

# Regional Software Holdings Limited

## Statement of Intent 2023/2024/2025

June 2022  
Version: FINAL

### 1 Introduction

This Statement of Intent is a declaration of the activities and intentions of Regional Software Holdings Limited (RSHL). The statement outlines the Directors' accountabilities to the shareholders for corporate performance, as is intended by Schedule 8 of the Local Government Act 2002.

#### 1.1 Transition to Regional Sector Shared Services Organisation

The regional sector (Te Uru Kahika) intends to implement a regional sector shared services organisation. This will be a Council Controlled Organisation, created by restructuring RSHL. The sector will consolidate existing collaboration and resource sharing activities under RSHL.

The transition to the new structure is planned to occur in July 2022 but may be delayed by legal and statutory processes.

Where applicable, this Statement of Intent describes the current state, and the future state – after the restructure is complete.

#### Subsidiaries

RSHL has no subsidiaries or joint ventures.

#### 1.2 Vision

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

#### 1.3 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.

#### 1.4 Nature and Scope of Activities to be Undertaken

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>The budget for 2022/23 and indicative budget for subsequent years reflect the use of debt to fund the development of IRIS NextGen. This approach is seen as the best way to smooth the costs of the new solution over a longer term than would otherwise be the case.</p>
Environmental Monitoring and Reporting (EMAR)	<p><b><u>Environmental Monitoring and Reporting Programme</u></b></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.</li> </ul> <p>EMAR is an all-of-sector programme, and includes partner agencies from central government: MfE, StatsNZ and DOC (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>Current State : The EMAR Programme Manager is employed by Otago Regional Council.</p> <p>Future State: The EMAR/LAWA Programme Manager is employed by RSHL and is part of the Regional Sector Programme office. The LAWA project administration (financial and contractual) is managed by RSHL.</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>Current State: Sector Office staff are employed by Horizons Regional Council. Future State: Sector Office staff are employed by RSHL.</p> <p>The sector office is an all-of-sector programme.</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> <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> <p>The SFMS is an all-of-sector programme.</p>

## 1.5 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

## 1.6 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.

## 1.7 Possible Opportunities for Growth

RSHL seeks to increase the value delivered to customers, shareholders and the sector.

Over the next year RSHL expects to restructure to become the regional shared services organisation for Te Uru Kahika, with a shareholding including most regional councils and unitary authorities.

Once this restructure is complete it is expected that new shared services opportunities will emerge.

New opportunities will be identified, and priorities set in the Business Plan. Other opportunities may arise and be investigated on a case-by-case basis. New activities will require explicit Board approval.

The potential market for RSHL to offer products and services is New Zealand Regional Councils and Unitary Authorities.

## 2 Objectives

The principal objective of RSHL is to deliver on the vision, mission and values.

The secondary objective of RSHL is to: <sup>1</sup>

- a) achieve the objectives of its Shareholders, both commercial and non-commercial as specified in this Statement of Intent;
- b) be a good employer;
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when able to do so.

## 3 Board's Approach to Governance

Members of RSHL's Board of Directors are appointed by the shareholders to govern and direct RSHL's activities.

Current State: The Shareholders Agreement states that each shareholder has the right to appoint one Director, and that person will be the CEO, or a person nominated by the CEO.<sup>2</sup> The Constitution allows each Director to appoint an alternative director.<sup>3</sup>

Future State: The new constitution will outline the appointment process for directors, including independents.

---

<sup>1</sup> From: Constitution of Regional Software Holdings Ltd, Section 1.1

<sup>2</sup>RSHL Shareholders Agreement clause 4.1

<sup>3</sup> RSHL Constitution clause 8.3

The Constitution requires that the Board collectively must have relevant knowledge and experience of finance, public bodies, management, governance, and IT management.<sup>4</sup>

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.

Directors' behaviour is to comply with Institute of Directors' standards for Code of Conduct. The purpose of the code is to clarify how the Board of Directors shall define and deal with:

- The role and fundamental obligations of the Board
- Independence and conflict of interest, including conflict with management
- Board procedures, including the role of the Chairman and interaction with the General Manager
- Reliance on information and independent advice
- Confidentiality of company information
- Board and Director performance review and development

RSHL will conduct itself in accordance with its Constitution, its annual Statement of Intent agreed with shareholders, the provisions of the Local Government Act 2002 and the Companies Act 1993.

#### 4 Accounting Policies

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 (NZGAAP), the Financial Reporting Act 1993 and the NZ PBE's Tier 2.

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Standards. RSHL is not publicly accountable and expenditure is not higher than \$30 million.

Appendix 1 includes RSHL's Accounting Policies.

#### 5 Performance Targets and Other Measures

Performance targets by which the success of the company may be judged in relation to its objectives are:

		2022/23	2023/24	2024/25
Non Financial	With participating councils, define and agree milestones for the IRIS NextGen Programme.	Applies in the 2022/2023 year only.		
	Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support. 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.	Applies each year		

<sup>4</sup> RSHL Constitution clause 8.6

		2022/23	2023/24	2024/25
	Prepare and adopt the annual IRIS development roadmap by 30 June for delivery in the subsequent year.	Applies each year		
	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.	Applies each year		
	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.	Applies each year		
	Be an effective service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System.	Applies every year.		
	Effectively support the activities of the Regional Sector through the Regional Sector Office	Applies every year.		
	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	Applies every year.		
	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.	Applies each year		
Financial	RSHL will operate within approved budget, with any material variations approved by the Board.	Applies each year		
	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	Applies each year		
Growth	Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.	Applies each year		
	Work with the Regional Sector SIG Network to develop shared service opportunities.	Applies each year		
	Engage with councils in the regional sector to increase the scope of the usage of IRIS NextGen. The objective is to increase the number of councils using the solution, and the breadth of the solution in use.	Applies each year		

## 6 Distribution of Profits to Shareholders

RSHL does not have an objective to make a profit. It seeks to provide products and services at lower costs, and / or higher levels of service than shareholder councils can achieve on their own.

In order for RSHL to be subject to tax, generally it must meet the business test. Fundamental to this is a profit motive. Given the basis under which this CCO operates is to minimise the costs and

generally operate on a cost recovery basis and that a pecuniary profit is not intended and highly unlikely, the lack of a profit motive is real.

The RSHL Shareholders Agreement states “If Operating Expenses for a fiscal year are less than the budgeted amount for such year, the Company will retain the funds for application to Operating Expenses for the subsequent fiscal year”<sup>5</sup>. Therefore there will not be a profit available for distribution.

## **7 Information to Be Provided to the Shareholders**

The company will deliver the following Statements to shareholders:

- Within two months of the end of the first half of the financial year the following unaudited statements: Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and Service Performance.
- Within two months of the end of the financial year the following audited<sup>6</sup> statements: Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows, Service Performance plus a summary of how the company has fared against its objectives and prospects for the next financial year, and a report on the company’s medium to long-term plans.
- The Directors shall approve by 1 March of each year a Draft Statement of Intent for the consideration of shareholders. The Directors must then consider any comments on the Draft Statement of Intent that are made by the shareholders and deliver the completed Statement of Intent to the shareholders by 30 June each year.
- Preparation of a draft Business Plan will begin each November, for the financial year that commences on the following June. This early preparation is to allow Shareholder Councils the ability to include any changes in Annual Fees, or any other form of financial impact, in their budget processes. The Board are to approve the business plan by the end of June prior to the commencement of the new financial year.
- Any new developments which have not been covered in the statement of corporate intent for the year. Including, but not limited to, an update on any outcomes arising from any changes in shareholding, including the effect on individual Council’s shareholdings and apportionment of costs.
- Details of possible scenarios that might be foreseen that could result in annual fees increasing above approved budgets.
- Any other information which would normally be available to a shareholder, thereby enabling the shareholder to assess the value of its investment in the company.

## **8 Procedures for Major Transactions and Other Acquisitions and Disposals**

The Company will not enter into major transactions as defined in Section 129(2) of the Companies Act 1993 without the consent of the shareholders.

## **9 Procedures for Issue of Shares**

The RSHL shareholder agreement requires the approval of the Shareholders holding at least of 75% of the shares for “the issuing or acquisition of any Shares or any change to the rights attaching to any Shares”<sup>7</sup>.

---

<sup>5</sup> Shareholders Agreement, clause 7.4

<sup>6</sup> Delivery of audited statements is subject to availability of suitably qualified auditors from AuditNZ.

<sup>7</sup> *RSHL Subscription & Shareholders Agreement* Section 5.1 (b)

## 10 Activities for Which Compensation Is Sought

Payment of annual fees will be sought for the following activities:

Sector Financial Management System.	Payment of annual contributions will be sought from all regional sector councils for the operation of the Programmes in the Sector Financial Management System. Contributions will be according to the agreed model. This activity includes the Regional Sector Office and EMAR.
IRIS	Payment of an Annual Fee for IRIS will be sought from all councils that use the IRIS Software for annual support and development fees, as set out in the License Agreement.
IRIS Next Generation	Contributions to the costs of the IRIS NextGen Programme will be sought from councils that participate.  Payment of funding for IRIS NextGen will be sought from all councils that participate in the IRIS NextGen Programme. These funds will be used for programme management, annual support and development fees, as set out in the relevant agreements.
RSHL Overhead Costs	All work programmes will contribute to the overhead costs of RSHL, with the proportion of the contribution based on financial activity.

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

Any ongoing activities to identify, develop or procure additional products or services will be budgeted for in advance, subject to the business case. The subsequent recovery from one or more shareholder or customer councils will be agreed by the Directors on a case-by-case basis in accordance with the RSHL Constitution.

## 11 Estimate of Commercial Value of The Shareholder's Investment

The Directors' estimate of the commercial value of the Shareholders' investment in RSHL and any subsidiary companies is equal to the Shareholders' equity in the Company. Reassessment of the value of this shareholding shall be undertaken on or about 30 June each year.

## 12 Shareholding

Current State: 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. The following shareholding was agreed:

Shareholder	Percentage	# of shares
Waikato Regional Council	32.75%	3,275
Northland Regional Council	16.75%	1,675
Horizons Regional Council	15.50%	1,550
Taranaki Regional Council	15.50%	1,550
Southland Regional Council	15.50%	1,550
West Coast Regional Council	4.00%	400

Future State:

RSHL will be restructured as part of the Regional Sector Shared Services implementation.

To enable the founding shareholders to retain their rights and ownership of the IRIS asset and to reduce the impact of the transition the current shareholding will be converted into a separate, Class B shareholding which will hold the ownership rights over IRIS classic.

**Statement of Intent 2022-2023**  
**Regional Software Holdings Limited**  
**Consolidated Statement of Financial Performance**  
**For the 12 Months to 30 June 2023**

2021/22 Budget		Notes	2022/23 SOI	2023/24 Indicative	2024/25 Indicative
	<b>Income</b>				
1,214,881	IRIS Programme		1,231,038	1,274,584	1,298,317
	IRIS NextGen Programme		415,251	383,118	385,138
2,551,392	Sector Work Programmes		2,671,656	2,682,132	2,701,440
	Central Government Funding		129,000	129,000	129,000
<u>3,766,273</u>			<u>4,446,945</u>	<u>4,468,835</u>	<u>4,513,894</u>
				-	-
231,931	<u>Other Income</u>				
600	Interest Received		600	600	600
<u>126,066</u>	Council Specific Software Funding		<u>128,715</u>	<u>132,577</u>	<u>136,554</u>
358,597			<u>129,315</u>	<u>133,177</u>	<u>137,154</u>
<b>4,124,870</b>	<b>Total Income</b>		<b>4,576,260</b>	<b>4,602,011</b>	<b>4,651,048</b>
	<b>Expenditure</b>				
9,522	Administration costs		35,600	36,559	37,458
32,343	Accounting & Technical Support		66,370	38,245	39,370
86,534	Audit & Legal fees		85,000	52,000	53,930
260,000	Datacom Support Services (IRIS)		275,340	291,585	308,789
646,040	Technology Services		529,966	524,714	520,333
22,444	IT Hosting Charges		63,768	64,481	65,216
20,000	Finance Costs		-	-	-
145,000	Secondments		-	-	-
176,610	Personnel Costs		778,000	823,000	860,240
8,000	Promotional Costs		84,000	86,040	75,141
33,000	Independent Director's Fees		37,000	38,110	39,253
18,750	Travel & Meeting Costs		34,500	34,500	34,500
126,066	Council Specific Software Purchases		128,715	132,577	136,554
	Other Direct Software		2,000	2,200	2,266
<u>2,551,392</u>	Consultants		<u>2,128,000</u>	<u>2,128,000</u>	<u>2,128,000</u>
<u>4,135,701</u>			<u>4,248,260</u>	<u>4,252,011</u>	<u>4,301,048</u>
	<u>Other Expenditure</u>				
<u>920,438</u>	Depreciation		<u>979,556</u>	<u>550,559</u>	<u>546,570</u>
<b>5,056,139</b>	<b>Total Expenditure</b>		<b>5,227,816</b>	<b>4,802,571</b>	<b>4,847,618</b>
<b>(931,269)</b>	<b>Surplus/ (Deficit) before tax</b>		<b>(651,556)</b>	<b>(200,559)</b>	<b>(196,570)</b>
	Income Tax Expense				
<u>(931,269)</u>	<b>Surplus/(Deficit) after Tax</b>		<u>(651,556)</u>	<u>(200,559)</u>	<u>(196,570)</u>

**Regional Software Holdings Limited**  
**Consolidated Statement of Financial Position**  
As at 30 June 2023

2021/22 Budget	<u>Statement of Financial Position</u>	Notes	2022/23 SOI	2023/24 Indicative	2024/25 Indicative
	<b>ASSETS</b>				
	<b>Current assets</b>				
899,799	Bank Accounts and Cash		899,799	919,799	1,069,799
	Debtors and Prepayments				
-	Accrued Revenues		-		
-	GST receivable		-	-	-
-	Tax receivable (payable)		-	-	-
	<b>Non Current Assets</b>				
3,318,471	Property, Plant & Equipment		2,111,430	1,890,871	1,544,300
<u>4,218,270</u>	<b>Total Assets</b>		<u>3,011,229</u>	<u>2,810,670</u>	<u>2,614,099</u>
	<b>LIABILITIES</b>				
	<b>Current liabilities</b>				
-	Creditors and Accrued Expenses		-	-	-
-	Income Received in Advance		-	-	-
	GST payable				
	<b>Non Current Liabilities</b>				
1,000,000	Borrowings		0	0	0
<u>1,000,000</u>	<b>Total Liabilities</b>		<u>0</u>	<u>0</u>	<u>0</u>
<u><b>3,218,270</b></u>	<b>NET ASSETS</b>		<u><b>3,011,229</b></u>	<u><b>2,810,670</b></u>	<u><b>2,614,099</b></u>

**REPRESENTED BY:**

2021/22 Budget		2022/23 SOI	2023/24 Indicative	2024/25 Indicative
	<b>Equity</b>			
5,149,150	Equity	5,149,150	5,149,150	5,149,150
(931,269)	Current Year Earnings	(651,556)	(200,559)	(196,570)
(999,611)	Retained Earnings	(1,486,366)	(2,137,922)	(2,338,481)
<u><b>3,218,270</b></u>	<b>Total Equity</b>	<u><b>3,011,229</b></u>	<u><b>2,810,670</b></u>	<u><b>2,614,099</b></u>

**Statement of Movement in Equity**

4,149,539	Opening Equity	3,662,784	3,011,229	2,810,670
(931,269)	Comprehensive income for the year	(651,556)	(200,559)	(196,570)
<u><b>3,218,270</b></u>	<b>Total Equity</b>	<u><b>3,011,229</b></u>	<u><b>2,810,670</b></u>	<u><b>2,614,099</b></u>
76%	equity to assets (>60%)	100%	100%	100%

**Regional Software Holdings Limited**  
**Consolidated Statement of Cash Flows**  
**For the 12 Months to 30 June 2023**

2021/22 Budget	Notes	2022/23 SOI	2023/24 Indicative	2024/25 Indicative
<b>Cashflows from Operating Activities</b>				
<b>Cash received from:</b>				
2,783,323		4,575,660	4,601,411	4,650,448
1,340,948		-	-	-
600		600	600	600
		-	-	-
<b>4,124,871</b>		<b>4,576,260</b>	<b>4,602,011</b>	<b>4,651,048</b>
<b>Cash applied to:</b>				
4,135,702		4,248,260	4,252,011	4,301,048
		-	-	-
		-	-	-
<b>4,135,702</b>		<b>4,248,260</b>	<b>4,252,011</b>	<b>4,301,048</b>
<b>(10,831)</b>		<b>328,000</b>	<b>350,000</b>	<b>350,000</b>
<b>Cashflow from Investing Activities</b>				
<b>Cash received from:</b>				
-		-	-	-
-		-	-	-
-		-	-	-
<b>Cash applied to:</b>				
720,000		328,000	330,000	200,000
		-	-	-
<b>720,000</b>		<b>328,000</b>	<b>330,000</b>	<b>200,000</b>
<b>(720,000)</b>		<b>(328,000)</b>	<b>(330,000)</b>	<b>(200,000)</b>
<b>Cashflow from Financing Activities</b>				
<b>Cash received from:</b>				
0		-	-	-
1,000,000		-	-	-
<b>1,000,000</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash applied to:</b>				
		0	0	0
0		0	0	0
<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>269,169</b>		<b>0</b>	<b>20,000</b>	<b>150,000</b>
630,630		899,799	899,799	919,799
<b>899,799</b>		<b>899,799</b>	<b>919,799</b>	<b>1,069,799</b>
<b>Made up of:</b>				
25,000		25,000	25,000	25,000
874,799		874,799	894,799	1,044,799
<b>899,799</b>		<b>899,799</b>	<b>919,799</b>	<b>1,069,799</b>

**IRIS Programme**  
**Statement of Financial Performance**  
**For the 12 Months to 30 June 2023**

2021/22 Budget	Income	Notes	2022/23 SOI	2023/24 Indicative	2024/25 Indicative
1,214,881	IRIS Programme		1,231,038	1,274,584	1,298,317
3,766,273			1,231,038	1,274,584	1,298,317
231,931	<u>Other Income</u>				
600	Interest Received		600	600	600
126,066	Council Specific Software Funding		128,715	132,577	136,554
358,597			129,315	133,177	137,154
<b>4,124,870</b>	<b>Total Income</b>		<b>1,360,353</b>	<b>1,407,761</b>	<b>1,435,471</b>
	<b>Expenditure</b>				
9,522	Administration costs		3,451	3,598	3,660
32,343	Accounting & Technical Support		18,922	11,232	11,657
86,534	Audit & Legal fees		32,829	15,272	15,968
260,000	Datacom Support Services (IRIS)		275,340	291,585	308,789
646,040	Technology Services		359,966	414,714	410,333
22,444	IT Hosting Charges		23,768	24,481	25,216
20,000	Finance Costs		-	-	-
145,000	Secondments		-	-	-
176,610	Personnel Costs		167,829	137,685	146,965
8,000	Promotional Costs		4,562	4,699	888
33,000	Independent Director's Fees		10,549	11,193	11,622
18,750	Travel & Meeting Costs		4,421	4,524	4,553
126,066	Council Specific Software Purchases		128,715	132,577	136,554
	Other Direct Software		2,000	2,200	2,266
2,551,392	Consultants		-	4,000	7,000
4,135,701			1,032,353	1,057,761	1,085,471
	<u>Other Expenditure</u>				
920,438	Depreciation		979,556	550,559	546,570
<b>5,056,139</b>	<b>Total Expenditure</b>		<b>2,011,909</b>	<b>1,608,320</b>	<b>1,632,041</b>
<b>(931,269)</b>	<b>Surplus/ (Deficit) before tax</b>		<b>(651,556)</b>	<b>(200,559)</b>	<b>(196,570)</b>
	Income Tax Expense				
<b>(931,269)</b>	<b>Surplus/(Deficit) after Tax</b>		<b>(651,556)</b>	<b>(200,559)</b>	<b>(196,570)</b>

**IRIS Programme**  
**Statement of Financial Position**  
**For the 12 Months to 30 June 2023**

2021/22 Budget	Notes	2022/23 SOI	2023/24 Indicative	2024/25 Indicative
	<b>ASSETS</b>			
	<b>Current assets</b>			
899,799	Bank Accounts and Cash	899,799	919,799	1,069,799
	Debtors and Prepayments			
-	Accrued Revenues	-		
-	GST receivable	-	-	-
-	Tax receivable (payable)	-	-	-
	<b>Non Current Assets</b>			
3,318,471	Property, Plant & Equipment	2,111,430	1,890,871	1,544,300
<u>4,218,270</u>	<b>Total Assets</b>	<u>3,011,229</u>	<u>2,810,670</u>	<u>2,614,099</u>
	<b>LIABILITIES</b>			
	<b>Current liabilities</b>			
-	Creditors and Accrued Expenses	-	-	-
-	Income Received in Advance	-	-	-
	GST payable			
	<b>Non Current Liabilities</b>			
1,000,000	Borrowings	-	-	-
<u>1,000,000</u>	<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>
<u><b>3,218,270</b></u>	<b>NET ASSETS</b>	<u><b>3,011,229</b></u>	<u><b>2,810,670</b></u>	<u><b>2,614,099</b></u>

**REPRESENTED BY:**

2021/22 Budget		2022/23 SOI	2023/24 Indicative	2024/25 Indicative
	<b>Equity</b>			
5,149,150	Equity	5,149,150	5,149,150	5,149,150
(931,269)	Current Year Earnings	(651,556)	(200,559)	(196,570)
(999,611)	Retained Earnings	(1,486,366)	(2,137,922)	(2,338,481)
<u><b>3,218,270</b></u>	<b>Total Equity</b>	<u><b>3,011,229</b></u>	<u><b>2,810,670</b></u>	<u><b>2,614,099</b></u>

**Statement of Movement in Equity**

4,149,539	Opening Equity	3,662,784	3,011,229	2,810,670
(931,269)	Comprehensive income for the year	(651,556)	(200,559)	(196,570)
<u><b>3,218,270</b></u>	<b>Total Equity</b>	<u><b>3,011,229</b></u>	<u><b>2,810,670</b></u>	<u><b>2,614,099</b></u>

**IRIS Programme**  
**Statement of Cashflows**  
**For the 12 Months to 30 June 2023**

2021/22 Budget	Notes	2022/23 SOI	2023/24 Indicative	2024/25 Indicative
	<b>Cashflows from Operating Activities</b>			
	<b><u>Cash received from:</u></b>			
2,783,323	Receipts from customers	1,359,753	1,407,161	1,434,871
1,340,948	Shareholder contributions	-	-	-
600	Interest	600	600	600
	Income Tax Paid (refunded)	-	-	-
<b>4,124,871</b>	<b>Total Operating Receipts</b>	<b>1,360,353</b>	<b>1,407,761</b>	<b>1,435,471</b>
	<b><u>Cash applied to:</u></b>			
4,135,702	Payments to suppliers	1,032,353	1,057,761	1,085,471
	Net GST movement			
	Income Tax Paid (refunded)	-	-	-
	Interest W/holding tax paid	-	-	-
<b>4,135,702</b>	<b>Total Operating Payments</b>	<b>1,032,353</b>	<b>1,057,761</b>	<b>1,085,471</b>
<b>(10,831)</b>	<b>Net cash from operating</b>	<b>328,000</b>	<b>350,000</b>	<b>350,000</b>
	<b>Cashflow from Investing Activities</b>			
	<b><u>Cash received from:</u></b>			
-	Sale of Fixed Assets	-	-	-
-	Investment Maturities	-	-	-
-	<b>Total Investment Receipts</b>	-	-	-
	<b><u>Cash applied to:</u></b>			
720,000	Purchase of Fixed/ Intangible assets	328,000	330,000	200,000
	Investment deposits	-	-	-
<b>720,000</b>	<b>Total Investment Payments</b>	<b>328,000</b>	<b>330,000</b>	<b>200,000</b>
<b>(720,000)</b>	<b>Net cash from investing</b>	<b>(328,000)</b>	<b>(330,000)</b>	<b>(200,000)</b>
	<b>Cashflow from Financing Activities</b>			
	<b><u>Cash received from:</u></b>			
0	Capital contributions	-	-	-
1,000,000	Proceeds from Loan Borrowings	-	-	-
1,000,000	<b>Total Financing Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b><u>Cash applied to:</u></b>			
	Capital repaid			
	Loan interest paid			
	Loan repayment of debt			
<b>0</b>	<b>Total Financing Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>Net cash from financing</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>269,169</b>	<b>Net increase (decrease) in cash-flow for the year</b>	<b>0</b>	<b>20,000</b>	<b>150,000</b>
630,630	Opening cash balance	899,799	899,799	919,799
<b>899,799</b>	<b>Closing cash balance</b>	<b>899,799</b>	<b>919,799</b>	<b>1,069,799</b>
	<b>Made up of:</b>			
25,000	Current account	25,000	25,000	25,000
874,799	Auto-call account	874,799	894,799	1,044,799
<b>899,799</b>		<b>899,799</b>	<b>919,799</b>	<b>1,069,799</b>

**IRIS NextGen Programme**  
**Statement of Financial Performance**  
**For the 12 Months to 30 June 2023**

	Notes	2022/23	2023/24	2024/25
Income		SOI	Indicative	Indicative
IRIS Programme		-	-	-
IRIS NextGen Programme		415,251	383,118	385,138
Sector Work Programmes		-	-	-
Central Government Funding		-	-	-
		<u>415,251</u>	<u>383,118</u>	<u>385,138</u>
<u>Other Income</u>				
Interest Received		-	-	-
Council Specific Software Funding		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Income</b>		<b>415,251</b>	<b>383,118</b>	<b>385,138</b>
<b>Expenditure</b>				
Administration costs		962	901	908
Accounting & Technical Support		6,383	3,376	3,458
Audit & Legal fees		24,328	4,591	4,737
Datacom Support Services (IRIS)		-	-	-
Technology Services		160,000	100,000	100,000
IT Hosting Charges		-	-	-
Finance Costs		-	-	-
Secondments		-	-	-
Personnel Costs		209,328	260,414	263,270
Promotional Costs		1,539	1,412	263
Independent Director's Fees		3,558	3,364	3,448
Travel & Meeting Costs		9,154	9,059	9,054
Council Specific Software Purchases		-	-	-
Other Direct Software		-	-	-
Consultants		-	-	-
		<u>415,251</u>	<u>383,118</u>	<u>385,138</u>
<u>Other Expenditure</u>				
Depreciation		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditure</b>		<b>415,251</b>	<b>383,118</b>	<b>385,138</b>
<b>Surplus/ (Deficit) before tax</b>		<b>0</b>	<b>0</b>	<b>0</b>
Income Tax Expense				
<b>Surplus/(Deficit) after Tax</b>		<b>0</b>	<b>0</b>	<b>0</b>

**IRIS NextGen Programme**  
**Statement of Financial Position**  
**For the 12 Months to 30 June 2023**

Notes	2022/23 SOI	2023/24 Indicative	2024/25 Indicative
<b>ASSETS</b>			
<b>Current assets</b>			
Bank Accounts and Cash	0	0	0
Debtors and Prepayments			
Accrued Revenues	-	-	-
GST receivable	-	-	-
Tax receivable (payable)	-	-	-
<b>Non Current Assets</b>			
Property, Plant & Equipment			
<b>Total Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Creditors and Accrued Expenses	-	-	-
Income Received in Advance	-	-	-
GST payable			
<b>Non Current Liabilities</b>			
Borrowings	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET ASSETS</b>	<b>0</b>	<b>0</b>	<b>0</b>

**REPRESENTED BY:**

	2022/23 SOI	2023/24 Indicative	2024/25 Indicative
<b>Equity</b>			
Equity	0	0	0
Current Year Earnings	0	0	0
Retained Earnings	0	0	0
<b>Total Equity</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Statement of Movement in Equity**

Opening Equity	0	0	0
Comprehensive income for the year	0	0	0
<b>Total Equity</b>	<b>0</b>	<b>0</b>	<b>0</b>

**IRIS NextGen Programme**  
**Statement of Cashflows**  
**For the 12 Months to 30 June 2023**

Statement of Cash Flows

2021/22 Budget	Notes	2022/23 SOI	2023/24 Indicative	2024/25 Indicative
<b>Cashflows from Operating Activities</b>				
<b><u>Cash received from:</u></b>				
2,783,323		415,251	383,118	385,138
1,340,948		-	-	-
600		-	-	-
		-	-	-
<b>4,124,871</b>		<b>415,251</b>	<b>383,118</b>	<b>385,138</b>
<b><u>Cash applied to:</u></b>				
4,135,702		415,251	383,118	385,138
		-	-	-
		-	-	-
<b>4,135,702</b>		<b>415,251</b>	<b>383,118</b>	<b>385,138</b>
<b>(10,831)</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Cashflow from Investing Activities</b>				
<b><u>Cash received from:</u></b>				
-		-	-	-
-		-	-	-
-		-	-	-
<b><u>Cash applied to:</u></b>				
720,000		0	0	0
		-	-	-
<b>720,000</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>(720,000)</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Cashflow from Financing Activities</b>				
<b><u>Cash received from:</u></b>				
0		-	-	-
1,000,000		0	0	0
1,000,000		0	0	0
<b><u>Cash applied to:</u></b>				
		-	-	-
		0	0	0
0		0	0	0
<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>269,169</b>		<b>0</b>	<b>0</b>	<b>0</b>
630,630		0	0	0
<b>899,799</b>		<b>0</b>	<b>0</b>	<b>0</b>

**Sector Financial Management System  
Statement of Financial Performance  
For the 12 Months to 30 June 2023**

<b>2021/22</b>		<b>Notes</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
<b>Budget</b>	<b>Income</b>		<b>SOI</b>	<b>Indicative</b>	<b>Indicative</b>
2,551,392	Sector Work Programmes		2,671,656	2,682,132	2,701,440
	Central Government Funding		129,000	129,000	129,000
<u>3,766,273</u>			<u>2,800,656</u>	<u>2,811,132</u>	<u>2,830,440</u>
231,931	<u>Other Income</u>				
600	Interest Received		-	-	-
<u>126,066</u>	Council Specific Software Funding		<u>-</u>	<u>-</u>	<u>-</u>
358,597			-	-	-
<b>4,124,870</b>	<b>Total Income</b>		<b>2,800,656</b>	<b>2,811,132</b>	<b>2,830,440</b>
	<b>Expenditure</b>				
9,522	Administration costs		31,187	32,059	32,890
32,343	Accounting & Technical Support		41,065	23,636	24,255
86,534	Audit & Legal fees		27,843	32,137	33,225
260,000	Datacom Support Services (IRIS)		-	-	-
646,040	Technology Services		10,000	10,000	10,000
22,444	IT Hosting Charges		40,000	40,000	40,000
20,000	Finance Costs		-	-	-
145,000	Secondments		-	-	-
176,610	Personnel Costs		400,843	424,901	450,005
8,000	Promotional Costs		77,900	79,928	73,989
33,000	Independent Director's Fees		22,893	23,553	24,183
18,750	Travel & Meeting Costs		20,925	20,916	20,893
126,066	Council Specific Software Purchases		-	-	-
	Other Direct Software		-	-	-
<u>2,551,392</u>	Consultants		<u>2,128,000</u>	<u>2,124,000</u>	<u>2,121,000</u>
4,135,701			<u>2,800,656</u>	<u>2,811,132</u>	<u>2,830,440</u>
	<u>Other Expenditure</u>				
<u>920,438</u>	Depreciation		<u>-</u>	<u>-</u>	<u>-</u>
<b>5,056,139</b>	<b>Total Expenditure</b>		<b>2,800,656</b>	<b>2,811,132</b>	<b>2,830,440</b>
<b>(931,269)</b>	<b>Surplus/ (Deficit) before tax</b>		<b>0</b>	<b>0</b>	<b>0</b>
	Income Tax Expense				
<u>(931,269)</u>	<b>Surplus/(Deficit) after Tax</b>		<u>0</u>	<u>0</u>	<u>0</u>

## Appendix 1: Accounting Policies

### 1 General Information

#### Reporting Entity

Regional Software Holdings Limited (RSHL) is a Council Controlled Organisation (CCO). Owned as follows:

Shareholder	Percentage	# of shares
Waikato Regional Council	32.75%	3,275
Northland Regional Council	16.75%	1,675
Horizons Regional Council	15.50%	1,550
Taranaki Regional Council	15.50%	1,550
Southland Regional Council	15.50%	1,550
West Coast Regional Council	4.00%	400

RSHL was incorporated on 17 October 2012.

RSHL was originally incorporated for the purposes of managing the investment and development of IRIS Software. RSHL now exists for the purpose of supporting collaborative and shared services projects for Te Uru Kahika. RSHL has designated itself a Public Benefit Entity (PBE), in keeping with the designation of the shareholders.

#### Public Benefit Entity Simple Format Reporting

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

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 2 entity. RSHL is not publicly accountable and expenditure is not higher than \$30 million. These financial statements comply with PBE standard.

#### Basis of Preparation of the Financial Statements

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

#### 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 (NZGAAP).

The financial statements have been prepared to comply with Tier 2 Public Benefit Entity (PBE) Standards. RSHL is not publicly accountable and expenditure is not higher than \$30 million.

These financial statements comply with PBE Standards.

#### Presentation Currency and Rounding

The prospective financial statements have been prepared in New Zealand dollars and there will be rounding in the numbers in the financial statements, as the financial model used calculates to the cent but the annual report is rounded to the nearest dollar.

The functional currency of RSHL is New Zealand dollars.

The reporting period for these prospective financial statements is the year ending 30 June.

## **2 Summary of Significant Accounting Policies**

### **Revenue**

Revenue is measured at the fair value of consideration received or receivable.

Members Contributions and Other forms of Revenue (excluding investment revenue), including fees, charges, and other revenues are recognised on an accrual basis.

Interest revenue is recorded as it is earned.

### **Expenditure**

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.

### **Bank Accounts and Cash**

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

Bank overdrafts are presented as a current liability in the Statement of Financial Position.

### **Debtors**

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

### **Inventories**

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

### **Goods and Services Tax (GST)**

RSHL is registered for GST; these financial statements are presented net of GST, except for receivables and payables which are inclusive of GST. Where GST paid is not recoverable, due to it relating to exempt items, the GST inclusive amount is recognised as part of the related asset or expense including the GST relating to investing and financing activities.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or recovered from, the Inland Revenue Department is recognised as an item in operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### **Income Tax**

Income tax expenses calculated using the taxes payable method. As a result no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

**Creditors and Accrued Expenses**

Creditors and accrued expenses are measured at the amount owed.

**Property, Plant and Equipment***Software acquisition and development*

Costs that are directly associated with the development of software owned by RSHL or its subsidiaries are recognised as property, plant and equipment.

*Depreciation*

Depreciation begins when the asset is available for use and ceases at the date that the asset is derecognised. The depreciation charge for each period is recognised through the Statement of Financial Performance.

The carrying value is depreciated on a straight-line basis over its useful life. The default useful life and associated depreciation rate for the developed software is 10 years and 10%. If an alternative rate is used this will be noted in the financial statements.

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 Financial Performance. This change in value will be the difference between the carrying value of the original item and its fair value.

**Critical Accounting Estimates and Assumptions**

In preparing these financial statements, RSHL has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

**Additional Disclosure**

The Companies Act 1993 requires disclosure of the amount of 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.

### 3 Proportion of Contributions to the IRIS Programme

Member contributions for IRIS and the operation of RSHL will be collected in the following proportions.

<b>Shareholder</b>	<b>Percentage</b>
Waikato Regional Council	36.78%
Northland Regional Council	13.55%
Horizons Regional Council	18.17%
Taranaki Regional Council	13.55%
Southland Regional Council	13.55%
West Coast Regional Council	4.4%
<b>Total</b>	<b>100%</b>

### 4 Proportion of Contributions to the IRIS NextGen Programme

Member contributions for IRIS NextGen Programme will be agreed with participating councils.

### 5 Proportion of Contributions to the Regional Sector Office, EMAR and Sector Financial Management System

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.

<b>Tier 1 – 9.4% each</b>	<b>Tier 2 – 6.2% each</b>	<b>Tier 3 – 3.2% each</b>
Auckland Council	Horizons RC	Tasman DC
Environment Canterbury	Otago RC	Nelson City Council
Greater Wellington RC	Hawkes Bay RC	Gisborne DC
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>

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

Note For Information: Requirements for Statement of Intent  
 Source: Office of the Auditor General  
<http://www.oag.govt.nz/2007/corporate-intent/appendix2.htm>

Item	Section
Statement of intent	This document
Coverage over three financial years and updated annually	1 & 7 & 5
Objectives of the group	2
A statement of the board's approach to governance	3
Nature and scope of the activities to be undertaken	1
Accounting policies	4
Performance targets and other measures by which the performance of the group may be judged in relation to its objectives	5
An estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders	6
The kind of information to be provided to the shareholders/ shareholding Ministers by the organisation during the course of the next three financial years	7 (Shareholders)
Procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation	8
Any activities for which the board seeks compensation from any local authority, Harbour Board, or the Crown (whether or not the relevant entity has agreed to provide the compensation)	10 (Local authority)
The board's estimate of the commercial value of the Crown/shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed	11 (Shareholders)
Other matters that are agreed by the shareholders/ shareholding Ministers and the board	none (Shareholders)
Annual report should contain information that is necessary to enable an informed assessment of the operations of the parent entity and its subsidiaries, including a comparison of performance with the relevant statement of intent or statement of corporate intent	7 (Plus explanation of material variances)

<sup>i</sup> Te Uru Kahika is the collective of the 16 regional councils and unitary authorities that make up the regional sector.