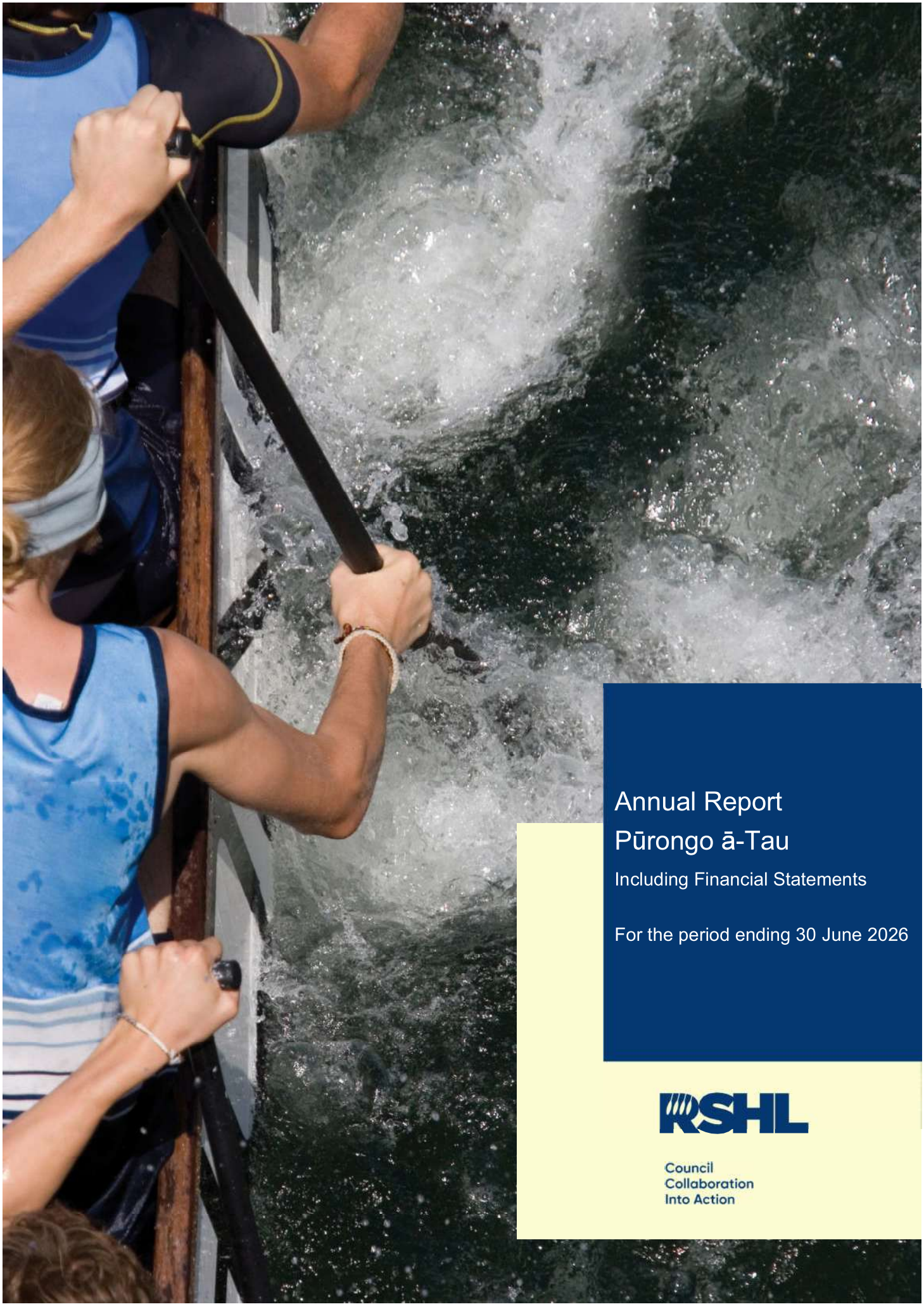


Annual Report
Pūrongo ā-Tau

Including Financial Statements

For the period ending 30 June 2026

RSHL

Council
Collaboration
Into Action

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Regional Software Holdings Limited
For the year ended 30 June 2026

On behalf of the Board, we are pleased to present the Annual Report of Regional Software Holdings Limited (RSHL) for the year ended 30 June 2026.

This year has been one of both achievement and uncertainty. Across New Zealand, local government continues to operate in an environment of significant structural change, increasing public expectations, funding constraints and regulatory reform. Councils are being asked to do more with limited resources while simultaneously preparing for substantial changes to the future shape of the local government system.

Against this backdrop, RSHL continued to demonstrate the value of collaboration and shared services. Our role is increasingly important as councils seek practical ways to improve efficiency, manage risk and maintain capability in a rapidly changing environment.

RSHL's purpose is to provide high-quality shared services for local government and associated agencies at a national scale. During the year we strengthened our position as the trusted delivery organisation for a growing number of nationally coordinated programmes and services. All 16 regional and unitary authorities participate in one or more RSHL-managed initiatives, alongside a growing number of central government agencies.4

The year's most significant achievement was the progression of the IRIS Next Generation Programme into pilot implementation. While delivery timelines have been impacted by challenges common to large-scale transformation programmes, the participating councils remain committed to a shared vision of better business processes, improved service delivery and long-term productivity gains. We remain confident that the programme will deliver enduring value for the sector.

Beyond IRIS Next Generation, RSHL continued to support Te Uru Kahika, expanded participation in shared service platforms, managed the Public Transport Ticketing Programme and successfully delivered a nationally significant biosecurity preparedness programme for Highly Pathogenic Avian Influenza.

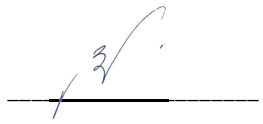
Financially, revenue exceeded budget due to additional funding secured for national initiatives. Expenditure remained slightly below budget due primarily to project timing differences. The company's cash position remains strong and provides confidence in our ability to continue supporting our programmes and commitments.

Looking ahead, we believe local government is entering a period where collaboration, standardisation and shared capability will become increasingly important. Regardless of the eventual shape of local government reform, councils will continue to need trusted sector-owned platforms, services and delivery models.

RSHL was established to support collaboration among regional councils. Today, our purpose extends beyond any single programme or sector group. With the support of our shareholders, we are positioning RSHL to be the long-term shared services provider for a modern local government sector, enabling councils to focus their resources on serving communities while benefiting from nationally coordinated capability and expertise.

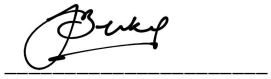
The Board would like to thank our shareholders, customers, programme participants, staff and partners for their continued support during a challenging but productive year. Together we are building the foundations for a more connected, efficient and resilient local government sector.

Signed on behalf of the Board of Directors:



B Robertson - Chairperson

Date: 24 September 2026



J Becker - Director

Date: 24 September 2026

Statement of Responsibility | Tauākī o te Kawenga

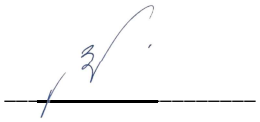
Regional Software Holdings Limited
For the year ended 30 June 2026

In terms of the Local Government Act 2002, the Board of Directors is responsible for the preparation of RSHL financial statements and to assist the company to meet its objectives and any other requirements in its Statement of Intent (SOI).

The Board of Directors of RSHL has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

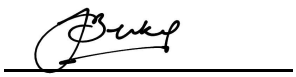
In the Board of Director's opinion, these financial statements fairly reflect the financial position and operations of RSHL for the twelve months ended 30 June 2026 and confirm that all the statutory requirements in relation to the Performance Report were complied with, as outlined in the Local Government Act 2002 and the Companies Act 1993.

Signed on behalf of the Board of Directors:



B Robertson - Chair

Date: 24 September 2026



J Becker - Director

Date: 24 September 2026

Statement of Service Performance | Hei Ine i te Mahi

Regional Software Holdings Limited
For the year ended 30 June 2026

Who are we and why do we exist?

Purpose
To provide high-quality shared services for Local Government (and associated agencies) at a national scale to deliver value to shareholders, customers, and their communities.

Objectives

Primary objectives

- Ensure the local government sector is better prepared to respond to current and future challenges
- Achieve a better return on investment with a focus on quality of outcome and realising the value proposition for the sector
- Achieve consistent good-practice processes across the sector and within councils.

Supporting objectives

- Increase the credibility of the sector as a trusted delivery partner with a unified and consistent sector profile
- Improve key staff attraction and retention.

Values

In all RSHL decisions and interactions the Board, staff, and sector participants working within the RSHL framework will observe the following values and ethos:

- We are forward thinking and innovative
- We are focussed on delivering value
- We are professional and accountable
- We are flexible and open.

What did we do?

Activities

RSHL provides a framework for collaboration across local government, with an emphasis on services at national scale. We develop and support shared solutions that create greater consistency and efficiency while reducing cost. RSHL provides a more cost-effective alternative than individual councils can achieve on their own.

The company operates by facilitating collaborative initiatives between councils and through managed contractual arrangements.

RSHL activities are grouped as follows:

Activity	Description
IRIS Next Generation Programme	Ten councils are working with RSHL and Datacom on the delivery of the IRIS NextGen Programme. The goal of the IRIS NextGen Programme is to deliver game-changing productivity improvements to the regional sector through sector alignment around good practice processes, supported by fit-for-purpose software. IRIS NextGen will deliver a modern software platform to councils, including an online customer portal and a mobile field application. Along with the software solution, the programme will implement consistent "good practice" processes for the sector. Over the next two years the IRIS NextGen Programme will complete the build of the IRIS NextGen software solution and commence rollout to the councils. The Pilot implementation at Otago Regional Council is under way. *Performance* When assessing the performance of the IRIS NextGen Programme we consider whether RSHL has appropriately managed the programme. This includes budget, vendor management, product roadmap and communications with councils. We place an emphasis on predictability, delivery and consistency. In the period covered by this report, the emphasis has been on preparations for the pilot, including: • Completion of a second round of product testing by subject matter experts from participating councils. The testing programme for IRIS NextGen is comprehensive, ensuring that the solution is of high quality, prior to the start of the Pilot Implementation The structured test approach has allowed for focused expertise and cross-council learning, which enriches understanding and fosters a supportive team culture. • Supporting the ORC preparedness for the start of the Pilot. As the IRIS NextGen solution is new, implementation presents additional risk to the ORC. To address this, ORC has meticulously mitigated risks to the Pilot and the wider programme through detailed project planning. • Future state process workshops. The RSHL team has worked alongside ORC to ensure that ORC staff have a strong understanding of their future state processes, using the IRIS NextGen good-practice processes. We are working with MCERT to assess the impact of Resource Management Reform on the programme. There have been frustrating delays to the start of council implementations caused by slower than agreed delivery by the vendor. However, we have a high degree of confidence in the final solution. RSHL is excited to move into the implementation phase of the project. Financially, the IRIS NextGen Programme is on budget.

Te Uru Kahika Support Services

Te Uru Kahika is the collective name for the 16 regional councils and unitary authorities in New Zealand. Through Te Uru Kahika, the regional sector:

- Shares knowledge and resources between councils,
- Coordinates input into national direction setting,
- Works together to more effectively implement central government policy and respond to nationally significant events.

The Virtual Office of Te Uru Kahika coordinates the activity of cross-functional groups from different councils.

RSHL provides support services that enable Te Uru Kahika.

RSHL collects funding from councils for each programme in a coordinated way, contracts service providers to assist with programme delivery, pays providers, and reports on the use of the funding.

The services that RSHL provides to Te Uru Kahika are defined in a Memorandum of Agreement. Performance measures are defined in the MoA.

Financial/Operations Management	These are foundational services, the focus is on compliance with policy, alignment with good practice.
Operation of shared services/solutions.	The focus is on achieving the intended outcome of the shared service, while effectively managing staff and finances.
Employment of Staff	The focus is on providing a working environment where staff are supported, motivated and safe.
Programme Management	The focus is on delivering high quality, skilled and trusted programme management, so that Te Uru Kahika maximises the benefits of investment into shared programmes.
Management Services (As requested)	The focus is on being an enabler and problem solver, allowing Te Uru Kahika to maintain momentum towards its goals.

In this context, Te Uru Kahika refers to the organisation led by the Te Uru Kahika Executive Director and overseen by the RCEOs Group. Te Uru Kahika is also sometimes used to refer to the collective of the 16 regional government organisations.

RSHL provides services that underpin and accelerate Te Uru Kahika, including collecting funds, employing staff, and engaging suppliers to deliver on Te Uru Kahika strategic objectives.

Financial/Operations Management	RSHL efficiently and accurately operated the financial systems for Te Uru Kahika. This included: • Management of upward of 100 service contracts for services in support of Te Uru Kahika work programmes • Processing of receivable invoices lines with a total value of $5.6M for funding to support the programmes. • Processing of payable invoices with a total value of $5.9M for services in support of Te Uru Kahika.
Operation of shared services/solutions.	In the period from 1 July to 30 June 2026 RSHL operated the following shared service solutions for Te Uru Kahika: • LAWA Website • WellsNZ

<table>
<tr><th>Activity</th><th>Description</th></tr>
<tr><td></td><td>
<table>
<tr><td></td><td>• N-Cap Tool
• Te Uru Kahika Collaboration Hub
• Macro-Invertebrate Species Library.</td></tr>
<tr><td>Employment of Staff</td><td>In the reporting period RSHL employed 13 staff on behalf of Te Uru Kahika including one on secondment from Earth Science NZ.</td></tr>
</table>

When assessing RSHL's performance in providing support services to Te Uru Kahika, we consider how effectively RSHL has supported the smooth operation of Te Uru Kahika and enabled the sector to respond to issues and opportunities as they arise.

Feedback from stakeholders and achievement of targeted outcomes is used to form an assessment.
We place an emphasis on enabling the work of Te Uru Kahika and the efficient, compliant and accurate processing of financial transactions for the Te Uru Kahika programme.</td></tr>
<tr><td>Shared Services</td><td>RSHL operates shared services and solutions for councils. These services involve the engagement of a vendor.

RSHL leads councils through a process to define their shared objectives and then works with councils and vendors to implement a solution.
RSHL is constantly evaluating new opportunities to deliver more value to the regional sector through shared services and solutions.

Current Shared Services
WellsNZ Service Description:
Regional and unitary councils collect and manage large amounts of data on wells, geothermal bores and galleries. This data is essential for planning, consenting, compliance and science processes. It is also a valuable resource for well owners, drilling companies and consultants. Through the WellsNZ website, councils present data on location, construction, geology and more.

Objectives:
• To make data about wells and bores more easily available to all stakeholders.
• To develop and apply consistent standards for the recording of data about wells and bores.
Link:
https://wellsnz.teurukahika.nz/

Data Emissions Platform Service Description:
The solution provided is a web-based data analytics platform to support historical, current and future community greenhouse gas emissions reporting based on the GPC methodology and identification of decarbonisation pathways.

Objectives:
To enable a consistent and cost-effective approach for local government to understand and report on local emissions profiles and projections, to support evidenced-based decisions on emissions reduction priorities and actions using a standardised platform.

N-Cap Service Description: The N-Cap solution allows farmers and their representatives to record their synthetic nitrogen use via an online portal, or alternatively to submit the required records through their fertiliser company.

Objectives:</td></tr>
</table>

Activity	Description
	• To provide farmers with a pathway to meet their obligation to record synthetic nitrogen use under regulations that came into force in 2022. • To provide regional councils with the tools they need to meet their regulatory responsibilities. • To ensure national consistency on the rollout of the N-Cap Regulations. **Retrolens** **Service Description:** Retrolens allows public access to historical aerial photography of New Zealand. **Participating Organisations:** Retrolens is overseen by The Local Government Geospatial Alliance (LGGA) which includes representatives from all Regional Sector Councils, and a number of local authorities. **Objectives:** To inform and educate the public on historical changes to the landscape in New Zealand. **Link:** https://retrolens.co.nz/
Public Transport Ticketing Programme	In September 2024 RSHL welcomed the Regional Integrated Ticketing System (RITS) team. This team was previously hosted at Otago Regional Council. This team is responsible for operation of the Regional Integrated Ticketing System (Bee Card) in use at 10 councils. The team is also coordinating the rollout of the National Ticketing System (Motu Move) to these 10 councils by 2028. The focus of that activity is ensuring participating councils are adequately represented and that the solution provided matches expectations. *Performance* When assessing the performance of both these workstreams, we consider whether RSHL has appropriately managed the programmes. This includes budgets, vendor management (for Bee Card), communications with councils and broader stakeholder engagement. Over the reporting period, the RITS team continued to support councils using the Bee Card system and provided effective technical advice and support to councils. • Worked with Cubic, NZTA and the Regions to develop and refine a new Integrated Plan based on a cookie-cutter approach. This makes it easier to re-plan if needed and also tailor to meet specific regional requirements. • Developed detailed regional configuration documents to allow Cubic to set up the development, test and production requirements as necessary. • Determine and commence development of detailed business processes for our regions. These are based on a service blueprint which drills down into a service catalogue. This work is taking place in conjunction with NZTA's Transport Ticketing operations section which will support NTS in the long term. • In conjunction with the regions, develop financial and operations reporting requirements and make sure these align with Cubic's capability and current system design. This work will continue in the coming year. • Worked with Cubic and the regions to develop Financial Operating procedures to facilitate reconciliation, settlement and audit processes. This work will continue in the coming year.

Activity	Description
IRIS Programme	The IRIS Programme delivers the IRIS software platform to shareholder and customer councils. The IRIS software has been in use for 10 years and is currently in use at 7 councils. The 7 councils actively collaborate on the use of IRIS and the future development roadmap. The IRIS Programme is overseen by the IRIS Advisory Group. This group agrees the roadmap and sets the budgets for the programme. RSHL and the member councils will replace the IRIS software platform via IRIS NextGen by the end of 2028. This means that the programme is now in the sunset phase. Expenditure is kept to a minimum to allow councils and staff to focus on IRIS NextGen. *Performance* When assessing the performance of the IRIS Programme we consider whether RSHL has appropriately managed the programme. This includes budget, vendor management, product roadmap and communications with councils. We place an emphasis on value, predictability, and delivery. Performance against budget and delivery of releases are used to assess performance. We have reduced the frequency of IRIS releases to allow focus on IRIS NextGen and minimise cost. In the reporting period, we released one new version of IRIS. The release included several technical and security enhancements. We also provided councils with updated information on the medium-term viability of IRIS, which is nearing end-of-life. Work also continues to support councils in cleansing their IRIS data in preparation for migration to the Datascape Regional Sector Solution (RSS). This includes the conversion and transformation of data.

Ngā Mahi e Rapua Nei Te Utu Paremata | Activities for Which Compensation Is Sought

Funds for delivery of the various activities are received by way of levies from the councils participating in each programme. Each programme pays a share of the overhead costs of the company proportional to the size of the programme. These levies are set annually in the Statement of Intent.

For some projects additional funding is collected from central government entities.
Payment of annual fees was sought for the following activities:

<table>
<tr><th>Activity</th><th>Description</th></tr>
<tr><td>IRIS Next Generation</td><td>The IRIS NextGen Partnership agreement sets out the funding to be collected from each participating council and the activities that the funds will be used for. The 10 Participating Councils share the programme costs of the IRIS NextGen programme according to the following contribution model:
<table>
<tr><th>Large Councils</th><th>Medium Councils</th><th>Small Councils</th></tr>
<tr><td>17.20% per council
(Total 34.40%)</td><td>10.40% per council
(Total 41.60%)</td><td>4.20% per council
(Total 8.40%)</td></tr>
<tr><td rowspan="3">Waikato Regional Council
Bay of Plenty Regional Council</td><td>Horizons Regional Council
Otago Regional Council
Northland Regional Council
Hawke’s Bay Regional Council</td><td rowspan="3">Nelson City Council
West Coast Regional Council</td></tr>
<tr><td>7.80% per council
(Total 15.60%)</td></tr>
<tr><td>Taranaki Regional Council
Southland Regional Council</td></tr>
</table>
Over the 10-year term of the Partnership Agreement, the programme costs are expected to total $31.8M

Programme costs include:
• Datacom software solution delivery
• Datacom programme management
• Datacom support and maintenance
• Datacom council implementation costs
• Datacom Good Practice Process Operating Model development
• RSHL programme management
• Travel and meeting expenses.
• RSHL Corporate Costs

In FY26 RSHL expected to collect $3.7M from participating councils for IRIS NextGen. In addition, there is a budget provision to collect a contingency if required and approved by the IRIS NextGen Steering Group. The contingency provision for FY2026 is $428K.

In addition to the shared programme costs stated above, each Participating Council will directly incur costs. These costs are the responsibility of each Participating Council and will not be shared according to the council contribution model.</td></tr>
</table>

<table>
<tr>
<td>Te Uru Kahika Support Services</td>
<td>
Payment of annual contributions will be sought from all Te Uru Kahika councils for the operation of the programmes within Te Uru Kahika.

For some programmes, additional contributions may be sought from other local government organisations and government ministries.

Contributions will be according to the agreed models. This activity includes:

• Te Uru Kahika Office
• Climate Change
• River Managers
• EMaR
• Bio Managers
• Bio Control
• Science Programme

The funding contribution for most programmes is based on the size of the Council. The total amounts to be collected vary year to year based on the work programmes.

<table>
<tr><th>Tier 1 – 9.4% each</th><th>Tier 2 – 6.2% each</th><th>Tier 3 – 3.2% each</th></tr>
<tr><td>Auckland Council*</td><td>Horizons RC</td><td>Tasman DC</td></tr>
<tr><td>Environment Canterbury</td><td>Otago RC</td><td>Nelson City Council</td></tr>
<tr><td>Greater Wellington RC</td><td>Hawke’s Bay RC</td><td>Gisborne DC</td></tr>
<tr><td>Waikato RC</td><td>Northland RC</td><td>Marlborough DC</td></tr>
<tr><td>Bay of Plenty RC</td><td>Taranaki RC</td><td>West Coast RC</td></tr>
<tr><td></td><td>Southland RC</td><td></td></tr>
<tr><td>Total 47%</td><td>Total 37%</td><td>Total 16%</td></tr>
</table>

*Auckland Council does not fund all sector programmes. In cases where they do not fund a programme, their contribution will be collected from the remaining councils according to the model above.

BioControl, Climate Change Resilience and the Science Programme have custom funding models based on the value of the programmes to the region.

The budget and funding arrangements are documented in a briefing paper which is approved with the Te Uru Kahika Business Plan before the start of each financial year.

In FY26 RSHL expected to collect $5.7M in funding from councils for sector work programmes.
</td>
</tr>
</table>

Shared Services	WellsNZ	**Participating Organisations:** Auckland Council, Waikato Regional Council, Environment Canterbury, Otago Regional Council, Greater Wellington Regional Council, Bay of Plenty Regional Council, Marlborough District Council. Contributions will be collected from councils participating in the programme according to the agreed funding model. Funding is collected for support and maintenance of the WellsNZ solution and also for repayment of the loan provided by Environment Canterbury which was used to fund the build of the solution. Greater Wellington Regional Council, Bay of Plenty Regional Council and Marlborough District Council joined the service this year. Total funding to be collected was approximately $250K.
	Data Emissions Platform	**Service Description:** The solution provided is a web-based data analytics platform to support historical, current and future community greenhouse gas emissions reporting based on the GPC methodology and identification of decarbonisation pathways. 20 organisations contributed to the inception of the Data Emissions Platform in FY2025. Contributions were collected based on what funding each organisation had available to contribute. From FY2026 onwards contributions will be based on a regional model with a funding allocation from each participating region, with the councils within each region determining how the contribution will be allocated. This model is still in development and will be provided in the Final version of the SOI in June. The total funding amount to be collected in FY26 was $425K.
	N-Cap	**Service Description:** The N-Cap solution allows farmers and their representatives to record their synthetic nitrogen use via an online portal, OR alternatively to submit the required records through their fertiliser company. The N-Cap solution is funded from contributions collected Te Uru Kahika Essential Freshwater Programme. The total allocated for N-Cap was $28K.

	Retrolens	**Service Description:** Retrolens allows public access to historical aerial photography of New Zealand. The total funding to be collected in FY2026 is budgeted as $50K. 50% of this is budgeted to be collected from Land Information New Zealand | Toitū Te Whenua, with the balance to be collected from the Te Uru Kahika councils using the standard ReCoCo model.

Category	% Share	Council
Large Councils	9.40%	Auckland
		Environment Canterbury
		Waikato Region Council
		Greater Wellington Regional Council
		Bay of Plenty Regional Council
Medium Councils	6.20%	Horizons Regional Council
		Otago Regional Council
		Hawkes Bay Regional Council
		Northland Regional Council
		Taranaki Regional Council
		Southland Regional Council
Small Councils	3.20%	Tasman District Council
		Nelson City Council
		Gisborne District Council
		Marlborough District Council
		West Coast Regional Council.

Public Transport Ticketing Programme

10 Councils contribute to the Public Transport Ticketing System Programme under a funding agreement signed by RSHL in 2024.
Contributions are collected according to the following model agreed by the councils and RSHL.

Council	Cost share %
Waikato Regional Council	24.3%
Bay of Plenty Regional Council	24.3%
Otago Regional Council	24.3%
Horizons Regional Council	6.3%
Hawkes Bay Regional Council	6.3%
Taranaki Regional Council	2.9%
Nelson City Council	2.9%
Invercargill City Council	2.9%
Northland Regional Council	2.9%
Gisborne District Council	2.9%

In FY26 funding contributions to PTTP were expected to be $1.8M.

<table>
<tr>
<td>IRIS</td>
<td>Payment of an Annual Fee for IRIS will be sought from all councils that use the Software for annual support and development fees, as set out in the License Agreement.

Proportion of Contributions to the IRIS Programme
Contributions for IRIS will be collected in the following proportions.
<table>
<tr><th>Council</th><th>Share</th></tr>
<tr><td>Waikato Regional Council</td><td>32.39%</td></tr>
<tr><td>Northland Regional Council</td><td>11.93%</td></tr>
<tr><td>Horizons Regional Council</td><td>16.00%</td></tr>
<tr><td>Taranaki Regional Council</td><td>11.93%</td></tr>
<tr><td>Southland Regional Council</td><td>11.93%</td></tr>
<tr><td>West Coast Regional Council</td><td>3.87%</td></tr>
<tr><td>Hawkes Bay Regional Council</td><td>11.93%</td></tr>
</table>
In FY26 RSHL expected to collect $282K in funding from participating councils with the remainder of the programme funded from surplus funds from previous years held by RSHL.</td>
</tr>
<tr>
<td>RSHL Corporate Costs</td>
<td>Corporate costs are for the operation and development of the company.

All work programmes will contribute to RSHL corporate costs, with each contribution based on the programme’s proportion of revenue in the financial year.

In the 2026 financial year and the following two years, the budgeted proportion of corporate costs for each programme is as follows:
<table>
<tr><th></th><th>2025/26</th><th>2026/27</th><th>2027/28</th><th>2028/29</th></tr>
<tr><td>IRIS</td><td>3.0%</td><td>5%</td><td>4%</td><td>5%</td></tr>
<tr><td>IRIS NextGen</td><td>35.3%</td><td>34%</td><td>49%</td><td>26%</td></tr>
<tr><td>Te Uru Kahika</td><td>48.6%</td><td>40%</td><td>37%</td><td>61%</td></tr>
<tr><td>Shared Services</td><td></td><td>6%</td><td>5%</td><td>8%</td></tr>
<tr><td>PTTP</td><td>13.1%</td><td>15%</td><td>5%</td><td>0%</td></tr>
</table>
In FY26 RSHL expected to have corporate costs of $0.57M. This is 4.9% of total operating expenditure.</td>
</tr>
</table>

Other products or services may be delivered by RSHL. Any such services will only be delivered after the Directors have considered each individual business case including the proposed budget and agreed that the proposed service meets the objectives of RSHL.

Any ongoing activities to identify, develop or procure additional products or services will be budgeted for in advance, subject to a business case. The subsequent recovery of costs will be agreed on a case-by-case basis.

Performance Measures

The following performance measures were incorporated into the Statement of Intent for the 2025–2026 financial year and provide the basis for assessing RSHL's performance against its objectives.

Theme: Programme Delivery

Performance Statement: We will maintain a high standard of delivery of our programmes to customers.

This theme assesses whether RSHL managed programmes through appropriate approval pathways, governance structures, planning processes, assurance activity, delivery targets, and stakeholder feedback.

Target	Timing	FY25 Result	FY26 Result
All projects and programmes will follow an appropriate approval pathway for their size, scope and complexity.	Self-assessment in June each year.	Achieved	Achieved

In the period 1 July 2025 – 30 June 2026 the following projects were initiated at RSHL.

Regional Sector Preparedness for Managing Avian Flu Risk
In December 2025 the Board approved an agreement with Biosecurity New Zealand for $3M in funding to support regional preparedness for avian influenza.

Under the agreement:

- RSHL will host the project, and the project will be delivered using our delivery framework.
- The project team comprised of a contract project manager and members of Te Uru Kahika Bio-Managers Working Group.
- The project will operate within the RSHL control framework and report to the sector OneHealth governance group.

The project is time sensitive and operated from 1 January 2026 to 31 August 2026.

Avian influenza (bird flu) is a highly contagious viral disease that primarily affects birds but can also infect mammals, including humans. There are two main forms:

- High pathogenicity avian influenza (HPAI): Causes severe illness and high death rates in birds. Common strains include H5, H7, and H9.
- Low pathogenicity avian influenza (LPAI): Usually causes mild or no symptoms in birds but can mutate into HPAI. In New Zealand, LPAI is present in wild birds and is monitored through an active surveillance programme.

Biosecurity preparedness refers to maintaining readiness to prevent, respond to, and recover from the introduction or spread of diseases like avian influenza. This includes having response plans, trained personnel, appropriate equipment and resources, and regular exercises or drills to test preparedness.

Tūhono Taiao site transition
In June the board approved a funding agreement for the transfer and operation of the Tūhono Taiao website from MCERT to Te Uru Kahika/RSHL. https://www.tuhonotaiao.org.nz/

Under the agreement:

- MCERT provided funding of $250,000 excl. GST.
- Te Uru Kahika will take the lead role in developing a new operating model for the site with RSHL managing the transition and operation.
- A joint **MCERT**/Te Uru Kahika/RSHL governance group will be established with oversight of delivery, spending, and progress.

Target	Timing	FY25 Result	FY26 Result
All programmes will have an effective governance structure appropriate to the size and complexity of the programme.	Self-assessment in June each year.	Achieved	Achieved

In the period 1 July 2025 – 30 June 2026 all projects/programmes operated governance structures as agreed with participating councils, and in accordance with the RSHL Governance Framework.

Programme	Governance Structure
IRIS NextGen	• RSHL Board governance oversight • Council appointed Steering Group with representatives from each council.
IRIS	• RSHL Board governance oversight • Council appointed Advisory Group with representatives from each council.
HPAI Preparedness	• RSHL Board governance operational oversight • OneHealth Governance strategic oversight • RSHL oversight of financial activity according to RSHL policy. • Steering Group appointed by RSHL, Te Uru Kahika and BioSecurity NZ
Tūhono Taiao site transition	• As the project is still in the initiation phase, the governance group is not yet established.

Target	Timing	FY25 Result	FY26 Result
All programmes will have an effective planning process. Draft plans and budgets will be set before 1 March, final plans and budgets will be set by 30 June.	Self-assessment in June each year.	Achieved	Achieved

Programme	Planning and Budgeting
IRIS NextGen	The IRIS NextGen Programme Budget was updated and endorsed by the Steering Group in February, for inclusion in the Draft Statement of Intent. The final unchanged budget was endorsed by the Steering Group in June for inclusion in the Statement of Intent.
IRIS	The IRIS Programme Budget was updated and endorsed by the Advisory Group in February, for inclusion in the Draft Statement of Intent. Participating councils had the budget approved by a staff member with appropriate delegation. The final unchanged budget was endorsed by the Advisory Group in June for inclusion in the Statement of Intent.
HPAI Preparedness	HPAI Preparedness is a one-off project. Planning and budgeting was completed by the project team prior to execution of the agreement. The plan and budget were refined over time as the requirements of each region are understood. Scope was tightly managed to ensure alignment with the funding and timing requirements of MPI, who funded the work.

Target	Timing	FY25 Result	FY26 Result
An independent assurance review will be completed for major programmes each year.	To be completed by 30 June each year.	N/A	Not Achieved
All programmes will meet agreed delivery targets set by the programme governance group each year.	November each year.	Achieved	Achieved
Annual performance surveys will be completed with participating councils. Survey feedback will be considered and actioned where appropriate – including sharing feedback with the Board.	November each year.	Partially achieved. IRIS NextGen and WellsNZ surveys were deferred to November 2025.	Partially Achieved.

HPAI Preparedness and IRIS Next Generation meet the criteria for projects to be considered under these performance measures.

Highly Pathogenic Avian Influenza (HPAI) Preparedness Project.
In December 2025 the board approved an agreement with BioSecurity NZ for $3M in funding to support regional preparedness for the Avian Influenza.

As the project was initiated and completed within a 6-month timeframe, independent quality assurance was not practical. Councils were surveyed to assess their preparedness for HPAI. Councils were not surveyed with respect to RSHL Performance.

The delivery targets for the project were defined in the funding agreement with MPI. The targets (outcomes) were closely managed and prioritised because of the limited time window to complete the project. The final status of each outcome was presented in the final report.

Outcome	Has the outcome been achieved?
Each Region has a HPAI Plan documented that sets out the structures, roles, and practical steps required to build and maintain readiness for HPAI	**Achieved** – all 17 regional councils/unitary authorities have a HPAI plan documented.
The HPAI Plan will include disposal and disinfection options	**Achieved** – all HPAI plans include disinfection options. All 17 regions have a waste disposal framework, tailored to the regional context. **Note:** disposal framework for each region will require integration into the plans as an appendix beyond 30 June 2026.
Personal Protective Equipment (PPE) and related PPE equipment is purchased and available for use in an incursion	**Achieved** – PPE has been purchased and delivered to all regions. **Note:** disposal bags were not able to be manufactured within the timeframe and will need to be procured beyond 30 June 2026.
Signs, posters, and other communication materials are commissioned and delivered	**Achieved** – Signage has been purchased and delivered to all regions. Support communication materials have been developed and distributed to all regions via a centralised hub.
Regional Councils, Unitary Authorities and MPI have identified the key roles and responsibilities for managing HPAI within each region	**Achieved** – all HPAI plans set out the key roles and responsibilities for these key stakeholders within their region.
Potential high-risk sites are identified for all Unitary Authority and Major Urban Councils (refer Table)	**Achieved in part** – potential high-risk sites have been identified for all Regional Councils and Unitary Authorities and **80% of Major Urban Councils**. **Note:** further work will be required beyond the project to ensure every district has identified high-risk sites, including the management arrangements for these.
Contractors are identified for disposal in each region	**Achieved** – all regions have identified landfill/waste disposal contractors where relevant. **Achieved in part** – some regions have identified contractors for carcass removal. **Note:** further work is required to determine contractors for every region.

IRIS NextGen Programme

The IRIS NextGen Programme remains a strategically significant sector collaboration programme, aimed at delivering productivity improvements through consistent good practice processes, effective change management and fit-for-purpose software.

During FY26 the programme progressed from build and testing into the implementation phase, with the pilot implementation at Otago Regional Council providing the opportunity to validate the solution, implementation approach and change model before wider rollout.

In this period, the Programme navigated a series of delays while the software platform was being completed. RSHL also worked with councils to assess the impacts of the new resource planning system and local government reform. Because of this, there was insufficient budget or operational capacity to support an independent quality review. A review will be conducted in the first part of FY27, and scoping and procurement activities are under way.

Surveys over the same period focused on the effectiveness of the Change Management Approach for the programme, rather than RSHL performance.

Overall, the survey results indicated broad support for the revised Programme Change approach introduced in November 2025.

- The strongest quantitative result was the usefulness and practicality of the tools, artefacts and reference materials, with 14 of 15 responses positive.
- The Programme Change Lead role results were consistently positive, particularly for constructive collaboration.
- The outcomes section was positive overall but more mixed than the workstream and role sections, especially on role clarity and issue resolution.
- Most valuable aspects identified in comments included practical templates, artefacts, guidance, coordination across change managers, clearer alignment between councils and the programme, and stronger visibility of change at programme level.
- Common improvement opportunities included deeper integration of change expertise into RSHL and Datacom planning, better Project Manager-Change Manager alignment, clearer boundaries between change and project responsibilities, and scaled support as more councils entered implementation.

Theme: Service Delivery

This theme assesses whether RSHL's services were clearly defined, supported by appropriate customer advisory arrangements, and operating within agreed service-level expectations.

Target	Timing	FY25 Result	FY26 Result
All services are clearly defined, including service definition, service level expectations and funding models.	June 2026	N/A	Achieved
All services will have an effective customer advisory structure appropriate to the size and complexity of the service.	June 2026	N/A	Achieved
All services will meet or exceed agreed service level expectations each year.	June 2027*	N/A	N/A

*This performance measure is to be in place for FY2027.

Te Uru Kahika Hosting	RSHL hosting of Te Uru Kahika is underpinned by a MOU. This MOU remains in a draft state, however it provides the basis for management of our services to the Te Uru Kahika Team. The service level for each service is defined and agreed concurrently with the Te Uru Kahika budget in June each year. As this service is not provided directly to councils, the customer advisory structure for Te Uru Kahika is the Executive Director.
Local Emissions Data Platform	The LEDP Service has a Steering Group comprised of senior councils' staff and an Advisory Group open to staff from all councils that use the solution. The Steering Group oversees the finances of the service and the vendor relationship. The Advisory Group works directly with the supplier to improve product development and develop consistent good practice across councils. Service levels and the management structure for the service are defined in the Partnership Agreement.
WellsNZ	The WellsNZ Service has a Steering Group comprised of senior councils staff and an Advisory Group open to staff from all councils that use the solution. The Steering Group oversees the finances of the service and the vendor relationship. The Advisory Group works directly with the supplier to improve product development and develop consistent good practice across councils. Service levels and the management structure for the service are defined in the Partnership Agreement.
Public Transport Ticketing Programme	The Public Transport Ticketing Programme transferred to RSHL in 2025. The programme has a Steering Group with a representative from each council. The RITS Contract Manager leads the PTTP programme at RSHL. Internal service levels are informally discussed and agreed with them. Service levels for the BeeCard solution are documented in the contract with the vendor.

Theme: Operational Excellence

Performance Statement: We will set a high standard for the governance and management of the company.

Target	Timing	FY25 Result	FY26 Result
We will operate within approved budget, with any material variations approved by the board.	Assessed at year-end.	Partially achieved.	Achieved

Financial Reports are reviewed at each board meeting, including a Statement of Financial Performance for each activity.

As noted in the foreword, revenue was favourable to budget. Council contributions to each activity were at or below budget, while additional funding was received for new projects, including work to support national preparedness for HPAI.

While expenditure was $793,139 more than budgeted, this was because of new project activity such as HPAI, offset by timing variances for other programmes. New projects were approved by the board or Chief Executive according to appropriate delegations.

The following activities were included in our 2025-26 SOI. All variances are due to changes to the timing and/or scope within the activity, approved by the governance group for that activity and reflected in the financial reporting received by the board. Material variances are explained in the notes to the financial statements.

Activity	Actual revenue ($000)	Budget revenue ($000)	Actual expenditure ($000)	Budget expenditure ($000)
IRIS	473	593	1,310	1,145
IRIS NextGen	3,476	4,147	2,435	3,954
Te Uru Kahika	4,980	4,938	5,586	5,356
Shared Services	722	786	697	750
Public Transport Ticketing	1,640	1,784	1,762	1,701
Corporate Activity	–	–	776	594

Additional Income and Expenditure was collected for the HPAI Preparedness Project. $1,342K was collected and expended for this purpose. The remaining income and expenditure is for small one-off collaborative projects between councils.

The HPAI project was approved by the board. Smaller ad-hoc projects were approved by the chief executive and reported to the board as part of regular financial reporting.

Activity	Actual revenue ($000)	Budget revenue ($000)	Actual expenditure ($000)	Budget expenditure ($000)
Ad Hoc Projects	1,592	–	1,728	–
Other income	1,137	25	–	–
Consolidation/rounding adjustment	–	–	–	–

Target	Timing	FY25 Result	FY26 Result
We will meet all statutory governance and reporting deadlines.	Assessed in July for the previous year.	Achieved	Achieved

Requirement	Reporting Deadline	What must be provided	Delivery
Half-year report to shareholders	28 February 2026	Unaudited report on RSHL's operations for the first half of FY26, including the information required by the Statement of Intent.	Sent to shareholders by email on 27 February 2026.
Draft Statement of Intent	1 March 2026	Draft SOI approved by the Directors and provided to shareholders for consideration.	Sent to shareholders by email on 27 February 2026.
Final Statement of Intent	30 June 2026	Completed SOI delivered to shareholders after the Directors have considered shareholder comments.	Sent to shareholders by email on 30 June 2026.
Annual report to shareholders and the public	30 September 2025	Audited Annual report on RSHL's operations for FY25, including performance against the SOI and explanations of material variances.	Sent to shareholders on 26 September 2025.

Target	Timing	FY25 Result	FY26 Result
The board will operate according to the Institute of Directors' Code of Practice.	Self-assessment to be completed in June for the previous financial year.	Achieved through independent governance review.	Achieved.

The board has developed and adopted a charter and Code of Conduct to underpin their commitment to operate according to the IoD Code of Practice.

The Board completed its annual self-assessment and concluded that its governance performance in 2025/26 was consistent with the Institute of Directors' Code of Practice. The Board remains committed to continuous improvement, including maintaining a strategic focus.

Financial Statements | Ngā Tauākī Pūtea

Regional Software Holdings Limited
For the year ended 30 June 2026

The financial statements required by section 67 of the Local Government Act 2002 are attached.

Registered Office

C/- ONLA

PO Box 1007, Palmerston North

Auditors

The Audit Office on behalf of the Controller and Auditor-General.

Directors

The directors appointed for the period that this Performance Report covers were:

Mike Nield	Taranaki Regional Council
Janine Becker	Waikato Regional Council
Ged Shirley	Horizons Regional Council
Wilma Falconer (until 29 August 2025)	Southland Regional Council
Fiona McTavish (until 27 November 2025)	Bay of Plenty Regional Council
Patrick Ng (from 27 November 2025)	Southland Regional Council
Mat Taylor (from 27 November 2025)	Bay of Plenty Regional Council
Asbjorn Aakjaer	Independent Director
Bruce Robertson (Chairperson)	Independent Director

The following directors received the following payments throughout the year:

A Aakjaer - $39,500 (Last Year: $38,750) for independent director services.

B Robertson - $54,490 (Last Year: $38,750) for independent director services.

The other directors are paid through their respective Councils.

Interest Register

All directors listed their interests in the register on being appointed to the company and interests are reviewed at each board meeting. The following interests are registered:

Director	Organisation	Interest
Janine Becker	Waikato Regional Council	Director, Customer & Corporate Services, Waikato RC (an RSHL Shareholding Council)
Mike Nield	Taranaki Regional Council Taranaki Stadium Trust	Director, Corporate Services Taranaki RC (an RSHL Shareholding Council) Trustee
Ged Shirley	Horizons Regional Council	General Manager, Regional Services & Information Horizons RC (an RSHL Shareholding Council)
Asbjorn Aakjaer	Negotiate Limited Aakjaer Trustee Company Ice Bear Holdings Limited EMD Advantage Limited (Infor Channel partner) Waikato Regional Council Healthcare Logistics (a division of EBOS Group Limited)	Director & Shareholder Director & Shareholder Director & Shareholder Independent Chairperson Negotiate Limited provides post implementation support to the WRC Finance Team. Employed to deliver Supply Chain transformation.
Bruce Robertson	R B Robertson Limited Ministry of Primary Industries (MPI) <u>Local Authorities</u>: Thames-Coromandel District Council Taupo District Council Bay of Plenty Regional Council Gisborne District Council Napier City Council South Wairarapa District Council Kapiti Coast District Council Timaru District Council Central Otago District Council Southland District Council Christchurch City Council Kaipara District Council New Plymouth District Council Dunedin City Council Upper Hutt City Council	Director and Shareholder (Governance and advisory services). Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Deputy Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair
Patrick Ng	Southland Regional Council Ava Technologies Limited	General Manager Corporate Services, Southland RC (an RSHL Shareholding Council) Director
Mat Taylor	Bay of Plenty Regional Council	Tumu Herenga Mahi, General Manager Corporate, Bay of Plenty RC (an RSHL Shareholding Council)

Statement of Comprehensive Revenue and Expense | Te Tauākī Matawhānui mō te Moniwhiwhi me ngā Whakapaunga

Regional Software Holdings Limited
For the year ended 30 June 2026

	NOTES	2025-26	2025-26 SOI	2024-25
Revenue				
Regional Sector Shared Services	2	7,294,178	5,724,365	5,478,019
Member Contributions	2	6,489,751	6,453,530	5,417,484
Other revenue	2	208,764	70,414	159,148
Interest		27,909	25,000	68,452
Total Revenue		**14,020,602**	**12,273,309**	**11,123,104**
Expenses				
Administration Costs	3	266,310	117,468	149,077
Audit and Legal Fees	1	158,870	124,641	122,746
Datacom Support Services		318,060	300,000	239,311
Environmental Charges		130,738	148,850	117,022
External Contractors		6,681,639	6,991,032	1,805,522
External Directors Fees		93,990	93,840	77,500
Other Direct Software Expenses		775,173	401,556	962,209
IT Support Services		32,125	80,000	-
Personnel costs	4	2,975,849	2,799,187	1,942,262
Promotional Costs		470,763	230,990	226,958
Regional Sector Shared Services		1,681,524	1,523,425	5,301,174
Grants and donations made		460	-	310
Travel and Meeting Costs		318,918	289,644	323,391
Depreciation Expense	8	12,208	-	6,840
Amortisation Expense	9	377,576	400,429	433,452
Total Expenses		**14,294,201**	**13,501,062**	**11,707,773**
Surplus/(Deficit) before Tax		**(273,599)**	**(1,227,753)**	**(584,670)**
Income Tax				
Tax Expense	12	-	-	(88,091)
Total Income Tax		**-**	**-**	**(88,091)**
Total Comprehensive Revenue and Expense		**(273,599)**	**(1,227,753)**	**(496,579)**

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Explanations of major variances against budget are provided in the notes.

Statement of Financial Position | Te Tauākī mō te Āhua o te Pūtea

Regional Software Holdings Limited

As at 30 June 2026

	NOTES	2025-26	2025-26 SOI	2024-25
Assets				
Current Assets				
Cash and Cash Equivalents	5	4,311,307	3,075,638	4,969,294
Receivables and Prepayments	6	789,233	1,939,101	427,177
Current Investments		2,515,063	-	-
Goods and Services tax		23,607	-	53,420
Income Tax Receivable	12	9,847	-	21,291
Total Current Assets		**7,649,056**	**5,014,739**	**5,471,182**
Non-Current Assets				
Property, Plant & Equipment	8	9,272	3,152	10,292
Intangible Assets	9	360,200	309,360	737,776
Total Non-Current Assets		**369,472**	**312,512**	**748,068**
Total Assets		**8,018,528**	**5,327,251**	**6,219,250**
Liabilities				
Current Liabilities				
Payables and Deferred Revenue	10	3,478,481	2,275,512	1,489,305
Employee Entitlements	11	196,207	-	112,505
Goods and Services Tax		-	45,922	-
Income Tax Payable	12	-	-	-
Total Current Liabilities		**3,674,687**	**2,321,434**	**1,601,810**
Total Liabilities		**3,674,687**	**2,321,434**	**1,601,810**
Net Assets		**4,343,841**	**3,005,817**	**4,617,440**
Equity				
Contributed Capital	13	5,149,150	5,149,150	5,149,150
Accumulated Funds	13	(805,309)	(2,143,333)	(531,710)
Total Equity		**4,343,841**	**3,005,817**	**4,617,440**

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Statement of Changes in Equity/Net Assets | Te Tauākī mō ngā Panonitanga o te Whai Tūtanga/ngā Huarawa More

Regional Software Holdings Limited
For the year ended 30 June 2026

	2025-26	2025-26 SOI	2024-25
Equity			
Opening Balance	4,617,440	4,233,570	5,114,019
Total Comprehensive Revenue and Expense for the year	(273,599)	(1,227,753)	(496,579)
Balance at 30 June	**4,343,841**	**3,005,818**	**4,617,440**
Total Comprehensive Revenue and Expense Attributable to			
Regional Software Holdings Ltd	(273,599)	(1,227,753)	(496,579)

Statement of Cash Flows | Te Tauākī mō ngā Kapewhiti

Regional Software Holdings Limited
For the year ended 30 June 2026

	2025-26	2025-26 SOI	2024-25
Cash Flows from Operating Activities			
Receipts from Members and Non-Members	6,411,890	12,248,309	5,549,000
Interest Received	26,994	25,000	68,452
Regional Sector Shared Services Income	8,276,900	-	7,001,414
Income tax received/(paid)	11,444	-	21,921
Payments to suppliers and employees	(12,998,695)	(13,100,633)	(11,992,471)
GST	141,187	-	19,241
Donations or grants paid	(460)	-	(310)
Total Cash Flows from Operating Activities	**1,869,261**	**(827,324)**	**667,249**
Cash Flows from Investing and Financing Activities			
Payments to acquire property, plant and equipment	(12,185)	-	(10,590)
Payments to purchase intangibles	-	-	(70,327)
Payments to purchase investments	(2,515,063)	-	-
Total Cash Flows from Investing and Financing Activities	**(2,527,247)**	**-**	**(80,917)**
Net Increase/ (Decrease) in Cash	**(657,987)**	**(827,324)**	**586,332**
Cash Balances			
Cash and cash equivalents at beginning of period	4,969,294	3,902,962	4,382,962
Cash and cash equivalents at end of period	4,311,307	3,075,638	4,969,294
Net change in cash for period	(657,987)	(827,324)	586,332

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Notes to the Financial Statements | Tuhinga Āpiti ki Te Ngā Tauākī Pūtea

Regional Software Holdings Limited
For the year ended 30 June 2026

1. Statement of Accounting Policies | Te Tauākī mō ngā Kaupapa Here Mahi Kaute

Reporting Entity

Regional Software Holdings Limited (RSHL) was incorporated 17 October 2012. RSHL was primarily incorporated for the purposes of managing the investment and development of IRIS software, and has designated itself a Public Benefit Entity (PBE), in keeping with the designation of the shareholders.

RSHL is a Public Limited Liability Company incorporated and registered under the Companies Act 1993 and is a council-controlled organisation as defined in Section 6 of Local Government Act 2002.

RSHL has no subsidiaries or joint ventures.

Entity Structure

Following the restructure of RSHL in November 2022, the company typically has a Board of 8 directors, comprised of 6 council representatives and two independent directors. One of the independent directors acts as chair.

The Board oversees the governance of RSHL. The Board is accountable to its shareholders for the financial and non-financial performance of the company. RSHL directors are elected and retire by rotation. In addition, there is a Chief Executive who is responsible for the day-to-day operations of RSHL and reports to the Board.

The Company has:

- 10 Class A (Control) Shares - issued for $1 par value per share, and fully paid up, and
- 10,000 Class B (IRIS) Shares - issued for $1 par value per share, and fully paid up - which represent the ownership rights over IRIS classic asset and enable the founding shareholders to retain their rights and ownership of the IRIS asset following the restructure of RSHL in November 2022.

The total number of shares at 30 June 2026 is 10,010 (2025: 10,010).

The shareholding of the Company as at 30 June 2026 is as follows:

Organisation	Class A (Control) Shares	Class B (IRIS) Shares
Waikato Regional Council	1	3,275
Northland Regional Council	1	1,675
Horizons Regional Council	1	1,550
Taranaki Regional Council	1	1,550
Southland Regional Council	1	1,550
West Coast Regional Council	1	400
Bay of Plenty Regional Council	1	-
Gisborne District Council	1	-
Hawke's Bay Regional Council	1	-
Otago Regional Council	1	-

The financial statements are those of RSHL, for the twelve months ended 30 June 2026, and were authorised for issue by the Board of Directors on 24 September 2026.

Basis of Preparation

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

Statement of Compliance

The financial statements of RSHL have been prepared in accordance with the requirements of the Local Government Act 2002, and the Companies Act 1993, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

These financial statements and service performance information have been prepared in accordance with and comply with PBE Standards RDR. RSHL is eligible and has elected to apply the PBE Standards RDR because its expenses are less than $30 million and it does not have public accountability as defined by XRB A1 Application of the Accounting Standards Framework.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars (NZ dollars) and all values are rounded to the nearest dollar.

Changes in Accounting Policies

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

Summary of Significant Accounting Policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Foreign Currency Transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ$ (the functional currency) using the spot exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

Goods and Services Tax

Items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are stated 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 Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows. Commitments and contingencies are disclosed exclusive of GST.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, estimates and assumption have been made 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 or future events that are believed to be reasonable under the circumstances.

Additional Disclosure

The Companies Act 1993 requires disclosure of the amount of the donations, audit fees, fees for other services from the auditor, and the number of employees of the company who received remuneration and other benefits above $100,000 per annum, in brackets of $10,000.

During this financial year 19 staff members were employed by RSHL (last year there were 15). There are 19 employees as at 30 June 2026.

Remuneration Bracket	2025-26	2024-25
Up to 100,000	9	7
100,000 - 110,000	0	1
110,000 - 120,000	0	0
120,000 - 130,000	1	0
130,000 - 140,000	0	0
140,000 - 150,000	1	2
150,000 - 160,000	2	1
160,000 - 170,000	2	2
170,000 - 180,000	0	0
180,000 - 190,000	0	0
190,000 - 200,000	1	0
200,000 - 210,000	0	0
210,000 - 220,000	0	2
220,000 - 230,000	2	0
230,000 - 240,000	0	0
240,000 - 250,000	0	0
250,000 - 260,000	0	0
260,000 - 270,000	1	0

	2025-26	2024-25
Fees to Auditors		
Fees to The Audit Office for audit of the financial statements and performance	61,774	60,896
information Fees to The Audit Office for other services	-	7,698
Total Fees to Auditors	**61,774**	**68,594**

Donations made in the period: $460 (last year: $310).

2. Revenue

Accounting Policy

The specific accounting policies for significant revenue items are explained below:

Revenue is recognised depending on whether the revenue is from exchange or non-exchange transactions.

Exchange Revenue

Exchange revenue from the rendering of services is recognised by reference to the stage of completion of the services.

Other Revenue

Other Revenue includes Consulting Services, and Council Specific Funding (for software and subscriptions). RSHL recognises revenue from these services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on the work performed or the stage of completion of the subscription period.

Investment Revenue

Interest revenue is recorded as it is earned.

Non-Exchange Revenue
Non-exchange revenue is recognised when it becomes receivable, unless there is a substantive use or return condition attached to the funding for non-performance. If there is a substantive use or return condition, revenue is deferred and recognised as revenue only upon satisfying the condition of the funding.

Non-exchange transactions are those where RSHL receives value from another entity (e.g. cash or other assets) without giving approximately equal value in exchange. Inflows of resources from non-exchange transactions, other than services in-kind, that meet the definition of an asset are recognised as an asset only when:

- It is probable that RSHL will receive an inflow of economic benefits or service potential; and
- The fair value of can be measured reliably.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be estimated reliably.

Members Contributions and Regional Sector Shared Services
The revenue from Members Contributions and Regional Sector Shared Services is all regarded as non-exchange revenue and recognised when it becomes receivable as there is no economic consequences of delivery outlined in the agreements.

Refer Statement of Service Performance (page 5) for further details of all revenue-generating activities.

	2025-26	2024-25
Regional Sector Shared Services		
Central Government Funding	970,000	350,000
Te Uru Kahika - Core Funding	3,429,164	-
Te Uru Kahika - Alternate Funding	581,193	-
Shared Services Revenue	721,760	-
Central Government Funding	1,592,062	-
Sector Work Programmes Revenue	-	5,128,019
Total Regional Sector Shared Services	**7,294,178**	**5,478,019**

	2025-26	2024-25
Members Contributions		
Members Contributions as per SOI		
IRIS NextGen Programme	3,344,281	4,205,157
IRIS Programme	396,441	-
Public Transport Ticketing Programme Revenue	1,639,900	1,212,328
Total Members Contributions as per SOI	**5,380,621**	**5,417,484**
Members Contributions Non SOI		
Other Revenue	1,109,129	-
Total Members Contributions Non SOI	**1,109,129**	**-**
Total Members Contributions	**6,489,751**	**5,417,484**

Members contributions include $6,144,388 (2025: $5,171,917) income from the shareholder councils as described in note 15. Members contributions from non-shareholder councils and other sources total $345,363 (2025: $245,567).

	2025-26	2024-25
Other Income		
Recovery of Other Direct Software Expenses	208,764	159,148
Total Other Income	**208,764**	**159,148**

3. Expenses

Accounting Policy

Expenditure is recognised on an accrual basis when the service was provided, or the goods received. Costs associated with maintaining the IRIS software suite are recognised as an expense when incurred.

	2025-26	2024-25
Administration Expenses		
Accounting & Technical Support	229,840	86,877
Administration Costs	29,744	56,824
Bank Fees	690	681
Insurance	5,699	4,695
Loss on Disposal of Fixed Assets	336	-
Total Administration Expenses	**266,310**	**149,077**

4. Personnel Costs

Accounting Policy

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes - defined contribution schemes

Employer contributions to Kiwisaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

	2025-26	2024-25
Personnel costs		
Salaries and wages	2,429,058	1,636,616
Council staff seconded to RSHL	374,910	288,837
Defined contribution plan employer contributions	73,554	49,099
Increase/(decrease) in employee entitlements	83,702	28,920
Less: Salaries and Wages Capitalised	-	(70,326)
ACC Levies	1,315	1,155
Staff Costs	3,991	6,801
Staff Training	9,320	1,160
Total Personnel costs	**2,975,849**	**1,942,262**

5. Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents include cash on hand, on demand or call deposits, and other short-term investments with original maturities of three months or less, and bank overdrafts.

	2025-26	2024-25
Cash and cash equivalents		
Current Account	2,000,000	319,663
Business Online Saver	2,316,454	4,652,356
Credit Card - Mark Donnelly	(1,342)	(668)
Credit Cards - Go To Pay	(3,045)	(951)
Credit Card - I D Maxwell	(760)	(1,106)
Total Cash and cash equivalents	**4,311,307**	**4,969,294**

6. Receivables

Accounting Policy

Short-term receivables are recorded at the amount owed, less an allowance for credit losses. RSHL applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are written off when there is no reasonable expectations of recovery. Indicators that there is no reasonable expectations of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

	2025-26	2024-25
Receivables and Prepayments		
Accounts Receivable	615,233	351,177
Prepayments	174,000	76,000
Total Receivables and Prepayments	**789,233**	**427,177**

7. Current Investments

Accounting Policy

Short term investments comprise term deposits which have a term of greater than three months (so do not fall into the category of cash and cash equivalents) but less than twelve months. Short term investments are measured at amortised cost (refer further details in note 17).

	2025-26	2024-25
Current Investments		
Term Deposit	2,515,063	-
Total Current Investments	**2,515,063**	**-**

The term deposit was invested in March 2026 for a term of 6 months and has an interest rate of 3.32% p.a.

8. Property, Plant and Equipment

Accounting Policy

Property, plant, and equipment consists of the following asset classes: Computer Hardware.

All asset classes are measured at cost, less accumulated depreciation, and impairment losses.

Individual assets, or group of assets, are capitalised if their cost is greater than $1,000.

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 property, plant, and equipment have been estimated as follows:

The useful life and associated depreciation rate for computer hardware is between 50% and 67%.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

Impairment and Impairment Reversals (Cash-Generating Assets)

Property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to its recoverable amount. For revalued assets, the impairment loss is recognised in other comprehensive revenue and expense and decreases the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in depreciation and amortisation expense in the statement of comprehensive revenue and expense.

The reversal of an impairment loss on a revalued asset is recognised in other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of an impairment loss is also recognised in surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in depreciation and amortisation expense in the statement of comprehensive revenue and expense.

	Cost 1 Jul 2025	Accumulated Depreciation 1 Jul 2025	Carrying Amount 1 Jul 2025	Additions	Disposals	Depreciation	Cost 30 Jun 2026	Accumulated Depreciation 30 Jun 2026	Carrying Amount 30 Jun 2026
Computer Hardware	26,855	16,563	10,292	11,524	336	12,208	36,208	26,936	9,272
Total	**26,855**	**16,563**	**10,292**	**11,524**	**336**	**12,208**	**36,208**	**26,936**	**9,272**

	Cost 1 Jul 2024	Accumulated Depreciation 1 Jul 2024	Carrying Amount 1 Jul 2024	Additions	Disposals	Depreciation	Cost 30 Jun 2025	Accumulated Depreciation 30 Jun 2025	Carrying Amount 30 Jun 2025
Computer Hardware	15,604	9,723	5,881	11,251	-	6,840	26,855	16,563	10,292
Total	**15,604**	**9,723**	**5,881**	**11,251**	**-**	**6,840**	**26,855**	**16,563**	**10,292**

9. 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 for internal use are recognised as an intangible asset. Direct costs include the costs of services, software development employee costs, and an appropriate portion of relevant overheads.

From the 2020-21 year all IRIS development is now treated as operating expenses (previously recognised as property, plant and equipment). All determined IRIS development that will not enhance the asset that was previously recognised as property, plant and equipment has now been expensed in the year.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs of software updates or upgrades are capitalised only when they increase the usefulness or value of the software. Costs associated with development and maintenance of the RSHL website 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 financial year is recognised in surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired computer software 10 years and an amortisation rate of 10%

Internally developed computer software 10 years and an amortisation rate of 10%

Delivery framework has a useful life of 5 years and an amortisation rate of 20%

Where software in this category is replaced, upgraded or determined by RSHL to be of no further operational benefit, a change in value will be recognised through the Statement of Comprehensive Revenue and Expense. This change in value will be the difference between the carrying value of the original item and its fair value.

Cash-generating assets and non-cash generating assets are distinguished by whether or not the primary objective of holding the assets is to generate a commercial return. RSHL has assessed that it has no non-cash-generating assets.

Impairment and Impairment Reversals (Cash-Generating Assets)

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, irrespective of whether there is any indicator of impairment.

For further details, refer to the policy for impairment of property, plant, and equipment in Note 6. The same approach applies to the impairment of intangible assets.

Under International Public Sector Accounting Standards (IPSAS) 31 and 26 the management of RSHL is required to consider whether there is an impairment to the suite of intangible assets.

RSHL has considered the external and internal sources of information under IPSAS 26 and considers it likely that on or about 30 June 2027 the current IRIS software platform and attendant e-learning software will be discontinued with no residual value, except for one council for which there has been a delay in the implementation schedule. The revised discontinuation date for this one council is likely to be 30 June 2028. Whilst this does indicate that the previous impairment loss has decreased to some extent, the increase in recoverable amount of the impaired assets in respect of just one council is estimated to be of low value and therefore this change is not considered to significantly impact the existing impairment loss.

On this consideration, the current IRIS asset and attendant e-learning software has been impaired in 2021 and then further impaired in 2022, but with no further impairment identified in 2023, 2024, 2025 or 2026.

Therefore all impaired software assets will be amortised on a straight-line basis at variable rates so as to have a nil residual value on 30 June 2027 (no change since last year).

All assets that will not be impacted by impairment will continue to be amortised on a straight-line basis at 10% and have no residual value on 30 June 2027.

The impairment adjustment from the 2021 and the 2022 years will form part of the amortisation expense until 30 June 2027 in the statement of comprehensive revenue and expense.

At 30 June 2026 the work in progress value of the IRIS Asset is $Nil. The work in progress written off has been included in other direct software expenses (30 June 2025: $Nil).

The impairment adjustment of E-Learning Software and IRIS Software Intellectual Property from the 2021 and 2022 years will form part of the accelerated amortisation expense until 30 June 2027.

	Cost 1 Jul 2025	Accumulated Amortisation 1 Jul 2025	Carrying Amount 1 Jul 2025	Additions	Amortisation	Cost 30 Jun 2026	Accumulated Amortisation 30 Jun 2026	Carrying Amount 30 Jun 2026
Brand Design & Development	8,905	-	8,905	-	-	8,905	-	8,905
E-Learning Software	42,525	33,556	8,969	-	4,491	42,525	38,047	4,478
Delivery Framework	70,327	1,172	69,155	-	14,065	70,327	15,237	55,090
IRIS Software Intellectual Property	9,255,722	8,604,975	650,747	-	359,020	9,255,722	8,963,995	291,727
Total	**9,377,479**	**8,639,703**	**737,776**	**-**	**377,576**	**9,377,479**	**9,017,279**	**360,200**

	Cost 1 Jul 2024	Accumulated Amortisation 1 Jul 2024	Carrying Amount 1 Jul 2024	Additions	Amortisation	Cost 30 Jun 2025	Accumulated Amortisation 30 Jun 2025	Carrying Amount 30 Jun 2025
Brand Design & Development	8,905	-	8,905	-	-	8,905	-	8,905
E-Learning Software	42,525	29,065	13,460	-	4,491	42,525	33,556	8,969
Delivery Framework	-	-	-	70,327	1,172	70,327	1,172	69,155
IRIS Software Intellectual Property	9,255,722	8,177,185	1,078,537	-	427,790	9,255,722	8,604,975	650,747
Total	**9,307,152**	**8,206,250**	**1,100,902**	**70,327**	**433,453**	**9,377,479**	**8,639,703**	**737,776**

10. Payables and Deferred Revenue

Short term payables are measured at the amount payable.

	2025-26	2024-25
Payables and Deferred Revenue		
Accounts Payable	2,132,052	1,010,558
Accrued Expenses	421,591	478,748
Excess Grant Funding to be Repaid	907,938	-
Income Received in Advance	16,900	-
Total Payables and Deferred Revenue	**3,478,480**	**1,489,305**

11. Employee Entitlements

Accounting Policy

Employee entitlements that are expected to be settled wholly before 12 months after the end of the reporting period in which the employees provide the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned but not yet taken at balance date.

Annual leave expected to be settled within 12 months of balance date are classified as a current liability.

	2025-26	2024-25
Employee Entitlements		
Wages Payable	66,234	32,933
Leave Liability	129,972	79,572
Total Employee Entitlements	**196,207**	**112,505**

12. Income Tax

Accounting Policy

Income tax expense includes components relating to current tax and deferred tax, and is calculated using tax rates and tax laws that have been enacted or substantively enacted at balance date.

Current tax is the income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

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

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

Deferred tax is 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 affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

	2025-26	2024-25

Income Tax

Components of Tax Expense		
Current Tax	-	-
Deferred Tax	-	(88,091)
Tax Expense	**-**	**(88,091)**
Net surplus/ (deficit) before tax	(273,599)	(584,670)
Tax at 28%	(76,608)	(163,708)
Plus / (less) tax effect of:		
Non-Deductible Expenditure	14	8
Effect of changes in recognised tax losses	76,594	75,609
Tax Expense	-	(88,091)

Deferred tax assets/(liabilities)	Tax losses	Intangible assets	Deferred revenue	Other temporary differences	Total
Balance at 30 June 2024	1,054,953	(286,359)	(888,505)	31,820	(88,091)
Charged to surplus or deficit	(287,140)	95,384	276,639	3,208	88,091
Charged to other comprehensive revenue and expense	-	-	-	-	-
Balance at 30 June 2025	767,813	**(190,975)**	**(611,866)**	**35,028**	**-**
Charged to surplus or deficit	(104,038)	95,593	17,977	(9,532)	
Charged to other comprehensive revenue and expense	-	-	-	-	-
Balance at 30 June 2026	663,775	(95,382)	(593,889)	25,496	-

The Company has gross tax losses available to carry forward of $2,914,207 (2025: $3,012,220). Tax losses have been recognised to the extent they are exceeded by deferred tax liabilities $2,370,626 (2025: $2,742,189).

13. Equity

Accounting Policy

Equity is measured as the difference between total assets and total labilities. Equity is disaggregated and classified as contributed capital and accumulated surplus.

	2025-26	2024-25
Equity		
Contributed Capital		
Balance at 1 July	5,149,150	5,149,150
Capital Contribution	-	-
Balance at end of period	**5,149,150**	**5,149,150**
Accumulated Surplus		
Balance at 1 July	(531,710)	(35,131)
Surplus/(deficit) for the year	(273,599)	(496,579)
Balance at end of period	**(805,309)**	**(531,710)**
Total Equity	**4,343,841**	**4,617,440**

14. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 30 June 2026 (Last year - nil).

15. Related Party Transactions

Related party disclosures have not 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 RSHL would have adopted in dealing with the party at arm's length in the same circumstances.

Related Party Transactions Significant to RSHL Requiring Disclosure (excluding GST):

Shareholder	2025/26	2024/25	Description of Services
Waikato Regional Council	19,602	14,000	Funding for the National River Quality Network
Waikato Regional Council	73,376	152,021	Reimbursement for staff members seconded to IRIS NextGen
Waikato Regional Council	15,000	-	Regional Economic Case Studies
Waikato Regional Council	30,667	-	HPAI Response
Waikato Regional Council	8,209	5,388	Reimbursement for costs re Biosecurity working group
Horizons Regional Council	5,259	66,888	Reimbursement for staff members seconded to IRIS NextGen
Horizons Regional Council	15,000	-	Regional Economic Case Studies
Horizons Regional Council	40,121	-	Funding for the National River Quality Network
Taranaki Regional Council	123,186	174,685	Reimbursement for staff members seconded to the IRIS NextGen project
Taranaki Regional Council	8,896	7,000	Funding for the National River Quality Network

Taranaki Regional Council	15,000	-	Regional Economic Case Studies
Bay of Plenty Regional Council	110,909	139,868	Reimbursement of costs Practices, Methodologies and Standards NZ River Managers SIG
Bay of Plenty Regional Council	-	60,160	Reimbursement for staff members seconded to the BioControl Programme
Bay of Plenty Regional Council	8,873	-	Reimbursement of costs Product Acceptance Testing for IRIS NextGen
Bay of Plenty Regional Council	30,000	-	Regional Economic Case Studies
Bay of Plenty Regional Council	15,980	-	HPAI Response
Northland Regional Council	86,765	118,680	Reimburse for staff member seconded to the IRIS NextGen project and travel costs
Northland Regional Council	15,000	-	Regional Economic Case Studies
Northland Regional Council	41,085	-	HPAI Response
Otago Regional Council	150,472	186,995	Reimburse for staff members seconded to the IRIS NextGen project
Otago Regional Council	-	10,500	Funding for the National River Quality Network
Otago Regional Council	15,000	-	Regional Economic Case Studies
Otago Regional Council	100,000	-	Public Transport Ticketing funding
Hawke's Bay Regional Council	-	26	River Managers SIG Professional Development Programme expenditure
Hawke's Bay Regional Council	15,417	10,500	Funding for the National River Quality Network
Hawke's Bay Regional Council	71,481	41,810	Reimburse for staff members seconded to the IRIS NextGen project
Hawke's Bay Regional Council	15,000	-	Regional Economic Case Studies
Hawke's Bay Regional Council	2,337	-	TUK costs on-charged re printing and car parking
Gisborne District Council	-	1,024	Room hire for workshop re National River Quality Network
Gisborne District Council	23,784	-	Funding for the National River Quality Network
Gisborne District Council	-	500,000	Funds provided to RSHL for “Support for the Government response to the Ministerial Land Use Inquiry in Tairāwhiti (MILU)
Southland Regional Council	-	25,561	Reimburse for staff members seconded to the IRIS NextGen project
Southland Regional Council	15,000	-	Regional Economic Case Studies
West Coast Regional Council	15,914	-	Funding for the National River Quality Network

Revenue of $6,144,388 was received from the shareholder councils as member contribution in the year ended 30 June 2026 as outlined in note 2 (2025: $5,171,917)

Member contributions were received as follows:

Shareholder	2025/26	2024/25
Waikato Regional Council	1,036,937	1,012,222
Bay of Plenty Regional Council	1,031,049	1,014,925
Horizons Regional Council	810,295	511,749
Hawke's Bay Regional Council	596,496	511,749
Northland Regional Council	521,874	471,120
Taranaki Regional Council	441,437	362,003
Southland Regional Council	366,266	327,348
West Coast Regional Council	535,892	175,420
Otago Regional Council	748,914	733,399
Gisborne District Council	55,228	51,982

As at 30 June 2026 $255,140 (2025: $211,092) was owed to RSHL by Member Councils and $273,170 (2025: $152,139) was owed by RSHL to Member Councils.

	2025-26	2024-25
Key Management Personnel Compensation		
Directors		
Total Full-Time Equivalent Members	7	8
Remuneration	93,990	77,500
Senior Management Team, including the Chief Executive		
Total Full-Time Equivalent Members	5	5
Remuneration	1,013,145	572,236
Total Full-Time Equivalent Personnel	12	13
Total Key Management Personnel Remuneration	1,107,135	649,736

Due to the difficulty in determining the full-time equivalent for Board members, the full-time equivalent figure is taken as the number of Board members.

16. Events After Balance Date

There are no significant events after balance date (2025: Nil).

17. Financial Instruments

The carrying amounts of financial assets and liabilities in each of the PBE IPSAS 41 financial instrument categories are as follows:

	2025-26	2024-25
Financial assets measured at amortised cost		
Cash and cash equivalents	4,311,307	4,969,294
Receivables (excluding taxes receivable)	788,228	427,177
Current investments	2,515,063	-
Total Financial assets measured at amortised cost	**7,614,598**	**5,396,471**

	2025-26	2024-25
Financial liabilities measured at amortised cost		
Payables (excluding income in advance and taxes payable)	2,519,270	1,434,049
Total Financial liabilities measured at amortised cost	**2,519,270**	**1,434,049**

Financial Instrument Risks

RSHL's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. RSHL has policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from recognised liabilities, which are denominated in a foreign currency. RSHL has low exposure to currency risk because it does not have significant overseas liabilities.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates. RSHL has exposure to interest rate risk because it has interest-bearing bank accounts, but is not reliant on interest income for maintaining liquidity.

Credit risk

Credit risk is the risk that a third party will default on its obligation to RSHL, causing RSHL to incur a loss. In the normal course of its business, credit risk arises from receivables, and deposits with banks. These entities have high credit ratings. For its other financial instruments, RSHL does not have significant concentrations of credit risk.

RSHL's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, receivables, and derivative financial instrument assets. There is no collateral held as security against these financial instruments.

Although cash and cash equivalents as at 30 June 2024 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

RSHL has deposited funds only with Westpac (Standard & Poor's credit rating of AA-), a registered bank.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that RSHL will encounter difficulty raising liquid funds to meet commitments as they fall due. As part of meeting its liquidity requirements, RSHL closely monitors its forecast cash requirements. RSHL maintains the level of available cash to meet liquidity requirements and to meet liabilities as they fall due.

18. Explanations of Major Variances Against Budget

Statement of Financial Performance	Actual	Budget	Variance	Explanation
Regional Sector Shared Services Revenue	7,294,178	5,724,365	1,569,813	RSHL received unbudgeted funding of $2.3M from central government in support of nationally significant programmes, including $1.3M for HPAI Preparedness, and $0.9M for Freshwater Projects. This was offset by an unfavourable variance of $0.8M in funding for Te Uru Kahika and Shared Services. This was because of surplus collected in FY25.
Member Contributions	6,489,751	6,453,530	36,221	Member contributions include council funding for a range of programmes including: -IRIS NextGen Council Contributions $374,516 unfavourable because we agreed to defer collection of some council funding until FY27. -PTTP Revenue is $144,456 unfavourable becauce funding was reduced to reflect a FY25 surplus. -IRIS funding was $126,130 unfavourable because we delayed collecting funding for IRIS while existing surplus was expended. This is a total unfavourable variance of $0.8M, offset by unbudgeted revenue for assorted ad-hoc projects of $1.1M.
Other Revenue	208,764	70,414	138,350	The variance is because we collected additional funds from councils for the development of integration solutions for the IRIS NextGen programme.
Administration Costs	266,310	117,468	148,842	Variances include $59K in unbudgeted expenditure for advice on future funding models for RSHL and $100K for accounting support for the Public Transport Ticketing programme.

External Contractors	6,681,639	6,991,032	(309,393)	• Application Testing: $360K relates to costs originally budgeted in FY25. • Council Funded: $50K relates to council-funded IRIS NextGen integration work, and $72K relates to loan repayments that may have been budgeted elsewhere. Both costs are on-charged to specific councils. • Datacom Council Implementation: $1.4M favourable due to delays commencing IRIS NextGen implementations at BOPRC and WRC. • Datacom GPOM: $298K favourable because the Good Practice service was not required. • Datacom Programme Management: In line with budget. • Programme Change Management: $141K unfavourable due to a revised approach to IRIS NextGen. • Project Services: $264K favourable, reflecting favourable variances for IRIS NextGen and Te Uru Kahika, partly offset by $244K of unbudgeted HPAI response expenditure. • Subject Matter Consultants: $818K unfavourable for Te Uru Kahika due to new, unbudgeted freshwater projects and additional development costs for the Tranche 3 Flood Asset Business Case. • Training Materials Development: $103K unfavourable due to IRIS NextGen activity carried over from FY25.
Other Direct Software Expenses	775,173	401,556	373,617	The variance is because of: -$209K unfavouable variance for IRIS maintenance activity previously budgeted in FY25. -$152K unfavourable variance in this category, for work previously budgeted under a different account.
Personnel Costs	2,975,849	2,799,187	176,662	This is a net 4% variance across all activities. There were favourable and unfavourable variances across several activities. The largest unfavourable variance was for IRIS NextGen, with an unfavourable variance of $291K. This is because of additional costs for secondment of Associate Product Managers to the programme, and addtional staff time spent on vendor management.
Promotional Costs	470,763	230,990	239,773	This variance is because of $103K in unbudgeted expenditure for the HPAI preparedness project which was not included in the FY26, budget. There was an unfavouable variance in Te Uru Kahika of $81K because of additional costs responding to local government reform. Public Transport Ticketing Programme had an unfavourable variance of $39K, because communications costs were budgeted as general consulting.
Regional Sector Shared Services	1,681,524	1,523,425	158,099	The significant unfavourable variance was $384K for HPAI Preparedness. This expenditure was for PPE equipment. The HPAI Preparedness Project was not included in the FY26 budget.

Statement of Financial Position	Actual	Budget	Variance	Explanation
Cash and cash equivalents	4,311,307	3,075,638	1,235,669	At year end RSHL holds substantial cash reserves on behalf of work programmes, and unspent funds.
Accounts Receivable and Prepayments	789,233	1,939,101	(1,149,868)	Prepayment is not provided for in the budget. Also reflects timing of invoicing not provided for in the budget.
Other Current Assets	2,515,063	0	2,515,063	A new term deposit was invested in during the year in accordance with RSHL's Treasury Management Policy.
Goods and Services Tax	23,607	(45,922)	69,529	GST movements derive from variances in accounts receivable and payable.
Intangible Assets	360,200	309,360	50,840	Budgeted Capital Expenditure for IRIS in FY22 and FY23 was expensed, following advice. Accordingly the value of the IRIS software asset is less than budgeted.
Payable and Accruals	3,478,481	2,275,512	(1,202,969)	Payables are all less than one month and this variance reflects timing of supplier invoicing.
Employee Entitlements	196,207	0	(196,207)	Employee Entitlements were not provided for in the SOI budget and include leave liability and accrued gross pay.

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