



FY2023/24

ANNUAL REPORT

COLAB

Co-Lab is the trading name of Waikato Local Authority Shared Services Ltd

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SUMMARY

Over the past year, local government has faced increased scrutiny from communities with rising rates in the spotlight, and expectations from ratepayers remains high. Policy changes with a new Government has meant issues such as water infrastructure also remain front of mind. This has provided an opportunity for councils to get greater engagement from ratepayers and to educate them on what Council does.

We have remained flexible to support you where needed most. We have supported you with the on-going work to investigate a new regional water services delivery entity, and with an invitation to design a shared project management function in response to a lack of capacity in several Councils. More generally we have put to Councils a programme of work comprising several initiatives to attract and retain talent in the local government sector. Unfortunately, getting Councils to engage on these projects remains challenging. Our approach to developing these initiatives has evolved but the recipe for Councils to work together and with Co-Lab on meaningful change remains elusive. We will return to this topic later.

With shared services at the heart of our operation we were thrilled that 84% of recipients for our shared services that completed our annual survey said that we met or exceeded their expectations.

Building off the success of RATA, we are really pleased to have initiated the RATA Spaces & Places service, to support five councils with better community asset management.

We put the new management and governance model in place for the WRTM, and oversaw significant enhancements to it, improving its functionality and aligning the model with both regional and national transport objectives.

Delivering better learning and development through Co-Lab Learning has increased, with 59 eLearning modules made available on the platform and 50 in-person courses delivered to 636 people.

However, the utilisation of this service within Councils remains a challenge and we are reviewing how we can help Councils make more out of their investment.

So, in many respects our services are strong and delivering value to Participating Councils. We have introduced six new service offerings since shareholders adopted the new strategy for Co-Lab in 2019. Our service delivery teams remain focused on ensuring a high-quality service is maintained.

Despite what can at times be challenging work – something we know Councils will empathise with – 87% of Co-Lab people said they enjoy working for Co-Lab in the recent annual engagement survey. We maintain a strong culture in the company founded on our desire to support Councils to deliver improved value to their communities, and on our values of integrity, innovation, and collaboration & partnership.

The current environment should be ripe to realise the efficiencies that can come from collaboration. You will know from consulting your communities on your Long Term Plans that ratepayer perception of Council spend in the face of significant rate increases is concerning (to understate it). Against this backdrop, Councils' inconsistent engagement with Co-Lab on opportunities to save councils money is difficult to understand. If you want to make meaningful change and maximise the investment in Co-Lab, Councils must motivate and incentivise staff to 'lean in' on new opportunities. This is the single most critical element to success. For our part, Co-Lab will continue to evolve how we approach opportunity development.

One part of that evolution is working with smaller, willing coalitions to make collaboration easier and allow us to advance opportunities at greater pace. We will be looking to identify those Councils who are enthusiastic about

future ideas and work only with them to develop a solution, but in a way which will allow other Councils to join in at a later stage. We are also undertaking desk top research to identify proven shared services and other innovations overseas. This should help to validate ideas we bring to you and encourage participation because there is evidence of the value that idea can bring.

The future of Co-Lab should be bright because shared service arrangements and 'being smart' about how work is undertaken must be part of the solution to rates that many believe are becoming increasingly unaffordable. We hope you make the most of the opportunity in front of you and actively will this to happen, through action within your Council.

We Are Better Together.

Maa te mahi tahi e eke ai.

Peter Stubbs

WLASS Chair

Kelvin French

Chief Executive

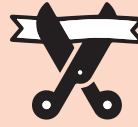


TOP ACHIEVEMENTS



Launched

59 eLearning modules on Co-Lab Learning platform



Established

first regional Light Detection and Ranging (LiDAR) data set



Provided Project Management Support

for a proposed regional water services deliver entity: Waikato Water Done Well



Gained

impressive data quality scores for 10 RATA councils, putting them in the top quartile across New Zealand



Increased Satisfaction

from 80% to 84% across the nine shared services



Finalised

our first three-year strategy



Launched

GIS Viewer to provide intuitive and user-friendly interface for visualising WRTM data



Commenced Secretariat Support

for the Waikato Mayoral Forum and Joint Mayors and Chairs Forum



Introduced Medical Insurance

for Co-Lab people and maintained impressive engagement results



Facilitated

four joint procurements

3-YEAR STRATEGY

We want to play a key part in ensuring the wellbeing of the communities our shareholding councils serve is maximised. We know that can only be achieved by working together to reduce duplication of effort and take cost out of the system. We therefore continue to support councils to identify and realised shared opportunities.

While our 3-year strategy is not “fully operational” until the coming financial year, we started working towards our goals as soon as it was ratified by The Board.

OUR VISION



Council collaboration through Co-Lab maximises community wellbeing

OUR PURPOSE



Support our councils to achieve this vision by helping them identify and realise shared opportunities

PERFORMANCE FRAMEWORK OUTCOMES



Reduce Costs

- Achieve efficiency gains & economies of scale
- Reduce duplication of effort & eliminate waste through repetition
- Help councils achieve an appropriate balance in risk & return

Create Value for Councils

- Improved levels of quality & service
- Increased skills & expertise
- Improved compliance
- Improved decision making

Enable Innovation & Change

- Research & development
- Promote & contribute to the development of best practice
- Coordinated & consistent approach to provision of services
- Communities engage with councils in our region on a consistent basis



3-YEAR S.M.A.R.T. GOALS

Strategic Goals (3-Year)

1. Shareholding Councils understand we provide them value
2. Deliver value by growing the scale of our shared service function
3. Diverse, talented and motivated people work for us



Objectives

- We know the value we provide shareholders has improved by 15%, by 30 June 2027
- By 30 June 2027, 80% of shareholders agree they get value from Co-Lab
- 24 New instances of Co-Lab’s shared services being utilised by 30 June 2027
- Staff engagement is maintained at 85% or above, by 30 June 2027
- Staff turnover is less than 15% per annum
- Our vacancies are filled by suitable candidates within 3 months

Baseline y/e 30 June 2023

3-YEAR STRATEGY CONTINUED..

Work towards this strategy during the period, included:



GOAL 1: Shareholding Councils understand we provide them value

- Increased shared services satisfaction by 4% (80% in 2023 to 84% in 2024)
- Reported value of collaboration using our benefits framework and shared with each council
- Validated the methodology underpinning how benefits have been quantified with Council Procurement Managers
- Ensured the benefits framework is understood & adopted by Co-Lab people
- Better captured council relationships through a contact database (which will become a CRM)
- Scheduled and executed several Co-Lab Shouts to increase awareness of the company within Councils



GOAL 2: Deliver value by growing the scale of our shared service function

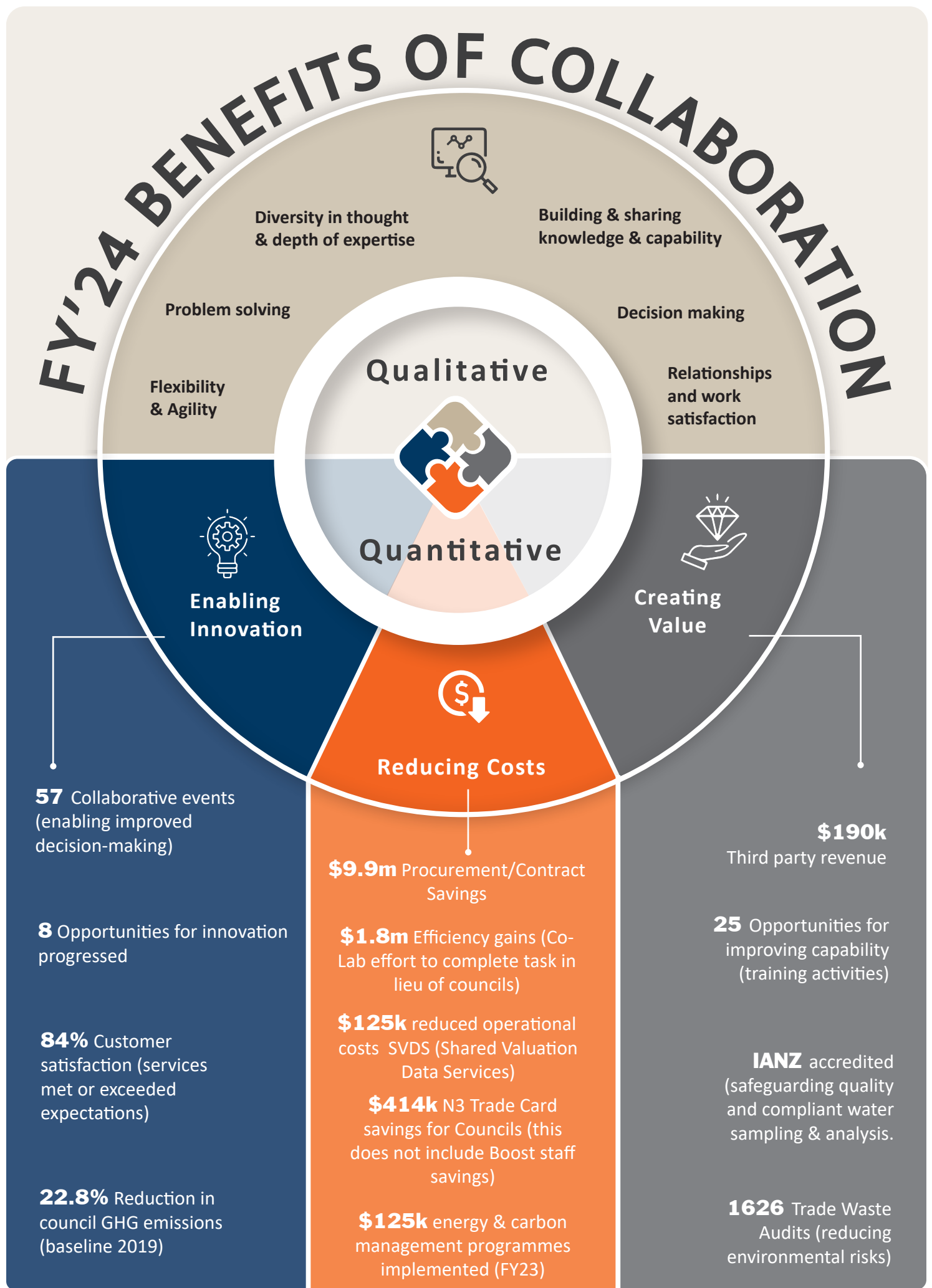
- Evaluated the Idea Pipeline against a new criteria to understand ideas with the best chance of success
- Service Delivery Managers started identifying ways to improve current services
- Service Delivery Managers started to identify Councils who currently aren't using a particular service, but may benefit from doing so
- Started developing a plan to approach councils outside the region for scalable services



GOAL 3: Diverse, talented and motivated people work for us

- Introduced health insurance benefit for Co-Lab people
- Continued to embrace flexible working arrangements wherever possible
- Established and conducted 'exit interview' process with all exiting staff (Co-Lab and council secondees). Any resolvable actions completed
- Implemented 'win of the week' to celebrate our achievements
- Implemented 'cheers chair' monthly recognition of great work reflecting our values: people are nominated by the Co-Lab team
- Delivered Tetra Map training internally to support the help with adapting communication to suit different stakeholders
- Continued with psychological safety quarterly sessions, completing actions from these sessions
- Continued to provide EAP services to Co-Lab people
- H&S Risk register regularly reviewed and updated with mitigations

FY'24 BENEFITS OF COLLABORATION



Qualitative

Diversity in thought & depth of expertise

Building & sharing knowledge & capability

Problem solving

Decision making

Flexibility & Agility

Relationships and work satisfaction

Quantitative

Enabling Innovation

Creating Value

Reducing Costs

57 Collaborative events (enabling improved decision-making)

8 Opportunities for innovation progressed

84% Customer satisfaction (services met or exceeded expectations)

22.8% Reduction in council GHG emissions (baseline 2019)

\$9.9m Procurement/Contract Savings

\$1.8m Efficiency gains (Co-Lab effort to complete task in lieu of councils)

\$125k reduced operational costs SVDS (Shared Valuation Data Services)

\$414k N3 Trade Card savings for Councils (this does not include Boost staff savings)

\$125k energy & carbon management programmes implemented (FY23)

\$190k

Third party revenue

25 Opportunities for improving capability (training activities)

IANZ accredited (safeguarding quality and compliant water sampling & analysis.)

1626 Trade Waste Audits (reducing environmental risks)

WHAT WE DID

OPPORTUNITY DEVELOPMENT PROJECTS

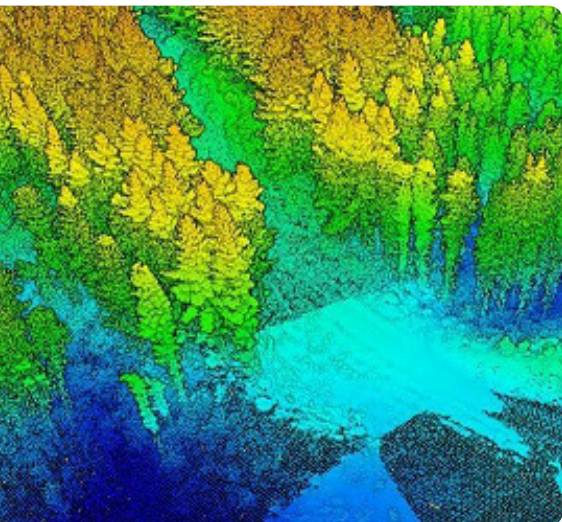
RIGHT PEOPLE RIGHT PLACE (RPRP)

RPRP is an investigation into meeting current and future local government workforce needs.

The investigation was informed by extensive research including an international literature review and interviews with people who are or have worked in, or closely with, local government in New Zealand.

In late 2023 we completed stage two of the project presenting a report to councils that outlined the problem and proposed a toolkit of 12 initiatives that will deliver benefits in the short and long term.

The CE Forum and the People & Capability Managers' working party considered the report. The latter have shared their preferences for which of the 12 initiatives should be a priority.



LiDAR

The Light Detection and Ranging (LiDAR) project collected precise laser measurement of the earth surface to create highly detailed 3D maps and models of the region's landscape. We completed this five-year project to establish the first ever regional LiDAR data set.

The data enables better management of natural hazards, such as floods, erosion, and rising seas. Many organisations (public and private) already use the data via the LINZ service.

We informed stakeholders about how the data can be applied for council use cases.

RATA SPACES & PLACES

We formed RATA Spaces and Places in early 2024 between five Councils, to work together to tackle mutual problems related to community asset management.

This is an extension of the established RATA Transport team who, with a proven centre of expertise in good practice asset management, is well placed to assist councils to make better investment decisions around their community assets.

At a strategy workshop, the Councils decided on the Rōpū's (group's) first focus: making consistent data and inventory rules. We will apply this to managing the assets of parks, reserves, and sports and public gardens.



PROJECT OHU (PROJECT MANAGEMENT SHARED SERVICE)

Highlighted as a top priority by The Board based on evidence that some Council's lacked project management capacity, we invited councils to participate in the design of a Project Management Shared Service.

The potential benefits for participants in a project management shared service arrangement with us were:

- Reducing cost through economies of scale and by saving margin (we don't have a profit margin like consultants do)
- Giving Councils access to a greater depth of expertise which stays with the Council group rather than leaves when the job ends (as is the case with consultants)
- Enabling innovation by having shared service staff that work across multiple councils and can share knowledge

Although several councils were interested in the project, ultimately not enough councils were able to participate to warrant continuation at this time. We will keep this concept in the ideas pipeline and revisit it at a future time. We know the problem hasn't gone away.

Disappointingly, we're aware of one Council who went to the market to establish a panel of project management consultants within months of saying 'no' to being involved in the project. Of course the intent was never to replace all Council spend on project management consultants, but on the face of it this looks like an example (and there are more) of where Councils are acting in a way that undermines what Co-Lab (and presumably the Councils themselves as shareholders) are trying to achieve – reducing costs to ratepayers and creating value by being smarter about how activities are delivered.



WAIKATO WATER DONE WELL

In response to the Government's Local Water Done Well policy directive, Waikato Councils agreed to work together to consider the merits of a regional water services delivery entity.

Co-Lab has provided project management and secretariat support to the project and the various associated forums.

As the Councils only regional CCO, it has also been the lead contracting party for the project resources required (for both the Waikato region and a similar piece of work being undertaken by the Bay of Plenty Councils).

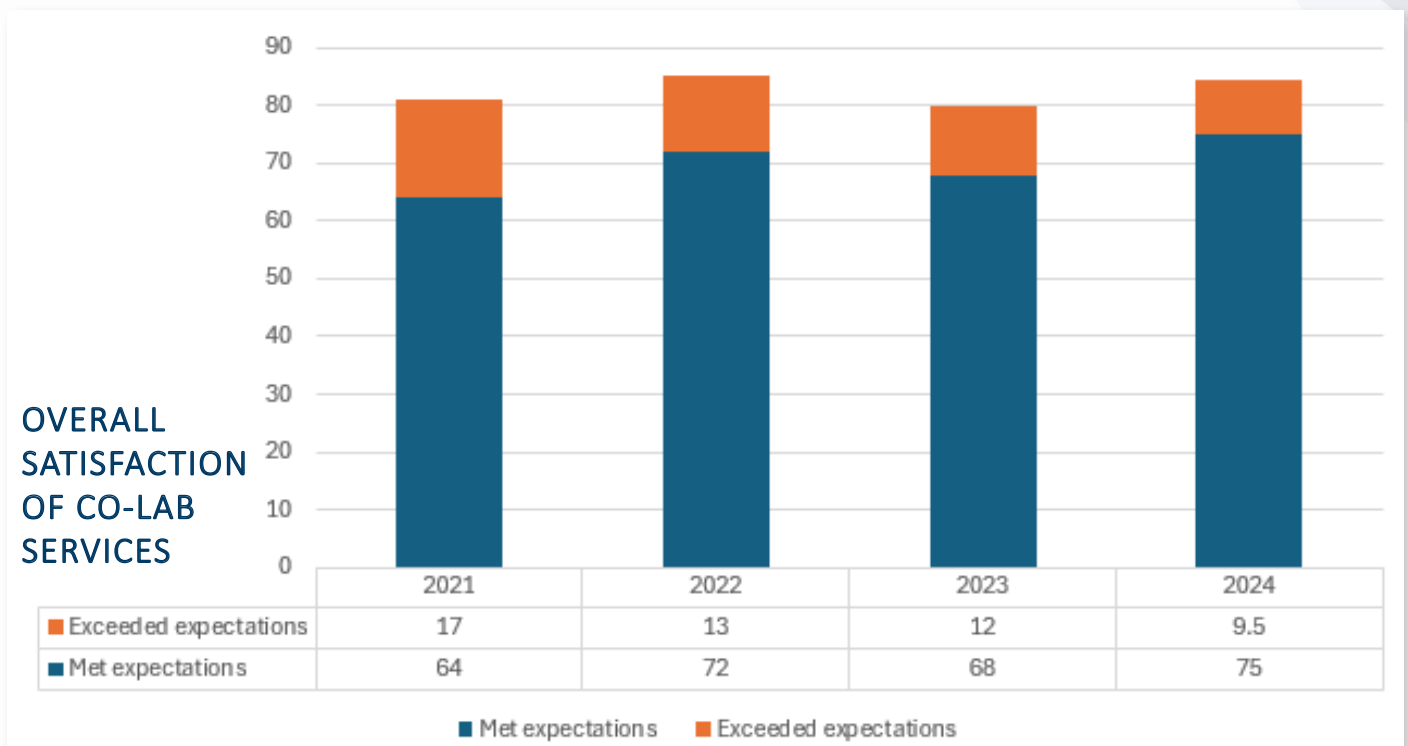
WHAT WE DID

SHARED SERVICES

SATISFACTION SURVEY RESULTS

In May, shareholding councils (and Waka Kotahi for RATA) were asked to provide feedback on various elements of working with us. The questions asked in the survey covered Co-Lab services, opportunity development (projects), the working parties and advisory groups, and Co-Lab communications generally.

The survey was sent to 310 council stakeholders and 128 responded. Across our nine services the overall satisfaction increased to 84% and we met the KPI of 80%.



Seven services had 80% or more of respondents saying the service had met or exceeded their expectations; RATA, Co-Lab Water Services, WRTM, Co-Lab Geospatial Services, RITS, Co-Lab Procurement Services, and Energy & Carbon Management.

For Co-Lab Learning, 74% of respondents said it had met or exceeded their expectations. This is slightly below the KPI, but we felt it was a positive result considering the challenges we and participating councils are currently working through. A full-service review is scheduled for September and discussions are already underway about how the service can better meet Councils' needs.

The WBCG scored similarly to 2023, with 50% of respondents saying that it had not met expectations. A strategy day is planned for July 2024 where the Advisory Group and Technical Committee will discuss the future direction of this group.

Several comments recognised the diligent and welcoming nature of Co-Lab people, although this was tempered by the perception that collaboration is by nature time consuming and so the resulting outcomes and impact are questioned.

RATA

RATA reached 10 years of valued advice and services to Waikato councils in 2024.

During the period, we gave on-site support to six councils who otherwise wouldn't have the resources to undertake the minimum data requirements for their transport assets as required by NZTA. Detailing and costing the roading forward works programmes for councils provided clear information for council long term plans.

We also procured new traffic counting contracts to replace the previous six-year contracts which will enable each roading authority to continue meeting the minimum data collection standards required by NZTA. As usual, the team managed bulk purchase discounts for roading related software licences.

Our work improved data quality scores across all councils (when measured nationally against all the 60+ local authority road controlling authorities), with an average score of 92 across the 10 councils. This puts them in the top quartile across New Zealand.



We delivered the final year of the six-year data collection contracts.

Through the life of these contracts we delivered on behalf of Waikato councils:



5510 Traffic Counts



3220kms of Road Pavement Strength Data



1112km of Footpath Assessments



8000+kms Road Condition Assessments



471km of Stormwater Condition Assessments



29127 Lane kms of High-speed Road Condition Data

We closed out the year with a full team for current operations and look forward to a refreshed focus on delivery in the coming financial year.



CO-LAB WATER SERVICES

We undertook activities to better understand Councils' water challenges including stormwater and three waters education, and the Advisory Group endorsed investigating options for potential new shared services. We also continued our compliance network forums which received positive feedback.

The Sampling Team refreshed their drinking water and wastewater testing as part of ongoing professional development to stay at the top of the field.

Highlights in numbers are:

- Increase in overall service satisfaction from 77% to 100%
- Completed 1,626 trade waste audits and 633 consents and met all KPIs.
- Rolled out the Smart Water Workplace Campaign to Hamilton City Council.
- Took 10,583 samples and completed 104,116 tests in our Sampling & Analysis Team.

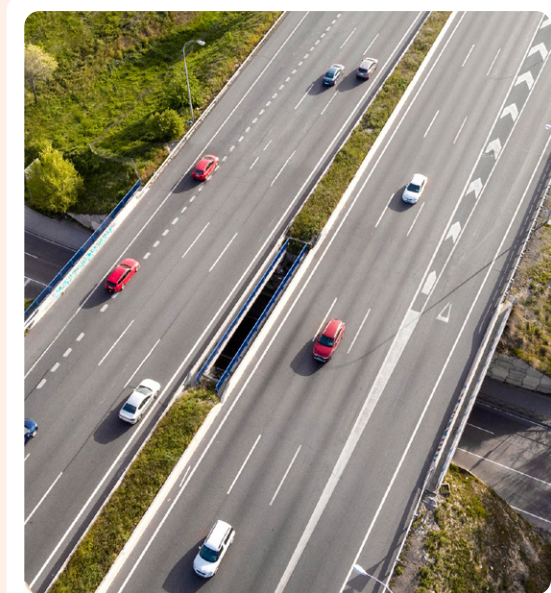
WAIKATO REGIONAL TRANSPORT MODEL (WRTM)

In March 2024, we completed an extensive update to the Single Stage Business Case (SSBC) for the Waikato Regional Transport Model (WRTM). The update addressed the model's ageing infrastructure and its limitations in forecasting capabilities. The enhancements have improved functionality, integration with other analytical tools and addressed critical gaps in the current model.

During the period, the GIS Viewer was launched, providing an intuitive, user-friendly interface for visualising WRTM data to allow more informed decision-making. It now has seamless data management and visualisation, and includes essential data layers such as traffic flows, levels of service, and crash data. It has garnered positive feedback for its innovative approach and ease of use.

We also delivered enhancements to the WRTM to align the model with regional and national transport objectives.

The initiatives undertaken have been well received by the WRTM user group and governance group.





CO-LAB LEARNING

We focused on embedding and growing the use of Co-Lab Learning in participating councils, working to address issues with the learning management system (LMS), and developing council-specific eLearning modules.

This included a 'relaunch' of the service at Rotorua Lakes Council, directing staff to access the platform online rather than accessing modules via the in-house LMS, to improve learner experience and access to more content.

Hauraki District Council requested a digital induction process and worked extensively with the e-learning team to develop this.

We are also developing regional onboarding and induction resources by the Co-Lab Learning team and its partner councils.

CO-LAB LEARNING - AN OVERVIEW OF OUR YEAR

8

courses in draft

29

courses confirmed & scheduled

59

eLearning modules available on the platform

19

19 microlearning resources supplied (including the ones noted in the point above)

50

in-person courses (learning events) completed with 636 people attended

2513

Council staff registered on the eLearning platform



Established a competency framework for 3rd tier managers



Provided resources to assist with embedding learning for staff and managers (learning journal, getting learning to stick, 1:30 tool)



Provided a Tetra Map facilitator



CO-LAB PROCUREMENT SERVICES

We ran four joint procurements throughout the period; traffic counting and footpath condition rating services, wellbeing health & safety training, group medical insurance for council staff, and facilitated the professional services panel tender.

The RATA traffic counting and footpath condition procurement involved retendering two existing data collection contracts for 10 participating councils. A new approach to procurement resulted in receiving five tenders, increasing competition and avoided 18% costs if we had followed the 2018 approach.

The wellbeing, health and safety training procurement involved 10 participating councils and received high interest with 17 proposals. Data shows there will be significant savings to Councils if the same number of students who attended courses in 2022 are sent to the same courses in 2024.

The PSP was retendered with over 200 responses received. The evaluation of responses continues with the new panel anticipated to be in place in late 2024.

Through the council's insurance collective broker, we approached the market for a staff Group Medical Insurance Scheme. Several councils have taken up (or shortly will be) the preferred scheme to enhance their employee benefits.

We also continued to support Councils' procurement outcomes through the Co-Lab Procurement Support; providing direct in-council procurement advice and support to three participating councils.

WAIKATO BUILDING CONSENT GROUP (WBCG)

Over and above processing and maintaining the IQP and Producer Statement Author registers, Co-Lab's WBCG team prioritised professional development through several cost-effective joint training sessions. These included H1 Refresher, Rapid Building Assessments, and Commercial Processing training. Consequently, there are now 42 trained Rapid Building Assessors within the Waikato Civil Defence area, enhancing our region's preparedness and response capabilities.

Additionally, we fostered collaboration through the Quality Assurance Hub and conducted internal audits for participating councils, providing valuable insights and promoting a continuous improvement mindset.

We played an active role in IANZ accreditation assessments, assisting where requested to ensure consistency and build on the regional insights. We represented the regional voice of the WBCG to central Government by completing a submission to the Ministry of Business, Innovation and Employment (MBIE) on the Building Consenting Review.



CO-LAB GEOSPATIAL SERVICES

Over the period we held Geospatial Forums, including an event celebrating the release of LiDAR data for the region and featured speakers who demonstrated the impressive uses of this technology. The forum was key to engaging with stakeholders and showing the practical benefits of LiDAR.

We updated the link between the Waikato Data Portal and data.govt.nz, ensuring that data from Waikato local authorities is easy for the public to access. This step has increased transparency and made valuable data resources more available for community and research purposes.

We boosted the reliability and efficiency of the services and provided users with a better experience by identifying and fixing several bugs. We improved the quality of the OneView 3 Waters datasets, ensuring users can access consistent and accurate data from multiple Councils in one place.

We also helped Councils increase the amount of data they share on the Waikato Data Portal, providing a richer source of information. This expansion supports better decision-making and research in the region by making valuable insights more accessible.

To improve user support, we launched a new helpdesk system to streamline technical assistance. This system has made us more responsive and effective in addressing user questions and issues, enhancing overall satisfaction.



COMPANY SUPPORT

During this period, Management concentrated on completing the first three-year strategy. It was presented to council stakeholders before its scheduled adoption in FY2024/25. In anticipation, we've been developing enhanced communication and marketing materials.

Management also put a greater focus on engaging council stakeholders in the company's Statement of Intent through a virtual briefing.

The wider team was involved in finalising a Benefits of Collaboration framework. It helps to better explain and measure the value of collaboration. The framework is reported against annually.

During the period, we took on secretariat support for the Waikato Mayoral Forum and the Joint Mayors and Chairs Forum and continued administrative support for our eight working parties.

We continued to hire great people, welcoming six new staff to our Co-Lab whanaū, including a Manager for People & Capability, shared with Ōtorohanga District Council.



ENGAGEMENT SURVEY RESULTS

We had exceptional engagement survey results, achieving an engagement rate of 87%. 31 people out of 47 responded. The strong results show our mindset of continuously looking at how to make Co-Lab a great place to work. The notable findings from the survey were that:

- People were satisfied with the level of training offered by Co-Lab - the question scored a 90% positive response rate.
- People have great relationships with both their colleagues and supervisors with both questions scoring a 94% positive response rate. The result truly speaks to the collaborative and people centric culture at Co-Lab.
- People feel health, safety and wellbeing is considered important to Co-Lab with the question receiving a 90% positive result.



MEDICAL INSURANCE

We strengthened our support for people's wellbeing by introducing medical insurance for specialists and hospital visits. This was part of a broader procurement of medical insurance offered to all Co-Lab councils (other than Hamilton City Council who already had a scheme in place).

The insurance was introduced in April 2024 and has been received positively.

THE NUMBERS

Summary financial results for the year:

	2024 (000's)	2023 (000's)	Change
Total Income	9,845	9,101	8%
Net Surplus Before Tax	(720)	505	(243%)
Cash on Hand	3,202	2,313	39%

The net surplus before tax is high in comparison with the surplus projected in the budget. This principally reflects the lower than anticipated costs for Co-Lab Water Services.

PERFORMANCE REPORTING

The performance measures noted in the table were included in the 2024 Statement of Intent.

The company has assessed whether each target has been achieved, and how these contribute to our outcomes as an organisation.

KEY

- Achieved
- Unable to currently measure
- Partially achieved: Activity remains in progress
- Not achieved

PERFORMANCE FRAMEWORK

OUR VISION

Our councils maximising the value they provide to their communities

OUR PURPOSE

Support our councils to achieve this vision by helping them identify and realise shared opportunities

OUTCOMES

Council costs are reduced

Performance is improved without increased cost

- Achieve effectiveness & efficiency gains
- Reduce duplication of effort and eliminate waste through repetition
- Help councils achieve an appropriate balance in risk & return

The experience of council's communities is improved

- Promote and Contribute to the development of best practice
- Make it easier for communities to engage with councils in our region on a consistent basis
- Promote business transformation to improve communities' experiences

HOW WE'LL BE SUCCESSFUL

Investigate the right opportunities

Develop opportunities on time and in 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 & Values

Our Resources

Our Reputation

PERFORMANCE MEASURES

Please note: in line with our 2025 Statement of Intent, the performance measures will change for the next financial year onwards.

PRIORITY	PERFORMANCE MEASURE	TARGET	FY2024 OUTCOME	FY2023 OUTCOME
<p>Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives</p>	<p>Business cases will include measurable benefits linked to one or more of the outcomes sought</p>	<p>Projected savings to councils of \$300k+</p>	<p>Co-Lab advanced various opportunities during the period: Proposal delivered to councils:</p> <ul style="list-style-type: none"> • RATA Spaces & Places (<i>service subsequently established</i>) • Project Management shared service (<i>project closed with no service established</i>) <p>Project closed before proposal or business case:</p> <ul style="list-style-type: none"> • Parking enforcement shared service <p>Ongoing at 30/6/24:</p> <ul style="list-style-type: none"> • Right People Right Place • EV charging opportunity • Waikato Waters Done Well • Food & Alcohol Licensing Shared Service <p>No business cases were presented to The Board but there were various discovery reports, progress reports and the significant Right People, Right Place report.</p> <p>Opportunities only become services when participating councils are confident the service will deliver benefit. This has tended to mean that councils treat the opportunity as a procurement. Accordingly, Co-Lab has focused on delivering proposals rather than business cases. A business case assumes that the strategic decision has been made and then presents a range of options to the decision makers.</p> <p>Co-Lab's new benefits framework highlights that some of our opportunities will deliver value that is not specifically aligned with 'projected savings/increased revenue'. This is reflected in all communications with councils.</p>	<p>Seven significant projects monitored during the year. However, each of these projects – which were largely guided by feedback from councils – were principally focused on valuation creation (rather than cost savings) and/or are at an early stage where potential costs savings are yet to be quantified. The Customer Digital Enablement (CDE) project has the potential to save significant amounts by pooling council investment. For example, market feedback suggested a ten-fold increase in the number of councils involved only bore a 16% increase in investment. Unfortunately, as noted earlier, most councils did not support progressing to RFP and product build. For these reasons, the target has not been met.</p> <p>The Strategic Case for the 'Right People, Right Place' project (see page 9) was approved by The Board in June 2023.</p> <ul style="list-style-type: none"> • A paper covering the 'People Post 3 Waters' project was presented to council Chief Executives in November 2022, with an update to The Board in March 2023. While we await feedback from councils on what resource might become available to redeploy, we are investigating a project management shared service to address one area where many councils are resource constrained. <p>Neither of these investigations can yet claim to give projected savings to councils, although both have the potential to reduce costs and create value in the future.</p>
	<p>Opportunity assessments are supported by councils (evidenced by Board minutes)</p>	<p>75% of councils</p>	<p>Average (across 2 initiatives) is 30%</p> <p>5 (45%) councils (out of 11 possible councils) have agreed to participate in the RATA Spaces & Places collaboration.</p> <p>2 (17%) councils (out of 12 possible councils) indicated willingness to participate in the Project Management Shared Service pilot. Ultimately the pilot did not proceed.</p>	<p>We can't reasonably measure performance against this target because no opportunity assessments have been presented to The Board during the period. Having said that, as noted above, CDE is not expected to progress to this point, because of the lack of support to progress the opportunity. To that extent, it is an opportunity that, while initially supported by councils, has not ultimately been.</p> <p>Last year we reported that 9 of 12 councils agreed to participate in Co-Lab Learning. A 10th confirmed their involvement in the current period.</p> <ul style="list-style-type: none"> • Some opportunities have been capitalised on without a formal business case. An example of this in the current period is Co-Lab Procurement Support. That shared service came about from discussions with councils who had a need for procurement skills, but only on a part-time basis, or only as and when required to supplement their current resources. <p>In July 2023 and August 2023, councils were presented with proposals to participate in a Building Consent Cadetship and in the RATA Spaces and Places Rōpū. Decisions are pending in early FY24.</p>

PRIORITY	PERFORMANCE MEASURE	TARGET	FY2024 OUTCOME	FY2023 OUTCOME	
Develop opportunities and deliver projects within agreed budgets and timelines	Opportunities / projects are developed / delivered within agreed timelines	80%	<p>44% (4/9) for the 12 months to 30/6/24</p> <p>Within timeline</p> <ol style="list-style-type: none"> Future Proof Data Analytics Right People, Right Place Project Ohu Round Waikato Waters Done Well Modelling <p>Not completed as per plan were:</p> <ol style="list-style-type: none"> AMCE (Now RATA Spaces & Places) Opportunity Assessment (slow council response) Project Wakanda Round 1 (delayed to allocate effort to another project) WRTM restructure Wakanda Round 2 (reports 2 weeks late to Steering Group) Voltage – No timeline set 	<p>14%: (1/7 projects)</p> <p>The low proportion of projects delivered within agreed timelines is disappointing. However, this should be considered in the context that most Co-Lab investigations commence with significant uncertainty, including council staff's capacity to get involved in the projects, which makes reliably estimating the time to complete challenging. While capacity is the most prominent unknown when setting timelines, the LiDAR project has been delayed by vendor performance issues.</p> <p>We acknowledge that we must be more realistic when estimating timelines.</p> <p>It is important to note that none of the delays have caused costs to escalate (i.e., the anticipated work is simply spread over a longer period, or the contract protects against cost escalation).</p>	●
	Opportunities / projects are developed / delivered, within approved budget	90%	<p>80% (8/10) for the 12 months to 30/6/24</p> <p>80%: Eight of the Ten projects were completed within budget. The exceptions were 1) Future Proof Data project where actual cost was \$2k over the plan. 2) Wakanda Round 2 which continued over the stage estimate (but was still well within the funds The Board allocated to the initiative)</p>	<p>80%: Four of the five projects were completed within budget. The exception was the Co-Lab Learning Implementation where the cost of the project team went over project budget. The remaining of two projects have not started in the current year.</p>	●
	Overall, Company Management / Support functions will be undertaken within budget, unless additional expenditure has The Board pre-approval		<p>Company Management & Support expenditure was less than budget largely due to the LAPP insurance costs, which is recovered from councils, included in the budget no longer being required by councils.</p>	<p>Actual Company Management & Support expenditure exceeded budget, mainly because the LAPP insurance cost, which is recovered from councils, was not included in the budget.</p>	●

PRIORITY	PERFORMANCE MEASURE	TARGET	FY2024 OUTCOME		FY2023 OUTCOME	
Ensure projects realise their expected benefits	Measurable benefits are actively monitored and reported against	Six-monthly	Management presented one "Project Benefit Assessment" to the Audit & Risk Committee (ARC) in FY24. The assessment covered Waikato OneView. Following the completion of the Waikato OneView benefits assessment, this practise was discontinued with approval from the Audit and Risk Committee. The Co-Lab Benefits framework is now being used as the vehicle to report project and service benefits.	●	During the financial year, management reported to the Audit & Risk Committee on: Shared Valuation Data Service (SVDS): All benefits in the business case have been met. Co-Lab Water Services: The assessment considered benefits realised since the services inception. Of the 10 KPIs in the business case, only 1 (relating to service expectations) was determined to be 'not met' and action is already underway to remedy that.	●
	Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)	For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Within 15 months	No "Project Benefit Assessments" for \$200k Projects were undertaken. (The Waikato OneView project did not require an investment of over \$200k)	●		●
		90% of projected quantifiable benefits are realised		●		●
Ensure existing services are meeting the needs of councils	The services we provide are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey).	80% of councils	84% of survey respondents for shared services said we met or exceeded their expectations. Based on our annual survey of councils, the target of 80% has been met. 84% of Shared Service survey respondents said that the services met or exceeded expectations. The survey response rate was 41% (310 were invited to participate with 128 responses received).	●	Based on our annual survey of councils, the target of 80% has not been met. 79.8% of respondents (0.2% less than the target) said that the services met or exceeded expectations. The survey response rate was 45% (200 were surveys with 91 responses received).	●
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice	Across these groups, ideas for future consideration and/or initiatives are identified each year	Four per annum	No ideas were received through our website in the 12 months to 30/06/24. Project Wakanda is a Board directive to search for ideas by looking for shared-service success stories (internationally and in other sectors). The investigation report in December 2023 listed 55 shared service examples which provided Co-Lab with ideas for further consideration.	●	Ideas received and triaged in FY23: <ul style="list-style-type: none"> • One digital library book database • Common LGOIMA manager tool • Councillor Induction Programme • Common staff induction content • Shared resources for election years • Parking enforcement app • Joint Procurement for contracted resources 	●



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WAIKATO LOCAL AUTHORITY SHARED SERVICES LIMITED T/A AS CO-LAB'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

The Auditor-General is the auditor of Waikato Local Authority Shared Services Limited t/a as Co-Lab (the company). The Auditor-General has appointed me, Johann van Loggerenberg, using the staff and resources of PKF Hamilton Audit Limited, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 26 to 45, which comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expenditure, the statement of changes in equity, and the statement of cashflows 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 information of the company on pages 17 to 20.

In our opinion:

- the financial statements of the company on pages 26 to 45:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2024; and
 - its financial performance and cash flows for the year then ended; and
 - comply with the generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company on pages 17 to 20 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 2024.

Our audit was completed on 20 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, comment on other information, and explain our independence.



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 information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with the generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information 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 information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, 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 arises from the Local Government Act 2002.

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

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information 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 information.

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 information, 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 information 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 information 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 information, including the disclosures, and whether the financial statements and the performance information 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 1 to 16 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information 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 information, 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 information 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 interest in, the company.

A handwritten signature in blue ink, appearing to read 'JvL', written in a cursive style.

Johann van Loggerenberg
PKF Hamilton Audit Limited
On behalf of the Auditor-General
Hamilton, New Zealand



FINANCIAL STATEMENTS
For The Year Ended
30 June 2024

Statement of comprehensive revenue and expenditure

For the year ended 30 June 2024

	Note	Actual 2024 \$	Budget 2024 \$	Actual 2023 \$
Revenue				
Data sales		337,221	447,506	380,039
Interest		41,461	80,625	5,113
Other revenue	4	<u>9,466,414</u>	<u>10,425,724</u>	<u>8,715,546</u>
Total revenue		<u>9,845,096</u>	<u>10,953,855</u>	<u>9,100,698</u>
Expenditure				
Personnel costs	6	1,870,820	1,975,731	1,621,239
Depreciation and amortisation expense	10,11	32,328	70,825	43,550
Other expenses	5	<u>8,661,763</u>	<u>8,805,857</u>	<u>6,930,744</u>
Total expenditure		<u>10,564,911</u>	<u>10,852,413</u>	<u>8,595,533</u>
Surplus/(deficit) before tax		(719,815)	101,442	505,165
Income tax expense	9	<u>-</u>	<u>-</u>	<u>-</u>
Surplus/(deficit) after tax		<u>(719,815)</u>	<u>101,442</u>	<u>505,165</u>
Total comprehensive income		<u>(719,815)</u>	<u>101,442</u>	<u>505,165</u>

**Co-Lab is the trading name of Waikato Local Authority Shared Services Limited
The accompanying notes form part of and are to be read in conjunction with these financial statements*

Statement of changes in equity

For the year ended 30 June 2024

	Actual 2024 \$	Budget 2024 \$	Actual 2023 \$
Note			
Balance at 1 July	2,496,397	1,492,434	1,991,237
Total comprehensive revenue and expense	<u>(719,815)</u>	<u>101,442</u>	<u>505,165</u>
Balance at 30 June	<u>1,776,582</u>	<u>1,593,876</u>	<u>2,496,397</u>
Total equity attributable to:			
Equity holders of Co-Lab	<u>1,776,582</u>	<u>1,593,876</u>	<u>2,496,397</u>
Balance at 30 June	<u>1,776,582</u>	<u>1,593,876</u>	<u>2,496,397</u>

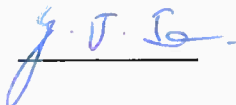
**Co-Lab is the trading name of Waikato Local Authority Shared Services Limited
The accompanying notes form part of and are to be read in conjunction with these financial statements*

Statement of financial position

As at 30 June 2024

	Note	Actual 2024 \$	Budget 2024 \$	Actual 2023 \$
ASSETS				
Current assets				
Cash and cash equivalents	8	3,202,301	2,234,551	2,313,115
Exchange trade and other receivables	7	1,258,562	598,329	1,429,811
Non-exchange trade and other receivables	7	617,483	-	1,754,026
Prepayments		<u>132,185</u>	<u>3,208</u>	<u>-</u>
Total current assets		<u>5,210,531</u>	<u>2,836,088</u>	<u>5,496,952</u>
Non-current assets				
Property, plant and equipment	10	86,317	68,095	100,498
Intangible assets	11	-	-	-
Deferred tax assets		<u>2,358</u>	<u>-</u>	<u>2,358</u>
Total non-current assets		<u>88,675</u>	<u>68,095</u>	<u>102,856</u>
Total assets		<u>5,299,206</u>	<u>2,904,183</u>	<u>5,599,808</u>
LIABILITIES				
Current liabilities				
Payables and deferred revenue	12	3,399,822	1,227,586	3,018,780
Employee benefits	13	<u>118,600</u>	<u>82,721</u>	<u>78,866</u>
Total current liabilities		<u>3,518,422</u>	<u>1,310,307</u>	<u>3,097,646</u>
Non-current liabilities				
Employee benefits	13	<u>4,202</u>	<u>-</u>	<u>5,765</u>
Total non-current liabilities		<u>4,202</u>	<u>-</u>	<u>5,765</u>
Total liabilities		<u>3,522,624</u>	<u>1,310,307</u>	<u>3,103,411</u>
Net assets		<u>1,776,582</u>	<u>1,593,876</u>	<u>2,496,397</u>
EQUITY				
Contributed capital	14	2,957,001	2,957,001	2,957,001
Retained earnings	14	<u>(1,180,419)</u>	<u>(1,363,125)</u>	<u>(460,604)</u>
Total equity		<u>1,776,582</u>	<u>1,593,876</u>	<u>2,496,397</u>

These financial statements have been authorised for issue by the Board of Directors on 20 September 2024.



Director
20 September 2024



Director
20 September 2024

**Co-Lab is the trading name of Waikato Local Authority Shared Services Limited
The accompanying notes form part of and are to be read in conjunction with these financial statements*

Statement of cashflows

For the year ended 30 June 2024

	Actual 2024 \$	Budget 2024 \$	Actual 2023 \$
Cash flows from operating activities			
Interest Received	41,461	80,625	5,113
Receipts from other revenue	10,107,991	11,868,628	8,377,540
Payments to suppliers and employees	(9,093,189)	(11,879,652)	(8,671,815)
Taxes received / (paid)	-	-	-
Goods and services tax received / (paid)	(148,800)	30,937	82,051
Net cash flow from operating activities	<u>907,463</u>	<u>100,538</u>	<u>(207,111)</u>
Purchase of property, plant and equipment	(18,277)	(30,334)	(49,408)
Net cash flow from investing activities	<u>(18,277)</u>	<u>(30,334)</u>	<u>(49,408)</u>
Net (decrease)/increase in cash and cash equivalents	889,186	70,204	(256,519)
Cash and cash equivalents at the beginning of the year	<u>2,313,115</u>	<u>2,164,346</u>	<u>2,569,637</u>
Cash, cash equivalents, and bank overdrafts at the end of the year	8 <u>3,202,301</u>	<u>2,234,550</u>	<u>2,313,115</u>

**Co-Lab is the trading name of Waikato Local Authority Shared Services Limited
The accompanying notes form part of and are to be read in conjunction with these financial statements*

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 trades under the name "Co-Lab". It is controlled by the councils listed on the directory page of these accounts and 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; and
- ii) The experience of councils' communities is improved;

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 2024. The financial statements were authorised for issue by the Board of Directors on 20 September 2024.

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).

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

- is not publicly accountable;
- has expenses more than \$5 million, but less than \$33 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 2023 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.

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.

2 Summary of significant accounting policies (continued)

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.

2.3 Accounting standards and interpretations

PBE IPSAS 41 came into effect for accounting periods starting on or after 1 January 2022. This standard replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The Company has applied PBE IPSAS 41 for the year ended 30 June 2024 and reviewed how the standard might affect the Company's financial statements. The Company concluded that the new standard does not have any effect on the previous reporting period, nor the current period. The effect in future periods is also likely to be trivial.

The only change the Company has made as a result of the adoption is the accounting policy on "Receivables". This policy has been updated to comply with PBE IPSAS 41.

Other than the effect of adopting the PBE IPSAS 41 stated above, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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 statement of comprehensive revenue and expenditure, and carrying amount of the asset in the statement of financial position. 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 asset's fair value less costs to sell, and value in use.

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

4 Revenue

Accounting policy

(i) Revenue

Revenue comprises the fair value of the consideration 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 2024 \$	Actual 2023 \$
Non-exchange revenue		
Member Charges *	2,723,078	3,594,315
Cost Recovery	-	-
Total non-exchange revenue	<u>2,723,078</u>	<u>3,594,315</u>
Exchange revenue		
Working Parties and Projects	533,039	549,418
Information Technology **	750,706	31,131
Energy Management	173,489	145,463
RATA ***	970,491	492,505
Waikato Regional Transport Model	-	-
Waikato Building Consent Group	92,499	143,827
Waikato Mayoral Forum	5,005	8,505
Water Services ****	3,824,961	3,562,127
Company Admin	44,018	-
RITS	27,000	27,000
Co-Lab Learning *****	66,172	-
Geospatial Services	18,000	18,000
Procurement Services	133,467	143,255
Communications Shared Service *****	104,489	-
Total exchange revenue	<u>6,743,336</u>	<u>5,121,231</u>
Total other revenue	<u>9,466,414</u>	<u>8,715,546</u>

Explanation of variance to last year:

*WRTM utilised cash reserves in FY24 resulting in less member charges.

** The LiDAR project was completed in FY24. During FY23 delays in processing data meant that there were no milestones reached to trigger payments resulting in the revenue being realised in FY24.

*** RATA manages a number of data collection contracts for councils. These contracts are typically a three-year programme of work. The level of data collection in FY24 increased from FY23 to complete the contracts.

**** FY23 saw the introduction of new Drinking Water standards which has resulted in increased sampling and testing revenue in FY24.

***** In FY24 Co-Lab Learning introduced the administration of learning events.

***** Communications Shared Resource is a new service in FY24.

5 Other expenses

	Actual 2024 \$	Actual 2023 \$
Audit fees	35,470	33,781
Company Management & Support *	28,432	259,129
Working Parties and projects **	680,576	435,814
Information Technology ***	750,706	12,531
Energy Management	169,931	178,285
Shared Valuation Data Services RATA ****	276,739	266,990
Waikato Regional Transport Model	2,310,263	1,996,249
Waikato Building Consent Group	365,725	401,097
Waikato Mayoral Forum	87,109	131,279
Rental expense relating to operating leases	9,756	5,536
RITS	105,230	105,230
Water Services *****	27,683	23,087
Co-Lab Learning ****	3,425,602	2,912,933
Geospatial Services	349,712	192,492
Procurement Services	61,463	42,351
Communications Shared Services	(43,431)	(66,040)
	<u>20,797</u>	<u>-</u>
Total other expenses	<u>8,661,763</u>	<u>6,930,744</u>

Explanation of variance to last year:

* In FY24 Company Management & Support has been able to more accurately reflect the on-charge of staff time to projects and workstream to off-set costs.

** The projects undertaken in FY24 were larger than those in FY23 and therefore have resulted in increased expenditure within this workstream.

*** The LiDAR project was completed in FY24 with the final expenses being realised.

**** RATA manages a number of data collection contracts for councils. These contracts are typically a three-year programme of work. The level of data collection in FY24 increased from FY23 to complete the contracts.

***** FY23 saw the introduction of new Drinking Water standards which resulted in increased sampling and testing in FY24.

***** FY24 is the first full year of Co-Lab Learning.

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 2024 \$	Actual 2023 \$
Salaries and wages*	1,814,601	1,570,076
Defined contribution plan employer contributions	45,324	37,719
Recruitment Costs	10,895	13,444
Total personnel costs	<u>1,870,820</u>	<u>1,621,239</u>

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$262k.

* The increase in salary and wages reflects additional resourcing to support councils and to deliver new services.

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 2024	Actual 2023
	\$	\$
Gross trade and other receivables	128,855	269,152
Related Party Receivables (note 17)	<u>1,747,190</u>	<u>2,914,685</u>
Total debtors and other receivables	<u>1,876,045</u>	<u>3,183,837</u>
Exchange		
Receivables from exchange transactions	<u>1,258,562</u>	<u>1,429,811</u>
Net exchange transactions	<u>1,258,562</u>	<u>1,429,811</u>
Non-exchange		
Receivables from non-exchange transactions	<u>617,483</u>	<u>1,754,026</u>
Total debtors and other receivables	<u>1,876,045</u>	<u>3,183,837</u>

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 2024	Actual 2023
	\$	\$
Cash at bank	<u>3,202,301</u>	<u>2,313,115</u>

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

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 2024 \$	Actual 2023 \$
Components of income tax expense:		
Current tax expense	-	-
Adjustments to current tax in prior years	-	-
Deferred tax expense	-	(2,319)
Tax expense	<u>-</u>	<u>(2,319)</u>
Relationship between tax expense and accounting profit:		
Net surplus (deficit) before tax	(719,815)	505,165
Tax at 28%	(201,548)	141,446
Non-taxable in calculating taxable income		
Non-deductible expenditure	868	458
Other timing adjustments	-	-
Non-taxable income	-	-
Prior year adjustment	888	2,318
Deferred tax adjustment	1,704	5,191
Tax losses not recognised	198,088	(151,731)
Tax expense	<u>-</u>	<u>(2,318)</u>

Deferred tax asset (liability)

	Property, plant & equipment	Employee entitlements	Provisions	Total
Balance at 1 July 2022	(6,300)	8,618	-	2,318
Charged to surplus or deficit	3,168	(5,486)	-	(2,318)
Balance at 30 June 2023	<u>(3,132)</u>	<u>3,132</u>	<u>-</u>	<u>-</u>
Charged to surplus or deficit	1,181	(1,181)	-	-
Balance at 30 June 2024	<u>(1,951)</u>	<u>1,951</u>	<u>-</u>	<u>-</u>

A deferred tax asset of \$347,768 (2023: \$164,773) has not been recognised in relation to tax losses carried forward of \$1,242,028 (2023: \$533,450) and deductible temporary differences of \$67,081 (2023: \$55,025).

10 Property, plant and equipment

Accounting policy

Property, plant, and equipment consist of operational assets, including 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 2023 \$	Current year additions \$	Current year disposals \$	Current year depreciation \$	Accumulated depreciation and impairment charges 30 Jun 2024 \$	Carrying amount 30 Jun 2024 \$
2024						
Operating assets						
IT equipment	44,313	17,565	-	(25,505)	(73,728)	36,373
Office furniture and fittings	56,185	712	(130)	(6,823)	(16,807)	49,944
Total	100,498	18,277	(130)	(32,328)	(90,535)	86,317

	Carrying amount 1 Jul 2022 \$	Current year additions \$	Current year disposals \$	Current year depreciation \$	Accumulated depreciation and impairment charges 30 Jun 2023 \$	Carrying amount 30 Jun 2023 \$
2023						
Operating assets						
IT equipment	39,541	27,341	-	(22,570)	(48,223)	44,313
Office furniture and fittings	40,516	22,067	-	(6,398)	(9,984)	56,185
Total	80,057	49,408	-	(28,968)	(58,207)	100,498

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 statement of comprehensive revenue and expenditure.

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 2024 \$	Actual 2023 \$
Computer software	5 to 7 years	14 to 25%	
Computer Software			
Balance at 1 July		2,298,050	2,298,050
Disposals/ asset write-offs		-	-
Balance at 30 June		<u>-</u>	<u>2,298,050</u>
Accumulated amortisation and impairment losses			
Balance at 1 July		2,298,050	2,283,467
Amortisation as per statement of comprehensive revenue and expenditure		-	14,583
Balance at 30 June		<u>2,298,050</u>	<u>2,298,050</u>
Carrying Amounts			
Balance at 1 July		-	14,583
Balance at 30 June		-	-

Intangible assets include the Waikato Regional Transport Model (WRTM).

The carrying amount of the WRTM asset as at 30 June 2024 is \$nil (2023: \$nil).

12 Payables and deferred revenue

Accounting policy

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

	Actual 2024 \$	Actual 2023 \$
Current		
Trade payables	478,924	395,032
Related party payables (note 17)	1,107,672	366,111
Accrued expenses	729,784	104,271
Accrued expenses - related party payables (note 17)	330,106	379,979
Deferred revenue	602,013	1,473,264
GST payable	<u>151,323</u>	<u>300,123</u>
Total creditors and other payables	<u>3,399,822</u>	<u>3,018,780</u>
Exchange		
Trade payables	1,586,596	757,713
Accrued expenses	1,059,890	482,600
Deferred revenue*	602,013	1,473,264
Other payables	<u>-</u>	<u>3,430</u>
Total creditors and other payables from exchange transactions	<u>3,248,499</u>	<u>2,717,007</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 decrease in deferred revenue reflects in large part to the revenue accrued for the Hamilton Transport Meso Model build contract which was transferred to be owned by Hamilton City Council as well as the completion of the LiDAR project.

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.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

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 statement of comprehensive revenue and expenditure when incurred.

	Actual 2024 \$	Actual 2023 \$
Current portion		
Annual leave	79,619	67,045
Salaries	<u>38,981</u>	<u>11,821</u>
Total current portion	<u>118,600</u>	<u>78,866</u>
Non-current Portion		
Long Service Leave	<u>4,202</u>	<u>5,765</u>
Total non-current portion	<u>4,202</u>	<u>5,765</u>

14 Reconciliation of equity

Accounting policy

Equity is the shareholders' interest in Co-Lab 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 2024 \$	Actual 2023 \$
Total equity		
Contributed equity	2,957,001	2,957,001
Retained earnings	<u>(1,180,419)</u>	<u>(460,604)</u>
Balance at 30 June	<u>1,776,582</u>	<u>2,496,397</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>
(b) Retained earnings		
Opening Balance	(460,604)	(965,769)
Surplus/(deficit) for the year	<u>(719,815)</u>	<u>505,165</u>
Balance 30 June	<u>(1,180,419)</u>	<u>(460,604)</u>

The Company has issued 2,186,581 (2023 - 2,186,581) shares.

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

	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	-	-	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	23,681	10,540	-
Western Bay of Plenty District Council	1	-	-	-
Total issued shares	<u>12</u>	<u>1,607,001</u>	<u>444,568</u>	<u>135,000</u>
Value per share	<u>1,000</u>	<u>1</u>	<u>1</u>	<u>10</u>
Authorised share capital	12,000	1,607,001	444,568	1,350,000
Uncalled share capital	<u>(12,000)</u>	<u>-</u>	<u>(444,568)</u>	<u>-</u>
Capital called on shares	<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.

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 2024 \$	Actual 2023 \$
Not later than one year	95,918	94,776
Later than one year and not later than five years	<u>23,980</u>	<u>119,898</u>
Total non-cancellable operating leases	<u>119,898</u>	<u>214,674</u>

The Company entered into an operating lease for new premises 16 December 2021. The initial term of the lease is six years, however, it is able to be cancelled after four years. The lease is fixed with two-yearly rental increases of 5% with market rent reviews upon renewal.

16 Contingencies

As at 30 June 2024 the Company had no contingent liabilities or assets (2023: \$nil)

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. Co-Lab has one independent director who receives remuneration.

	Actual 2024 \$	Actual 2023 \$
Chief Executive Remuneration	261,821	252,157
Independent Director	<u>63,000</u>	<u>60,000</u>
Total key management personnel compensation	<u>324,821</u>	<u>312,157</u>

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, companies with common shareholding and company related roles. The following transactions were carried out with related parties:

	Actual 2024 \$	Actual 2023 \$
Income		
Hamilton City Council	1,898,554	2,529,840
Hauraki District Council	736,768	715,543
Matamata Piako District Council	465,814	537,071
Otorohanga District Council	392,151	393,981
Rotorua Lakes Council	486,250	484,843
South Waikato District Council	719,056	743,451
Thames Coromandel District Council	461,917	474,482
Waikato District Council	637,495	593,481
Waikato Regional Council	95,288	680,912
Waipa District Council	1,130,704	1,188,239
Waitomo District Council	704,000	598,827
Western Bay of Plenty District Council	<u>103,709</u>	<u>70,407</u>
	<u>7,831,706</u>	<u>9,011,077</u>

The income disclosed above includes revenue received relating to the 2023/24 financial year and revenue received which has been transferred to deferred revenue for 2024/25.

The table above also includes the amount invoiced but not yet received and meets the criteria of revenue recognition as of 30 June 2024.

	Actual 2024 \$	Actual 2023 \$
Expenses		
Hamilton City Council	3,975,213	3,341,370
Hauraki District Council	-	365
Matamata Piako District Council	-	6,390
Otorohanga District Council	7,290	-
South Waikato District Council	-	426
Waikato Regional Council	5,476	-
Waipa District Council	852,017	904,053
Waitomo District Council	-	-
BOP LASS Ltd	<u>20,000</u>	<u>19,607</u>
	<u>4,859,996</u>	<u>4,272,211</u>

17 Related party transactions (continued)

Expenses are related to services provided by the related parties.

	Actual 2024 \$	Actual 2023 \$
Advances		
<i>Trade & Other Receivables</i>		
Hamilton City Council	193,072	490,155
Hauraki District Council	156,062	184,452
Matamata Piako District Council	260,391	307,528
Otorohanga District Council	113,079	105,528
Rotorua Lakes Council	1,782	194,981
South Waikato District Council	283,948	289,871
Thames Coromandel District Council	143,131	176,294
Waikato District Council	265,342	319,701
Waikato Regional Council	72,134	357,289
Waipa District Council	68,435	140,645
Waitomo District Council	154,417	267,273
Western Bay of Plenty District Council	<u>35,397</u>	<u>80,968</u>
7	<u>1,747,190</u>	<u>2,914,685</u>
<i>Amounts outstanding at year end:</i>		
Hamilton City Council	830,754	590,354
Otorohanga District Council	8,383	-
Waikato Regional Council	363,699	-
Waipa District Council	<u>234,941</u>	<u>155,736</u>
12	<u>1,437,777</u>	<u>746,090</u>

18 Events occurring after the balance date

There have been no events after balance date.

19 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.

(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 8), and trade receivables (note 7). 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	2024 \$	2023 \$
FINANCIAL ASSETS			
Financial assets at amortised costs (2022: Loans and receivables)			
Financial assets at amortised costs	8	3,202,301	2,313,115
Receivables	7	1,876,045	3,183,837
Other financial assets		-	-
Total financial assets at amortised costs		5,078,346	5,496,952

19 Financial instruments (continued)

(d) Financial instrument categories(continued)

FINANCIAL LIABILITIES

Financial liabilities at amortised cost

Payables	12	<u>3,399,822</u>	<u>3,018,780</u>
Total financial liabilities at amortised cost		<u>3,399,822</u>	<u>3,018,780</u>

20 Explanation of major variances against budget

An explanation of year-on-year variances in line items is set out within the preceding relevant notes. The following explains the major variations to the budget.

Statement of comprehensive revenue and expenditure

Revenue

Main reasons for the variance are:

The budgeted SVDS data sales included a new sales contract that did not eventuate (\$41k) as well as a contract that was not renewed in FY24 (\$42k)

Cash reserves available for the WRTM were utilised instead of charging members as had been budgeted \$1,584k.

RATA services fees were increased by \$590k following updated data collection strategies.

Following discussions regarding the "Affordable Water Reforms" the RATA Advisory Group resolved to pause RATA Waters Collaboration until further notice except for compliance readiness activities. This saw member charges reduce to nil as opposed to the budgeted \$494k.

Co-Lab Waters sampling and analysis revenue was adjusted up by \$410k to reflect increased testing requirements.

Expenses

Personnel Costs were lower by \$105k because the scale of the Communications shared service required 1 staff member rather than the 2 budgeted.

Expenditure related to LiDAR was greater than budgeted by \$84k, with delays in some project milestones meaning supplier payments budgeted for in the prior year were accounted for during the FY24 year.

Following updated data collection strategies RATA expenditure was greater than budgeted by \$703k.

The re-budgeting of WRTM following the HTM model not being procured by Co-Lab saw expenditure lower by \$933k.

As noted above, discussions following the Affordable Water Reforms resulted in a pause in Waters Collaboration activities. Expenditure was lower than budgeted by \$474k as a result.

Co-Lab Waters sampling & analysis expenditure adjusted up by \$233k to reflect increased testing requirements.

Co-Lab Learning external training is unbudgeted as we are not able to reasonably estimate the costs of courses run for council staff resulting in expenditure being greater than budgeted \$64k. This is offset directly by unbudgeted revenue.

Statement of Financial Position

Cash and cash equivalents is higher than budget with lower than anticipated costs across various workstreams (as noted above).

Delays in Purchase Orders from some councils meant greater than anticipated invoicing in June, with a flow-on affect to receivables.

FY25 insurance brokerage invoice was received earlier than anticipated in the budget.

Current liabilities are higher than budgeted principally because of unbudgeted deferred revenue including Waikato Waters Done Well, as well as LiDAR expenditure of \$666k.

Statement of Cash Flows

Receipts from other revenue were less than budgeted for the reasons noted in this and earlier notes to these accounts.

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

DIRECTORY

Company number
(for the legal entity, Waikato Local Authority Shared Services Ltd)

1730380

Registered office

6/34d Lake Street
Cambridge 3434
Waikato

Directors

ION, Gavin
MCLAY, Christopher
HOLYOAKE, John
SMIT, Ben
STUBBS, Peter
VERVOORT, Lance

Bankers

Bank of New Zealand
Hamilton Banking
Centre
Victoria Street
Hamilton

Auditors

PKF Hamilton Audit
Limited (on behalf of
the Auditor General)

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