



Better together

Annual report 2020

Waikato councils are working together in the best way possible, for the collective benefit of them and their communities - which means less burden on ratepayers, happier communities and council staff and more effective councils

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Chair & CEO report

2020 will not be a year any of us forget anytime soon. While the company has been able to continue with little direct impact from Covid-19, we recognise the significant pressure the pandemic has placed on our shareholders. We are grateful for their continued support. We believe that pressure only serves to reinforce the need for councils to use WLASS to work together in the best way possible to achieve greater value for ratepayers. Our Waikato communities will expect it – they too are feeling the pain.

Transformation of the company to a service delivery agent and strategic partner to its shareholding councils has steered the activity of the company during the year. The structural changes to that transformation have been bedded in with a smaller Board in place, chaired by an independent director.

During 2019 we consulted with shareholders to identify a long list of ideas and in the second half of the year the board approved, as priority projects, the development of some of these. The prioritised ideas are all driven by the outcomes we are seeking:

- Reducing council costs, or improving performance without increasing cost;
- Improving the experiences councils' communities have with the councils;
- Increasing central government's investment into, and engagement with, Waikato.

The board is committed to progressing opportunities as hard and as fast as possible. With the support of our shareholders, this has seen significant progress during the year across several initiatives:

- The project to consider how infrastructure procurement could be coordinated regionally was completed. An outcome from that project will be the appointment of a strategic procurement role to work with councils' procurement and contract delivery managers;
- From the prioritised ideas referred to earlier, we commenced work looking at how building consent services could be improved. We also looked at how the existing Shared Services Partnership, which provides water-related services to three of our shareholders, could be integrated into the company and the offering extended to others;
- The board approved expanding RATA to include water services and a Waters Lead Manager has been appointed;
- The business case to progress Waikato OneView was approved. That project commenced on 1 July 2020 and looks at establishing Waikato-wide geospatial data sets and a simple way for customers to view that data; and
- A new professional services panel was established, involving more than 150 suppliers and eight councils.

Our success this year is in no small part due to the support of our shareholding councils. As a small team it is critical that we can leverage resources from within the councils to help progress initiatives. While we have always done so, this year we took this further, offering secondment opportunities to council staff to get involved in WLASS projects. This allows WLASS to consider more opportunities, and progress those more quickly than it otherwise could. For councils and their staff, it provides a great opportunity for staff development. The feedback we have received on this approach has been positive.

As a small team it is also critical that we focus only on those areas where we can add the most value. We have reviewed where we believe we do not do this. From that review, the board agreed, with support from participating councils, to cease our involvement with the Future Proof and Waikato Plan initiatives.

We have improved our performance reporting framework. This framework, and the new performance measures, better align with the outcomes we are looking for.

Financially, WLASS remains in a strong position. While there was a deficit before tax of \$341k, this was in line with budget. Cash reserves are \$1.1m and equity, \$942k. Of the cash reserves, ~\$800k relates to Future Proof and Waikato Plan and has since been be paid across to Waikato Regional Council who are now administering these initiatives.

We would like to take this opportunity to thank Dawn Inglis. Dawn has been the RATA Manager since the unit's inception in 2015. She has been instrumental in the development of the services WLASS offers in this area and has shown great leadership of what is the largest part of our team. Dawn accepted a role within Waipa DC and remains a key stakeholder for WLASS. Dawn, we wish you all the very best.

The year ahead will continue to be challenging for our shareholding councils: Covid-19, water reforms and changes to the RMA confront you. We, also, will continue to challenge you, to help you reduce costs, improve performance and create happier staff and communities.



Peter Stubbs
WLASS Chair



Kelvin French
Chief Executive



WLASS outcomes & objectives

We want to ensure that Waikato councils are working together the best way possible, for the collective benefit of them and their communities. We want to do this because we believe it is the right thing to do for Waikato. If we achieve this, it will mean a relatively lesser burden on ratepayers, happier communities and council staff and more impactful councils.

Given the evolution of the company, during the year we revisited how we will measure success. This is encapsulated in a new performance framework below.

Our vision	Waikato councils are working together in the best way possible, for the collective benefit of them and their communities - which means less burden on ratepayers, happier communities and council staff and more effective councils.					
Outcomes we are seeking	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 is increased	
Our specific objectives	<ul style="list-style-type: none"> ➢ Achieve effectiveness and efficiency gains ➢ Reduce duplication of effort and eliminate waste through repetition ➢ Helping the councils achieve an appropriate balance in risk and return 		<ul style="list-style-type: none"> ➢ Promote and contribute to the development of best practice ➢ Make it easier for communities to engage with councils in the Waikato region on a consistent basis ➢ Promote business transformation to improve communities' experiences 		<ul style="list-style-type: none"> ➢ 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 	
Priorities: How we will achieve our outcomes	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	
What we must manage well	Our relationships	Our services	Our projects	Our people	Our resources	Our reputation

While the assessment of our performance in this annual report is considered against the previous measures, these have been refreshed. The new measures, which are set out in the 2020 Statement of Intent, directly link to, and will provide a better gauge of how we are progressing toward, the outcomes we seek.

WLASS achievements

The WLASS transformation project

Structural changes

The WLASS transformation project has been well advanced during the year. This is the first year the company has operated under the governance of a smaller Board, with an independent Chair. This

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was the last structural change as part of the transformation, following employment of a small core team in the previous year.

Opportunity development

Management consulted with shareholding councils to establish a long list of ideas. The feedback received culminated in a recommendation that several of these should be the focus of WLASS' effort, having regard to the outcomes we are seeking for our shareholders and their communities. In line with that recommendation, late last year the board approved five priority projects to develop those ideas. Ultimately, well founded business cases are critical to councils taking up the recommendations flowing from them. Therefore, a robust 'opportunity development' process has been established with Stop|Go points along the way. This allows ideas to progress in a considered way and to ensure that ideas that do not warrant further consideration are stopped early on.

How those opportunities are developed has also changed. While WLASS, as a small company, has always relied on council staff, this year the company started seconding council staff to lead the opportunity development. This approach provides a greater level of committed resource to the company to allow projects to progress as hard and as fast as possible. It also provides a great opportunity for council staff development by being involved in a region-wide project and having exposure to different people and different ways of thinking.

A focus on value

When considering which projects should be a focus for WLASS, the company also considered where it was currently providing services that either did not help achieve the outcomes we were seeking or did not add value. Following that review, the Board, with support of the participating councils, agreed to cease its involvement with the Future Proof and Waikato Plan initiatives. The company's role with these initiatives, which was limited to contract management and financial administration support, has passed to Waikato Regional Council.

Priority project: Building consent shared services (including L&D and HR support)

The issue and monitoring of building consents is a critical function of councils. It is also an area where councils do not always receive great feedback. This project considers how this function can be delivered in the most efficient way, and in a way that improves the customer experience. During the year, the Board approved progressing development of the opportunity to the second phase. That phase commenced on 1 July 2020.

Priority project: Water Shared Services integration

Currently, Hamilton City, Waikato District and Waipa District Councils are party to an agreement under which Hamilton City host a business unit delivering trade waste management, water sampling and analysis and "Smart Waters" services to these councils. The project is to explore whether the existing service could be integrated into WLASS and the services offered to other councils in the region. In April, the board approved progressing this project to business case.

Priority project: Coordinated Infrastructure Procurement (CIP)

The CIP project was completed during the year. The objectives of the project were to:

- Consider opportunities to create savings by being 'smarter' at scheduling infrastructure work;
- Minimise situations where councils are competing for the same suppliers;
- Provide suppliers with scale and consistency of activity, giving them greater confidence to invest in staff and equipment and improve economic activity; and
- Improve councils' ability to budget for and deliver on their capital works programmes.

Several opportunities were identified. To crystallise the benefits the Board approved appointing a senior procurement manager focused solely on infrastructure procurement and how the councils could work together to deliver their infrastructure programmes. Recruitment is underway.

Waikato OneView

In November 2019, the Board approved the business case to establish “Waikato OneView”. Waikato OneView is the next phase of developing a regional geospatial service and follows the successful launch of the WLASS Waikato Data Portal (WDP) in the first half of 2019.

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

For the councils, a key investment objective is to increase the visibility and accessibility of data with the resulting benefit of improved ability to report across council boundaries. Other objectives include reducing the number of enquiries of council staff (because users can self-serve), and the cost-benefit of collective buying power. The project launched in July 2020.

Regional Asset Technical Accord (“RATA”)

Waters collaboration

The latter half of the 2019/20 financial year saw progress towards water reform with the establishment of a new Crown agency, Taumata Arowai, as the regulator who will administer and enforce the new drinking water regulatory system (from July 2020). WLASS’s business unit, RATA, expanded into water-related services in the latter half of 2019 in response to the expected changes, with Rachael Casey appointed as the RATA Water Collaboration Lead in March 2020.

A Water Business Plan has been developed to deliver on the strategy underpinning the Waters Collaboration Business Case (approved in July 2019). From surveying councils’ Asset Managers, we have developed a range of potential activities and priorities to establish an indicative forward works programme through to 2023.

The Kahorekau Rural Water Supply Upgrade commenced. This is an upgrade of a rural water supply scheme in Otorohanga. The project will pilot an upgrade to meet the new drinking water standards, with an output being a framework to work with DIA to ensure future compliance for similar schemes across the Waikato region.

Data collection

The end of the financial year was targeted to be a milestone with the delivery of the high-speed data for pavement condition across the region. The adopted multi-year data collection strategy manages the collection of traffic counts, high speed laser surveys, pavement impact testing (for residual strength), and visual pavement surveys. The milestone in question is the completion of the high-speed data component where the full road network was to be completed in advance of a one-year break. Unfortunately, COVID-19 restricted access to the road network meaning that, while a large proportion of the data collection was completed, for four councils data collection is now delayed to the new financial year.

Staff changes

After being at the helm since RATA's inception, Dawn Inglis stepped down as RATA Manager in October last year. WLASS is grateful to Dawn for the tremendous amount of work she has done for the company in developing the business unit from its inception in 2015, into a nationally recognised model.

Two new staff members have joined the team in the final half of the year. Shaun Lion-Cachet commenced as the new RATA Manager from January and as noted earlier, Rachael Casey commenced as the Water Collaboration Lead in March. Further staff appointments will be made in the new financial year, including a new Transport Collaboration Lead and a new Water Asset Information Engineer.

Waikato Regional Transport Model ("WRTM")

Development of the business case to upgrade the WRTM is underway. We will be working with the NZTA to determine their level of funding for the new WRTM. It is anticipated that the future WRTM will comprise a suite of models – a strategic model component covering the Waikato region and one or more meso model components representing the high growth areas to a higher level of detail.

LiDAR

In February 2019, the Board approved the procurement of a regional Light Detection and Ranging (LiDAR) data set as part of a Land Information NZ nation-wide initiative. That initiative is supported by funding from the Provincial Growth Fund and additional third-party partners. LiDAR is essential to decisions involving the physical world. It helps to drive regional economic growth and spur new investment across the region by enabling councils and businesses to more efficiently plan and develop housing, road and water infrastructure, as well as better prepare for hazards such as flooding, landslides and erosion.

During the year WLASS engaged ixBlue to undertake the work. While we had hoped that some data would be captured before the end of the last flying season, the lockdown in response to Covid-19 prevented this from occurring.

Waikato Building Consent Group

For the first six months of the 2019/20 financial year the WBCG had been limited in its ability to make progress. It was constrained by a lack of resource while a replacement manager was found. The last six months of the year saw the recruitment of the new Strategic Development Manager, Natalie Allam, and a Quality Assurance Coordinator. These appointments allowed for the delivery of the discovery work for the Building Consent Shared Services (BCSS) priority project referred to earlier. It also enabled the transition of IQP and Producer Statement registers from HCC to WLASS, with effect from 1 July 2020.

The coming financial year will require a review of the WBCG's strategic plan in light of the outcomes of the BCSS project.

Health & Safety pre-qualification

SHE Software (SHE) is engaged by WLASS to provide health & safety pre-qualification services to Waikato councils. During the period WLASS, council staff and SHE worked together to complete a review of the pre-qualification question set and to make that tool on-line. The tool went live in early December and is expected to make the pre-qualification process significantly easier to complete for councils' contractors.

Procurement - Professional services panel

A new Professional Services Panel (PSP) was established from 1 August 2019. The panel is significantly expanded from the previous arrangement, involving more than three times the suppliers and eight councils (previously four). The principle purpose of establishing the panel is to provide value to councils in two key ways:

- Securing discounted rates from consultants; and
- Eliminating the time, cost and effort otherwise required of councils to procure services for each piece of work.

Shared Valuation Data System ("SVDS")

The SVDS system was replaced by a Software as a Service arrangement with Cubetec. Participating councils were migrated to the new platform by the end of April. The previous SVDS system has been decommissioned. The project to replace the system has been a success: the expected reduction in operating costs is being achieved and significant capital costs to replace SVDS on a broadly like-for-like basis were avoided.

Covid-19 has had some negative impact on the level of bulk data sales, reflected in the revenue generated for the year.

Future proof

Future Proof's key areas of focus over the past 12 months have been:

- Developing and implementing the Hamilton to Auckland Corridor Plan;
- Establishing and maintaining key relationships with central and local government, iwi and major developers in the sub-region; and
- Lodging submissions advocating Future Proof's position.

The Hamilton to Auckland Corridor Plan is now in implementation phase. Future Proof has been heavily involved in the Hamilton-Waikato Metro Spatial Plan and the Sub-Regional Three Waters Study. The Future Proof Implementation Advisor and Independent Chair have been key conduits between the partners and groups.

Future Proof has commissioned two technical reports including a sub-regional industrial land study and housing preference study. These reports will provide a valuable evidence base for the Future Proof councils.

Future Proof has also lodged numerous submissions over the past 12 months, including the NPS-UD, NPS-Highly Productive Land, Waikato 2070, GPS on Land Transport, Ohinewai rezonings, RMA Issues and Options paper, Cambridge Wastewater Treatment Plant consents, Action for Healthy Waterways, Arataki, Urban Development Bill, NZ Rail Plan.

Energy management

Following the previous successful collaborative arrangement with the EECA, from 1 July last year WLASS and councils entered a new energy and carbon management programme. The programme aims at:

- 1) Extending the programme scope to include tariff validation, monitoring and reporting of all electricity and gas connections with carbon emissions reporting;
- 2) Increasing the skills and capability within councils;
- 3) Improving the visibility of energy-saving possibilities within and across councils; and
- 4) Extending the programme to include a focus on carbon mitigation and carbon reporting.

While council engagement on elective work has been slower than we would have liked, this has improved in recent months. Work that is being undertaken at the moment has generally focused on establishing a carbon inventory for a council.

By the numbers

Summary financial results for the year:

	2020 (000s)	2019 (000s)	Change
Total income	5,328	4,513	18%
Net surplus before tax	(341)	253	
Cash on hand	1,127	1,460	(23%)

The net deficit before tax is in line with budget. It reflects a decision to minimise member charges in relation to SVDS and instead use cash reserves carried forward from the prior years.

Performance measures

The following performance measures were included in the Statement of Intent for the 2019/20 financial year.

Key:

- Achieved
- Partially achieved: Activity remains in progress
- Not achieved

Target	Measure	Outcome	
Procurement Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented. <i>Method: Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.</i>	New suppliers are awarded contracts through a competitive tender process.	Achieved: Supply contracts are tendered in line with WLASS procurement policy (which in turn is consistent with the regional procurement framework developed last year). For substantial contracts (e.g. LiDAR, insurance and risk management services, Professional Services Panel), a public tender process has been undertaken. Other contracts have been renegotiated with existing suppliers where it is appropriate to do so.	●
	Professional Services Panel contracts are successfully negotiated.	Achieved: Contracts have been negotiated on time with the panel in place from 1 August 2019, as planned.	●



Target	Measure	Outcome	
<p>Collaborative Projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p> <p><i>Method: The focus is on shared services which will benefit all councils.</i></p>	<p>A minimum of six priority projects for collaboration are identified per annum.</p>	<p>Achieved: A new Professional Services Panel was established from 1 August 2019 with eight councils participating (previously four).</p> <p>Five priority projects to develop opportunities were approved by the Board in November and development of the opportunities commenced prior to year-end.</p> <p>The legal services group is also in early deliberations on a joint procurement for a tool to support legislative compliance.</p> <p>The Coordinated Infrastructure Procurement project was approved by the Board and recommendations from that project made to the Board in June.</p> <p>The business case to expand RATA into waters asset management services was approved by the Board in July last year. The Waters Lead Manager has since been appointed.</p> <p>The business case for Waikato OneView was approved by the Board in November last year. Due to capacity constraints the Board agreed to defer commencing the project until July 2020.</p>	●
	<p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p> <p>Savings to Councils identified in developed business cases exceeds \$300k.</p>	<p>Achieved: The development of any opportunity is subject to a phased approach involving discovery (validating why we would investigate the opportunity, or the problem being solved), opportunity assessment (a light business case), and business case (if required). The Board approves each phase before progression to the next stage.</p> <p>Achieved: Business cases or opportunity assessments delivered during the period related to:</p> <ul style="list-style-type: none"> ● RATA – Waters collaboration: Benefits are not quantified but based on investment objectives they are considered substantial ● Waikato OneView: From surveys undertaken, users of OneView estimate that it will save them time, conservatively estimated at ~\$500k p.a. – which should translate to reduced fees to councils. In addition, it is estimated that there will be software savings of ~\$20k p.a. and council staff 	● ●



Target	Measure	Outcome	
		<p>time would reduce because users will be better equipped to 'self-serve'</p> <ul style="list-style-type: none"> • Coordinated Infrastructure procurement: The case notes that if 0.5% of infrastructure spend is achieved from the project outcomes sought, that will represent a saving of ~\$1m⁺ p.a. • Building Consent Shared Services: The discovery report presented to the Board in May 2020, estimates savings (in time and cost) of \$1.75m p.a. 	
<p>Existing WLASS Contracts Existing contracts are managed and renegotiated as required.</p> <p><i>Method: Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.</i></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 current supplier) or re-tendered through a competitive process.</p>	<p>Achieved</p> <p>Achieved: Supply contracts are tendered in line with WLASS procurement policy (which in turn is consistent with the regional procurement framework developed last year. For substantial contracts (e.g. LiDAR) a public tender process has been undertaken. Other contracts have been renegotiated with existing suppliers where it is appropriate to do so.</p>	<p>●</p> <p>●</p>
<p>Cost Control Administration expenditure shall be managed and monitored.</p> <p><i>Method: The Financial Accountant and Chief Executive review expenditure monthly.</i></p>	<p>Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.</p>	<p>Achieved: Company administration costs exceed the 2020 budget by ~7% (\$39k). This excess is being met by funds available from the prior year. It principally reflects:</p> <ul style="list-style-type: none"> • recruitment fees relating to the Board Chair (originally budgeted for in FY19) and the Executive Assistant (EA); • salaries associated with increasing the EA role to a full-time position; and • professional fees to progress the digital strategy. <p>Each of the above has been approved by the board.</p>	<p>●</p>
<p>Reporting Six monthly reports provided to Shareholders.</p> <p><i>Method: The Chief Executive prepares a written report for the WLASS Board every meeting.</i></p> <p><i>A Half-yearly and Annual Report are prepared for shareholders.</i></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>Achieved The 2019 Annual report was prepared and provided to shareholders in September 2019. The Half-yearly report was delivered in February 2020.</p>	<p>●</p>



Target	Measure	Outcome	
<p>SVDS The SVDS is reliable, well maintained and available to all users.</p> <p><i>Method: A Contract Manager is appointed for SVDS.</i></p> <p><i>The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group.</i></p> <p><i>Risks associated with the SVDS are well managed.</i></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>Achieved: the SVDS has been available 99.95% for users during normal business hours.</p> <p>Achieved: Four meetings held in August, November, March & June</p> <p>Achieved: Accepted by the Advisory Group on 5 March</p>	<p>●</p> <p>●</p> <p>●</p>
<p>Insurance Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.</p> <p><i>Method: The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.</i></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>Not measured: Formal feedback from shareholders by way of annual survey is not being undertaken this year and therefore we are unable to measure performance against this measure. WLASS notes however that the collaborative insurance programme continues to deliver significant benefit to councils. Premium savings are estimated at \$1m- \$1.5m per annum. During the year, insurance and risk management services retendered with Aon re-appointed as the successful participant.</p> <p>The 2020 SOI sets out a new performance framework for the company which puts in place performance measures that better reflect the outcomes we are seeking. For that reason, we are not intending on undertaking a survey of shareholders this year as we have historically done. We will instead be meeting with council CEs on a 1x1 basis and soliciting feedback on performance by this means.</p> <p>Not measured: Refer comment above.</p>	
<p>RATA Deliver better data for decision making across the Waikato Region, enabling</p>	<p>Reports are presented to stakeholders in October/January/ April and July each year.</p>	<p>Achieved: All reports supplied to stakeholders. Improved reporting through Power BI was successfully trialled.</p>	<p>●</p>








Target	Measure	Outcome	
more consistent best practice <i>Method: Quarterly update reports are provided to all stakeholders participating in the Data Collection contracts.</i>	Reports on progress presented to WLASS Board as at 30 December and 30 June.	Achieved: Reports to WLASS Board presented to required deadlines.	●
Data supplied by contractors is of good quality and meets all of the participating councils' requirements. <i>Method: Innovation: Identify opportunities to modify standard approaches and/or develop new approaches that will lead to optimal asset management.</i>	All data are reviewed for compliance and all good practice requirements are met. Procurement of services complies with WLASS and NZTA's procurement requirements.	Achieved: All data received was reviewed for quality requirements and approved. Achieved: Procurement of services is in line with WLASS procurement policy and NZTA requirements.	● ●
Leadership: Lead engagement and increase capability within the sector.	Present to a national conference on RATA innovations at least once per year. At least two RATA guidance documents detailing good practice are produced each year. RATA Forums are held 2-monthly to share learnings and experience.	Not achieved: RATA presented the Waters Collaboration business case to the Mayoral Forum in August 2019. However, conferences were delayed due to COVID-19 meaning the opportunity to present did not arise. An application to the WaterNZ conference has been submitted for a poster presentation in August 2020. Achieved: Issues and Options report prepared for Traffic management Coordinators investigating operational improvements. Stock Underpass business case investigated improvements for management of the assets across the region. RATA is supporting Waters Collaboration investigation work for seven participating councils. This is ongoing. Not achieved: RATA forums were significantly disrupted during the financial year with the departure of the previous RATA Manager and the COVID-19 lockdown. These have now recommenced.	● ● ●
WRTM The WRTM is reliable, well maintained and available to all users.	All modelling reports requested from the model supplier are actioned within		●

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Target	Measure	Outcome	
<p><i>Method: RATA manages the WRTM on behalf of the participating councils, and monitors the performance of the model supplier (currently Traffic Design Group).</i></p> <p><i>RATA reports quarterly to the WRTM Project Advisory Group.</i></p>	<p>the agreed timeframe, scope and budget</p>	<p>On track: Stantec continues to provide Service Reports. Ad hoc reporting is provided as requested.</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>Achieved: Report for the six months to 30 June 2020 is being prepared. The report to 31 December 2019 was presented to the board meeting in February 2020.</p> <p>Achieved Model complies with guidelines but there are issues with modelling accuracy in some areas. Development of business case is underway to consider upgrading the model.</p>	●
<p>Waikato Building Consent Group</p> <p>Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p> <p><i>Method: Implement the strategic priorities detailed in the "Build Waikato" May 2017 strategic review document.</i></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 common online customer experience. Success is defined as user friendly, convenient, quick, end-to-end management and communication, measured by customer surveys and systems comparisons. People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8 -11. 	<p>The activity of the Waikato Building Consent Group has been heavily impacted throughout the year by a lack of resource (refer commentary under "Key Achievements" section above) and more recently, the WLASS Building Consent Shared Services (BCSS) project.</p> <p>On track: Thames-Coromandel, Waipa and Waitomo DCs have successfully implemented the preferred online Alpha One System. Matamata-Piako DC is transitioning to Alpha One in July 2020 and Hauraki DC in September 2020. Hamilton CC and Waikato DC will initiate a transition plan for implementation in the 2021/22 financial year. Otorohanga DC are not planning on changing to Alpha One.</p> <p>The Build Waikato website redesign has been put on hold until a clear direction from the BCSS project is reached. This decision was made to avoid costs being incurred on the redesign which may quickly become redundant.</p> <p>On track: WLASS has completed discovery work on a collaborative cadet programme. Discovery has highlighted that the immediate benefits of such a scheme are minimal until the BCSS project outcomes are clear. Councils agreed that the post-COVID environment has produced a level of uncertainty in the next financial year as to building consent</p>	●



Target	Measure	Outcome	
	<ul style="list-style-type: none"> Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys. Lift industry competency and compliance. Success is 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>numbers which may impact on the success of any programme. Such a programme is being considered as part of the BCSS project.</p> <p>On track: There have been successful IANZ audits with good feedback on the cluster QA overall. A new Quality Assurance Coordinator has been appointed and work will commence in the next twelve months on the quality manual and internal audit regime.</p> <p>Partially achieved: This is an area requiring continuous improvement. The Technical Committee is continuing to work on consistency across councils on RFI's to improve the customer experience. The BCSS project also has this work in scope.</p> <p>On track: Submissions are made when appropriate. Importantly, engagement with Central Government (MBIE) has been targeted and is improving.</p>	  
<p><i>Method:</i> Fulfil the roles and responsibilities set out in clause 9 of the WBCG's Memorandum of Understanding, 2016.</p>	<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>Achieved: Good participation of all in projects when required but an area where we strive for continuous improvement.</p> <p>Achieved: Audits are demonstrating compliance with QA systems.</p> <p>Not measured: No customer survey was undertaken this year. However, customers were engaged as part of the discovery phase of the BCSS project, which reinforced that consistency could be improved. Customers are being engaged via a stakeholder reference group as part of that project which has improving "customer experience" as a critical success factor.</p>	 



Target	Measure	Outcome	
	Risk management is visible through regular reviews of the Risk Register.	On track: Risk register implemented and reported on quarterly to Advisory Group	●
	All funding requirements are met by each of the participating councils.	On track: All funding commitments met.	●
	Minimum of two reports presented to the WLASS Board on the Group's activities.	Achieved: Reporting on performance measures received and presented to board as part of the annual report. In addition, the Advisory Group Chair has provided the Board with verbal updates on progress recruiting a new group manager (which has now occurred). Monthly reporting to the WLASS CE on delivery of the annual workplan, a summary of which is included in the monthly portfolio reporting to board.	●
<p>Future Proof Planning for growth in the sub-region is co-ordinated and collaborative.</p> <p><i>Method:</i> Joint preparation and input into Phase 2 of the Strategy update</p> <p>The Future Proof budget is well managed and monitored.</p> <p><i>Method:</i> Bi-monthly reports presented to the Future Proof Chief Executives Advisory Group, and six monthly and annual reports to the WLASS Board.</p> <p>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.</p> <p><i>Method:</i></p>	<p>Phase 2 of the Future Proof Strategy is adopted by the Future Proof Implementation Committee no later than December 2020.</p> <p>The overall Future Proof work programme is delivered within the approved budget.</p> <p>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.</p>	<p>Not achieved: Phase 2 of the Future Proof Strategy update has been on hold to allow other projects to sufficiently progress, including the H2A. Work has commenced again on Phase 2. It is anticipated that a draft will be completed early 2021.</p> <p>Achieved: the Future Proof work programme to end June 2020 was on budget; however several line items were significantly over budget due to high activity associated with the H2A. This was balanced by unspent items. Government funding for the Sub-Regional Three Waters Study has not yet been successful.</p> <p>Achieved: Future Proof has lodged 11 submissions over the past 12 months</p>	<p>●</p> <p>●</p> <p>●</p>

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Target	Measure	Outcome	
<p><i>Future Proof works collaboratively and provides input into the planning work undertaken by all FP partners and any other relevant planning authorities.</i></p>			
<p>Shareholder Survey Shareholders are satisfied with the performance of WLASS.</p> <p><i>Method: An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.</i></p>	<p>A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p>	<p>Not achieved: The 2020 SOI sets out a new performance framework for the company which puts in place performance measures that better reflect the outcomes we are seeking. For that reason, we have not undertaken a survey of shareholders this year as we have historically done. However, we remain connected, and are listening, to what councils are looking for through regular contact with CEs and other senior management, and attending council meetings upon invitation.</p>	●
<p>Review of Benefits Shareholders are informed of the benefits being provided to shareholding councils by WLASS.</p> <p><i>Method: The benefits of WLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.</i></p>	<p>Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.</p> <p>The WLASS website is regularly maintained and updated.</p>	<p>Achieved: WLASS achievements are included in the half-yearly report and in the 2019 Annual Report.</p> <p>Not achieved: Some, but not all areas of the website have been updated. This remains a work in progress. We are also working on enhancing the WLASS website to include additional information for councils on what the company is doing.</p>	● ●




Independent Auditor's Report

To the readers of Waikato Local Authority Shared Services Limited's financial statements and performance measures for the year ended 30 June 2020

The Auditor-General is the auditor of Waikato Local Authority Shared Services Limited (the company). The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance measures of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 23 to 45, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance measures of the company on pages 10 to 18.

In our opinion:

- the financial statements of the company on pages 23 to 45:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance measures of the company on pages 10 to 18 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2020.

Our audit was completed on 11 November 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of Covid-19 on the company. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance measures, and we explain our independence.

Emphasis of matter – impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Company as set out in note 20 to the financial statements.

Basis for our opinion

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

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

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

Responsibilities of the Board of Directors for the financial statements and the performance measures

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

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

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

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

Responsibilities of the auditor for the audit of the financial statements and the performance measures

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 9 and page 46, but does not include the financial statements and the performance measures, and our auditor's report thereon.

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

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

Independence

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

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



David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand



**Financial Statements
for the year ended 30 June 2020**

My 2020

Waikato Local Authority Shared Services Limited

Financial statements - 30 June 2020

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Waikato Local Authority Shared Services Limited
Statement of comprehensive revenue and expenditure
For the year ended 30 June 2020

Statement of comprehensive revenue and expenditure

For the year ended 30 June 2020

	Note	Actual 2020 \$	Budget 2020 \$	Actual 2019 \$
Revenue				
Data sales		456,975	466,926	508,912
Grants		-	-	31,418
Interest		2,369	5,000	13,134
Other revenue	4	<u>4,868,551</u>	<u>5,200,985</u>	<u>3,962,335</u>
Total revenue		<u>5,327,895</u>	<u>5,672,911</u>	<u>4,515,799</u>
Expenditure				
Personnel costs	6	467,588	385,342	149,459
Depreciation and amortisation expense	10,11	56,258	3,712	67,314
Other expenses	5	<u>5,144,584</u>	<u>5,608,587</u>	<u>4,043,366</u>
Total expenditure		<u>5,668,430</u>	<u>5,997,641</u>	<u>4,260,139</u>
Surplus/(deficit) before tax		(340,535)	(324,730)	255,660
Income tax expense	9	-	-	-
Surplus/(deficit) after tax		<u>(340,535)</u>	<u>(324,730)</u>	<u>255,660</u>
Total comprehensive income		<u>(340,535)</u>	<u>(324,730)</u>	<u>255,660</u>

The accompanying notes form part of these financial statements
 Explanations of major variances against budget, not stated elsewhere, are provided in note 22

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Waikato Local Authority Shared Services Limited
Statement of changes in equity
For the year ended 30 June 2020

Statement of changes in equity

For the year ended 30 June 2020

	Actual 2020 \$	Budget 2020 \$	Actual 2019 \$
Note			
Balance at 1 July	1,282,191	414,940	1,026,530
Total comprehensive revenue and expense	<u>(340,535)</u>	<u>(324,730)</u>	<u>255,660</u>
Balance at 30 June	14 <u>941,656</u>	<u>90,209</u>	<u>1,282,191</u>
Total equity attributable to:			
Equity holders of Waikato Local Authority Shared Services Limited	<u>941,656</u>	<u>90,209</u>	<u>1,282,191</u>
Balance at 30 June	<u>941,656</u>	<u>90,209</u>	<u>1,282,191</u>

The accompanying notes form part of these financial statements
Explanations of major variances against budget are provided in note 22

Waikato Local Authority Shared Services Limited
Statement of Financial Position
As at 30 June 2020

Statement of financial position

As at 30 June 2020

	Note	Actual 2020 \$	Budget 2020 \$	Actual 2019 \$
ASSETS				
Current assets				
Cash and cash equivalents	8	1,127,987	96,216	1,459,803
Exchange trade and other receivables	7	1,343,605	401,116	793,750
Non-exchange trade and other receivables	7	147,394	-	76,126
Prepayments		-	153,145	212,087
Total current assets		2,618,986	650,477	2,541,766
Non-current assets				
Property, plant and equipment	10	14,965	739	4,799
Intangible assets	11	43,750	-	97,071
Total non-current assets		58,715	739	101,870
Total assets		2,677,701	651,216	2,643,636
LIABILITIES				
Current liabilities				
Payables and deferred revenue	12	1,683,693	561,007	1,338,889
Employee benefits	13	52,352	-	22,556
Total current liabilities		1,736,045	561,007	1,361,445
Non-current liabilities				
Total non-current liabilities		-	-	-
Total liabilities		1,736,045	561,007	1,361,445
Net assets		941,656	90,209	1,282,191
EQUITY				
Contributed capital	14	2,957,001	2,957,001	2,957,001
Retained earnings	14	(2,015,345)	(2,866,792)	(1,674,810)
Total equity		941,656	90,209	1,282,191

These financial statements have been authorised for issue by the Board of Directors on 11 November 2020.



Director
11 November 2020



Director
11 November 2020

The accompanying notes form part of these financial statements
Explanations of major variances against budget are provided in note 22



Waikato Local Authority Shared Services Limited
Cash flow statement
For the year ended 30 June 2020

Statement of cashflows

For the year ended 30 June 2020

	Actual 2020 \$	Budget 2020 \$	Actual 2019 \$
Cash flows from operating activities			
Interest Received	2,369	14,308	16,114
Receipts from other revenue	5,289,918	6,559,977	4,031,703
Payments to suppliers and employees	(5,725,847)	(6,800,489)	(4,241,295)
Taxes received / (paid)	998	-	5,746
Goods and services tax received / (paid)	113,849	56,103	2,123
Net cash flow from operating activities	<u>(318,713)</u>	<u>(170,101)</u>	<u>(185,609)</u>
Purchase of property, plant and equipment	(13,103)	-	(5,592)
Settlement of term deposits with maturities greater than 3 months	-	-	81,000
	<u>(13,103)</u>	<u>-</u>	<u>75,408</u>
Net cash flow from investing activities	<u>(13,103)</u>	<u>-</u>	<u>75,408</u>
Net (decrease)/increase in cash and cash equivalents	(331,816)	(170,101)	(110,201)
Cash and cash equivalents at the beginning of the year	<u>1,459,802</u>	<u>266,317</u>	<u>1,570,003</u>
Cash and cash equivalents at the end of the year	8 <u>1,127,986</u>	<u>96,216</u>	<u>1,459,802</u>

The accompanying notes form part of these financial statements
Explanations of major variances against budget are provided in note 22

1 Statement of accounting policies

1.1 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 controlled by the councils listed on the directory page of these accounts. The company is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002 (LGA), by virtue of each of the shareholding Council's right to appoint the Board of Directors.

The company seeks the following outcomes for its shareholding councils:

- i) Council costs are reduced / performance is improved, without increased cost;
- ii) The experience of councils' communities is improved; and
- iii) Central Government investment into, and engagement with, Waikato is increased.

It has the roles of developing opportunities which achieve one or more of these outcomes, and of providing any resulting services to councils, or organising someone else to do so.

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2020. The financial statements were authorised for issue by the Board of Directors on the 11 November 2020.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Company have been 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).

The financial statements have been prepared in accordance and comply with Tier 2 PBE Standards reduced disclosure regime (RDR).

WLASS is eligible to report in accordance with the Tier 2 PBE accounting standards RDR as it:

- is not publicly accountable;
- 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 have been 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.

Budget figures

The budget figures are those approved by the Board of Directors in the 2019/20 Statement of Intent. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Company in preparing the financial statements.

2.2 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.

2 Summary of significant accounting policies (continued)

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

The net GST paid, or received, 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.

3 Critical accounting estimates and assumptions

In preparing the financial statements the Company has made 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year have been included below.

3.1 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 asset.

An incorrect estimate of the useful life or 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 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 which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell, and value in use.

If an assets 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.

4 Revenue

Accounting policy

(i) 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.

(ii) Other Revenue

Member charges for all activities are recognised when invoiced to the user, i.e. Councils. The recorded revenue is the net amounts 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. To the extent the service has not been delivered, contributions for that service are recorded as revenue in advance.

	Actual 2020 \$	Actual 2019 \$
<u>Non-exchange revenue</u>		
Member Charges	<u>2,753,760</u>	<u>2,110,470</u>
<u>Exchange revenue</u>		
Working Parties	520,253	437,781
Information Technology	133,869	106,613
Energy Management	126,155	116,800
Shared Valuation Data Services	-	80,189
Regional Asset Technical Accord*	921,369	567,405
Waikato Regional Transport Model	9,270	5,011
Waikato Plan**	-	371,940
Waikato Building Consent Group	28,000	85,205
Future Proof***	302,219	25,765
Waikato Mayoral Forum	12,406	51,406
RITS	61,250	3,750
Total exchange revenue	<u>2,114,791</u>	<u>1,851,865</u>
Total other revenue	<u>4,868,551</u>	<u>3,962,335</u>

Explanation of variance to last year:

* During the year shareholders approved the expansion of the Regional Asset Technical Accord ("RATA") into water related services.

** All revenue received for Waikato Plan has been transferred to deferred revenue as this workstream is being transferred to Waikato Regional Council in the 2020/21 financial year.

*** Phase 1 of the Sub Regional Three Waters Study was in the beginning stages in 2018/19 year with the project completed in the 2019/20 year.



5 Other expenses

Operating leases

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.

	Actual 2020 \$	Actual 2019 \$
Audit fees	24,857	21,220
Company Administration	183,934	266,310
Working Parties	537,420	553,251
Information Technology	154,613	106,267
Energy Management	124,952	123,519
Shared Valuation Data Services*	1,044,487	510,919
Road Asset Technical Accord**	1,641,953	1,155,313
Waikato Regional Transport Model	153,286	70,041
Waikato Building Consent Group***	110,551	391,912
Future Proof****	931,156	557,377
Waikato Mayoral Forum	37,159	39,406
Waikato Plan	129,433	225,044
Rental expense relating to operating leases	32,287	3,215
RITS	38,496	22,080
Total Other Expenses	<u>5,144,584</u>	<u>4,045,874</u>

Explanation of variance to last year:

* The increased expenditure reflects costs associated with the transition to the new 'software-as-a-service' arrangement. While this transition took place, costs to manage the now decommissioned SVDS software were also incurred.

** The increased expenditure reflects the expansion into waters asset management services and increased data collection services.

*** The decrease in expenditure reflects the extended period required to replace the WBCG Manager which resulted in a period of reduced activity and employment costs.

**** The increased expenditure reflects the investment into a sub-regional Three Waters study and the Hamilton to Auckland Corridor plan.

6 Personnel costs

Accounting policy

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.

	Actual 2020 \$	Actual 2019 \$
Salaries and wages*	454,487	145,357
Defined contribution plan employer contributions	<u>13,101</u>	<u>4,102</u>
Total personnel costs	<u>467,588</u>	<u>149,459</u>

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$221,692.

* The increase in salary and wages reflects the first full-year impact of the change in operating model which saw the appointment of a small core team (5 staff, 1 staff (2019)). Previously, part time contracted resource had been used to advance the company's activities.

7 Receivables

Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

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.

	Actual 2020	Actual 2019
	\$	\$
Gross trade and other receivables	253,147	179,247
Related Party Receivables (note 17)	1,237,852	633,150
Accrued Interest on Short Term Deposits and Call Accounts	-	-
GST Refund Due	-	56,481
IRD - RWT Tax	-	998
Total debtors and other receivables	1,490,999	869,876
Exchange		
Receivables from exchange transactions	1,343,605	793,750
Non-exchange		
Receivables from non-exchange transactions	147,394	76,126
Total debtors and other receivables	1,490,999	869,876

8 Cash and cash equivalents

Accounting policy

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.

	Actual 2020	Actual 2019
	\$	\$
Cash at bank	1,127,987	1,459,803

The carrying value of cash and cash equivalents approximates their fair value.

The cash reserves principally relate to less than anticipated spend in the Future Proof and Waikato Plan initiatives. Funds on hand for these initiatives were transferred to Waikato Regional Council after balance date.



9 Income tax

Accounting policy

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.

	Actual 2020 \$	Actual 2019 \$
Components of income tax expense:		
Current tax expense	-	-
Adjustments to current tax in prior years	-	-
Deferred tax expense	-	-
Tax expense	-	-
 Relationship between tax expense and accounting profit:		
Net surplus (deficit) before tax	(340,535)	255,660
Tax at 28%	(95,350)	71,585
Non-taxable in calculating taxable income		
Non-deductible expenditure	-	444
Other timing adjustments	5,860	-
Non-taxable income	-	-
Prior year adjustment	-	-
Deferred tax adjustment	(766)	-
Tax losses not recognised	90,256	(72,029)
Tax expense	-	-

Deferred tax asset (liability)

	PPE & Intangible assets	Employee entitlements	Provisions	Tax losses	Total
Balance at 1 July 2018	(45,812)	-	-	45,812	-
Charged to surplus or deficit	18,557	-	-	(18,557)	-
Balance at 30 June 2019	(27,255)	-	-	27,255	-
Charged to surplus or deficit	21,445	-	-	(21,445)	-
Balance at 30 June 2020	(5,810)	-	-	5,810	-

A deferred tax asset of \$601,911 (2019: \$509,531) has not been recognised in relation to tax losses carried forward of \$2,149,681 (2019: \$1,819,752).

10 Property, plant and equipment

Accounting policy

Property, plant, and equipment consist of:

(i) *Operational assets*

Operational assets include land, buildings, plant and equipment, motor vehicles, computer equipment and furniture.

Additions

The cost of an item of property, plant, and 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 Company and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Class of PP&E	Estimated useful life	Depreciation rates
IT equipment	3 years	33%
Office Furniture	8 1/2 years	12%

The residual value and useful life of an asset is reviewed and adjusted, if applicable, at each financial year end.

	Carrying amount 1 Jul 2019 \$	Current year additions \$	Current year depreciation \$	Accumulated depreciation and impairment charges 30 Jun 2020 \$	Carrying amount 30 Jun 2020 \$
2020					
Operating assets					
IT equipment	4,799	9,930	(2,874)	(3,667)	11,855
Office furniture and fittings	-	3,173	(63)	(63)	3,110
Total	4,799	13,103	(2,937)	(3,730)	14,965

	Carrying amount 1 Jul 2018 \$	Current year additions \$	Current year depreciation \$	Accumulated depreciation and impairment charges 30 Jun 2019 \$	Carrying amount 30 Jun 2019 \$
2019					
Operating assets					
IT equipment	-	5,592	(793)	(793)	4,799
Office furniture and fittings	-	-	-	-	-
Total	-	5,592	(793)	(793)	4,799

11 Intangible assets

Accounting policy

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:

Class of intangible asset	Estimated useful life	Amortisation rates	
		Actual 2020 \$	Actual 2019 \$
Computer software	5 to 7 years	14 to 25%	
Computer Software			
Balance at 1 July		5,363,366	5,363,366
Disposals/asset write-offs		(3,065,316)	-
Balance at 30 June		<u>2,298,050</u>	<u>5,363,366</u>
Accumulated amortisation and impairment losses			
Balance at 1 July		5,266,295	5,199,774
Amortisation as per Income statement		53,321	66,521
Asset write-offs		(3,065,316)	-
Balance at 30 June		<u>2,254,300</u>	<u>5,266,295</u>
Carrying Amounts			
Balance at 1 July		97,071	163,592
Balance at 30 June		43,750	97,071

Intangible assets include the Shared Value Data Services (SVDS) computer software, and the Waikato Regional Transport Model (WRTM).

The carrying amount of the SVDS asset as at 30 June 2020 is \$0 (2019: \$38,738). During the year councils who were using the SVDS software entered into a new services arrangement, making the SVDS obsolete.

The carrying amount of the WRTM asset as at 30 June 2020 is \$43,750 (2019: \$58,333).

12 Payables and deferred revenue

Accounting policy

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

	Actual 2020 \$	Actual 2019 \$
Current		
Trade payables	159,333	633,279
Related party payables (note 17)	202,603	118,450
Accrued expenses	31,481	-
Deferred revenue	1,232,662	587,160
RWT on Payments	246	-
GST payable	<u>57,368</u>	<u>-</u>
Total creditors and other payables	<u>1,683,693</u>	<u>1,338,889</u>
Exchange		
Trade payables	361,936	611,547
Accrued expenses	31,481	140,182
Deferred revenue*	1,232,662	587,160
RWT on payments	246	-
GST payable	<u>57,368</u>	<u>-</u>
Total creditors and other payables from exchange transactions	<u>1,683,693</u>	<u>1,338,889</u>
Non-exchange		
Total creditors and other payables from non-exchange transactions	<u>-</u>	<u>-</u>

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.

* The increase in deferred revenue reflects funds received from councils participating in Future Proof and Waikato Plan that remained unspent at balance date. These funds were transferred to Waikato Regional Council post balance date.

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13 Current liabilities - Employee Entitlements

Accounting policy

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 include 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.

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.

Superannuation schemes

Defined contribution schemes

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

	Actual 2020 \$	Actual 2019 \$
Current portion		
Annual leave	24,004	8,635
Salaries	<u>28,348</u>	<u>13,921</u>
Total current portion	<u>52,352</u>	<u>22,556</u>

14 Reconciliation of equity

Accounting policy

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.

	Actual 2020 \$	Actual 2019 \$
Total equity		
Contributed equity	2,957,001	2,957,001
Retained earnings	<u>(2,015,345)</u>	<u>(1,674,810)</u>
Balance at 30 June	<u>941,656</u>	<u>1,282,191</u>
 (a) Contributed equity		
Shares on Issue	3,413,569	3,413,569
Uncalled capital	<u>(456,568)</u>	<u>(456,568)</u>
Balance 30 June	<u>2,957,001</u>	<u>2,957,001</u>
Balance at 1 July 2018	-	-
Shares Issued	-	-
Balance 30 June	<u>-</u>	<u>-</u>
 (b) Retained earnings		
Balance at 1 July 2019	(1,674,810)	(1,930,470)
Surplus/(deficit) for the year	<u>(340,535)</u>	<u>255,660</u>
Balance 30 June	<u>(2,015,345)</u>	<u>(1,674,810)</u>

The Company has issued 2,186,581 (2019 - 2,186,581) shares.

Shares are called when notice is given to shareholders by the Board of Directors.

Income	Ordinary Shares	SVDS Shares	WRAPS Shares	WRTM Shares
Hamilton City Council	1	220,514	79,152	50,625
Hauraki District Council	1	40,215	2,864	-
Matamata Piako District Council	1	56,380	4,708	4,500
Otorohanga District Council	1	-	5,716	-
Rotorua Lakes Council	1	126,703	7,516	-
South Waikato District Council	1	42,571	4,916	-
Taupo District Council	1	-	21,652	4,500
Thames Coromandel District Council	1	108,015	6,476	2,250
Waikato District Council	1	106,674	9,376	11,250
Waikato Regional Council	1	803,500	287,872	50,625
Waipa District Council	1	78,748	3,780	11,250
Waitomo District Council	1	<u>23,681</u>	<u>10,540</u>	<u>-</u>
	12	1,607,001	444,568	135,000
	<u>1,000</u>	<u>1</u>	<u>1</u>	<u>10</u>
	12,000	1,607,001	444,568	1,350,000
	<u>(12,000)</u>	<u>-</u>	<u>(444,568)</u>	<u>-</u>
	<u>-</u>	<u>1,607,001</u>	<u>-</u>	<u>1,350,000</u>



14 Reconciliation of equity (continued)

SVDS, and WRAPS Shares (Service Shares)

In relation to the service shares:

- (a) the holders are entitled to participate in certain services to be provided by the Company, on terms that reflect their investment.
- (b) the holders do not have any right to share in the distribution of the surplus assets of the Company except to the extent provided for in Schedule 1 of the Company's constitution or in accordance with the terms of issue of those shares pursuant to Clause 6 of the Company's constitution.
- (c) Except as provided in section 177 of the Act and Clause 6.1 of the Company's constitution, the holders do not have any voting rights.

During the year the SVDS software, for which the SVDS Service Shares were originally issued, was fully amortised. The initial SVDS shareholders agreed to share the costs of development and ongoing maintenance of the asset. With the asset no longer in use, the rights and obligations conferred on the shareholders are now redundant.

WRTM shares

Holders of WRTM shares have:

- (a) A right to one vote prior to further WRTM shares being issued;
- (b) A right to one vote on the application of any surpluses arising from the WRTM service;
- (c) The right to any surplus from the sale of outputs of the WRTM service;
- (d) No right to share in the distribution of the surplus assets of the Company except to the extent provided for in (c) above;
- (e) No right to share in dividends authorised by the Company except to the extent provided for in (c) above.

15 Commitments

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

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

Non-cancellable operating expenses

	Actual 2020 \$	Actual 2019 \$
Not later than one year	37,356	322,989
Later than one year and not later than five years	<u>5,500</u>	<u>-</u>
Total non-cancellable operating leases	<u>42,856</u>	<u>322,989</u>

16 Contingencies

As at 30 June 2020 the Company had no contingent liabilities or assets (2019 - \$0)

17 Related party transactions

The Company is controlled by the councils listed on the directory page.

Transactions with key management personnel

Key management personnel include the Chief Executive and directors. WLASS has one independent director who receives remuneration.

	Actual 2020 \$	Actual 2019 \$
KRF Consulting - WLASS Chief Executive (June 2018 - March 2019)	-	144,404
Chief Executive Remuneration	221,692	74,540
Independent Director	45,833	-
Total key management personnel compensation	267,525	218,944

Related party disclosures have been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances.

Related parties have been limited to the directors, shareholders and company related roles. The following transactions were carried out with related parties:

	Actual 2020 \$	Actual 2019 \$
Income		
Hamilton City Council	1,009,597	684,485
Hauraki District Council	291,040	242,217
Matamata Piako District Council	430,604	265,565
Otorohanga District Council	258,905	146,490
Rotorua Lakes Council	84,821	69,138
South Waikato District Council	241,961	202,851
Taupo District Council	236,550	115,592
Thames Coromandel District Council	301,831	268,865
Waikato District Council	615,259	583,011
Waikato Regional Council	496,091	490,506
Waipa District Council	840,840	471,646
Waitomo District Council	264,232	182,225
	5,071,731	3,722,591

The income disclosed above includes revenue received relating to the 2018/19 financial year and revenue received which has been transferred to deferred revenue for 2019/20.

	Actual 2020 \$	Actual 2019 \$
Expenses		
Hamilton City Council	154,951	71,800
Hauraki District Council	821	-
Taupo District Council	-	4,240
Waikato District Council	114,241	364,889
Waikato Regional Council	178,676	142,432
Waipa District Council	591,206	632,990
Waitomo District Council	-	-
	1,039,895	1,216,351

Expenses are related to services provided by the related parties.

Actual 2020	Actual 2019
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17 Related party transactions (continued)

	Note	\$	\$
Advances			
<i>Trade & Other Receivables</i>	7	-	-
Hamilton City Council		384,343	79,572
Hauraki District Council		67,449	23,770
Matamata Piako District Council		193,421	72,455
Otorohanga District Council		40,120	10,271
Rotorua Lakes Council		27,879	-
South Waikato District Council		69,839	31,643
Taupo District Council		113,066	7,422
Thames Coromandel District Council		81,826	20,091
Waikato District Council		135,138	236,373
Waikato Regional Council		19,545	20,518
Waipa District Council		65,926	95,688
Waitomo District Council		45,590	35,347
		<u>1,244,142</u>	<u>633,150</u>
 <i>Amounts outstanding at year end:</i>			
Hauraki District Council		441	-
Waikato District Council		-	85,199
Waikato Regional Council		17,970	32,939
Waipa District Council		184,192	312
		<u>202,603</u>	<u>118,450</u>

18 Director and executive disclosures

\$45,833 in remuneration was paid to Directors during the year (2019: \$0).

19 Events occurring after the balance date

In the Board of Directors meeting held 9 April 2020 the Board approved the transfer of the WLASS role of contract and financial management related to the Waikato Plan and Future Proof workstreams to Waikato Regional Council. It was agreed between WLASS and Waikato Regional Council that any funds held at year end for these two workstreams be transferred to Waikato Regional Council. \$609,766 was transferred for Future Proof and \$225,743 for Waikato Plan in September 2020.

20 Covid-19 impact

On March 11, 2020, the World Health Organisation declared the outbreak of a coronavirus (Covid-19) a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. The global Covid-19 pandemic has had a significant impact on the majority of organisations and their people across the globe. New Zealand was at Alert Level 4 from late March 2020, resulting in a four-week nation wide lockdown. The country has gradually moved to Alert Level 1. The lockdown caused economic uncertainties in many industries.

Management assessed the impact of Covid-19 on the company on a line by line basis and concluded the impact of the Covid-19 pandemic on operations is minimal. The main factors for this conclusion are:

- the financial forecast position and forecasted results show a strong position at 30 June 2021
- from an operational perspective, for the most part, services remain unaffected
- receivables relate mostly to the shareholding councils. There are no indicators for impairment

Where operations have been impacted this has similarly reduced expenditure and the recovery of costs from councils, meaning there has been little impact on net profit.

21 Financial instruments

The Company has policies to manage the risks associated with financial instruments. The Company is risk averse and seeks to minimise exposure from its treasury activities.

(a) Market risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to fair value interest rate risk is limited to short-term bank deposits.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Company to cashflow interest rate risk.

The Company currently has no variable interest rate debt or investments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risk, as it does not enter into foreign currency transactions.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to fair value interest rate risk is limited to short-term bank deposits.

(b) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Company, causing the Company to incur a loss.

Due to the timing of its cash inflows and outflows, the Company invests surplus cash with registered banks.

The Company has processes in place to review the credit quality of customers prior to the granting of credit.

The Company's maximum credit exposure for each class of financial instruments is represented by the total carrying amount of cash equivalents (note 7), investments (note 10), and trade receivables (note 8). There is no collateral held as security against these financial instruments, including these instruments that are overdue or impaired.

The Company has no significant concentrations of credit risk, as it has a large number of credit customers and only invests funds with registered banks with specified credit ratings.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty raising funds to meet commitments as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and liquid assets, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Company maintains a target level of investments that must mature within specified timeframe's.

The maturity profiles of the Company's interest bearing investments and borrowings would be disclosed in the notes, if the Company had any.

(d) Financial instrument categories

	Note	2020 \$	2019 \$
FINANCIAL ASSETS			
Loans and receivables			
Cash and cash equivalents	8	1,127,987	1,459,803
Receivables	7	1,490,999	869,876
Other financial assets		-	-

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21 Financial instruments (continued)

(d) Financial instrument categories(continued)

Total loans and receivables		<u>2,618,986</u>	<u>2,329,679</u>
FINANCIAL LIABILITIES			
Financial liabilities at amortised cost			
Payables and deferred revenue	12	<u>1,683,693</u>	<u>1,341,397</u>
Total financial liabilities at amortised cost		<u>1,683,693</u>	<u>1,341,397</u>

22 Explanation of major variances against budget

Statement of comprehensive revenue and expenditure

Other Revenue

Member charges were higher principally due to the expansion of RATA into waters asset management.

Working Parties revenue was higher than budgeted due to the recovery of increased 3rd party costs (\$63k) and funding unbudgeted projects that had not been costed at the time the budget was prepared (\$126k).

IT revenue was lower due to delayed start of LiDAR project (-\$355k) and the expenditure for other projects being lower than expected meaning lower revenue recovery (-\$64k).

RATA revenue was lower due to interruptions to the data collection work (-\$195k).

Future Proof received unbudgeted revenue to fund the Sub-Waters Three Waters Study Phase 1 (\$229k) and other projects (\$68k).

Waikato Plan projects were delayed and therefore all revenue received was transferred to deferred revenue (-\$229k).

Personnel Costs were spent due to the employment of Waikato LASS staff, however this is offset by savings in the WBCG workstream.

Other Expenses

Working Parties expenditure was higher due to increased 3rd party costs (\$63k) and expenditure on unbudgeted projects (\$126k).

IT expenditure was lower due to delayed start for LiDAR project (-\$355k) and lower than expected expenditure for the Waikato data portal and collaboration portal (-\$64k).

RATA expenditure was lower due to interruptions to data collection (-\$195k). This was offset in part by the unbudgeted expenditure for Waters Collaboration (\$161k)

WBCG expenditure was lower than expected due to delays in recruitment and therefore salaries.

Future Proof expenditure was greater than budget due to the Sub-Waters Three Waters Study Phase 1 (\$251k) and the H2A corridor plan being over budget (\$100k). Note that the prior year cash surplus was used to fund expenditure.

Waikato Plan expenditure was less as project advisors worked to reduce costs (-\$142k) and there was a delayed start for two projects (-\$75k).

Statement of Financial Position

Cash and cash equivalents is higher than budget with less than anticipated expenditure across various workstreams and/or advanced funding requests for Future Proof.

Receivables budget is based on a percentage of total budgeted revenue, however \$1.4m of the receivables balance was invoiced in June 2020.

Current liabilities are higher than budgeted due to deferred revenue increasing with the transfer of Future Proof and Waikato Plan activities to Waikato Regional Council.

The budgeted prepayment was received in July 2020 and therefore no prepayment was required.


22 Explanation of major variances against budget (continued)

Intangible assets are higher than budget due to the useful lives of the SVDS and WRTM intangible assets being revised, at the end of last financial year, to March 2020 and June 2023 respectively.

Employee benefits are not budgeted for.

Statement of Cash Flows

Payment to suppliers and employees were less than budgeted due to the reasons noted in this and earlier notes to these accounts.



Directory

Company number	1730380
Registered office	15 Wilson Street Cambridge 3434 Waikato
Directors	ION, Gavin BRYANT, David (appointed 10 March 2020) BOWCOTT, Blair (resigned 10 March 2020) GREEN, Gareth PAYNE, Vaughan STUBBS, Peter (appointed 1 September 2019) WILLIAMS, Rob
Bankers	Bank of New Zealand Hamilton Banking Centre Victoria Street Hamilton
Auditors	Audit New Zealand (on behalf of the Auditor General)

