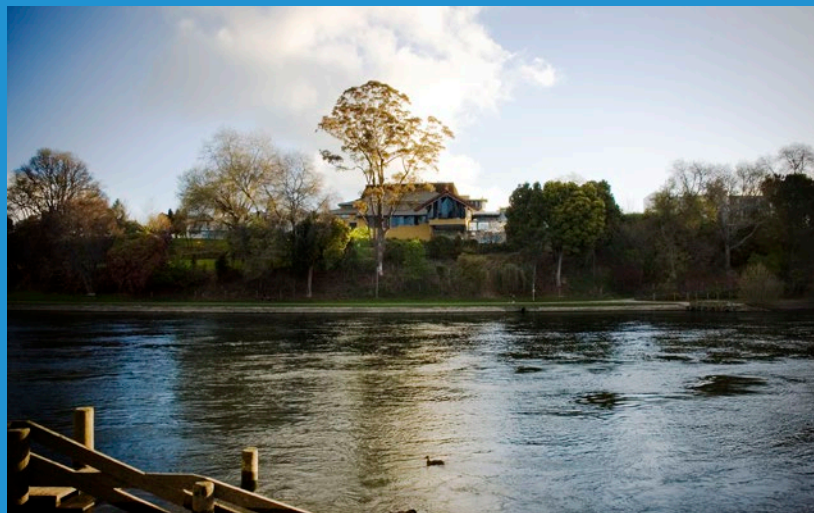


WAIKATO LASS

Collaboration in action



August 2015

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BACKGROUND

In the early to mid-2000s, the relationships between the 12 local authorities within the Waikato region was fairly strong and one key thing on the agenda was to set up a structure under which they could share services.

In 2005, Local Authority Shared Services Limited (LASS) was created. LASS is jointly owned by:

- Hamilton City
- Hauraki District
- Matamata-Piako District
- Otorohanga District
- Rotorua District
- South Waikato District
- Taupō District
- Thames-Coromandel District
- Waikato District
- Waikato Regional Council
- Waipa District
- Waitomo District.

LASS provides a legal entity, representative of all the shareholding councils, which can enter into contracts and agreements with external suppliers and provide value by reducing costs. These contracts are available to be joined by any shareholder that so chooses. It also provides those councils that wish to develop new services with a company structure under which they can develop and promote services to other local authorities and to external parties.

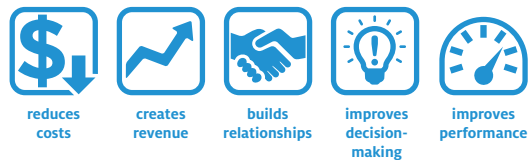
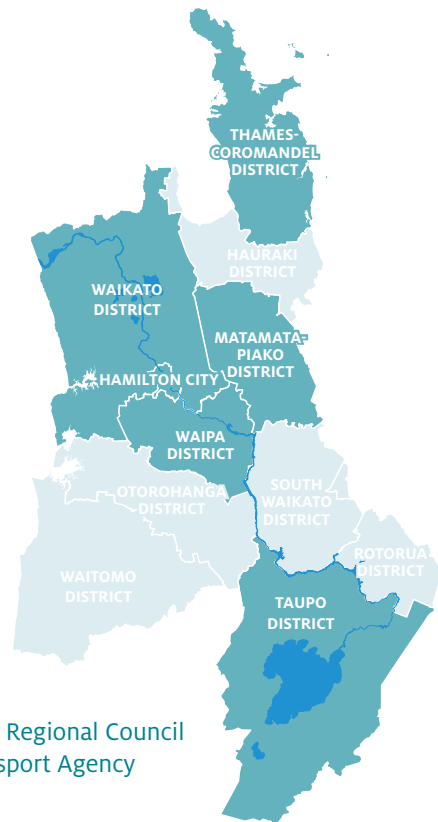
Much of the work of LASS is undertaken by working parties or advisory groups made up of staff representatives from the shareholding councils who have expertise and interest in particular services.

Member councils pay a small annual levy, depending on their size. Services obtained are funded on a user pays basis – each council pays for and receives the financial benefit of its share of any particular service.

The LASS Board has twelve directors; each the chief executive of one of the local authorities representing the shareholding councils. The directors do not receive any fees or expenses for work undertaken on behalf of the LASS.

The Board publishes a Statement of Intent in June and holds an Annual General Meeting in November each year. The accounts are audited annually by Audit New Zealand, and the Annual Report is generally published in August.





ACHIEVEMENTS

Waikato Regional Transport Model (WRTM)

Participating Councils: Waikato Regional Council, Hamilton City, Waikato District, Waipa District, Taupō District, Matamata-Piako District, Thames-Coromandel District, and the NZ Transport Agency (NZTA).

The Project: The WRTM is the only recognised strategic, regional, transport modelling resource in the Waikato. It provides accurate information for council transport modelling and to other third parties (such as developers) for a charge, which generates a small amount of external revenue. Jointly funded by participating councils and the NZTA, the WRTM became fully operational in February 2010, at a cost of \$2.3 million.

The Benefits: Since February 2010, the WRTM has improved strategic planning for over \$3 billion of new land transport investment by:

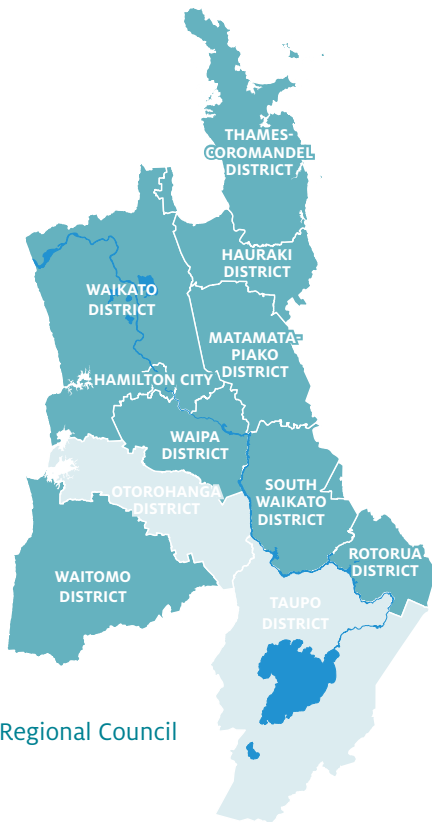
- enabling interactive decision-making, balancing regional growth and transport planning
- assessing the traffic impacts of plan changes, structure plans and major resource consents
- assessing transport projects, including tolling, Benefit Cost Ratios and alternative options

Over the last five years, the WRTM has been used in over 60 projects that have supported:

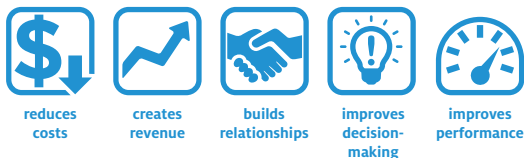
- land transport investment in excess of \$3 billion, including the Waikato Expressway Network Plan, Southern Links and Hamilton City’s Wairere Drive project
- a range of strategic and statutory planning processes including Future Proof, the Waikato Regional Policy Statement, the Regional Land Transport Programme, Ruakura Inland Port Board of Enquiry process, district plans and plan changes.

The WRTM structure provides:

- A single recognised transport model and evidence base to inform decision-making.
- A collaborative technical and management framework enabling councils and the NZTA to identify, and jointly resolve, policy and investment issues.
- Efficiencies from joint procurement, operation and delivery of modelling advice for the whole Waikato region.



+ Waikato Regional Council

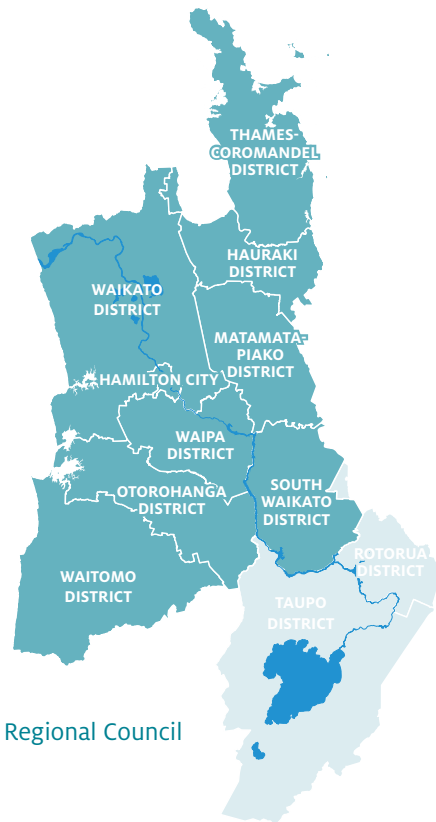


Shared Valuation Data Service (SVDS)

Participating Councils: Hamilton City, Hauraki District, Matamata-Piako District, Rotorua District, South Waikato District, Thames-Coromandel District, Waikato District, Waikato Regional Council, Waipa District, Waitomo District

The Project: SVDS is a real time, online, property database containing the District Valuation Rolls and associated registers of the participating councils. SVDS was the first LASS shared service, and “went live” in 2005.

The Benefits: SVDS enables greater competition in the delivery of valuation services to councils and provides more accurate and timely property valuation data. The operating costs of the SVDS are partially offset by selling access to the data, with a number of contracts worth about \$200,000 per annum. Renegotiated SVDS service contracts have reduced the 2015/16 OPEX budget by \$126,000 (an 18% saving).



+ Waikato Regional Council



Insurance

Participating Councils: Hamilton City, Hauraki District, Matamata-Piako District, Otorohanga District, South Waikato District, Thames-Coromandel District, Waikato District, Waikato Regional Council, Waipa District, Waitomo District

The Project: Leverages the region’s collective insurance requirements to deliver economies of scale through reducing brokerage costs and reducing the exposure to market increases in premium costs, while enhancing cover arrangements and focusing on risk mitigation.

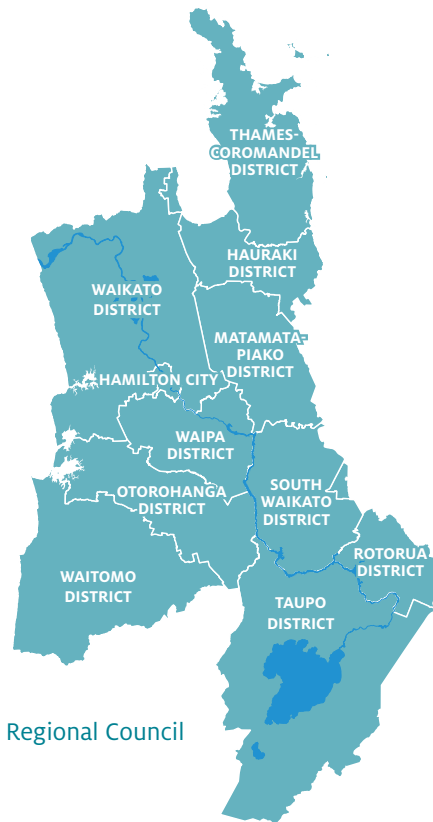
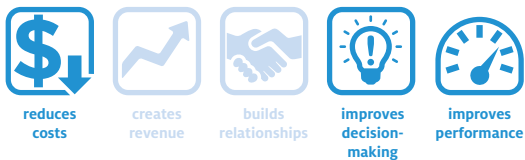
The Benefits: Significant premium savings with enhanced cover arrangements and a focus on risk mitigation. Brokerage fees reduced by over 35% (\$80,000), to \$147,500 per annum. Savings will total at least \$400,000 over the five years of the contract.

Material Damage and Business Interruption insurance premiums reduced by 21.5% (\$600,000) in 2012, when other councils were facing insurance increases. A further 14% saving was achieved in 2013/14, and another 15% in 2014/15 .

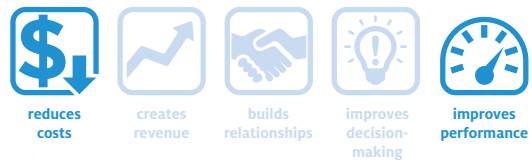
After a risk engineering assessment and loss modelling, most councils have now moved to commercial infrastructure insurance, considerably reducing excess levels and resulting in premium savings of \$446,000.



+ Waikato Regional Council



+ Waikato Regional Council



Computer-generated Print, Mail house and E-Services (Dataprint)

Participating Councils: Hamilton City, Hauraki District, Waikato District, Waikato Regional Council, Waipa District, Waitomo District (Note: Matamata-Piako and Rotorua Districts also use Dataprint, but their contract is currently out sourced via a broker.)

The Project: Dataprint is a centralised one-stop-shop providing computer-generated print, mail house and e-service solutions. Their services are tailored to meet the needs of the individual councils, and currently include the redesign, printing and distribution of rates notices and penalty reminders, water rates notices, flyers and dog registrations.

The Benefits: In the first year of the contract, Waikato District estimates \$10,000 in savings as well as business process efficiencies. It is currently reviewing its rates process, and is anticipates will provide further internal savings (in staff time). Other participating councils have yet to quantify their savings.

Postal and Courier Services (NZ Post)

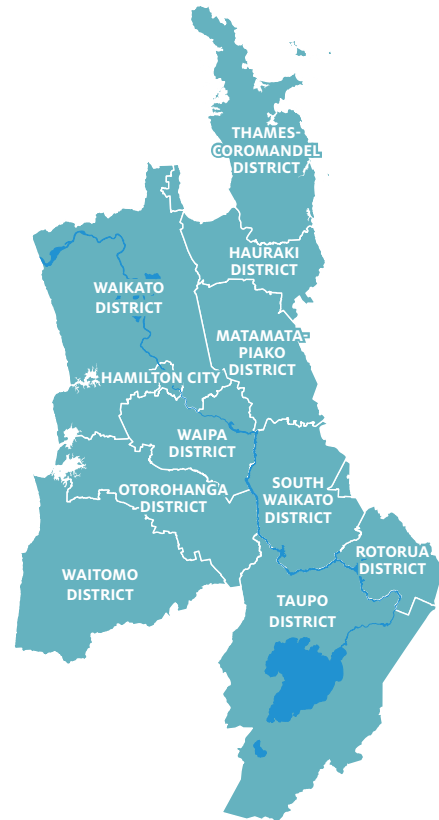
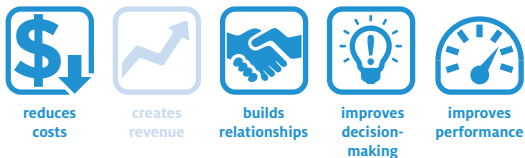
Participating Councils: All

The Project: The LASS contract with NZ Post has been in place since 2003 and covers all mail services – postal and courier.

The Benefits: Estimated savings range between \$8,000 and \$13,000 per annum for each participating council. Process and contract negotiation savings have also been achieved as a result of the collaboration.



+ Waikato Regional Council



Professional Services Panel (PSP)

Participating Councils: Hamilton City, Waikato District, Waikato Regional Council, Waipa District

The Project: A panel of 37 consultants that offer discounted services to participating councils in the areas of Three Waters, flood hazard management, building services, urban design and planning.

The Benefits: The discount ranges between 5% and 39% off standard hourly rates, with most of the discounts between 10% and 20%. In 2014, the annual spend on consultancy services across the four participating councils was approximately \$13 million. Therefore, the overall annual saving is between \$650,000 and \$5,070,000. If a saving of only 10% off market rates is used then, over the 5 years of the contract, savings will equate to \$6,500,000.

The PSP provides more efficient engagement of consultants, and standardised contracts and processes.

Legal Services

Participating Councils: Open to all

The Project: A shared services agreement with Tompkins Wake (TW) for legal services. This is not a “one size fits all” discount. Each participating council must negotiate with TW regarding specific hourly rates.

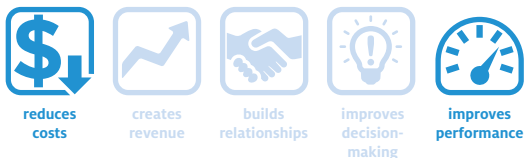
The Benefits:

- Discounted rates.
- Joint procurement and shared fees for opinions.
- Development of an opinion database for each participating council.
- Hosting in-house lawyers and other staff for relevant seminars conducted by TW experts.
- Notifying councils of changes in law or policy affecting them.
- Making TW’s library and databases available for research.
- Making staff available for on-site secondment at agreed rates, for agreed periods or projects, subject to availability.

Note: A procurement process to secure a Legal Services Panel, which will provide a choice of general and specialist legal services at preferential rates, is currently underway. This will replace the current arrangement with TW from 1 July 2016.



+ Waikato Regional Council



Accommodation Providers

Participating Councils: Hamilton City, Waipa District, Waikato Regional Council

The Project: This arrangement accesses accommodation for business travel using Orbit Corporate Travel’s management and booking processes.

The Benefits:

- Savings of between 10-40% per night.
- Additional staff time savings using Orbit’s online booking and reporting application.

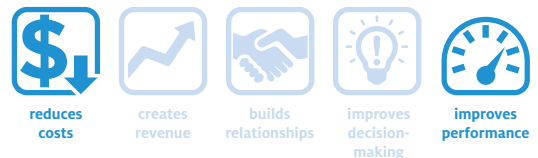
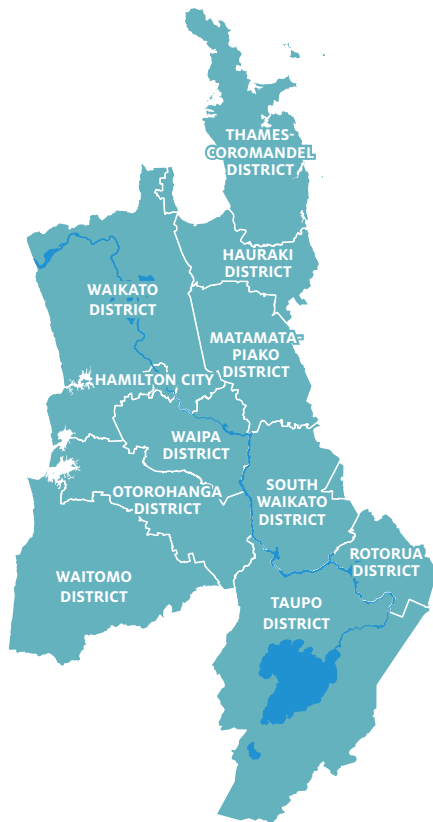
Chemicals

Participating Councils: Hamilton City, South Waikato District, Waikato District, Waipa District

The Project: Water and wastewater treatment plants use bulk treatment chemicals to ensure regulatory compliance with the NZ Drinking Water Standards and resource consent conditions. The four participating councils undertook a competitive tender process to ensure security of supply and preferential customer status. Contracts have been entered into with four suppliers (Orica Chemnet, Holcim NZ, Redox and Chemiplas Australia Ltd) for a three year term, with two three-year rights of renewal. Councils use suppliers depending on the products they require.

The Benefits:

- Treatment operations during and following emergency events will be maintained.
- Cost savings of \$107,650 (4.7%) per year – just under \$1 million for the duration of the contract.



Energy Supply

Participating Councils: Open to all

The Project: Two syndicates have been formed amongst the 12 LASS councils to procure electricity and gas supplies:

1. Hamilton City, Waikato and Waipa districts and Waikato Regional Council (since early 2000). Due for retender in 2016.
2. Hauraki, Matamata-Piako and South Waikato districts (and Thames-Coromandel since 2015). Retendered in 2015.

The Benefits:

- The Hamilton syndicate achieved savings of \$2.11 million over three years, and an additional 9% savings when the contract was extended a further two years.
- The Hamilton syndicate have joined the Ministry of Business, Innovation and Employment (MBIE) All of Government gas syndicated contract. Hamilton City will save \$228,450 over four years as a result. Data is not available for the other councils.
- Both syndicates reduced their cost of tendering by combining to tender for electricity supply.
- All councils have the opportunity to join the Hamilton-based syndicate for the 2016 tendering process.
- In 2015 the Hauraki, Matamata-Piako, South Waikato and Thames-Coromandel syndicate achieved savings of 5-10% over their previous contract prices.

Financial Reporting – Value Financials

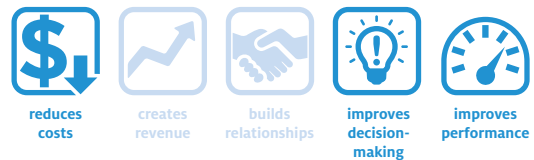
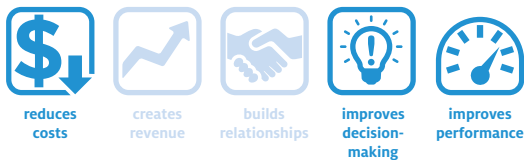
Participating Councils: Hamilton City, Hauraki District, Otorohanga District, Waikato District, Waikato Regional Council and LASS

The Project: Value Financials is a financial tool supplied by PricewaterhouseCoopers (PwC), which is used for completing end-of-year financial statements to meet statutory requirements. There is an annual licence fee, which includes 50 hours of support per annum to the participating councils and LASS.

The Benefits: Increased efficiency and ease of completing year-end financial reports.



+ Waikato Regional Council



GPS and Emergency Devices – Smartrak

Participating Councils: Hamilton City, Waikato District, Waikato Regional Council, Waipā District, Waitomo District

The Project: A comprehensive fleet management, GPS-tracking system, using advanced tracking devices, web-based mapping and visualisation, reporting tools, and pool car booking. It provides a system that locates, tracks and records real time information 24/7, and provides reports and recommendations on vehicle use.

The Benefits: Councils can effectively manage their fleets, including:

- monitoring and identifying potential health and safety risks of driver behaviour
- optimising fleet utilisation
- reducing fuel consumption
- improving labour efficiencies
- reducing operational costs.

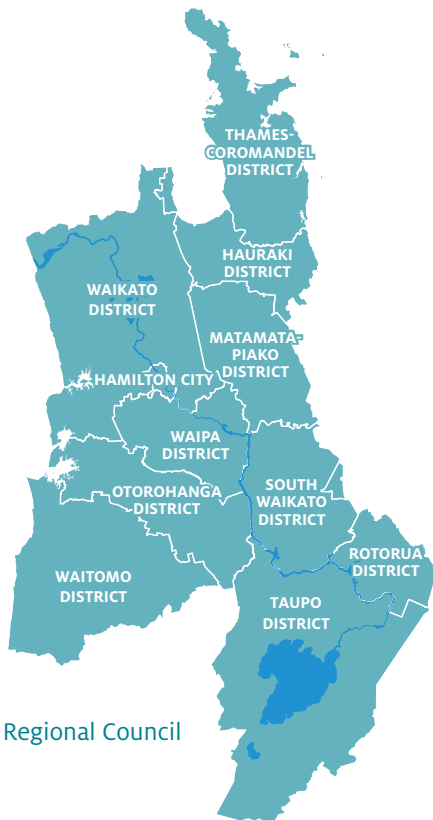
The savings achieved depend on the number of units installed, and range from \$36,000-\$60,000 per council over the five-year term of the contract.

Infometrics – Online

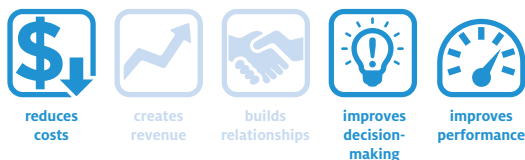
Participating Councils: Hamilton City, Thames-Coromandel District, Waikato District, Waipā District

The Project: Infometrics provides on line economic profiles and data for understanding local economic performance in the areas of economy, employment, productivity, population, businesses, skills, exports and regional comparisons. An optional toolkit enables a more in-depth analysis of a district's regional economic indicators.

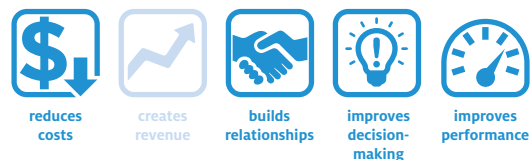
The Benefits: The savings gained from the use of a consortium approach has been a group discount of 20% with four in the consortium. The more councils in the consortium, the greater the discount (34% for up to 11 councils).



+ Waikato Regional Council



+ Waikato Regional Council



N3 and All of Government (AoG)

Participating Councils: All

The Project: Previously known as the Government Stores Board, N3 is a business-buying network with over 100 suppliers. Each council pays an annual fee and chooses which companies it wishes to purchase from, and to what extent.

Run by the Ministry of Business, Innovation and Employment (MBIE) Government Procurement Branch, AoG contracts establish a single supply agreement between the Crown and approved suppliers of selected goods and services commonly purchased across central and local government. Current AoG contracts of relevance to local government include electricity, energy management services, IT hardware, mobile voice and data services, office consumables, print devices, rental vehicles, reticulated gas, travel and vehicles.

The Benefits: In the year to December 2013, N3 reported savings of \$742,000 for the participating councils.

AoG contracts have provided:

- cost savings
- productivity gains
- improved competition
- eliminated the need to tender for the range of goods and services for which AoG contracts are in place.

As at 30 June 2015, AoG reported that the LASS councils had achieved savings of \$1,446,000 for a spend of \$11.76 million (12.3% saving), across a range of services.

Waikato Regional Aerial Photography Service (WRAPS)

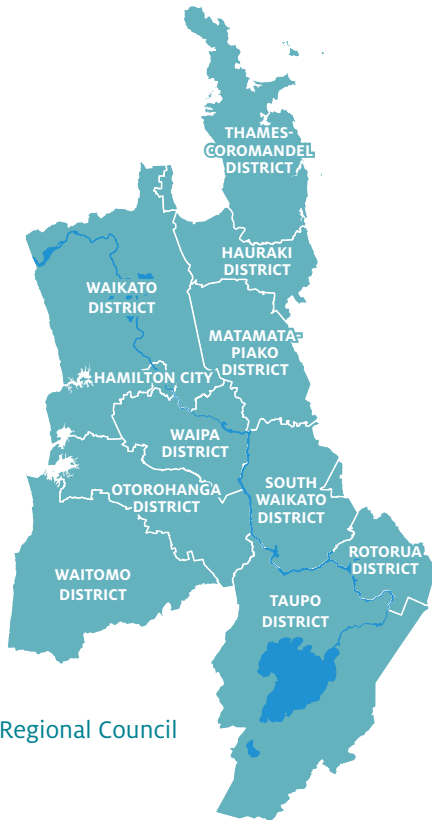
Participating Councils: All

The Project: WRAPS supplies colour, digital, orthorectified, aerial photography for the whole Waikato region, supplying all councils in the region. Discussions are currently underway with other parties to assess their willingness to join the syndicate. These include Land Information New Zealand (LINZ), the University of Waikato, the Ministry of Business, Innovation and Employment (MBIE) and Fonterra.

The Benefits: The availability of up-to-date aerial photographs across the Waikato region provides benefits to the councils, the general public and commercial businesses by:

- providing images that can be used for map backdrops (these images are a fundamental layer used for mapping)
- being able to use the five-yearly images to compare changes, such as coastal erosion or accretion, river paths, vegetation, city and town extents, and infrastructure such as roading
- being part of the national view of aerial images (aerial photos are available nationwide)
- delivering efficiencies in time and cost, by having LASS manage the tender and contract process collectively for the rural imagery, and providing an opportunity to negotiate a reduced, collective rate for urban photography.

In 2012, the WRAPS contract was \$480,000, offset by \$14,000 from two external partners. Significantly more external funding is expected for the next contract, reducing the cost to councils.



+ Waikato Regional Council



Waikato Historic Aerial Photos Archive

Participating Councils: All

The Project: The Land Information New Zealand (LINZ) Crown archive contains over 500,000 historic aerial photo negatives captured by surveys flown over New Zealand between 1936 and 2005. LASS has entered into a Memorandum of Understanding with LINZ to scan the archive over the next four years. The total cost for the Waikato syndicate will be \$287,000, including a LINZ subsidy of \$56,000.

The Benefits: In the Waikato, aerial photography is used each year to identify hazardous activities, to respond to approximately 300 public enquiries (at a cost of \$60,000 per year in staff time) and to undertake approximately 150 contaminated land investigations. The images show land use changes across New Zealand and can be used to identify:

- illegal resource consent developments
- potentially contaminated sites
- areas where vegetation has changed, assisting with natural hazard information
- changes in land use (e.g. dairy and forestry land conversions or coal mining).

It is estimated that this new digital resource should save the private sector at least \$75,000 per annum for image retrieval, as well as reducing council staff costs.



WHERE TO FROM HERE?

A number of new initiatives are currently being investigated under the LASS collaboration model.

Activity	What
Laboratory services	Analysis of water and wastewater samples at competitive rates.
Pipe procurement	Procurement of water, wastewater and stormwater pipes and fittings at competitive rates.
Legal Services Panel	A panel of legal firms, providing councils with a choice of general and specialist legal services at preferential rates.
Energy audits	Subsidised energy audits and the implementation of energy-saving initiatives – up to \$100,000 could be available through the Energy Efficiency Conservation Authority (EECA) by entering into a Collaboration Agreement with them.
Asset valuations	Develop standard templates for collecting asset condition data, review current asset lives, and seek agreement to use common valuation data.
Health and Safety Working Party	Develop standard, best practice reporting measures for health and safety, and provide assurance that all councils are complying with the new legislation.

How else do we collaborate?

Collaboration with Bay of Plenty LASS (BOPLASS), Manawatu Wanganui LASS (MWLASS) and Hawkes Bay LASS (HBLASS)

The LASS CEO currently liaises with three other LASS companies operating in the North Island – BOPLASS, MWLASS, and HBLASS. The chief executives meet three times a year, to share information and ideas and to update each other on progress.

Most of our interaction is with BOPLASS, who are currently developing a significant project in which we are taking a particular interest – the Local Government Collaboration Portal. This is essentially a web presence, where local government can promote shared service initiatives and work collaboratively.



Mayoral Forum

The Waikato Mayoral Forum was established in 2012 and provides a venue for the Waikato Mayors to collectively discuss how to maximise the wellbeing of the regional community. The purpose of the forum is to:

- develop a vision for the Waikato
- act as a collective voice where appropriate
- engage with central Government, iwi and key stakeholders
- seek efficiencies in the provision of local government services.

Six workstreams have been established:

- planning
- roading
- economic development
- regulatory bylaws and policies
- water and wastewater
- governance.

The Waikato Plan

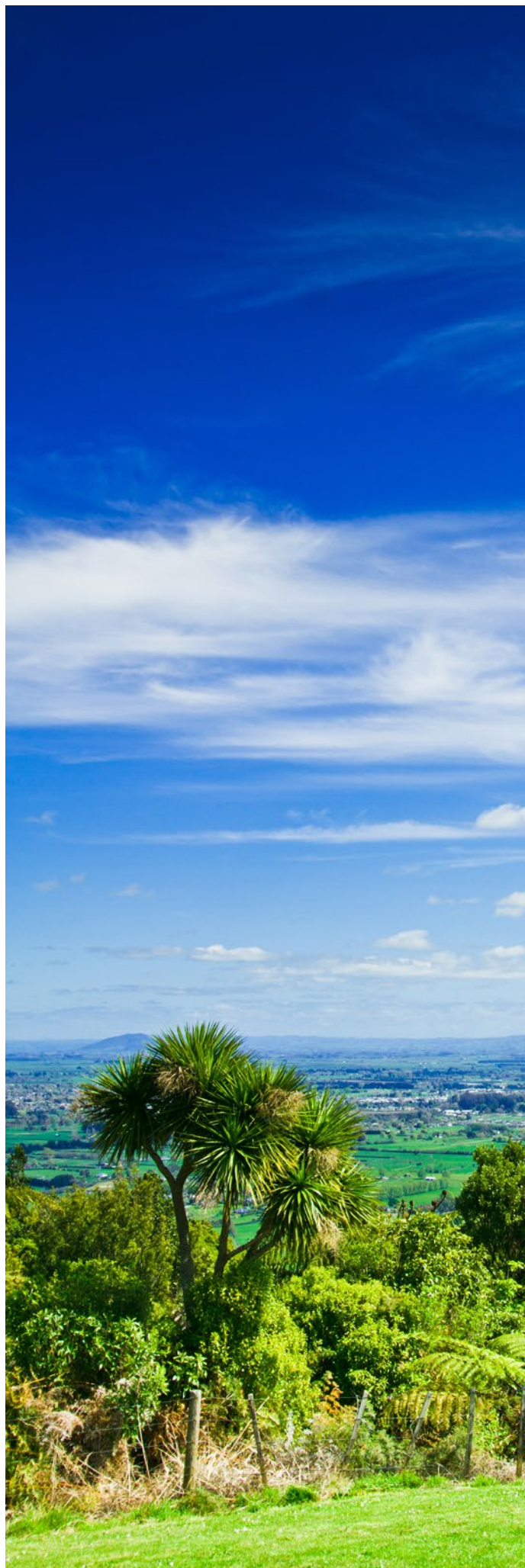
Local authorities in the Waikato hold combined assets of \$11 billion and have combined annual operating revenues of over \$800 million, mostly funded by ratepayers. Collaborative planning and governance is one way that local authorities can reduce costs to ratepayers and improve service delivery.

To build a collective voice, the Waikato Mayoral Forum is developing a “Waikato Plan”, which will:

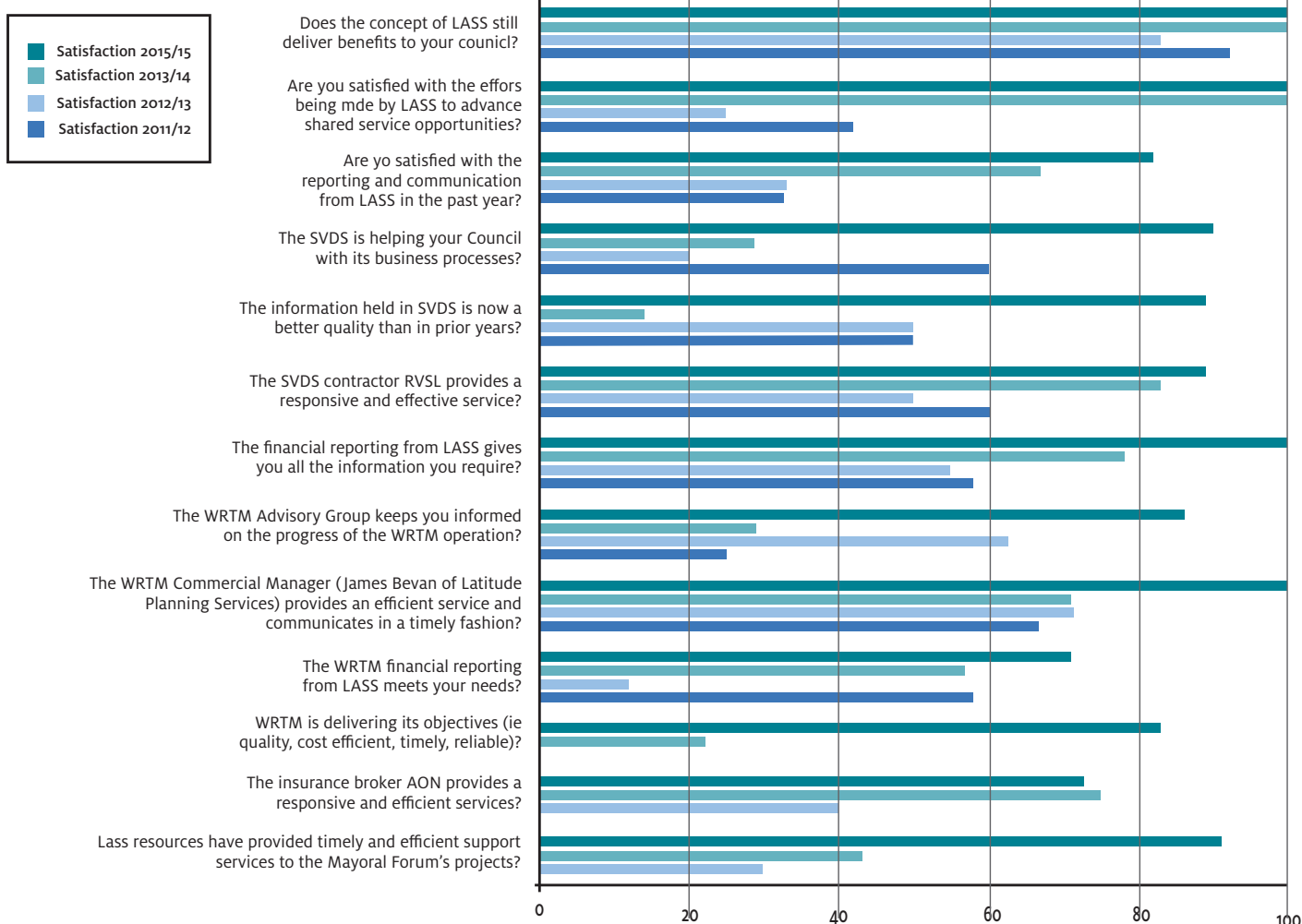
- set a strategic direction for the Waikato and its communities
- outline a high level development strategy that identifies settlement, infrastructure and service needs
- provide an evidential basis to support policy and investment decision making within the Waikato
- enable coherent and co-ordinated decision making by the local authorities, central Government and other parties to determine the future location and timing of critical infrastructure, services, and investment within the Waikato
- provide a basis for aligning the implementation plans, regulatory plans and funding programmes of local government and strategic partner agencies.

Implementation of the plan will provide a simpler regulatory framework, which will help our community, iwi and key stakeholders engage in business with confidence, reduce regulatory compliance hurdles and achieve positive environmental outcomes.

The plan is currently under development; it is anticipated that a draft will be available for public consultation by early 2017.



Shareholder Satisfaction Survey Results



Roading – Road Asset Technical Accord (RATA)

Roads in the Waikato make up around 11% of the national network, and their management and maintenance more than 11% of the national funds applied to operations and maintenance. The purpose of this workstream is to seek opportunities for greater collaboration in the roading sector within the Waikato region.

The objectives of RATA are to:

- reduce asset costs, while enhancing safety and ensuring a sound, resilient, local and regional network
- improve decision-making and investment
- assist the understanding, development and implementation of consistent road classifications
- utilise existing resources, and provide resilience to specialist staff
- achieve efficiencies.

RATA is supported by the NZ Transport Agency, who has contributed \$250,000 in start-up funding, with a requirement to demonstrate savings to at least this value by June 2017.

The Waikato roading managers are now actively working together to identify savings and to improve strategic asset management and planning.

As at 30 June 2015, \$180,000 in savings had been achieved, together with the development and implementation of a consistent data collection regime across the region, and a greater sharing of knowledge and expertise between roading staff. Benchmarking of outcomes across the region is also well underway.

Economic Development

The business led strategy, “Waikato Means Business”, was published in February 2014. It will help to boost economic growth by building on areas of regional advantage and assisting the Waikato region to identify and take opportunities, and to more effectively manage risks.

The implementation plan, which is currently underway, identified seven actions:

- developing the Ruakura Hub inland port
- completing the Waikato Expressway
- creating a new Waikato Plan for the region
- undertaking a study of constraints on growth and future investment opportunities
- improving the supply of and demand for skilled labour
- reducing local government red tape for business
- creating a better Waikato marketing “story” to help facilitate growth.

Regulatory Bylaws and Policies

By working collaboratively to create Bylaws and Policies, we aim to achieve greater consistency, quality and efficiency in our regulatory roles.

The first project completed was the development of a “Significance and Engagement Policy” template, with embedded guidance material, which is now being used by all of the Waikato councils.

A second project is underway which will streamline councils’ policy manuals by using a standard process for reviewing council policies. Terminology will be standardised and simplified, so that the policies are easy for the public to understand and are more consistent across the region.

A new project currently under investigation is to develop a Regional Infrastructure Technical Specification and guide. This would be a public document, available on each council’s website, that would provide approved design and construction techniques which council staff, consultants, contractors and developers can use to design and construct public infrastructure.

Water and Wastewater

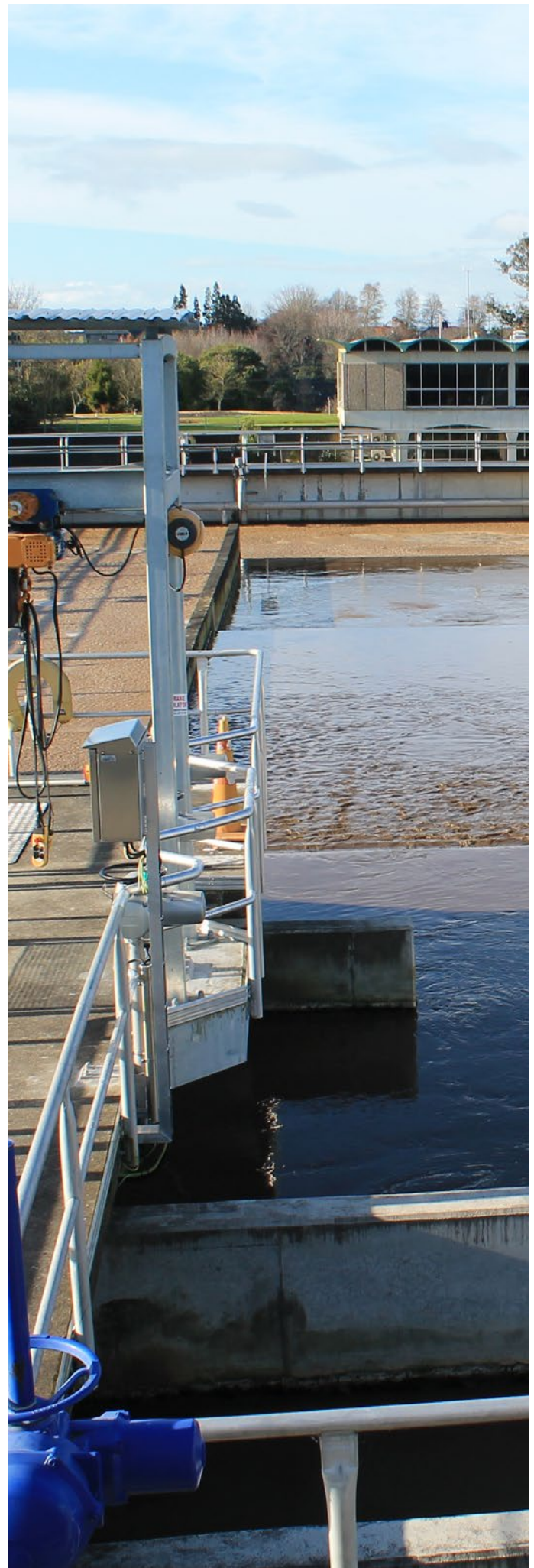
A preliminary review suggested that at least several million dollars a year could be saved by Waikato councils working together to deliver water and wastewater services. While business as usual was fine, the review concluded that there was potential for cost savings and a need to improve the resilience of water and wastewater services.

Over the past few months, an investigation has been underway into the benefits and challenges of a cooperative approach between Hamilton City, Waikato District and Waipa District councils. The final report and recommendations are currently being considered by the three councils.

Governance

The purpose of this work stream was to provide an opportunity for the region’s Mayors to discuss options for future governance in the region, recognising that this conversation would be facilitated by the outcomes of the other work streams. It was also to identify the common ground and a common vision for the region.

However, over time, the goals of the Planning and Governance work streams came together and it made no sense for governance to operate in isolation. Therefore this work stream is currently in abeyance.





value beyond boundaries

