments with maturities of three months or less.

9.7 Financial Assets

The Trust classifies its investments as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method.

Gains and losses when the asset is impaired or derecognised are recognised in the statement of comprehensive revenue and expense.

9.8 Trade receivables

Trade receivables are recognised at their cost less impairment losses.

A provision for impairment of receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

9.9 Inventory

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in, first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

9.10 Property, Plant, and Equipment

Property, plant and equipment consist of operational assets, which include office equipment, furniture and fittings, computer equipment, machinery and vehicles. These assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property, plant or equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be reliably measured.

All the Trust’s assets are classed as non-cash generating, that is they are not held with the primary objective of generating a commercial return.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the surplus or deficit.

Depreciation has been provided on a straight-line basis on all plant and equipment. Depreciation is provided at rates calculated to allocate the asset cost over the estimated useful life. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Class of asset	Estimated useful life	Depreciation rates
Office equipment	4-10years	13.33% - 25%
Furniture and fittings	2-10 years	10% - 50%
Computer equipment	4 years	25%
Machinery	4 years	25%
Vehicles	4-10years	10% - 25%

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

9.11 Financial liabilities

Short term creditors and other payables are recorded at their face value.

9.12 Employee entitlements

Provision is made in respect of the Trust's liability for annual leave. Annual leave has been calculated on an actual entitlement at current rates of pay.

Annual leave has been calculated on an actual entitlement at current rates of pay.

Retiring gratuities and long service leave where there is actual entitlement is accrued at actual entitlement using current rates of pay. In addition, there is an actuarial assessment of value for which entitlement has not yet been reached. This assessment uses current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value.

Superannuation schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit when incurred.

9.13 Interest-bearing borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

9.14 Income Taxation

The IRD has confirmed the Trust is exempt from income tax under sections CW 40 of the Income Tax Act 2007.

9.15 Advertising costs

Advertising costs are expensed when the related service has been rendered.

9.16 Equity

Equity is the community's interest in the Trust and is measured as the difference between total assets and total liabilities.

9.17 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 2018 the total Trust Equity comprised \$174,725 and the total assets were 770,625. The resulting ratio is 22.67%.

9.18 Going Concern

The Trust consider that the continued adoption of the going concern assumption for the preparation of this financial report is appropriate. This conclusion has been reached having regard to assurances from the Taupō District Council that financial support and / or funding will be made available to ensure that the organisation can continue its current operations.

9.19 Distributions to shareholders

The Trust is not expected to make profits; any surplus funds remaining from the annual operations of the Trust shall be carried forward to the ensuing year to continue to meet the primary objective of the Trust.

9.20 Procedures for the purchase and acquisition of shares

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

9.21 Value of settlor's investment

The value of the settlor's (Taupō District Council) investment is \$100 as per the Trust Deed. There is no other equity investment by the Council in the Trust.

Projected Statement of Comprehensive Revenue & Expense

	Projected FY 19/20 Financials	Projected FY 20/21 Financials (incl. LGCI)	Projected FY 21/22 Financials (incl. LGCI)
Income			
Revenue from services provided	736,677	716,677	736,677
Grant received from Taupo District Council (Marketing)	1,826,055	1,868,054	1,909,152
Grant received from Taupō District Council (i-SITEs)	208,692	213,492	218,189
Interest income	7,800	7,800	7,800
Total Revenue	2,779,224	2,806,023	2,871,818
Expenditure			
Employee benefit expenses	1,236,782	1,263,131	1,291,632
Depreciation and amortisation	25,660	17,177	12,130
Finance costs	-	-	-
Management and administration expenses	268,008	270,055	270,059
Other operating expenses (see breakdown below)	1,248,774	1,255,660	1,297,997
Total Expenses	2,779,224	2,806,023	2,871,818
Total Comprehensive Revenue	0	0	0

Notes:

DGLT produces a conference and incentive manual biannually. This adds an extra \$20,000 of revenue and expenditure in 2019/20 and 2021/22.

'Other operating expenses' includes marketing/advertising and i-SITEs:

Other operating expenses	2019/20	2020/21	2021/22
Marketing & Advertising	877,305	881,012	921,336
i-SITEs	290,585	292,552	294,565
Other	80,884	82,096	82,096
Total	1,248,774	1,255,660	1,297,997

9.22 Capital Expenditure Forecast

The amount of capital expenditure over the next three years has been determined as follows:

Year	\$	Purpose
2019/20	\$20,000	Computer hardware
2020/21	Nil.	
2021/22	Nil.	

Any significant capital expenditure is funded from trust equity so comes at the expense of annual operating funding.

Note – no capital expenditure has been budgeted for redevelopment of the Taupō i-SITE, as it is assumed that any changes to the building or displays (were they to occur) would be budgeted as part of the Cultural Precinct Project.

9.23 Other financial matters

We utilise services, as per the Shared Service Level Agreement, from the Taupō District Council for which we pay the following:

Year	\$
2019/20	179,000
2020/21	179,000
2021/22	179,000

The draft 2018-2021 Long Term Plan includes two separate core operational grants for the Trust as follows:

Year	Marketing / promotions / destination management	i-SITE funding
2019/20	1,750,000 plus LGCI	\$200,000 plus LGCI
2020/21	1,750,000 plus LGCI	\$200,000 plus LGCI
2021/22	1,750,000 plus LGCI	\$200,000 plus LGCI

10. GOVERNANCE STATEMENTS

10.1 Approach to governance

The Board has a key role in promoting strategy on behalf of the Taupō tourism industry, the identification and addressing of strategic issues and the provision of destination marketing and tourism product advice to Destination Great Lake Taupō, Council, and the tourism sector.

As determined by the Destination Great Lake Taupō Trust Deed, in sections 4,5,6,7,10, and 11, the approach to governance and details of structure, function and obligations apply. (Please refer to Destination Great Lake Taupō Trust Deed for full outline)

10.2 Membership

Appointments have been made for a three-year period; but take into account the importance of continuity in terms of existing members. Two appointees will retire at the end of 2019/20 and be eligible for reappointment. Similarly, two further appointees will retire at the end of 2020/21 and so forth. The Council has the ability to remove one or more Board members at any time should there be clear evidence of non-performance. The Council shall include in its selection panel an independent selector with relevant skills and experience. The Board may co-opt additional non-voting members at its discretion. (Co-opted members will not be eligible for meeting fees or expenses).

10.3 Reporting to Council

For the financial year, proceeding the year when Council issues a new Long Term Council Community Plan, the Board shall deliver to Council recommended budgets required to deliver Council’s contribution to those outcomes.

At least 5 months prior to the start of the financial year the Board shall deliver to the Council a report setting out its recommendations on the DGLT annual budget, as reflected in the business plan for that year.

After the end of each financial year, the board must deliver to Council and make available to the public, a report on the organisation's operations during that year. The Board shall also deliver to Council and make available to the public, the following statements: Comprehensive Revenue & Expense, Changes in Equity, Financial Position, Cashflows and Service Performance Results. This annual report needs to be completed within two months of the end of the financial year.

Within 2 months after the end of the first half of each financial year, the board must deliver to the Council an interim report on the organisation's operations during that half year.

The Board is obliged to prepare a statement of intent each year setting out its intended activities and objectives. It is also responsible for preparing an interim and annual report – the key elements of these reports being the reporting of performance against the accountabilities outlined in the statement of intent, along with financial information as per the accounting policies, set out in section 5 of this document.

Within 2 weeks after each Board meeting, the Board shall make available to the public the minutes of the previous Board meeting.

The final Statement of Intent will be published for public access from 1 July of each year.

10.4 Support Services

Management and operational services for the board shall be provided by Destination Great Lake Taupō.

Board members will be paid an honorarium based on Destination Lake Taupō Trust decisions at the Annual General Meeting.

Board expenses will be funded directly by Destination Great Lake Taupō.

10.5 Guidance and Resources

The CCO will conduct itself in accordance with its Trust Deed, its annual statement of intent and the provisions of the Local Government Act 2002.

10.6 Significant Policies in Place for Accountability

Apart from the setting of a statement of intent each year and the interim and annual reporting, the Board will interact with Taupō District Council in an informal way during the course of the year as required.

11. CONTACT DETAILS

C/- Destination Great Lake Taupō
Level 1/32 Roberts Street
P.O. Box 149
Taupō 3351
New Zealand
Telephone: 07 376 0400
Facsimile: 07 376 0410
Email: info@LoveTaupō.com

Chairperson and Trustees:

Ray Salter (Chair)
Torben Landl
Dennis Christian
Laura Duncan
Glyn Williams
Jonathan Cameron



Ray Salter
CHAIRMAN

Approved by shareholder on (Date):

.....
For Taupō District Council

This Statement of Intent is based on "Recommended Good Practice for the Governance of Regional Tourism Organisations" developed by Local Government New Zealand (February 2004).

12. APPENDIX ONE: TERMS AND DEFINITIONS

RTO – Regional Tourism Organisation
 MBIE – Ministry of Business and Innovation
 CAM – Commercial Accommodation Monitor
 MRTE – Monthly Regional Tourism Estimates
 ECNI – Explore Central North Island

Marketing terminology

Online	Transactions or marketing that takes place on a website
Digital marketing	All promotion and advertising that takes place either on websites, devices or within a screen environment
Mobile	Mobile phones and tablets that are connected to the internet
Responsive	Websites that respond to specific devices
Channels	The different places or ways that promotional material can appear
Direct spend	Can be sourced directly to specific businesses in relation to tourism
Indirect spend	Expenditure that comes as part of a tourists visit i.e. supermarket shopping but is not classed as tourism
Trade and Business Events	Travel agents, wholesale and retail travel sellers and airlines plus conferences, incentives and any business-related event

Taupo District Council CCO's - Statement of Intent Checklist 2019 - 2020

Timeline:

- April 30 - Agenda item outlining SOI reviews
- May 1 - Council feedback sent to CCO's
- June 30 - Final SOI's officially delivered to Council from CCO
- August 1 - Final SOI's receipted in Council meeting

Guidance

Under the Local Government Act 2002 - A council-controlled organisation must have a Statement of Intent that complies with [clauses 9](#) and [10](#) of Schedule 8. A statement of intent also —(a) must not be inconsistent with the constitution of a council-controlled organisation; and (b) may include and apply to 2 or more related council-controlled organisations.

Officers should also consider whether Council funded priorities are reflected in Statement of Intent documents. Consider if KPI's and performance measures are realistic. Are they aligned with Council strategies?

Assess SOI's against the requirements of the Local Government Act 2002 and make comments below. Officers should consult with other stakeholders within TDC to gain feedback. If there are areas where the officer feels further clarity is needed they should seek advice from the appropriate team e.g. Policy, Legal, Comms, Finance, Democratic

SOI being assessed: Destination Great Lake Taupo (DGLT)

Area	Source	Details	Comment
Legislation	Local Government Act 2002 Clause 9 of Schedule 8	9) Contents of statements of intent (1) A statement of intent must, to the extent that is appropriate given the organisational form of the council-controlled organisation, specify for the group comprising the council-controlled organisation and its subsidiaries (if any), and in respect of the financial year immediately following the financial year in which it is required by clause 3(b) to be delivered and each of the immediately following 2 financial years, the following information:	<i>Is the SOI compliant with the requirements listed? Reference the sections in the SOI. Note Compliant or add comments where appropriate. Also assess whether the SOI is aligned with Council strategies.</i>
	Officer	(a) the objectives of the group; and	<i>E.g. Compliant – Pg7-8 Two focus areas - implementing vision in the strategic document and around trust operations (the way they work)</i>

	Officer	(b) a statement of the board’s approach to governance of the group; and	<p>10.1 Approach to governance</p> <p>The Board has a key role in promoting strategy on behalf of the Taupō tourism industry, the identification and addressing of strategic issues and the provision of destination marketing and tourism product advice to Destination Great Lake Taupō, Council, and the tourism sector.</p> <p>As determined by the Destination Great Lake Taupō Trust Deed, in sections 4.5, 6.7, 10, and 11, the approach to governance and details of structure, function and obligations apply. (Please refer to Destination Great Lake Taupō Trust Deed for full outline)</p> <p>10.2 Membership</p> <p>Appointments have been made for a three-year period, but take into account the importance of continuity in terms of existing members. Two appointees will retire at the end of 2019/20 and be eligible for reappointment. Similarly, two further appointees will retire at the end of 2020/21 and so forth. The Council has the ability to remove one or more Board members at any time should there be clear evidence of non-performance. The Council shall include in its selection panel an independent selector with relevant skills and experience. The Board may co-opt additional non-voting members at its discretion. (Co-opted members will not be eligible for meeting fees or expenses).</p> <p>Compliant</p>
	Officer	(c) the nature and scope of the activities to be undertaken by the group; and	<p>5. FOCUS OF ACTIVITIES FOR 2018/19</p> <p>DGLT has planned for a continuation of business as usual activity for the 2019/20 year.</p> <p>Business as usual marketing activity includes the following:</p> <ul style="list-style-type: none"> • Planning and delivery of destination marketing programmes that grow the inbound visitor market (including both domestic and international visitors) to the Taupō district jointly with operators and other groups • Promotion of the district to the international market collaboratively with the Explore Central North Island grouping of regional tourism organisations and with Tourism New Zealand • Provision of tourism market information and insights as appropriate for operators to assist in their marketing initiatives • Work with local, national and international media to gain maximum positive exposure for the district • Provision of regional visitor information that enables our key markets to make decisions on holidays in the district • Convention and incentive marketing and facilitation of business conversion • Delivery of trade and media familiarisations to build profile and opportunity • Representation of the district at tourism trade shows • Management of lovetaupō.com and other digital marketing functions • Event marketing and leveraging the visitor opportunities around events <p>Business as usual destination management/development activity includes the following:</p> <ul style="list-style-type: none"> • Operation of the two i-SITES within the Taupō district • Active involvement in discussions about infrastructure and destination management projects, including support for funding applications to central government funding entities • Support to investors looking to establish new attractions/activities/accommodation in the district • Planning and delivery of joint marketing / town vibrancy initiatives alongside Turangi, Mangakino and Town Centre Taupō • Work alongside Ngāi Tuwharetoa to interpret and promote cultural stories • Professional development / capability building for operators <p>Changes to status quo activity for 2019/20 include the following:</p> <p>Following the introduction of new central government funding sources including the Provincial Growth Fund, the Tourism Infrastructure Fund and the International Visitor Levy DGLT is now doing significant work alongside infrastructure providers and landowners on funding applications for key tourism infrastructure. This is a significant consumer of DGLT time and activity.</p> <p>Taupō District Council has adopted the 2018-2028 Long Term Plan which includes the continuation of funding to enable ongoing winter/ski campaign activity with Tourism NZ, RAL and Auckland International Airport.</p> <p>Compliant</p>

Statement of Intent Checklist

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	Finance	(d) the ratio of consolidated shareholders' funds to total assets, and the definitions of those terms; and	Compliant																																																
	Finance	(e) the accounting policies of the group; and	Compliant																																																
	Officer	(f) the performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and	<p>7.1 Analysis of performance against principal objectives:</p> <p>Performance against the principal objectives shall be assessed using the following success measures.</p> <p>Objective 1 – Establish Great Lake Taupō as 'The Next Big Thing'</p> <table border="1"> <thead> <tr> <th>As measured by</th> <th>Data sources</th> <th>Baseline data</th> <th>YE 2019-20</th> <th>YE 2020-21</th> <th>YE 2021 - 22</th> </tr> </thead> <tbody> <tr> <td>Growth in tourism expenditure</td> <td>Monthly Regional Tourism Estimates</td> <td>Total direct tourism expenditure of \$484M for year ended October 2018. Based on \$448M domestic and \$208M international.</td> <td>4.5% annual growth</td> <td>4.5% annual growth</td> <td>4.5% annual growth</td> </tr> </tbody> </table> <p>Objective 2 – Sustainably manage and develop the destination as an international quality resort style destination</p> <table border="1"> <thead> <tr> <th>As measured by</th> <th>Data sources</th> <th>Baseline data</th> <th>YE 2019-20</th> <th>YE 2020-21</th> <th>YE 2021 - 22</th> </tr> </thead> <tbody> <tr> <td>Visitor experience / satisfaction.</td> <td>Annual AA Domestic Travel Monitor</td> <td>2018: Net promoter score of 45 2017: Net promoter score of 46 2016: Net promoter score of 49</td> <td>Net promoter score of 46</td> <td>Net promoter score of 46</td> <td>Net promoter score of 46</td> </tr> </tbody> </table> <p>Objective 3 – Run an efficient and effective regional tourism organisation, strongly supported by the local tourism industry.</p> <table border="1"> <thead> <tr> <th>As measured by</th> <th>Data source</th> <th>Baseline data</th> <th>YE 2019-20</th> <th>YE 2020-21</th> <th>YE 2021 - 22</th> </tr> </thead> <tbody> <tr> <td>Visitation numbers in the Taupō and Turangi i-SITES</td> <td>i-SITE door counters</td> <td>Achieved 216,613 visits to Taupō and Turangi i-SITES in 2017/18. Taupō i-SITE: 147,267 visits Turangi i-SITE: 69,346 visits</td> <td>Achieve a combined total of 200,000 visits to Taupō and Turangi i-SITES.</td> <td>Achieve 200,000 visits to Taupō and Turangi i-SITES.</td> <td>Achieve 200,000 visits to Taupō and Turangi i-SITES.</td> </tr> <tr> <td>Support for D&I7 marketing initiatives</td> <td>Measured by free of charge or in-kind support for marketing promotions activity.</td> <td>Estimated at \$92,000 based on D&I7 recording in 2017/18.</td> <td>\$80,000 free of charge or in-kind support for marketing activity</td> <td>\$80,000 free of charge or in-kind support for marketing activity</td> <td>\$80,000 free of charge or in-kind support for marketing activity</td> </tr> <tr> <td>Stakeholder satisfaction.</td> <td>Annual Visitor Industry Survey Maintaining consistency is set as the primary performance target.</td> <td>2018: 94.6% Industry satisfaction score. 2017: 82.4% Industry satisfaction score. 2016: 82% 2015: 89% 2014: 77%</td> <td>85% industry satisfaction score</td> <td>85% industry satisfaction score</td> <td>85% industry satisfaction score</td> </tr> </tbody> </table> <p>Compliant</p>	As measured by	Data sources	Baseline data	YE 2019-20	YE 2020-21	YE 2021 - 22	Growth in tourism expenditure	Monthly Regional Tourism Estimates	Total direct tourism expenditure of \$484M for year ended October 2018. Based on \$448M domestic and \$208M international.	4.5% annual growth	4.5% annual growth	4.5% annual growth	As measured by	Data sources	Baseline data	YE 2019-20	YE 2020-21	YE 2021 - 22	Visitor experience / satisfaction.	Annual AA Domestic Travel Monitor	2018: Net promoter score of 45 2017: Net promoter score of 46 2016: Net promoter score of 49	Net promoter score of 46	Net promoter score of 46	Net promoter score of 46	As measured by	Data source	Baseline data	YE 2019-20	YE 2020-21	YE 2021 - 22	Visitation numbers in the Taupō and Turangi i-SITES	i-SITE door counters	Achieved 216,613 visits to Taupō and Turangi i-SITES in 2017/18. Taupō i-SITE: 147,267 visits Turangi i-SITE: 69,346 visits	Achieve a combined total of 200,000 visits to Taupō and Turangi i-SITES.	Achieve 200,000 visits to Taupō and Turangi i-SITES.	Achieve 200,000 visits to Taupō and Turangi i-SITES.	Support for D&I7 marketing initiatives	Measured by free of charge or in-kind support for marketing promotions activity.	Estimated at \$92,000 based on D&I7 recording in 2017/18.	\$80,000 free of charge or in-kind support for marketing activity	\$80,000 free of charge or in-kind support for marketing activity	\$80,000 free of charge or in-kind support for marketing activity	Stakeholder satisfaction.	Annual Visitor Industry Survey Maintaining consistency is set as the primary performance target.	2018: 94.6% Industry satisfaction score. 2017: 82.4% Industry satisfaction score. 2016: 82% 2015: 89% 2014: 77%	85% industry satisfaction score	85% industry satisfaction score	85% industry satisfaction score
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	Finance	(g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders; and	Compliant																																																
	Finance	(h) the kind of information to be provided to the shareholders by the group during the course of those financial years, including the information to be included in each half-yearly	Compliant																																																

		report (and, in particular, what prospective financial information is required and how it is to be presented); and	
	Finance	(i) the procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation; and	Compliant
	Officer	(j) any activities for which the board seeks compensation from any local authority (whether or not the local authority has agreed to provide the compensation); and	
	Finance	(k) the board’s estimate of the commercial value of the shareholders’ investment in the group and the manner in which, and the times at which, that value is to be reassessed; and	Compliant
	Officer	(l) any other matters that are agreed by the shareholders and the board.	
	Clause 10 of Schedule 8	<p>10) Additional content of statements of intent</p> <p>(1) This clause applies to a council-controlled organisation that provides services in relation to the following groups of activities:</p> <p>(a) water supply;</p> <p>(b) sewerage and the treatment and disposal of sewage;</p> <p>(c) stormwater drainage;</p> <p>(d) flood protection and control works;</p> <p>(e) the provision of roads and footpaths.</p>	
		<p>(2) The council-controlled organisation’s statement of intent must, in relation to each group of activities described in subclause (1), include a statement of the intended levels of service provision that complies with clause 4(a) and (c) of Schedule 10 as if—</p> <p>(a) the reference to a long-term plan were a reference to the statement of intent; and</p> <p>(b) the reference to a local authority were a reference to a council-controlled organisation.</p> <p>Schedule 8 clause 10: added, on 27 November 2010, by section 47 of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).</p>	

<p>Constitution</p>	<p>Officer</p>	<p>SOI compliance with CCO Constitution</p>	<p>4. PRINCIPAL OBJECTIVES</p> <p>There are three main groups of objectives covered in this Statement of Intent:</p> <ul style="list-style-type: none"> • A series of objectives aimed at implementing the vision in the 2016-2026 strategic document (the focus of our marketing and promotion work) • A series of objectives arising from the 2018 Bay of Plenty Visitor Economy Strategy (focussed on managing and developing the destination) • A series of objectives around DGLT Trust operations (the way we work). <p>4.1 Our focus - Establish Taupō as 'The Next Big Thing'.</p> <p>Objectives in our 2016-2026 Strategic Document:</p> <p>4.1.1 Diversify what we do to grow both domestic and international visitor numbers.</p> <p>Domestic tourism is growing but there is competition for these visitors both within NZ and from long haul destinations. Whilst we are already a strong family destination, there is great potential for growth in couples and new New Zealanders. NZ is experiencing high growth in international arrivals and we need to ensure we are getting our share of this growth. Key growth markets include Australia, the US, China and India.</p> <p>4.1.2 Create a thriving year-round tourism destination by filling capacity in quieter times and locations.</p> <p>We will continue to market the Taupō district as a short break destination, but we will also work to lengthen the perceived summer season by targeting marketing activities at Oct/Nov and March/April. We will promote a winter holiday focus with links to ski, snow and après ski experiences. We will grow international markets by increasing awareness of the destination through increased activity with the travel trade. We will also attempt to grow visitation for Turang through a more targeted approach.</p> <p>4.2 Our focus –Sustainably manage and develop the destination as an international quality resort style destination.</p> <p>We have identified 4 objectives relating to the sustainability and long-term growth of the destination, which come out of the DGLT Strategic Document and the Taupō Visitor Economy Strategy:</p> <p style="text-align: right;">Yes –</p> <p>Compliant</p>
<p>Council Review & Distribution</p>	<p>Officer</p>	<p>Jess Simpson</p>	<p>SOI Compliant</p>

Reference

Local Government Act 2002

Part 5

Council-controlled organisations and council organisations

55 Outline of Part

This Part establishes—

- (a) requirements for the governance and accountability of council-controlled organisations and council organisations; and

Statement of Intent Checklist

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- (b) procedures for the transfer of local authority undertakings to council-controlled organisations.

Establishment

56 Consultation required before council-controlled organisation established

- (1) Before a local authority may establish or become a shareholder in a council-controlled organisation, the local authority must undertake consultation in accordance with [section 82](#).
(2) The consultation required in subsection (1) may be undertaken as part of another proposal or as part of a long-term plan.

Section 56(1): replaced, on 8 August 2014, by [section 18](#) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 56(2): amended, on 27 November 2010, by [section 49](#) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Directors

57 Appointment of directors

- (1) A local authority must adopt a policy that sets out an objective and transparent process for—
(a) the identification and consideration of the skills, knowledge, and experience required of directors of a council organisation; and
(b) the appointment of directors to a council organisation; and
(c) the remuneration of directors of a council organisation.
- (2) A local authority may appoint a person to be a director of a council organisation only if the person has, in the opinion of the local authority, the skills, knowledge, or experience to—
(a) guide the organisation, given the nature and scope of its activities; and
(b) contribute to the achievement of the objectives of the organisation.

58 Role of directors of council-controlled organisations

- (1) The role of a director of a council-controlled organisation is to assist the organisation to meet its objectives and any other requirements in its statement of intent.
(2) This section does not limit or affect the other duties that a director of a council-controlled organisation has.

59 Principal objective of council-controlled organisation

- (1) The principal objective of a council-controlled organisation is to—
(a) achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and
(b) be a good employer; and
(c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
(d) if the council-controlled organisation is a council-controlled trading organisation, conduct its affairs in accordance with sound business practice.
- (2) In subsection (1)(b), good employer has the same meaning as in [clause 36](#) of Schedule 7.

60 Decisions relating to operation of council-controlled organisations

All decisions relating to the operation of a council-controlled organisation must be made by, or under the authority of, the board of the organisation in accordance with—

- (a) its statement of intent; and
(b) its constitution.

Compare: 1974 No 66 [s 594R](#)

61 Activities undertaken on behalf of local authorities

Nothing in this Part restricts or limits the application of [section 17A](#) to any arrangement or agreement under which a council-controlled organisation undertakes any responsibility on behalf of a local authority, irrespective of whether the local authority is a shareholder of the council-controlled organisation.

Section 61: replaced, on 8 August 2014, by [section 19](#) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

62 Prohibition on guarantees, etc

A local authority must not give any guarantee, indemnity, or security in respect of the performance of any obligation by a council-controlled trading organisation.

Compare: 1974 No 66 [s 594ZP](#)

63 Restriction on lending to council-controlled trading organisation

A local authority must not lend money, or provide any other financial accommodation, to a council-controlled trading organisation on terms and conditions that are more favourable to the council-controlled trading organisation than those that would apply if the local authority were (without charging any rate or rate revenue as security) borrowing the money or obtaining the financial accommodation.

Compare: 1974 No 66 [s 594ZPA](#)

Statements of intent

64 Statements of intent for council-controlled organisations

(1) A council-controlled organisation must have a statement of intent that complies with [clauses 9](#) and [10](#) of Schedule 8.

(2) [Repealed]

(3) [Repealed]

(4) [Schedule 8](#) applies to statements of intent of council-controlled organisations.

(5) A statement of intent—

(a) must not be inconsistent with the constitution of a council-controlled organisation; and

(b) may include and apply to 2 or more related council-controlled organisations.

(6) Despite this section, an organisation that becomes a council-controlled organisation not more than 6 months before the end of a financial year is not required to prepare a statement of intent for that financial year.

Section 64(1): amended, on 27 November 2010, by [section 7](#) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Section 64(2): repealed, on 7 July 2004, by [section 4](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 64(3): repealed, on 7 July 2004, by [section 4](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 64(6): added, on 28 June 2006, by [section 8](#) of the Local Government Act 2002 Amendment Act 2006 (2006 No 26).

Monitoring and reporting

65 Performance monitoring

(1) A local authority that is a shareholder in a council organisation must regularly undertake performance monitoring of that organisation to evaluate its contribution to the achievement of—

(a) the local authority’s objectives for the organisation; and

(b) (if applicable) the desired results, as set out in the organisation’s statement of intent; and

(c) the overall aims and outcomes of the local authority.

(2) A local authority must, as soon as practicable after a statement of intent of a council-controlled organisation is delivered to it,—

(a) agree to the statement of intent; or

(b) if it does not agree, take all practicable steps under [clause 5](#) of Schedule 8 to require the statement of intent to be modified.

Section 65(1)(b): amended, on 7 July 2004, by [section 5\(1\)](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 65(2): amended, on 7 July 2004, by [section 5\(2\)](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 65(2)(a): amended, on 7 July 2004, by [section 5\(3\)](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

66 Half-yearly report

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(1) Within 2 months after the end of the first half of each financial year, the board of a council-controlled organisation must deliver to the shareholders a report on the organisation's operations during that half year.

(2) The report must include the information required to be included by its statement of intent.

Compare: 1974 No 66 [s 594Z](#)

67 Annual report

(1) Within 3 months after the end of each financial year, the board of a council-controlled organisation must deliver to the shareholders, and make available to the public, a report on the organisation's operations during that year.

(2) The report must include the information required to be included by—

(a) [sections 68](#) and [69](#); and

(b) its statement of intent.

(3) [Repealed]

Section 67(3): repealed, on 7 July 2004, by [section 6](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

68 Content of reports on operations of council-controlled organisations

A report on the operations of a council-controlled organisation under [section 67](#) must—

(a) contain the information that is necessary to enable an informed assessment of the operations of that organisation and its subsidiaries, including—

(i) a comparison of the performance of the organisation and its subsidiaries with the statement of intent; and

(ii) an explanation of any material variances between that performance and the statement of intent; and

(b) state the dividend, if any, authorised to be paid or the maximum dividend proposed to be paid by that organisation for its equity securities (other than fixed interest securities) for the financial year to which the report relates.

Compare: 1974 No 66 [s 594Z](#)

69 Financial statements and auditor's report

(1) A report on the operations of a council-controlled organisation under [section 67](#) must include—

(a) audited consolidated financial statements for that financial year for that organisation and its subsidiaries; and

(b) an auditor's report on—

(i) those financial statements; and

(ii) the performance targets and other measures by which performance was judged in relation to that organisation's objectives.

(2) The audited financial statements under subsection (1)(a) must be prepared in accordance with generally accepted accounting practice.

Compare: 1974 No 66 [s 594Z](#)

70 Auditor-General is auditor of council-controlled organisations

Despite [sections 207P to 207V](#) of the Companies Act 1993, a council-controlled organisation or a subsidiary of a council-controlled organisation is a public entity as defined in [section 4](#) of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor.

Compare: 1974 No 66 [s 594ZC](#)

Section 70: amended, on 1 April 2014, by [section 126](#) of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

71 Protection from disclosure of sensitive information

Nothing in this Act requires the inclusion in any statement of intent, annual report, financial statement, or half-yearly report required to be produced under this Act by a council-controlled organisation of any information that may be properly withheld if a request for that information were made under the [Local Government Official Information and Meetings Act 1987](#).

Compare: 1974 No 66 [s 594ZA](#)

71A Application of Part to listed companies

(1) This section applies to a council-controlled organisation if the shares of any of the following are quoted on a licensed market (within the meaning of [section 6\(1\)](#) of the Financial Markets Conduct Act 2013):

- (a) the council-controlled organisation;
- (b) a holding company of the council-controlled organisation;
- (c) controlling companies of the council-controlled organisation.

(2) If subsection (1) applies, the council-controlled organisation is not required to—

- (a) have a statement of intent under [section 64](#);
- (b) deliver a half-yearly report under [section 66](#);
- (c) deliver an annual report under [section 67](#).

(3) In this section,—

controlling companies means 2 or more companies whose degree of control over a council-controlled organisation, if exercisable by one notional company, would make the notional company a holding company of the council-controlled organisation

holding company has the same meaning as in [section 5](#) of the Companies Act 1993.

Section 71A: inserted, on 7 July 2004, by [section 7](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 71A(1): amended, on 1 December 2014, by [section 150](#) of the Financial Markets (Repeals and Amendments) Act 2013 (2013 No 70).

72 Application of Act to related companies

[Sections 57 to 71](#) apply to a company as if it were a council-controlled organisation if the company is a related company (within the meaning of [section 2\(3\) and \(4\)](#) of the Companies Act 1993) of a council-controlled organisation.

Section 72: substituted, on 7 July 2004, by [section 8](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Transfer of undertakings

73 Transfer of undertakings to council-controlled organisations

[Schedule 9](#) applies to the transfer of an existing undertaking to a council-controlled organisation.

Application of Local Government Official Information and Meetings Act 1987 and Ombudsmen Act 1975 to council-controlled organisations

74 Official information

(1) [Parts 1 to 6](#) of the Local Government Official Information and Meetings Act 1987 apply to a council-controlled organisation as if that organisation were a local authority.

(2) The [Ombudsmen Act 1975](#) applies to a council-controlled organisation as if that organisation were listed in [Part 3](#) of Schedule 1 of that Act.

Schedule 8 - Statements of intent

[ss 64\(1\), \(4\), 65\(2\)](#)

Clause

1) Purpose of statement of intent

The purpose of a statement of intent is to—

- (a) state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and
- (b) provide an opportunity for shareholders to influence the direction of the organisation; and
- (c) provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

2) Statements of intent for council-controlled organisations

Statement of Intent Checklist

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The board of a council-controlled organisation must deliver to its shareholders a draft statement of intent on or before 1 March each year.

Compare: 1974 No 66 [s 594S](#)

3) Completion of statements of intent

The board must—

- (a) consider any comments on the draft statement of intent that are made to it within 2 months of 1 March by the shareholders or by any of them; and
- (b) deliver the completed statement of intent to the shareholders on or before 30 June each year.

Compare: 1974 No 66 [s 594U](#)

4) Modifications of statements of intent by board

The board may, by written notice, modify a statement of intent at any time if the board has first—

- (a) given written notice to the shareholders of the proposed modification; and
- (b) considered any comments made on the proposed modification by the shareholders or by any of them within—
 - (i) 1 month after the date on which the notice under paragraph (a) was given; or
 - (ii) any shorter period that the shareholders may agree.

Compare: 1974 No 66 [s 594V\(1\)](#)

5) Modifications of statements of intent by resolution of shareholders

(1) Despite any other provision of the Act or of the constitution of any council-controlled organisation, the shareholders of a council-controlled organisation may, by resolution, require the board to modify the statement of intent by including or omitting any provision or provisions of the kind referred to in [clause 9\(1\)\(a\) to \(j\)](#), and any board to whom notice of the resolution is given must comply with the resolution.

(2) Before giving notice of the resolution to the board, the shareholders must consult the board concerned as to the matters to be referred to in the notice.

Compare: 1974 No 66 [s 594V\(2\)](#)

6) Statement of intent required if exemption granted under section 7 revoked

If an exemption granted under [section 7](#) is revoked, the council-controlled organisation must,—

- (a) if there is more than 6 months remaining in the financial year, prepare a statement of intent for that financial year; or
- (b) if there is not more than 6 months remaining in the financial year, prepare a statement of intent for the following financial year.

7) Obligation to make statements of intent available

A completed statement of intent and each modification that is adopted to a statement of intent must be made available to the public by the board within 1 month after the date on which it is delivered to the shareholders or adopted, as the case may be.

Compare: 1974 No 66 [s 594W](#)

8) Savings of certain transactions

A failure by a council-controlled organisation to comply with any provision of this schedule or with any provision in a statement of intent does not affect the validity or enforceability of any deed, agreement, right, or obligation entered into, obtained, or incurred by that organisation.

Compare: 1974 No 66 [s 594Y](#)

9) Contents of statements of intent

(1) A statement of intent must, to the extent that is appropriate given the organisational form of the council-controlled organisation, specify for the group comprising the council-controlled organisation and its subsidiaries (if any), and in respect of the financial year immediately following the financial year in which it is required by [clause 3\(b\)](#) to be delivered and each of the immediately following 2 financial years, the following information:

- (a) the objectives of the group; and
- (b) a statement of the board's approach to governance of the group; and
- (c) the nature and scope of the activities to be undertaken by the group; and
- (d) the ratio of consolidated shareholders' funds to total assets, and the definitions of those terms; and
- (e) the accounting policies of the group; and
- (f) the performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and
- (g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders; and
- (h) the kind of information to be provided to the shareholders by the group during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what prospective financial information is required and how it is to be presented); and
- (i) the procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation; and
- (j) any activities for which the board seeks compensation from any local authority (whether or not the local authority has agreed to provide the compensation); and
- (k) the board's estimate of the commercial value of the shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed; and
- (l) any other matters that are agreed by the shareholders and the board.

(2) If a council-controlled organisation has undertaken to obtain or has obtained compensation from its shareholders in respect of any activity, this undertaking or the amount of compensation obtained must be recorded in—

- (a) the annual report of the council-controlled organisation; and
- (b) the annual report of the local authority.

(3) Any financial information, including (but not limited to) forecast financial information, must be prepared in accordance with generally accepted accounting practice.

Compare: 1974 No 66 [s 594T](#)

10) Additional content of statements of intent

(1) This clause applies to a council-controlled organisation that provides services in relation to the following groups of activities:

- (a) water supply;
- (b) sewerage and the treatment and disposal of sewage;
- (c) stormwater drainage;
- (d) flood protection and control works;
- (e) the provision of roads and footpaths.

(2) The council-controlled organisation's statement of intent must, in relation to each group of activities described in subclause (1), include a statement of the intended levels of service provision that complies with [clause 4\(a\) and \(c\)](#) of Schedule 10 as if—

- (a) the reference to a long-term plan were a reference to the statement of intent; and
- (b) the reference to a local authority were a reference to a council-controlled organisation.

Schedule 8 clause 10: added, on 27 November 2010, by [section 47](#) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Schedule 10

Statement of Intent Checklist

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Long-term plans, annual plans, and annual reports

Clause

4 Statement of service provision

A long-term plan must, in relation to each group of activities of the local authority, include a statement of the intended levels of service provision that specifies—

- (a) any performance measures specified in a rule made under [section 261B](#) for a group of activities described in [clause 2\(2\)](#); and
- (b) the performance measures that the local authority considers will enable the public to assess the level of service for major aspects of groups of activities for which performance measures have not been specified under paragraph (a); and
- (c) the performance target or targets set by the local authority for each performance measure; and
- (d) any intended changes to the level of service that was provided in the year before the first year covered by the plan and the reasons for the changes; and
- (e) the reason for any material change to the cost of a service.



Statement of Intent 2019/20

1. Introduction

This Statement of Intent (SOI) sets out the intentions and expectations of New Zealand Local Government Funding Agency Limited (LGFA).

The LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

2. Nature and scope of activities

LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA's lending policies.

In lending to Participating Local Authorities, LGFA will:

- Operate in a manner to ensure LGFA is successful and sustainable in the long-term;
- Educate and inform Participating Local Authorities on matters within the scope of LGFA's operations;
- Provide excellent service to Participating Local Authorities;
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders; and
- Ensure its products and services are delivered in a cost-effective manner.

3. Objectives

Principal Objectives

In accordance with the Local Government Act 2002, in carrying on its business, the principal objectives of LGFA will be to:

- Achieve the objectives and performance targets of the shareholders in LGFA (both commercial and non-commercial) as specified in this SOI;
- Be a good employer;
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- Conduct its affairs in accordance with sound business practice.

Primary Objectives

LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:

- Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;
- Offering short and long-term borrowings with flexible lending terms;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Being the debt funder of choice for New Zealand local government.

LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector. This includes

- LGFA will review each Participating Local Authority's financial position, its financial headroom under LGFA policies and endeavour to visit each Participating Local Authority on an annual basis;
- Implement the changes to the Foundation Policies that were approved at the November 2018 AGM to allow for lending to CCOs. Changes to operational policies and practices need to ensure that no additional risk is borne by lenders, guarantors or the Crown and
- LGFA will analyse finances at the Council group level where appropriate and report to the Shareholder Council and shareholders as to which Participating Local Authorities are measured on a group basis.

LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.

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Additional objectives

LGFA has a number of additional objectives which complement the primary objectives. These objectives will be measurable and achievable and the performance of the company in achieving its objectives will be reported annually. These additional objectives are to:

- Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy;
- Provide at least 75% of aggregate long-term debt funding to the Local Government sector;
- Achieve the financial forecasts (excluding the impact of AIL) set out in section 4;
- Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4;
- Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015;
- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency;
- Introduce CCO lending by December 2019 and report quarterly, the volume of lending to CCOs to both the Shareholder Council and shareholders and
- Comply with its Treasury Policy, as approved by the Board.

The measurement of the company performance regarding these additional objectives are set out as Performance Targets in Section 5 of this SOI.

4. Financial forecasts

LGFA’s financial forecasts for the three years to 30 June 2022 are:

FINANCIAL YEAR (\$M)	SOI		
	Jun-20	Jun-21	Jun-22
Comprehensive income			
Interest income	272.1	293.2	294.0
Interest expense	253.6	274.2	275.1
Net Interest income	18.4	19.0	18.9
Issuance and on-lending costs	2.3	2.4	2.4
Approved Issuer Levy	1.5	1.6	1.6
Operating expenses	3.7	3.9	4.0
Issuance and operating expenses	7.6	7.8	8.0
P&L	10.9	11.2	10.9
Financial position (\$m)	Jun-20	Jun-21	Jun-22
Capital	25.0	25.0	25.0
Retained earnings	60.5	70.2	79.6
Total equity	85.5	95.2	104.6
Shareholder funds + borrower notes / Total assets	2.4%	2.5%	2.5%
Dividend provision	1.5	1.5	1.5
Total assets (nominal)	9,743.9	9,953.8	10,164.3
Total LG loans - short term (nominal)	460.0	460.0	460.0
Total LG loans (nominal)	9,100.2	9,346.0	9,418.7
Total bills (nominal)	425.0	425.0	425.0
Total bonds (nominal) ex treasury stock	9,064.0	9,264.0	9,454.0
Total borrower notes (nominal)	145.6	149.5	150.7

Note that there is some forecast uncertainty around the timing of Net Interest Income, Profit and Loss, Total Assets, LG Loans, Bonds and Borrower Notes depending upon council decisions regarding the amount and timing of refinancing of their April 2020, May 2021 and April 2022 loans. LGFA will work with council borrowers to reduce this uncertainty.

5. Performance targets

LGFA has the following performance targets:

- LGFA’s net interest income for the period to:
 - 30 June 2020 will be greater than \$18.40 million.

- 30 June 2021 will be greater than \$19.00 million.
- 30 June 2022 will be greater than \$18.90 million.
- LGFA's annual issuance and operating expenses (excluding AIL) for the period to:
 - 30 June 2020 will be less than \$6.10 million.
 - 30 June 2021 will be less than \$6.20 million.
 - 30 June 2022 will be less than \$6.40 million.
- Total lending to Participating Local Authorities¹ at:
 - 30 June 2020 will be at least \$9,560 million.
 - 30 June 2021 will be at least \$9,806 million.
 - 30 June 2022 will be at least \$9,879 million.
- Conduct an annual survey of councils who borrow from LGFA and achieve at least an 80% satisfaction score as to the value added by LGFA to the council borrowing activities.
- Meet all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements.
- Achieve 75% market share of all council borrowing in New Zealand.
- Review each Participating Local Authority's financial position, its headroom under LGFA policies and arrange to meet each Participating Local Authority at least annually.
- No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015.
- Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due.
- Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency.

6. Dividend policy

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders. Consequently, it is intended to pay a limited dividend to Shareholders.

The Board's policy is to pay a dividend that provides an annual rate of return to Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

¹ Subject to the forecasting uncertainty noted previously

7. Governance

Board

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board comprises six directors with five being independent directors and one being a non-independent director.

The Board's approach to governance is to adopt best practice² with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter, to be reviewed from time to time in consultation with Shareholders.

The Board will meet on a regular basis and no fewer than 6 times each year.

Shareholders' Council

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.
- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

8. Information to be provided to Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

² Best practice as per NZX and Institute of Directors guidelines

Annual Report

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act and Financial Reporting Act. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report.
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts.
- Comparison of the LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Auditor's Report on the financial statements and the performance targets.
- Any other information that the directors consider appropriate.

Half Yearly Report

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period.
- Comparison of LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

Quarterly Report

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly Report. The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Local Authorities (in credit rating bands).
- Comparison of LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt/Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of the preceding financial year).

- To the extent known by LGFA, details of all events of review in respect of any Participating Local Authority that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).

Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

9. Acquisition/divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's lending and/or investment policies as approved by the Board and/or Shareholders.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

10. Activities for which compensation is sought from Shareholders

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such as activities.

Currently there are no activities for which compensation will be sought from Shareholders.

11. Commercial value of Shareholder's investment

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board's views on the appropriate capital structure for LGFA, the Board's intention will be to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considers that at establishment the commercial value of LGFA was equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA was at least equal to the face value of the Shareholders' paid up Principal Shares of \$25 million. This equated to a value per share of \$1.00.

12. Accounting policies

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

The following statement is taken from the Financial Statements presented as part of LGFA's Annual Report 2018 (updated where necessary).

ATTACHMENT: Statement of accounting policies

a. Reporting Entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating local authorities.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

b. Statement of Compliance

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA's bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

c. Basis of Preparation

Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

Changes in accounting policies

There have been no changes in accounting policies.

Early adoption standards and interpretations

NZ IFRS 9: Financial Instruments. The first two phases of this new standard were approved by the Accounting Standards Review Board in November 2009 and November 2010. These phases address the issues of classification and measurement of financial assets and financial liabilities.

Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements. Those which may be relevant to LGFA are as follows:

NZ IFRS 9: Financial Instruments (2014) – Effective for periods beginning on or after 1 January 2018. This standard aligns hedge accounting more closely with the risk management activities of the entity and adds requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit.

d. Financial instruments**Financial assets**

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand; cash in transit, bank accounts and deposits with an original maturity of no more than three months.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date an assessment is made whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

e. Other assets**Property, plant and equipment (PPE)**

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

Intangible Assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

f) Other liabilities**Employee entitlements**

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

g) Revenue and expenses**Revenue****Interest income**

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

h. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

i. Segment reporting

LGFA operates in one segment being funding of participating local authorities in New Zealand.

j. Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate used to calculate present values. Refer note 2b for fair value determination for financial instruments.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future

periods. Where these judgements significantly affect the amounts recognised in the financial statements they are described below and in the following notes.

Taupo District Council CCO's - Statement of Intent Checklist 2019-2020

Timeline:

- April 30 - Agenda item outlining SOI reviews
- May 1 - Council feedback sent to CCO's
- June 30 - Final SOI's officially delivered to Council from CCO
- August 1 - Final SOI's receipted in Council meeting

Guidance

Under the Local Government Act 2002 - A council-controlled organisation must have a Statement of Intent that complies with [clauses 9](#) and [10](#) of Schedule 8. A statement of intent also —(a) must not be inconsistent with the constitution of a council-controlled organisation; and (b) may include and apply to 2 or more related council-controlled organisations.

Officers should also consider whether Council funded priorities are reflected in Statement of Intent documents. Consider if KPI's and performance measures are realistic. Are they aligned with Council strategies?

Assess SOI's against the requirements of the Local Government Act 2002 and make comments below. Officers should consult with other stakeholders within TDC to gain feedback. If there are areas where the officer feels further clarity is needed they should seek advice from the appropriate team e.g. Policy, Legal, Comms, Finance, Democratic

SOI being assessed: NZ Local Government Funding Agency (NZLGFA)

Area	Source	Details	Comment
Legislation	Local Government Act 2002 Clause 9 of Schedule 8	9) Contents of statements of intent (1) A statement of intent must, to the extent that is appropriate given the organisational form of the council-controlled organisation, specify for the group comprising the council-controlled organisation and its subsidiaries (if any), and in respect of the financial year immediately following the financial year in which it is required by clause 3(b) to be delivered and each of the immediately following 2 financial years, the following information:	<i>Is the SOI compliant with the requirements listed? Reference the sections in the SOI. Note Compliant or add comments where appropriate. Also assess whether the SOI is aligned with Council strategies.</i>
	Officer	(a) the objectives of the group; and	<i>E.g. Compliant – Pg7-8 Two focus areas - implementing vision in the strategic document and around trust operations (the way they work)</i>

	Officer	(b) a statement of the board’s approach to governance of the group; and	<p>7. Governance</p> <p>Board</p> <p>The Board is responsible for the strategic direction and control of LGFA’s activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company’s Constitution, the Shareholders’ Agreement for LGFA and this SOI.</p> <p>The Board comprises six directors with five being independent directors and one being a non-independent director.</p> <p>The Board’s approach to governance is to adopt best practice³ with respect to:</p> <ul style="list-style-type: none"> • The operation of the Board. • The performance of the Board. • Managing the relationship with the Company’s Chief Executive. • Being accountable to all Shareholders. <p>All directors are required to comply with a formal Charter, to be reviewed from time to time in consultation with Shareholders.</p> <p>The Board will meet on a regular basis and no fewer than 6 times each year.</p> <p>Compliant</p>
	Officer	(c) the nature and scope of the activities to be undertaken by the group; and	<p>Compliant</p> <p>2. Nature and scope of activities</p> <p>LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.</p> <p>The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA’s lending policies.</p> <p>In lending to Participating Local Authorities, LGFA will:</p> <ul style="list-style-type: none"> • Operate in a manner to ensure LGFA is successful and sustainable in the long-term; • Educate and inform Participating Local Authorities on matters within the scope of LGFA’s operations; • Provide excellent service to Participating Local Authorities; • Ensure excellent communication exists and be professional in its dealings with all its stakeholders; and • Ensure its products and services are delivered in a cost-effective manner.
	Finance	(d) the ratio of consolidated shareholders’ funds to total assets, and the definitions of those terms; and	<p>Compliant</p>

			<p>4. Financial forecasts</p> <p>LGFA's financial forecasts for the three years to 30 June 2022 are:</p> <table border="1"> <thead> <tr> <th>FINANCIAL YEAR (\$M)</th> <th colspan="3">SOI</th> </tr> <tr> <th></th> <th>Jun-20</th> <th>Jun-21</th> <th>Jun-22</th> </tr> </thead> <tbody> <tr> <td>Comprehensive Income</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Interest income</td> <td>272.1</td> <td>293.2</td> <td>294.0</td> </tr> <tr> <td>Interest expense</td> <td>253.6</td> <td>274.2</td> <td>275.1</td> </tr> <tr> <td>Net Interest Income</td> <td>18.4</td> <td>19.0</td> <td>18.9</td> </tr> <tr> <td>Issuance and on-lending costs</td> <td>2.3</td> <td>2.4</td> <td>2.4</td> </tr> <tr> <td>Approved Issuer Levy</td> <td>1.5</td> <td>1.6</td> <td>1.6</td> </tr> <tr> <td>Operating expenses</td> <td>3.7</td> <td>3.9</td> <td>4.0</td> </tr> <tr> <td>Issuance and operating expenses</td> <td>7.6</td> <td>7.8</td> <td>8.0</td> </tr> <tr> <td>P&L</td> <td>10.9</td> <td>11.2</td> <td>10.9</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Financial position (\$m)</th> <th>Jun-20</th> <th>Jun-21</th> <th>Jun-22</th> </tr> </thead> <tbody> <tr> <td>Capital</td> <td>25.0</td> <td>25.0</td> <td>25.0</td> </tr> <tr> <td>Retained earnings</td> <td>60.5</td> <td>70.2</td> <td>79.6</td> </tr> <tr> <td>Total equity</td> <td>85.5</td> <td>95.2</td> <td>104.6</td> </tr> <tr> <td>Shareholder funds + borrower notes / Total assets</td> <td>2.4%</td> <td>2.5%</td> <td>2.5%</td> </tr> <tr> <td>Dividend provision</td> <td>1.5</td> <td>1.5</td> <td>1.5</td> </tr> <tr> <td>Total assets (nominal)</td> <td>9,743.9</td> <td>9,953.8</td> <td>10,164.3</td> </tr> <tr> <td>Total LG loans - short term (nominal)</td> <td>460.0</td> <td>460.0</td> <td>460.0</td> </tr> <tr> <td>Total LG loans (nominal)</td> <td>9,100.2</td> <td>9,346.0</td> <td>9,418.7</td> </tr> <tr> <td>Total bills (nominal)</td> <td>425.0</td> <td>425.0</td> <td>425.0</td> </tr> <tr> <td>Total bonds (nominal) ex treasury stock</td> <td>9,064.0</td> <td>9,264.0</td> <td>9,454.0</td> </tr> <tr> <td>Total borrower notes (nominal)</td> <td>145.6</td> <td>149.5</td> <td>150.7</td> </tr> </tbody> </table> <p>Note that there is some forecast uncertainty around the timing of Net Interest Income, Profit and Loss, Total Assets, LG Loans, Bonds and Borrower Notes depending upon council decisions regarding the amount and timing of refinancing of their April 2020, May 2021 and April 2022 loans. LGFA will work with council borrowers to reduce this uncertainty.</p> <p>Compliant</p>	FINANCIAL YEAR (\$M)	SOI				Jun-20	Jun-21	Jun-22	Comprehensive Income				Interest income	272.1	293.2	294.0	Interest expense	253.6	274.2	275.1	Net Interest Income	18.4	19.0	18.9	Issuance and on-lending costs	2.3	2.4	2.4	Approved Issuer Levy	1.5	1.6	1.6	Operating expenses	3.7	3.9	4.0	Issuance and operating expenses	7.6	7.8	8.0	P&L	10.9	11.2	10.9	Financial position (\$m)	Jun-20	Jun-21	Jun-22	Capital	25.0	25.0	25.0	Retained earnings	60.5	70.2	79.6	Total equity	85.5	95.2	104.6	Shareholder funds + borrower notes / Total assets	2.4%	2.5%	2.5%	Dividend provision	1.5	1.5	1.5	Total assets (nominal)	9,743.9	9,953.8	10,164.3	Total LG loans - short term (nominal)	460.0	460.0	460.0	Total LG loans (nominal)	9,100.2	9,346.0	9,418.7	Total bills (nominal)	425.0	425.0	425.0	Total bonds (nominal) ex treasury stock	9,064.0	9,264.0	9,454.0	Total borrower notes (nominal)	145.6	149.5	150.7
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			<ul style="list-style-type: none"> • 30 June 2021 will be greater than \$19.00 million. • 30 June 2022 will be greater than \$18.90 million. • LGFA's annual issuance and operating expenses (excluding AIL) for the period to: <ul style="list-style-type: none"> • 30 June 2020 will be less than \$6.10 million. • 30 June 2021 will be less than \$6.20 million. • 30 June 2022 will be less than \$6.40 million. • Total lending to Participating Local Authorities' at: <ul style="list-style-type: none"> • 30 June 2020 will be at least \$9,560 million. • 30 June 2021 will be at least \$9,806 million. • 30 June 2022 will be at least \$9,879 million. • Conduct an annual survey of councils who borrow from LGFA and achieve at least an 80% satisfaction score as to the value added by LGFA to the council borrowing activities. • Meet all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements. • Achieve 75% market share of all council borrowing in New Zealand. • Review each Participating Local Authority's financial position, its headroom under LGFA policies and arrange to meet each Participating Local Authority at least annually. • No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015. • Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due. • Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency.
	Finance	(g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders; and	Compliant
	Finance	(h) the kind of information to be provided to the shareholders by the group during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what prospective financial information is required and how it is to be presented); and	Compliant
	Finance	(i) the procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation; and	Compliant
	Officer	(j) any activities for which the board seeks compensation from any local authority (whether or not the local authority has agreed to provide the compensation); and	

	Finance	(k) the board’s estimate of the commercial value of the shareholders’ investment in the group and the manner in which, and the times at which, that value is to be reassessed; and	Compliant
	Officer	(l) any other matters that are agreed by the shareholders and the board.	
	Clause 10 of Schedule 8	10) Additional content of statements of intent (1) This clause applies to a council-controlled organisation that provides services in relation to the following groups of activities: (a) water supply; (b) sewerage and the treatment and disposal of sewage; (c) stormwater drainage; (d) flood protection and control works; (e) the provision of roads and footpaths.	
		(2) The council-controlled organisation’s statement of intent must, in relation to each group of activities described in subclause (1), include a statement of the intended levels of service provision that complies with clause 4(a) and (c) of Schedule 10 as if— (a) the reference to a long-term plan were a reference to the statement of intent; and (b) the reference to a local authority were a reference to a council-controlled organisation. Schedule 8 clause 10: added, on 27 November 2010, by section 47 of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).	
Council Review & Distribution			
	Officer	Jess Simpson	SOI Compliant

Reference

Local Government Act 2002

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Part 5**Council-controlled organisations and council organisations****55 Outline of Part**

This Part establishes—

- (a) requirements for the governance and accountability of council-controlled organisations and council organisations; and
- (b) procedures for the transfer of local authority undertakings to council-controlled organisations.

Establishment**56 Consultation required before council-controlled organisation established**

- (1) Before a local authority may establish or become a shareholder in a council-controlled organisation, the local authority must undertake consultation in accordance with [section 82](#).
- (2) The consultation required in subsection (1) may be undertaken as part of another proposal or as part of a long-term plan.

Section 56(1): replaced, on 8 August 2014, by [section 18](#) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 56(2): amended, on 27 November 2010, by [section 49](#) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Directors**57 Appointment of directors**

- (1) A local authority must adopt a policy that sets out an objective and transparent process for—
 - (a) the identification and consideration of the skills, knowledge, and experience required of directors of a council organisation; and
 - (b) the appointment of directors to a council organisation; and
 - (c) the remuneration of directors of a council organisation.
- (2) A local authority may appoint a person to be a director of a council organisation only if the person has, in the opinion of the local authority, the skills, knowledge, or experience to—
 - (a) guide the organisation, given the nature and scope of its activities; and
 - (b) contribute to the achievement of the objectives of the organisation.

58 Role of directors of council-controlled organisations

- (1) The role of a director of a council-controlled organisation is to assist the organisation to meet its objectives and any other requirements in its statement of intent.
- (2) This section does not limit or affect the other duties that a director of a council-controlled organisation has.

59 Principal objective of council-controlled organisation

- (1) The principal objective of a council-controlled organisation is to—
 - (a) achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and
 - (b) be a good employer; and
 - (c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
 - (d) if the council-controlled organisation is a council-controlled trading organisation, conduct its affairs in accordance with sound business practice.
- (2) In subsection (1)(b), good employer has the same meaning as in [clause 36](#) of Schedule 7.

60 Decisions relating to operation of council-controlled organisations

All decisions relating to the operation of a council-controlled organisation must be made by, or under the authority of, the board of the organisation in accordance with—

- (a) its statement of intent; and

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(b) its constitution.

Compare: 1974 No 66 [s 594R](#)

61 Activities undertaken on behalf of local authorities

Nothing in this Part restricts or limits the application of [section 17A](#) to any arrangement or agreement under which a council-controlled organisation undertakes any responsibility on behalf of a local authority, irrespective of whether the local authority is a shareholder of the council-controlled organisation.

Section 61: replaced, on 8 August 2014, by [section 19](#) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

62 Prohibition on guarantees, etc

A local authority must not give any guarantee, indemnity, or security in respect of the performance of any obligation by a council-controlled trading organisation.

Compare: 1974 No 66 [s 594ZP](#)

63 Restriction on lending to council-controlled trading organisation

A local authority must not lend money, or provide any other financial accommodation, to a council-controlled trading organisation on terms and conditions that are more favourable to the council-controlled trading organisation than those that would apply if the local authority were (without charging any rate or rate revenue as security) borrowing the money or obtaining the financial accommodation.

Compare: 1974 No 66 [s 594ZPA](#)

Statements of intent

64 Statements of intent for council-controlled organisations

(1) A council-controlled organisation must have a statement of intent that complies with [clauses 9](#) and [10](#) of Schedule 8.

(2) [Repealed]

(3) [Repealed]

(4) [Schedule 8](#) applies to statements of intent of council-controlled organisations.

(5) A statement of intent—

(a) must not be inconsistent with the constitution of a council-controlled organisation; and

(b) may include and apply to 2 or more related council-controlled organisations.

(6) Despite this section, an organisation that becomes a council-controlled organisation not more than 6 months before the end of a financial year is not required to prepare a statement of intent for that financial year.

Section 64(1): amended, on 27 November 2010, by [section 7](#) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Section 64(2): repealed, on 7 July 2004, by [section 4](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 64(3): repealed, on 7 July 2004, by [section 4](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 64(6): added, on 28 June 2006, by [section 8](#) of the Local Government Act 2002 Amendment Act 2006 (2006 No 26).

Monitoring and reporting

65 Performance monitoring

(1) A local authority that is a shareholder in a council organisation must regularly undertake performance monitoring of that organisation to evaluate its contribution to the achievement of—

(a) the local authority's objectives for the organisation; and

(b) (if applicable) the desired results, as set out in the organisation's statement of intent; and

(c) the overall aims and outcomes of the local authority.

(2) A local authority must, as soon as practicable after a statement of intent of a council-controlled organisation is delivered to it,—

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- (a) agree to the statement of intent; or
- (b) if it does not agree, take all practicable steps under [clause 5](#) of Schedule 8 to require the statement of intent to be modified.

Section 65(1)(b): amended, on 7 July 2004, by [section 5\(1\)](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 65(2): amended, on 7 July 2004, by [section 5\(2\)](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 65(2)(a): amended, on 7 July 2004, by [section 5\(3\)](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

66 Half-yearly report

(1) Within 2 months after the end of the first half of each financial year, the board of a council-controlled organisation must deliver to the shareholders a report on the organisation's operations during that half year.

(2) The report must include the information required to be included by its statement of intent.

Compare: 1974 No 66 [s 594Z](#)

67 Annual report

(1) Within 3 months after the end of each financial year, the board of a council-controlled organisation must deliver to the shareholders, and make available to the public, a report on the organisation's operations during that year.

(2) The report must include the information required to be included by—

- (a) [sections 68](#) and [69](#); and
- (b) its statement of intent.

(3) [Repealed]

Section 67(3): repealed, on 7 July 2004, by [section 6](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

68 Content of reports on operations of council-controlled organisations

A report on the operations of a council-controlled organisation under [section 67](#) must—

(a) contain the information that is necessary to enable an informed assessment of the operations of that organisation and its subsidiaries, including—

- (i) a comparison of the performance of the organisation and its subsidiaries with the statement of intent; and
- (ii) an explanation of any material variances between that performance and the statement of intent; and

(b) state the dividend, if any, authorised to be paid or the maximum dividend proposed to be paid by that organisation for its equity securities (other than fixed interest securities) for the financial year to which the report relates.

Compare: 1974 No 66 [s 594Z](#)

69 Financial statements and auditor's report

(1) A report on the operations of a council-controlled organisation under [section 67](#) must include—

- (a) audited consolidated financial statements for that financial year for that organisation and its subsidiaries; and
- (b) an auditor's report on—
 - (i) those financial statements; and
 - (ii) the performance targets and other measures by which performance was judged in relation to that organisation's objectives.

(2) The audited financial statements under subsection (1)(a) must be prepared in accordance with generally accepted accounting practice.

Compare: 1974 No 66 [s 594Z](#)

70 Auditor-General is auditor of council-controlled organisations

Despite [sections 207P to 207V](#) of the Companies Act 1993, a council-controlled organisation or a subsidiary of a council-controlled organisation is a public entity as defined in [section 4](#) of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor.

Compare: 1974 No 66 [s 594ZC](#)

Statement of Intent Checklist

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Section 70: amended, on 1 April 2014, by [section 126](#) of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

71 Protection from disclosure of sensitive information

Nothing in this Act requires the inclusion in any statement of intent, annual report, financial statement, or half-yearly report required to be produced under this Act by a council-controlled organisation of any information that may be properly withheld if a request for that information were made under the [Local Government Official Information and Meetings Act 1987](#).

Compare: 1974 No 66 [s 594ZA](#)

71A Application of Part to listed companies

(1) This section applies to a council-controlled organisation if the shares of any of the following are quoted on a licensed market (within the meaning of [section 6\(1\)](#) of the Financial Markets Conduct Act 2013):

- (a) the council-controlled organisation;
- (b) a holding company of the council-controlled organisation;
- (c) controlling companies of the council-controlled organisation.

(2) If subsection (1) applies, the council-controlled organisation is not required to—

- (a) have a statement of intent under [section 64](#);
- (b) deliver a half-yearly report under [section 66](#);
- (c) deliver an annual report under [section 67](#).

(3) In this section,—

controlling companies means 2 or more companies whose degree of control over a council-controlled organisation, if exercisable by one notional company, would make the notional

company a holding company of the council-controlled organisation

holding company has the same meaning as in [section 5](#) of the Companies Act 1993.

Section 71A: inserted, on 7 July 2004, by [section 7](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 71A(1): amended, on 1 December 2014, by [section 150](#) of the Financial Markets (Repeals and Amendments) Act 2013 (2013 No 70).

72 Application of Act to related companies

[Sections 57 to 71](#) apply to a company as if it were a council-controlled organisation if the company is a related company (within the meaning of [section 2\(3\) and \(4\)](#) of the Companies Act 1993) of a council-controlled organisation.

Section 72: substituted, on 7 July 2004, by [section 8](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Transfer of undertakings

73 Transfer of undertakings to council-controlled organisations

[Schedule 9](#) applies to the transfer of an existing undertaking to a council-controlled organisation.

Application of Local Government Official Information and Meetings Act 1987 and Ombudsmen Act 1975 to council-controlled organisations

74 Official information

(1) [Parts 1 to 6](#) of the Local Government Official Information and Meetings Act 1987 apply to a council-controlled organisation as if that organisation were a local authority.

(2) The [Ombudsmen Act 1975](#) applies to a council-controlled organisation as if that organisation were listed in [Part 3](#) of Schedule 1 of that Act.

Schedule 8 - Statements of intent

[ss 64\(1\), \(4\), 65\(2\)](#)

Clause

Statement of Intent Checklist

A1626340

1) Purpose of statement of intent

The purpose of a statement of intent is to—

- (a) state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and
- (b) provide an opportunity for shareholders to influence the direction of the organisation; and
- (c) provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

2) Statements of intent for council-controlled organisations

The board of a council-controlled organisation must deliver to its shareholders a draft statement of intent on or before 1 March each year.

Compare: 1974 No 66 [s 594S](#)

3) Completion of statements of intent

The board must—

- (a) consider any comments on the draft statement of intent that are made to it within 2 months of 1 March by the shareholders or by any of them; and
- (b) deliver the completed statement of intent to the shareholders on or before 30 June each year.

Compare: 1974 No 66 [s 594U](#)

4) Modifications of statements of intent by board

The board may, by written notice, modify a statement of intent at any time if the board has first—

- (a) given written notice to the shareholders of the proposed modification; and
- (b) considered any comments made on the proposed modification by the shareholders or by any of them within—
 - (i) 1 month after the date on which the notice under paragraph (a) was given; or
 - (ii) any shorter period that the shareholders may agree.

Compare: 1974 No 66 [s 594V\(1\)](#)

5) Modifications of statements of intent by resolution of shareholders

(1) Despite any other provision of the Act or of the constitution of any council-controlled organisation, the shareholders of a council-controlled organisation may, by resolution, require the board to modify the statement of intent by including or omitting any provision or provisions of the kind referred to in [clause 9\(1\)\(a\) to \(j\)](#), and any board to whom notice of the resolution is given must comply with the resolution.

(2) Before giving notice of the resolution to the board, the shareholders must consult the board concerned as to the matters to be referred to in the notice.

Compare: 1974 No 66 [s 594V\(2\)](#)

6) Statement of intent required if exemption granted under section 7 revoked

If an exemption granted under [section 7](#) is revoked, the council-controlled organisation must,—

- (a) if there is more than 6 months remaining in the financial year, prepare a statement of intent for that financial year; or
- (b) if there is not more than 6 months remaining in the financial year, prepare a statement of intent for the following financial year.

7) Obligation to make statements of intent available

A completed statement of intent and each modification that is adopted to a statement of intent must be made available to the public by the board within 1 month after the date on which it is delivered to the shareholders or adopted, as the case may be.

Compare: 1974 No 66 [s 594W](#)

8) Savings of certain transactions

A failure by a council-controlled organisation to comply with any provision of this schedule or with any provision in a statement of intent does not affect the validity or enforceability of any deed, agreement, right, or obligation entered into, obtained, or incurred by that organisation.

Compare: 1974 No 66 [s 594Y](#)

9) Contents of statements of intent

(1) A statement of intent must, to the extent that is appropriate given the organisational form of the council-controlled organisation, specify for the group comprising the council-controlled organisation and its subsidiaries (if any), and in respect of the financial year immediately following the financial year in which it is required by [clause 3\(b\)](#) to be delivered and each of the immediately following 2 financial years, the following information:

- (a) the objectives of the group; and
- (b) a statement of the board's approach to governance of the group; and
- (c) the nature and scope of the activities to be undertaken by the group; and
- (d) the ratio of consolidated shareholders' funds to total assets, and the definitions of those terms; and
- (e) the accounting policies of the group; and
- (f) the performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and
- (g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders; and
- (h) the kind of information to be provided to the shareholders by the group during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what prospective financial information is required and how it is to be presented); and
- (i) the procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation; and
- (j) any activities for which the board seeks compensation from any local authority (whether or not the local authority has agreed to provide the compensation); and
- (k) the board's estimate of the commercial value of the shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed; and
- (l) any other matters that are agreed by the shareholders and the board.

(2) If a council-controlled organisation has undertaken to obtain or has obtained compensation from its shareholders in respect of any activity, this undertaking or the amount of compensation obtained must be recorded in—

- (a) the annual report of the council-controlled organisation; and
- (b) the annual report of the local authority.

(3) Any financial information, including (but not limited to) forecast financial information, must be prepared in accordance with generally accepted accounting practice.

Compare: 1974 No 66 [s 594T](#)

10) Additional content of statements of intent

(1) This clause applies to a council-controlled organisation that provides services in relation to the following groups of activities:

- (a) water supply;
- (b) sewerage and the treatment and disposal of sewage;
- (c) stormwater drainage;
- (d) flood protection and control works;
- (e) the provision of roads and footpaths.

(2) The council-controlled organisation's statement of intent must, in relation to each group of activities described in subclause (1), include a statement of the intended levels of service provision that complies with [clause 4\(a\) and \(c\)](#) of Schedule 10 as if—

- (a) the reference to a long-term plan were a reference to the statement of intent; and

(b) the reference to a local authority were a reference to a council-controlled organisation.

Schedule 8 clause 10: added, on 27 November 2010, by [section 47](#) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Schedule 10

Long-term plans, annual plans, and annual reports

Clause

4 Statement of service provision

A long-term plan must, in relation to each group of activities of the local authority, include a statement of the intended levels of service provision that specifies—

- (a) any performance measures specified in a rule made under [section 261B](#) for a group of activities described in [clause 2\(2\)](#); and
- (b) the performance measures that the local authority considers will enable the public to assess the level of service for major aspects of groups of activities for which performance measures have not been specified under paragraph (a); and
- (c) the performance target or targets set by the local authority for each performance measure; and
- (d) any intended changes to the level of service that was provided in the year before the first year covered by the plan and the reasons for the changes; and
- (e) the reason for any material change to the cost of a service.



TAUPO AIRPORT AUTHORITY

STATEMENT OF INTENT

2020 – 2022

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DRAFT

DIRECTORY

Governing Body	Taupō Airport Authority Committee	
	Mayor David Trewavas Councillor Rosanne Jollands (Council Representative) Councillor Christine Rankin (Council Representative) Chris Johnston (Business Representative) John Funnell (Taupō Airport User Group Representative)	
Airport General Manager	Mike Groome	
Bankers	Bank of New Zealand, Taupō – transactional banking	
Auditors	Audit New Zealand on behalf of The Controller & Auditor General	
Solicitors / Legal Advisors	Le Pine & Co, Taupō	
Insurance Brokers	Aon New Zealand Limited	
Joint Venture Partners	Taupō District Council	50%
	The Crown (Ministry of Transport)	50%
Address	Anzac Memorial Drive, TAUPŌ, RD 2, TAUPŌ	
Telephone	Airport Manager	[07] 378-7771
	Facsimile	[07] 377-7776
	email	
	website	

INTRODUCTION

The Taupo District Council and the Crown - represented by the Ministry of Transport, own the Taupo Airport Authority (TAA) equally.

TAA is managed, under agreement with the Crown, by the Taupo District Council. Management is represented by the General Manager of the Airport, who reports to the Chief Executive Officer of the Taupo District Council

DRAFT

STRATEGIC FOCUS & MAJOR PROJECTS

The Taupo Airport will be:

- A destination in its own right
- A vibrant hub for commercial business
- An experience that is authentic and efficient
- A service delivered for the community

How will we get there?

- Infrastructure development
 - Terminal
 - Parking
 - Airport hub environment (look & feel)
- Commercial land development
 - Airside
 - Landside
- Growth of tourism product
- Increased commercial passenger numbers
- Relationship management

Taupo is one of a handful of regional towns in NZ currently experiencing both economic and demographic growth. Taupō Airport (TA) provides a complimentary mix of scheduled air travel. This includes aviation enthusiasts, the southern hemisphere's busiest skydiving adventure operations, scenic flights, general transportation as well as commercial and retail offering to the market.

The redevelopment of the Taupō Airport in the context of the wider airport commercial precinct is a key growth project for the district. The development of the terminal buildings, carparks, baggage handling facilities, airport apron, retail, café, sewerage and water infrastructure, commercial land, roading, and other amenities will ensure that the airport is "future proofed" for the growth we are expecting in the Taupo district.

The airport was built in 1963 and the last upgrade occurred in 1994. The airport currently, does not cope with existing passenger demand nor can it provide the facilities required cope with current or future aviation flows.

In 2017, the airport was identified as a critical piece of transport infrastructure, requiring urgent investment through the District Economic Strengthening Strategy (produced by Taupo District Council) and the Bay of Plenty Visitor Economy Strategy (produced by the Bay of Connections and partially funded by MBIE).

In 2018/19, the TAA has engaged AirBiz, aviation specialist consultants based out of Auckland to complete a feasibility cost estimate as well as a cost benefit analysis on the most appropriate quantum for the upgrade.

A redeveloped airport precinct will create a gateway to the region that provides the amenity and level of service commensurate with Taupo District Council and central government economic growth aspirations.

While it is not possible to quantify future expenditure via this Statement of Intent, the TAA signals that it anticipates that the next few years will be a period of significant expansion for Taupō Airport.

PERFORMANCE TARGETS

- (a) To maintain facilities so as to avoid any diversion or cancellation of scheduled flights other than for weather or airline problems.
- (b) The airport will be operated in such a way as to continue to hold CAA Part 139 certification
- (c) The airport will manage health and safety risks and provide a safe and healthy environment for everyone affected by the activities of TAA including employees, customers, tenants, contractors and visitors.
- (d) That TAA will be self funding in terms of its own cash flow.

TAA shall continue to review its performance targets to reflect the future growth and development of its services and operations.

FINANCIAL DISCLOSURES

REPORTING ENTITY

The Taupo Airport Authority is a joint venture between Taupo District Council and the Crown with both parties having a 50% interest. Taupo District Council has responsibility for the management of the Authority. Governance is provided by a Committee of Council.

The Taupo Airport Authority has designated itself as a tier one public benefit entity for the purposes of New Zealand equivalents to Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS). These standards have applied from 1st July 2014.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and therefore also comply with International Public Sector Accounting Standards. The primary objective of the Authority is to operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupo district, rather than making a financial return. Accordingly, the Authority has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (PBE IPSAS)

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are prepared using the historical cost basis except for certain classes of assets and liabilities which are recorded at fair value. These are detailed in the specific policies below.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Authority is New Zealand dollars.

ACCOUNTING POLICIES

The following accounting policies, which materially affect the measurement of results and financial position, have been applied.

1. Goods & Services Tax

The financial statements have been prepared on a goods and services tax (GST) exclusive basis, except for trade and other receivables and trade and other payables.

2. Revenue recognition

Exchange revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from any services rendered (except as described above) is recognised in proportion to the stage of completion of the transaction at the balance date. The stage of completion is assessed by reference to surveys of work performed.

Landing revenue for those operators on bulk invoicing is recognised on a straight-line basis over the term of the payments. All other landing revenue is recognised in the period in which the landing occurred.

Rental revenue from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue.

Interest revenue is recognised as it accrues, using the effective interest method.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue is measured at the fair value of consideration received.

The main sources of income for the Authority are Airfield Landing Charges and Lease Income from leasehold sites at the airport. Income is recognised in the period to which it relates. Payment is received by cash, cheque, automatic payment or direct debit.

3. Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.

4. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short term highly liquid investments with maturities of three months or less.

5. Financial Assets

Taupo Airport classifies its investments as loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of comprehensive income.

6. Trade Receivables

Trade receivables are recognised at their cost less impairment losses.

A provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

7. Property, Plant and Equipment

Valuation methodologies

Those asset classes that are revalued are revalued on a three yearly valuation cycle. All other asset classes are carried at depreciated historical cost. The carrying values of all assets not revalued in any year are reviewed at each balance date to ensure that those values are not materially different to fair value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amounts arising on revaluation of an asset class are credited to revaluation reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the surplus or deficit, the increase is first recognised in the surplus or deficit. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the surplus or deficit.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

Valuation of Land and Buildings

Airport land was initially valued at fair value by Quotable Value New Zealand as at 1 July 2005 which was deemed cost. The land and buildings were revalued to fair value by Quotable Value New Zealand as at 30 June 2013. Land is not depreciated.

Valuation of Infrastructural Assets

Infrastructural assets are the utility systems that provide a continuing service to the airport and are not generally regarded as tradable. They include the runways, roads and stormwater systems together with other improvements of an infrastructural nature. These assets were valued at fair value by Beca Projects NZ Ltd as at 30 June 2014.

All other property, plant, and equipment are stated at cost less depreciation.

Additions

Additions between valuations are shown at cost.

The cost of an item of property, plant or equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the surplus or deficit. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

Depreciation

Land is not depreciated. Depreciation has been provided on a straight-line basis on all property, plant and equipment. Depreciation is provided at rates calculated to allocate the asset cost over the estimated useful life. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Infrastructural assets

Formation	Indefinite	Pavement	60 Years
Top Surface	15 Years	Kerb	50 Years
Footpaths	80 Years	Stormwater	50 – 80 Years
Fencing	10 Years	Street Lighting	15 Years

Operational Assets

Buildings	40 Years	(2.5%)
Furniture and Fittings	10 Years	(10%)
Motor Vehicles	5 Years	(20%)
Office Equipment and Plant and Equipment	4 to 5 Years	(20%-25%)

The depreciation rates are applied at a component level and are dependent on the expected remaining useful life of each component.

Assets under construction/work in progress

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated. The current carrying amount of items under construction is separately disclosed

All the Authority's assets are classed as non-cash generating, that is they are not held with the primary objective of generating a commercial return.

Intangible Assets

Website

The website has been capitalised on the basis of costs incurred to acquire and bring to use the website. This has been valued at cost, and will be amortised over the expected useful life of the website. This is estimated as 4 years (25%).

8. Investment Property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, Taupo Airport Authority measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the statement of comprehensive income.

All investment properties have been disposed.

9. Financial Liabilities

Short term creditors and other payables are recorded at their face value.

10. Employee Entitlements

Provision is made in respect of the Airport's liability for annual leave. Annual leave has been calculated on an actual entitlement at current rates of pay.

11. Income Taxation

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect to prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

12 Revenue

Revenue is measured at the fair value of consideration received.

The main sources of income for the Authority are Airfield Landing Charges and Lease Income from leasehold sites at the airport. Income is recognised in the period to which it relates. Payment is received by cash, cheque, automatic payment or direct debit.

13 Going Concern

The Taupo Airport Authority consider that the continued adoption of the going concern assumption for the preparation of this financial report is appropriate. This conclusion has been reached having regard to assurances from the Taupo District Council that financial support and / or funding will be made available to ensure that the Authority can continue its current operations.

Acquisition of new investments

Approval of the joint venture partners is required before the joint venture can subscribe for, purchase or otherwise acquire shares in any company or other organisation.

Local Authority Compensation

The joint venture does not currently seek compensation from any local authority for any activities.

Commercial value of the investment

The joint venture partner's estimate of the commercial value of the joint venture partner's investment in the TAA is equal to the net assets of the airport authority. Some asset classes will be revalued. Where an asset class is revalued, the revaluations will be carried out at least every five years.

Distribution of profits/reserves to joint venture partners

Any distribution of profits is allocated 50/50 between the joint venture partners. There is currently no intention to distribute accumulated profits to the joint venture partners, but for the foreseeable future, any capital reserves shall be used to fund Capital Expenditure.

Information to be provided to shareholders

The committee will provide the following statements to shareholders

- At least 5 months prior to the start of the financial year the committee shall deliver to the Council a report setting out its recommendations on the annual budget.
- Within two months of the end of the first half of the financial year the following statements: Comprehensive Revenue & Expenses, Changes in Equity, Financial Position, Cashflows and Service Performance Results.
- Within three months of the end of the financial year the following audited statements: Comprehensive Revenue & Expenses, Changes in Equity, Financial Position, Cashflows and Service Performance Results plus a summary of how the Airport has fared against its objectives and prospects for the next financial year.

Setting of Fees and Charges

A single till approach shall be taken in setting fees and charges.

Projected Statement of Comprehensive Revenue & Expense

	Projected 30/06/2020	Projected 30/06/2021	Projected 30/06/2022
	\$	\$	\$
Income			
Revenue from services provided	514,553	521,437	527,867
Other Gains	-	-	-
Financial Revenue	264	270	276
Total Operating Revenue	<u>514,817</u>	<u>521,707</u>	<u>528,142</u>
Expenditure			
Employee benefit expenses	175,000	179,025	182,785
Depreciation and amortisation	245,376	233,695	226,225
Management and administration expenses	82,744	54,647	55,795
Other operating expenditure	203,431	208,110	212,480
Total Operating Expenditure	<u>706,551</u>	<u>675,477</u>	<u>677,284</u>
Operating Surplus (Deficit) before taxation	<u>-191,734</u>	<u>-153,770</u>	<u>-149,142</u>
Taxation (expense)/credit	-	-	-
Net Surplus (Deficit) after taxation	<u>-191,734</u>	<u>-153,770</u>	<u>-149,142</u>
Other comprehensive income			
Property, plant & equipment revaluations	-	-	-
Deferred tax on revaluation	-	-	-
Total Other Comprehensive Income	-	-	-
Total Comprehensive Income	<u>-191,734</u>	<u>-153,770</u>	<u>-149,142</u>

The projected ratio's of consolidated shareholders funds to total assets are as follows:

2019/20	88.0%
2020/21	86.0%
2021/22	84.0%

2018/19 Actual 90.01%

This ratio is calculated by dividing the total value of equity by the total value of assets

Taupo District Council CCO's - Statement of Intent Checklist 2019-2020

Timeline:

- April 30 - Agenda item outlining SOI reviews
- May 1 - Council feedback sent to CCO's
- June 30 - Final SOI's officially delivered to Council from CCO
- August 1 - Final SOI's receipted in Council meeting

Guidance

Under the Local Government Act 2002 - A council-controlled organisation must have a Statement of Intent that complies with [clauses 9](#) and [10](#) of Schedule 8. A statement of intent also —(a) must not be inconsistent with the constitution of a council-controlled organisation; and (b) may include and apply to 2 or more related council-controlled organisations.

Officers should also consider whether Council funded priorities are reflected in Statement of Intent documents. Consider if KPI's and performance measures are realistic. Are they aligned with Council strategies?

Assess SOI's against the requirements of the Local Government Act 2002 and make comments below. Officers should consult with other stakeholders within TDC to gain feedback. If there are areas where the officer feels further clarity is needed they should seek advice from the appropriate team e.g. Policy, Legal, Comms, Finance, Democratic

SOI being assessed: Taupo Airport Authority (TAA)

Area	Source	Details	Comment
Legislation	Local Government Act 2002 Clause 9 of Schedule 8	<p>9) Contents of statements of intent</p> <p>{1} A statement of intent must, to the extent that is appropriate given the organisational form of the council-controlled organisation, specify for the group comprising the council-controlled organisation and its subsidiaries (if any), and in respect of the financial year immediately following the financial year in which it is required by clause 3(b) to be delivered and each of the immediately following 2 financial years, the following information:</p>	<p><i>Is the SOI compliant with the requirements listed? Reference the sections in the SOI. Note Compliant or add comments where appropriate. Also assess whether the SOI is aligned with Council strategies.</i></p>
	Officer	(a) the objectives of the group; and	<p><i>E.g. Compliant – Pg7-8 Two focus areas - implementing vision in the strategic document and around trust operations (the way they work)</i></p>

	Officer	(b) a statement of the board’s approach to governance of the group; and	<p>Governing Body</p> <p>Taupō Airport Authority Committee</p> <p>Mayor David Treuvas Councillor Rosanne Jollands (Council Representative) Councillor Christine Rankin (Council Representative) Chris Johnston (Business Representative) John Funnell (Taupō Airport User Group Representative)</p>
	Officer	(c) the nature and scope of the activities to be undertaken by the group; and	<p>STRATEGIC FOCUS & MAJOR PROJECTS</p> <p>The Taupo Airport will be:</p> <ul style="list-style-type: none"> - A destination in its own right - A vibrant hub for commercial business - An experience that is authentic and efficient - A service delivered for the community <p>How will we get there?</p> <ul style="list-style-type: none"> - Infrastructure development <ul style="list-style-type: none"> • Terminal • Parking • Airport hub environment (look & feel) - Commercial land development <ul style="list-style-type: none"> • Airside • Landside - Growth of tourism product - Increased commercial passenger numbers - Relationship management <p>Taupo is one of a handful of regional towns in NZ currently experiencing both economic and demographic growth. Taupo Airport (TA) provides a complimentary mix of scheduled air travel. This includes aviation enthusiasts, the southern hemisphere’s busiest skydiving adventure operations, scenic flights, general transportation as well as commercial and retail offering to the market.</p> <p>The redevelopment of the Taupo Airport in the context of the wider airport commercial precinct is a key growth project for the district. The development of the terminal buildings, carparks, baggage handling facilities, airport apron, retail, cafe, sewerage and water infrastructure, commercial land, roading, and other amenities will ensure that the airport is “future proofed” for the growth we are expecting in the Taupo district.</p> <p>The airport was built in 1963 and the last upgrade occurred in 1994. The airport currently, does not cope with existing passenger demand nor can it provide the facilities required cope with current or future aviation flows.</p> <p>In 2017, the airport was identified as a critical piece of transport infrastructure, requiring urgent investment through the District Economic Strengthening Strategy (produced by Taupo District Council) and the Bay of Plenty Visitor Economy Strategy (produced by the Bay of Connections and partially funded by MBE).</p> <p>In 2018/19, the TAA has engaged AirBiz, aviation specialist consultants based out of Auckland to complete a feasibility cost estimate as well as a cost benefit analysis on the most appropriate quantum for the upgrade.</p> <p>A redeveloped airport precinct will create a gateway to the region that provides the amenity and level of service commensurate with Taupo District Council and central government economic growth aspirations.</p> <p>While it is not possible to quantify future expenditure via this Statement of Intent, the TAA signals that it anticipates that the next few years will be a period of significant expansion for Taupo Airport.</p>
	Finance	(d) the ratio of consolidated shareholders’ funds to total assets, and the definitions of those terms; and	Compliant
	Finance	(e) the accounting policies of the group; and	Compliant

	Officer	(f) the performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and	<p>PERFORMANCE TARGETS</p> <hr/> <p>(a) To maintain facilities so as to avoid any diversion or cancellation of scheduled flights other than for weather or airline problems.</p> <p>(b) The airport will be operated in such a way as to continue to hold CAA Part 139 certification</p> <p>(c) The airport will manage health and safety risks and provide a safe and healthy environment for everyone affected by the activities of TAA including employees, customers, tenants, contractors and visitors.</p> <p>(d) That TAA will be self funding in terms of its own cash flow.</p> <p>TAA shall continue to review its performance targets to reflect the future growth and development of its services and operations.</p>
	Finance	(g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders; and	Compliant
	Finance	(h) the kind of information to be provided to the shareholders by the group during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what prospective financial information is required and how it is to be presented); and	Compliant
	Finance	(i) the procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation; and	Compliant
	Officer	(j) any activities for which the board seeks compensation from any local authority (whether or not the local authority has agreed to provide the compensation); and	
	Finance	(k) the board's estimate of the commercial value of the shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed; and	Compliant
	Officer	(l) any other matters that are agreed by the shareholders and the board.	

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	Clause 10 of Schedule 8	<p>10) Additional content of statements of intent</p> <p>(1) This clause applies to a council-controlled organisation that provides services in relation to the following groups of activities:</p> <ul style="list-style-type: none"> (a) water supply; (b) sewerage and the treatment and disposal of sewage; (c) stormwater drainage; (d) flood protection and control works; (e) the provision of roads and footpaths. 	
		<p>(2) The council-controlled organisation’s statement of intent must, in relation to each group of activities described in subclause (1), include a statement of the intended levels of service provision that complies with clause 4(a) and (c) of Schedule 10 as if—</p> <ul style="list-style-type: none"> (a) the reference to a long-term plan were a reference to the statement of intent; and (b) the reference to a local authority were a reference to a council-controlled organisation. <p>Schedule 8 clause 10: added, on 27 November 2010, by section 47 of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).</p>	
Council Review & Distribution	Officer	Jess Simpson	Compliant

Reference

Local Government Act 2002

Part 5

Council-controlled organisations and council organisations

55 Outline of Part

This Part establishes—

- (a) requirements for the governance and accountability of council-controlled organisations and council organisations; and
- (b) procedures for the transfer of local authority undertakings to council-controlled organisations.

Establishment**56 Consultation required before council-controlled organisation established**

- (1) Before a local authority may establish or become a shareholder in a council-controlled organisation, the local authority must undertake consultation in accordance with [section 82](#).
- (2) The consultation required in subsection (1) may be undertaken as part of another proposal or as part of a long-term plan.

Section 56(1): replaced, on 8 August 2014, by [section 18](#) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 56(2): amended, on 27 November 2010, by [section 49](#) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Directors**57 Appointment of directors**

- (1) A local authority must adopt a policy that sets out an objective and transparent process for—
- (a) the identification and consideration of the skills, knowledge, and experience required of directors of a council organisation; and
 - (b) the appointment of directors to a council organisation; and
 - (c) the remuneration of directors of a council organisation.
- (2) A local authority may appoint a person to be a director of a council organisation only if the person has, in the opinion of the local authority, the skills, knowledge, or experience to—
- (a) guide the organisation, given the nature and scope of its activities; and
 - (b) contribute to the achievement of the objectives of the organisation.

58 Role of directors of council-controlled organisations

- (1) The role of a director of a council-controlled organisation is to assist the organisation to meet its objectives and any other requirements in its statement of intent.
- (2) This section does not limit or affect the other duties that a director of a council-controlled organisation has.

59 Principal objective of council-controlled organisation

- (1) The principal objective of a council-controlled organisation is to—
- (a) achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and
 - (b) be a good employer; and
 - (c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
 - (d) if the council-controlled organisation is a council-controlled trading organisation, conduct its affairs in accordance with sound business practice.
- (2) In subsection (1)(b), good employer has the same meaning as in [clause 36](#) of Schedule 7.

60 Decisions relating to operation of council-controlled organisations

All decisions relating to the operation of a council-controlled organisation must be made by, or under the authority of, the board of the organisation in accordance with—

- (a) its statement of intent; and
- (b) its constitution.

Compare: 1974 No 66 [s 594R](#)

61 Activities undertaken on behalf of local authorities

Nothing in this Part restricts or limits the application of [section 17A](#) to any arrangement or agreement under which a council-controlled organisation undertakes any responsibility on behalf of a local authority, irrespective of whether the local authority is a shareholder of the council-controlled organisation.

Section 61: replaced, on 8 August 2014, by [section 19](#) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

62 Prohibition on guarantees, etc

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A local authority must not give any guarantee, indemnity, or security in respect of the performance of any obligation by a council-controlled trading organisation.

Compare: 1974 No 66 [s 594ZP](#)

63 Restriction on lending to council-controlled trading organisation

A local authority must not lend money, or provide any other financial accommodation, to a council-controlled trading organisation on terms and conditions that are more favourable to the council-controlled trading organisation than those that would apply if the local authority were (without charging any rate or rate revenue as security) borrowing the money or obtaining the financial accommodation.

Compare: 1974 No 66 [s 594ZPA](#)

Statements of intent

64 Statements of intent for council-controlled organisations

- (1) A council-controlled organisation must have a statement of intent that complies with [clauses 9](#) and [10](#) of Schedule 8.
- (2) [Repealed]
- (3) [Repealed]
- (4) [Schedule 8](#) applies to statements of intent of council-controlled organisations.
- (5) A statement of intent—
 - (a) must not be inconsistent with the constitution of a council-controlled organisation; and
 - (b) may include and apply to 2 or more related council-controlled organisations.
- (6) Despite this section, an organisation that becomes a council-controlled organisation not more than 6 months before the end of a financial year is not required to prepare a statement of intent for that financial year.

Section 64(1): amended, on 27 November 2010, by [section 7](#) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Section 64(2): repealed, on 7 July 2004, by [section 4](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 64(3): repealed, on 7 July 2004, by [section 4](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 64(6): added, on 28 June 2006, by [section 8](#) of the Local Government Act 2002 Amendment Act 2006 (2006 No 26).

Monitoring and reporting

65 Performance monitoring

- (1) A local authority that is a shareholder in a council organisation must regularly undertake performance monitoring of that organisation to evaluate its contribution to the achievement of—
 - (a) the local authority's objectives for the organisation; and
 - (b) (if applicable) the desired results, as set out in the organisation's statement of intent; and
 - (c) the overall aims and outcomes of the local authority.
- (2) A local authority must, as soon as practicable after a statement of intent of a council-controlled organisation is delivered to it,—
 - (a) agree to the statement of intent; or
 - (b) if it does not agree, take all practicable steps under [clause 5](#) of Schedule 8 to require the statement of intent to be modified.

Section 65(1)(b): amended, on 7 July 2004, by [section 5\(1\)](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 65(2): amended, on 7 July 2004, by [section 5\(2\)](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 65(2)(a): amended, on 7 July 2004, by [section 5\(3\)](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

66 Half-yearly report

- (1) Within 2 months after the end of the first half of each financial year, the board of a council-controlled organisation must deliver to the shareholders a report on the organisation's operations during that half year.

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(2) The report must include the information required to be included by its statement of intent.

Compare: 1974 No 66 [s 594Z](#)

67 Annual report

(1) Within 3 months after the end of each financial year, the board of a council-controlled organisation must deliver to the shareholders, and make available to the public, a report on the organisation's operations during that year.

(2) The report must include the information required to be included by—

(a) [sections 68](#) and [69](#); and

(b) its statement of intent.

(3) [Repealed]

Section 67(3): repealed, on 7 July 2004, by [section 6](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

68 Content of reports on operations of council-controlled organisations

A report on the operations of a council-controlled organisation under [section 67](#) must—

(a) contain the information that is necessary to enable an informed assessment of the operations of that organisation and its subsidiaries, including—

(i) a comparison of the performance of the organisation and its subsidiaries with the statement of intent; and

(ii) an explanation of any material variances between that performance and the statement of intent; and

(b) state the dividend, if any, authorised to be paid or the maximum dividend proposed to be paid by that organisation for its equity securities (other than fixed interest securities) for the financial year to which the report relates.

Compare: 1974 No 66 [s 594Z](#)

69 Financial statements and auditor's report

(1) A report on the operations of a council-controlled organisation under [section 67](#) must include—

(a) audited consolidated financial statements for that financial year for that organisation and its subsidiaries; and

(b) an auditor's report on—

(i) those financial statements; and

(ii) the performance targets and other measures by which performance was judged in relation to that organisation's objectives.

(2) The audited financial statements under subsection (1)(a) must be prepared in accordance with generally accepted accounting practice.

Compare: 1974 No 66 [s 594Z](#)

70 Auditor-General is auditor of council-controlled organisations

Despite [sections 207P to 207V](#) of the Companies Act 1993, a council-controlled organisation or a subsidiary of a council-controlled organisation is a public entity as defined in [section 4](#) of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor.

Compare: 1974 No 66 [s 594ZC](#)

Section 70: amended, on 1 April 2014, by [section 126](#) of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

71 Protection from disclosure of sensitive information

Nothing in this Act requires the inclusion in any statement of intent, annual report, financial statement, or half-yearly report required to be produced under this Act by a council-controlled organisation of any information that may be properly withheld if a request for that information were made under the [Local Government Official Information and Meetings Act 1987](#).

Compare: 1974 No 66 [s 594ZA](#)

71A Application of Part to listed companies

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(1) This section applies to a council-controlled organisation if the shares of any of the following are quoted on a licensed market (within the meaning of [section 6\(1\)](#) of the Financial Markets Conduct Act 2013):

- (a) the council-controlled organisation;
- (b) a holding company of the council-controlled organisation;
- (c) controlling companies of the council-controlled organisation.

(2) If subsection (1) applies, the council-controlled organisation is not required to—

- (a) have a statement of intent under [section 64](#);
- (b) deliver a half-yearly report under [section 66](#);
- (c) deliver an annual report under [section 67](#).

(3) In this section,—

controlling companies means 2 or more companies whose degree of control over a council-controlled organisation, if exercisable by one notional company, would make the notional company a holding company of the council-controlled organisation
holding company has the same meaning as in [section 5](#) of the Companies Act 1993.

Section 71A: inserted, on 7 July 2004, by [section 7](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Section 71A(1): amended, on 1 December 2014, by [section 150](#) of the Financial Markets (Repeals and Amendments) Act 2013 (2013 No 70).

72 Application of Act to related companies

[Sections 57 to 71](#) apply to a company as if it were a council-controlled organisation if the company is a related company (within the meaning of [section 2\(3\) and \(4\)](#) of the Companies Act 1993) of a council-controlled organisation.

Section 72: substituted, on 7 July 2004, by [section 8](#) of the Local Government Act 2002 Amendment Act 2004 (2004 No 63).

Transfer of undertakings

73 Transfer of undertakings to council-controlled organisations

[Schedule 9](#) applies to the transfer of an existing undertaking to a council-controlled organisation.

Application of Local Government Official Information and Meetings Act 1987 and Ombudsmen Act 1975 to council-controlled organisations

74 Official information

(1) [Parts 1 to 6](#) of the Local Government Official Information and Meetings Act 1987 apply to a council-controlled organisation as if that organisation were a local authority.

(2) The [Ombudsmen Act 1975](#) applies to a council-controlled organisation as if that organisation were listed in [Part 3](#) of Schedule 1 of that Act.

Schedule 8 - Statements of intent

[ss 64\(1\), \(4\), 65\(2\)](#)

Clause

1) Purpose of statement of intent

The purpose of a statement of intent is to—

- (a) state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and
- (b) provide an opportunity for shareholders to influence the direction of the organisation; and
- (c) provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

2) Statements of intent for council-controlled organisations

The board of a council-controlled organisation must deliver to its shareholders a draft statement of intent on or before 1 March each year.

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Compare: 1974 No 66 [s 594S](#)

3) Completion of statements of intent

The board must—

- (a) consider any comments on the draft statement of intent that are made to it within 2 months of 1 March by the shareholders or by any of them; and
- (b) deliver the completed statement of intent to the shareholders on or before 30 June each year.

Compare: 1974 No 66 [s 594U](#)

4) Modifications of statements of intent by board

The board may, by written notice, modify a statement of intent at any time if the board has first—

- (a) given written notice to the shareholders of the proposed modification; and
- (b) considered any comments made on the proposed modification by the shareholders or by any of them within—
 - (i) 1 month after the date on which the notice under paragraph (a) was given; or
 - (ii) any shorter period that the shareholders may agree.

Compare: 1974 No 66 [s 594V\(1\)](#)

5) Modifications of statements of intent by resolution of shareholders

(1) Despite any other provision of the Act or of the constitution of any council-controlled organisation, the shareholders of a council-controlled organisation may, by resolution, require the board to modify the statement of intent by including or omitting any provision or provisions of the kind referred to in [clause 9\(1\)\(a\) to \(j\)](#), and any board to whom notice of the resolution is given must comply with the resolution.

(2) Before giving notice of the resolution to the board, the shareholders must consult the board concerned as to the matters to be referred to in the notice.

Compare: 1974 No 66 [s 594V\(2\)](#)

6) Statement of intent required if exemption granted under section 7 revoked

If an exemption granted under [section 7](#) is revoked, the council-controlled organisation must,—

- (a) if there is more than 6 months remaining in the financial year, prepare a statement of intent for that financial year; or
- (b) if there is not more than 6 months remaining in the financial year, prepare a statement of intent for the following financial year.

7) Obligation to make statements of intent available

A completed statement of intent and each modification that is adopted to a statement of intent must be made available to the public by the board within 1 month after the date on which it is delivered to the shareholders or adopted, as the case may be.

Compare: 1974 No 66 [s 594W](#)

8) Savings of certain transactions

A failure by a council-controlled organisation to comply with any provision of this schedule or with any provision in a statement of intent does not affect the validity or enforceability of any deed, agreement, right, or obligation entered into, obtained, or incurred by that organisation.

Compare: 1974 No 66 [s 594Y](#)

9) Contents of statements of intent

(1) A statement of intent must, to the extent that is appropriate given the organisational form of the council-controlled organisation, specify for the group comprising the council-controlled organisation and its subsidiaries (if any), and in respect of the financial year immediately following the financial year in which it is required by [clause 3\(b\)](#) to be delivered and each of the immediately following 2 financial years, the following information:

- (a) the objectives of the group; and
- (b) a statement of the board's approach to governance of the group; and
- (c) the nature and scope of the activities to be undertaken by the group; and
- (d) the ratio of consolidated shareholders' funds to total assets, and the definitions of those terms; and
- (e) the accounting policies of the group; and
- (f) the performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and
- (g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders; and
- (h) the kind of information to be provided to the shareholders by the group during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what prospective financial information is required and how it is to be presented); and
- (i) the procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation; and
- (j) any activities for which the board seeks compensation from any local authority (whether or not the local authority has agreed to provide the compensation); and
- (k) the board's estimate of the commercial value of the shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed; and
- (l) any other matters that are agreed by the shareholders and the board.

(2) If a council-controlled organisation has undertaken to obtain or has obtained compensation from its shareholders in respect of any activity, this undertaking or the amount of compensation obtained must be recorded in—

- (a) the annual report of the council-controlled organisation; and
- (b) the annual report of the local authority.

(3) Any financial information, including (but not limited to) forecast financial information, must be prepared in accordance with generally accepted accounting practice.

Compare: 1974 No 66 [s 594T](#)

10) Additional content of statements of intent

(1) This clause applies to a council-controlled organisation that provides services in relation to the following groups of activities:

- (a) water supply;
- (b) sewerage and the treatment and disposal of sewage;
- (c) stormwater drainage;
- (d) flood protection and control works;
- (e) the provision of roads and footpaths.

(2) The council-controlled organisation's statement of intent must, in relation to each group of activities described in subclause (1), include a statement of the intended levels of service provision that complies with [clause 4\(a\) and \(c\)](#) of Schedule 10 as if—

- (a) the reference to a long-term plan were a reference to the statement of intent; and
- (b) the reference to a local authority were a reference to a council-controlled organisation.

Schedule 8 clause 10: added, on 27 November 2010, by [section 47](#) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Schedule 10

Long-term plans, annual plans, and annual reports

Clause

Statement of Intent Checklist

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4 Statement of service provision

A long-term plan must, in relation to each group of activities of the local authority, include a statement of the intended levels of service provision that specifies—

- (a) any performance measures specified in a rule made under [section 261B](#) for a group of activities described in [clause 2\(2\)](#); and
- (b) the performance measures that the local authority considers will enable the public to assess the level of service for major aspects of groups of activities for which performance measures have not been specified under paragraph (a); and
- (c) the performance target or targets set by the local authority for each performance measure; and
- (d) any intended changes to the level of service that was provided in the year before the first year covered by the plan and the reasons for the changes; and
- (e) the reason for any material change to the cost of a service.



To	Shareholders of Waikato Local Authority Shared Services (WLASS)
From	Gavin Ion, Chair, WLASS Kelvin French, Chief Executive, WLASS
Date	13 March 2019
Report Title	Changes to WLASS governance arrangements

1. Purpose

To seek shareholders' resolutions and delegated authority on proposed changes to the governance arrangements of WLASS.

2. Recommendations

That the shareholders:

- **Amend the constitution** of the Company in the manner set out in the attached special resolution;
- **Approve**, by ordinary resolution that the independent Chair be paid a fee for service up to \$45,000 per annum (plus reasonable costs and GST, if any);
- **Note** that the constitution as amended allows the independent Chair to be appointed by unanimous agreement of the Council Representative Directors;
- **Delegate authority** to the Council Representative Directors to agree a fee for service for the independent Chair up to the amount noted above; and
- **Delegate authority** to a duly authorised representative to sign the attached special and ordinary resolutions on behalf of your council.

3. Background

At its meeting in December last year, the WLASS Board accepted a recommendation to reduce the size of the Board to six, with the expectation being that it would be made up of:

- An independent Chair; and
- Council Representative Directors:
 - one each from Waikato Regional and Hamilton City Councils; and
 - one each from the remaining central, east and south Waikato sub-regions.

The company's constitution currently requires that each shareholder shall appoint one director.

The company's constitution allows the remuneration or provision of other benefits by the company to a director for services, but only where authorised by ordinary shareholder resolution.

4. Discussion

Board composition

As you are aware from previous reports, WLASS is undergoing a significant transformation, changing its operating model to be in a better position to add value for its shareholders.

A shortcoming identified with the current structure is that the board is large (12 members), which can reduce effectiveness in decision-making. It also comprises entirely of executive members (generally the Chief Executive), of the shareholding Councils. This has the potential to blur the line between governance and management, with Board decision-making potentially influenced by the individual Council rather than what is best for the collective.

Given these shortcomings, as noted above, the WLASS Board accepted a recommendation to reduce the size of the Board to six, with the expectation being that it would be made up of:

- An independent Chair; and
- Council Representative Directors:
 - one each from Waikato Regional and Hamilton City Councils;
 - one each from the remaining central, east and south Waikato sub-regions.

During discussion at its meeting in December, several Board members supported introducing three independent directors to realise the benefit of independent thought and transformational thinking. However, the additional cost associated with a greater number of independent directors aside, there was also a perceived risk that they could make WLASS run too fast and leave stakeholders behind. It was also noted that independent thinking could be introduced via other avenues (e.g. a Board workshop facilitated by an independent) and will come in any event from the WLASS CE and Business Analyst.

Therefore, the Board resolved to support the appointment of a single independent Chair at this time but recommends a watching brief on when it is appropriate to introduce additional independents to bring that number to three.

Board tenure

The proposed constitution provides for Board appointments to be for a three-year period with an ability for a person to be appointed for a second term. No person can remain a director for any longer than six years.

In order to achieve a degree of on-going continuity across the Board, it is proposed that the initial appointments be for staggered periods so that the initially appointed directors resign on a rotating basis (two after the first year, a further two after two years, and the final two after three years). In this way, four of the six directors should remain at any point in time.

Appointing the independent Chair

The WLASS Statement of Intent (SOI) sets out the objectives of the transformation the company is undergoing. A critical element is that the company is agile, acts at pace and delivers value to its shareholders early. The independent Chair (and reduced board numbers) is a key enabler for the transformation and for that reason WLASS wishes to proceed with the appointment as soon as practical to have the role in place on 1 July 2019.

A robust recruitment process will be undertaken for the role involving an independent agency. An initial skills assessment will be developed, including the Council Representative Directors, and used as part of the process to ensure that the right mix of skills are present across the Board.

We are seeking from the appointee, someone who has experience in chairing boards, and has been involved in change management, shared service delivery and/or transformational/disruptive thinking. They must be able to engage with key stakeholders in shareholding councils, appreciating the political environment in which WLASS operates.

The timeframe to appoint is tight, but achievable. To facilitate the expeditious appointment of the independent Chair, and given the recruitment process to be undertaken, 13.1 a. of the proposed constitution provides that the person can be appointed by the **unanimous** agreement of the Council Representative Directors.

Constitutional change

As noted above, the company's constitution currently requires that each shareholder appoint a director (current clauses 13 and 15.5 of the constitution are included in the appendix for information). Should shareholders agree with the Board's proposal regarding its composition, the constitution must therefore be changed.

The constitution may be changed by special resolution (approved by 75% or more), of the shareholders.

The resolution attached is worded such that council representatives *may*, but not *must*, be appointed by the relevant authority(s). Doing so means that if decisions are made to increase the number of independents to three, the Board size could increase to eight, but appointing groups could choose not to appoint, to retain the size of the Board at six. A special resolution of shareholders would be required for the appointment of any further independent directors and we are not seeking that resolution at this time.

We recommend that shareholders agree to the proposed changes to the WLASS constitution.

Independent Chair remuneration

The constitution allows for WLASS directors to be remunerated. It is not recommended that Council Representative Directors are remunerated but it will clearly be necessary for the independent Chair.

Initial discussions with organisations such as IOD indicate that for a role of this nature the market remuneration is likely to be up to \$45,000 per annum (plus expenses). This will be negotiated as part of

the appointment process. However, the constitution requires that any director remuneration must be authorised by ordinary shareholder resolution. We therefore recommend that shareholders agree to:

- The independent Chair being paid up to \$45,000 per annum (plus disbursements); and
- Delegate authority to the Council Representative Directors to agree the remuneration up to this amount as part of the appointment process.

Resolutions giving effect to the independent Chair recommendations are attached and are by simple majority.

Shareholder reporting

To be effective the WLASS Board must be able to operate autonomously. However, recognising the public face of Councils it will be critical to ensure that there is appropriate reporting to, and communication with, shareholders, so that there are 'no surprises'. This will be achieved through:

- Regular shareholder forums (with Council CEs) – at least three per annum;
- A requirement of the shareholder forum to produce and send a letter of expectation from shareholders to WLASS ahead of the WLASS SOI being developed in response;
- Updates at Mayoral forums; and
- Statutory reporting including the company's SOI and annual report.

Appendix: Current clauses 13 and 15.5 of the WLASS's constitution

13 Appointment and removal of directors

Number of directors

13.1 The board shall consist of not less than three (3) and not more than twelve (12) directors.

13.2 Each of the Authority Shareholders shall appoint one director.

15.5 Chairperson

The board may elect a chairperson of its meetings and determine the period for which he or she is to hold office; but if no such chairperson is elected, or if at any meeting the chairperson is not present within five minutes after the time appointed for the meeting, the directors present may choose one of their number to be chairperson of the meeting.

**Waikato Local Authority Shared Services Limited
("Company")**

Resolution of shareholders altering constitution

Resolved on the day of 2019 as a special resolution by all shareholders of the Company, passed by written resolution in lieu of meeting as provided in section 122 of the Companies Act 1993, that the constitution of the Company be altered by the deletion of clauses 13 (as amended by special resolution on 30 June 2011) and 15.5, and substituted with the following:

13. Appointment and Removal of Directors

13.1 Number of directors

The board shall consist of not less than three (3) and not more than eight (8) directors, of whom:

- a. one shall be appointed by unanimous resolution of the Council Representative Directors, and must be Independent;
- b. one may be appointed by Waikato Regional Council;
- c. one may be appointed by Hamilton City Council;
- d. one may be appointed by the Waikato and Waipa District Councils;
- e. one may be appointed by the Thames-Coromandel, Hauraki and Matamata-Piako District Councils;
- f. one may be appointed by the Otorohanga, Waitomo, South Waikato, Taupo and Rotorua District Councils; and

[the appointments under 13.1 b. – f. above, collectively being referred to as the Council Representative Directors]

- g. any other appointments shall be by special resolution of the shareholders.

13.2 Extended definition

For the purposes of rule 13.1:

- a. a reference to a named Authority shall include any person or body for the time being entitled to and holding the shares of that Authority in accordance with this Constitution; and
- b. a director is Independent if that person is not an executive or an elected member of a shareholder and does not have any direct or indirect relationship that could reasonably materially influence that person's decisions in relation to the Company.

13.3 Appointment and removal

A body or persons that is or are entitled to appoint a director pursuant to clause 13.1 may remove any director so appointed and appoint a replacement director.

13.4 Manner of appointment and removal

Any such appointment or removal shall be in writing and served on the company and signed by the body or persons entitled to make the appointment or removal.

13.5 Default appointment

Where any vacancy on the board has the effect of reducing the number of directors below 3, and if any body or persons entitled to appoint a replacement director fails to do so within two (2) months of the date on which the number of directors fell below 3, the board may appoint a replacement director or directors to bring the number of directors to 3. Any such appointment shall only be made at a board meeting of which 14 days' notice in writing has been given to each director and the body or person concerned, and approved by a majority of the directors present at the meeting. A director appointed under this clause will be removed upon a person next exercising their right of appointment under clause 13.1. If there is more than one director appointed under this clause on the board at any time, but less than that number are being appointed under clause 13.1, each director appointed under this clause will be replaced pursuant to the preceding sentence alphabetically.

13.6 Tenure of office

13.6.1: Other than as set out under 13.6.2, all Board terms are three years. Any Board member may be reappointed for a further term but can serve only a maximum of six years consecutively.

13.6.2: To ensure continuity of knowledge, Board terms will initially be staggered such that:

- a. on 30 June 2020, two of those persons appointed under 13.1 b. – f. shall resign (to occur in alphabetical order with reference to surname); and
- b. on 30 June 2021, a further two of those persons appointed under 13.1 b. – f. (not being those who resigned on 30 June 2020) shall resign (to occur in alphabetical order with reference to surname); and
- c. on 30 June 2022, the person appointed under 13.1 a. and the remaining person appointed under 13.1 b. – f., who has not previously resigned under a. or b. of this clause, shall resign.

13.6.3: Notwithstanding anything else in this clause, each director of the company can only hold office until:

- a. Removal: removal in accordance with the constitution; or
- b. Vacation of office: vacation of office pursuant to section 157 of the Act; or
- c. Insolvency: an arrangement or composition with creditors made by him or her; or
- d. Absence from meetings: vacation of office resulting ipso facto from being absent without permission of the board from 3 consecutive meetings of the board; or
- e. Resignation: written notice of resignation to the address for service of the company.

15.5 Chairperson

The chairperson of the board is the person appointed pursuant to clause 13.1(a). However, if no person is appointed under that clause or if at any meeting the chairperson is not present within five minutes after the time appointed for the meeting, the directors present may choose one of their number to be chairperson of the meeting.

On behalf of Hamilton City Council

On behalf of Hauraki District Council

On behalf of Matamata-Piako District Council

On behalf of Otorohanga District Council

On behalf of Rotorua Lakes Council

On behalf of South Waikato District Council

On behalf of Thames-Coromandel District Council

On behalf of Taupo District Council

On behalf of Waikato District Council

On behalf of Waikato Regional Council

On behalf of Waipa District Council

On behalf of Waitomo District Council

**Waikato Local Authority Shared Services Limited
("Company")**

Resolution of shareholders remunerating Chair

Resolved on the _____ day of _____ 2019 as an ordinary resolution by all shareholders of the Company, passed by written resolution in lieu of meeting as provided in section 122 of the Companies Act 1993, that:

1. An independent person appointed under the Company’s constitution to hold the office of Chair shall be remunerated up to \$45,000 per annum, plus reasonable costs; and
2. Council Representative Directors on the Board of the Company are delegated authority to agree a fee with the appointed person for this role, up to this amount.

On behalf of Hamilton City Council

On behalf of Hauraki District Council

On behalf of Matamata-Piako District Council

On behalf of Otorohanga District Council

On behalf of Rotorua Lakes Council

On behalf of South Waikato District Council

On behalf of Thames-Coromandel District Council

On behalf of Taupo District Council

On behalf of Waikato District Council

On behalf of Waikato Regional Council

On behalf of Waipa District Council

On behalf of Waitomo District Council



Statement of intent

For the year ended 30 June 2020

DRAFT

28 February 2019

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Executive summary

2018 was a landmark year for the evolution of Waikato Local Authority Shared Services Limited (WLASS). This Statement of Intent (SOI) reflects, for the first time, the transformation of WLASS into a service delivery agent.

In the second half of 2017 the Board commissioned McGredy Winder to undertake two pieces of work. The first stage was a 'think piece' on the strategic direction WLASS could take, understanding the opportunities and issues facing WLASS and its shareholding Councils, and outlining alternative business strategies. The second stage was developing a business case for the change required to deliver on the strategic direction identified from stage 1.

The business case led to the Board's decision in April 2018 to take steps to transform the company into a service delivery agent. In practical terms that means the company will be identifying different service delivery models and providing thought leadership. WLASS will also be offering ideas to Councils that enable them to be more effective and efficient. Some of these ideas will be bold and disruptive but collectively they will have a substantial impact on Councils' activity.

Business cases will support these ideas and establish areas where it makes sense for WLASS to provide a shared service to its shareholding Councils. The operating model of WLASS will therefore change. It will deliver these shared services either by:

- Contracting in specialist resource; or
- Employing the required resource so that it has the in-house capacity and capability to meet Councils' needs.

The company's newly established vision is to be "The enabler for Councils to provide their services in the most effective and efficient way". Over the second half of 2018 an implementation plan was developed to deliver the transformation and ultimately, this vision.

The transformation and new operating model necessitate a core central resource within WLASS. The Board has agreed to the appointment of three positions, being:

1. A full-time Chief Executive (CE) (to date WLASS has operated via the contracted services of a CE two days per week, with projects resourced by Council working parties);
2. A full-time Business Analyst; and
3. A part-time Company Administrator.

A further enabler for the transformation is an agile, skills-based governance structure. The Board is therefore recommending to shareholders that the Board be reduced to six members, including an independent Chair.

These changes do however require additional, upfront investment from shareholding Councils. That investment is reflected in the financial projections in this SOI. However, overall Councils must be better off to justify the additional investment and WLASS commits to identifying shared service opportunities that, once implemented, will deliver savings that ensure that you are.

Introduction

This SOI is a public declaration of the activities and intentions of the Council Controlled Organisation, WLASS. The statement outlines the proposed work plan for the financial year ended 30 June 2020 and the Directors' accountabilities to the shareholders for corporate performance, as required by Schedule 8 of the Local Government Act 2002.

WLASS is owned (in equal portion) by the 12 Waikato local authorities:

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

Up until late last year, WLASS had no employees. Rather, the company's principle resource was a Chief Executive contracted two days per week to facilitate working parties, manage contracts entered for the benefit of the shareholding Councils and ensure the statutory obligations of the company are met. Financial and contract management support was provided by staff at shareholding Councils (Waikato Regional and Waikato District, respectively). Much of the work of WLASS to advance initiatives has therefore been undertaken by working parties made up of staff representatives from the shareholding Councils, with expertise and/or interest in particular services.

In November 2018 a part-time Company Administrator was employed and in January this year the company employed a Business Analyst. Therefore, this is the first SOI that reflects WLASS having employees and the transformation of the company into a service delivery agent.

The vision and objectives of WLASS

The vision for WLASS is to be:

The enabler for Councils to provide their services in the most effective and efficient way

The company's objectives are to:

- Enable the Waikato Councils to collectively be more effective as a region on the national stage;
- Contribute to building central government's confidence in the Waikato region, and to encourage central government investment;
- Achieve effectiveness and efficiency gains;
- Reduce duplication of effort and eliminate waste through repetition;
- Make it easier for customers to engage with Councils in the Waikato region;
- Promote and contribute to the development of best practice; and
- Promote business transformation to improve customers' experiences.

Looking ahead - committing to the WLASS transformation

Last year’s SOI noted that the Board had commissioned McGredy Winder to undertake a strategic review of the future of WLASS and that as a result, the Board had resolved to transform WLASS into a service delivery agent. This transformation overcomes shortcomings with the current model and allows WLASS to be better positioned to be part of the solution to many of the challenges facing Councils.

Three key elements of the transformation are:

- Thought leadership;
- In-house resource; and
- Changes to WLASS governance.

WLASS will deliver bold ideas that have a substantial impact on Council’s activities

Thought leadership

WLASS will become a thought leader. It must explore and offer up ways in which Councils can do business better through shared service opportunities. Collectively these ideas will have a substantial impact on Councils’ activities and transform the way they conduct themselves. Some opportunities will be bold, disruptive and challenge Councils, but this is necessary if WLASS is to deliver on its vision and if Councils are to extract the greatest value from the company.

In-house resource

The transformation to a new operating model requires additional resource within the company. In 2018 the Board approved appointing a full-time Chief Executive and Business Analyst. A part time Company Administrator role has also been established, principally to support the Chief Executive and manage the company’s contracts register.

WLASS’s new in-house capability will deliver value to Councils at greater pace

The Chief Executive and Business Analyst roles are fixed term appointments. This reflects the Board’s expectation that WLASS must deliver tangible benefits to shareholding Councils that justify the change in operating model within the fixed term period. If that does not occur the future of WLASS must be reconsidered. The commitment to delivering tangible benefits to Councils is reflected in the KPIs in this document.

Proposed changes to WLASS governance

The third key element of the transformation is a change to the composition of the Board. Late last year the Board accepted a recommendation to reduce the number of Board members to six with the composition being:

- An independent Chair; and
- Shareholding Council representation, comprising:
 - one appointed by Waikato Regional Council;
 - one appointed by Hamilton City Council;
 - one appointed by the Waikato and Waipa District Councils;
 - one appointed by the Thames-Coromandel, Hauraki and Matamata-Piako District Councils; and
 - one appointed by the Otorohanga, Waitomo, South Waikato, Taupo and Rotorua District Councils.

This board configuration will provide a more agile and skills-based board, better equipping WLASS to move at pace to effect change that adds value. It will also facilitate the role of thought leader and transformation partner to the councils.

The new governance structure will enable WLASS to be agile and responsive to opportunities that add value

A formal resolution of the shareholders is being sought concurrent with this SOI, to bring about the constitutional change required to allow the board reconfiguration.

Accountability to shareholders

While the WLASS Board must be able to operate autonomously to be effective, it will be critical to ensure that there is appropriate communication with shareholders so that there are 'no surprises'. As is currently the case, this will be achieved through:

- Updates at Mayoral forums; and
- Statutory reporting, including the company's SOI and annual and half-yearly reports.

However, with the reduced Board membership regular shareholders' forums (with Council CEs) will be introduced. The expectation is that there will be at least three such forums per annum.

One key output from the shareholders' forums will be a letter of expectation for the WLASS Board. This should be delivered in December each year to allow WLASS to then respond via its SOI. A second key aspect of the forums is that they provide the opportunity for the WLASS Board to seek a mandate from its shareholders, in a timely manner, to invest in opportunities identified throughout the year.

Effective shareholders' forums will therefore be critical to bringing about change 'at pace'.

Upfront investment

It is obvious that these changes will require additional upfront investment from the shareholding Councils. Detail of that investment is set out under "Activities for which the Board is seeking compensation", below. However, this investment will be offset by savings within your Councils as opportunities are implemented. The CE is accountable for identifying demonstrable cost savings and other soft benefits that justify the additional investment being sought.

The new operating model

Under the new operating model, WLASS will be a thought leader. It will continue to leverage its current working parties to identify opportunities but will identify opportunities in its own right by looking at shared service models being used elsewhere and analysing how existing work practices in Councils could be improved. While small, the core team within WLASS enables the company to do this for the first time.

WLASS will undertake an assessment of opportunities, engaging with Council staff to test the value proposition and identify potential risks and barriers to success. Each opportunity assessment will culminate in a business case, unless a decision is made to stop developing the opportunity at a stage gate.

Where a business case is approved, WLASS will seek a mandate from shareholding Councils (most often via the shareholders' forums), to invest the funds necessary to deliver the opportunity. However, unlike the current model, WLASS will employ the resources necessary to deliver the shared service to Councils.

Where it makes commercial sense to do so, WLASS will seek to extend its service offering beyond Councils from the Waikato region.

Benefits of WLASS transformation

The benefits for Councils of this transformed WLASS are significant. These are:

- Allowing Councils to focus on their core activity: There are many functions (back office) Councils currently undertake which the community simply want done to an effective standard as efficiently as possible. WLASS delivering such services allows Councils to focus on their core activity of meeting their community's needs, free of distraction from the management and administration of these functions;
- Sharing the cost of investment allows Councils to consider strategic initiatives that they may not otherwise be able to afford, or which simply cannot be done effectively other than on a shared basis – e.g. dealing with disruption from emerging technologies;
- Providing Councils with access to expertise that they would not otherwise have, or at least not as efficiently, by pooling resources and creating centres of excellence;
- Allowing shared service delivery to be standardised. This has the benefits of:
 - being user-friendly, for those within the Councils and for the community at large, making doing business easier;
 - allowing for common understanding among Council staff, providing for more efficient deployment where they relocate between Councils;
 - efficient delivery of user training related to those services;
 - ensuring a standard of service consistent with customer expectations.
- Reducing the risk associated with a Council's dependency on an individual to fulfil a function;
- Improved and aspirational decision-making that is focused on the collective good and is not constrained by the capacity and capability of Council staff;
- Freeing up Council staff currently involved in initiatives / working parties, allowing them to give greater focus to Councils.

Many of these benefits could be achieved by engaging the services of independent organisations (e.g. Councils could outsource their payroll functions). However, the incremental benefits of WLASS being engaged are that it is an:

- Organisation that has an intrinsic understanding of local government;
- It has greater accountability – it is not just a service provider but is owned by those it provides the services to;
- It does not require excess profits – its purpose is not to return a dividend to shareholders – meaning that like-for-like services must be more cost effective for Councils.

The opportunity to add value

Initially there will be a strong focus on digital transformation and improving the customer experience. This advances WLASS's Digital strategy approved last year.

WLASS will also be exploring the opportunity to 'smartly' engage the market on capital works set out in the councils' Long Term Plans.

Early stage thinking is progressing on payroll shared services and the use of robotics and machine learning to streamline back office functions (for example invoice processing).

Beyond these, workshops are planned over March/April 2019 for the various WLASS working parties. These will primarily be ideation sessions from which it is expected several potential opportunities will be identified.

WLASS's ethos is, if there is a function your Council is doing, but your customer is indifferent as to who does it, provided it is done to a high standard and as effectively and efficiently as it can be, that represents an opportunity for WLASS to add value.

Looking ahead – three waters collaboration

The 'waters' sector is facing significant change due to a number of external and internal influences. Central government are investigating options for the most appropriate mechanisms for the delivery of waters services to our communities. While the outcomes of that investigation may take some time to become clear, it is being strongly signaled that a much more rigorous regulatory framework will be in place soon. With this in mind, in August 2018 the Mayoral Forum supported a proposal from Rooding Asset Technical Accord (RATA) to undertake an investigation into a sub-regional collaboration on three waters activities.

From that initial investigation it is evident there are opportunities for increased collaboration. These opportunities are principally:

- Data, information and report sharing (this is already occurring, albeit in an ad-hoc manner);
- Development and delivery of joint working initiatives;
- Wider utilisation of existing shared services arrangements within the Waikato (for example additional councils being able to access services from the Hamilton/Waikato/Waipā Sub-Regional Waters Shared Services group);
- Increased scope of shared services by adding new service areas (e.g. RMA consents); and
- The potential to form a new service area/centre of excellence similar to the roading equivalent - RATA - already in existence.

With the support of the Mayoral forum, WLASS (via the RATA team) will over the coming months develop a project plan. This will determine the appropriate scope, scale and extent of a regional centre of excellence for Waters Activity / Asset Management across the seven participating councils. It is expected that there are three primary areas which will be focussed on for a possible centre of excellence:

- Waters Asset Management – asset data collection (inventory and condition);
- Business process support – aligning good practice processes and systems to a new regulatory environment (including continuous improvement in current systems); and
- Asset valuation – a consistent approach to asset valuation assumptions.

Activities for which the Board seeks compensation

Shareholders are asked to continue to contribute to the operational costs of WLASS. However, the Board’s expectation is that a margin on future service offerings will reduce, and eventually eliminate, the need for this separate financial support. That is, the operating model will move towards a user pays basis.

The funding being sought for the company’s core operational costs and the comparable amount set out in the prior SOI is:

WLASS is committed to ensuring it delivers savings to Councils which offset the additional investment sought

Financial year ended 30 June	2020	2021	2022 ¹
Current SOI	478,000	488,500	498,500
Prior SOI	214,000	218,500	
Increase	264,000	270,000	

¹ No comparative with the prior year’s SOI is available for FY2022 as that SOI only showed forecasted financial information through to FY2021

The increase in operational costs reflects the staff and independent board Chair appointments noted earlier, and the associated support costs, including the establishment of an office.

WLASS is seeking shareholder support for additional upfront investment. The Board has committed to additional resources in the company but is equally committed to, and confident of, ensuring that the company delivers savings to Councils which offset this additional investment. This commitment is reflected in the KPIs for the year.

By way of example of the basis for this confidence, irrespective of additional opportunities that will be identified, during the SOI forecast period, changes in the way WLASS delivers shared valuation data services means that council contributions in this area, which are currently ~\$210k, are expected to reduce to Nil.

Other than core operating costs, this SOI reflects increased investment (relative to the prior year’s SOI) in a number of workstreams. The main components of this increase are:

- Procurement of regional LiDAR at a heavily discounted cost (via access to PGF co-funding) - \$1.4m: The business case has been approved, in principle, and the funds committed by councils;
- The new flying programme for WRAPS commencing in FY2021 - \$0.8m;
- A new energy and carbon management programme – \$0.4m: This is subject to business case approval; and
- Funding being held at FY19 levels recognising new projects such as the Hamilton to Auckland corridor plan, NPS-UDC assessments and RPS and District Plan changes - \$0.7m.

Beyond these opportunities, WLASS will be identifying, developing and implementing shared services during the period covered by this SOI which are not reflected in the financial projections (because they are currently unknown). Any such services will only be delivered by WLASS after the Board has agreed that the proposed new service meets the objectives of WLASS and is supported by a compelling business case.

In future SOIs the Board expects that it will be seeking funding from shareholders for projects that will at the time be unspecified. As noted earlier, a key aspect of the value that WLASS provides is, and increasingly will be, its ability to be agile and responsive to opportunities as they arise. Having an amount of funding at the Board’s disposal to be applied toward such opportunities will assist in that regard.

Performance targets

To ensure that the Company continues to operate effectively and efficiently, the performance targets for 2019/20 are as follows:

TARGET	METHOD	MEASURE
<p>Procurement Joint procurement initiatives for goods and services for WLASS Councils will be investigated and implemented.</p>	<p>Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.</p>	<p>New suppliers are awarded contracts through a competitive tender process.</p> <p>Professional Services Panel contracts are successfully negotiated.</p>
<p>Collaborative Projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p>	<p>The focus is on shared services which will benefit all Councils.</p>	<p><i>A minimum of six priority projects for collaboration are identified per annum.¹</i></p> <p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p> <p><i>Savings to Councils identified in developed business cases exceeds \$300k.¹</i></p> <p><small>1. The highlighted measures have been introduced as a direct response to the transformation of WLASS and the increased expectations of the company.</small></p>
<p>Existing WLASS Contracts Existing contracts are managed and renegotiated as required.</p>	<p>Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.</p>	<p>The WLASS Contracts Register is maintained and managed.</p> <p>Contracts which are due for renewal are either renegotiated (where it makes commercial sense to continue with the</p>

TARGET	METHOD	MEASURE
		current supplier) or re-tendered through a competitive process.
<p>Cost Control Administration expenditure shall be managed and monitored.</p>	<p>The Financial Accountant and Chief Executive review expenditure monthly.</p>	<p>Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.</p>
<p>Reporting Six-monthly reports provided to Shareholders.</p>	<p>The Chief Executive prepares a written report for the WLASS Board every meeting.</p> <p>A Half-yearly and Annual Report are prepared for shareholders.</p>	<p>The Board shall provide a written report on the business operations and financial position of WLASS to the shareholders every six months.</p> <p>Every second report shall be the Annual Report.</p>
<p>Shared Valuation Data Services (SVDS) The SVDS is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for SVDS.</p> <p>The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group.</p> <p>Risks associated with the SVDS are well managed.</p>	<p>The SVDS is available to users at least 99% of normal working hours.</p> <p>The SVDS Advisory Group meets at least 6-monthly.</p> <p>The Annual Business Plan is accepted by the Advisory Group by 31 March 2020.</p>
<p>Insurance Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.</p>	<p>The Insurance Broker delivers on the terms of their contract and provides value to the participating Councils.</p>	<p>Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating Councils.</p> <p>The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating Councils.</p>
<p>RATA Deliver better data for decision making across the Waikato Region, enabling more consistent best practice</p>	<p>Quarterly update reports are provided to all stakeholders participating in the Data Collection contracts.</p>	<p>Reports are presented to stakeholders in October/January/April and July each year.</p> <p>Reports on progress as at 30 December and 30 June are presented to WLASS Board within two months.</p>

TARGET	METHOD	MEASURE
<p>Lead engagement and increase capability within the sector</p>	<p>Data supplied by contractors is of good quality and meets all of the participating Councils' requirements.</p> <p>Innovation: Identify opportunities to modify standard approaches and/or develop new approaches that will lead to optimal asset management.</p> <p>Leadership: Lead engagement and increase capability within the sector.</p>	<p>All data are reviewed for compliance and all good practice requirements are met.</p> <p>Procurement of services complies with WLASS and NZTA's procurement requirements.</p> <p>Present to a national conference on RATA innovations at least once per year.</p> <p>At least two RATA guidance documents detailing good practice are produced each year.</p> <p>RATA Forums are held 2-monthly to share learnings and experience.</p>
<p>Waikato Regional Transport Model (WRTM) The WRTM is reliable, well maintained and available to all users.</p>	<p>RATA manages the WRTM on behalf of the participating Councils, and monitors the performance of the model supplier (currently Traffic Design Group).</p> <p>RATA reports quarterly to the WRTM Project Advisory Group.</p>	<p>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.</p> <p>A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least every six months.</p> <p>The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual) and is independently peer reviewed each time the model is updated.</p>
<p>Waikato Building Consent Group Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p>	<p>Implement the strategic priorities detailed in the "Build Waikato" May 2017 strategic review document.</p>	<p>Milestones for the five strategic review work streams are achieved for:</p> <ul style="list-style-type: none"> Digital experience and technology: a user friendly, convenient, quick, end-to end management and communication, measured by customer surveys and systems comparisons.

TARGET	METHOD	MEASURE
	<p>Fulfil the roles and responsibilities set out in clause 9 of the WBCG’s Memorandum of Understanding, 2016.</p>	<ul style="list-style-type: none"> • People capability: a successful recruitment and training programme, measured by compliance with BCA Reg. 8 -11. • Quality assurance: continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys. • Lift industry competency and compliance: measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection. • Central government engagement and legislative influence: Success is measured by legislative submissions and outcomes. <p>There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:</p> <ul style="list-style-type: none"> • Full participation in WBCG projects and programmes • Audits demonstrating implementation and compliance with the agreed QA systems • Consistency in service delivery, measured by customer surveys. <p>Risk management is visible through regular reviews of the Risk Register.</p> <p>All funding requirements are met by each of the participating Councils.</p> <p>A minimum of two reports presented to the WLASS Board on the Group’s activities.</p>
<p>Future Proof Planning for growth in the sub-region is co-ordinated and collaborative.</p> <p>The Future Proof budget is well managed and monitored.</p>	<p>Joint preparation and input into Phase 2 of the Strategy update.</p> <p>Bi-monthly reports presented to Waikato Plan and Future Proof Chief Executive Group,</p>	<p>SMART measures are currently under review and will be included with the final SOI</p>

TARGET	METHOD	MEASURE
Future Proof influences and inputs into District Plan, Regional Plan, growth strategy and any other planning processes which manage growth within the sub-region and neighbouring regions.	and six monthly and annual reports to WLASS Board. Future Proof works collaboratively and provides input into the planning work undertaken by all FP partners and any other relevant planning authorities.	Future Proof makes submissions (using RMA and Local Government processes), on District Plans, LTPs, growth management planning documents, and any central government initiatives which have the potential to impact growth management planning in the sub-region.
Shareholder Survey Shareholders are satisfied with the performance of WLASS.	An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.	A survey of shareholders is undertaken each year, and the results are reported to all shareholders. At least 75% of Councils participate in the survey.
Review of Benefits Shareholders are informed of the benefits being provided to shareholding Councils by WLASS.	The benefits of WLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.	Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders. The WLASS website is regularly maintained and updated.

Governance - current

WLASS conducts itself in accordance with its constitution, its annual Statement of Intent as agreed with shareholders, the provisions of the Local Government Act 2002 and WLASS policies.

WLASS currently has twelve Directors, with each Director representing a shareholder Council. As noted above the proposal is to reduce the number on the Board to six, with an independent Chair and five Council representatives from sub-regions.

The current Directors of WLASS are:

Director	Position	Representing
Gavin Ion (Chair)	Chief Executive	Waikato District Council
Blair Bowcott	Executive Director, Special Projects	Hamilton City Council
Langley Cavers	Chief Executive	Hauraki District Council
Don McLeod	Chief Executive	Matamata-Piako District Council
Tanya Winter	Chief Executive	Otorohanga District Council
Geoffrey Williams	Chief Executive	Rotorua District Council
Ben Smit	Chief Executive	South Waikato District Council
Gareth Green	Chief Executive	Taupo District Council
Rob Williams	Chief Executive	Thames-Coromandel District Council
Vaughan Payne	Chief Executive	Waikato Regional Council
Garry Dyet	Chief Executive	Waipa District Council
Chris Ryan	Chief Executive	Waitomo District Council

Balance sheet ratios

The Local Government Act 2002 requires the Statement of Intent to include the projected ratio of shareholders' funds to total assets within the forecast Statement of Financial Position.

WLASS is budgeted to have accumulated shareholders fund of \$415k at 30 June 2020, which represents 44% of total assets. The only liabilities of WLASS are trade creditors.

The Forecast Financial Statements for 2019/20 are included as part of this Statement of Intent.

Purchase and acquisition of shares

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

Value of investment

The Directors' estimate of the commercial value of the shareholders' investment in WLASS is equal to the shareholders equity in the company. Reassessment of the value of this shareholding shall be undertaken on or about 1 April each year.

Distributions to shareholders

The Company is not expected to make profits that would ordinarily be distributed by way of dividends within the next 12 months. Any surplus funds remaining from an activity or from 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.

Compensation

The independent Chair of WCLASS will receive director fees and reimbursed expenses. Directors representing the Councils will not receive any fees or reimbursed expenses for work undertaken on behalf of the company.

WCLASS will be funding through payment sought from all local authorities that receive services from the company.

Information provided to shareholders

The company will deliver the following information to shareholders:

- Within two months of the end of the first half of the financial year, a half-yearly report, including a Statements of Financial Performance, Financial Position Cashflows and commentary on service performance including an assessment of progress against KPIs; and
- Within three months of the end of the financial year, an audited Statement of Financial Performance, Statement of Changes in Equity, Statement of Financial Position, a Statement of Cashflows and Service Performance, plus a summary of how the company has fared against its objectives.

Review of statement of intent

The Directors shall approve by 1 March of each year a draft Statement of Intent for distribution to, and consideration by, the shareholders.

The shareholders must provide any comments or feedback on the draft Statement of Intent within two months of receipt of the document. The Directors must consider all comments that are received and shall deliver the completed Statement of Intent to the shareholders by 30 June.

Financials

Statement of Financial Performance

Waikato Local Authority Shared Services Company Summary for the forecast financial years ended 30 June 2020-2022						
	Budget 2018/19	Budget 2019/20	Variance	Budget 2020/21	Budget 2021/22	
Income						
Company Administration	299,784	556,730	256,946	565,923	577,618	
Procurement	439,166	369,500	(69,666)	1,017,409	500,492	
Information Technology	45,594	553,483	507,889	565,660	578,104	
Energy Management	136,500	124,667	(11,833)	124,667	124,667	
Shared Valuation Data Service (SVDS)	701,892	670,079	(31,813)	476,265	485,790	
Road Asset Technical Accord (RATA)	978,560	1,815,766	837,206	971,805	1,107,677	
Waikato Regional Transport Model (WRTM)	98,626	218,760	120,134	320,933	353,153	
Waikato Building Consent Group	318,548	275,940	(42,608)	282,010	288,215	
Future Proof	544,391	609,991	65,600	609,991	609,991	
Waikato Plan	520,000	382,000	(138,000)	390,404	398,993	
Waikato Mayoral Forum	5,000	5,000	0	5,110	5,222	
Total Income	4,088,061	5,581,916	1,493,855	5,330,177	5,029,923	
Operating Expenditure						
Company Administration	299,784	553,018	253,234	565,184	577,618	
Procurement	656,058	369,500	(286,558)	1,017,409	500,492	
Information Technology	134,727	553,483	418,756	565,660	578,104	
Energy Management	136,500	124,667	(11,833)	124,667	124,667	
Shared Valuation Data Service (SVDS)	886,017	669,786	(216,231)	424,639	435,417	
Road Asset Technical Accord (RATA)	1,016,336	1,815,766	799,430	971,805	1,107,677	
Waikato Regional Transport Model (WRTM)	98,626	218,760	120,134	320,933	353,153	
Waikato Building Consent Group	529,548	275,940	(253,608)	282,010	288,215	
Future Proof	544,391	609,991	65,600	609,991	609,991	
Waikato Plan	520,000	382,000	(138,000)	390,404	398,993	
Waikato Mayoral Forum	51,439	5,000	(46,439)	5,110	5,222	
Total Operating Expenditure	4,873,426	5,577,911	704,485	5,277,812	4,979,550	
Earnings before interest, tax and depreciation/ amortisation (EBITA)	(785,365)	4,005	789,370	52,365	50,374	
Non-Cash Operating Expenditure						
Company Admin Non-Cash Expenditure	256	3,712	3,456	739	0	
SVDS Non-Cash Expenditure	90,444	0	(90,444)	0	0	
WRTM Non-Cash Expenditure	72,916	0	(72,916)	0	0	
Total Non-Cash Operating Expenditure	163,616	3,712	(159,904)	739	0	
Earnings before interest and tax (EBIT)	(948,981)	293	949,274	51,626	50,374	
Net Surplus (Deficit) before tax	(948,981)	293	949,274	51,626	50,374	
Company Admin Net Surplus (Deficit) before tax	(256)	0	256	(0)	(0)	
Procurement Net Surplus (Deficit) before tax	(216,892)	0	216,892	0	0	
IT Net Surplus (Deficit) before tax	(89,133)	0	89,133	0	0	
Energy Mgmt. Net Surplus (Deficit) before tax	0	0	0	0	0	
SVDS Net Surplus (Deficit) before tax	(274,569)	293	274,862	51,626	50,373	
RATA Net Surplus (Deficit) before tax	(37,776)	(0)	37,775	0	0	
WRTM Net Surplus (Deficit) before tax	(72,916)	0	72,916	0	(0)	
Building Net Surplus (Deficit) before tax	(211,000)	0	211,000	0	0	
Future Proof (Deficit) before tax	0	0	0	0	0	
Waikato Plan	0	0	0	0	0	
Mayoral Forum Net Surplus (Deficit) before tax	(46,439)	0	46,439	0	0	
Net Surplus (Deficit) before tax	(948,981)	293	949,274	51,626	50,373	

Statement of Financial Position

Waikato Local Authority Shared Services Balance Sheet for the forecast financial years ended 30 June 2020-2022					
	Budget 2018/19	Budget 2019/20	Variance	Budget 2020/21	Budget 2021/22
CAPITAL					
Shares - SVDS	1,607,001	1,607,001	0	1,607,001	1,607,001
Shares - WRTM	1,350,000	1,350,000	0	1,350,000	1,350,000
Retained Earnings	(1,593,081)	(2,542,062)	(948,981)	(2,541,769)	(2,490,143)
Plus Current Year Operating Surplus/(Deficit)	(948,981)	293	949,274	51,625	50,374
TOTAL CAPITAL FUNDS	414,939	415,232	293	466,858	517,232
ASSETS					
CURRENT ASSETS					
Prepayments	2,784	153,145	150,361	163,207	152,971
Accounts Receivable	449,687	390,734	(58,953)	209,607	196,397
Bank	266,317	397,907	126,022	730,359	763,553
GST Receivable / (Payable)	9,817	(50)	(9,867)	(655)	(630)
TOTAL CURRENT ASSETS	728,604	941,736	207,563	1,102,519	1,112,292
NON-CURRENT ASSETS					
SVDS - Intangible Asset	3,085,700	3,085,700	0	3,085,700	3,085,700
WRTM - Intangible Asset	2,296,855	2,296,855	0	2,296,855	2,296,855
MoneyWorks Software	1,195	1,195	0	1,195	1,195
Accumulated Depreciation	(5,383,750)	(5,383,750)	0	(5,383,750)	(5,383,750)
IT Equipment	0	6,307	6,307	6,307	6,307
Accumulated Depreciation - IT equipment		(5,568)		(6,307)	(6,307)
TOTAL NON-CURRENT ASSETS	0	739	6,307	(0)	(0)
NET ASSETS	728,605	942,474	213,870	1,102,518	1,112,292
LESS CURRENT LIABILITIES					
Accounts Payable	293,065	501,332	208,267	609,366	573,840
Accounts Payable Accrual	20,600	25,910	5,310	26,295	21,220
TOTAL CURRENT LIABILITIES	313,665	527,242	213,577	635,661	595,060
NET WORKING CAPITAL	414,939	415,232	293	466,858	517,232

Statement of Cashflows

Waikato Local Authority Shared Services Statement of Cashflows for the forecast financial years ended 30 June 2020-2022					
	Budget 2018/19	Budget 2019/20	Variance	Budget 2020/21	Budget 2021/22
Cashflows from Operating Activities					
Interest Received	14,000	14,308	308	14,623	14,944
Receipts from Other Revenue	4,074,061	6,461,702	2,387,641	6,190,514	5,642,435
Payments to Suppliers	(4,873,426)	(6,355,833)	(1,482,407)	(5,867,628)	(5,618,847)
Taxes Paid	0	0	0	0	0
Goods & Services tax (net)	(119,906)	11,412	131,317	(5,057)	(5,339)
Net cash from operating activities	(905,269)	131,589	1,036,858	332,452	33,194
Cashflows from Investing Activities					
Capital enhancements	0	0	0	0	0
Purchase of PPE	0	0	0	0	0
Purchase of investments	0	0	0	0	0
Net cash from investing activities	0	0	0	0	0
Net increase in cash, cash equivalents and bank accounts	(905,269)	131,589	1,036,858	332,452	33,194
Opening cash and cash equivalents and bank overdrafts	1,171,586	266,317	(905,269)	397,907	730,359
Closing cash, cash equivalents and bank accounts	266,317	397,906	131,590	730,359	763,552

Appendix I: Nature and scope of current activities

The principal initiatives operating under the WLASS umbrella are:

- Shared Valuation Data Service
- Road Asset Technical Accord
- Waikato Regional Transportation Model
- Waikato Building Consent Group
- Future Proof
- Regional Infrastructure Technical Specifications
- Energy management
- Procurement
- Historic aerial photos
- Waikato Regional Aerial Photography Service
- Aligned resource consent planning
- Local government contract health & safety pre-qualification

Shared Valuation Data Service (SVDS)

This service provides timely and accurate valuation data to the participating Councils. The SVDS has become the accepted valuation database for the region. Data sales significantly reduce the net cost to the participating Councils and in the last 12 months the company entered into a new SAAS agreement which will further reduce cost.

Road Asset Technical Accord (RATA)

RATA was initially established as a centre of excellence for road asset planning in 2014 as a work stream under the Mayoral Forum. The activity transferred to WLASS on 1 July 2016.

The aim of RATA is to achieve best practice in road asset management by improving capability, capacity and outcomes through effective collaboration. By leading asset management best practice, RATA delivers better decision-making through the effective collection and use of good quality data, and the implementation of good practice processes and systems for data collection, analysis and management.

Waipa District Council acts as the host Council for RATA, providing accommodation and overheads (which are fully recovered from the participating Councils), and managing the employment agreements/relationships with the associated staff members.

Waikato Regional Transportation Model (WRTM)

The WRTM became fully operational in February 2010. It provides accurate information to Councils and to external users (for a charge) for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region and is jointly funded by the NZTA.

WRTM is making a significant contribution to strategic planning surrounding land use and infrastructure within the region and has been involved in regionally and nationally significant investigations including the Waikato Expressway Network Plan, the Waikato Regional Land Transport Strategy and Regional Policy Statement and transport impact assessments in relation to the development of Ruakura.

Waikato Building Consent Group (WBCG)

The WBCG was initially set up by five Waikato local authorities in 2004 to foster co-operation, collaboration and consistency in building functions, legislative interpretation and process

documentation across the partnering Councils. The activity transferred to WLASS on 1 July 2016 and now comprises eight Councils.

The WBCG has developed a common quality assurance system with associated supporting documentation and media that meet the legislative requirements of the Building Act 2004 and the Building (Accreditation of Building Consent Authorities) Regulations 2006. These regulations cover all aspects of the operational management and compliance of a Building Consent Authority (BCA).

Waikato District Council acts as the host Council for the WBCG, providing accommodation and overheads (which are fully recovered from the WBCG members), and managing the employment agreements/relationships with the two staff members and any contractors.

Future proof

Future Proof is a collaborative partnership between Hamilton City, Waikato and Waipa Districts, Waikato Regional Council and Tāngata whenua, with assistance from the NZTA. The partners have jointly developed the Future Proof Growth Strategy and Implementation Plan – a 50-year vision and implementation plan specific to the Hamilton, Waipa and Waikato sub-region, which was adopted by the partners in June 2009.

The accommodation, overhead and employment arrangements of the Future Proof Planner are managed by Hamilton City Council. The activity is fully funded by the participating Councils and operates as a separate cost centre. Future Proof transferred to WLASS on 1 July 2016.

Regional Infrastructure Technical Specifications (RITS)

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

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

Energy management

WLASS entered into a Collaboration Agreement with the Energy Efficiency Conservation Authority (EECA) in February 2016. Having met specific energy saving targets, EECA funding of ~\$205,000 will have been received by the end of the three-year agreement.

EECA funding aside, the cost of the activity is met by 11 participating Councils (Matamata-Piako was not eligible, as it has previously received EECA funding), and operates as a separate cost centre.

Implemented projects have delivered 3.4m kWh in energy reduction (as against a target of 2.5m kWh), saved 540T of carbon emissions each year and saved \$440k per annum.

Joint procurement initiatives

WLASS is a party to numerous joint procurement contracts between the company, shareholding Councils and suppliers. Councils choose whether to be a party to a particular

contract. Wherever possible we negotiate a syndicated contract with the supplier to allow additional Councils to join later.

A procurement specialist was contracted in February 2018 to:

- Assist all Councils to utilise the existing WLASS contracts, AoG contracts and syndicated contracts that are appropriate for each Council, to ensure that opportunities for savings are being maximised; and
- Develop standard regional procurement policies, templates and procedures and provide training in each Council.

This programme of work will be completed in the first half of 2019.

Historic aerial photos

In May 2015, WLASS entered into a Memorandum of Understanding with LINZ to scan the Waikato Historic Aerial Photos archive. The LINZ Crown archive contains over 500,000 historic aerial photo negatives captured by surveys flown over New Zealand between 1936 and 2005. All shareholding Councils are participating in this 4-year project, which includes a subsidy of \$56,000 from LINZ. Scanning is now complete.

Waikato Regional Aerial Photography Service (WRAPS)

WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. So far, there have been five WRAPS contracts, the most recent in 2016, which is scheduled for completion by June 2019. We are considering changing the frequency of coverage to 4-yearly. WRAPS became a WLASS project in December 2014.

Aligned resource consent planning

The toolkit developed last financial year to provide regional consistency and best practice processes in the administration of resource consenting has now been implemented and is being used by nine Councils (Taupo and Otorohanga are not currently participating, and Waikato Regional Council processes different types of resource consents from the territorial local authorities). WLASS controls the documentation on the WLASS website, and the Waikato Resource Consent forum manages the process for making updates and amendments to the templates and documents in the toolkit.

Local government contractor health & safety pre-qualification scheme

The contract with SHE Software to manage the Local Government Health & Safety Contractor Pre-qualification Scheme, which was developed by WLASS, continues to operate well. Twenty Councils and one CCO are now using the scheme with approximately 1,600 contractors registered, which enables them to be pre-qualified to work for any of the participating Councils.

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

Appendix II: Policy Statements

Statement of accounting policies

Reporting entity

Waikato Local Authority Shared Services Limited (“the Company”) is a Company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The company is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002 (LGA), by virtue of the shareholding Councils’ right to appoint the Board of Directors.

The primary objective of the Company is to provide the Waikato region's local authorities with a vehicle to develop shared services that demonstrate a benefit to the ratepayers and provide those services to local authorities.

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes.

Summary of significant accounting policies

Basis of preparation

Financial statements are prepared on the going concern basis, and the accounting policies are applied consistently throughout the period.

Statement of Compliance

Financial statements are prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Financial statements are prepared in accordance with and comply with Tier 2 PBE Standards reduced disclosure regime (RDR). WLASS is eligible to report under the RDR as it:

- is not publicly accountable; and
- has expenses more than \$2 million, but less than \$30 million.

The accounting policies set out below are consistent with the prior year.

Measurement base

The financial statements are prepared on a historical cost basis.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar unless otherwise stated. The functional currency of the Company is New Zealand dollars.

Goods and services tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue (IR) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the cash flow statement.

Commitments and contingencies are disclosed exclusive of GST.

Critical accounting estimates and assumptions

In preparing the financial statements the Company makes estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no areas requiring estimate or assumptions made that are considered to carry a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Revenue

Revenue

Revenue comprises the fair value of the considerations received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts and after eliminating sales within the Company. No provisions have been recorded as all revenue and trade receivables are expected to be received.

Other Revenue

User charges for all activities are recognised when invoiced to the user (i.e. Councils). The recorded revenue is the net amount of the member charges payable for the transaction. Contributions received for projects that were not completed in a financial year are recognised when the Company provides, or is able to provide, the service for which the contribution was charged. Until such time, contributions are recognised as liabilities.

Income tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be

available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, with original maturities of three months or less, and bank overdrafts.

Receivables

Short-term receivables are recorded at the amount due, less any provision for amounts not considered collectable.

Receivables are initially measured at nominal or face value. Receivables are subsequently adjusted for penalties and interest as they are charged and impairment losses. Non-current receivables are measured at the present value of the expected future cash inflows.

Debtors are amounts due from customers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software are recognised as an intangible asset.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer Software	5 to 7 years	14 to 20%
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Other financial assets

Investments in bank deposits are measured at fair value plus transaction costs.

At each balance date the Company assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the income statement.

Payables and deferred revenue

Short-term creditors and other payables are recorded at their face value

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payable approximates their fair value.

Contributions received for projects that were not completed in a financial year are recognised as deferred revenue until the Company provides, or is able to provide, the service for which the contribution was charged.

Reconciliation of equity

Equity is the shareholders interest in WLASS and is measure as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

Contributed equity

Contributed equity is the net asset and liability position at the time the company was formed. The allocation of capital amongst shareholders is explained in this note.

Retained earnings

Retained earnings is the company's accumulated surplus or deficit since formation.