



## **2022 Statement of intent**

**For the year ended 30 June 2023**

Supporting councils to maximise the value they provide to their communities

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This SOI is a public declaration of the activities and intentions of the Council Controlled Organisation, Waikato Local Authority Shared Services Ltd (WLASS). It outlines the nature and scope of the work it will undertake, the Directors' accountabilities to the shareholders for corporate performance and financial forecasts, as required by Schedule 8 of the Local Government Act 2002. This information is provided in relation to the financial years ended 30 June 2022 to 30 June 2024.

## Message from the Chair

These are extraordinary times: a perfect storm of central government driven reforms, global pandemic, inflation, supply chain challenges and unprecedented growth in the region. All place an incredible strain on our shareholding councils. We acknowledge that.

For Co-Lab, the future is exciting but, as for our shareholders, increasingly challenging.

Our challenges are largely two-fold:

- 1) The ability of councils to make staff available to work with Co-Lab in progressing opportunities at a pace that meets councils' expectations; and
- 2) Ensuring that, even though we are small team, we are set up to continue to serve you as seamlessly as possible when our staff are undoubtedly impacted by COVID-19 – something we know councils are addressing also.

On the first of these challenges, last year I spoke of the need for councils to actively support the company if it is to achieve its potential. I spoke of the need for that support to come from the top down and of the importance, in my mind, of council staff giving sufficient priority to the opportunities Co-Lab is working on. I don't resile from those messages. I do recognise that the macro-environment we operate in means that having access to the council resources Co-Lab would like to see is even harder than when I gave those messages last year.

We are seeing the implications of this in practice. Some, but certainly not all, opportunities are taking longer to develop than we would like and what we believe councils need. Our challenge therefore is progressing them, with less-than-ideal resources available, as fast as possible – to meet your expectations. The most striking example of this is the Customer Building Journey priority project. It is a conundrum: building consenting is an area within councils that is hugely constrained by capacity, meaning councils struggle to make staff available to work with Co-Lab on this project. The irony is that the main purposes of the project are to identify and implement changes that will improve the customer experience, and to save council staff time and effort that can then be reinvested into staff training or additional value add services to the industry.

Conversely, we have had great engagement with councils on some of our other priority projects – Shifting Landscapes: Community Needs Analysis (CNA), Customer Digital Enablement and Learning & Development Shared Services (LDSS), are examples of that. And it is the success of those engagements that is cause for excitement over the coming year:

- The LDSS project is in its latter stages. Final proposals have gone to councils and from this project we expect to be able to launch Co-Lab Learning in the second half of 2022. This is a great opportunity to leverage council investment to improve the capability of your staff – we estimate the benefit to be \$2.4m across the region over the first three years.
- We anticipate providing on-going support to councils on the central government reforms through the Shifting Landscapes project, building on the CNA work undertaken late 2021/early 2022.
- We also plan to start providing procurement support services in response to a need identified within some of the smaller councils.

These are all great examples of the value Co-Lab can add by working with councils.

Communication is central to acknowledging and helping address the challenges and ensuring we meet your expectations. My greatest concern is that we “don't go fast enough” and therefore we regularly ‘check in’ with councils on the pace at which opportunities are being developed – we are being told it is about right. More generally we have improved how we communicate with you in recent times and plan to have this as a continued focus. Part of that communication will be conveying our “value-add”. We have already started to do that – councils now receive updates on their relationship with the company and the benefits that flow from it. However, we want to get better at articulating the real value.

As with our shareholding councils, ensuring our staff's safety through the ongoing pandemic will also be front of mind.

We refined our vision late last year:

**“Our councils are maximising the value they provide to their communities”**

The only reference to Co-Lab is acknowledging our relationship to you. That is deliberate, because everything we do is for your benefit – not ours. We are you – and you are us. Our purpose is to support councils in achieving that vision by making it easier to identify and realise shared opportunities. We believe we are fulfilling our purpose – and we want to know if you think we are not.

I want to finish by acknowledging two servants of the company who in the past 12 months have stepped down from the Board. Rob Williams, Gareth Green – my sincere thanks to you both for your time supporting the company. Your wisdom around the board table has been invaluable in successfully steering the company over the past 2 ½ years while it has embarked on its own transformational journey. Beyond that, you have each extended your devotion and efforts by taking up the mantle of project sponsor on one of our priority projects. I have no doubt that your fellow Chief Executives at the councils you represent on the Board, and the Chief Executives across the region generally, share my gratitude towards you both. I wish you all the very best.

Stay safe.

Peter Stubbs  
Chair

## Overview of Co-Lab

Co-Lab<sup>1</sup> is owned in equal portion by the 12 Waikato Local Authorities<sup>2</sup>:

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

The company has two fundamental roles:

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

Our main areas of activity are set out in Appendix I.

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<sup>1</sup> Co-Lab is the newly established trading name of Waikato Local Authority Shared Services Ltd

<sup>2</sup> This is the ownership structure at the time of writing. Taupo District Council will cease to be a shareholder in the coming financial year, and we are having discussions with Western Bay of Plenty District Council, who have expressed interest in becoming a shareholder

## Our vision and the outcomes we are looking for

Our vision, purpose, and the outcomes we are looking for are set out in the company’s performance framework. Our vision is not about Co-Lab as such – it is about the councils we exist to serve. However, if we can achieve the outcomes we are seeking, we can have confidence that we are going a long way to realising our vision.

The vision was modified following the Board’s strategy day in December 2021. The company has also introduced a ‘purpose statement’. While these have changed, the outcomes we seek, and our specific objectives, remain as they have done for the past few years.

Unsurprisingly, we will therefore continue to work to fulfil the two fundamental roles of Co-Lab, noted above.

### Co-Lab’s Performance Framework

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

# Intentions for the coming year

## Focus areas beyond business as usual

Beyond the continuation of our priority projects and ensuring we deliver great services, there are four areas of particular focus for the company in the coming year, with work having commenced on these in the first half of 2022.

### Learning and Development Shared Services

Learning & Development Shared Services is the first of two new service offerings planned. The idea had its genesis in a survey Co-Lab sent to the Councils' People & Capability (P&C) Managers. The purpose of the survey was to identify potential opportunities for us to collaborate with councils to improve outcomes for their people.

Several ideas were identified but the one that resonated most with the P&C Managers was establishing a means of creating common training material and a single platform to access, it to leverage the investment required, and centrally coordinating the delivery of face-to-face training.

'Co-Lab Learning' will save councils on their training costs and perhaps more importantly, will mean that more of what council spend will be on their staff actually receiving training. Across Waikato councils the estimated benefit is \$2.4m over the first three years.

### Procurement Services

In the second half of 2021 we engaged with councils who had expressed interest in having access to specialised procurement support. Most of those councils don't currently have – or need – full-time procurement resource. The opportunity to call on resource as and when required is therefore attractive. A formal proposal is being issued to councils in the first half of 2022, with a view to having the service in place at the start of the 2022-23 financial year.

### Communication and engagement

Over the past 12 months we have increased how we engage with our shareholding councils. This has included extending key messages to council executive teams (not only the Chief Executives), and sharing with councils our "Project Benefit Assessments" – reports which consider whether we achieved the benefits set out in the business cases leading to new services. Coinciding with the change in the company's trading name to "Co-Lab", we have also established a LinkedIn page and will use this as another way of keeping our stakeholders informed of what we are up to. While we think we have done a lot to improve in this area, communication and engagement with our shareholding councils will be an increasing focus of the Co-Lab team in the coming year. Part of that engagement will be working with your P&C Managers to ensure the change impacts of any projects under development are well managed.

### Reporting the value we add

Related to communication and engagement is how we convey the value we provide our shareholding councils. We have always been completely transparent with you. We are an extension to your council's teams and so if we are not meeting expectations then we want to know about it. In 2021 we provided each council with two documents setting out their relationship with the company – what you invested and where, the services you received, the savings you made (for example from joint procurements), and the other qualitative benefits from being in the relationship. We have committed to updating these documents at least six-monthly.

We think this is a great start but don't want to stop there. In the coming year we will be undertaking an internal project to establish robust methodologies for measuring benefits (recognising there will always

be qualitative benefits as well), and use this as the basis for improved reporting on the value you receive from Co-Lab. And if we don't think an area is providing value, and doesn't have a reasonable prospect of doing so, we will stop it.

## **Priority projects**

In the past we have engaged with our shareholding councils each year to help inform what opportunities the company should be focused on. In 2021 we did so again, but more with a view to ensuring that continuing the priority projects from the prior year remained appropriate in the current environment. We want to ensure we are focusing on those things our shareholders have told us can add the most value.

In the face of significant central government reform, we recognised that councils didn't need the prospect of further structural changes and therefore committed in our 2021 Annual Report to restrict the opportunities we would consider to those that didn't involve change of this nature. One of the priority projects identified last year was about the establishment of a GIS Centre of Excellence. This has the potential to involve structural change and we have therefore made the decision to pause the investigation of this opportunity.

That project aside, we will be continuing to develop the priority projects introduced in last year's Statement of Intent.

## **Shifting Landscapes**

We see one of our most important roles at present being to support Waikato councils in addressing the significant central government reforms they face. Shifting Landscapes is the banner under which Co-Lab is doing this. We have already undertaken a significant amount of work with councils: The Community Needs Analysis workstream brings together stories of public sector successes, and failures, in meeting the needs of your communities, to support councils in their engagement with the Panel and other stakeholders involved in the Future for Local Government review. We will continue to work with Council executive teams to identify other ways we can help councils with responding to the review, and the RMA and 3-Water reforms.

## **Customer Digital Enablement**

The Customer Digital Enablement project identified its first initiative, "SR4" – an opportunity for councils to better engage with their communities digitally on sustainability, rubbish, and recycling. Sourcing a supplier to 'build' the product is occurring in the first half of 2022. The coming year should see this product launched.

However, on the journey to selecting SR4 as the first initiative, council staff identified many other opportunities to add value through digital engagement with your communities. From that, a roadmap has been created and Customer Digital Enablement will become an ongoing programme of work.

## **Establishing an Asset Management Centre of Excellence**

We are continuing work on where RATA can build on existing capability and establish an Asset Management Centre of Excellence to provide more value to councils.

## **Customer Building Journey - Building Consent Shared Services**

The Customer Building Journey - Building Consent Shared Services (BCSS) project is a significant project for Co-Lab and offers great potential for the region. The indicative business case presented to the Board estimated quantifiable benefits of ~\$26.8m over 10 years.

We continue to hear of the challenges the sector faces in the region and of the significant pressure council staff face with increasing consent applications. We know there is opportunity to improve in this area. We encourage councils to embrace the change required to do so.

In March 2022 MBIE announced their review of the building consent system. Following this announcement, the Board made the decision to pause the BCSS project until MBIE releases its paper setting out the direction the review will take. This decision is to ensure that we do not duplicate effort. While the project is currently on hold, we have started engaging with MBIE on how we work with them throughout their review to achieve the right outcomes.

### **Regional policy and by-law development**

This opportunity considers the value of having a standard suite of policies across local authorities. It would include benchmarking the existing policies and by-laws and establishing a timetable for review to avoid duplication of effort wherever possible. The opportunity is considered lower priority and will commence once the other opportunities noted above are complete.

### **Future projects**

We will shortly commence our annual review of priority projects. We will be presenting ideas to councils about future opportunities to support them to create value through collaboration and seek their feedback on these. By way of example, discussions with council P&C Managers suggests there would be value in working together on developing a compelling employee value proposition, to help attract and retain talent in an increasingly tight labour market.

## **The critical risk to achieving ~~our~~ your goals**

Co-Lab's vision is deliberately not about the company, but you – our shareholding councils. The company exists to serve and is guided by what our shareholders tell us. That doesn't mean we won't challenge status quo if we think there may be a better way to maximise the value you provide to your communities – that is part of our role as a laboratory for new ideas. However, we only fulfil our purpose if we pursue opportunities that we know councils will take up and capitalise on, even though they involve some change.

So, the critical risk to Co-Lab fulfilling its purpose and your goals is the willingness and capacity of council staff to help us do so.






The current macro environment emphasises a need for change – the pressure councils are under is unsustainable. Helpfully, COVID-19 won't be with us forever – but it will be with us for a while longer yet and continues to place additional burden on council staff. COVID-19 aside, central government's reform programme will continue for the foreseeable future, as will growth in our communities.

We understand these macro-events mean capacity to devote resource to opportunity development becomes harder. We therefore accept that means Co-Lab's work will take longer than we would like. However, we continue to encourage councils to find a means of making opportunity development – to solve today's problems – a priority. Most of Co-Lab's priority projects have 'freeing up' council capacity as one of their benefits: the Customer Building Journey project has that as its main focus. On the face of it, that suggests these projects have the potential for immense value to councils, if they are allowed. To coin a phrase – "short-term pain for long-term gain".



## Performance measures

How we intend to measure our performance remains the same.

Priority	Performance measure	Target
<p>Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives</p> <p><b>Link to outcomes in the performance framework</b></p> 	<ul style="list-style-type: none"> <li>➤ Business cases will include measurable benefits linked to one or more of the outcomes sought</li> <li>➤ Businesses cases are supported by councils (evidenced by take up of the opportunity)</li> </ul>	<p>Projected savings/increased revenue to councils of at least \$300k</p> <p>75% of councils</p>
<p>Develop opportunities and deliver projects within agreed budgets and timelines</p> <p><b>Link to outcomes in the performance framework</b></p> 	<ul style="list-style-type: none"> <li>➤ Opportunities / projects are developed / delivered within agreed timelines</li> <li>➤ Opportunities / projects are developed / delivered, within approved budget</li> <li>➤ Overall, Company Management / Support functions will be undertaken within budget, unless additional expenditure has board pre-approval</li> </ul>	<p>80%</p> <p>90%</p>
<p>Ensure projects realise their expected benefits</p> <p><b>Link to outcomes in the performance framework</b></p> 	<ul style="list-style-type: none"> <li>➤ Measurable benefits are actively monitored and reported against</li> <li>➤ Audit &amp; Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)</li> </ul>	<p>Six-monthly</p> <p>For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Assessment within 15 months 90% of projected quantifiable benefits are realised</p>
<p>Ensure existing services are meeting the needs of councils</p> <p><b>Link to outcomes in the performance framework</b></p> 	<ul style="list-style-type: none"> <li>➤ The services we provide are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey):</li> </ul>	<p>80% of councils</p>
<p>Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice</p> <p><b>Link to outcomes in the performance framework</b></p> 	<ul style="list-style-type: none"> <li>➤ Across these groups, ideas for future consideration and/or initiatives are identified each year</li> </ul>	<p>Four per annum</p>

- 1 Budgets and timelines for opportunity development will be those established following discovery and/or opportunity assessment. A business case will refine these parameters with respect to project delivery.
- 2 Time and cost targets for the development of opportunities and delivery of projects have been initially set based on what, in practical terms, are considered stretch goals, but achievable. However, we aspire to *always* better, or at least meet, timetables and budgets.

## Transparency and reporting to councils

The company will continue to 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 Statements of Financial Performance, Financial Position, and Cashflows and commentary on service performance including an assessment of progress against performance measures; 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, Statement of Cashflows and commentary on service performance.

## Governance arrangements

Co-Lab conducts itself in accordance with its constitution, its annual Statement of Intent, the provisions of the LGA and Co-Lab policies.

The Board is made up of five council representative directors and an independent Chair. There is also a standing Audit & Risk Committee.

The current Directors of WLASS are:

Director	Representing
Peter Stubbs	Independent Chair
Chris McLay	Waikato Regional Council
Lance Vervoort	Hamilton City Council
Ben Smit	Ōtorohanga, Rotorua, Taupo, South Waikato and Waitomo District Councils
Gavin Ion	Waikato and Waipa District Councils
Don McLeod	Hauraki, Matamata-Piako and Thames-Coromandel District

Peter Stubbs' appointment as Independent Chair has been renewed for a further three years from 1 July 2022.

The independent Chair of Co-Lab receives 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.

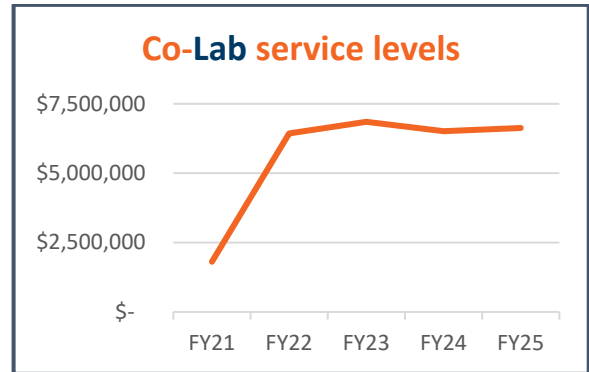
# Financials

## Overview

**Note: The financial forecasts included in this Statement of Intent reflect status quo and do not have regard to the potential impact of central government reforms.**

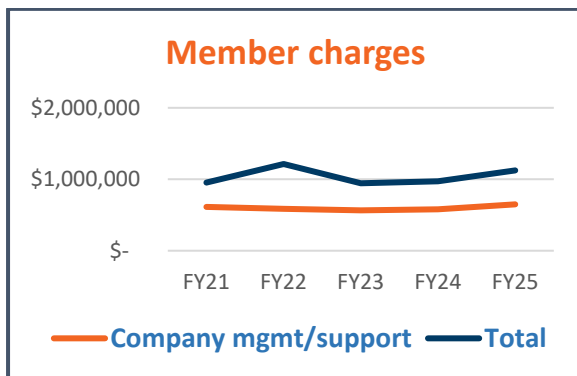
### Service levels

Revenue from service levels significantly increases in the 2022 financial year (FY), being the first full year of activity for Co-Lab Water Services. There is a further increase in FY23 with the planned launch of Co-Lab Learning and procurement support services.



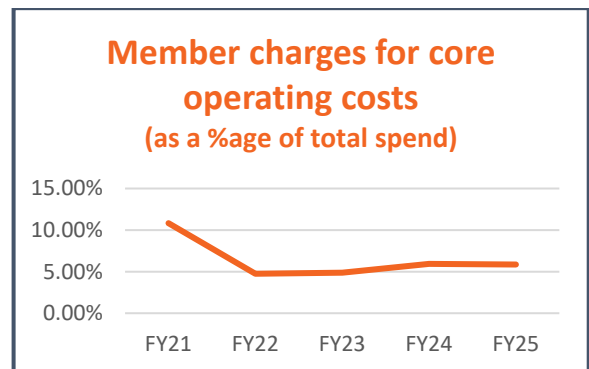
### Member charges

Member charges are expected to remain flat throughout the forecast period.



Member charges to meet core operating costs (company management / support) remain largely flat throughout the forecast period (averaging ~5.1% of total expenditure). The drop from FY21 to FY22 reflects the new Co-Lab Water Services offering.

While this offering increased the overall size of the company by revenue, it did not require a corresponding increase in company management. As we continue to gain momentum and bring new services on-line, we expect to see member charges continue to fall in percentage terms.




## Statement of Financial Performance


Co-Lab Company Summary for the forecast financial years ended 30 June 2023-2025		2021 SOI		2022 SOI		
		Budget 2021/22	Forecasted 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
<b>Income</b>						
Company Management / Support	1,391,159	1,342,664	870,000	894,150	918,575	
Working parties   projects	716,183	826,450	753,352	594,220	666,004	
RITS	27,000	27,000	27,000	27,810	28,644	
Information Technology	772,462	861,302	398,201	28,596	28,996	
Energy Management	128,000	128,000	123,690	127,401	131,223	
Shared Valuation Data Service (SVDS)	388,115	388,112	414,292	426,206	438,992	
Road Asset Technical Accord (RATA)	2,231,000	2,235,611	2,015,899	1,644,972	1,586,454	
Waikato Regional Transport Model (WRTM)	1,594,706	1,116,701	1,757,951	761,792	1,803,682	
Waikato Building Consent Group	667,083	403,500	373,663	382,879	464,193	
Waikato Mayoral Forum	5,000	5,000	5,000	5,000	5,000	
Water Collaboration	752,500	540,000	685,092	646,588	663,379	
Co-Lab Water Services	3,327,113	3,056,632	3,373,353	3,412,517	3,514,893	
Co-Lab Learning	0	0	489,236	503,913	519,030	
Procurement	0	0	268,600	276,658	284,958	
Geospatial	0	-	64,623	65,270	66,920	
<b>Total Income</b>	<b>12,000,321</b>	<b>10,930,972</b>	<b>11,619,952</b>	<b>9,797,973</b>	<b>11,120,943</b>	
<b>Operating Expenditure</b>						
Company Management / Support	1,534,552	1,384,427	1,203,186	1,243,560	1,281,013	
Working parties   projects	979,195	957,510	753,352	594,219	666,004	
RITS	27,000	27,000	27,000	27,810	28,644	
Information Technology	847,833	832,804	395,455	24,696	25,042	
Energy Management	127,900	126,679	123,690	127,401	131,223	
Shared Valuation Data Service (SVDS)	351,195	281,345	325,893	335,670	345,740	
Road Asset Technical Accord (RATA)	2,231,000	2,237,015	2,011,040	1,640,541	1,581,890	
Waikato Regional Transport Model (WRTM)	1,594,706	1,102,118	1,757,951	761,792	1,803,682	
Waikato Building Consent Group	617,083	391,168	373,663	382,879	464,193	
Waikato Mayoral Forum	5,000	3,333	5,000	5,000	5,000	
Water Collaboration	752,500	540,000	682,150	644,074	660,789	
Co-Lab Water Services	3,268,219	2,973,351	3,134,485	3,177,655	3,272,985	
Co-Lab Learning	0	0	444,760	458,103	471,846	
Procurement	0	0	268,600	276,658	284,958	
Geospatial	0	-	65,123	65,556	67,215	
<b>Total operating expenditure</b>	<b>12,336,183</b>	<b>10,856,749</b>	<b>11,571,349</b>	<b>9,765,616</b>	<b>11,090,224</b>	
<b>Earnings before interest, tax and depreciation/ amortisation (EBITDA)</b>	<b>(335,862)</b>	<b>74,222</b>	<b>48,603</b>	<b>32,357</b>	<b>30,719</b>	
<b>Depreciation / amortisation</b>						
Company Management / Support	5,471	9,068	31,554	31,554	31,554	
WBCG	0	405	-	-	-	
WRTM	14,583	14,583	14,583	-	-	
<b>Total Depreciation / amortisation</b>	<b>20,054</b>	<b>24,056</b>	<b>46,137</b>	<b>31,554</b>	<b>31,554</b>	
<b>Net Surplus (Deficit) before tax</b>	<b>(355,915)</b>	<b>50,166</b>	<b>2,466</b>	<b>803</b>	<b>(835)</b>	

We are budgeting a small profit in FY23 and breakeven positions for the remainder of the forecast period.

## Statement of Financial Position

Co-Lab Financial Position for the forecast financial years ended 30 June 2022-2024					
	Budget 2021/22	Forecasted 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
<b>CAPITAL</b>					
Shares - SVDS	1,607,001	1,607,001	1,607,001	1,607,001	1,607,001
Shares - WRTM	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Retained Earnings	(2,418,218)	(1,517,199)	(1,467,033)	(1,464,567)	(1,463,764)
Plus Current Year Operating Surplus/(Deficit)	(355,915)	50,166	2,466	803	(835)
<b>TOTAL CAPITAL FUNDS</b>	<b>182,868</b>	<b>1,489,968</b>	<b>1,492,434</b>	<b>1,493,237</b>	<b>1,492,402</b>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Prepayments	178,900	134,000	134,000	138,020	142,161
Accounts Receivable	310,270	546,549	580,998	489,899	556,047
Bank	1,080,452	2,860,008	2,164,346	1,774,955	1,639,844
GST Receivable / (Payable)	124,224	(195,267)	5,097	5,955	7,046
<b>TOTAL CURRENT ASSETS</b>	<b>1,693,846</b>	<b>3,345,289</b>	<b>2,884,441</b>	<b>2,408,829</b>	<b>2,345,099</b>
<b>NON-CURRENT ASSETS</b>					
SVDS - Intangible Asset	0	0	0	0	0
WRTM - Intangible Asset	2,296,855	2,296,855	2,296,855	2,296,855	2,296,855
MoneyWorks Software	1,195	1,195	1,195	1,195	1,195
Accumulated Depreciation	(2,283,467)	(2,283,467)	(2,298,050)	(2,298,050)	(2,298,050)
IT Equipment & Office Furniture	19,000	92,469	150,132	150,132	150,132
Accumulated Depreciation - IT equipment & Office Furniture	(9,992)	(34,043)	(41,546)	(73,100)	(104,654)
<b>TOTAL NON-CURRENT ASSETS</b>	<b>23,591</b>	<b>73,010</b>	<b>108,586</b>	<b>77,032</b>	<b>45,478</b>
<b>TOTAL ASSETS</b>	<b>1,717,438</b>	<b>3,418,299</b>	<b>2,993,028</b>	<b>2,485,861</b>	<b>2,390,577</b>
<b>LESS CURRENT LIABILITIES</b>					
Accounts Payable	1,451,670	1,848,330	1,415,383	902,141	806,150
Accounts Payable Accrual	35,000	35,000	32,173	33,138	34,132
Employee Benefits	47,900	45,000	53,038	57,345	57,893
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,534,570</b>	<b>1,928,330</b>	<b>1,500,594</b>	<b>992,624</b>	<b>898,175</b>
<b>NET ASSETS</b>	<b>182,868</b>	<b>1,489,969</b>	<b>1,492,434</b>	<b>1,493,237</b>	<b>1,492,402</b>

## Statement of Cashflows

Co-Lab					
Statement of Cashflows		BETTER TOGETHER			
for the forecast financial years ended 30 June 2022-2024					
	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	
<b>Cashflows from Operating Activities</b>					
Interest Received	500	2,000	2,060	2,122	
Receipts from Other Revenue	11,937,767	11,583,503	9,887,012	11,052,672	
Payments to Suppliers	(11,183,608)	(11,999,086)	(10,277,605)	(11,188,813)	
Taxes Paid	0	0	0	0	
Goods & Services tax (net)	(94,596)	(200,365)	(858)	(1,091)	
<b>Net cash from operating activities</b>	<b>660,063</b>	<b>(613,947)</b>	<b>(389,392)</b>	<b>(135,110)</b>	
<b>Cashflows from Investing Activities</b>					
Capital enhancements	0	0	0	0	
Purchase of PPE	(13,408)	(81,714)	0	0	
Purchase of investments	0	0	0	0	
<b>Net cash from investing activities</b>	<b>(13,408)</b>	<b>(81,714)</b>	<b>0</b>	<b>0</b>	
<b>Net increase in cash, cash equivalents and bank accounts</b>					
	646,655	(695,661)	(389,392)	(135,110)	
Opening cash and cash equivalents and bank overdrafts	433,797	2,860,008	2,164,346	1,774,955	
<b>Closing cash, cash equivalents and bank accounts</b>	<b>1,080,452</b>	<b>2,164,346</b>	<b>1,774,955</b>	<b>1,639,844</b>	
<b>Summary of Bank Accounts</b>					
BNZ - Call a/c	1,080,452	2,164,346	1,774,955	1,639,844	
<b>Closing Balance of Bank</b>	<b>1,080,452</b>	<b>2,164,346</b>	<b>1,774,955</b>	<b>1,639,844</b>	

## Appendix I: What we do - current activities

The principal initiatives operating under the Co-Lab umbrella are:

- Co-Lab Water Services (CWS)
- Co-Lab RATA
- Energy management
- Health & safety pre-qualification
- Joint procurement initiatives
- LiDAR
- Regional Infrastructure Technical Specifications
- Shared Valuation Data Services (SVDS)
- Waikato Building Consent Group (WBCG)
- Waikato Geospatial Services: the Waikato Data Portal and Waikato One View
- Waikato Regional Aerial Photography Service (WRAPS)
- Waikato Regional Infrastructure Procurement (WRIP)
- Waikato Regional Transportation Model (WRTM)

### Co-Lab Water Services (CWS)

Co-Lab Water Services are now providing one or more services to 9 Councils. These services are:

- **Sampling & Analysis** services to support the operation of three waters networks, treatment plants and Drinking Water Standards;
- **Trade Waste** management activities including assessing new applications, monitoring/auditing and providing invoicing data to Councils; and
- **Smart Water** drinking water education programmes to early childhood facilities and schools, commercial customers and the wider community.

Hamilton City Council employs CWS staff who are then contracted to provide services to Co-Lab.

### Co-Lab RATA

RATA was initially established as a centre of excellence for road asset planning in 2014. Waipa District Council employs RATA staff who are then contracted to provide services to WLASS.

The original aim of RATA was to achieve best practice in road asset management by improving capability, capacity and outcomes through effective collaboration.

The second half of 2021 saw the review of RATA's purpose, objectives and KPIs under the guidance of the RATA Advisory Group, and subsequently tested with council roading and water asset managers at an online RATA Forum. The updated RATA Purpose is to provide *"Good practice asset management to improve wellbeing of communities"*. Three updated objectives have been established:

- Alignment of asset management principles through COLLABORATION
- QUALITY OF DATA is trusted and is able to increase confidence in decision making by partner councils
- Increase SKILL and capability of partner council staff members.

Socialising these changes with council partners has indicated that Quality of Data is the most important of the RATA objectives. The RATA, Purpose, Objectives and KPIs have been established through a lens of both roading and waters.

The remainder of FY20/21 and FY22/23 will see the bedding in of these updated objectives together with new performance KPIs in partnership with member councils, as well as incorporating these principles into the renewed collaborative professional service contracts for Structure Asset Management Services (currently the bridge inspection professional service contracts).

Data collection and management activities will continue as before, assisting partner councils with management and support of their roading and waters asset management systems, and data cleansing activities. Knowledge sharing is planned to continue with the well supported RATA asset management forums across and beyond the Waikato. Strategic collaborations with REG, IPWEA and others will also continue, with RATA contributing to working and steering groups for the development and implementation of tools and initiatives aimed at improving asset management practice for our councils and nationally.

Key projects such as the Water Asset Data Quality Dashboard will continue, expanding and improving as the dashboard evolves. DATA collection collaborative contracts are nearing their final year and procurement activities will commence in mid 2022 for replacement contracts, looking to incorporate lessons learned from the current contracts and make improvements for our councils.

### **Energy management**

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

From 1 July 2019 a new energy and carbon management programme was entered into between WLASS and the nine participating councils. In the past 12 months there has been a shift in focus within the programme so that it now includes climate change initiatives.

The programme is currently being reviewed and a new programme of work presented to councils for implementation from 1 July 2022.

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

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

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

### **Joint procurement initiatives**

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

The most significant suite of contracts comprises the Professional Services Panel (PSP), involving eight councils and upwards of 150 suppliers. The current panel arrangement was established in August 2019. The PSP was reviewed by council Procurement Managers and Co-Lab in the second half of 2021 to assess how it was operating. Significant value is being realised by councils and the contractors – in time saved on procurement activity, and the cost of engagements. The review did identify areas for improvement and these will be progressed as projects in the first half of 2022.

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



## **LiDAR**

WLASS is managing a project to create highly detailed 3D maps and models of the Waikato landscape using LiDAR (Light Detection and Ranging) technology. The project's start was delayed with Covid-19. However, flying commenced in January 2021. The project involves funding from ten councils plus several commercial companies and the Provincial Growth Fund (via LINZ). The project is expected to conclude with delivery of the final data sets is expected in FY23.

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

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

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

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

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

## **Waikato Building Consent Group (WBCG)**

The WBCG was initially set up by five Waikato local authorities in 2004 to foster co-operation, collaboration and consistency in building functions, legislative interpretation and process documentation across the partnering councils. The activity transferred to WLASS on 1 July 2016 and now comprises eight councils.

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

The Quality Manual underpinning each councils' processes and policies regarding compliance with BCA accreditation regulations was redesigned and implemented with each participating member.

Research and evaluation was completed on the accreditation assessment regime to assist councils with a submission to MBIE on proposed changes to the regime in order to increase value and ensure quality assurance practices aligns with the outcome of healthy and safe buildings.

Development opportunity was presented to the group on the integration of virtual inspections into their practices to free up capacity with critical staff.

## **Waikato Geospatial Services**

Co-Lab hosts geospatial tools on behalf of the councils. The Waikato Data Portal is a platform through which councils make their geospatial datasets available to the public. Waikato One View brings data sets together from multiple councils and through a web map viewer allows the public to see key spatial information across the region.

## **Waikato Regional Aerial Photography Service (WRAPS)**

WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. Photographs are captured periodically (~every 5 years). Most recently contracts

were executed in December 2020 to undertake the latest programme, and urban photography was delivered in the second half of 2021.

### **Waikato Regional Infrastructure Procurement (WRIP)**

WRIP is focussed on encouraging collaboration between councils for a regional, strategic approach to procurement and delivery of infrastructure and associated services. Councils have well-established contracts for roads and three waters, so WRIP is initially focusing on specialist contractors that fall outside these contracts. WRIP is undertaking three joint procurements: the renewal of two RATA contracts for bridge inspections and other services, the establishment of a new contract for video inspection and condition analysis of waste and drinking water pipes, and structural bridge maintenance and minor upgrades. Joint procurement can bring contract savings through economies of scale, but also has the benefits of administrative savings, cost certainty, cost visibility, efficiency, standardisation, and consistent supplier performance and risk management.

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

The WRTM became fully operational in February 2010. It provides accurate information to councils and to external users 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 Waka Kotahi.

The WRTM is entering an exciting new phase of expansion and improvement. The recently completed business case has set in motion a 9 year programme targeting more fit-for-purpose modelling tools for our region, leading to better informed decision-making for our infrastructure leaders. This future has a suite of complimentary tools rather than the current one-model-to-rule-them-all approach.

The current WRTM is subject to an improvement and update programme incorporating updated census information to create future planning scenarios for the Waikato. In parallel, procurement activities will commence in 2022 for a new Hamilton Transportation Model – a meso model covering the Hamilton metropolitan area and specifically designed to respond to the more detailed urban growth pressures experienced in one of our country's fastest growing metros.

## 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 objectives of the Company are to:

- Develop opportunities that benefit the Waikato region's local authorities; and
- Act as a vehicle to deliver value-added services to those 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, other than the inclusion of policy:

- on operating leases, related to the lease of commercial premises;
- employees; and
- property, plant and equipment.

#### 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.

#### **Intangible assets**

##### **Useful lives and residual values**

At each balance date the Company reviews the useful lives and residual values of its intangible assets. Assessing the appropriateness of useful life and residual value estimates of intangible assets requires the Company to consider a number of factors such as the expected period of use of the asset by the Company and expected disposal proceeds from the future sale of the future sale of the asset.

An incorrect estimate of the useful life of residual value will impact the amortisation expense recognised in the income statement and carrying amount of the asset in the balance sheet. The Company minimises the risk of this estimation uncertainty by reviewing that the asset technology is still relevant and there is no alternative options to recreate the asset at a lower price.

##### **Impairment of intangible assets**

Intangible assets measure 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 assets carrying amount exceeds its recoverable amount. The recoverable amount is higher of an assets 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 deficit.

### **Revenue**

#### **Revenue**

Revenue comprises the fair value of the considerations received or receivable for the sale of goods and services, excluding GST, 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**

Member 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.

## Operating expenses

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

## Personnel costs

Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

## 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.

## 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.

## 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.

### **Intangible assets 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.

### **Employee benefits liabilities**

#### Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These includes salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

#### Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

### **Reconciliation of equity**

Equity is the shareholders interest in WLASS and is measured 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.