



Six Month Report  
to Shareholders

Pūrongo mō te Tau  
Haurua

*Including Financial Statements*

For the period ending 31  
December 2023



Council  
Collaboration  
Into Action

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# Directors Report | Te Pūrongo a ngā Kaiwhakahaere Matua

## Regional Software Holdings Limited For the 6 months ended 31 December 2023

On behalf of Regional Software Holdings Ltd (RSHL), and the ten regional sector shareholders, it is our pleasure to present our 2023/2024 Interim Report.

RSHL is the shared services organisation of Te Uru Kahika. All 16 regional and unitary councils in Aotearoa New Zealand are customers of RSHL.

RSHL delivers a wide range of digital, operational and financial programmes, on behalf of Te Uru Kahika and participating councils.

The structure of RSHL makes it simple, low risk and low cost for additional councils to join as shareholders and we look forward to more Te Uru Kahika councils completing this simple step.

In the 6 months to 31 December 2023, RSHL made excellent progress in a challenging environment for the sector.

In the current economic and political climate, shared services and new ways of working are more important and valuable than ever. Our major technology programmes such as IRIS NextGen, Environmental Data Management System (EDMS), and Integrated National Farm Data Platform (INFDP) will all provide long-term efficiencies and cost savings to councils as well as the wider Aotearoa New Zealand well-beings.

### Financial Position

Revenue is tracking favourable to budget, a situation that we expect to continue to year end. Council contributions to programmes are as budgeted.

Expenditure before depreciation is less than budgeted. This is due to a contractual retention in the IRIS NextGen Programme. We expect by year-end this retention will be paid and expenditure will be largely as budgeted.

The company is running at a loss. This reflects the depreciating value of the investment in the original IRIS product.

As noted in previous reports, expenditure on the original IRIS solution is no longer being treated as a capital investment. As a result, the book value of the asset is depreciating rapidly. This is appropriate as the product nears the end of its life and we look to reinvest in IRIS NextGen.

Cash balances remain healthy as the losses are resulting from depreciation rather than trading activities.

The cash position is favourable to budget due to the Sector Financial Management Funds which are held on behalf of the regional sector.

### Looking Forward

We are excited about continuing to provide excellence in shared services to the regional sector. The focus in the next six months is assisting in the delivery of Te Uru Kahika's 2023/2024 business plan and continuing the development of IRIS NextGen ahead of the first round of implementations in 2025.

Signed on behalf of the Board of Directors:



M Nield - Chairperson

Date: 22 February 2024



G Shirley - Director

Date: 22 February 2024

# Statement of Responsibility | Tauākī o te Kawenga

## Regional Software Holdings Limited

### For the 6 months ended 31 December 2023

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 six months ended 31 December 2023 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:



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M Nield - Chairperson

Date: 22 February 2024



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G Shirley - Director

Date: 22 February 2024

# Statement of Service Performance | Hei Ine i te Mahi

## Regional Software Holdings Limited For the 6 months ended 31 December 2023

### Who are we and why do we exist?

#### Vision

To provide high-quality shared services for Te Uru Kahika (and associated agencies) that delivers value to customers, shareholders and the sector.

#### Mission

Deliver shared solutions to Te Uru Kahika along with collaborative outcomes through sector special interest groups to achieve:

- Consistent, good-practice regional sector specific processes and functions
- Value through economies of scale
- Greater influence for Te Uru Kahika with central government through cohesion and collaboration
- Reduced risk through ensuring continuity of supply and control of the destiny of regional sector specific software.

#### Values

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

- We are forward thinking and innovative
- We are responsive and deliver value
- We are professional and accountable
- We are flexible and open.

#### Guiding Principles

- The best decision is that which provides the best end result, primarily for regional sector councils and indirectly the communities they serve.
- Our solutions will be practical, appropriate to the scale of the problem and affordable.
- Where appropriate we will utilise codes of practice and standards produced by industry groups.
- All parties to any decision or interaction will be treated with respect, dignity, integrity, and honesty.

### What did we do?

#### Activities

RSHL provides a framework for collaboration between shareholders and across the regional sector. It supports the procurement or development of shared solutions in a manner that provides greater consistency in how we operate. 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. Some councils are both customers of RSHL and providers of service to RSHL.

In the 2023 and 2024 Financial years, RSHL activities were grouped as follows:

<p>IRIS</p>	<p>The IRIS Programme delivers the IRIS software platform to shareholder and customer councils. The IRIS software has been in use for 8 years and is currently in use at 7 councils.</p> <p>The 7 councils actively collaborate on the use of IRIS and the future development roadmap.</p> <p>RSHL and the member councils have determined that the IRIS software platform will need to be replaced within the next 2-4 years.</p>
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<p>IRIS Next Generation</p>	<p>RSHL and the member councils have determined that the IRIS software platform will need to be replaced within the next 2-4 years.</p> <p>IRIS Next Generation (IRIS NextGen) will be a cloud-based Software as a Service solution (SaaS) with better online and mobile features. IRIS NextGen will be more efficient for staff and customers.</p> <p>Along with the SaaS, we will implement consistent “good practice” processes for the sector.</p> <p>Over the next two years, RSHL will confirm:</p> <ul style="list-style-type: none"> <li>• The IRIS NextGen solution</li> <li>• A transition plan for existing users</li> <li>• A growth plan to attract new councils to the programme.</li> </ul>
<p>Environmental Monitoring and Reporting (EMAR)</p>	<p>The objective of EMAR is to improve the collection, accessibility and presentation of environmental data in New Zealand. The EMAR Programme has three projects.</p> <ul style="list-style-type: none"> <li>• National Environmental Monitoring Standards (NEMS) – Aims to ensure consistency in the way environmental monitoring data is collected and handled throughout New Zealand.</li> <li>• Environmental Data Management System (EDMS) – Aims to provide a single access point to environmental data from multiple sources in a consistent format.</li> <li>• Land, Air Water Aotearoa (LAWA) – Shares data and information to tell the story of our environment.</li> </ul> <p>EMAR is an all-of-sector programme, and includes partner agencies from central government (MfE, Stats NZ and DoC) and the Cawthron Institute (and others).</p> <p>The EMAR programme is managed by RSHL and governed by the EMAR Steering Group. Each project has its own Steering Group who oversee operational activities.</p> <p>The EMAR/LAWA Programme Manager is employed by RSHL and is part of the Regional Sector Programme office. EMAR/LAWA project administration (financial and contractual) is managed by RSHL on behalf of project partners.</p> <p>The NEMS project is managed by Horizons on behalf of the project partners.</p>
<p>Regional Sector Office</p>	<p>The Regional Sector Office supports the activities of Te Uru Kahika and the Regional Sector Special Interest Groups (SIG) network.</p> <p>The Regional Sector Office supports the activities of Te Uru Kahika including the Te Uru Kahika Network (formerly the SIG Network).</p> <ul style="list-style-type: none"> <li>• The Sector Office is made up of four roles:</li> <li>• Executive Policy Advisers – Regional CEOs Group</li> <li>• Chief Science Advisor</li> <li>• Resource Management Reform Director</li> <li>• Regional Sector SIG Network Administrator</li> </ul> <p>Sector Office staff are employed by RSHL.</p>
<p>Sector Financial Management System</p>	<p>Under the Sector Financial Management System (SFMS) RSHL is responsible for the management of the funding for regional sector collaborative programmes.</p> <ul style="list-style-type: none"> <li>• Sector Business Plan</li> <li>• River Managers Business Plan</li> <li>• River Managers Climate Resilience</li> </ul>

	<ul style="list-style-type: none"> <li>• EMaR</li> <li>• Bio Managers</li> <li>• Bio Control</li> <li>• Science Programme</li> <li>• Sector Office Special Projects</li> <li>• Regional Sector Office</li> </ul> <p>RSHL administers the programme:</p> <ul style="list-style-type: none"> <li>• Collects this funding from councils and central government,</li> <li>• Engages staff and suppliers to deliver services to achieve the outcomes from each of the programmes.</li> <li>• Reports to Te Uru Kahika on income and expenditure.</li> </ul>
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### Ngā Mahi e Rapua Nei Te Utu Paremata | Activities for Which Compensation Is Sought

Funds for the operation of the Sector Office, The Sector Financial Management System, EMAR/LAWA, IRIS and IRIS NextGen 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 will be sought for the following activities:

Activity	Description									
Sector Financial Management System	<p>Payment of annual contributions will be sought from all Te Uru Kahika councils for the operation of the Programmes in the Sector Financial Management System.</p> <p>For some programmes, additional contributions may be sought from other local government organisations and government ministries.</p> <p>Contributions will be according to the agreed models. This activity includes:</p> <ul style="list-style-type: none"> <li>• Sector Business Plan</li> <li>• River Managers Business Plan</li> <li>• River Managers Climate Resilience</li> <li>• ReCoCo Technology Projects</li> <li>• EMaR</li> <li>• Bio Managers</li> <li>• Bio Control</li> <li>• Science Programme</li> <li>• Sector Office Special Projects</li> <li>• Regional Sector Office</li> </ul> <p>The funding contributions for the Sector Office, EMAR and the most of the SFMS programmes is based on the size of the Council. The total amounts to be collected vary year to year based on the work programmes.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Tier 1 – 9.4% each</th> <th style="width: 33%;">Tier 2 – 6.2% each</th> <th style="width: 33%;">Tier 3 – 3.2% each</th> </tr> </thead> <tbody> <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> </tbody> </table>	Tier 1 – 9.4% each	Tier 2 – 6.2% each	Tier 3 – 3.2% each	Auckland Council	Horizons RC	Tasman DC	Environment Canterbury	Otago RC	Nelson City Council
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	Waikato RC	Northland RC	Marlborough DC																		
	Bay of Plenty RC	Taranaki RC	West Coast RC																		
		Environment Southland																			
	<b>Total 47%</b>	<b>Total 37%</b>	<b>Total 16%</b>																		
	<p>BioControl, Climate Change Resilience and the Science Programme have custom funding models based on the value of the programmes to the region.</p> <p>The budget and funding arrangements for the SFMS are documented in the SFMS Briefing Paper which is approved with the Te Uru Kahika Business Plan before the start of each financial year.</p>																				
IRIS	<p>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.</p> <p><b>Proportion of Contributions to the IRIS Programme</b></p> <p>Contributions for IRIS will be collected in the following proportions.</p> <table border="1"> <thead> <tr> <th>Shareholder</th> <th>Percentage</th> </tr> </thead> <tbody> <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>Hawke's Bay Regional Council</td> <td>11.93%</td> </tr> <tr> <td><b>Total</b></td> <td><b>100%</b></td> </tr> </tbody> </table>			Shareholder	Percentage	Waikato Regional Council	32.39%	Northland Regional Council	11.93%	Horizons Regional Council	16.00%	Taranaki Regional Council	11.93%	Southland Regional Council	11.93%	West Coast Regional Council	3.87%	Hawke's Bay Regional Council	11.93%	<b>Total</b>	<b>100%</b>
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IRIS Next Generation	<p>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 9 Participating Councils share the programme costs of the IRIS NextGen programme according to the following contribution model:</p> <table border="1"> <thead> <tr> <th>Large Councils</th> <th>Medium Councils</th> <th>Small Councils</th> </tr> </thead> <tbody> <tr> <td><b>17.93% per council (Total 35.87%)</b></td> <td><b>10.87% per council (Total 43.48%)</b></td> <td><b>4.35% per council (Total 4.35%)</b></td> </tr> <tr> <td>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>Nelson City Council</td> </tr> <tr> <td></td> <td><b>8.15% per council (Total 16.30%)</b></td> <td></td> </tr> </tbody> </table>			Large Councils	Medium Councils	Small Councils	<b>17.93% per council (Total 35.87%)</b>	<b>10.87% per council (Total 43.48%)</b>	<b>4.35% per council (Total 4.35%)</b>	Waikato Regional Council Bay of Plenty Regional Council	Horizons Regional Council Otago Regional Council Northland Regional Council Hawke's Bay Regional Council	Nelson City Council		<b>8.15% per council (Total 16.30%)</b>							
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	<p style="text-align: right;">Taranaki Regional Council Environment Southland</p> <p>Over the 10-year term of the Partnership Agreement, the programme costs are expected to total ~\$26 million.</p> <p>Programme costs are budgeted and approved by the IRIS NextGen Steering Group annually.</p>															
<p>RSHL Overhead Costs</p>	<p>Overhead costs are costs that cannot be allocated to a specific work programme.</p> <p>All work programmes contribute to overhead costs of RSHL, with the proportion of the contribution based on actual revenue in that financial year.</p> <p>In the 6 months to 31 December 2023, the cost and proportion of overheads to each programme is as follows:</p> <table border="1" data-bbox="422 750 1430 996"> <thead> <tr> <th></th> <th>FY24 YTD \$</th> <th>FY24 YTD %</th> </tr> </thead> <tbody> <tr> <td>IRIS</td> <td>16,674</td> <td>9%</td> </tr> <tr> <td>IRIS NextGen</td> <td>80,737</td> <td>43%</td> </tr> <tr> <td>SFMS</td> <td>89,870</td> <td>48%</td> </tr> <tr> <td>Total</td> <td>187,281</td> <td>100%</td> </tr> </tbody> </table>		FY24 YTD \$	FY24 YTD %	IRIS	16,674	9%	IRIS NextGen	80,737	43%	SFMS	89,870	48%	Total	187,281	100%
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## How did we perform?

IRIS	<p>We have previously reported that we have reduced the frequency of IRIS releases, to allow RSHL and councils to focus on IRIS NextGen as well as to minimise cost.</p> <p>The 4.06 release was provided to councils in November 2022 and the 4.07 release was provided in January 2024.</p> <p>Future development efforts will focus on data cleansing and data migration tools. Functional enhancements will only be developed if there is an approved business case or to support legislative changes.</p> <p>In this period we progressed the shared data migration platform that will councils will use to export data from IRIS when they migrate to IRIS NextGen. All seven IRIS councils will use the same platform, creating a significant cost and time saving. This work should be completed by March 2024. The 4.07 release included a change to comply with changes to the Dam Register Safety Scheme Regulations.</p>
IRIS Next Generation	<p>The IRIS NextGen Programme continues to progress at pace.</p> <p>The build of the IRIS NextGen solution increased. In October, an online solution demonstration to over 250 council staff showcased the features that had been developed to date. This was well received by staff.</p> <p>In December 2023, Datacom advised that they would not be able to meet the June 2024 timetable for completion of the solution. A delay of at least two months is expected. The delay will push back the start of testing and the first implementation. However, the cost of the build is fixed, so cost impacts to councils are minimal.</p> <p>Nine good practice workshops were held in Q3 and Q4, with a further 19 workshops scheduled for Q1 and Q2 2024. It is pleasing to note the strong alignment across councils on good practice, the programme also has a decision-making model to resolve issues when they do occur.</p> <p>Organisational change management activities in this period included sponsor management coaching, and organisational change vision workshop.</p> <p>The Product Acceptance Testing project will test 63 end to end business processes in Datascape to ensure the Regional Sector Solution is ready for implementation at councils. PAT will be delivered in three tranches. The first tranche starts in February 2024 with a team of 8 subject matter experts seconded from councils testing 13 business processes.</p> <p>Preparation for council implementations becomes a key focus on Q1 and Q2 2024 as we gear up for the pilot implementation later this year. Financially, the IRIS NextGen Programme is on-budget.</p>
Environmental Monitoring and Reporting (EMAR)	<p><b>Strategic directions update</b></p> <p>EMaR Vision: Kaitiaki of a trusted environmental data and information system that enables New Zealanders to make informed decisions.</p> <p>Discussions continue for the longer-term strategies for both the broader EMaR programme (NEMS, EDMS, LAWA) and the LAWA project. In the shorter-term, tactical considerations arising from the new government's priorities in the environmental monitoring and reporting space are being used to inform the workplan for the next 1 – 3 years.</p> <p><b>LAWA project update</b></p> <p>Key Outcome: Trusted, accessible, high quality, up-to-date environmental data and information.</p>

	<p>1.) Maintaining and updating LAWA content:</p> <p>The annual refresh of the Water Quality, Water Quantity and Estuary Health was completed on time and within budget.</p> <p>The annual update of data and information for the River Quality, Lake Quality, Groundwater Quality, Can I swim here?, Water Quantity and Estuary Health topics was completed on World River's Day (24 Sept 2023).</p> <p>To support the awareness of the latest data and information, we profiled the national picture for lakes and river water quality topics on release day, and followed up with a national picture summary spotlight on groundwater quality in November.</p> <p>Acknowledgements to the project teams and council staff across Te Uru Kahika (managers, scientists, data managers, GIS specialists and comms) who provide their time and expertise in keeping their regional data and information on LAWA updated.</p> <p>2.) Increasing the LAWA reach:</p> <p>Visitors to the LAWA website continue to grow, demonstrating the effectiveness of our collaboration. This uptick in users means we're furthering the reach and value of the data and information from the regional sector/Te Uru Kahika (and others) and securing LAWA as a go to place for authoritative, up-to-date environmental data and information.</p> <p>Data and information from LAWA are being used by many (central and local government, research and education sector, industry, iwi and public) in a wide range of applications to inform decision making. Over the 6-month period (1 July 2023 – 31 Dec 2023) we have had around 141K users and 511K views (compared to 120K users and 484K views over the same period in the previous year).</p> <p>3. New Projects.</p> <p>The LAWA Operating System Upgrade has been brought forward and is tracking for completion around February within time and budget.</p> <p>The LAWA Actions for Healthy Waterways topic development now scheduled to start once the Operating System Upgrade is complete (completion scheduled for Q4 2023/24).</p>
Regional Sector Office	<p>The Sector Office is made up of several roles:</p> <ul style="list-style-type: none"> <li>• Executive Policy Advisers to the Regional CEOs</li> <li>• Chief Science Advisor</li> <li>• Regional Sector SIG Network Administrator</li> <li>• Resource Management Reform Director</li> </ul> <p>In the reporting period the sector office welcomed the appointment of the Executive Director – Te Uru Kahika. This role is intended to provide strategic leadership of Te Uru Kahika under the direction of the RCEOs Forum and Regional Sector Group.</p> <p>The focus of the regional sector office has been on supporting the regional sector to respond to the changes in policy driven by the incoming government.</p> <p>The sector office provided a Briefing to Incoming Ministers about Te Uru Kahika, including current priorities, capabilities, and ways in which Te Uru Kahika could help the new government deliver on it's policies.</p> <p>The sector office also provided a liaison point between central government and the regional sector on Resource Management Reform, Freshwater Policies, Transport and Science amongst others.</p>

<p>Sector Financial Management System</p>	<p>Under the Sector Financial Management System (SFMS) RSHL is responsible for the management of the funding for regional sector collaborative programmes.</p> <ul style="list-style-type: none"> <li>• Sector Business Plan</li> <li>• River Managers Business Plan</li> <li>• River Managers Climate Resilience</li> <li>• EMaR</li> <li>• Bio Managers</li> <li>• Bio Control</li> <li>• Science Programme</li> <li>• Sector Office Special Projects</li> <li>• Regional Sector Office</li> </ul> <p>RSHL administers the programme:</p> <ul style="list-style-type: none"> <li>• Collects this funding from councils and central government,</li> <li>• Engages staff and suppliers to deliver services to achieve the outcomes from each of the programmes.</li> <li>• Reports to Te Uru Kahika on income and expenditure.</li> </ul> <p>In the first part of FY24 RSHL efficiently collected \$2.8M in funding from councils to support Te Uru Kahika programmes. \$3.8M has been expended in support of various sector programmes.</p> <p>At the time of writing RSHL has more than 40 service contracts of varying sizes under management on behalf of Te Uru Kahika.</p> <p>Of particular note are the contracts for LIDAR Imagery to in support Cyclone Gabrielle recovery work in sections of Northland, Waikato, Auckland, Bay of Plenty and Horizons Regions. This work was supported by funding from Ministry for the Environment — Manatū Mō Te Taiao, with specialist procurement and technical advice provided by Land Information New Zealand - Toitū Te Whenua.</p> <p>With the support of RSHL, via the SFMS Te Uru Kahika continues to expand the scope and benefits to member councils.</p>
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## Key Judgements

<p>IRIS</p>	<p>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.</p> <p>We place an emphasis on predictability, delivery and consistency.</p> <p>Performance against budget, delivery of releases, customer and user feedback are used.</p>
<p>IRIS Next Generation</p>	<p>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.</p> <p>We place an emphasis on predictability, delivery and consistency.</p> <p>Performance against budget, delivery against milestones, and customer feedback are used.</p>
<p>Regional Sector Office</p>	<p>When assessing the performance of the Regional Sector Office we consider the extent to which the Sector Office has effectively supported the smooth operation of Te Uru Kahika and enabled the sector to respond to issued and opportunities as they arise.</p> <p>Feedback from stakeholders and achievement of targeted outcomes is used to form an assessment.</p> <p>We place an emphasis on enabling the work of council staff undertaking work within the Te Uru Kahika framework.</p>
<p>EMAR</p>	<p>When assessing the performance of the EMAR we consider whether RSHL has appropriately managed the programme. This includes budget, vendor management, product roadmap and communications with councils.</p> <p>An emphasis is placed on predictability, delivery and consistency.</p> <p>Performance against budget, delivery of releases, customer and user feedback are used to form an assessment.</p>
<p>Sector Financial Management System</p>	<p>When assessing the performance of the Sector Financial Management System we assess whether the SFMS is meeting its objectives:</p> <ul style="list-style-type: none"> <li>• Removal and minimising duplication of effort across councils</li> <li>• Greater innovation through a collaborative partnership model</li> <li>• More efficient management of existing sector shared services</li> <li>• Better communication and stakeholder engagement</li> <li>• Better control/consistency of information being provided</li> <li>• Demonstrate new “ways of working” to drive better outputs</li> <li>• Demonstrate to central government that councils are collaborating on areas of national importance for which they have responsibility for and for which a national picture is required</li> <li>• More efficient management of sector shared funding:</li> <li>• Efficient collection of funds from councils</li> <li>• Timely payment of providers, following a clear and appropriate approval pathway.</li> <li>• Clear and transparent reporting on funds applied to programmes, linking to outcomes achieved</li> </ul> <p>Feedback from stakeholders and achievement of targeted outcomes is used to form an assessment.</p>

### Performance Measures

The following performance measures were incorporated into the Statement of Intent for the 2023-24 financial year.

		2023/24
Non Financial	Undertake an annual survey of IRIS NextGen users in Participating Councils in relation to product performance, Datacom support and RSHL Programme Management. Provide a summary of the survey results in the annual report, including performance against the baseline. Survey results to be the same or better than the previous year.	Not completed. Survey will be conducted in May.
	Budgets for IRIS support and development are approved by the IRIS Advisory Group and Board by 30 June each year. Delivery within these budgets is effectively managed by the Advisory Group and the Chief Executive	The DRAFT IRIS budget was approved as planned in February 2024.
	Be an effective service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System.  Revenue and Expenditure for SFMS Programmes are within budget, with any variations approved by the RCEOs.  Annual Survey of Programme Leads in relation to SFMS Management presented to RCEOs in June. Survey results to be the same or better than the previous year.	Partially Completed. Survey will be conducted in May. SFMS revenue and expenditure are close to budget. Financial reporting was provided to each CE's meeting, with programme financials provided to Programme Leads each month.
	Effectively support the activities of the Te Uru Kahika through the Regional Sector Office. Annual survey of RCEOs in relation to performance of the sector office presented to RCEOs in June. Survey results to be the same or better than the previous year.	Not completed. Survey will be conducted in May.
	Budgets for EMAR are approved by the EMAR Steering Group by 30 June each year, and delivery within these budgets is effectively managed by the EMAR Project Manager	On Track. Additional topics and upgrades to LAWA have been completed on time and to budget.
	Be a service delivery vehicle for wider regional council sector and related bodies information management programmes and related shared services.  Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the relevant regional sector group.	On Track. RSHL has effectively managed the SFMS through the first half of the year. Revenue and expenditure are consistent with the amounts documented in the SFMS Briefing Paper.  RSHL has 40 contracts in place with service providers for support of Te Uru Kahika work programmes.  Additionally, RSHL is effectively managing the Integrated National Farm Data Platform (INFDP) and Environmental Data Management System Programmes for Te Uru Kahika.

		2023/24
Financial	<p>RSHL will operate within approved budget, with any material variations approved by the relevant governance group.</p> <ul style="list-style-type: none"> <li>• RSHL Overheads – RSHL Board.</li> <li>• IRIS NextGen Programme – IRIS NextGen Steering Group</li> <li>• IRIS Programme – IRIS Advisory Group</li> <li>• Sector Financial Management System – RCEOs Group</li> </ul>	<p>On Track. All activities are operating on or favorably to budget. All programmes are receiving up-to-date and accurate financial reporting.</p>
	<p>Annual charges for shareholders and customers to be at the level approved by the relevant governance group. Based upon the approved operating budget and budgets.</p> <ul style="list-style-type: none"> <li>• RSHL Overheads – RSHL Board.</li> <li>• IRIS NextGen Programme – IRIS NextGen Steering Group</li> <li>• IRIS Programme – IRIS Advisory Group</li> <li>• Sector Financial Management System – RCEOs Group</li> </ul>	<p>On Track. Annual charges for shareholders and customers are as budgeted.</p>

# Financial Statements | Ngā Tauākī Pūtea

## Regional Software Holdings Limited

### For the 6 months ended 31 December 2023

This report covers the 6 months from 1 July 2023 to 31 December 2023 as required by section 66 of the Local Government Act 2002. RSHL has no subsidiaries or joint ventures.

#### Registered Office

C/- O'Fee Next Level Accounting

12 Victoria Avenue, Palmerston North

#### Directors

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

Mike Nield (Chairperson)	Taranaki Regional Council
Janine Becker	Waikato Regional Council
Bruce Howse	Northland Regional Council
Ged Shirley	Horizons Regional Council
Wilma Falconer	Southland Regional Council
Fiona McTavish	Bay of Plenty Regional Council
Asbjorn Aakjaer	Independent Director
Bruce Robertson	Independent Director

#### Interest Register

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

Director	Organisation	Interest
Bruce Howse	Northland Regional Council	Group Manager, Corporate Services of Shareholding Council
Fiona McTavish	Bay of Plenty Regional Council BOPLASS Limited McTavish-Huriwai Investments Limited Quayside Holdings Limited Quayside Securities Limited Quayside Properties Limited	Chief Executive of Shareholding Council Director Director & Shareholder Director Director Director
Janine Becker	Waikato Regional Council	Director, Finance & Business Services of Shareholding Council
Mike Nield	Taranaki Regional Council Taranaki Stadium Trust	Director, Corporate Services of Shareholding Council Trustee
Ged Shirley	Horizons Regional Council	General Manager, Regional Services & Information of Shareholding Council

Wilma Falconer	Southland Regional Council Project Partners Limited	Chief Executive of Shareholding Council Director of Project Partners Limited (jointly owned company with husband)
Asbjorn Aakjaer	Negotiate Limited Aakjaer Trustee Company Ice Bear Holdings Limited One Sheep at a Time Limited <i>Note: Negotiate Consulting may from time to time provide advisory services to Northland Regional Council and Waikato Regional Council.</i>	Director & Shareholder Director & Shareholder Director & Shareholder Director & Shareholder
Bruce Robertson	R Bruce Robertson Limited	Director and Shareholder (consulting and advisory services). Through this business have a range of local authority and central government clients providing generally one off support and services, although sometimes over an extended time period.
	Auckland Council Hamilton City Council Thames-Coromandel District Council Waipa District Council Waitomo District Council Taupo District Council Bay of Plenty Regional Council Tauranga City Council Gisborne District Council Napier City Council South Wairarapa District Council Wellington City Council Timaru District Council Invercargill City Council Southland District Council Ministry of Primary Industries (MPI) Regional Software Holdings Ltd (RSHL)	Audit & Risk Committee Chair (retiring October 2023) Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair (commenced 2023) Audit & Risk Committee Deputy Chair Member of Strategy, Finance & Risk Committee Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair (commenced 2023) Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Independent Director (commenced 2023)

The following directors received the following payments throughout the 6 months period:

A Aakjaer - \$16,892 (Year ended 30 June 2023: \$33,000) for independent director services.

B Robertson - \$18,053 (Year ended 30 June 2023: \$18,053) for independent director services.

The other directors are paid through their respective Councils.

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

Regional Software Holdings Limited

For the 6 months ended 31 December 2023

	NOTES	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS SOI	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
<b>Revenue</b>						
Regional Sector Shared Services	2	2,783,213	2,293,046	2,857,890	5,715,783	8,904,518
Member Contributions	2	2,969,018	2,656,242	2,968,652	6,343,866	4,902,541
Other revenue	2	182,687	125,453	64,086	128,173	298,331
Interest	2	71,535	9,021	12,498	25,000	38,626
<b>Total Revenue</b>		<b>6,006,453</b>	<b>5,083,761</b>	<b>5,903,126</b>	<b>12,212,822</b>	<b>14,144,016</b>
<b>Expenses</b>						
Administration Costs	3	87,505	75,509	39,400	74,800	105,248
Audit and Legal Fees	1	21,311	52,240	52,500	105,000	93,683
Datacom Support Services		78,149	81,400	123,498	247,000	193,129
Environmental Charges		44,328	11,397	76,998	154,000	23,316
External Contractors		1,862,419	955,084	2,416,266	4,832,539	3,039,453
External Directors Fees		36,681	16,500	36,000	72,000	42,728
Other Direct Software Expenses		215,425	255,108	366,666	733,333	424,203
Personnel costs		663,108	421,250	872,502	1,745,000	843,340
Promotional costs		38,192	2,799	45,498	91,000	3,933
Regional Sector Shared Services		3,365,798	1,707,731	2,130,132	4,260,250	4,953,973
Travel and Meeting Costs		82,648	45,120	91,998	184,000	120,022
Depreciation Expense	6	3,005	-	-	-	1,132
Amortisation Expense	7	255,625	494,521	234,354	468,705	989,043
<b>Total Expenses</b>		<b>6,754,194</b>	<b>4,118,659</b>	<b>6,485,812</b>	<b>12,967,627</b>	<b>10,833,202</b>
<b>Surplus/(Deficit) before Tax</b>		<b>(747,741)</b>	<b>965,102</b>	<b>(582,686)</b>	<b>(754,805)</b>	<b>3,310,814</b>
<b>Income Tax</b>						
Tax Expense	10	-	-	-	-	725,888
<b>Total Income Tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>725,888</b>
<b>Total Comprehensive Revenue and Expense</b>		<b>(747,741)</b>	<b>965,102</b>	<b>(582,686)</b>	<b>(754,805)</b>	<b>2,584,925</b>

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 31 December 2023

	NOTES	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents		5,963,061	2,651,938	613,699	5,851,788
Receivables and Prepayments	5	144,221	1,238,076	-	2,180,386
Goods and Services tax		226,586	-	-	-
Income Tax Receivable		31,488	3,682	-	11,971
<b>Total Current Assets</b>		<b>6,365,357</b>	<b>3,893,696</b>	<b>613,699</b>	<b>8,044,146</b>
<b>Non-Current Assets</b>					
Property, Plant & Equipment	6	9,169	-	-	7,826
Intangible Assets	7	1,345,834	2,095,981	1,642,725	1,601,459
<b>Total Non-Current Assets</b>		<b>1,355,003</b>	<b>2,095,981</b>	<b>1,642,725</b>	<b>1,609,285</b>
<b>Total Assets</b>		<b>7,720,360</b>	<b>5,989,677</b>	<b>2,256,424</b>	<b>9,653,431</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Payables and Deferred Revenue	8	899,932	729,751	-	1,838,018
Employee Entitlements	9	87,555	34,337	-	51,977
Goods and Services Tax		-	90,686	-	282,823
<b>Total Current Liabilities</b>		<b>987,487</b>	<b>854,774</b>	<b>-</b>	<b>2,172,818</b>
<b>Non-Current Liabilities</b>					
Loans		-	-	-	-
Deferred Tax Liability		725,888	-	-	725,888
<b>Total Non-Current Liabilities</b>		<b>725,888</b>	<b>-</b>	<b>-</b>	<b>725,888</b>
<b>Total Liabilities</b>		<b>1,713,375</b>	<b>854,774</b>	<b>-</b>	<b>2,898,706</b>
<b>Net Assets</b>		<b>6,006,985</b>	<b>5,134,902</b>	<b>2,256,424</b>	<b>6,754,725</b>
<b>Equity</b>					
Contributed Capital		5,149,150	5,149,150	5,149,150	5,149,150
Accumulated Funds		857,835	(14,248)	(2,892,727)	1,605,575
<b>Total Equity</b>		<b>6,006,985</b>	<b>5,134,902</b>	<b>2,256,424</b>	<b>6,754,725</b>

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 6 months ended 31 December 2023

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
<b>Equity</b>				
Opening Balance	6,754,725	4,169,800	3,011,228	4,169,800
Total Comprehensive Revenue and Expense for the period	(747,741)	965,102	(754,805)	2,584,925
<b>Balance at Period End</b>	<b>6,006,985</b>	<b>5,134,902</b>	<b>2,256,424</b>	<b>6,754,725</b>
<b>Total Comprehensive Revenue and Expense Attributable to</b>				
Regional Software Holdings Ltd	(747,741)	965,102	(754,805)	2,584,925

# Statement of Cash Flows | Te Tauākī mō ngā Kapewhiti

Regional Software Holdings Limited  
For the 6 months ended 31 December 2023

	31 DEC 2023 12 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
<b>Cash Flows from Operating Activities</b>				
Receipts from Members and Non-Members	3,050,010	1,963,513	12,187,822	5,015,316
Interest Received	71,535	9,021	25,000	38,626
ReCoCo Income	4,434,885	3,156,373	-	8,290,390
Other Income	137,918	59,784	-	173,962
Income tax received/(paid)	(19,517)	(2,526)	-	(10,815)
Payments to suppliers and employees	(7,200,784)	(4,176,543)	(12,498,922)	(9,508,806)
GST	(367,214)	90,863	-	309,251
<b>Total Cash Flows from Operating Activities</b>	<b>106,834</b>	<b>1,100,485</b>	<b>(286,100)</b>	<b>4,307,923</b>
<b>Cash Flows from Investing and Financing Activities</b>				
Payments to acquire property, plant and equipment	(5,717)	-	-	(7,589)
Payments to purchase intangibles	-	(8,905)	-	(8,905)
Cash Flows from Other Investing and Financing Activities	10,157	-	-	-
<b>Total Cash Flows from Investing and Financing Activities</b>	<b>4,440</b>	<b>(8,905)</b>	<b>-</b>	<b>(16,494)</b>
<b>Net Increase/ (Decrease) in Cash</b>	<b>111,274</b>	<b>1,091,580</b>	<b>(286,100)</b>	<b>4,291,430</b>
<b>Cash Balances</b>				
Cash and cash equivalents at beginning of period	5,851,788	1,560,358	899,799	1,560,358
Cash and cash equivalents at end of period	5,963,061	2,651,938	613,699	5,851,788
Net change in cash for period	111,274	1,091,580	(286,100)	4,291,430

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 6 months ended 31 December 2023

### 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 had incorporated, 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 into the Te Uru Kahika Shared Services organisation in November 2022, the company has a board of 8 directors, comprised of 6 council representatives and two independent directors. 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 shareholding of the Company as at 31 December 2023 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 shareholdings changed during the year ended 30 June 2023, in line with the Company Constitution November 2022 and the Shareholders Agreement November 2022. The opening 10,000 shares (fully paid up) were re-designated Class B Shares representing the original Shareholders' funding contribution towards the development of the IRIS Software. In the 6 months ended 31 December 2023, the Company issued a single Class A "Controlling" Share to Otago Regional Council for fair value of \$1 per share (In year ended 30 June 2023, 9 new Class A Shares were issued for \$1 per share). The total number of shares at 31 December 2023 is 10,010 (June 2023 and December 2022: 10,009).

The financial statements are those of RSHL, for the six months ended 31 December 2023, and were authorised for issue by the Board of Directors on 22 February 2024.

### **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.

At 31 December 2023 ten staff members were employed by RSHL (30 June 2023: eight, 31 December 2022: six).

Remuneration Bracket	31 Dec 2023	30 June 2023	31 Dec 2022
Up to 100,000	4	5	3
100,000 - 110,000	0	0	0
110,000 - 120,000	0	0	1
120,000 - 130,000	0	1	0
130,000 - 140,000	1	0	0
140,000 - 150,000	0	1	1
150,000 - 160,000	2	0	0
160,000 - 170,000	0	0	0
170,000 - 180,000	0	0	0
180,000 - 190,000	1	1	1
190,000 - 200,000	0	0	0
200,000 - 210,000	2	0	0

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
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### Fees to Auditors

Fees to Audit NZ for audit of the financial statements and performance information	12,821	-	15,000	44,267
Fees to Audit NZ for other services	1,838	-	-	-
<b>Total Fees to Auditors</b>	<b>14,658</b>	<b>-</b>	<b>15,000</b>	<b>44,267</b>

Donations made in the period: none (last year: none).

## 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.

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
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### Members Contributions

#### Members Contributions as per SOI

IRIS NextGen Programme	2,500,366	2,040,723	5,406,561	3,671,503
IRIS Programme	468,652	615,519	937,305	1,231,038
<b>Total Members Contributions as per SOI</b>	<b>2,969,018</b>	<b>2,656,242</b>	<b>6,343,866</b>	<b>4,902,541</b>
<b>Total Members Contributions</b>	<b>2,969,018</b>	<b>2,656,242</b>	<b>6,343,866</b>	<b>4,902,541</b>

Members contributions include \$2,860,092 income from the shareholder councils in 6 months to 31 December 2023 as described in note 13. Members contributions from non-shareholder councils total \$108,926.

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
<b>Other Income</b>				
Consulting Services	134,943	64,210	-	188,293
Recovery of Other Direct Software Expenses	47,744	61,243	128,173	110,038
<b>Total Other Income</b>	<b>182,687</b>	<b>125,453</b>	<b>128,173</b>	<b>298,331</b>

### 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.

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
<b>Administration Expenses</b>				
Accounting & Technical Support	65,923	66,341	39,100	90,542
Administration Costs	6,939	6,142	31,700	11,455
Bank Fees	207	158	-	383
Insurance	3,270	2,868	4,000	2,868
<b>Total Administration Expenses</b>	<b>76,339</b>	<b>75,509</b>	<b>74,800</b>	<b>105,248</b>

### 4. 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.

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
<b>Cash and cash equivalents</b>				
Business Online Saver	286,600	281,617	-	283,807
Credit Card - Mark Donnelly	(1,547)	(756)	-	(1,191)
Current Account	5,678,009	2,371,077	-	5,569,171
<b>Total Cash and cash equivalents</b>	<b>5,963,061</b>	<b>2,651,938</b>	<b>-</b>	<b>5,851,788</b>

## 5. 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.

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
<b>Receivables and Prepayments</b>				
Accounts Receivable	110,738	1,206,696	-	2,103,265
Prepayments	33,482	31,380	-	77,121
<b>Total Receivables and Prepayments</b>	<b>144,221</b>	<b>1,238,076</b>	<b>-</b>	<b>2,180,386</b>

## 6. 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 \$5,000.

### 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.

	<b>Computer Hardware</b>	<b>Total</b>
Balance as at 1 July 2023	7,826	7,826
Additions	4,347	4,347
Disposals (net accumulated depreciation)	-	-
Depreciation Expense	(3,005)	(3,005)
<b>Balance as at 31 December 2023</b>	<b>9,169</b>	<b>9,169</b>
Balance as at 1 July 2022	-	-
Additions	8,958	8,958
Disposals (net of accumulated depreciation)	-	-
Depreciation Expense	(1,132)	(1,132)
Balance as at 30 June 2023	7,826	7,826

## 7. 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 10%

Internally developed computer software 10 years 10%

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. 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.

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.

	<b>Brand Design &amp; Development</b>	<b>E-Learning Software</b>	<b>IRIS Software Intellectual Property</b>	<b>Total</b>
Balance as at 1 July 2023	8,905	17,951	1,574,603	1,601,459
Additions	-	-	-	-
Disposals (net accumulated amortisation)	-	-	-	-
Amortisation Expense	-	(2,245)	(253,380)	(255,625)
<b>Balance as at 31 December 2023</b>	<b>8,905</b>	<b>15,706</b>	<b>1,321,223</b>	<b>1,345,834</b>
Balance as at 1 July 2022	-	22,442	2,559,155	2,581,597
Additions	8,905	-	-	8,905
Disposals (net of accumulated amortisation)	-	-	-	-
Amortisation Expense	-	(4,491)	(984,552)	(989,043)
Balance as at 30 June 2023	8,905	17,951	1,574,603	1,601,459

At 31 December 2023 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 2023: Nil).

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

## 8. Payables and Deferred Revenue

Short term payables are measured at the amount payable.

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
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### Payables and Deferred Revenue

Accounts Payable	866,449	651,682	-	1,712,558
Accrued Expenses	-	46,690	-	40,410
Income Received in Advance	33,482	31,380	-	85,050
<b>Total Payables and Deferred Revenue</b>	<b>899,932</b>	<b>729,751</b>	<b>-</b>	<b>1,838,018</b>

## 9. 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 to 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.

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
<b>Employee Entitlements</b>				
Wages Payable	23,783	12,223	-	19,319
Leave Liability	63,772	22,115	-	32,657
<b>Total Employee Entitlements</b>	<b>87,555</b>	<b>34,337</b>	<b>-</b>	<b>51,977</b>

## 10. 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.

Income tax for the 6 months to 31 December 2023 has not been accounted for in this report, and will be included in the annual report for the year ended 30 June 2024.

## 11. Equity

### Accounting Policy

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

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
<b>Equity</b>				
<b>Contributed Capital</b>				
Balance at 1 July	5,149,150	5,149,150	5,149,150	5,149,150
Capital Contribution	-	-	-	-
<b>Balance at end of period</b>	<b>5,149,150</b>	<b>5,149,150</b>	<b>5,149,150</b>	<b>5,149,150</b>
<b>Accumulated Surplus</b>				
Balance at 1 July	1,605,575	(979,350)	(2,137,922)	(979,350)
Surplus/(deficit) for the year	(747,741)	965,102	(754,805)	2,584,925
<b>Balance at end of period</b>	<b>857,834</b>	<b>(14,248)</b>	<b>(2,892,727)</b>	<b>1,605,575</b>
<b>Total Equity</b>	<b>6,006,984</b>	<b>5,134,902</b>	<b>2,256,423</b>	<b>6,754,725</b>

## 12. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 December 2023 (Last year - nil).

## 13. 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	31 December 2023	30 June 2023	31 December 2022	Description of Services
Waikato Regional Council	-	93,765	61,792	Management Services - IRIS PMO Manager
Waikato Regional Council	-	33,006	13,113	Reimbursement for travel booked by WRC on behalf of RSHL
Waikato Regional Council	-	1,464	-	Purchase of laptop for staff member
Horizons Regional Council	-	51,001	51,001	Reimbursement of Regional Sector Office Costs, funded from the SFMS.
Horizons Regional Council	-	4,177	-	Reimbursement for travel booked by HRC on behalf of RSHL
Taranaki Regional Council	-	290	-	Reimbursement for Te Uru Kahika Mayors/Chairs induction dinner cost, funded from the SFMS
Taranaki Regional Council	-	5,270	-	Admin costs for Biosecurity Working Group
Bay of Plenty Regional Council	-	507,892	-	Reimbursement for BioControl Programme

Bay of Plenty Regional Council	-	37,240	-	Reimbursement of costs Practices, Methodologies and Standards NZ River Managers SIG
Hawke's Bay Regional Council	-	78,254	-	River Managers SIG Professional Development Programme expenditure
Otago Regional Council	7,377	n/a	n/a	Secondment of staff member for IRIS NextGen

Revenue of \$2,860,092 was received from the shareholder councils as member contribution in the six months ended 31 December 2023 as outlined in note 2 (year ended 30 June 2023: \$4,902,541, 6 months ended 31 December 2022: \$2,339,744)

Member contributions were received as follows:

Shareholder	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2023 12 MONTHS (AUDITED)
Waikato Regional Council	600,491	568,014	1,054,691
Bay of Plenty Regional Council	448,250	321,923	655,945
Horizons Regional Council	346,743	296,879	594,653
Hawke's Bay Regional Council	346,743	241,028	544,566
Northland Regional Council	327,675	222,528	544,566
Taranaki Regional Council	259,675	23,851	445,059
Southland Regional Council	259,675	368,641	445,057
West Coast Regional Council	18,160	296,879	47,702
Otago Regional Council	271,750	-	-

As at 31 December 2023 \$6,431 was owed to RSHL by Member Councils (30 June 2023: \$368,074 and 31 December 2022: \$963,109) and \$1,978 was owed by RSHL to Member Councils (30 June 2023: \$425,474 and 31 December 2022: \$16,678)

#### 14. Events After Balance Date

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

#### 15. Financial Instruments

PBE IPSAS 41 replaces PBE IFRS 9 Financial Instruments and was effective for the year ending 30 June 2023. RSHL has assessed that there will be little change as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9. The carrying amounts of financial assets and liabilities in each of the PBE IPSAS 41 financial instrument categories are as follows:

	31 DEC 2023 6 MONTHS	31 DEC 2022 6 MONTHS	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS

	(UNAUDITED)	(UNAUDITED)		(AUDITED)
<b>Financial assets measured at amortised cost</b>				
Cash and cash equivalents	5,963,061	2,651,938	-	5,851,788
Receivables (excluding taxes receivable)	144,221	1,238,076	-	2,138,546
<b>Total Financial assets measured at amortised cost</b>	<b>6,107,282</b>	<b>3,890,014</b>	<b>-</b>	<b>7,990,334</b>
	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)

**Financial liabilities measured at amortised cost**

Payables (excluding income in advance and taxes payable)	829,215	682,605	-	1,730,243
<b>Total Financial liabilities measured at amortised cost</b>	<b>829,215</b>	<b>682,605</b>	<b>-</b>	<b>1,730,243</b>

**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 2023 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.





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