



Six Month Report  
to Shareholders  
31 December 2022



Council  
Collaboration  
Into Action

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# Entity Information

## Regional Software Holdings Limited For the 6 months ended 31 December 2022

Regional Software Holdings Limited (RSHL) was incorporated in October 2012.

In November 2022 the company was restructured. A new constitution and shareholders agreement were adopted.

This report covers the 6 months from 1 July 2022 to 31 December 2022 as required by Section 66 of the Local Government Act 2002. RSHL has no subsidiaries or joint ventures.

### Entity Type and Legal Basis

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

### Entity Structure

At the beginning of the period the Company comprised of a Board of seven Directors. The Board oversee the governance of RSHL. In addition, there is a Chief Executive who is responsible for the day-to-day operations of RSHL and reports to the Board.

Each of the six shareholder entities were entitled to separately appoint one director each, with one independent director appointed by the Board.

Following the restructure of RSHL into the Te Uru Kahika Shared Services organisation the company is intended to have a board of 8 directors, comprised of 6 council representatives and two independents.

As part of the new constitution RSHL directors are elected and retire by rotation. The process to elect an inaugural board for the new entity is under way and will conclude at a special general meeting on the 23rd of February.

The Board is the overall final body responsible for all decision-making within the company. The Board is accountable to its shareholders for the financial and non-financial performance of the company.

### Shareholding

Regional Software Holdings Limited (RSHL) was formed on 17 October 2012. At the time of formation, the company issued 10,000 shares to its shareholders based on a previously agreed sizing formula.

As part of the restructure of the Company and adoption of a new shareholders' agreement and constitution the Company:

- Issued a single Class A "Controlling" Share to each existing shareholder of the Company.
- Created a Class B shareholding which will hold the ownership rights over IRIS classic. All Ordinary Shares in the Company were converted to Class B Shares. This enabled the founding shareholders to retain their rights and ownership of the IRIS asset and to reduce the impact of the transition the current shareholding.
- Issued a single Class A share to Bay of Plenty Regional Council, Gisborne District Council and Hawkes Bay Regional Council on completion of the necessary processes and documents.

The current shareholding of the Company 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	
Hawkes Bay Regional Council	1	

### Main Sources of Entity's Cash and Resources

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.

### Nature and Scope of Activities to be Undertaken

#### Vision

To provide a high-quality shared service for the regional council sector (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

RSHL provides a framework for collaboration between the 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.

RSHL activities are currently grouped as follows:

IRIS	<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>
IRIS Next Generation	<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.</p> <p>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. EMAR is an all-of-sector programme, and includes partner agencies from central government: MfE, StatsNZ and DOC (and others).</li> </ul> <p>The EMAR programme is managed by RSHL and governed by the EMAR Steering Group. Each project has it's 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. LAWA project administration (financial and contractual) is managed by RSHL.</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 Sector Office is made up of three roles:</p> <ul style="list-style-type: none"> <li>• Executive Policy Adviser – Regional CEOs (RCEOs) Group</li> <li>• Chief Science Advisor</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>In 2020 the Regional Council Collaboration (ReCoCo) Programme was superseded by the Sector Financial Management System (SFMS). As part of the 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 Programme</li> <li>• ReCoCo Technology Projects</li> <li>• Bio Managers Programme</li> <li>• Bio Control Programme</li> </ul> <p>The sector has a budget of over \$2M for these initiatives. RSHL collects this funding from councils and engages suppliers to deliver services to achieve the outcomes from each of the programmes.</p> <p>ReCoCo is one of the programmes within the SFMS. Under the ReCoCo banner RSHL delivers collaborative technology projects for groups of regional councils under the ReCoCo Programme. The ReCoCo programme is led by the Corporate and Finance Special Interest Group.</p>

# Statement of Service Performance

## Regional Software Holdings Limited For the 6 months ended 31 December 2022

Progress against the Statement of Intent (SOI) performance measures is reported in the following section.

Items of significance during the six months include:

<p>IRIS</p>	<p>As the focus shifts to the future and IRIS NextGen, we have reduced the frequency of IRIS releases. There are two releases scheduled for the 2022/23 financial year, with 4.06 released to councils in November. Release 4.06 was the last functional release to include minor enhancements.</p> <p>Future releases 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 completed the data migration project definition phase. The outputs of this work included:</p> <ul style="list-style-type: none"> <li>• good practice guidance to councils on how to approach data migration.</li> <li>• determining the scope of data to be migrated from IRIS to Datascape</li> <li>• data quality standards that councils must meet to enable successful migration</li> <li>• a business process framework for data migration</li> <li>• identification of tools that will be used to identify data issues</li> <li>• identification of tools to export and transform data.</li> </ul>
<p>IRIS Next Generation</p>	<p>In this period, 9 councils signed a Partnership Agreement to participate in the IRIS NextGen Programme, signalling a 10-year commitment to develop good-practice processes for the Regional Sector and implement the IRIS NextGen solution.</p> <p>The Datascape design and build phase commenced in October 2022. This is a fixed price development and will take 21 months. The initial focus has been on enhancements to the Datascape platform to allow delivery of the functional requirements specific to the regional sector.</p> <p>The good practice workstream will begin in February 2023 with a workshop during the official launch. The workshop is designed to align key stakeholders with the good practice approach. This will be followed by individual council assessments.</p> <p>In the financial statements the IRIS Next Generation Activity revenue and expenditure is markedly different to budget because the costs and expenditure for that programme was not confirmed until September 2022. Revenue and expenditure is in line with the budget agreed with the 9 participating councils.</p>
<p>Sector Shared Services</p>	<p>On the 3rd of August 2021 the RCEOs forum approved the business case for the creation of a Regional Sector Shared Services organization based on RSHL.</p> <p>The restructure of RSHL into the Te Uru Kahika Shared Services organisation is complete. RSHL now has 9 shareholders, with 2 additional councils completing their internal processes to join.</p> <p>Along with the original 6 founding shareholders, we welcome Bay of Plenty Regional Council, Gisborne District Council and Hawkes Bay Regional Council as shareholders.</p> <p>As part of the new constitution RSHL directors are elected and retire by rotation. The process to elect an inaugural board for the new entity is under way and will conclude at a special general meeting on the 23rd of February.</p> <p>As of 26 January 2023, RSHL employs or engages 7 permanent, 1 seconded and 6 contracted resources that support sector work programmes.</p>

Regional Sector Office	<p>The Regional Sector Office supports the activities of Te Uru Kahika and the Regional Sector Special Interest Groups (SIG) network.</p> <p>The Sector Office is made up of three roles:</p> <ul style="list-style-type: none"> <li>• Executive Policy Adviser – Regional CEOs (RCEOs) Group</li> <li>• Chief Science Advisor</li> <li>• Regional Sector SIG Network Administrator</li> </ul> <p>In September 2022 we welcomed these roles as employees of RSHL.</p> <p>Over the first part of the year the Executive Policy Advisors focussed on coordinating sector submissions to a raft of central government proposals including:</p> <ul style="list-style-type: none"> <li>• RM Reform Legislation</li> <li>• The Future for Local Government Review</li> <li>• Freshwater Farm Plan Regulations</li> <li>• Water Services Legislation</li> <li>• LGOIMA Act Amendments</li> </ul> <p>The policy advisors also coordinated the preparation of induction material for incoming Elected Members.</p> <p>The Regional Sector SIG Network Administrator has been extremely active in the first part of this year. Along with normal duties the role has taken responsibility for coordinating the RCEOs meetings along with the induction sessions for incoming mayors and chairs.</p> <p>The Chief Science Advisor role has been in place for 12 months. The role is a part-time secondment from NIWA to RSHL, on behalf of Te Uru Kahika.</p> <p>While there is more opportunities ahead, progress in the first year has been positive and several important results have been delivered or are in train, including:</p> <ul style="list-style-type: none"> <li>• Implementation of several initiatives that enhance the coordinated vision for regional sector science, build relationships with key internal and external parties, and champion the regional sector's science capability and capacity;</li> <li>• Establishment of channels for sector science input into Resource Management reform;</li> <li>• Embedding of science input into the regional sector's newly established Climate Group;</li> <li>• Promoting the role and interests of the regional sector in current reform of the New Zealand science system.</li> </ul>
Environmental Monitoring and Reporting (EMAR)	<p>In August 2022 we welcomed the National EMaR/LAWA Project Manager as an employee of RSHL.</p> <p>The EMaR Steering Group have started discussions on the longer-term strategy for EMaR.</p> <p><b>Trusted, accessible, high quality, up-to-date environmental data and information from Te Uru Kahika using the LAWA platform.</b></p> <p>The annual update of River, Lake, Groundwater and Contact Recreation/Swim, and Water Quantity topics was completed.</p> <p>This includes:</p> <ul style="list-style-type: none"> <li>• Updated monitoring data, and state and trends from around 2,700 water quality and ecology SOE sites, and 1,400 water quantity sites</li> <li>• Change to reporting state and trends by hydrological year for river and lake sites</li> <li>• Update of long-term grades for the Can I swim here? topic, with now over 800 monitoring sites on LAWA</li> </ul>



	<ul style="list-style-type: none"> <li>Updated National Picture Summaries for the state of our River, Lake and Groundwater, and a successful webinar to present the river and lake findings</li> <li>Enhanced presentation and navigation for the lakes and groundwater topics</li> <li>New learning resources to explain the science</li> <li>Updated copy guidance for council admins to ensure the information presented is nationally consistent, while locally relevant</li> </ul> <p>Visitors to the LAWA website continue to grow, demonstrating the effectiveness of our collaborative external campaigns. This uptick in users means we're furthering the reach and value of the data and information from the regional sector and securing our place as a go to platform for authoritative data and information.</p> <p>There was a 6% and 19% increase in users and sessions respectively, and over 484,400 page views (up 17%) for the year to date (1 July – 31 December 2022), when compared to the same time last year.</p>
Sector Financial Management System	<p>In 2020 the Regional Council Collaboration (ReCoCo) Programme was superseded by the Sector Financial Management System (SFMS). As part of the SFMS RSHL is responsible for the management of the funding for regional sector collaborative programmes.</p> <p>The sector recognises the benefits of collaboration between councils, as a result the number and size of collaborative projects is growing each year.</p> <p>It is important that sector has efficient processes for collection of funding and the payment of suppliers. It is also increasingly important that the sector can demonstrate the outcomes achieved from collaboration.</p> <p>The Te Uru Kahika network was extremely active in the first half of FY23. As a result the SFMS experienced a high volume of transactions. In the year to date, \$2.3M of funding was collected and \$1.9M in expenses was paid for Te Uru Kahika programmes of work.</p>

## Performance Measures

The following performance measures were incorporated into the Statement of Intent for the 2022-2023 financial year.

	Performance Measures	For 1 July - 31 December 2022
Non Financial	With participating councils, define and agree milestones for the IRIS NextGen Programme.	<p><b>Achieved</b> - The Partnership agreement for IRIS NextGen was executed in September. This sets the overarching structure of the programme.</p> <p>The Milestones for the programme were endorsed by the Steering Group in November 2022 and are documented in the Programme Plan.</p>
Non Financial	<p>Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support.</p> <p>Provide a summary of the survey results in the annual report, including performance against the baseline.</p> <p>Survey results to be the same or better than the previous year.</p>	<p><b>Delayed</b> - The IRIS Survey was deferred to 2022 to allow time for Waikato Council to complete the upgrade to V4.08.</p>
Non Financial	Prepare and adopt the annual IRIS development roadmap by 30 June for delivery in the subsequent year.	<p><b>On Track</b> - The roadmap is constantly reviewed by the IRIS Advisory Group. It will next be presented to the board in June 2023.</p>

<p>Non Financial</p>	<p>Major IRIS Enhancement projects are completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.</p>	<p><b>On Track</b> - In this period, only one Major IRIS project was active. The IRIS data migration project definition phase was completed.</p> <p>The outputs of this work included:</p> <ul style="list-style-type: none"> <li>• good practice guidance to councils on how to approach data migration.</li> <li>• determining the scope of data to be migrated from IRIS to Datascape</li> <li>• data quality standards that councils must meet to enable successful migration</li> <li>• a business process framework for data migration</li> <li>• identification of tools that will be used to identify data issues</li> <li>• identification of tools to export and transform data.</li> </ul> <p>The budget for the project was \$69K, and we expect the project to close under budget.</p>									
<p>Non Financial</p>	<p>Budgets for IRIS support and minor enhancements are approved by the Board by 30 June each year and delivery within these budgets is effectively managed by the Advisory Group and the General Manager.</p>	<p><b>On Track</b> - Budgets were approved via the Statement of Intent Process in June 2022.</p> <p>As at 31 December 2022 both support and development were under budget.</p> <table border="1" data-bbox="938 1084 1431 1229"> <thead> <tr> <th>Category</th> <th>YTD</th> <th>YTD Budget</th> </tr> </thead> <tbody> <tr> <td>Develop</td> <td>\$192K</td> <td>\$259K</td> </tr> <tr> <td>Support</td> <td>100K</td> <td>\$113K</td> </tr> </tbody> </table> <p>Year-end forecast is for both to be under budget.</p>	Category	YTD	YTD Budget	Develop	\$192K	\$259K	Support	100K	\$113K
Category	YTD	YTD Budget									
Develop	\$192K	\$259K									
Support	100K	\$113K									
<p>Non Financial</p>	<p>Be an effective service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System.</p>	<p><b>On-Track</b> – 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.</p> <p>RSHL has 28 contracts in place with service providers for support of Te Uru Kahika work programmes.</p>									
<p>Non Financial</p>	<p>Effectively support the activities of the Regional Sector through the Regional Sector Office</p>	<p><b>On-Track</b> - Over the first part of the year the Executive Policy Advisors focussed on coordinating sector submissions to a raft of central government proposals including:</p> <ul style="list-style-type: none"> <li>• RM Reform Legislation</li> <li>• The Future for Local Government Review</li> <li>• Freshwater Farm Plan Regulations</li> <li>• Water Services Legislation</li> <li>• LGOIMA Act Amendments</li> </ul> <p>The policy advisors also coordinated the preparation of induction material for incoming</p>									

		<p>Elected Members.</p> <p>The Regional Sector SIG Network Administrator has taken responsibility for coordinating the RCEOs meetings along with the induction sessions for incoming mayors and chairs, this is in addition to normal duties.</p>
Non Financial	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	<p><b>On-Track</b> – The Workplan and Budget for this year was formally signed of on the 8th of July. This was after 30 June but the plan/budget were drafted earlier in the year and endorsed by the Steering Group.</p> <p>YTD budget is tracking as expected.</p>
Non Financial	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.	<p><b>On-Track</b> - Under the SFMS and ReCoCo Programmes RSHL supports the delivery of the following projects:</p> <ul style="list-style-type: none"> <li>• Environmental Data Programme</li> <li>• Sector Reference Model Engagement Project</li> <li>• N-Cap Implementation</li> <li>• INFDP Programme</li> <li>• Essential Freshwater Implementation</li> <li>• Freshwater Farm Plans Implementation</li> </ul> <p>RSHL ensured appropriate project management controls were in place for each project.</p> <p>RSHL also managed the funding for the follow sector programmes:</p> <ul style="list-style-type: none"> <li>• LIDAR PGF Programme Manager</li> <li>• WellsNZ</li> <li>• Retrolens</li> </ul>

Financial	RSHL will operate within approved budget, with any material variations approved by the Board.	<p><b>On-Track</b> – RSHL is operating within approved operating budgets for all programmes.</p> <p>In November the Board approved a variation to the budget approved in the SOI, to reflect the additional revenue and expenditure from the IRIS NextGen Implementation Programme, which started in September 2022. The budget for this programme was not confirmed when the SOI was approved.</p>
Financial	Annual charges for shareholders and customers to be at the level approved by the Board and councils based upon the approved operating budget and budgets	<p><b>On-Track</b>- All charges have been the same or less that approved by the respective programmes.</p>

Growth	Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.	<p><b>On-Track</b> – In November RSHL we welcomes Bay of Plenty Regional Council, Gisborne District Council and Hawkes Bay Regional Council as shareholders.</p> <p>RSHL has also been involved in the strategic discussion about the future shape of Te Uru Kahika, as part of our role as the supporting organisation.</p>
Growth	Work with the Regional Sector SIG Network to develop shared service opportunities.	<p><b>On-Track</b> - The Partnership agreement for IRIS NextGen was executed in September.</p> <p>In addition:</p> <p>RSHL is supporting the Essential Freshwater Programme to deliver the Integrated National Farm Data Platform.</p> <p>RSHL is supporting the Environmental Data Group and Digital Solutions Group to deliver the Environmental Data Management System.</p>
Growth	<p>Engage with councils in the regional sector to increase the scope of the usage of IRIS NextGen.</p> <p>The objective is to increase the number of councils using the solution, and the breadth of the solution in use.</p>	<p><b>Achieved</b> - The Partnership agreement for IRIS NextGen was executed in September with 9 councils committing to the programme (two more that use IRIS).</p> <p>For the remainder of this year the focus will be on fully establishing the programme and planning the implementation schedule for the 9 participating councils.</p>

# Directors Report

## Regional Software Holdings Limited For the 6 months ended 31 December 2022

RSHL made excellent progress on its strategic objectives through the achievement of two major milestones in the first half of this financial year.

In September, the IRIS NextGen Partnership agreement was signed by RSHL and 9 councils. IRIS NextGen will provide the replacement for the IRIS product in use at 7 councils, but has a bigger goal of delivering game-changing productivity improvements to the sector, achieved through sector alignment around consistent good practice processes, supported by fit for purpose software.

In November this year RSHL completed the process started on 3 August 2021 when the RCEOs Group approved the business case for the creation of a Regional Sector Shared Services organization based on RSHL.

The restructure of RSHL into the Te Uru Kahika Shared Services organisation is complete. RSHL has a new constitution and shareholders agreement, and 9 shareholder councils. The new share structure makes it simple, low risk and low cost for additional councils to join.

Along with the original 6 founding shareholders, we welcome Bay of Plenty Regional Council, Gisborne District Council and Hawkes Bay Regional Council as shareholders.

As part of the new constitution RSHL directors are elected and retire by rotation. The process to elect an inaugural board for the new entity is under way and will conclude at a special general meeting on the 23rd of February.

As part of the metamorphosis of the company our staff establishment has grown from 2 to 8 staff, including the Regional Sector Office staff and the EMAR/LAWA Project Manager.

Financially the company is in a healthy position, with a year-to-date surplus of \$955K against a budgeted loss of \$326K.

The favourable position is largely due to timing differences in the planned expenditure for work programmes.

Overall we expect that the IRIS Activity will continue to operate slightly favourable to budget.

The IRIS NextGen Activity is markedly different to budget because the costs and expenditure for that programme was not confirmed until September 2022. Revenue and expenditure is in line with the budget agreed with the 9 participating councils.

Expenditure on the 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 the company looks to reinvest in IRIS NextGen. Cash balances remain healthy as the losses are resulting from depreciation rather than trading activities.

The Sector Financial Management System is also favourable to budget with a surplus of \$330K versus a budgeted loss of \$1k. This difference is purely driven by the timing of SFMS expenditure. It should be noted that any surplus remaining at the end of the financial year will be refunded to councils or allocated to FY24 programmes at the discretion of the RCEOs Group.

In this period Malcolm Nicolson and Jane Carroll resigned as board members. We thank them for their service to the organisation. We welcome Bruce Howse (Northland Regional Council) and Amy Kubrycht (Environment Southland)

### Directors

The following directors were in office for the six-month period from 1 July 2022 to 31 December 2022.

Director	Comments
Mike Nield (Chairperson)	
Malcolm Nicolson	Until 24 August 2022
Bruce Howse	From 24 August 2022
Ged Shirley	

Jane Carroll	Until 24 August 2022
Amy Kubrycht	From 24 August 2022
John Crane	
Heather Mabin	
A Aakjaer (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	<i>nil to declare</i>	
MJ Nield	Taranaki Stadium Trust	Trustee
Heather Mabin	<i>nil to declare</i>	
Amy Kubrycht	<i>nil to declare</i>	
G Shirley	<i>nil to declare</i>	
A Aakjaer	Negotiate Limited	Director & Shareholder
	Aakjaer Trustee Company Limited	Director & Shareholder
	Ice Bear Holdings Limited	Director & Shareholder
	One Sheep at a Time Limited	Director & Shareholder
	<i>Note: Negotiate Consulting may from time to time provide advisory services to Northland Regional Council and Waikato Regional Council</i>	
J Crane	<i>nil to declare</i>	

## Statement of Compliance and Responsibility

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 2022.

Signed on behalf of the Board of Directors:



MJ Nield - Chairperson



A Aakjaer - Director

Date: 23 February 2023



# Statement of Comprehensive Revenue and Expense

## Regional Software Holdings Limited For the 6 months ended 31 December 2022

NOTES	31 DEC 2022 6 MONTHS (UNAUDITED)	31 DEC 2021 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS SOI	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS (UNAUDITED)
<b>Revenue</b>					
Interest	9,021	645	300	600	3,254
Regional Sector Shared Services	2,293,046	1,485,475	1,400,328	2,800,656	3,709,542
Member Contributions	2 2,656,242	635,695	823,144	1,646,289	1,271,390
Other revenue	2 125,453	175,206	64,356	128,715	478,942
<b>Total Revenue</b>	<b>5,083,761</b>	<b>2,297,021</b>	<b>2,288,128</b>	<b>4,576,260</b>	<b>5,463,128</b>
<b>Expenses</b>					
Administration Costs	3 74,774	37,606	52,436	101,970	66,222
Audit and Legal Fees	52,240	3,392	42,498	85,000	116,722
Datacom Support Services	81,400	139,020	137,670	275,340	225,397
Environmental Charges	11,397	9,674	31,884	63,768	20,480
External Contractors	955,084	164,577	85,002	170,000	595,447
External Directors Fees	13,750	16,500	18,498	37,000	33,647
Management Fees	-	78,216	-	-	143,578
Other Direct Software Expenses	255,108	227,592	244,338	490,682	472,182
Personnel costs	421,250	136,167	388,998	778,000	302,370
Promotional costs	11,704	50	42,000	84,000	506
Regional Sector Shared Services	1,707,731	1,230,661	1,063,998	2,128,000	3,715,467
Travel and Meeting Costs	47,349	5,619	17,250	34,500	13,563
Depreciation	7 494,521	487,459	489,780	979,556	977,272
<b>Total Expenses</b>	<b>4,126,308</b>	<b>2,536,533</b>	<b>2,614,352</b>	<b>5,227,816</b>	<b>6,682,854</b>
<b>Surplus/(deficit) before tax</b>	<b>957,453</b>	<b>(239,512)</b>	<b>(326,224)</b>	<b>(651,556)</b>	<b>(1,219,726)</b>
<b>Total comprehensive revenue and expense</b>	<b>957,453</b>	<b>(239,512)</b>	<b>(326,224)</b>	<b>(651,556)</b>	<b>(1,219,726)</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 Comprehensive Revenue and Expense - IRIS Programme

Regional Software Holdings Limited  
For the 6 months ended 31 December 2022

Activity is IRIS Programme.

	31 DEC 2022 6 MONTHS (UNAUDITED)	31 DEC 2021 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS SOI	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS (UNAUDITED)
<b>Revenue</b>					
Interest	9,021	-	300	600	-
Member Contributions	615,519	605,809	615,518	1,231,038	1,211,619
Other revenue	61,243	110,347	64,356	128,715	223,520
<b>Total Revenue</b>	<b>685,782</b>	<b>716,156</b>	<b>680,174</b>	<b>1,360,353</b>	<b>1,435,139</b>
<b>Expenses</b>					
Administration Costs	-	-	11,660	22,373	-
Audit and Legal Fees	-	-	16,416	32,829	-
Datacom Support Services	81,400	139,020	137,670	275,340	225,397
Environmental Charges	11,397	9,674	11,886	23,768	20,480
External Contractors	22,680	55,511	-	-	2,537
External Directors Fees	-	-	5,274	10,549	-
Management Fees	-	27,773	-	-	46,515
Other Direct Software Expenses	250,112	194,884	244,338	490,681	371,936
Personnel costs	24,579	8,016	83,910	167,828	7,458
Promotional costs	-	-	2,280	4,563	-
Travel and Meeting Costs	-	-	2,208	4,421	-
Depreciation	494,521	487,459	489,780	979,556	977,272
Overhead Recovery - Expense	37,989	-	-	-	-
<b>Total Expenses</b>	<b>922,678</b>	<b>922,337</b>	<b>1,005,422</b>	<b>2,011,908</b>	<b>1,651,596</b>
<b>Surplus/(deficit) before tax</b>	<b>(236,896)</b>	<b>(206,181)</b>	<b>(325,248)</b>	<b>(651,555)</b>	<b>(216,457)</b>
<b>Total comprehensive revenue and expense</b>	<b>(236,896)</b>	<b>(206,181)</b>	<b>(325,248)</b>	<b>(651,555)</b>	<b>(216,457)</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 Comprehensive Revenue and Expense - IRIS NextGen

## Regional Software Holdings Limited For the 6 months ended 31 December 2022

Activity is IRIS NextGen.

	31 DEC 2022 6 MONTHS (UNAUDITED)	31 DEC 2021 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS FORECAST	31 DEC 2022 6 MONTHS SOI	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS (UNAUDITED)
<b>Revenue</b>						
Member Contributions	2,040,723	-	1,829,181	207,626	415,251	-
Other revenue	-	-	-	-	-	91,000
<b>Total Revenue</b>	<b>2,040,723</b>	<b>-</b>	<b>1,829,181</b>	<b>207,626</b>	<b>415,251</b>	<b>91,000</b>
<b>Expenses</b>						
Administration Costs	24,065	250	3,803	3,803	7,345	250
Audit and Legal Fees	8,320	-	12,168	12,168	24,328	3,000
External Contractors	932,404	64,366	1,017,980	80,004	160,000	514,098
External Directors Fees	-	-	1,776	1,776	3,558	-
Management Fees	-	50,443	-	-	-	92,128
Other Direct Software Expenses	-	-	-	-	-	35,594
Personnel costs	97,334	23,864	202,164	104,664	209,328	71,386
Promotional costs	-	-	768	768	1,538	-
Travel and Meeting Costs	2,950	1,065	35,574	4,578	9,154	5,897
Overhead Recovery - Expense	113,689	-	-	-	-	-
<b>Total Expenses</b>	<b>1,178,762</b>	<b>139,988</b>	<b>1,274,233</b>	<b>207,761</b>	<b>415,251</b>	<b>722,353</b>
<b>Surplus/(deficit) before tax</b>	<b>861,961</b>	<b>(139,988)</b>	<b>554,948</b>	<b>(135)</b>	<b>-</b>	<b>(631,353)</b>
<b>Total comprehensive revenue and expense</b>	<b>861,961</b>	<b>(139,988)</b>	<b>554,948</b>	<b>(135)</b>	<b>-</b>	<b>(631,353)</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 Comprehensive Revenue and Expense - Sector Financial Management System

## Regional Software Holdings Limited For the 6 months ended 31 December 2022

Activity is Sector Work Programmes.

	31 DEC 2022 6 MONTHS (UNAUDITED)	31 DEC 2021 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS SOI	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS (UNAUDITED)
<b>Revenue</b>					
<b>Regional Sector Shared Services</b>					
Sector Work Programmes Revenue	1,973,246	1,485,475	1,335,828	2,671,656	3,709,542
Central Government Funding	319,800	-	64,500	129,000	-
<b>Total Regional Sector Shared Services</b>	<b>2,293,046</b>	<b>1,485,475</b>	<b>1,400,328</b>	<b>2,800,656</b>	<b>3,709,542</b>
<b>Total Revenue</b>	<b>2,293,046</b>	<b>1,485,475</b>	<b>1,400,328</b>	<b>2,800,656</b>	<b>3,709,542</b>
<b>Expenses</b>					
Administration Costs	2,101	-	36,973	72,252	-
Audit and Legal Fees	1,612	-	13,920	27,843	-
Environmental Charges	-	-	19,998	40,000	-
External Contractors	-	-	4,998	10,000	-
External Directors Fees	-	-	11,448	22,893	-
Other Direct Software Expenses	478	-	-	-	-
Personnel costs	194,155	-	200,424	400,843	-
Promotional costs	2,799	-	38,952	77,900	-
Regional Sector Shared Services	1,640,416	1,230,661	1,063,998	2,128,000	3,709,542
Travel and Meeting Costs	36,648	-	10,464	20,925	-
Overhead Recovery - Expense	82,449	-	-	-	-
<b>Total Expenses</b>	<b>1,960,658</b>	<b>1,230,661</b>	<b>1,401,175</b>	<b>2,800,656</b>	<b>3,709,542</b>
<b>Surplus/(deficit) before tax</b>	<b>332,388</b>	<b>254,814</b>	<b>(847)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive revenue and expense</b>	<b>332,388</b>	<b>254,814</b>	<b>(847)</b>	<b>-</b>	<b>-</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 Comprehensive Revenue and Expense - Overheads

## Regional Software Holdings Limited For the 6 months ended 31 December 2022

Activity is Admin & Mgmt, Unassigned.

	NOTES	31 DEC 2022 6 MONTHS (UNAUDITED)	31 DEC 2021 6 MONTHS (UNAUDITED)	30 JUNE 2022 12 MONTHS (UNAUDITED)
<b>Revenue</b>				
<b>Overhead Recovery - Income</b>				
Overhead Recovery - Income	3	234,127	-	-
ReCoCo Fund Allocation		-	24,573	100,199
<b>Total Overhead Recovery - Income</b>		<b>234,127</b>	<b>24,573</b>	<b>100,199</b>
Interest		-	645	3,254
Member Contributions		-	29,886	59,771
<b>Other revenue</b>				
Other Revenue		64,210	40,287	64,223
<b>Total Other revenue</b>		<b>64,210</b>	<b>40,287</b>	<b>64,223</b>
<b>Total Revenue</b>		<b>298,337</b>	<b>95,390</b>	<b>227,448</b>
<b>Expenses</b>				
Administration Costs		48,609	37,356	65,972
Audit and Legal Fees		42,308	3,392	113,722
External Contractors		-	44,700	78,812
External Directors Fees		13,750	16,500	33,647
Other Direct Software Expenses		4,518	32,708	64,651
Personnel costs		105,182	104,286	223,527
Regional Sector Shared Services		67,315	-	5,925
Travel and Meeting Costs		7,751	4,554	7,666
Management Fees		-	-	4,935
Promotional costs		8,905	50	506
<b>Total Expenses</b>		<b>298,337</b>	<b>243,546</b>	<b>599,363</b>
<b>Surplus/(deficit) before tax</b>		<b>-</b>	<b>(148,156)</b>	<b>(371,916)</b>
<b>Total comprehensive revenue and expense</b>		<b>-</b>	<b>(148,156)</b>	<b>(371,916)</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

## Regional Software Holdings Limited

As at 31 December 2022

	NOTES	31 DEC 2022 6 MONTHS UNAUDITED	31 DEC 2021 6 MONTHS UNAUDITED	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS UNAUDITED
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	4	2,651,938	2,495,267	899,799	1,560,358
Accounts Receivable and Accruals	5	1,238,076	90,540	-	1,378,096
Goods and Services tax		-	-	-	79,896
Income Tax Receivable		3,682	525	-	1,156
<b>Total Current Assets</b>		<b>3,893,696</b>	<b>2,586,332</b>	<b>899,799</b>	<b>3,019,506</b>
<b>Non-Current Assets</b>					
Property, Plant & Equipment (PPE)	6	2,087,076	2,998,416	2,111,430	2,581,597
<b>Total Non-Current Assets</b>		<b>2,087,076</b>	<b>2,998,416</b>	<b>2,111,430</b>	<b>2,581,597</b>
<b>Total Assets</b>		<b>5,980,772</b>	<b>5,584,748</b>	<b>3,011,229</b>	<b>5,601,103</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Payables and Accruals	8	731,322	302,800	-	1,410,384
Income Received in Advance		31,380	29,886	-	20,920
Revenue in Advance - ReCoCo		1,579,278	1,653,590	-	1,579,278
Goods and services tax		90,817	27,737	-	-
<b>Total Current Liabilities</b>		<b>2,432,797</b>	<b>2,014,013</b>	<b>-</b>	<b>3,010,582</b>
<b>Total Liabilities</b>		<b>2,432,797</b>	<b>2,014,013</b>	<b>-</b>	<b>3,010,582</b>
<b>Net Assets</b>		<b>3,547,975</b>	<b>3,570,735</b>	<b>3,011,229</b>	<b>2,590,522</b>
<b>Equity</b>					
Contributed Capital	9	5,149,150	5,149,150	5,149,150	5,149,150
Accumulated Funds	9	(1,601,175)	(1,578,415)	(651,556)	(2,558,628)
<b>Total Equity</b>		<b>3,547,975</b>	<b>3,570,735</b>	<b>3,011,229</b>	<b>2,590,522</b>



# Statement of Changes in Equity/Net Assets

## Regional Software Holdings Limited

For the 6 months ended 31 December 2022

	31 DEC 2022 6 MONTHS UNAUDITED	31 DEC 2021 6 MONTHS UNAUDITED	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS UNAUDITED
<b>Equity</b>				
Opening Balance	2,590,522	3,810,247	3,662,784	3,810,247
Total Comprehensive Revenue and Expense for the year	957,453	(239,512)	(651,556)	(1,219,726)
<b>Balance at 30 June</b>	<b>3,547,975</b>	<b>3,570,735</b>	<b>3,011,229</b>	<b>2,590,522</b>
<b>Total Comprehensive Revenue and Expense Attributable to</b>				
Regional Software Holdings Ltd	957,453	(239,512)	(651,556)	(1,219,726)

# Statement of Cash Flows

## Regional Software Holdings Limited

### For the 6 months ended 31 December 2022

	31 DEC 2022 12 MONTHS UNAUDITED	31 DEC 2021 6 MONTHS UNAUDITED	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS UNAUDITED
<b>Cash Flows from Operating Activities</b>				
Receipts from Members	1,871,388	605,809	1,646,289	1,211,619
Interest Received	9,021	645	600	3,254
ReCoCo Income	2,836,573	3,381,657	2,671,656	4,467,814
Other Income	59,784	38,667	128,715	146,979
Income tax received/(paid)	(2,526)	(174)	-	(903)
Cash receipts from other operating activities	411,925	169,738	129,000	283,026
Payments to suppliers and employees	(4,173,248)	(2,437,039)	(4,248,260)	(5,011,341)
GST	90,857	124,779	-	(3,933)
Management Fees	(11,865)	(74,743)	-	(149,188)
General Expenses	(329)	-	-	-
<b>Total Cash Flows from Operating Activities</b>	<b>1,091,580</b>	<b>1,809,340</b>	<b>328,000</b>	<b>947,327</b>
<b>Cash Flows from Investing and Financing Activities</b>				
Payments to acquire property, plant and equipment	-	-	(328,000)	(72,994)
Cash Flows from Other Investing and Financing Activities	-	-	-	98
<b>Total Cash Flows from Investing and Financing Activities</b>	<b>-</b>	<b>-</b>	<b>(328,000)</b>	<b>(72,896)</b>
<b>Net Increase/ (Decrease) in Cash</b>	<b>1,091,580</b>	<b>1,809,340</b>	<b>-</b>	<b>874,431</b>
<b>Cash Balances</b>				
Cash and cash equivalents at beginning of period	1,560,358	685,927	899,799	685,927
Cash and cash equivalents at end of period	2,651,938	2,495,267	899,799	1,560,358
Net change in cash for period	1,091,580	1,809,340	-	874,431

# Notes to the Financial Statements

## Regional Software Holdings Limited For the 6 months ended 31 December 2022

### 1. Statement of Accounting Policies

#### Reporting Entity

Regional Software Holdings Limited (RSHL) is a Council Controlled Organisation (CCO), owned by:

Council	Class A Shares	Class B 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
Gisborne District Council	1	-
Bay of Plenty Regional Council	1	-
Hawke's Bay Regional Council	1	-

RSHL was incorporated in 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.

The financial statements of RSHL are for the six months ended 31 December 2022 and were authorised for issue by the Board of Directors on 22 February 2023.

#### 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 have been prepared in accordance with and comply with PBE Standards RDR. The department 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.

RSHL transitioned to PBE Standards RDR in the year ended 30 June 2022, as stipulated in XRB A1, because total annual expenditure exceeded \$2,000,000 in 2019/20 and 2020/21. RSHL had previously elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) up to 30 June 2021.

## 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.

## Cash and Cash Equivalents

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

## Inventories

Inventory is initially recorded at cost. Goods held for sale are subsequently measured at the lower of cost and net realisable value. Goods for use or distribution are subsequently measured at cost and written down if they become obsolete.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first. Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write-down from cost to net realisable value or for the loss of service potential or from cost to net realisable value is recognised in surplus or deficit in the year of the write-down.

## 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.

## Income Tax

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.

### 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.

For this financial year six staff members were employed by RSHL (last year there were two). Three staff will receive total remuneration over \$100,000.

Remuneration Bracket	Staff
100,000 - 110,000	0
110,000 - 120,000	1
120,000 - 130,000	0
130,000 - 140,000	0
140,000 -150,000	1
150,000 - 160,000	0
160,000 - 170,000	0
170,000 - 180,000	0
180,000 - 190,000	1
190,000 - 200,000	0
200,000+	0

The audit fee for the six month period is expected to be \$nil paid to Audit New Zealand.

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

## 2. Revenue

### Accounting Policy

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

#### **Members contributions and other revenue**

Members Contributions and other forms of revenue (excluding investment revenue), including fees, charges, and other revenues are recognised on an accrual basis at the fair value of consideration received or receivable.

#### **Investment revenue**

Interest revenue is recorded as it is earned.

	31 DEC 22 6 MONTHS UNAUDITED	31 DEC 21 6 MONTHS UNAUDITED	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS UNAUDITED
<b>Members Contributions</b>				
IRIS NextGen Programme	2,040,723	-	415,251	-
IRIS Programme	615,519	605,809	1,231,038	1,211,619
Members Contributions Non SOI (All Members)	-	29,886	-	59,771
<b>Total Members Contributions</b>	<b>2,656,242</b>	<b>635,695</b>	<b>1,646,289</b>	<b>1,271,390</b>

Members contributions include \$2,339,744 income from the shareholder councils as described in note 11. Members contributions from non-shareholder councils total \$316,498.

	31 DEC 22 6 MONTHS UNAUDITED	31 DEC 21 6 MONTHS UNAUDITED	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS UNAUDITED
<b>Other Income</b>				
User Funding	-	78,466	-	156,931
Other Revenue	64,210	40,287	-	155,223
Council Specific Funding (Individual councils)	61,243	31,881	128,715	66,589
ReCoCo Fund Allocation	-	24,573	-	100,199
<b>Total Other Income</b>	<b>125,453</b>	<b>175,206</b>	<b>128,715</b>	<b>478,942</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.

#### **Overheads**

Actual overheads costs have been allocated across the 3 activities. Originally the percentage allocations were based on those budgeted in the SOI, but now the YTD monthly allocation split reflects the revised forecast income for IRIS NextGen. Compared to the SOI, the revised forecast has resulted in increased overheads allocated to IRIS NextGen and reduced overheads for IRIS Programme and SFMS.

As reported previously, rather than affect all the individual overheads expense codes in the statement of financial performance, the overhead allocation has been journalled in as total overhead recovery by activity. So the total loss on this report shows \$nil because overheads have been fully allocated to each of the 3 main activities. The detailed overhead expenses recovered are



showing on this report. Any directly-related overheads already show separately on the statement of financial performance reports of each of the main activities.

	31 DEC 22 6 MONTHS UNAUDITED	31 DEC 21 6 MONTHS UNAUDITED	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS UNAUDITED
<b>Administration Expenses</b>				
Accounting & Technical Support	66,341	32,868	66,370	59,379
Administration Costs	5,078	2,204	32,700	4,121
Bank Fees	158	184	-	371
Insurance	2,868	2,350	2,900	2,350
<b>Total Administration Expenses</b>	<b>74,445</b>	<b>37,606</b>	<b>101,970</b>	<b>66,222</b>
	31 DEC 22 6 MONTHS UNAUDITED	31 DEC 21 6 MONTHS UNAUDITED	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS UNAUDITED

#### 4. Cash and cash equivalents

Business Online Saver	281,617	280,331	25,000	280,577
Credit Card - Mark Donnelly	(756)	(1,108)	-	(290)
Current Account	2,371,077	2,216,044	874,799	1,280,071
<b>Total Cash and cash equivalents</b>	<b>2,651,938</b>	<b>2,495,267</b>	<b>899,799</b>	<b>1,560,358</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 22 6 MONTHS UNAUDITED	31 DEC 21 6 MONTHS UNAUDITED	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS UNAUDITED
<b>Receivables and accruals</b>				
Accounts Receivable	1,206,696	60,654	-	1,315,336
Prepayments	31,380	29,886	-	62,760
<b>Total Receivables and accruals</b>	<b>1,238,076</b>	<b>90,540</b>	<b>-</b>	<b>1,378,096</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 1.49 years and 67%.

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

### Impairment

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 surplus or deficit.

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 surplus or deficit.

	Computer Hardware	Total
Balance as at 1 July 2021	-	-
Additions	-	-
Disposals (net accumulated depreciation)	-	-
Depreciation Expense	-	-
<b>Balance as at 30 June 2022</b>	-	-
Balance as at 1 July 2022	-	-
Additions	-	-

Disposals (net of accumulated depreciation)	-	-
Depreciation Expense	-	-
<b>Balance as at 31 December 2022</b>	-	-

## 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.

#### **Impairment**

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 21 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 21 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.

Therefore all software assets will be depreciated so as to have a nil residual value on 30 June 2027. (From the 2020-21 year: to

have no residual value by 30 June 2028).

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

Impaired assets are depreciated on a straight-line basis at variable rates to have no residual value on 30 June 2027.

The impairment adjustments from the 2022 and the 2021 years will form part of the depreciation expense until 30 June 2027.

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

Impaired assets will be depreciated on a straight-line basis at variable rates to have no residual value on the 30 June 2027.

The impairment adjustment from the 2021 and 2022 years will form part of the depreciation expense until 30 June 2027.

	<b>E-Learning Software</b>	<b>IRIS Software Intellectual Property</b>	<b>Total</b>
Balance as at 1 July 2021	26,933	3,458,942	3,485,875
Additions	-	72,994	72,994
Disposals (net accumulated amortisation)	-	-	-
Amortisation Expense	(4,491)	(972,781)	(977,272)
<b>Balance as at 30 June 2022</b>	<b>22,442</b>	<b>2,559,155</b>	<b>2,581,597</b>
Balance as at 1 July 2022	22,442	2,559,155	2,581,597
Additions	-	-	-
Disposals (net of accumulated amortisation)	-	-	-
Amortisation Expense	(2,245)	(492,276)	(494,521)
<b>Balance as at 31 December 2022</b>	<b>20,197</b>	<b>2,071,129</b>	<b>2,091,326</b>

At 31 December 2022 the work in progress value of the IRIS Asset is \$Nil (31 December 2021: \$Nil). The work in progress written off has been included in other direct software expenses.

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

## 8. Payable and Deferred Revenue

Short term payables are measured at the amount payable.

	31 DEC 22 6 MONTHS UNAUDITED	31 DEC 21 6 MONTHS UNAUDITED	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS UNAUDITED
<b>Payables and accruals</b>				
Accounts Payable	634,529	260,268	-	1,353,349
PAYE Payable	15,766	8,527	-	8,554
Employee Entitlements	34,337	18,971	-	20,088
Accrued Expenses	46,690	15,034	-	28,392
<b>Total Payables and accruals</b>	<b>731,322</b>	<b>302,800</b>	<b>-</b>	<b>1,410,384</b>

	31 DEC 22 6 MONTHS UNAUDITED	31 DEC 21 6 MONTHS UNAUDITED	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS UNAUDITED
<b>9. 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	(2,558,628)	(1,338,903)	(1,486,366)	(1,338,903)
Surplus/(deficit) for the year	957,453	(239,512)	(651,556)	(1,219,726)
<b>Balance at end of period</b>	<b>(1,601,175)</b>	<b>(1,578,415)</b>	<b>(2,137,922)</b>	<b>(2,558,629)</b>
<b>Total Equity</b>	<b>3,547,975</b>	<b>3,570,735</b>	<b>3,011,228</b>	<b>2,590,521</b>

## 10. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 December 2022 (Last year - nil).

## 11. 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	Dec 22	Dec 21	Description of Services
Waikato Regional Council	61,792	85,001	Management Services - IRIS PMO Manager
Waikato Regional Council	13,113	-	Reimbursement for travel booked by WRC on behalf of RSHL (not analysed in 2021)
Horizons Regional Council	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	-	12,068	Management Services

Revenue of \$2,339,744 was received from the shareholder councils as member contribution in 6 months ended 31 December 2022 as outlined in note 1 (Dec 21: \$635,695)

Member contributions were received as follows:

Shareholder	Dec 22	Dec 21
Waikato Regional Council	568,014	223,417
Horizons Regional Council	321,923	108,741
Northland Regional Council	296,879	112,194
Taranaki Regional Council	241,028	82,308
Southland Regional Council	222,528	82,308
West Coast Regional Council	23,851	26,727
Bay of Plenty Regional Council	368,641	-
Hawkes Bay Regional Council	296,879	-

As at 31 December 2022 \$963,109 (Dec 21: \$8,242) was owed to RSHL by Member Councils and \$16,678 (Dec 21: \$24,090 ) was owed by RSHL to Member Councils.



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